SPARK POWER GROUP INC.

Condensed Consolidated Interim Financial Statements

For the 3 Months Ended March 31, 2019 and 2018

SPARK POWER GROUP INC.

Condensed Consolidated Interim Statements of Financial Position
Unaudited, Presented in Canadian dollars

	March 31, 2019	December 31, 2018
Assets		**(Audited)**
Current assets		
Short-term investments	**$ 252,309**	$ 251,161
Accounts receivable (Note 3)	**32,187,669**	35,410,600
Inventory	**6,043,001**	5,697,836
Contract asset (Note 3)	**10,304,514**	11,262,340
Income taxes receivable	**473,197**	-
Prepaid expenses and deposits	**3,654,154**	2,464,152
	52,914,844	55,086,089
Non-current assets		
Property and equipment (Note 4)	**26,429,901**	21,990,687
Intangible assets (Note 5)	**33,552,117**	34,231,754
Goodwill	**28,407,921**	28,407,921
	$ 141,304,783	$ 139,716,451
Liabilities and Shareholders' equity		
Current liabilities		
Bank indebtedness (Note 6)	**$ 14,662,232**	$ 11,666,604
Accounts payable and accrued liabilities	**20,887,668**	22,056,355
Income taxes payable	**-**	615,444
Current portion of long-term debt (Note 6)	**3,000,000**	1,625,000
Current portion of promissory notes (Note 6)	**1,282,496**	1,282,496
Current portion of lease liability (Note 7)	**4,183,926**	4,234,216
Contract liability	**2,035,003**	3,745,131
	46,051,325	45,225,246
Non-current liabilities		
Long-term debt (Note 6)	**42,057,742**	43,418,475
Promissory notes (Note 6)	**8,951,031**	8,951,031
Deferred taxes	**2,466,088**	2,094,664
Lease liability (Note 7)	**13,738,887**	11,507,343
	113,265,073	111,196,759
Shareholders' equity		
Share capital (Note 8)	**123,981,789**	123,977,289
Contributed surplus	**456,203**	422,116
Deficit	**(96,425,235)**	(95,698,926)
	28,012,757	28,700,479
Non-controlling interest	**26,953**	(180,787)
	28,039,710	28,519,692
	$ 141,304,783	$ 139,716,451

See accompanying notes to the condensed consolidated interim financial statements.

SPARK POWER GROUP INC.

Condensed Consolidated Interim Statements of Comprehensive Loss
Unaudited, Presented in Canadian dollars

3 Months ended March 31		2019		2018
Revenue (Note 3)	$	**34,272,379**	$	19,734,419
Cost of sales		**21,862,560**		12,442,318
Gross Profit		**12,409,819**		7,292,101
Expenses				
Selling, general and administrative		**11,702,555**		6,693,253
Income from operations		**707,264**		598,848
Other expenses				
Finance expense		**(1,289,166)**		(1,098,072)
Increase in value of puttable class A and class 1 special shares		**-**		(18,607,260)
Other		**(41,007)**		(9,950)
		(1,330,173)		(19,715,282)
Loss before income taxes		**(622,909)**		(19,116,434)
Current income taxes (recovery)		**(475,764)**		461,698
Deferred income taxes (recovery)		**371,424**		(330,277)
Income taxes		**(104,340)**		131,421
Net and comprehensive loss	**$**	**(518,569)**	$	(19,247,855)
Earnings per share attributable to equity holders				
Basic	**$**	**(0.01)**	$	(6.35)
Diluted	**$**	**(0.01)**	$	(6.35)

See accompanying notes to the condensed consolidated interim financial statements.

SPARK POWER GROUP INC.

Condensed Consolidated Interim Statements of Changes in Equity

Unaudited, Presented in Canadian dollars

	Common shares		Warrants	Class A Common shares		Class 1 Special shares		Non-controlling	Contributed		Shareholders' equity/
	Number	Amount	Amount	Number	Amount	Number	Amount	interest	surplus	Deficit	(deficiency)
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	-	-	-	-	-	-	-	-	-	(19,247,855)	(19,247,855)
Balance at March 31, 2018	-	$ -	$ -	100,000	$ 1	1,946,384	$ 321,008	$ (180,787)	348,750	$ (50,311,929)	$ (49,822,957)
Balance at December 31, 2018 (Audited)	**44,920,313**	**$ 121,315,767**	**$ 2,661,522**	**-**	**$ -**	**-**	**$ -**	**$ (180,787)**	**422,116**	**$ (95,698,926)**	**$ 28,519,692**
Net and comprehensive loss	-	-	-	-	-	-	-	-	-	(518,569)	(518,569)
Issuance of common shares (Note 8)	3,240	4,500	-	-	-	-	-	-	-	-	4,500
Stock-based compensation (Note 8)	-	-	-	-	-	-	-	-	34,087	-	34,087
Change in non-controlling interest	-	-	-	-	-	-	-	207,740	-	(207,740)	-
Balance at March 31, 2019	**44,923,553**	**$ 121,320,267**	**$ 2,661,522**	**-**	**$ -**	**-**	**$ -**	**$ 26,953**	**456,203**	**$ (96,425,235)**	**$ 28,039,710**

See accompanying notes to the condensed consolidated interim financial statements.

