Management's Discussion and Analysis of Financial Condition and Results of Operations of

ONEnergy Inc.

As at and for the three months ended March 31, 2024

May 24, 2024

ONEnergy Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS
of the Financial Condition and Results of Operations
(In thousands of Canadian dollars, except per share amounts)

As at and for the three months ended March 31, 2024

May 24, 2024

1. CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This management's discussion and analysis of financial condition and results of operations ("MD&A") includes forward-looking statements and information concerning expected future events, the future performance of ONEnergy Inc. ("ONEnergy" or the "Company"), its operations, and its financial performance and condition. These forward-looking statements and information include, among others, statements with respect to our objectives and strategies to achieve those objectives, as well as statements with respect to our beliefs, plans, expectations, anticipations, estimates, and intentions. When used in this MD&A, the words "believe", "anticipate", "may", "should", "intend", "estimate", "expect", "project", and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words. These forward-looking statements and information are based on current expectations.

The Company cautions that all forward-looking statements and information are inherently uncertain and actual future results, conditions, actions, or events may differ materially from the targets, assumptions, estimates, or expectations reflected or contained in the forward-looking statements and information, and that actual future results, conditions, actions, events, or performance will be affected by a number of factors including economic conditions and competitive factors, many of which are beyond the Company's control. New risks and uncertainties arise from time to time, and it is impossible for the Company to predict these events or the effect that they may have on the Company.

Certain statements in this MD&A, other than statements of historical fact, may include forward-looking information that involves various risks and uncertainties. This may include, without limitation, statements based on current expectations involving a number of risks and uncertainties. These risks and uncertainties include, but are not restricted to: (i) tax-related matters, (ii) human resources developments including competition for, and the availability of, qualified employees and contractors, (iii) business integrations and internal reorganizations, (iv) business process risks including the use of, and reliance on, external vendors and contractors, (v) the outcome of litigation and legal matters, (vi) any prospective acquisitions or divestitures, (vii) other risk factors related to the Company's historic business, (viii) risk factors related to the Company's future operations, and (ix) changes to and compliance with applicable laws and regulations. For a more detailed discussion of factors that may affect actual results or cause actual results to differ materially from any conclusion, forecast or projection in these forward-looking statements and information, see *Section 5 Corporate Strategy* and *Section 14 Operating Risks and Uncertainties*.

Therefore, future events and results may vary significantly from what the Company currently foresees. Readers are cautioned that the forward-looking statements and information made by the Company in this MD&A are stated as of the date of this MD&A, are subject to change after that date, are provided for the purposes of this MD&A and may not be appropriate for other purposes. We are under no obligation to update or alter the forward-looking statements whether as a result of new information, future events, or otherwise, except as required by National Instrument 51-102, and we expressly disclaim any other such obligation.

All financial information in this MD&A is expressed in thousands of Canadian dollars, unless otherwise noted. All references to the "Company" or "ONEnergy" refer to ONEnergy Inc., including its predecessor and successor companies, and its consolidated subsidiaries, unless the context requires otherwise. All information is as at May 24, 2024, unless otherwise indicated. Certain totals, subtotals and percentages may not reconcile due to rounding.

2. INTRODUCTION

The information provided in this MD&A is intended to help the reader understand the Company's operations, financial performance and present and future business environment. This MD&A is supplementary to, and should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three months ended March 31, 2024. The following MD&A, dated May 24, 2024, has been prepared with all information available up to and including May 24, 2024. The Company's unaudited interim condensed consolidated financial statements and other disclosure documents are available on www.sedarplus.ca and on the Company's website at www.onenergyinc.com.

The unaudited interim condensed consolidated financial statements of the Company are prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). The audited consolidated financial statements for the year ended December 31, 2023 of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The unaudited interim condensed consolidated financial statements and audited consolidated financial statements of the Company are presented in thousands of Canadian dollars.

