SPARK POWER GROUP INC.

Consolidated Financial Statements

For the Years Ended December 31, 2018 and 2017

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements for Spark Power Group Inc. were prepared by management in accordance with International Financial Reporting Standards (IFRS). Management acknowledges responsibility for the fair preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements and (ii) the consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented by the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed)　　　　　　*(signed)*

March 27, 2019
Oakville, Ontario

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Independent Auditor's Report

To the Shareholders of Spark Power Group Inc.

Opinion

We have audited the consolidated financial statements of Spark Power Group Inc. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2018 and 2017, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information, included in the Management Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Peter Matutat.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 27, 2019

SPARK POWER GROUP INC.

Consolidated Statements of Financial Position
Presented in Canadian dollars

As at December 31	2018	2017
Assets		
Current assets		
Cash	**$ -**	$ 3,126,617
Short-term investments	**251,161**	306,211
Accounts receivable (Note 5)	**35,410,600**	17,222,605
Inventory (Note 6)	**5,697,836**	2,704,432
Contract asset (Note 5)	**11,262,340**	3,001,618
Prepaid expenses and deposits	**2,464,152**	479,220
	55,086,089	26,840,703
Non-current assets		
Property and equipment (Note 7)	**21,990,687**	13,087,968
Intangible assets (Note 8)	**34,231,754**	23,275,425
Goodwill (Note 9)	**28,407,921**	19,033,431
	$ 139,716,451	$ 82,237,527
Liabilities and Shareholders' Deficiency		
Current liabilities		
Bank indebtedness (Note 10)	**$ 11,666,604**	$ -
Accounts payable and accrued liabilities	**22,056,355**	11,066,082
Income taxes payable (Note 13)	**615,444**	793,179
Current portion of long-term debt (Note 10)	**1,625,000**	3,645,000
Current portion of promissory notes (Note 10)	**1,282,496**	-
Current portion of lease liability (Note 11)	**4,234,216**	2,867,672
Contract liabilities	**3,745,131**	1,163,128
Puttable Class A and Class 1 Special shares (Note 12)	**-**	17,816,420
Redeemable Series C-1 Preference shares (Note 12)	**-**	15,000,000
Redeemable Class B Common and Class 1 Special shares (Note 12)	**-**	6,360,000
	45,225,246	58,711,481
Non-current liabilities		
Long-term debt (Note 10)	**43,418,475**	26,381,114
Promissory notes payable (Note 10)	**8,951,031**	9,500,000
Deferred income taxes (Note 13)	**2,094,664**	100,181
Lease liability (Note 11)	**11,507,343**	7,537,467
Redeemable Series C-1 Preference shares (Note 12)	**-**	4,222,386
Redeemable Class B Common and Class 1 Special shares (Note 12)	**-**	6,360,000
	111,196,759	112,812,629
Shareholders' deficiency		
Share capital (Note 12)	**123,977,289**	321,009
Contributed surplus	**422,116**	348,750
Deficit	**(95,698,926)**	(31,064,074)
	28,700,479	(30,394,315)
Non-controlling interest	**(180,787)**	(180,787)
	28,519,692	(30,575,102)
	$ 139,716,451	$ 82,237,527

See accompanying notes to the consolidated financial statements.

SPARK POWER GROUP INC.

Consolidated Statements of Comprehensive Loss
Presented in Canadian dollars

Year Ended December 31		2018		2017
Revenue (Note 5)	**$**	**119,759,443**	$	80,043,576
Cost of sales (Note 21)		**73,734,181**		45,304,816
Gross profit		**46,025,262**		34,738,760
Expenses				
Selling, general and administration (Note 21)		**34,581,546**		27,312,587
Income from operations		**11,443,716**		7,426,173
Other income (expenses)				
Finance expense		**(5,209,960)**		(4,573,151)
Increase in value of Puttable Class A and Class 1 special shares (Note 12)		**(47,771,600)**		(17,816,420)
Transaction costs (Note 2)		**(10,269,633)**		-
Reorganization costs		**(1,413,924)**		-
Excess of fair value over net assets acquired (Note 2)		**(12,660,331)**		-
Gain on retraction of Class 1 Special shares (Note 12)		**1,250,000**		-
Other		**(138,052)**		(53,061)
		(76,213,500)		(22,442,632)
Loss before income taxes		**(64,769,784)**		(15,016,459)
Current income taxes		**677,235**		762,885
Deferred income taxes (recovery)		**(812,167)**		930,594
Income taxes (recovery) (Note 13)		**(134,932)**		1,693,479
Net and comprehensive loss		**(64,634,852)**		(16,709,938)
Net and comprehensive loss attributed to:				
Net and comprehensive loss attributed to equity holders	**$**	**(64,634,852)**	$	(16,700,578)
Net and comprehensive loss attributed to non-controlling interest		**-**		(9,360)
	$	**(64,634,852)**	$	(16,709,938)
Earnings per share attributable to equity holders				
Basic (Note 20)	**$**	**(1.44)**	$	(8.16)
Diluted (Note 20)		**(1.44)**		(8.16)

See accompanying notes to the consolidated financial statements.

SPARK POWER GROUP INC.

Consolidated Statements of Changes in Equity
Presented in Canadian dollars

	Common shares		Warrants	Class A Common shares		Class B Common shares		Class 1 Special shares		Non-controlling	Contributed		Shareholders' equity/
	Number	Amount	Amount	Number	Amount	Number	Amount	Number	Amount	interest	surplus	Deficit	(deficiency)
Balance at December 31, 2016	-	$ -	$ -	100,000	$ 1	-	$ -	1,725,000	$ 8	$ (171,427)	$ 348,750	$ (15,228,668)	$ (15,051,336)
IFRS 15 transitional adjustment	-	-	-	-	-	-	-	-	-	-	-	865,172	865,172
Issuance of Class 1 Special Shares	-	-	-	-	-	-	-	221,384	321,000	-	-	-	321,000
Net and comprehensive loss	-	-	-	-	-	-	-	-	-	(9,360)	-	(16,700,578)	(16,709,938)
Balance at December 31, 2017	-	$ -	$ -	100,000	$ 1	-	$ -	1,946,384	$ 321,008	$ (180,787)	348,750	$ (31,064,074)	$ (30,575,102)
Net and comprehensive loss	-	-	-	-	-	-	-	-	-	-	-	(64,634,852)	(64,634,852)
Share capital addition (Note 12)	-	-	-	-	-	747,436	1,340,583	88,882	159,417	-	-	-	1,500,000
Private placement (Note 12)	-	-	213,189	-	-	1,746,879	5,446,700			-	-	-	5,659,889
Exercise of options (Note 12)	-	-	-	-	-			1,743,383	19,889	-	-	-	19,889
Exercise of warrants (Note 12)	-	-	-	-	-			160,500	232,725	-	-	-	232,725
Shares issued in acquisitions (Note 12)	-	-	-	470,957	1,525,900	-	-			-	-	-	1,525,900
Conversion of Class A Common, Class B Common and Class 1 Special shares	7,564,761	9,140,382	-	(570,957)	(1,525,901)	(2,494,315)	(6,787,283)	(4,105,209)	(827,198)	-	-	-	-
Conversion of Puttable Class A Common and Class 1 Special shares	22,246,812	66,764,434	-	-	-	-	-	-	-	-	-	-	66,764,434
Conversion of redeemable Series C-1 Preference shares.	1,567,074	4,701,217	-	-	-	-	-	-	-	-	-	-	4,701,217
Issuance of Class 1 Special ESOP shares			-	-	-			166,060	94,159	-	-	-	94,159
Shares issued in Qualifying Acqusition transaction	13,541,666	40,709,734	2,448,333	-	-	-	-	-	-	-	-	-	43,158,067
Stock-based compensation	-	-	-	-	-	-	-	-	-	-	73,366	-	73,366
Balance at December 31, 2018	**44,920,313**	**$ 121,315,767**	**$ 2,661,522**	**-**	**$ -**	**-**	**$ -**	**-**	**$ -**	**$ (180,787)**	**422,116**	**$ (95,698,926)**	**$ 28,519,692**

See accompanying notes to the consolidated financial statements.

SPARK POWER GROUP INC.

Consolidated Statements of Cash Flows
Presented in Canadian dollars

As at December 31	2018	2017
Cash flows from operating activities		
Net loss for the year	$ **(64,634,852)**	$ (16,709,938)
Adjustments for non-cash items		
Amortization and depreciation	**8,151,846**	5,955,556
Gain on retraction of class 1 special shares (Note 12)	**(1,250,000)**	-
Excess of fair value over net assets acquired (Note 2)	**12,660,331**	-
Loss on disposal of property and equipment	**(21,000)**	19,376
Deferred income taxes (Note 13)	**(676,737)**	930,594
Unrealized gain on short-term investments	**-**	(6,315)
Accrued interest on Class B Common, Class 1 Special and Series C-1 Preference shares	**546,331**	1,021,150
Increase in value of Puttable Class A Common and Class 1 Special shares (Note 12)	**47,771,600**	17,816,420
Stock-based compensation (Note 12)	**73,366**	-
Changes in non-cash working capital balances		
Accounts receivable	**(5,681,410)**	(2,292,361)
Inventory	**(294,765)**	(2,281,121)
Contract asset	**(7,264,746)**	(146,398)
Prepaid expenses and deposits	**(898,929)**	47,895
Accounts payable and accrued liabilities	**3,313,739**	(2,587,666)
Income taxes	**(177,735)**	(2,651,795)
Contract liabilities	**2,193,392**	427,876
	(6,189,569)	(456,727)
Cash flows from investing activities		
Purchase of property and equipment (Note 7)	**(5,328,839)**	(1,044,286)
Sale (purchase) of short-term investments	**55,150**	(75,453)
Cash paid to acquire businesses (Note 16)	**(8,290,687)**	(14,678,661)
Cash acquired on Spark Power acquisition (Note 12)	**30,497,736**	-
Repayments from related parties	**-**	1,285,874
Repayments to related parties	**-**	(491,258)
Proceeds on disposal of property and equipment	**-**	168,322
	16,933,360	(14,835,462)
Cash flows from financing activities		
Bank Indebtedness	**11,666,604**	(795,000)
Repayment of loan	**-**	(5,088,480)
Repayment of promissory notes (Note 10)	**(19,689,418)**	
Issuance of share capital (Note 12)	**6,930,452**	2,140,000
Redemption of Series C-1 Preference shares (Note 12)	**(15,000,000)**	-
Retraction of Class B Common and Class 1 Special shares (Note 12)	**(10,037,500)**	-
Exercise of warrants and options (Note 12)	**252,624**	318,903
Repayments of lease liability (Note 7)	**(3,010,531)**	(2,558,982)
Proceeds from long-term debt (Note 10)	**44,000,000**	32,000,000
Repayment of long-term debt (Note 10)	**(28,982,639)**	(7,707,077)
	(13,870,408)	18,309,364
Net change in cash during the year	**(3,126,617)**	3,017,175
Cash, beginning of year	**3,126,617**	109,442
Cash, end of year	$ **-**	$ 3,126,617

See accompanying notes to the consolidated financial statements.

