

TRUSTED PARTNER IN POWER™



2019 ANNUAL REPORT

1315 NORTH SERVICE ROAD EAST, SUITE 300
OAKVILLE, ONTARIO, L6H 1A7, CANADA
1.833.775.7697

SPARKPOWER
GROUP INC

NOTE TO READER:

This Annual Report has been revised to reflect some minor clerical errors in the transference of the audited Financial Statements and MD&A into this document.

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OUR CUSTOMERS’ TRUSTED PARTNER IN POWER™



WE ARE INDEPENDENT

- Unbiased service provider
- Pole-To-Product™
- Relationships over transactions



WE ARE LOCAL

- Community-based
- Local service with continent-wide expertise
- Certified, well-trained, non-union



WE HAVE SCALE

- Award-winning Health & Safety Programs
- Flexible and responsive
- Right ideas and solutions



CHAIRMAN'S MESSAGE TO SHAREHOLDERS

Dear fellow shareholders,

On behalf of the Board of Directors, I want to welcome you all to the Spark Power group of companies.

As I reflect on the past twelve months, 2019 marked a year of transition for Spark Power, as we completed our first full year as a publicly traded company. At the beginning of 2019, having completed 11 acquisitions over the prior years, we made the decision to invest in an operational platform and regional organization that would create operational efficiencies and support the organization's next phase of growth, as we become our customers' Trusted Partner in Power™. While this effort will continue well into 2020, this commitment has already yielded excellent results, delivering record revenue and earnings over the last six months of the fiscal year.

Our goal as members of the Board of Directors of Spark Power is to provide support and advice to the management team, while fulfilling our role as fiduciaries, responsible to all Spark Power shareholders. My fellow board members collectively bring extensive financial, operational and leadership experience to their role on the Board of Directors, providing valuable advice and insights while demonstrating effective corporate governance. I am delighted to have welcomed Lucio Di Clemente, as our newest member of the board, in the fall of 2019.

We are privileged to work with Spark Power's executive management team, each with different, complementary skills, all exhibiting strong work ethic, excellent judgement, and a very strong working relationship. This team has consistently demonstrated a world class ability

to recognize issues and opportunities, formulate practical, timely, proportionate responses and constantly re-evaluate with new information. I am most impressed by the values they bring – determination, entrepreneurial spirit, and genuine commitment to take care of their employees and customers. I am confident that this team will stay ahead of the challenges in this turbulent world, while driving the opportunities that support the Company's long-term growth strategy and the creation of meaningful shareholder value.

While I know that we are building real value inside Spark Power, I recognize that we have work to do to ensure the value of Spark is reflected in the share price. We continue to explore and evaluate our options to ensure that our shareholders will realize the true value of the company we are building.

As I write this, we are dealing with the global and corporate repercussions of COVID-19, to which we are not immune, and which will have significant impact on the business. I am confident that Spark Power is well positioned, with its diversity of clients, sectors, geographies, health and safety measures, and very strong management team to emerge strong from this pandemic and continue on its growth path to become North America's Trusted Partner in Power™.

Sincerely,

**Larry D. Taylor,
Chairman**



CO-CEO'S MESSAGE TO SHAREHOLDERS

Dear fellow shareholders,

As we write this note, we find ourselves in the midst of a global pandemic. Of course, this means that we have spent much of the last few months focused on the immediate term – crisis management. But for a moment, we look back on, and review our activities and accomplishments of last year.

2019 was a year of transition for Spark Power. After becoming a public company in 2018, our focus entering 2019 was to invest in and build a scalable platform that would support our next phase of growth. We recognized that there was an opportunity to capture much more of the value of the scale that we had created by more deliberately integrating the businesses we had acquired and bringing a more cohesive and consistent value proposition to our customers, and so, we embarked on a major integration program, in four key areas: operations, systems, brand and culture.

Operationally, we organized our technical services businesses regionally (Eastern Canada, Western Canada, and United States) – ensuring that customers in any region can enjoy the benefit of the wide range of Spark Power services. To further integrate our operations, we consolidated all of our solar, wind, battery and EV businesses into a Renewables division, focused primarily on serving renewable asset owners. And finally, we established our Sustainability Solutions division, using our Bullfrog Power brand to bring a widening set of offerings to help our customers achieve their sustainability goals.

Underpinning these organizational changes are continuing investments in the systems required to manage, measure and support

the organization. When combined with the operational integration, these changes create an organization that is better aligned with our customers' broad power needs, is well positioned to grow and that captures cost reduction opportunities that come with our scale—ultimately driving increased shareholder value.