3. THE COMPANY

ONEnergy is a corporation continued under the *Business Corporations Act* (Ontario). ONEnergy is a Canadian publicly listed company trading on the NEX Board ("NEX") of the TSX Venture Exchange (the "Exchange"), under the symbol OEG.H. ONEnergy's head office is located in Toronto, Ontario, Canada.

The Company is comprised of ONEnergy, and its wholly-owned subsidiaries including:

(a) Sunwave Gas & Power Inc. ("Gas & Power");
(b) 0867893 B.C. Ltd. ("PVL");
(c) ONEnergy USA Holdings Inc.;
(d) 2594834 Ontario Inc.; and
(e) 10927040 Canada Inc.

In this MD&A, the terms "we", "us", "our", and "Company" refer to ONEnergy and, where the context of the narrative permits or requires, its wholly-owned subsidiaries.

4. SIGNIFICANT EVENTS

(a) Creditor Proposal pursuant to the Bankruptcy and Insolvency Act

On May 30, 2023, ONEnergy filed a Division I proposal (the "Creditor Proposal") pursuant to the *Bankruptcy and Insolvency Act (Canada)* (the "BIA"). B. Riley Farber Inc. has been appointed as proposal trustee (the "Proposal Trustee"), with the intent of settling the Company's outstanding creditor liabilities.

The Company's Creditor Proposal to its unsecured creditors, if approved, would settle the Company's unsecured outstanding liabilities in exchange for the issuance of common shares of the Company, valued at no more than 100% of the Company's current market capitalization. An approval of the Creditor Proposal requires a majority of the unsecured creditors with proven claims to vote in favour, of which must also represent at least two-thirds of the value of the proven claims voting. This will result in unsecured creditors owning up to eighty-four percent (84%) of the Company, depending on the conversion ratio of liabilities to common shares. The proposed share issuance is subject to approval by the Exchange.

The Creditor Proposal provides a better recovery for affected creditors, and the successful approval and implementation of the Creditor Proposal will enable the Company to survive without filing for bankruptcy. It is the intention of management and the Board to pursue opportunities to complete a transaction, which may include completing a Reverse Takeover, or other potential business acquisitions. There can be no guarantees or assurances that a transaction will take place.

On June 22, 2023, the Creditor Proposal was unanimously approved by the Company's unsecured creditors (the "Creditors") who were present (in person or by proxy) and voted at the meeting of the Creditors, in accordance with the voting procedures established by the Creditor Proposal and the BIA.

On November 28, 2023, the Proposal Trustee sought an order from the Ontario Superior Court of Justice (Commercial List) (the "Ontario Court") to approve the Creditor Proposal in accordance with the BIA (the "Order"). On January 23, 2024, the Order was approved by the Ontario Court and on February 15, 2024, the Creditor

Proposal was approved by the Exchange. The Company will work with the Proposal Trustee to implement the Creditor Proposal.

(b) Secured promissory note financing

On May 26, 2023, the Company entered into a secured grid promissory note (the "Secured Note") with Stephen J.J. Letwin, a shareholder, creditor and the Chairman of the Board of Directors of the Company (the "Chairman"). The Secured Note permits repayments and additional drawdowns and carries an interest rate of 10% per annum. The borrowing limit on the Secured Note was amended and increased from $450 to $650. The maturity date of December 31, 2023 was amended and extended to December 31, 2024. The Secured Note is secured by a first-ranking security over all assets of ONEnergy.

Funds advanced under the Secured Note will be used to fund the Proposal Trustee fees, legal fees of the Creditor Proposal proceedings and the Company's working capital requirements during Creditor Proposal proceedings and after the Company's exit from the Creditor Proposal proceedings.

During 2023, the Company received $275 of advances pursuant to the Secured Note.

During the three months ended March 31, 2024, the Company received $150 of advances pursuant to the Secured Note. Subsequent to period end, the Company received $55 of advances pursuant to the Secured Note.