Non-cash transactions:
Spark Power Acquisition (Notes 2 and 12)
Business Combinations (Note 16)

1. BUSINESS DESCRIPTION

Spark Power Group Inc. ("Spark" or "the Company") is incorporated under the laws of Ontario. The Company provides electrical power services and solutions to North American industrial, commercial, institutional, renewable, and agricultural customers, as well as utility markets including municipalities, universities, schools, and hospitals.

The Company's head office, principal address, and registered office is located at 1315 North Service Road E, Suite 300, Oakville, Ontario L6H 1A7.

2. SIGNIFICANT EVENTS AND TRANSACTIONS

On June 11, 2018, Spark Power Corp. ("Spark Power") and its shareholders entered into a share purchase agreement (the "Purchase Agreement") with Canaccord Genuity Acquisition Corp ("CGAC"), which among other things, provided for the acquisition by CGAC of all of the issued and outstanding shares of Spark Power ("Spark Power Acquisition"), subject to adjustments and payable in accordance with the terms of the Purchase Agreement.

CGAC is a special purpose acquisition corporation incorporated under the Business Corporations Act (Ontario) for the purpose of effecting an acquisition of one or more business or assets, by way of merger, amalgamation, share exchange, asset acquisition, share purchase, reorganization, or other similar business combination involving CGAC, referred to as its qualifying acquisition. On July 24, 2017, CGAC closed its initial public offering (the "Offering") of Class A restricted voting shares ("Class A Restricted Voting Shares") for total proceeds of $30,000,000. Upon closing of the Offering, CGAC's Class A Restricted Voting Shares and Class B shares ("Class B share") were listed on the Toronto Stock Exchange (the "TSX"). The total proceeds from the Offering were placed in an escrow account to be released upon consummation of the qualifying acquisition in accordance with the terms and conditions of the escrow agreement.

On August 31, 2018, Spark Power and CGAC announced the completion of the Spark Power Acquisition. The merger with Spark Power constituted CGAC's qualifying acquisition (the "Qualifying Acquisition").

While CGAC was the legal acquirer of Spark Power, Spark Power was identified as the acquirer for accounting purposes. The Spark Power Acquisition is outside the scope of IFRS 3, Business Combinations ("IFRS 3"), and is accounted for as an equity-settled share-based payment transaction in accordance with IFRS 2, Share-based Payments ("IFRS 2"). Spark is considered to be a continuation of Spark Power with the net identifiable assets of CGAC deemed to have been acquired by Spark Power in exchange for shares of Spark Power. Under IFRS 2, the transaction is measured at the fair value of the shares deemed to have been issued by Spark Power in order for the ownership interest in the combined entity to be the same as if the transaction had taken the legal form of Spark Power acquiring 100% of CGAC. Any difference in the fair value of the shares deemed to have been issued by Spark Power and the fair value of CGAC's net identifiable assets represents a service received by Spark Power (being the publicly listed status being achieved), recorded through profit and loss in the Consolidated Statement of Comprehensive Loss. Spark Power's historical financial statements as of and for the periods ended prior to the completion of the Qualifying Acquisition are presented as the historical financial statements of Spark prior to the date of the completion of the Qualifying Acquisition.

As a result of the acquisition, upon closing, Spark Power became a wholly owned subsidiary of CGAC.

In connection with the closing of the Qualifying Acquisition, CGAC was renamed Spark Power Group Inc. The adjusted purchase price of the Spark Power Acquisition was established based on an equity value of approximately $89.5 million.

2. SIGNIFICANT EVENTS AND TRANSACTIONS (Continued)

Details of the Spark Power Acquisition are summarized as follows:

Assets acquired		
Cash	$	243,736
Cash balance held in escrow account		30,302,000
	$	30,545,736
Liabilities assumed		
Accounts payable and accrued liabilities	$	12,000
Amounts due to related party		36,000
	$	48,000
Net assets acquired	**$**	**30,497,736**
Fair value of shares deemed to have been issued by Spark (Note 12)		43,158,067
Excess of fair value over net assets acquired	**$**	**12,660,331**

The Company incurred legal and other costs of $2.03 million in connection with the Spark Power Acquisition that are included in transaction costs in the Consolidated Statement of Comprehensive Loss.

3. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements ("Financial Statements") of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), effective for the reporting period ended December 31, 2018.

The Board of Directors approved these consolidated financial statements on March 27, 2019.

Basis of Measurement

These Financial Statements have been prepared on a historical cost basis, except for certain financial instruments and short-term investments that are carried at fair value with changes in fair value recognized in comprehensive loss, as described in the accounting policies below.

Functional and Presentation Currency

These Financial Statements are presented in Canadian dollars ("CDN") which is also the functional currency of the Company and its subsidiaries.

Presented in Canadian dollars

3. BASIS OF PREPARATION (Continued)

Basis of Consolidation

These Financial Statements include the accounts of Spark and its subsidiaries. The Financial Statements present the results of the Company and its subsidiaries as if they formed a single entity. All inter-company transactions and balances between the entities have been eliminated.

The Financial Statements incorporate the results of business combinations using the acquisition method. In the Consolidated Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognized at their fair values as at the acquisition date. During the year Rondar Inc., Pelikan Inc., Tal Trees Power Services Corp. and Tiltran Power Services Corp. were amalgamated with Spark Power High Voltage Services Inc. In addition, Spark Land Energy Corp. and Spark Land Energy LP were dissolved during the year.

Subsidiary	Ownership %
1625704 Alberta Inc.	100%
2282404 Ontario Inc.	100%
2340124 Ontario Inc.	100%
2480811 Ontario Inc.	100%
2552095 Ontario Inc.	100%
Bullfrog Power Inc.	100%
Bullfrog Solar Inc.	100%
Bullfrog Solar Inc. (USA)	100%
Canadian REC Wholesale Inc.	100%
Electronic Repair & Replacement Centre Inc.	100%
Less Emissions Inc.	100%
Lizco Sales & Rentals Inc.	100%
New Electric Enterprises Inc.	100%
New Electric Fresno, LLC	100%
New Electric Holdings Inc.	100%
New Electric Services Inc.	100%
Northwind Solutions Corp.	100%
Northwind Solutions Group Inc.	100%
Northwind Solutions Group (USA) Inc.	90%
Northwind Solutions LP	100%
Orbis Engineering Field Services Ltd.	100%
Orbis SPA	100%
Sibro Technologies Ltd.	100%
Spark Power Corp.	100%
Spark Power Energy Solutions Inc.	100%
Spark Power Group Inc.	100%
Spark Power High Voltage Services Inc.	100%
Spark Power Renewables Corp.	100%
Spark Power Services Corp.	100%
Spark Power Services Corp. (USA)	100%
Spark Power Solutions Ltd.	100%
Spark Power Ventures Corp.	100%
Spark Solar Development Ltd.	100%
Spark Solar Management Inc.	100%
Spark Solar Sales Ltd.	100%
Spark Solar Services Corp.	100%

3. BASIS OF PREPARATION (Continued)

Changes in Accounting Policies

The Company had previously early adopted IFRS 9, *Financial Instruments*, IFRS 15, *Revenue from Contracts with Customers*, and IFRS 16, *Leases*, effective as at January 1, 2017. The Company has applied consistent accounting policies throughout the periods presented in the Financial Statements.

At the date of authorization of these Financial Statements, the IASB and International Financial Reporting Interpretations Committee ("IFRIC") have issued certain pronouncements that will become effective for the Company in future years and are not expected to have a material impact on the Company, as follows:

IFRIC Interpretation 23, *Uncertainty over Income Tax Treatments* ("IFRIC 23")

In June 2017, the IASB issued IFRIC 23 which clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. The Interpretation requires:

- An entity to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- An entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty.

IFRIC 23 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The interpretation requires retrospective application, with some practical expedients available on adoption. The Company is assessing the impact of IFRIC 23 on the Company's Financial Statements.

Significant Accounting Judgments and Estimates

The preparation of the Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and reported amount of revenues and expenses during the reporting period. Management is required to apply judgment in recognizing revenue, determination of appropriate provisions, determination of the useful lives of assets, valuation of reverse take-over transaction, determination of valuation of equity transactions, valuation of business combinations, discount rate of lease liability, valuation of derivative financial instruments, and impairment of goodwill. By their nature, these estimates are subject to measurement uncertainty and are reviewed periodically and adjustments, if necessary, are made in the period in which they are identified. Actual results could differ from those estimates.

Revenue recognition - The most significant judgments and estimates in recognizing revenue relate to the management contracts, as they are long-term in nature and contain consideration that is variable based on a number of uncertain factors, such as estimated electrical production over many years, expense growth, and the number of sites to be monitored. The Company determines the extent to which the estimate of variable consideration is constrained (and therefore included in the measurement of revenue) by considering historical trends and the lowest levels of annual incentive fees earned in the past (Note 4). Key assumptions made in determining the estimate of the transaction price relating to management contracts include:

- Cash flow projections for the per-project and per-kilowatt hour capacity are uniform in each year going forward; and
- The number of licensees will not materially change over the remaining contract term.

Key assumptions made in determining the satisfaction of the performance obligation at the reporting period are the expected number of licensees over the term of the remaining contract. Spark does not expect the number of licensees to change materially over the remaining term of the contracts.

3. BASIS OF PREPARATION (Continued)

Provisions – Significant judgments and estimates are involved in determination of the expected credit losses associated with accounts receivable and onerous contracts, as follows:

Expected credit losses – Expected credit losses associated with accounts receivable require management to assess certain forward looking and macroeconomic factors to determine whether there is a significant increase in credit risk as well as the expected provision on the balance outstanding as at year-end. This is further described in Notes 5 and 14 to the Financial Statements.

Onerous contracts – A contract is considered onerous when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be derived from the contract. The determination of when to record a provision for an onerous contract is a complex process that involves management judgment about outcomes of future events and estimates concerning the nature, extent and timing of expected future cash flows and discount rates related to the contract.

Warranties – Significant judgements and assumptions may be involved in the determination of future obligations associated with certain services and equipment sales recognized in the current year.