SPARK POWER GROUP INC.

Condensed Consolidated Interim Statements of Cash Flows

Unaudited, Presented in Canadian dollars

3 Months ended March 31		2019		2018
Cash flows from operating activities				
Net loss for the period	**$**	**(518,569)**	$	(19,247,855)
Adjustments for non-cash items				
Amortization and depreciation		**2,546,096**		1,689,000
Amortization of deferred financing fees		**14,267**		-
Unrealized gain on short-term investments		**(1,149)**		-
Stock-based compensation		**34,087**		-
Deferred income taxes		**371,424**		(330,277)
Accrued interest on Class B Common and Class 1 Special shares		**-**		180,000
Accrued interest on Preference shares		**-**		97,950
Increase in value of Puttable Class A Common and Class 1 Special shares		**-**		18,607,260
Changes in non-cash working capital balances				
Accounts receivable		**3,222,931**		(848,528)
Inventory		**(345,165)**		(169,707)
Contract asset		**957,826**		1,511,117
Prepaid expenses and deposits		**(1,190,002)**		(329,882)
Accounts payable and accrued liabilities		**(1,168,687)**		(88,626)
Income taxes		**(1,088,641)**		48,481
Contract liabilities		**(1,710,127)**		(411,327)
		1,124,291		707,606
Cash flows from investing activities				
Purchase of property and equipment (Note 4)		**(2,999,839)**		(223,059)
Sale of short-term investments		**-**		59,143
		(2,999,839)		(163,916)
Cash flows from financing activities				
Bank indebtedness		**2,995,628**		-
Issuance of share capital (Note 8)		**4,500**		1,155,360
Repayments of lease liability (Note 7)		**(1,124,580)**		(778,272)
Repayment of long-term debt (Note 6)		**-**		(807,697)
		1,875,548		(430,609)
Net change in cash during the period		**-**		113,081
Cash, beginning of period		**-**		3,126,617
Cash, end of period	**$**	**-**	$	3,239,698

See accompanying notes to the condensed consolidated interim financial statements.

1. BUSINESS DESCRIPTION

Spark Power Group Inc. ("Spark" or "the Company") is incorporated under the laws of Ontario. The Company provides electrical power services 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. BASIS OF PREPARATION

Statement of Compliance

These unaudited condensed consolidated interim financial statements for the period ended March 31, 2019 and 2018 ("Interim Financial Statements") have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB").

The Board of Directors approved these Interim Financial Statements on May 14, 2019.

Basis of Measurement

These Interim Financial Statements have been prepared on a historical cost basis, except for short-term investments which are carried at fair value with changes in fair value recognized in comprehensive loss.

Functional and Presentation Currency

These Interim Financial Statements are presented in Canadian dollars ("CDN$") which is also the functional currency of the Company and its subsidiaries except for New Electric Fresno, LLC, Northwind Solutions Group (USA) Inc. and Spark Power Services Corp. (USA whose functional currency is US dollars ("US$") and Orbis Spa whose functional currency is the Chilean Peso ("Peso").

These Interim Financial Statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2018 ("Annual Financial Statements"). These Interim Financial Statements have been prepared using the same accounting policies that were described in Note 4 to the fiscal 2018 Annual Financial Statements.

Recent Accounting Pronouncements

At the date of authorization of these Interim Financial Statements, the IASB and International Financial Reporting Interpretations Committee ("IFRIC") have not issued any new or revised Standards and Interpretations that will become effective for the Company in future years and are expected to have a material impact on the Company. The Company has early adopted IFRS 9, Financial Instruments, IFRS 15, Revenue from Contracts with Customers, and IFRS 16, Leases, as at January 1, 2017.

Significant Accounting Judgments and Estimates

The preparation of the Interim 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 Interim 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 3). Key assumptions made in determining the estimate of the transaction price relating to management contracts include:

2. BASIS OF PREPARATION (Continued)

- 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.