(c) Trading halt

Trading in the common shares of ONEnergy was halted on May 30, 2023. In conjunction with implementing the Creditor Proposal, the Company will apply to the Exchange for reinstatement of trading on the NEX.

(d) Gas & Power bankruptcy

On February 23, 2022, Gas & Power filed an assignment into bankruptcy pursuant to the BIA. B. Riley Farber Inc. ("Farber") was appointed trustee of the bankruptcy estate. On March 15, 2022, Farber held the first meeting of creditors and indicated the nominal assets in the bankruptcy estate would be applied against trustee fees leaving no amounts available for distribution to the creditors. There were no dissenting creditors at the meeting. On April 22, 2022, Gas & Power filed a petition under chapter 15 of title 11 of the United States Code to have the assignment into bankruptcy in Canada recognized in the U.S. and on August 26, 2022, the United States Eastern District of New York Bankruptcy Court (the "NY Bankruptcy Court") granted the petition.

(e) C Wave Motion

A note payable (the "C Wave Note") was issued by Gas & Power on the sale of the U.S. Gas & Power business to C Wave Power & Gas Inc. ("C Wave") in 2019. The C Wave Note is unsecured, bears interest at a rate equal to the Applicable Federal Rate, which was 2.72% per annum, matured on January 14, 2020 and is now due on demand. The Applicable Federal Rate is the Internal Revenue Service published rate under the Internal Revenue Code of the United States.

On March 2, 2022, C Wave filed a Motion for Summary Judgment in Lieu of Complaint (the "Motion") with the Supreme Court of the State of New York (the "NY Court") against Gas & Power and ONEnergy (collectively the "Defendants"). The Motion seeks a summary judgment against the Defendants for US$747, being the principal and interest outstanding on the C Wave Note as of December 31, 2021, plus additional interest and reasonable costs until the judgment is paid.

On May 10, 2022, the Defendants responded to the Motion with a Cross-Motion seeking dismissal of the Motion against ONEnergy and an opposition of the Motion against Gas & Power. On November 29, 2022, the NY Court dismissed the Motion and Cross-Motion but permitted C Wave to file a Verified Complaint (the "Complaint").

(f) C Wave Complaint

On December 28, 2022, C Wave filed the Complaint against the Defendants. The Defendants did not respond to the Complaint (by the February 17, 2023 response date) as the Company did not have the resources to pay for legal counsel. Consequently, on March 13, 2023, C Wave filed a Motion for Default Judgment (''Default Motion") against the Defendants seeking US$769, being the principal and interest outstanding as of March 13, 2023, plus additional interest and reasonable costs until the judgment is paid. The Defendants did not answer the Default Motion by the answering date of April 11, 2023. Since the Company did not respond to the Complaint and Default Motion, the Company determined it is more likely than not that the Default Motion may be granted, and therefore, as of December 31, 2022, the Company recognized a provision of $1,042 (US$769), being the amount of the Default Motion.

On April 18, 2023, the NY Court received the Default Motion and on July 17, 2023 granted the Default Motion. Accordingly, the Company recognized an additional provision of $258 (US$195) during the second quarter of 2023. On March 1, 2024, a final judgment of US$964 was issued by the NY Court against the Defendants. At March 31, 2024, the balance of the litigation provision was $1,306 (US$964).

(g) CEBA term loan

In May 2020, the Company applied for and received a $40 term loan under the Canada Emergency Business Account (the "CEBA term loan"), which was one of the Canadian government's COVID-19 economic recovery measures. On December 4, 2020, the Company applied for and received an additional $20 under the CEBA term loan. The CEBA term loan was non-interest bearing until January 18, 2024 and bears interest at the rate of 5% per annum after January 18, 2024. The CEBA term loan has a maturity date of December 31, 2026. At March 31, 2024 and December 31, 2023, the CEBA term loan is presented as a current liability as a result of the Creditor Proposal triggering an event of default.