In recognition that our customer's place great value on our ability to provide independent, high quality advice and service, in the communities in which they operate and with the advantages of continent-wide scale we launched our brand promise: to be our customers' Trusted Partner in Power™. In addition, late last year, we launched our rebranding initiative to integrate all our acquired brands, other than Bullfrog Power, into one: Spark Power. We believe that this will allow us to provide a simpler, more consistent 'face' to the customer. These two key decisions create the foundation for how we will create value for our customers in the years to come.

Finally, we launched a corporate wide culture integration initiative very late in 2019, which will continue through 2020 and into 2021. Spark Power has a rich and diverse culture, made stronger by the contributions of the companies we have acquired. At this stage in our growth, we recognize that it is important for us to become more deliberate about building the culture we need to be a unified company; to be One Spark.

Balanced growth – both organic and through acquisition – has remained a key pillar of our strategy. We are pleased that in 2019 the business delivered organic growth of 26.7% and growth from acquisitions of 30.7%. We

continued to demonstrate the power of 'growing with our customers', by opening branches in new markets to leverage the needs of existing customers. We also continued to open branches organically, serving markets adjacent to existing branches. We further demonstrated our capabilities in making disciplined and strategic acquisitions, with the additions of 3-Phase Electrical and One Wind Services in the second half of the year. Both acquisitions were immediately accretive, have performed extremely well post-acquisition and have significantly enhanced our range of service offerings and geographic footprint.

We completed the year with a run rate revenue of \$222 million and \$37 million of EBITDA, earned from our 35 locations including 18 branches in Canada and 6 branches in the U.S., which continues to be a significant focus in our growth plans. With approximately 15% of our 2019 revenues generated from the U.S. (compared with negligible revenue the year prior), we remain on target for U.S. business operations to account for half of the Company's total corporate revenues over the next few years.

As we continue our current battle with COVID-19, we note that, like the majority of the business community, we are not immune to the short and long-term effects of the

pandemic. However, we are confident that the management team we have in place and the operating platform we have built position us well to weather this storm and come out strong. The diversity of the industries we serve, our focus on essential service customers and our geographic reach mean that not all parts of our business are affected by COVID-19 in the same way. Our focus and investment in health & safety make us a preferred and desired partner during these times. We are focused on making sure our employees are safe and secure, and that we are ready to serve our current and future customers when they are ready.

We would like to thank our deeply committed employees, customers, our Board of Directors, suppliers, banking partners, institutional investors, and analysts for your continued support. While these are unprecedented times, we remain committed to our role as our customers' Trusted Partner in Power™ across North America now, more than ever.

Sincerely,

Jason Sparaga, Co-CEO

Andrew Clark, Co-CEO



AWARD WINNING COMMITMENT TO HEALTH & SAFETY

1.24

Total recordable injury frequency (TRIF)

0.82

Lost time injury (LTI)

11300+

Safety inspections

13200+

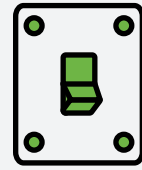
Safety meetings

113

Hazard observations



SPARK POWER SERVICES FOR:



ELECTRICAL PROJECTS

- Construction
- Equipment Installation
- System Integration



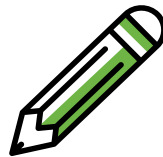
FACILITY SERVICES

- Preventative maintenance
- Ongoing support services
- Automation & control



RENEWABLE ASSET SERVICES

- Solar O&M
- Wind O&M
- Battery energy storage systems
- EV charging infrastructure
- On-site solar



ENGINEERING SERVICES

- Engineering studies
- Engineering design



SUSTAINABILITY SOLUTIONS

- Green energy procurement
- PPA
- Energy efficiency



EMERGENCY RESPONSE

24/7 emergency response from Spark Power delivers prompt service to control damage, minimize downtime, and mitigate lost revenue.