Useful lives of assets - Significant estimates in connection with these Financial Statements include the determination of the useful lives of property and equipment and intangible assets based on their expected depreciation rates. (Notes 7 and 8)

Valuation of reverse take-over transaction – Significant judgments and estimates are involved in the determination of the fair value of shares issued in the Spark Power Acquisition to complete the merger with CGAC. A change in these estimates and/or judgments could result in a material change to the expense recorded as excess of fair value over net assets acquired relating to the listing fee. (Note 2)

Determination of valuation of equity transactions – Significant estimates are involved in the determination of the fair value of equity transactions such as equity-settled transactions and warrant valuation. (Note 12)

Valuation of business combinations - Significant estimates and assumptions are required to determine the purchase price allocation of business combinations including the valuation of intangible assets acquired. (Note 16)

Discount rate of lease liability – The lease liabilities associated with all property and vehicle leases are measured at the present value of expected lease payments and discounted using the interest rate implicit in the lease, unless this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. The Company determines its incremental borrowing rate as the rate of interest it would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. This requires significant estimates and assumptions from the management that may have an impact on the Financial Statements. (Note 11)

Valuation of derivative financial instruments – The estimated fair values of financial assets and liabilities are subject to measurement uncertainty due to their exposure to credit, liquidity and market risks. Furthermore, the Company may use derivative instruments to manage commodity price, foreign currency and interest rate exposures. The fair value of these derivatives are determined using valuation models which require assumptions concerning the amount and timing of future cash flows, and discount rates. Management's assumptions rely on external observable market data including quoted forward commodity prices and volatility, interest rate yield curves and foreign exchange rates. The resulting fair value estimates may not be indicative of the amounts realized or settled in current market transactions and, as such, are subject to measurement uncertainty. (Notes 10 and 14)

Impairment of goodwill -The annual test of impairment of goodwill is completed based on management's estimates of future performance of the related cash generating unit based on past history and economic trends, plus estimates of the weighted average cost of capital. (Note 9)

4. SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Company early adopted IFRS 15, *Revenue from Contracts with Customers,* as of January 1, 2017 using the modified retrospective approach.

The Company derives revenue from the provision of services and sale of equipment, as segregated in primarily five revenue streams:

- *Service contracts* for the inspection, testing, repair and maintenance of electrical generating equipment. Contracts are typically short-term in nature (e.g. less than 3 weeks). Payment is due upon completion of the contract.
- *Construction contracts* for the development, construction and procurement of electrical generating equipment. Contracts may last for several months to more than one year. Payment is due in milestones as the contract is completed.
- *Contracts for the management* of client electrical generating equipment, including the procurement of maintenance services, recordkeeping and day-to-day operations. Contracts are long term in nature and are typically for the period of time equal to the energy contract held by the client. Payment is due based on a fixed amount annually per-site monitored plus, an incentive fee as performance metrics are achieved on an annual basis.
- *Equipment sales* contracts for the fabrication of custom electrical equipment used in low, medium and high voltage applications. Contracts may last from several days to several months depending on material lead times. Advance payment is due on larger contracts based on completed milestones, and on smaller contracts when the product is shipped.
- *Retirement of green energy certificates* (including green electricity certificates, green natural gas certificates or green fuel certificates) for green energy certificate customers. Contracts may last for several months to more than one year, where payments are due at the end of each contracted month.

The Company offers limited time warranties on the quality of its work being free from material defects. In accordance with IFRS 15, such warranties are not accounted for as separate performance obligations and hence no revenue is allocated to them. Instead, a provision is made for the cost of satisfying the warranties in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Applying the five-step model required by IFRS 15, *Revenue from Contracts with Customers*, revenue is recognized as follows for these contracts:

Step in Model	Service	Construction	Management	Equipment Sales	Green Energy Certificates
Identify the contract	The contractual arrangement executed with the client, specifying the timing, scope and compensation.	The contractual arrangement executed with the client, specifying the timing, scope and compensation.	The contractual arrangement executed with the client, specifying the timing, scope and compensation.	The contractual arrangement executed with the client, specifying the timing, scope and compensation.	The contractual arrangement executed with the client, specifying the timing, scope and compensation.
Identify distinct performance obligations	Single performance obligation to provide maintenance / construction services with combined inputs from applicable labour and materials.	Single performance obligation to provide maintenance / construction services with combined inputs from applicable labour and materials.	Single performance obligation to provide management services for customer-owned photovoltaic systems.	Contract may include multiple performance obligations.	Single performance obligation to retire green energy certificates against usage by green energy certificate customer.
Estimate transaction price	Fixed fee established in contract. Change orders due to changes in scope or unexpected costs are accounted for as contract modifications prospectively.	Fixed fee established in contract. Change orders due to changes in scope or unexpected costs are accounted for as contract modifications prospectively.	Consideration receivable by the Company is variable and is based on a set fee per site that is managed, plus a management incentive fee based on a percentage of cash flows above certain thresholds. As the consideration is variable, an estimate is made based on the cash flow forecasts, which incorporate estimates of sites over the contract term, the amount of electricity to be produced and the overall economic performance of the sites. The estimation is subject to a constraint where only the amount up to which it is highly unlikely that a material reversal of revenue will occur in the future is included in the transaction price. This estimate is revised at each reporting period, with the cumulative effect of the change in estimate being recorded in revenue.	Contract price is the transaction price.	Consideration receivable is variable and is based on the market competitiveness of the Company (price matching feature). As such, an estimate is made based on the expected value method based on probability weighted amounts for cash flows to be received. The estimation of variable consideration amount is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue will not occur. This estimate is revised at each reporting period, with the cumulative effect of the change in estimate being recorded in revenue.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Step in Model	Service	Construction	Management	Equipment Sales	Green Energy Certificates
Allocate transaction price to performance obligations	Total revenue is allocated to the single performance obligation.	Total revenue is allocated to the single performance obligation.	Total revenue is allocated to the single performance obligation.	The transaction price is clearly identified in the contract and is allocated to each performance obligation linked to customer commitments for each obligation under goods arrangement.	Total revenue is allocated to the single performance obligation.
Recognize revenue as performance obligations are satisfied	Revenue is recognized over time, as the work performed enhances assets controlled by the customer (e.g. electrical systems on the customers' premises). Progress towards completion is based on costs incurred as a percentage of total expected costs to complete the project. Consideration received in advance or the progress made to satisfy the performance obligation is recognized as a contract liability.	Revenue is recognized over time, as the work performed enhances assets controlled by the customer (e.g. electrical systems on the customers' premises). Progress towards completion is based on costs incurred as a percentage of total expected costs to complete the project. Consideration received in advance or the progress made to satisfy the performance obligation is recognized as a contract liability.	Revenue is recognized over time based on an estimate of total sites monitored as a percentage of total site measurements required over the term of the contract, as the number of sites under management is used as the base for estimating the progress in satisfying the overall performance obligation.	Revenue is recognized at a point in time once control passes to the customer (i.e. when products are delivered).	Revenue is recognized over time throughout the life of the contract, as the customer is able to simultaneously consume benefits as the Company performs.

For management contracts, there may be discrepancies between the timing of payment and the recognition of revenue, as the Company is only contractually eligible to receive payment for management services upon meeting certain financial metrics in the project.

Presented in Canadian dollars

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair value of assets given, liabilities assumed, and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. Direct costs of acquisitions are recognized immediately as an expense. Goodwill is capitalized as an asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition.

Intangible Assets

The Company has certain externally acquired intangible assets through business combinations (Note 16) that are initially recognized at cost and subsequently amortized on a straight-line basis over their useful economic lives when they have a finite useful life.

Intangible assets are recognized on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are at fair value and arrived at by using appropriate valuation techniques.

On the basis they have a finite useful life, they are amortized on a straight-line basis over their estimated useful life which management estimates as follows:

Customer relationships	-	10 years
Sales backlog	-	4 years
Non-competition agreements	-	5 years

Intangible assets determined to have an indefinite useful life are recorded at cost and not subject to amortization. Instead, the Company assesses indefinite life intangible assets for impairment by comparing their recoverable amount with their carrying value whenever there is an indication of impairment and on an annual basis. The Company has classified tradenames as indefinite life intangible assets.

Property and Equipment

Property and equipment are recorded at cost net of accumulated depreciation and write-downs for impairment, if any. Depreciation is calculated on a straight-line basis over their estimated useful lives as follows:

Computer hardware	-	30% - 100%
Computer software	-	55%
Furniture and fixtures	-	20%
Right of use assets and leaseholds	-	over the lease term
Equipment	-	20% - 30%
Vehicles	-	20% - 30%

Impairment of Non-Financial Assets

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to the impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ("CGU"). Goodwill is allocated on initial recognition to each of the Company's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognized in other comprehensive income. An impairment loss recognized for goodwill is not reversed.

Foreign Currency

Foreign currency monetary assets and liabilities are translated into the Company's functional currency using the closing rate at the end of each reporting period. Non-monetary assets and liabilities are translated at the rates on the date the fair value was determined or at historical cost using the rate at the date of the transaction. Translation gains and losses are included in the Consolidated Statement of Comprehensive Loss.

Financial instruments - Financial Assets

The Company early adopted IFRS 9, *Financial Instruments,* as of January 1, 2017 using the modified retrospective approach.

Financial Assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following three categories: amortized cost, fair value through profit or loss, or fair value through other comprehensive income. The Company does not have any financial instruments classified as fair value through other comprehensive income.

Amortized cost

These assets arise principally from the provision of goods and services to customers, but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely the payments of principal and interest. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Impairment provisions for accounts receivables are recognized based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During the process of reviewing accounts receivable for impairment, the probability of the non-payment of the accounts receivable is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for accounts receivables. For accounts receivable, which are reported net, such provisions are recorded in a separate provision account with the loss being recognized within operating expenses in the Consolidated Statement of Comprehensive Loss. On confirmation that a certain accounts receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Company's financial assets measured at amortized cost comprise of cash and accounts receivable.

Fair value through profit or loss

These assets are carried in the Consolidated Statement of Financial Position at their fair value with changes in fair value recognized in the Consolidated Statement of Comprehensive Loss in the finance income (expense) line. Transaction costs associated with financial instruments measured at fair value through profit or loss are expensed as incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company's financial instruments classified at fair value through profit or loss include derivative financial instruments and short-term investments. The Company has entered into an interest rate swap arrangement ("Interest Rate Swap") to manage interest rate exposures on a portion of its non-revolving term loan with Bank of Montreal (Note 10). Under this arrangement, the Company receives a fixed Banker's Acceptance ("BA") rate (adjusted for credit spread of 2.00% - 3.00%) in exchange for a variable prime plus 0.75% - 1.75%. While this agreement economically hedges the risk of changes in cash flows due to fluctuations in interest rates, hedge accounting has not been applied for these instruments. The fair value of the Interest Rate Swap is based on the current market value of similar contracts with similar remaining durations as if the contract had been entered into on December 31, 2018. Further, the Company's short-term investments include mutual funds that are redeemable at the option of the Company and measured at their estimated redemption value.