5. CORPORATE STRATEGY

The Company divested or exited its operating businesses in 2018 and 2019. It is the intention of management and the Board to pursue opportunities to complete a transaction, which may include completing a Reverse Takeover or other potential business acquisitions. There can be no guarantees or assurances that a transaction will take place.

As at March 31, 2024, the Company has an accumulated deficit of $52,341 (December 31, 2023 - $52,122), including a net loss of $219 for the three months ended March 31, 2024 (net loss of $253 for the three months ended March 31, 2023). The Company will need to raise cash and/or monetize assets, and/or reduce its outstanding commitments in order to meet the needs of its existing operations and commitments. Whether and when the Company can achieve the above is uncertain. As a result, there is material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

There can be no assurance that the Company will have sufficient capital to fund its ongoing operations without future financing. If adequate funds are not available or the Company is unable to find and develop profitable business opportunities, the Company may have to substantially reduce or eliminate planned expenditures and seek additional financing from shareholders or lenders. If the Company is unable to obtain additional financing when and if required, the Company may be unable to continue operations.

6. RESULTS OF OPERATIONS

Selected financial information

Three month periods ended March 31		**2024**		2023
Loss and comprehensive loss				
General and administrative	**$**	**(176)**	$	(117)
Finance cost		**(9)**		(137)
Foreign exchange gain (loss)		**(34)**		1
Net loss		**(219)**		(253)
Net loss per share – basic and diluted		**(0.01)**		(0.01)

As at		**March 31, 2024**		December 31, 2023
Financial position				
Current assets	**$**	**97**	$	89
Current liabilities		**11,768**		11,541
Shareholders' deficiency		**(11,671)**		(11,452)

General and administrative

General and administrative expenses include personnel costs, professional fees, information technology and other administrative overheads for the Company. A summary of the key components of general and administrative expenses is set out below:

Three month periods ended March 31		**2024**		2023
Personnel	**$**	**65**	$	86
Professional fees		**64**		2
Other expenses		**47**		29
Total general and administrative expenses	**$**	**176**	$	117

Personnel

Personnel costs include wages, salaries, benefits, accrued directors' fees and share-based payments. Personnel costs decreased by $21 for the three months ended March 31, 2024 compared to the same period in 2023, primarily due a decrease in the number of full-time personnel, offset by a lower compensation recovery related to the revaluation of the deferred share unit liability.

Professional fees

Professional fees are comprised of legal, accounting, audit and consulting fees. Professional fees increased by $62 for the three months ended March 31, 2024 compared to the same period in 2023, primarily due to an increase in Proposal Trustee and legal fees related to the Creditor Proposal. In addition, audit fees related to 2023 financial statements were recognized in the first quarter of 2024 whereas the audit fees related to the 2022 financial statements were recognized in the second quarter of 2023.

Other expenses

Other expenses include public company costs, insurance costs and other general & administrative costs. Other expenses increased by $18 for the three months ended March 31, 2024 compared to the same period in 2023, primarily due to an increase in travel and entertainment costs related to corporate development activities. In addition, the Annual General Meeting was held in the first quarter of 2024 whereas the previous Annual General Meeting was held in the fourth quarter of 2022.

Finance costs

Finance costs were $9 for the three months ended March 31, 2024 compared to $137 for the same period in 2023, primarily due to additional interest on the promissory notes payable no longer recognized after the Creditor Proposal was filed.

Net loss

Net loss amounted to $219 or $0.01 per basic and diluted share for the three months ended March 31, 2024 compared to $253 or $0.01 per basic and diluted share for the same period in 2023.

7. ADJUSTED EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION ("ADJUSTED EBITDA")

Management views Adjusted EBITDA as an important measure of operating performance of the Company. However, since Adjusted EBITDA does not have any standardized meaning prescribed by IFRS, it may not be considered in isolation of IFRS measures such as (1) net loss, as an indicator of operating performance, or (2) cash flows from operating, investing and financing activities, as a measure of liquidity. We believe, however, that it is an important measure as it allows us to assess our ongoing business without the impact of depreciation or amortization expenses as well as non-operating factors. It is intended to indicate our ability to incur or service debt and invest in capital assets while allowing us to compare our business to our peers and competitors. This measure is not a defined term under IFRS and might not be comparable to similar measures presented by other issuers.