OUR SCALE CREATES DIFFERENTIATION

6500

Customers

~1200

Technical skilled workers

11300+

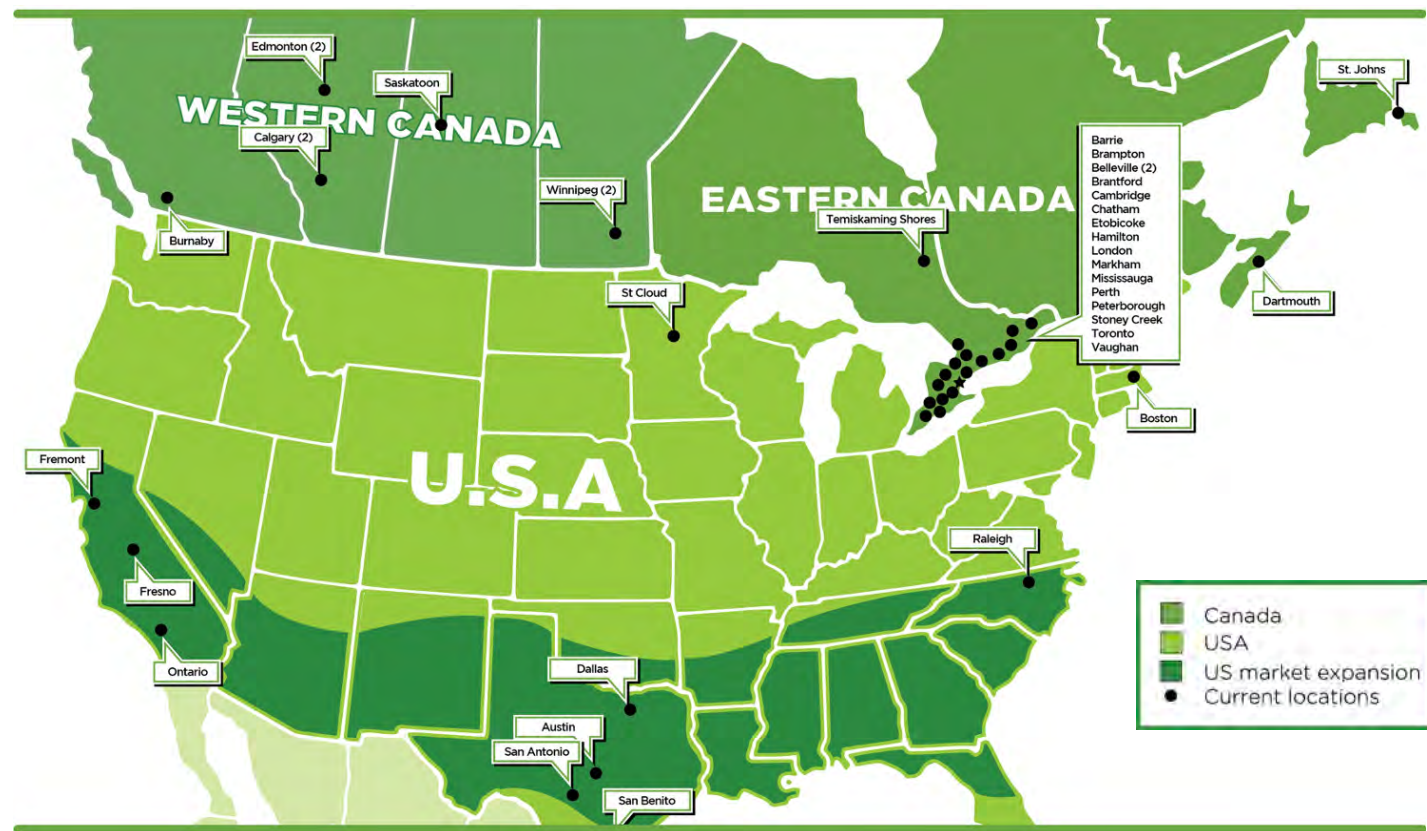
Safety inspections

700

Fleet vehicles

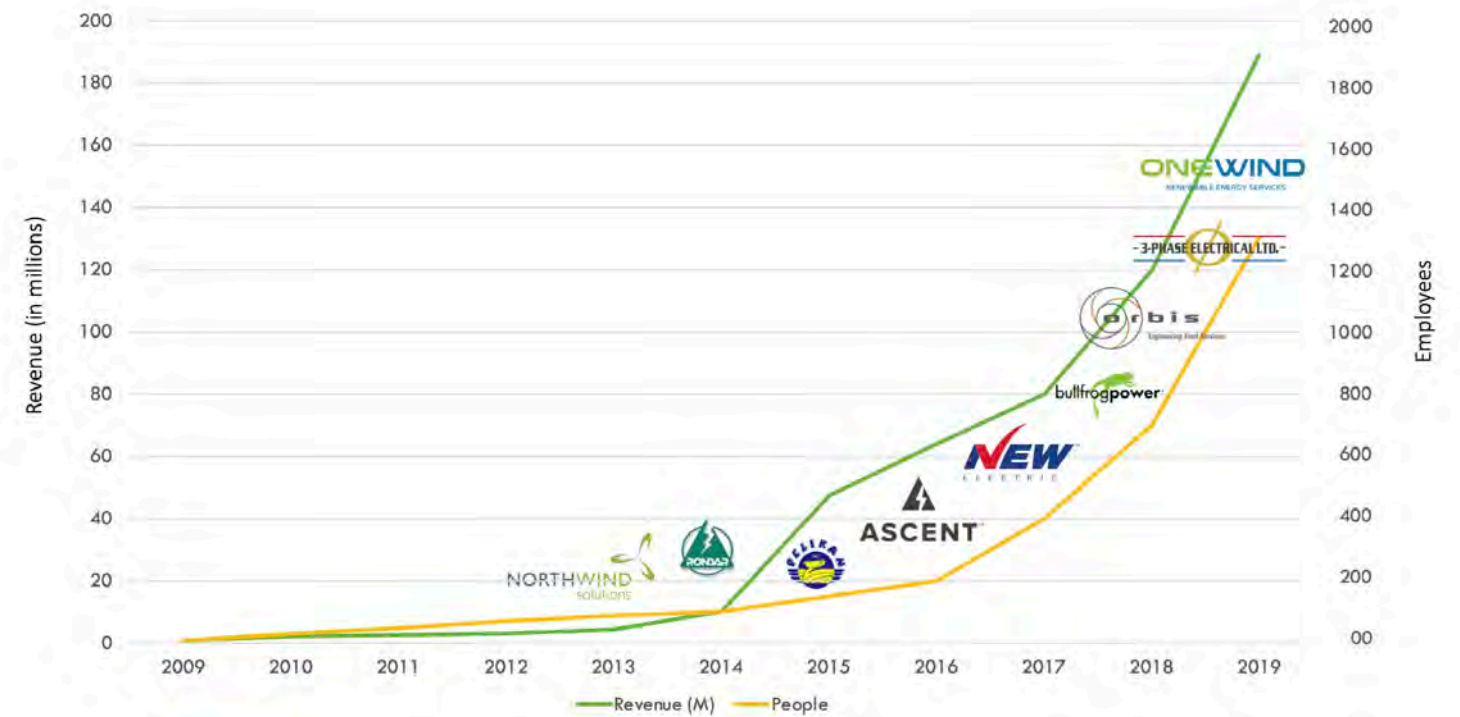
6500+MW

Renewable assets serviced & supported

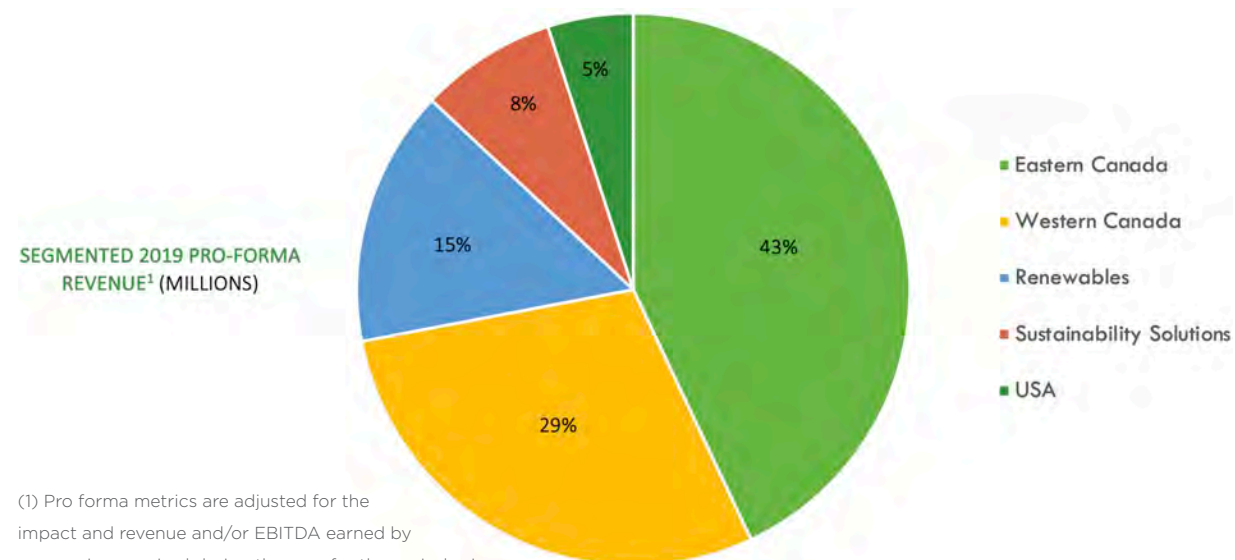
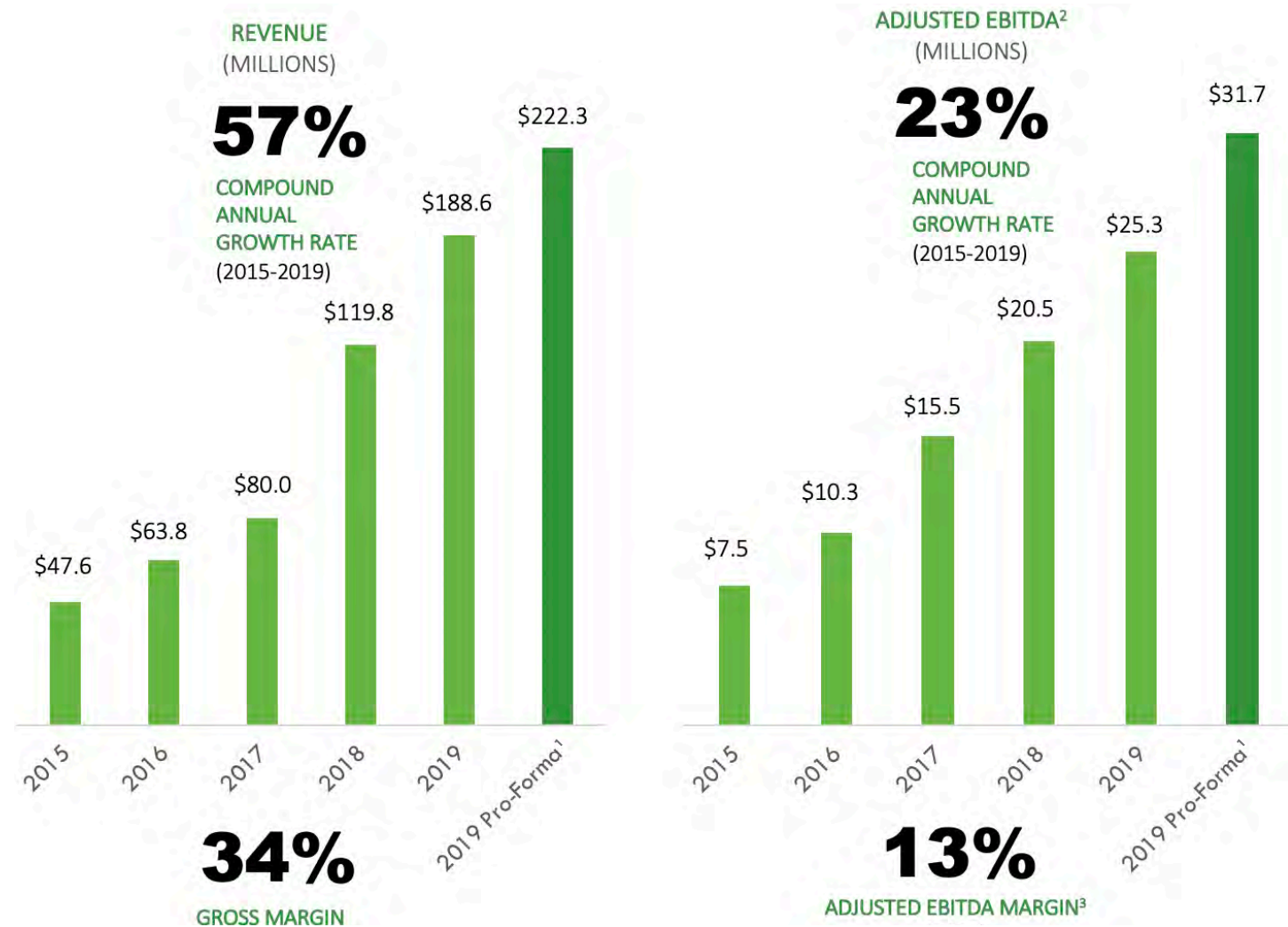


**LOCAL SERVICE
CONTINENT WIDE
EXPERTISE**

A HISTORY OF GROWTH



DRIVING CONSECUTIVE STRONG FINANCIAL PERFORMANCE



(1) Pro forma metrics are adjusted for the impact and revenue and/or EBITDA earned by companies acquired during the year for the period prior to acquisition.

(2) Adjusted EBITDA means EBITDA adjusted for items management considers to be not representative of Spark Power's ongoing operating performance.

(3) Adjusted EBITDA margin means Adjusted EBITDA divided by revenue.

Note that Pro-Forma Revenue, Adjusted EBITDA, and Pro-Forma Adjusted EBITDA are non-IFRS measures. See non-IFRS measures on page 71 of this annual report for more information.

MANAGEMENT TEAM



Jason Sparaga

Co-CEO, Founder

Jason is a co-founder and the co-CEO of Spark Power. He is a very driven entrepreneur and sets the tone for aggressive growth at the Company. Prior to co-founding Spark in 2009, he spent 17 years in the M&A space originating and closing more than 100 acquisition transactions.