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 3 and 9 to the Interim 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 Interim Financial Statements include the determination of the useful lives of property and equipment and intangible assets based on their expected depreciation rates. (Notes 4 and 5)

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 8)

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 10)

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 Interim Financial Statements. (Note 7)

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 6 and 9)

Unaudited, Presented in Canadian dollars

3. ACCOUNTS RECEIVABLE, CONTRACT ASSET AND REVENUE

	March 31, 2019	December 31, 2018
Trade	**$ 32,349,187**	$ 35,571,334
Less: Provision for doubtful accounts	**(161,518)**	(160,734)
	$ 32,187,669	$ 35,410,600

	March 31, 2019	December 31, 2018
Contract asset	**$ 11,262,340**	$ 3,001,618
Increase due to business combination	**-**	995,976
Additions during the period	**10,304,514**	11,262,340
Amount recognized during the period	**(11,262,340)**	(3,997,594)
	$ 10,304,514	$ 11,262,340

Management through its review of outstanding balances, has identified 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.

Revenue Disaggregation by Stream

The Technical Services, Power Equipment, Power Advisory and Sustainability and Corporate columns represent the segments that can be found in Note 11.

3 Months Ended March 31, 2019	Technical Services	Power Equipment	Power Advisory & Sustainability	Corporate	Total
Service	$ 25,785,448	$ -	$ -	$ -	$ 25,785,448
Construction	1,935,398	-	-	-	1,935,398
Management	-	-	375,010	173,619	548,629
Equipment	-	2,181,420	-	-	2,181,420
Retirement of green energy certificates	-	-	3,821,484	-	3,821,484
Total	**$ 27,720,846**	**$ 2,181,420**	**$ 4,196,494**	**$ 173,619**	**$ 34,272,379**

3 Months Ended March 31, 2018	Technical Services	Power Equipment	Power Advisory & Sustainability	Corporate	Total
Service	$ 17,655,604	$ -	$ -	$ -	$ 17,655,604
Construction	118,050	-	-	-	118,050
Management	-	-	229,485	512,568	742,053
Equipment	-	1,218,712	-	-	1,218,712
Retirement of green energy certificates	-	-	-	-	-
Total	$ 17,773,654	$ 1,218,712	$ 229,485	$ 512,568	$ 19,734,419

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 in determining the provision.

Unaudited, Presented in Canadian dollars

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

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

March 31, 2019

	Current	31-90 days Past Due	>90 days	Total
Balance	$ 9,594,385	$ 17,867,522	$ 4,725,792	$ 32,187,699
Provision for doubtful accounts	$ -	$ -	$ 161,518	$ 161,518

December 31, 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

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.

	March 31, 2019	December 31, 2018
Opening balance	**$ (160,734)**	$ (264,759)
Decrease (Increase) during the period	**(784)**	13,633
Amounts written off during the period	**-**	90,392
Ending balance	**$ (161,518)**	$ (160,734)

4. PROPERTY AND EQUIPMENT

	Computer Hardware	Computer Software	Furniture & Fixtures	Right of Use Assets and Leaseholds	Equipment	Vehicles	Total
Cost:							
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
Disposals	(6,962)	-	-	-	-	(5,575)	(12,537)
New leases acquired during the period	-	-	-	1,640,455	153,552	1,511,827	3,305,834
Additions	129,434	690,771	36,846	1,046,478	885,504	210,806	2,999,839
Balance at March 31, 2019	$ 931,557	$ 3,983,499	$ 1,381,121	$ 16,778,743	$ 5,515,036	$ 12,423,835	$ 41,013,791
Accumulated Depreciation:							
Balance at December 31, 2018	$ 338,013	$ 988,339	$ 925,298	$ 3,310,698	$ 2,503,216	$ 4,664,404	$ 12,729,968
Disposals	(6,962)					(5,575)	(12,537)
Depreciation for the period	29,622	147,061	49,854	708,101	202,101	729,720	1,866,459
Balance at March 31, 2019	$ 360,673	$ 1,135,400	$ 975,152	$ 4,018,799	$ 2,705,317	$ 5,388,549	$ 14,583,890
Net carrying amounts:							
December 31, 2018	$ 471,072	$ 2,304,389	$ 418,977	$ 10,781,112	$ 1,972,764	$ 6,042,373	$ 21,990,687
March 31, 2019	**$ 570,884**	**$ 2,848,099**	**$ 405,969**	**$ 12,759,944**	**$ 2,809,719**	**$ 7,035,286**	**$ 26,429,901**