The following table reconciles Adjusted EBITDA to net loss for the respective periods as determined under IFRS:

Three month periods ended March 31	**2024**	2023
Net loss	**$ (219)**	$ (253)
Add/(subtract)		
Finance costs	**9**	137
Foreign exchange loss (gain)	**34**	(1)
Adjusted EBITDA	**$ (176)**	$ (117)

8. QUARTERLY FINANCIAL RESULTS

The table below sets out financial information for the past eight quarters:

	2024	2023				2022		
	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
Revenue	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating expenses before the undernoted	**176**	136	162	247	117	285	341	260
Adjusted EBITDA	**(176)**	(136)	(162)	(247)	(117)	(285)	(341)	(260)
Finance costs	**(9)**	(7)	(4)	(100)	(137)	(137)	(129)	(121)
Foreign exchange gain (loss)	**(34)**	31	(30)	25	1	1	(12)	(27)
Legal settlement	**-**	-	-	-	-	-	12	-
Net gain (loss) on derecognition of assets and liabilities	**-**	-	-	-	-	(1,042)	-	959
Litigation provision for note payable to C Wave Power & Gas Inc.	**-**	-	-	(258)	-	-	-	-
Net income (loss)	**$ (219)**	$ (112)	$ (196)	$ (580)	$ (253)	$ (1,463)	$ (470)	$ 551
Net income (loss) per share								
Basic and diluted	**$ (0.01)**	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.01)	$ (0.06)	$ (0.02)	$ 0.02

9. LIQUIDITY AND CAPITAL RESOURCES

The following sources of funding for future expenditures are expected by management to be available: (i) existing cash and working capital; (ii) financing provided by related parties; (iii) external debt financing; and (iv) new equity capital through the issuance of additional shares.

The Company's total cash liquidity is $4 as at March 31, 2024 (December 31, 2023 – $8). The Company divested or exited its operating businesses and is unable to generate sufficient amounts of cash, both in the short term and long term. As a result, the Company receives periodic cash advances from the Chairman to support working capital needs and to fund development activities as they arise. During the three months ended March 31, 2024, the Company received $150 of cash advances from the Chairman. See *Section 13 Related Party Transactions* for additional information.

The change in cash is summarized as follows:

Three month periods ended March 31	**2024**	2023
Cash used in operating activities	**$ (153)**	$ (211)
Cash provided by financing activities	**149**	206
Increase (decrease) in cash	**$ (4)**	$ (5)

Cash used in operating activities for the three months ended March 31, 2024 was $153 compared to cash used in operating activities of $211 for the same period in 2023, a decrease of $58. The decrease was a result of net loss decreasing by $34, unrealized foreign exchange loss increasing by $33 and non-cash operating assets and liabilities increasing by $119, offset by finance costs decreasing by $128.

Cash provided by financing activities for the three months ended March 31, 2024 was $149 compared to cash provided by financing activities of $206 for the same period in 2023, a decrease of $57. The decrease was a result of proceeds from promissory notes decreasing by $207, offset by proceeds from secured promissory note increasing by $150.

10. <u>SHARE CAPITAL</u>

As at March 31, 2024 there were 23,975,507 Common Shares issued and outstanding (December 31, 2023 – 23,975,507).

In determining diluted loss per share for the three months ended March 31, 2024 and March 31, 2023, the weighted average number of shares outstanding was not increased for stock options outstanding as they are considered anti-dilutive.

11. <u>STOCK BASED COMPENSATION</u>

Stock option plans

Stock option costs are recognized as selling expenses and general and administrative expenses and recorded in contributed surplus.

The Company did not grant any options to purchase Common Shares of the Company during the three months ended March 31, 2024 and March 31, 2023. All outstanding options either expired or were cancelled in July 2023.