Andrew Clark

Co-CEO, Founder

Andrew is a leader in the power industry with a focus on creating a cleaner and more sustainable future. Prior to co-founding Spark in 2009 he held executive positions with TSX-listed CPI Plastics Group and Business Development Bank of Canada. He is a founding director of the Federation of Community Power Co-operatives



Richard Jackson

President & Chief Operating Officer

Richard has more than 20 years of senior operational experience across the power and diversified industries sectors. Prior to joining Spark, he held roles with Winoac Corporation, Moeller Electric and Eaton Corporation.



Eric Waxman

Chief Investment Officer, Founder

Eric has a track record of entrepreneurship and working with entrepreneurs. Prior to co-founding Spark in 2009 he spent 20 years working in M&A, investment banking and private equity.



Dan Ardila

Chief Financial Officer

Dan is a senior financial professional and has held executive positions with both private and public companies including Algoma Steel, CPI Plastics Group, 6N Silicon and Liquidation World.



Ron Dizey

Chief Commercial Officer

Ron has more than 25 years of leadership experience across the technology and advanced energy sectors and was previously serving on Spark's Board of Directors. Prior to joining Spark, he was the SVP of Partnerships at MaRS where he was responsible for helping utilities around the world find ways to adopt innovation at scale.

BOARD OF DIRECTORS



Larry D. Taylor

Chairman (1,3)

Larry previously held senior executive positions in financial services and management consulting and is currently a CEO Group Leader for CEO Global Network.



Hon. Howard Wetston, Q.C.

Director (3)

Senator Wetston previously held senior positions with the Ontario Securities Commission and Ontario Energy Board.



Daniel Peloquin

Director (1,2)

Daniel is a management consultant and was previously the President of Schneider Electric Canada Inc.



Lucio Di Clemente

Board Member (1)

Lucio Di Clemente is an experienced executive, corporate director, and business advisor who brings a wealth of operational excellence and experience in closing deals with an aggregate value of over \$3B.



Sharon Ranson

Board Member (1,2)

Sharon is a corporate director and entrepreneur with deep financial expertise in accounting, capital markets and investments.



Joseph Quarin

Director (2)

Joe is President and CEO of Q5 Capital Inc., and former President and CEO of Progressive Waste Solutions Ltd.

1. Member of the Audit and Risk Committee
 2. Member of the Compensation and Human Capital Committee
 3. Member of the Corporate Governance & Nominating Committee

DESCRIPTION OF THE BUSINESS

Overview

The Corporation is a leading provider of end-to-end electrical contracting, operations and maintenance services, and energy sustainability solutions to the industrial, commercial, utility, and renewable asset markets in Canada and the United States. Spark is focused on becoming its customers' Trusted Partner in Power™, taking advantage of the opportunities presented by a dynamic market:

- The market for electrical services (contracting, operations, maintenance, and responsive services) is highly fragmented, with no dominant provider
- There is an increasing scarcity of qualified and trained technicians
- There is increasing customer need for highly qualified, scalable services, driven by:
 - » Fundamental requirement for deep commitments to health and safety, both of our customers' own employees as well as for their service providers while on site;
 - » Accelerated deployment of advanced manufacturing and materials handling technologies,
 - » requiring specialized skills to install, integrate and service;
 - » Increased sensitivity to power quality and reliability, coupled with an aging power infrastructure, resulting in lowered expectations of grid-supplied power; and
 - » Need to be competitive globally, as trade barriers shrink, and investment decisions are made across borders.
- Declining cost of technology is creating new (and increasingly viable) alternatives for customers
- Increasing electrification (of vehicle fleets, resiliency alternatives, industrial processes, among others) driving the need for experience, skill and expertise in these alternatives.

Spark is working to become our customers' first and only call for all their power services needs. Our customers value that we 'keep them up and running' at a competitive price and they value the consistency and quality of service they receive by having a strategic relationship with Spark Power. We compete by:

- Offering a complete set of solutions for our customers;
- By being truly independent of any equipment or solutions provider;
- By being 'local', where our employees live and work in the communities we serve; and
- By offering scale - to provide the breadth of services required for any job, no matter how complex, and being able to provide the expertise and advice our customers require.

We have focused our business on serving three major customer types: commercial and industrial customers; regulated utilities; and renewable asset owners. In addition, we have worked to develop longstanding relationships with customers focused on industries less likely to be impacted by recession or displacement (such as offshoring) - including food & beverage, warehousing for ecommerce and data centers. We manage concentration risk by ensuring that no customer represents more than 10% of our revenue.