Financial Liabilities

The Company classifies its financial instruments into one of two categories, depending on the purpose for which the liability was acquired.

Fair value through profit or loss

This category comprised of Puttable Class A Common, Class 1 Special shares which were redeemed during the year by the Company as part of the Spark Power Acquisition.

Other financial liabilities

Other financial liabilities include the following items:

- bank indebtedness, accounts payable and accrued liabilities, long-term debt, promissory notes, lease liability, redeemable preference shares and redeemable Class B Common and Class 1 Special shares are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortized cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the Consolidated Statement of Financial Position;

Share-based Payment Transactions

Employees, directors and service providers of the Company may receive a portion of their compensation in the form of share-based payment transactions, whereby services are rendered as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued to non-employees and the fair value of goods or services received by the entity as consideration cannot be estimated reliably, they are measured at fair value of the equity instruments granted. The costs of equity settled transactions are measured by reference to the fair value of the equity instrument at the date on which they are granted.

The costs of equity settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant party becomes fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity settled transactions at each reporting date until the vesting date and reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in contributed surplus.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Where the terms of an equity settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options and warrants is reflected as additional dilution in the computation of earnings per share.

Leases

All leases are accounted for by recognizing a right-of-use asset in property and equipment and a lease liability except for leases of low value assets and leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. The Company determines its incremental borrowing rate as the rate of interest it would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to exercise that option;
- any penalties payable for terminating the leases, if the term of the lease has been estimated on the basis of the termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognized where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset, whichever is shorter.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use assets, with the revised carrying amount being amortized over the remaining lease term.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease. That is, it does not allocate any amount of the contractual payment to, and account separately for, any services provided by the supplier as part of the contract.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

Income tax expense represents the sum of current income taxes and deferred income taxes. Current and deferred taxes are recognized in profit and loss, except to the extent that it relates to items recognized in other comprehensive income (loss) or directly in equity. Under these circumstances, the taxes are recognized in other comprehensive income (loss) or directly in equity.

Current income taxes

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute current income tax assets and liabilities are measured at tax rates which have been enacted or substantively enacted at the reporting date. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred income taxes

Deferred income taxes are provided using the asset and liability method applied to temporary differences at the date of the consolidated statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, and carry forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses can be utilized except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the date of the consolidated statement of financial position.

Presented in Canadian dollars

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred income tax assets and deferred income tax liabilities are offset if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Inventories

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Costs of inventories of items that are segregated for specific projects are assigned by using specific identification of their individual costs. Inventory includes all costs to purchase, convert, and bring the inventory to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

5. ACCOUNTS RECEIVABLE, CONTRACT ASSET AND REVENUE

	2018	2017
Trade	**$ 35,571,334**	$ 17,487,364
Less: Provision for doubtful accounts	**(160,734)**	(264,759)
	$ 35,410,600	$ 17,222,605

	2018	2017
Contract asset	**$ 3,001,618**	$ -
Increase due to business combination	**995,976**	-
Provision for impairment	**-**	-
Additions during the year	**11,262,340**	3,001,618
Amount recognized during the year	**(3,997,594)**	-
	$ 11,262,340	$ 3,001,618

The provision for doubtful accounts was determined based on historical loss rates and payment behavior from customers by major aging category, updated for estimates of forward-looking factors that may differ from past experience such as credit quality and industry factors. These updated loss rates were applied to aging categories to determine the expected credit losses on accounts receivable. The Company uses the simplified method and there was no impact of the adoption of IFRS 9.

Presented in Canadian dollars

5. ACCOUNTS RECEIVABLE, CONTRACT ASSET AND REVENUE (Continued)

The balance of contract asset at December 31, 2018 is current and has no provision recorded.

Summary of provision by ageing category:

2018

	Current	31-90 days Past Due	>90 days	Total
Balance	$ 14,335,787	$ 16,982,088	$ 4,253,459	$ 35,571,334
Provision for doubtful accounts	$ -	$ -	$ 160,734	$ 160,734

2017

	Current	31-90 days Past Due	>90 days	Total
Balance	$ 7,943,093	$ 6,891,318	$ 2,652,953	$ 17,487,364
Provision for doubtful accounts	$ -	$ -	$ 264,759	$ 264,759

Management through its review of outstanding balances, has determined no objective evidence of impairment of its current and 31-90 days past due balance which is based on indications that a debtor or a group of debtors are experiencing significant financial difficulty, delinquency in payments, probability that they will enter bankruptcy or any other financial reorganization. As such, probability of default has been assessed to be insignificant.

Summary of movements in provision:

	2018	2017
Opening balance	**$ (264,759)**	$ (8,492)
Decrease (Increase) during the year	**13,633**	(306,312)
Amounts written off during the year	**90,392**	50,045
Balance, December 31	**$ (160,734)**	$ (264,759)

Presented in Canadian dollars

5. ACCOUNTS RECEIVABLE, CONTRACT ASSET AND REVENUE (Continued)

Revenue Disaggregation by Stream:

The Services and Solutions columns represent the segments that can be found in Note 17.

	2018		
	Services	**Solutions**	**Total**
Service	**$ 94,390,546**	**$ 1,260,579**	**$ 95,651,125**
Construction	**8,059,428**	**-**	**8,059,428**
Management	**4,023,134**	**1,503,215**	**5,526,349**
Equipment	**3,804,360**		**3,804,360**
Retirement of green energy certiificates		**6,718,181**	**6,718,181**
Total	**$ 110,277,468**	**$ 9,481,975**	**$ 119,759,443**

	2017		
	Services	Solutions	Total
Service	$ 62,243,013	$ 2,244,898	$ 64,487,911
Construction	7,778,247	-	7,778,247
Management	1,397,833	2,784,545	4,182,378
Equipment	3,595,040	-	3,595,040
Retirement of green energy certiificates	-	-	-
Total	$ 75,014,133	$ 5,029,443	$ 80,043,576

6. INVENTORY

	2018	2017
Equipment and supplies	**$ 5,697,836**	$ 2,704,432
	$ 5,697,836	$ 2,704,432

During the year, $19,752,441 (2017 - $13,555,854) of inventory was recognized in cost of sales. Included in this amount is $nil (2017 - $nil) of inventory that was written down to its net realizable value.

Presented in Canadian dollars

7. PROPERTY AND EQUIPMENT

	Computer Hardware	Computer Software	Furniture & Fixtures	Right of Use Assets and Leaseholds	Equipment	Vehicles	Total
Cost:							
Balance at December 31, 2016	$ 264,172	$ 110,477	$ 768,232	$ 648,201	$ 2,905,877	$ 947,676	$ 5,644,635
Adoption of IFRS 16 (Note 11)				1,786,769		3,782,104	5,568,873
New leases acquired during the year				1,858,107		2,474,511	4,332,618
Additions	42,205	462,085	107,026	113,652	284,148	35,170	1,044,286
Additions from business combinations		1,264,000	16,024	2,364,986	46,704	700,971	4,392,685
Disposals					(244,326)		(244,326)
Balance at December 31, 2017	306,377	1,836,562	891,282	6,771,715	2,992,403	7,940,432	20,738,771
New leases acquired during the year				2,840,497		609,681	3,450,178
Additions	406,010	1,407,340	360,757	1,065,542	1,053,283	1,035,907	5,328,839
Additions from business combinations (Note 16)	96,698	48,826	92,236	3,859,234	430,294	1,120,757	5,648,045
Disposals				(445,178)			(445,178)
Balance at December 31, 2018	809,085	3,292,728	1,344,275	14,091,810	4,475,980	10,706,777	34,720,655
Accumulated amortization:							
Balance at December 31, 2016	199,939	79,669	623,431	600,061	2,130,813	349,212	3,983,125
Depreciation for the year	26,621	414,696	33,161	1,342,932	244,993	1,661,903	3,724,306
Disposals					(56,628)		(56,628)
Balance at December 31, 2017	226,560	494,365	656,592	1,942,993	2,319,178	2,011,115	7,650,803
Depreciation for the year	111,453	493,974	268,706	1,812,883	184,038	2,653,289	5,524,343
Disposals				(445,178)			(445,178)
Balance at December 31, 2018	$ 338,013	$ 988,339	$ 925,298	$ 3,310,698	$ 2,503,216	$ 4,664,404	$ 12,729,968
Net carrying amounts:							
December 31, 2017	$ 79,817	$ 1,342,197	$ 234,690	$ 4,828,722	$ 673,225	$ 5,929,317	$ 13,087,968
December 31, 2018	**471,072**	**2,304,389**	**418,977**	**10,781,112**	**1,972,764**	**6,042,373**	**21,990,687**

The net carrying amount of property and equipment includes the following amounts held under leases: Equipment $231,825 (2017 - $199,807), Computer Hardware $8,330 (2017 - $11,900), Right of Use assets and Leaseholds $9,412,543 (2017 - $4,650,138) and Vehicles $5,263,784 (2017 - $5,187,262). Amortization on Right-of-Use Equipment, was $90,887 (2017 - $153,445), Right-of-Use Computer Hardware $3,570 (2017 - $34,242), Right-of-Use Assets and Leaseholds, and Right-of-Use Vehicles, was $1,879,287 (2017 - $1,318,100) and $1,936,624 (2017 - $1,299,963).

Presented in Canadian dollars

8. INTANGIBLE ASSETS

	Customer relationships	Tradename	Sales backlog	Non-competition agreement	Total
Cost:					
Balance at December 31, 2016	$ 2,689,000	$ 775,000	$ 593,000	$ 213,000	$ 4,270,000
Additions from acquisition of New Electric (Note 16)	17,085,000	4,729,000	252,000	-	22,066,000
Balance at December 31, 2017	19,774,000	5,504,000	845,000	213,000	26,336,000
Additions from acquisition of:					
Bullfrog Power Inc (Note 16)	5,028,000	2,897,000	-	-	7,925,000
Orbis Engineering Field Services Inc. (Note 16)	1,524,000	2,024,000	-	-	3,548,000
New Electric Fresno, LLC (Note 16)	1,373,027	737,805	-	-	2,110,832
Balance at December 31, 2018	$ 27,699,027	$ 11,162,805	$ 845,000	$ 213,000	$ 39,919,832
Accumulated amortization:					
Balance at December 31, 2016	416,100	-	370,625	42,600	829,325
Amortization for the year	1,977,400	-	211,250	42,600	2,231,250
Balance at December 31, 2017	2,393,500	-	581,875	85,200	3,060,575
Amortization for the year	2,373,652	-	211,251	42,600	2,627,503
Balance at December 31, 2018	$ 4,767,152	$ -	$ 793,126	$ 127,800	$ 5,688,078
Net carrying amounts:					
December 31, 2017	$ 17,380,500	$ 5,504,000	$ 263,125	$ 127,800	$ 23,275,425
December 31, 2018	**22,931,875**	**11,162,805**	**51,874**	**85,200**	**34,231,754**

9. GOODWILL

	2018	2017
Spark Solar Development Ltd.	**$ 1,553,628**	$ 1,553,628
Rondar Inc. *	**2,039,623**	2,039,623
Pelikan Inc. *	**1,593,093**	1,593,093
New Electric Enterprises Inc.	**13,847,087**	13,847,087
Orbis Engineering Services Ltd.	**2,456,326**	-
Bullfrog Power Inc.	**6,633,875**	-
New Electric Fresno, LLC	**284,289**	-
	$ 28,407,921	$ 19,033,431

* Amalgamated into Spark Power High Voltage Services Inc. in 2018

The Company is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows. No impairment was recorded in the years ended December 31, 2018 and 2017.