Unaudited, Presented in Canadian dollars

5. INTANGIBLE ASSETS

	Customer relationships	Tradename	Sales Backlog	Non-competition agreement	Total
Cost:					
Balance at December 31, 2018 and March 31, 2019	27,699,027	11,162,805	845,000	213,000	39,919,832
Accumulated Depreciation:					
Balance at December 31, 2018	$ 4,767,152	$ -	$ 793,126	$ 127,800	$ 5,688,078
Amortization for the period	655,861	-	16,676	7,100	679,637
Balance at March 31, 2019	$ 5,423,013	$ -	$ 809,802	$ 134,900	$ 6,367,715
Net carrying amounts:					
December 31, 2018	$ 22,931,875	$ 11,162,805	$ 51,874	$ 85,200	$ 34,231,754
March 31, 2019	**$ 22,276,014**	**$ 11,162,805**	**$ 35,198**	**$ 78,100**	**$ 33,552,117**

6. LOANS AND BORROWINGS

	March 31 2019	December 31 2018
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.	**$ 987,500**	$ 987,500
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 10 – Orbis)	**2,245,042**	2,245,042
Issued July 1, 2018 and bears interest at 6% per annum and is paid annually on the anniversary date. The note is payable on December 31, 2020. (Note 10 – NEF)	**1,279,750**	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 10 – Bullfrog)	**5,721,235**	5,721,235
	10,233,527	10,233,527
Less: current portion	**1,282,496**	1,282,496
	$ 8,951,031	$ 8,951,031

Unaudited, Presented in Canadian dollars

6. LOANS AND BORROWINGS (Continued)

Term Debt

		March 31, 2019		December 31, 2018
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**	$	44,000,000
Loan bearing interest at 4.00% per annum and repayable in annual payments of 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**		1,500,000
		45,500,000		45,500,000
Less: current portion		**3,000,000**		1,625,000
Less: fianancing fees, net of amortization		**442,258**		456,525
	$	**42,057,742**	$	43,418,475

The Company has a $20.0 million revolving operating line bearing interest at prime plus 0.0% - 1.0%. At March 31, 2019, the Company had drawn $14.7 million on this facility.

7. LEASE LIABILITY

		March 31 2019		December 31 2018
Property and office space leases bearing interest at an estimated rate of 6%. The leases extend through fiscal 2028.	**$**	**11,098,608**	$	10,112,058
Motor vehicle leases bearing interest at an estimated rate of 6%. The leases extend through fiscal 2022.		**6,624,691**		5,534,230
Equipment and hardware leases bearing interest at an estimated rate of 6%. The leases extend through 2020.		**199,514**		95,271
		17,922,813		15,741,559
Less: current portion		**4,183,926**		4,234,216
	$	**13,738,887**	$	11,507,343

Unaudited, Presented in Canadian dollars

8. SHARE CAPITAL

Common Shares

Authorized:

Unlimited Common shares

Issued:

		March 31 2019	December 31 2018
44,923,553	Common shares (December 31, 2018 - 44,920,313)	**$ 121,320,267**	$ 121,315,767

During the quarter 3,240 shares were issued for proceeds of $4,500 pursuant to the Company's Employee Share Ownership Plan.

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 March 31, 2019, there were 4,452,032 (December 31, 2018 – 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 three months ended March 31, 2019 and 2018 are summarized as follows:

	3 months ended March 31, 2019		3 months ended March 31, 2018	
	Number of Options	**Weighted Average Exercise Price $**	Number of Options	Weighted Average Exercise Price $
Opening outstanding	**1,991,980**	**1.40**	2,998,984	0.54
Granted during the period	-	-	778,786	1.45
Outstanding March 31	**1,991,980**	**1.40**	3,777,770	0.73

Of the total number of options outstanding at March 31, 2019, 811,156 (2018: 336,207) had vested and were exercisable. The weighted average remaining life of the options 8.46 years.

Warrants

The Company has 11,776,666 (December 31, 2018 – 11,776,666) warrants outstanding as at March 31, 2019, of which all are exercisable. These warrants give the right to purchase one share at an exercise price of $3.45 for a remaining life of 4.4 years. These warrants have been classified as an equity instrument and measured based on their estimated fair market value.

9. 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 March 31, 2019.

There were no transfers between levels during the period.

The financial instruments recorded at fair value are the Interest Rate Swap arrangement and short-term investments. 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 (as described in Note 2 of the fiscal 2018 Annual Financial Statements), 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 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.

9. FINANCIAL INSTRUMENTS (Continued)

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 a change in credit quality or industry factors 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 3.

The Company's balances of cash and short-term investments also subject the Company to credit risk. 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 three months ended March 31, 2019, the Company incurred a loss of $121,978 that has been included in finance expense (2018 - $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 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.