The business of the Corporation was commenced in 2009 with the incorporation of Spark Solar Management Inc., to capitalize on the Ontario provincial government's then newly implemented Green Energy Act. Spark Power was formed in 2014 in connection with a corporate reorganization of Spark Solar Management Inc.

The Corporation has grown through a mix of acquisition and organic growth. Spark has made twelve acquisitions over the past seven years, and coupled with post-acquisition organic growth, this has led to substantial scale in our operations. The following chart highlights the Corporation's growth, in terms of both revenue and employees over the past 10 years.

During most of 2019, the Corporation operated in three major divisions, called Technical Services (approx 88%, \$166M), Equipment Sales (approx 4%, \$6M) and Power Advisory & Sustainability Solutions and other (approx 8%, \$16M). In 2018, these divisions accounted for revenue in the following proportions: Technical Services (88%, \$105M; Equipment Sales (4%, \$5M; and Power Advisory & Sustainability Solutions and other (approx 8%, \$10M). (Note that the Corporation made three acquisitions (Orbis, New Electric USA and Bullfrog Power) in July 2018, and the 2018 results include the contributions from those acquisitions only from that date forward).

To create a more scalable business platform, Spark implemented a regional operating model. The Corporation now operates in five key lines of business and will be reporting its financial statements on this basis from January 1, 2020.

The Technical Services business has been split into the three regions (Eastern Canada, Western Canada, USA). In addition, the Solar O&M and Wind O&M businesses have been moved from the Technical Services business into a new division called Renewables. We have also moved the Battery Energy Storage Systems (BESS) business, previously part of Power Advisory & Sustainability Solutions, into the Renewables division. The Equipment Sales business is now embedded in the Eastern Canada business, effectively as part that business' supply chain. Finally, Power Advisory & Sustainability Solutions is now referred to as Sustainability Solutions.

Beginning in the fall of 2019, and fully effective as of January 1, 2020, the Corporation operates the following five lines of business:



Lines of business

Regional Technical Services Organization (Eastern Canada, Western Canada, USA)

Spark's core electrical services business is organized regionally, in three operating divisions, each of which offers all our low, medium and high voltage services. As of the beginning of 2020, we operate in 24 branches in three regions: Western Canada (6 branches, representing 29% of overall revenue), Eastern Canada (12 branches, representing 43% of overall revenue) and the USA (6 branches, representing 5% of overall revenue). The branch model is key to our strategy, and provides for a scalable operating platform, supporting our growth plans. Collectively, these three operating divisions represented about 78% of our total revenue in 2019.

The Corporation's business is most mature in Eastern Canada, accounting for the largest part of our revenue. The Corporation's 'branch model' has been proven over many years, including by our wholly owned subsidiary, New Electric.

Under this model, branch managers have full profit and loss responsibility, supported by corporate services better provided centrally because of scale (such as financial reporting, marketing, supply chain management, information technology, systems, and engineering). As the Corporation expands, replicating this model, particularly by expanding in regions in which a presence has already been established, has proven to be a repeatable successful model for expansion.

The Corporation's long-term North American growth and diversification strategy includes a focus on expansion opportunities in the United States. The Corporation intends to increase its presence in the United States market through a combination of new branch openings and acquisitions. The Corporation will prioritize branch openings in locations where opportunities exist to grow synergistically with its Canadian industrial-commercial-institutional customers that also have U.S. operations by expanding existing relationships with these customers into new regions and leveraging business start-up costs.

In 2018, the Corporation advanced its U.S. strategy by (a) establishing a corporate head office in Raleigh, North Carolina, and added U.S. based personnel to supplement existing board and senior management United States expertise, (b) opening its first location in Minnesota under the Northwind brand, focused on renewable energy operation and maintenance services to the commercial and industrial sector and (c) acquiring the California operations of New Electric, including branches in Fresno, California and Fremont, Nevada, establishing a presence in the western United States.

In 2019, the Corporation opened a new operating branch in Raleigh, North Carolina alongside its corporate head office, offering high and low voltage technical services in the region. In addition, the Corporation established branches in San Antonio, Dallas and Los Angeles to complement existing branches in Fremont and Fresno, California.

This regional organization services two major types of customers:

- Regulated utilities
- Commercial and industrial companies

We typically describe our services as being either 'low voltage' or 'medium and high voltage'. 'Low voltage' services generally refer to services we would provide inside a customer's facility, and generally refers to service on equipment operating below 600V. 'Medium and high voltage services' refers to services typically provided outside a customer's facility or for regulated utilities, and generally refer to services on equipment operating above 5000V.