For the purpose of impairment testing, goodwill was allocated to three CGUs. The goodwill related to Spark Solar Development was allocated to the Solar Services CGU. The goodwill related to the Rondar and Pelikan acquisitions was allocated to the Spark High Voltage CGU. The goodwill related to New Electric was allocated to the New Electric CGU.

The recoverable value of each CGU was based on value in use.

9. GOODWILL (Continued)

The value in use was calculated using unobservable (Level 3) inputs such as the budgeted and projected 2019-2023 revenues and EBITDA margin. The EBITDA is defined as net income before finance expense, income taxes, depreciation, and amortization. The Company considered past experience, economic trends as well as industry and market trends in assessing if the level of EBITDA can be maintained in the future. The Company also used a discount rate of approximately 15%, which represents the weighted average cost of capital ("WACC"). The WACC is an estimate of the overall rate of return required by debt and equity holders on their investment. Determining the WACC requires analyzing the cost of equity and debt separately and takes into account a risk premium that is based on the CGU.

10. LOANS AND BORROWINGS

	2018	2017
Promissory Notes		
Issued January 1, 2017 and bears interest at 6% per annum which is payable annually. The accrued interest is included in accounts payable and accrued liabilities. The note matures on January 1, 2022. Principal of $8,512,500 was repaid in 2018.	**$ 987,500**	$ 9,500,000
Issued July 1, 2018 and bears interest at 4% per annum. Principal amount plus interest shall be paid in equal annual installments of principal and accrued interest on each anniversary. The note matures on July 1, 2022. (Note 16 – Orbis)	**2,245,042**	-
Issued July 1, 2018 and bears interest at 6% per annum and is paid in US dollars annually on the anniversary date. The note is payable on December 31, 2020. (Note 16 – NEF)	**1,279,750**	-
Issued July 1, 2018 and bears interest at 6% per annum paid quarterly. Principal payments to be made as follows: 2019 - $721,235, 2020 - $1,000,000, 2021 - $2,000,000, 2022 – $2,000,000. (Note 16 – Bullfrog)	**5,721,235**	-
	10,233,527	9,500,000
Less: current portion	**1,282,496**	-
	$ 8,951,031	$ 9,500,000

Principal repayments for the next five years are as follows:

2019	$721,235
2020	3,245,042
2021	3,279,750
2022	2,987,500
2023 and thereafter	-
	$10,233,529

During the year, the Company paid $251,250 of interested related to the promissory notes.

Presented in Canadian dollars

10. LOANS AND BORROWINGS (Continued)

Term Debt	**2018**	**2017**
Non-revolving term loan with Bank of Montreal loan bearing interest at prime plus 0.75% - 1.75% per annum payable monthly. Principal payments of $1,375,000 per quarter commencing December 31, 2019. The loan matures on September 27, 2021. In November 2018, the Company entered into an Interest Rate Swap to hedge the interest payments over 50% of the term loan over the remaining term at a Banker's Acceptance rate of 2.97%, adjusted quarterly for credit spread of 2.00% - 3.00%, for an aggregate fixed interest rate of 4.97%. The lender has general security over the Company.	**$ 44,000,000**	$ -
Loan bearing interest at 4.00% per annum and repayable in annual payments or principal plus accrued interest. Principal payments to be made as follows: 2019 - $250,000, 2020 - $500,000, 2021 - $750,000. The loan matures on April 30, 2021 and is secured by a General Security Agreement.	**1,500,000**	1,625,000
Integrated Private Debt Fund GP Inc. loan bearing interest at 6.50% per annum and repayable in monthly blended payments. The loan had a maturity date on January 3, 2024.	**-**	29,440,000
	45,500,000	31,065,000
Less: current portion	**1,625,000**	3,645,000
Less: financing fees, net of amortization	**456,525**	1,038,886
	$ 43,418,475	$ 26,381,114

Principal repayments for the next five years are as follows:

2019	$ 1,625,000
2020	6,000,000
2021	6,250,000
2022	5,500,000
2023	5,500,000
Thereafter	20,625,000
	$ 45,500,000

The Company has a $20.0 million revolving operating line bearing interest at prime plus 0.0% - 1.0%. At December 31, 2018, the Company had drawn $11.6 million on this facility.

During the third quarter, the Company repaid all amounts owing under the Integrated Private Debt Fund facility totaling $29,194,114, inclusive of accrued interest of $128,488. In addition, the Company paid an early termination fee of $2,110,768.

Presented in Canadian dollars

11. LEASE LIABILITY

	2018	2017
Property and office space leases bearing interest at an estimated rate of 6%. The leases extend through fiscal 2028.	**$ 10,112,058**	$ 4,899,710
Motor vehicles leases bearing interest at an estimated rate of 6%. The leases extend through fiscal 2022.	**5,534,230**	5,272,595
Equipment and hardware leases bearing interest at an estimated rate of 6%. The leases extend through 2020.	**95,271**	232,834
	15,741,559	10,405,139
Less: current portion	**4,234,216**	2,867,672
	$ 11,507,343	$ 7,537,467

Included in finance expense is $716,306 (2017 - $566,962) of interest expense on lease liabilities. Total cash outflows relating to leases consist of lease payments and were $3,028,780 (2017 - $2,558,982). Short term and low value leases are not significant.

All of the leases are secured by the underlying assets. Future minimum lease payments for the next five years are as follows:

2019	$4,933,827
2020	4,288,882
2021	3,200,064
2022	1,333,024
2023	840,617
Thereafter	2,636,394
	17,232,808
Less: imputed interest	(1,491,249)
	$15,741,559

The weighted average incremental borrowing rate applied to lease liabilities on January 1, 2017 on adoption of IFRS 16 was 6.0%.

12. SHARE CAPITAL

Common and Class 1 Special shares

Authorized:

Unlimited	Common shares

Presented in Canadian dollars

12. SHARE CAPITAL (Continued)

Issued:

		2018	2017
44,920,313	Common shares (2017 – nil)	**$ 121,315,767**	$ -
nil	Class A Common (2017 – 100,000)	-	1
nil	Class 1 Special shares (2017 – 1,946,384)	**-**	321,008
		$ 121,315,767	$ 321,009

Transactions impacting Common shares:

- In July 2018, 470,957 Class A Common shares were issued in connection with the acquisitions described in Note 16. These were converted to 508,634 Class A Common shares in connection with the Spark Power Acquisition;
- In August 2018, 1,746,879 Class A Common shares were issued in a private president's list raise for aggregate proceeds of $5,659,889. These were converted to 1,886,629 Class A Common shares at a ratio of 1.00:1.08 in connection with the Spark Power Acquisition. In addition, warrants for 160,500 Class 1 Special shares were exercised for cash proceeds of $232,725. These were converted to 173,340 Class A Common shares in connection with the Spark Power Acquisition.
- In August 2018, stock options for 1,743,383 Class 1 Special shares were exercised for cash proceeds of $19,889. These were converted to 1,882,854 Class A Common shares in connection with the Spark Power Acquisition;
- In August 2018, post above mentioned transactions, the remaining outstanding 100,000 Class A Common shares, 19,000,000 Puttable Class A Common shares, 747,436 Class B Common shares, 2,831,277 Class 1 Special shares (less redemptions) and 802,877 Class 1 Special – ESOP shares were converted to 25,360,117 Class A Common shares in connection with the Spark Power Acquisition. In addition, 2,462,841 Series C-1 Preference shares and 2,238,377 Series D-1 Preference shares were converted to 1,567,072 Class A Common shares in connection with the Spark Power Acquisition;
- In addition, 13,541,666 Class A Common shares were issued to previous CGAC shareholders in connection with the Spark Power Acquisition, as described in Note 2.

Puttable Class A Common shares and Class 1 Special shares

Issued:

		2018	2017
nil	Class 1 Special shares (2017 – 796,022)	**$ -**	$ 716,420
nil	Class A Common shares (2017 -19,000,000)	**-**	17,100,000
		$ -	$ 17,816,420

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In 2016, in connection the with the issuance of the Class C-1 preference shares, 796,022 Class 1 Special shares were issued to a Limited Partnership. The terms of these shares require the Company to redeem the shares at fair market value in the event of the termination of the partnership. In connection with the Spark Power Acquisition, the Puttable Class 1 Special shares were exchanged for 859,704 Common Shares as described above. A charge of $780,101 was recorded during the year ended December 31, 2018, representing the increase in the redemption value of the Puttable Class A Common shares prior to the exchange.

Presented in Canadian dollars

12. SHARE CAPITAL (Continued)

The Company had previously issued 19,000,000 Puttable Class A Common shares to the founders of the Company. The terms of these shares require the Company to redeem the shares at fair market value in the event of the death of either of the founding shareholders. These Puttable Class A Common shares were exchanged for 20,520,000 Common shares in connection with the Spark Power Acquisition, as described above. A charge of $47,771,600 was recorded during the year ended December 31, 2018, representing the increase in the redemption value of the Puttable Class A common shares prior to the exchange.

Class B Common shares and Class 1 Special shares

Authorized:

nil (2017 – unlimited) Class B Common shares

Issued:

		2018	2017
nil	Class B Common shares (2017 – 5,979,487)		
nil	Class 1 Special shares (2017 – 711,057)	$ -	$ 12,720,000
Less: current portion		-	6,360,000
		$ -	$ 6,360,000

In 2017, the Company issued 5,979,487 Class B Common shares and 711,057 Class 1 Special shares ("New Electric Shares") in connection with the New Electric Acquisition (Note 16). The New Electric Shares could be retracted by the Company or redeemed by the shareholders within 30 days of issuance of the 2017 annual financial statements. The consideration for the retraction or redemption would consist of $6 million of cash and $6 million to be added to the principal of the promissory note described in Note 10. The amount of cash paid added to the promissory note was to include accrued interest at 6% as if issued on January 1, 2017. Interest of $360,000 had been accrued on the New Electric Shares as at the date of the Spark Power Acquisition.