Deferred share units

Deferred share units ("DSUs") are recognized as general and administrative expenses and recorded as current liabilities.

The Company did not grant DSUs during the three months ended March 31, 2024 and March 31, 2023.

12. <u>TAX LOSSES</u>

The Company's tax attributes may be utilized by the Company in its future operations, or may be utilized by a potential acquirer to offset income, provided certain tests are satisfied including those related to a change in control of the Company.

Deferred taxes, in respect of the Company's loss carry-forwards, are recognized to the extent that it is probable that they can be utilized. The Company has the following Federal non-capital income tax losses, which may be carried forward to reduce future years' taxable income. These losses will expire in the taxation years ending December 31 as follows:

Year	Amount
2028	$ 5,555
2029	115,579
2030	5,748
2031	19,992
2032	3,457
2033	3,702
2034	2,982
2035	3,295
2036	87
2037	3,640
2038	1,192
2039	773
2040	1,210
2041	1,662
2042	1,548
2043	874
2044	183
	$ 171,479

13. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel

The Company's key management personnel are comprised of the Board of Directors and members of the executive team of the Company.

Three month periods ended March 31	**2024**	2023
Salaries, fees and short-term employee benefits	**$ 40**	$ 71

(b) Promissory notes payable

The promissory notes (the "Promissory Notes") are unsecured, bear interest at 10% per annum and are due on demand.

During 2023, the Company entered into agreements to issue an additional $342 of Promissory Notes to the Chairman. No promissory notes were issued during the three months ended March 31, 2024. At March 31, 2024, Promissory Notes included $4,490 (December 31, 2023 – $4,490) advanced by the Chairman and $750 (December 31, 2023 - $750) advanced by a corporation controlled by Ivan Bos, a shareholder and a director of the Company.

(c) Secured promissory note payable

During the three months ended March 31, 2024, the Company received $150 of advances pursuant to the Secured Note. At March 31, 2024, the Secured Note is comprised of $425 (December 31, 2023 – $275) advanced by the Chairman. See *Section 4(b) Significant Events – Secured promissory note financing* for additional information.

(d) Business development fees

At March 31, 2024, accounts payable and accrued liabilities included $214 (December 31, 2023 – $202) payable to the Chairman, or his personal holding company, for reimbursement of expenses incurred on the Company's behalf; and $283 (December 31, 2023 – $283) payable to Ivan Bos, or his personal holding company, for business development fees and reimbursement of travel expenses.

14. OPERATING RISKS AND UNCERTAINTIES

Management of capital

The Company's overall strategy with respect to management of capital is to maintain financial flexibility to support profitable growth and expansion into new markets. The Company considers capital to be primarily cash, secured promissory note payable and promissory notes payable.

Financial instruments and risk management

The Company's activities may expose it to a variety of financial risks: credit risk, liquidity risk and foreign currency risk.

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. Financial instruments, which are potentially subject to credit risk for the Company, consist primarily of cash and other receivables.

Credit risk associated with cash is minimized by ensuring this financial asset is placed with financial institutions with high credit ratings.

All of the Company’s cash is held with major financial institutions in Canada, and management believes the exposure to credit risk with these institutions is not significant. The Company’s maximum assessed exposure to credit risk, as at March 31, 2024 and December 31, 2023, is the carrying value of its other receivables.

Liquidity risk

Liquidity risk is the risk the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled in cash or other financial assets. The Company’s approach is to ensure it will have sufficient liquidity to meet operations, tax, capital, regulatory requirements and obligations, and debt repayments under both normal and stressed circumstances. Cash flow projections are prepared and reviewed by management to ensure a sufficient continuity of funding exists.

Contractual Obligations

In the normal course of business, the Company is obligated to make future payments under various non-cancellable contracts and other commitments.