10. 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:

Unaudited, Presented in Canadian dollars

10. BUSINESS COMBINATIONS (Continued)

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 quarter, Orbis contributed $7,053,885 to the Company's revenues and a loss of $543,612 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 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

Unaudited, Presented in Canadian dollars

10. BUSINESS COMBINATIONS (Continued)

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. During the quarter, NEF contributed $1,959,849 to Company revenues and profit of $402,893 to net and comprehensive loss.

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.

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 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

Unaudited, Presented in Canadian dollars

10. BUSINESS COMBINATIONS (Continued)

Bullfrog's capabilities and brand into a leading power consultancy and sustainability focused business unit. During the quarter, Bullfrog contributed $3,756,511 to the Company's revenues and a profit of $1,766,355 to net and comprehensive loss.

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)
Contract liability		(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.

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.

Unaudited, Presented in Canadian dollars

11. SEGMENTED INFORMATION

The Company has 4 segments, Technical Services, Power Equipment, Power Advisory & Sustainability and Corporate. Three of the 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 technical services segment includes the Spark High Voltage, Orbis, Northwind renewables operations and maintenance and New Electric CGU's. The power equipment segment includes Lizco and Orbis equipment sales. The power advisory and sustainability segment include Bullfrog Power and Asset management operations CGU's.

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

	Technical Services	Power Equipment	Power Advisory & Sustainability	Corporate	3 Months Ended March 31, 2019 Total
Segment revenues	$ 27,720,846	$ 2,181,420	$ 4,196,494	$ 173,619	$ 34,272,379
Segment cost of sales	$ 20,233,712	$ 1,628,848	$ -	$ -	$ 21,862,560
Segment selling, general and administration expenses	$ 5,837,033	$ 310,550	$ 1,771,353	$ 3,783,620	$ 11,702,555
Segment amortization and depreciation	$ 1,948,319	$ 74,615	$ 174,467	$ 348,694	$ 2,546,096
Segment profit	$ 1,650,101	$ 242,023	$ 2,425,141	$ (3,610,001)	$ 707,264
Finance expense					(1,289,166)
Other					(41,007)
Total Company loss before taxes					$ (622,909)
Segment assets	$ 111,965,732	$ 3,204,845	$ 21,188,376	$ 4,945,830	$ 141,304,783
Segment liabilities	$ 58,711,397	$ 1,203,791	$ 3,059,241	$ 2,766,813	$ 65,741,242
Deferred income taxes					2,466,088
Long-term debt					45,057,742
Total Company liabilities					$ 113,265,072

	Technical Services	Power Equipment	Power Advisory & Sustainability	Corporate	3 Months Ended March 31, 2018 Total
Segment revenues	$ 17,773,654	$ 1,218,712	$ 229,485	$ 512,568	$ 19,734,419
Segment cost of sales	$ 11,348,872	$ 1,093,446		$ -	$ 12,442,318
Segment selling, general and administration expenses	$ 3,933,533	$ 149,628	$ 1,428	$ 2,608,665	$ 6,693,253
Segment amortization and depreciation	$ 1,308,701	$ -	$ 243	$ 380,056	$ 1,689,000
Segment profit	$ 2,491,249	$ (24,362)	$ 228,057	$ (2,096,097)	$ 598,848
Finance expense					(1,098,072)
Increase in value of puttable Class A and Class 1 Special shares					(18,607,260)
Other					(9,950)
Total Company loss before taxes					$ (19,116,434)
Segment assets	$ 72,362,471	$ 1,561,524	$ 14,103	$ 7,558,594	$ 81,496,692
Segment liabilities	$ 19,779,134	$ 695,840	$ 671,295	$ 813,927	$ 21,960,196
Income taxes payable					841,660
Increase in value of Puttable Class A shares					37,579,040
Redeemable Series C-1 Preference shares					19,320,336
Promissory note payable					9,500,000
Redemable Class B Common and Class 1 Special shares					12,900,000
Long-term debt					29,218,417
Total Company liabilities					$ 131,319,649

12. RELATED PARTY TRANSACTIONS

No revenues were earned or expenses incurred from related parties in three months ended March 31, 2019 (March 31, 2018 - $nil). Included in accounts payable and accrued liabilities is $817,425 (March 31, 2018 - $nil) owing to a former shareholder of a company acquired. Further, there were no other balances due to/from related parties and/or shareholders as at March 31, 2019 (December 31, 2018- $nil).

13. CONTINGENT LIABILITY

A subsidiary of the Company has been named as one 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.

14. COMPARATIVE FIGURES

Certain comparative amounts presented in the condensed consolidated interim financial statements have been reclassified to conform to the current period's presentation.