In June 2018, the redemption rights related to 747,436 Class B Common shares and 88,862 Class 1 Special shares expired. As a result, the shares were re-classified from liabilities to share capital and interest previously accrued of $112,500 was recorded as a reduction of finance expense. As described above, these were exchanged for 807,230 Common shares and 95,993 Common shares, respectively, in connection with the Spark Power Acquisition.

In connection with the Spark Power Acquisition (Note 2), 5,232,051 Class B Common shares and 622,175 Class 1 Special Shares were redeemed for $10,037,500. These Class B Common shares and Class 1 Special shares had a book value of $11,287,500 at the date of redemption. This resulted in a gain of $1,250,000 which has been recorded in the Statement of Comprehensive Loss for the year ended December 31, 2018 (2017 - $nil).

Class 1 Special shares – ESOP

In 2018, the Company issued 802,877 Class 1 Special shares ("Class 1 Special shares – ESOP") to employees of the Company for proceeds of $1,155,360 as part of the Company's Employee Share Ownership Plan ("ESOP"). Under the plan, employees acquired the shares at a purchase price of $1.45 per share. Under certain circumstances, including the resignation of the employee, the shares were to be repurchased by the Company. The redemption price was to be based on the greater of the initial purchase price of $1.45 and a percentage of the estimated fair market value of the shares subject to the period of time the shares have been held. In connection with the Spark Power Acquisition, the Class 1 Special shares – ESOP were exchanged for 867,107 Common shares with no further rights of redemption. A charge of $1,230,299 was recorded in the year ending December 31, 2018, representing the excess of the fair value of the Common Shares over the redemption value of the Class 1 Special Shares – ESOP.

Presented in Canadian dollars

12. SHARE CAPITAL (Continued)

Preference shares

Authorized:

nil (2017 – unlimited)	Non-voting Series A-1 Preference shares
nil (2017 – unlimited)	Non-voting Series B-1 Preference shares

Issued:

			2018		2017
nil	Series A-1 Preference shares, redeemable for $1,699,000 (2017 – 100,000)	**$**	**-**	$	1,699,000
nil	Series B-1 Preference shares, redeemable for $13,301,000 (2017 – 13,301,000)		-		13,301,000
		$	**-**	$	15,000,000

The Series A-1 Preference shares and Series B-1 Preference shares were redeemable at any time. The redemption value of the Series A-1 Preference shares was $1,699 per share and the redemption value of the Series B-1 Preference shares was $1 per share. The Series A-1 Preference shares and Series B-1 Preference shares were redeemed at their stated redemption amount totaling $15,000,000 in connection with the Spark Power Acquisition (Note 2).

Authorized:

nil (2017 – unlimited)	Non-voting Series C-1 Preference shares
nil (2017 – unlimited)	Non-voting Series D-1 Preference shares

Issued:

			2018		2017
nil	Series C-1 Preference shares, redeemable for $1,976,250 (2017 – 1,976,250)	**$**	-		2,312,436
nil	Series D-1 Preference shares redeemable for $1,819,000 (2017 – 1,819,000)		-		1,909,950
		$	**-**	$	4,222,386

The Series C-1 and Series D-1 Preference shares are redeemable five years from issuance, subject to the right of the Company to defer redemption for up to two years. The redemption value of the Series C-1 and D-1 Preference shares was $1 per share.

In 2016, 1,976,250 Class C-1 Preference shares and 796,022 Class 1 Special shares were issued for $2,325,000. The Class C-1 Preference shares have a cumulative annual dividend of 10% and a total redemption value of $1,976,250 and are classified as a liability. The proceeds were first allocated to the liability component of the issuance. The Class C-1 Preference shares were recorded at $1,976,250 as the redemption value was determined to represent the estimated fair value of the liability at issuance. The residual of $348,750 was recorded as an increase to contributed surplus.

In 2017, 1,819,000 Class D-1 Preference shares, 221,384 Class 1 Special shares and 160,500 warrants were issued for $2,140,000. The Class D-1 Preference shares have a cumulative annual dividend of 10% and a total redemption value of $1,819,000 and are classified as a liability. The warrants entitle the holder to acquire a Class 1 Special share for an exercise price of $1.45. The proceeds were first allocated to the liability component of the issuance. The Class D-1 Preference shares were recorded at $1,819,000 as the redemption value was

Presented in Canadian dollars

12. SHARE CAPITAL (Continued)

determined to represent the estimated fair value of the liability at issuance. The residual of $321,000 was allocated to the Class 1 Special shares and $nil was allocated to the warrants as the warrants were determined to have a nominal value.

In 2018, additional 486,591 Series C-1 Preference shares and 419,377 Series D-1 Preference shares were issued in connection with certain private issuances stated above.

In connection with the Spark Power Acquisition, the Series C-1 and D-1 Preference shares were exchanged for 820,947 and 746,126 Common shares, respectively. The fair value of the Common shares approximated the redemption value of the Series C-1 and D-1 Preference shares. Accrued dividends on the Class C-1 Preference shares at the date of the Spark Power Acquisition was $157,650. Accrued dividends on the Class D-1 Preference shares was $136,200 at the date of the Spark Power Acquisition.

Stock options

The Company has an incentive stock option plan. Under the terms of the plan, directors, officers, employees and consultants, subject to certain conditions, may be granted options to purchase common shares of the Company. As at December 31, 2018, there were 4,452,032 options that are available to be granted under the plan. Options generally expire after ten years, with vesting provisions stated in the plan.

Activity in the Company's stock option plan for the years ended December 31, 2018 and 2017 are summarized as follows:

	Year ended December 31, 2018		Year ended December 31, 2017	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Opening outstanding	2,998,984	0.54	2,200,000	0.01
Granted during the year	843,601	1.45	1,561,119	1.44
Forfeited during the year	(295,517)	0.52	(662,135)	(0.99)
Exercised during the year	(1,743,383)	0.01	(100,000)	(0.01)
Increase in options on conversion	148,295	-	-	-
Granted after conversion	40,000	3.00	-	-
Outstanding at December 31	1,991,980	1.40	2,998,984	0.54

The weighted average fair value of options granted during 2018 was $1.79 (2017 - $nil) resulting in $73,366 (2017 - $nil) of stock-based compensation expense being recorded in the Consolidated Statement of Comprehensive Loss. The Company used the Black-Scholes model to estimate the fair value of options granted. The following inputs were used to estimate the fair value of the options: Estimated Life - 10 years (2017: 10 years); volatility – 50% (2017: 45%); dividend growth rate – 0% (2017: 0%) and risk-free interest rate – 2.10% (2017 – 1.75%).

Of the total number of options outstanding at December 31, 2018, 430,665 (2017: 336,207) had vested and were exercisable.

Warrants

Issued:

		2018	2017
11,776,666 (2017 – nil)	Warrants	**2,661,522**	-
		$ 2,661,522	$ -

The Company issued 873,333 warrants in connection with the August 2018 president's list raise stated above that

Presented in Canadian dollars

12. SHARE CAPITAL (Continued)

were converted to 943,333 warrants at a ratio of 1.00:1.08. Additionally, 10,833,333 warrants were issued in connection with the Spark Power Acquisition for a total amount of 11,776,666 warrants outstanding as at December 31, 2018 (2017 – nil). These warrants give the right to the purchase of one Common share at an exercise price of $3.45 per share for a term of 5 years. These warrants have been classified as an equity instrument measured through profit or loss and have been measured using the Black-Scholes method using the following inputs: stock price - $3.00 per share; exercise price - $3.45 per share; risk-free interest rate – 2.10%; volatility – 14%; term – 5 years; yield – 0%. These inputs require management judgment and estimates and a change in such estimates could result in a material change to the valuation of these warrants.

13. INCOME TAXES

The income tax provision recorded differs from the income tax obtained by applying the statutory income tax rate of 26.5% (2017 - 26.5%) to the income for the year and is reconciled as follows:

		2018		2017
Income (loss) before income taxes	**$**	**(64,769,784)**	$	(15,016,459)
Statutory rate		**26.5%**		26.5%
Expected income tax recovery	**$**	**(17,163,993)**	$	(3,979,362)
Increase (decrease) in income taxes due to:				
Permanent differences		**1,030,114**		209,999
Charges related to increase in Puttable shares		**12,659,474**		4,991,956
Charges related to excess of fair value over net assets acquired		**3,354,988**		
Other		**(15,515)**		627,872
Income tax expense	**$**	**(134,932)**	$	1,693,479

The tax effects of significant components of temporary differences that give rise to deferred tax assets and liabilities are as follows:

		2018		2017
Deferred tax assets				
Loss carryforwards	**$**	**1,266,477**	$	472,105
Property and equipment and right of use asset		**218,646**		180,403
Deferred tax liabilities				
Intangible assets	**$**	**(3,457,039)**	$	(585,517)
Property and equipment		**(489,363)**		(26,109)
Other		**366,615**		(141,063)
Net deferred tax liability	**$**	**(2,094,664)**	$	(100,181)

Presented in Canadian dollars

13. INCOME TAXES

The Company has non-capital losses available for income tax purposes that expire as follows:

2026	$ 71,000
2027	22,000
2028	3,000
2033	664,000
2034	2,401,000
2035	1,681,000
2036	94,000
2037	156,000
2038	2,535,000
	7,627,000
Valuation allowance	(2,801,000)
	$ 4,826,000

These losses can be utilized to reduce taxable income of future years.

14. FINANCIAL INSTRUMENTS

The Company has classified its financial instruments in accordance with IFRS into various categories as described in its accounting policies.

The fair values of financial instruments are classified and measured according to the following three levels based on the fair value hierarchy.

Level 1: quoted prices in active markets for identical assets or liabilities.

Level 2: inputs other that quoted priced included within Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: inputs for the asset or liability that are no based on observable market data. There were no financial instruments carried at fair value categorized in Level 3 as at December 31, 2018.

There were no transfers between levels during the period.

The financial instruments recorded at fair value are the Interest Rate Swap arrangement, short-term investments, Puttable Class A Common shares and Class 1 Special shares. Short-term investments include investments in active market instruments and are categorized as Level 1.

The fair value of the Interest Rate Swap arrangement has been recorded using Mark-to-Market ("MtM") information as at December 31, 2018 from a third party and is categorized as Level 2.

The Puttable Class A and Special shares were measured as a Level 3 financial instrument and had been recorded based on the estimated fair value of the Class A Common shares. In connection with the Spark Power Acquisition, all outstanding equity instruments of Spark Power were converted to Class A Common shares of Spark. As such, the Company does not have any instruments carried at fair value categorized in Level 3 as at year-end.