The Company’s financial liabilities are comprised of its accounts payable and accrued liabilities, advances from Provident Home Comfort Inc., promissory notes payable, secured promissory note payable, litigation provision for note payable to C Wave Power & Gas Inc. (see *Section 4(d) Significant Events – Gas & Power bankruptcy* and *Section 4(f) Significant Events – C Wave Complaint*) and CEBA term loan. The payments due by period are set out in the following table:

	Payment due by period			
	Less than one year	Between one and five years	More than five years	Total
Accounts payable and accrued liabilities	$ 2,582	$ -	$ -	**$ 2,582**
Advances from Provident Home Comfort Inc.	208	-	-	**208**
Promissory notes payable	7,168	-	-	**7,168**
Secured promissory note payable	444	-	-	**444**
Litigation provision for note payable to C Wave Power & Gas Inc.	1,306	-	-	**1,306**
CEBA term loan	60	-	-	**60**
	$ 11,768	**$ -**	**$ -**	**$ 11,768**

Currency risk

Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure primarily as a result of the Company’s U.S. dollar denominated liabilities.

Fair Values

IFRS 7, *Financial Instruments: Disclosures* requires disclosure of a three-level hierarchy (“FV hierarchy”) that reflects the significance of the inputs used in making fair value measurements and disclosures. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include those whose valuations are determined using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are those based on inputs that are unobservable and significant to the overall fair value measurement.

The fair values of short-term financial assets and liabilities, including cash, other receivables, accounts payable and accrued liabilities, advances from Provident Home Comfort Inc., promissory notes payable, secured promissory note payable and litigation provision for note payable to C Wave Power & Gas Inc. (see *Section 4(d) Significant Events – Gas & Power bankruptcy* and *Section 4(f) Significant Events – C Wave Complaint*) and CEBA term loan, as presented in the consolidated statements of financial position, approximate their carrying amounts due to the short period to maturity of these financial instruments.

15. <u>OTHER RISK FACTORS</u>

In addition to operating risks described in *Section 14 Operating Risks and Uncertainties* are other risk and uncertainties that the Company can foresee. The information presented in *Section 17 Other Risk Factors* in our MD&A for the year ended December 31, 2023 has not changed materially since December 31, 2023.

16. <u>COMMITMENTS AND CONTINGENCIES</u>

Contingencies

See *Section 4(f) Significant Events – C Wave Complaint* for a discussion on the C Wave Complaint

In the normal course of its operations, the Company may be subject to other litigation and claims.

The Company indemnifies its directors, officers, consultants, and employees against claims and costs reasonably incurred and resulting from the performance of their services to the Company, and maintains liability insurance for its directors and officers.

17. <u>SUMMARY OF MATERIAL ACCOUNTING POLICIES</u>

Management's discussion and analysis of financial condition and results of operations are made with reference to the Company's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2024 which have been prepared in accordance with IAS 34. The Company's significant accounting policies are summarized in detail in Note 2 of the Company's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2024 and in Note 2 of the Company's audited consolidated financial statements for year ended December 31, 2023.

18. <u>ACCOUNTING POLICY DEVELOPMENTS</u>

Refer to Note 4 of Company's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2024 for a description of accounting policy developments, including standards, interpretations and amendments applied in the reporting period.

19. <u>ADDITIONAL INFORMATION</u>

Additional information regarding the Company's financial statements and corporate documents is available on SEDAR+ at <u>www.sedarplus.ca</u> and on the Company's website at <u>www.onenergyinc.com</u>.

ONEnergy Inc.

SHAREHOLDER INFORMATION

Board of Directors

Chairman of the Board
Stephen J.J. Letwin
President & CEO, Mancal Corporation

Directors
Lawrence Silber
Partner, Kelly Santini LLP

Dr. Ivan Bos
President, Bos Veterinary Professional Corp.

Officers
Stephen J.J. Letwin
Chairman

Ray de Ocampo
Chief Financial Officer

Auditors
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Stock exchange listing
ONEnergy's shares are listed on NEX Board of the TSX Venture Exchange under the symbol OEG.H