The carrying values of cash, accounts receivable, bank indebtedness, and accounts payable and accrued liabilities approximate their fair values due to the immediate or short-term nature of these securities.

The fair values of the borrowings are calculated based on the present value of the future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The market rate of interest is determined by reference to similar liabilities.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could

14. FINANCIAL INSTRUMENTS (Continued)

significantly affect the estimates.

Risk management

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies while retaining ultimate responsibility for them. The Company is exposed to a variety of financial risks by virtue of its activities: market risk, credit risk, interest rate risk and liquidity risk. The Company's overall risk management program has not changed throughout the year and focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by the finance department under policies approved by the Board of Directors. This department identifies and evaluates financial risks in close cooperation with management.

Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company is mainly exposed to credit risk from credit sales. Management of the Company monitors the credit worthiness of its customers by performing background checks on all new customers focusing on publicity, reputation in the market and relationships with customers and other vendors. Further, management monitors the frequency of payments from Spark's ongoing customers and performs frequent reviews of outstanding balances. The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a receivable to be in default when contractual payments are 120 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

Provisions for outstanding balances are set based on forward looking information; when there is a change in the circumstances of a customer that would result in financial difficulties as indicated through factors described in Note 4 and create doubt over the receipt of funds. Such reviews of a customer's circumstances are done on a continued basis through the monitoring of outstanding balances as well as the frequency of payments received. An accounts receivable is completely written off once management determines the probability of collection to be not present.

Further disclosures regarding accounts receivables are provided in Note 4.

The Company's balances of cash and short-term investments also subject the Company to credit risk. At December 31, 2018, the Company has cash of approximately nil (December 31, 2017 - $3.1 million) in various bank accounts as per its practice of protecting its capital rather than maximizing investment yield through additional risk. The cash is held with a major Canadian bank which the Company believes lessens the degree of credit risk.

Interest rate risk

Interest rate risk arises from the Company's use of floating interest rate bearing debt securities. The Company may increase debt levels depending on the balance of financing in the future. If cash balances are higher than required for immediate requirements, the Company invests with a low risk strategy in secure short-term deposits through major banks to earn interest income.

In November 2018, the Company entered into an Interest Rate Swap to effectively fix the interest rate on $22.0 million of its $44.0 million long-term debt at approximately 4.97% (Banker's Acceptance rate of 2.97% adjusted quarterly for the Company's credit risk spread between 2.00% - 3.00%), plus or minus 1% would not have a material impact on the statements. Interest Rate Swaps are classified as derivative financial assets and liabilities and measured at fair value through profit or loss, with gains and losses on re-measurement included as a component of finance expense in the period in which they arise. During the year ended December 31, 2018, the Company incurred $402,260 loss that has been included in finance expense (2017 - $nil) as a result of this Interest Rate Swap.

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal

Presented in Canadian dollars

14. FINANCIAL INSTRUMENTS (Continued)

repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's policy is to ensure it will always have sufficient cash to allow it to meet its liabilities when they become due. The Board receives monthly information regarding cash balances and cash flow projections. The liquidity risk of each subsidiary is managed centrally by the treasury function.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

2018

	Carrying amount	Contractual cash flow	2019	2020	2021	2022	2023
Accounts payable and accrued liabilities	$ 22,056,355	$ 22,056,355	$ 22,056,355	$ -	$ -	$ -	$ -
Lease liability	15,741,559	17,232,539	4,933,827	4,288,882	3,200,064	1,333,024	3,476,742
Promissory notes	10,233,527	11,601,682	4,624,988	5,034,343	9,266,562	7,239,971	-
Long-term debt	45,043,475	55,728,125	4,128,333	8,749,167	7,928,750	6,893,750	28,028,125
	$ 93,074,916	$ 106,618,701	$ 35,743,503	$ 18,072,392	$ 20,395,376	$ 15,466,745	$ 31,504,867

2017

	Carrying amount	Contractual cash flow	2018	2019	2020	2021	2022
Accounts payable and accrued liabilities	$ 11,066,082	$ 11,066,082	$ 11,066,082	$ -	$ -	$ -	$ -
Lease liability	10,405,139	11,523,810	3,376,545	3,239,112	2,937,941	1,854,227	115,985
Redeemable Series C-1 preference shares	15,000,000	15,000,000	15,000,000	-	-	-	-
Redeemable Class B Common and Class 1 Special shares	12,720,000	13,440,000	6,000,000	360,000	360,000	360,000	6,360,000
Long-term debt	30,026,114	35,881,497	5,340,173	5,890,140	5,920,847	6,086,533	6,327,563
Puttable Class A and Class 1 special shares	17,816,420	17,816,420	17,816,420	-	-	-	-
Promissory notes	9,500,000	11,780,000	-	570,000	570,000	570,000	10,070,000
	$ 106,533,755	$ 116,507,809	$ 58,599,220	$ 10,059,252	$ 9,788,788	$ 8,870,760	$ 22,873,548

15. CAPITAL MANAGEMENT

The Company defines its managed capital as the total of long-term debt and shareholders' equity, including share capital, non-controlling interest and retained earnings (deficit). As at December 31, 2018, total managed capital was $73,563,167 (2017 - $49,209,818).

The Company's objectives when managing capital are:

i. To maintain balance sheet strength, ensuring the Company's strategic objectives are met, while retaining an appropriate amount of leverage; and
ii. To provide an appropriate return to shareholders relative to the risk of the Company's underlying assets.

The Company manages its capital structure within guidelines approved by the Board of Directors. The Company makes adjustments to its capital structure based on changes in economic conditions and the Company's planned requirements. The Company has the ability to adjust its capital structure by issuing new equity or debt, selling assets to reduce debt, controlling the amount it distributes to shareholders, and making adjustments to its capital expenditure program.

There were no changes in the Company's approach to capital management during the years ended December 31, 2018 or 2017. The Company is not subject to externally imposed capital restrictions.

Presented in Canadian dollars

16. BUSINESS COMBINATIONS

Orbis

On July 1, 2018, Spark acquired all of the issued and outstanding common shares of Orbis Engineering Field Services Ltd. and Sibro Technologies Ltd. ("Orbis") in exchange for 400,000 Class A Common shares of Spark, a cash payment of $5,000,000 and a 4-year promissory note of $2,300,000 at an interest rate of 4%. Orbis is engaged in the construction, service and maintenance of medium voltage industrial electrical systems. The principal reason for the acquisition was to establish a presence in the western Canadian electrical services market.

Details of the fair value of the identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

Assets acquired		
Accounts receivable	$	**7,391,830**
Contract asset		**995,976**
Inventory		**279,910**
Prepaid expenses		**514,354**
Property, plant and equipment		**4,741,617**
Customer relationships		**1,524,000**
Trade name		**2,024,000**
	$	**17,471,687**
Liabilities Assumed		
Accounts payable and accrued liabilities	**$**	**(5,466,393)**
Contract liabilities		**(333,700)**
Lease obligation		**(4,301,162)**
Deferred taxes		**(571,220)**
	$	**(10,672,475)**
Consideration	**$**	**9,255,538**
Goodwill	**$**	**2,456,326**

The consideration consists of the following components:

Cash	**$**	**5,000,000**
Promissory note (Note 10)		**2,300,000**
Common shares (Note 12)		**1,200,000**
Additional cash related to working capital		**755,538**
	$	**9,255,538**

The sellers note bears interest at 4% and matures in four equal payments on the anniversary of closing. The sellers note is considered to approximate fair market value upon issuance. 370,370 Class A Common shares of Spark Power Corp. were issues at a fair market value of $3 per share. Transaction costs related to the acquisition of the assets were not material and have been expensed in operating expenses in the current year. During the year, Orbis contributed $16,644,344 to the Company's revenues and a profit of $24,209 to net and comprehensive loss.

As part of the sale and purchase agreement, there is an earn out clause which would become applicable if the Company was to have earnings above the earn out thresholds. The earn out period ends June 30, 2020. The Company has determined that the event is considered unlikely to occur and, as a result, no amount has been accrued as a contingent loss. The possible earn out payments range from $nil to $1,000,000. There were no changes to the contingent amounts during the period.

The main factors leading to the recognition of goodwill are the presence of certain intangible assets, such as

Presented in Canadian dollars

16. BUSINESS COMBINATIONS (Continued)

assembled workforce, which do not qualify for separate recognition, and the fact that additional value is generated through the collective use of the acquired assets rather than individually. Goodwill is not deductible for tax purposes.

NEF

On July 1, 2018, Spark acquired all of the issued and outstanding common shares of NEF in exchange for 100,586 Class A Common shares of Spark, a cash payment of $1,250,000 USD and a 4-year promissory note of $1,000,000 USD at an interest rate of 6%. The principal reason for this acquisition was to establish an initial presence in the USA with an initial focus on western USA.

NEF was previously affiliated with New Electric Enterprises Inc., an entity acquired by Spark in 2017. NEF operates in California and its services include electrical contracting, electrical repair, industrial automation and preventative maintenance. The acquisition allows Spark to expand its operations into California.

Details of the fair value of the identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

Assets acquired		
Accounts receivable	$	**1,475,661**
Inventory		**173,672**
Prepaid expenses		**38,013**
Property, plant and equipment		**164,145**
Customer relationships		**1,373,027**
Trade name		**737,805**
	$	**3,962,323**
Liabilities Assumed		
Accounts payable and accrued liabilities	$	**(711,445)**
Consideration	$	**3,535,167**
Goodwill	$	**284,289**

The consideration consists of the following components:

Cash	$	**1,644,006**
Promissory note (Note 10)		**1,279,750**
Common shares (Note 12)		**328,651**
Additional cash related to working capital		**282,760**
	$	**3,535,167**

The sellers note bears interest at 6% and matures within 30 days after December 31, 2020. The sellers note is considered to approximate fair market value upon issuance. Transaction costs related to the acquisition of the assets were not material and have been expensed in operating expenses in the current year. During the year, NEF contributed $2,450,203 to the Company's revenues and net income of $224,625 to net and comprehensive loss.

As part of the sale and purchase agreement, there is an earn out clause which would become applicable if the Company was to have earnings above the earn out thresholds. The earn out period ends December 31, 2020. The Company has determined that the event is considered unlikely to occur and, as a result, no amount has been accrued as a contingent loss. The possible earn out payments range from $nil to $7,500,000USD. There were no changes to the contingent amounts during the period.

The main factors leading to the recognition of goodwill are the presence of certain intangible assets, such as assembled workforce, which do not qualify for separate recognition, and the fact that additional value is generated

Presented in Canadian dollars

16. BUSINESS COMBINATIONS (Continued)

through the collective use of the acquired assets rather than individually. Goodwill is deductible for tax purposes.

Bullfrog

On July 1, 2018, the Company acquired 100% of the voting equity of Bullfrog Power Inc. ("Bullfrog"). Bullfrog is Canada's 100% green energy provider, offering a 100% clean, renewable energy choice to Canadians. Each green electricity certificate, green natural gas certificate or green fuel certificate represents the environmental; benefits created as a result of each unit of renewable energy generated or produced. Bullfrog retires all green energy certificates sold on behalf of its customers. The principal reason for the acquisition was to leverage the Bullfrog's capabilities and brand into a leading power consultancy and sustainability focused business unit.

Details of the fair value of the identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

Assets acquired		
Cash	$	353,319
Short term investment		100
Accounts receivable		3,639,094
Inventory		2,245,057
Prepaid expenses		533,636
Property, plant and equipment		742,283
Customer relationships		5,028,000
Trade name		2,897,000
	$	15,438,489
Liabilities Assumed		
Accounts payable and accrued liabilities	$	(1,498,696)
Deferred revenue		(54,911)
Lease obligation		(613,860)
Deferred taxes		(2,100,000)
	$	(4,267,467)
Consideration	$	17,804,897
Goodwill	$	6,633,875

The consideration consists of the following components:

Cash	$	2,000,000
Short-term note		7,835,000
Promissory note (Note 10)		6,000,000
Management Retention Bonuses		2,250,000
Cash reduction related to working capital		(280,103)
	$	17,804,897

The short-term note bears interest at 8% and matures at the earlier of the completion of the Merger Transaction in accordance with the terms of the Merger Agreement, and November 15, 2018. The short-term note is considered to approximate fair market value upon issuance.

Presented in Canadian dollars

16. BUSINESS COMBINATIONS (Continued)

The vendor take-back note bears interest at 6% and the principal amounts shall be repaid $1,000,000 on the first and second anniversary of the note, and $2,000,000 on the third and fourth anniversary of the note.

The main factors leading to the recognition of goodwill are the presence of certain intangible assets, such as assembled workforce, which do not qualify for separate recognition, and the fact that additional value is generated through the collective use of the acquired assets rather than individually. Goodwill is not deductible for tax purposes.

Transaction costs related to the acquisition of the assets were not material and have been expensed in operating expenses in the current year. During the year, Bullfrog contributed $6,718,181 to the Company's revenues and a profit of $1,555,817, which is exclusive of management retention bonus's expense of $2,250,000, to net and comprehensive loss.

New Electric

On January 1, 2017, the Company acquired certain operating assets of New Electric Enterprises Inc. ("New Electric"). New Electric is an electrical contracting company that provides electrical wiring services to commercial customers in Ontario. New Electric's services include electrical contracting, custom control panels, electronic repair, energy efficiency, industrial automation, and preventive maintenance. The principal reason for the acquisition was to expand the Company's service offering to provide a complete end-to-end electrical services solution to its customer base.

Details of the fair value of the identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

Assets acquired		
Cash	**$**	**1,500**
Accounts receivable		**7,688,880**
Inventory		**1,928,160**
Property, and equipment		**3,128,685**
Other assets		**219,389**
Trade name		**4,729,000**
Software		**1,264,000**
Customer relationships		**17,085,000**
Customer backlog		**252,000**
	$	**36,296,614**
Liabilities assumed		
Accounts payable and accrued liabilities		**(5,001,990)**
Lease liability		**(2,323,362)**
Deferred revenue		**(1,551,209)**
	$	**(8,876,561)**
Consideration	**$**	**41,267,141**
Goodwill	**$**	**13,847,088**

The consideration consists of the following components:

Cash	$ 14,678,661
Promissory note (Note 10)	9,500,000
Assignment of shareholder loans	5,088,480
Shares (Note 12)	12,000,000
	$41,267,141

Presented in Canadian dollars

16. BUSINESS COMBINATIONS (Continued)

The notes bear interest at 6% and mature in 2022. They are considered to approximate fair market value upon issuance. The shareholder loans were repaid in 2017 and are considered to approximate fair market value due to the period of time it was outstanding.

The common shares have a put and call option that can be exercised for a period of thirty days following the delivery of the audited consolidated financial statements of the Company for the period ended December 31, 2017. The closing of the purchase and sale of any common shares pursuant to the exercise of any put or call option shall be completed by December 31, 2018.

The main factors leading to the recognition of goodwill are the presence of certain intangible assets, such as assembled workforce, which do not qualify for separate recognition. Goodwill and the trade name are deductible for tax purposes.

17. SEGMENTED INFORMATION

The Company has 2 segments, Services and Solutions. The 2 segments are strategic business units that offer different products and services. The segments are reported in a manner consistent with internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the management team including the co-Chief Executive Officers, Chief Operating Officer, and the Chief Financial Officer.

The services segment includes the Spark High Voltage, Orbis, renewables operations and maintenance and New Electric CGU's. The Solutions segment includes the Spark Power Solutions CGU.

The Company evaluates segment performance on the basis of profit and loss from operations calculated in accordance with IFRS, but excluding non-recurring losses and share-based payments.

	Services	Solutions	2018 Total
Segment revenues	$ 110,277,468	$ 9,481,975	$ 119,759,443
Segment cost of sales	$ 71,573,748	$ 2,160,433	$ 73,734,181
Segment selling, general and administration expenses	$ 28,397,949	$ 6,183,597	$ 34,581,546
Segment amortization and depreciation	$ 7,675,763	$ 476,083	$ 8,151,846
Segment profit	$ 10,305,771	$ 1,137,945	$ 11,443,716
Finance expense			(5,209,960)
Increase in value of Puttable Class A and Class 1 Special shares			(47,771,600)
Transaction costs			(10,269,633)
Reorganization costs			(1,413,924)
Excess of fair value over net assets acquired			(12,660,331)
Gain on retraction of Class 1 Special shares			1,250,000
Other			(138,052)
Total Company loss before taxes			$ (64,769,784)
Segment assets	$ 112,296,902	$ 27,419,549	$ 139,716,451
Segment liabilities	$ 50,238,904	$ 13,204,272	$ 63,443,176
Income taxes payable			615,444
Deferred income taxes			2,094,664
Long-term debt			45,043,475
Total Company liabilities			$ 111,196,759

Presented in Canadian dollars

17. SEGMENTED INFORMATION (Continued)

	Services	Solutions	2017 Total
Segment revenues	$ 75,014,133	$ 5,029,443	$ 80,043,576
Segment cost of sales	$ 45,009,105	$ 295,711	$ 45,304,816
Segment selling, general and administration expenses	$ 23,628,604	$ 3,683,983	$ 27,312,587
Segment amortization and depreciation	$ 5,226,290	$ 729,266	$ 5,955,556
Segment profit	$ 6,376,424	$ 1,049,749	$ 7,426,173
Finance expense			(4,573,151)
Increase in value of puttable Class A and Class 1 Special shares			(17,816,420)
Other			(53,061)
Total Company loss before taxes			$ (15,016,459)
Segment assets	$ 80,165,680	$ 2,071,847	$ 82,237,527
Segment liabilities	$ 21,502,632	$ 1,131,717	$ 22,634,349
Income taxes payable			793,179
Increase in value of Puttable Class A shares			17,816,420
Redeemable Series C-1 Preference shares			19,222,386
Deferred income taxes			100,181
Promissory note payable			9,500,000
Redemable Class B Common and Class 1 Special shares			12,720,000
Long-term debt			30,026,114
Total Company liabilities			$ 112,812,629

18. RELATED PARTY TRANSACTIONS

No revenues were earned or expenses incurred from related parties in the year ended December 31, 2018 (2017 - $nil). Included in accounts payable and accrued liabilities is $817,425 (2017 - $nil) owing to a former shareholder of a company acquired in Note 16. Further, there were no other balances due to/from related parties and/or shareholders as at December 31, 2018 (December 31, 2017 - $nil).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, comprised of the company's directors and executive officers. Salaries and other benefits paid to the key management personnel in the year were $2,231,797 (2017 - $1,403,164).

19. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

			Non-cash changes			
	2017	Cash flows	Acquisition (Note 16)	Gain on settlement	New leases acquired during the year	2018
Bank indebtedness	$ -	$ 11,666,604	$ -	$ -	$ -	$ 11,666,604
Long-term debt	30,026,144	15,017,331	-	-	-	45,043,475
Lease liability	10,405,139	(3,028,780)	4,915,022	-	3,450,178	15,741,559
Redeemable Series C-1 Preference shares	19,222,486	(15,000,000)	-	(4,222,486)	-	-
Promissory notes	9,500,000	(19,689,418)	20,422,945	-	-	10,233,527
	$ 69,153,769	$ (11,034,263)	$ 25,337,967	$ (4,222,486)	$ 3,450,178	$ 82,685,165

Presented in Canadian dollars

20. EARNINGS PER SHARE

The Company presents basic and diluted earnings per share data for its ordinary shares, being common shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for treasury shares held. Diluted earnings per share is determined by dividing the profit or loss attributable to shareholders of ordinary shares by the weighted average number of shares outstanding, adjusted for the effects of all dilutive potential ordinary shares. As the Company is in a net and comprehensive loss position, the warrants and options outstanding are anti-dilutive.

Basic and diluted earnings per share

	2018	2017
Numerator:		
Net comprehensive loss attributed to equity holders	**$ (64,634,852)**	$ (16,700,578)
Denominator:		
Basic and diluted shares outstanding	**44,920,313**	2,046,384
Earnings per share:		
Basic and diluted	**$ (1.44)**	$ (8.16)

21. EXPENSE BY NATURE

	2018	2017
Materials, equipment and subcontractors	**$ 29,523,160**	$ 18,350,865
Other administration costs	**5,790,760**	5,058,302
Office and telephone	**1,162,560**	871,479
Salaries and wages	**58,216,723**	37,679,256
Occupancy costs	**1,742,808**	1,851,172
Advertising and promotion	**1,113,304**	887,505
Depreciation of property and equipment	**5,524,343**	3,724,306
Amortization of intangible assets	**2,627,503**	2,404,393
Professional fees	**2,569,832**	1,790,125
Total	**$ 108,315,727**	$ 72,617,403

22. CONTINGENT LIABILITY

A subsidiary of the Company has been named as on of the legal defendants in a legal proceeding filed by a customer. The subsidiary is actively defending this legal proceeding and has filed A Statement of Defense and a Notice of Claim Against Co-Defendants. Since the amount of the losses, if any, cannot be reasonably estimated, no provision has been recorded in these Financial Statements.

23. COMPARATIVE FIGURES

These Financial Statements have been re-classified, where applicable, to conform to the presentation format used in the current year. These changes have had no impact on prior year earnings.