For regulated utilities, we typically provide medium and high voltage services; for commercial and industrial companies, we typically provide a mix of both low and medium/high voltage services depending on their needs.

Low voltage power services

These services include:

- **Electrical contracting services:** Provides services from general electrical contracting to complex installations, including motor controllers and relay logic.
- **Industrial automation:** Programming and integration services cover a wide range of equipment and control systems using both programming language control and SCADA systems to modify existing programs and upgrade outdated controls.
- **Electronic repairs:** A wide range of repairs, including component level failures, elemental damage and software corruption.
- **Custom control panels:** We operate panel shops in each region, designing and building a wide range of specialized control panels, from single push-button stations to advanced multi-bay enclosures to specialized medium and high voltage control panels, offering support from concept to completion.

Medium and high voltage power services

These services include:

- **Repairs and maintenance services:** Expert preventative maintenance services for medium and high voltage infrastructures including transformers, switchgear, protection and control, bus, cables and lines, as well as electrical system troubleshooting, failure recovery and modernization.
- **Power "ON" services:** Advanced diagnostic services to avoid costly outages and repairs, including, among others, on load tap changer analysis, power quality monitoring and partial discharge testing.
- **Commissioning services:** Full scope independent commissioning services for new and retrofitted infrastructure including device and equipment testing, device verification, relay calibration, SCADA, protection and control system testing, and system verifications.

- **Sub-station construction:** Single source solutions for both new sub-station installations and upgrading existing facilities for distribution and transmission substations up to 230kV.
- **Power line construction and maintenance:** Full-service delivery from construction, restoration, and maintenance of overhead and underground power line construction up to and including 230kV.
- **Engineering services:** Practical engineering advice and support for power systems optimization, including protective device coordination studies, short circuit analyses, arc flash studies, power quality and harmonics studies, load flow and power factor studies for AC and DC systems, ground system studies and design, feasibility, and modernization studies.
- **Insulating fluid lab services:** Testing of insulating fluid in transformers and other high voltage equipment as part of preventative and predictive maintenance programs.
- **Thermography services:** Using thermography to assess high voltage power distribution systems, delivering predictive measurements to help expose deficiencies prior to failure and prevent unscheduled outages.

As part of our supply chain operations the Corporation also buys and sells new and used electrical equipment mainly in the medium and high voltage product offering including power transformers, switches, breakers and fusing. In our London hub, we operate a full capability fabrication shop and warehouses hundreds of new and used products and sells them to developers, contractors, operators and service providers throughout North America. This gives us an advantage in servicing our customers, by allowing us to provide difficult to source equipment, often at attractive margins.

Renewables

Spark's Renewables Division encompasses five major services (Solar O&M, Wind O&M, BESS, EV Charging infrastructure and On-Site Solar). This division represented approximately 15% of Spark's revenue in 2019. We service and support over 6500MW of renewable energy assets, making the Corporation the largest independent renewable power operations and maintenance provider in Canada, and a significant player in the US. As part of this division, the Corporation maintains a dedicated remote monitoring location offering 24/7 asset monitoring and technician dispatch services to minimize any potential downtime of wind and solar assets. In addition, the Corporation integrates with most industry leading SCADA systems to give customers consolidated reports and insights into the performance of wind and solar assets. Services include daily monitoring of site SCADA and DAS systems, performance reporting and analysis, management and scheduling of all maintenance obligations and dispatch of service and maintenance work, order management and reconciliation.

The Corporation's renewable services include:

- **Solar O&M:** A broad range of customized solutions to ensure the reliability and safety of solar projects. Capabilities span the full range of skills and knowledge required to operate and service solar power generation assets. Solar services include operations and maintenance, performance monitoring and analytics, project commissioning, substation and high voltage maintenance and performance incentive operations, and maintenance program structures.
- **Wind O&M:** From development to implementation, through to operations and maintenance services, the Corporation's in-house team of wind experts work through all aspects of wind power management. Wind power services include operations and maintenance, service and repair, large component installation, quality assurance and control reviews, substation and high voltage maintenance, and mobile oil exchange.
- **Battery energy storage systems:** Engineering, procurement, and construction of new battery systems at customer sites. In addition, we provide system maintenance including both planned and unplanned maintenance. Planned maintenance includes annual activity focused on maintaining the system (i.e. the battery, software, inverters, and the AC gear that connects the battery to the grid). Unplanned work includes disconnecting the battery from the grid for safety reasons (i.e. unpredictable weather) and bringing it back online.
- **EV charging infrastructure installation:** Engineering, procurement, and construction of EV charging infrastructure.
- **On site solar:** Evaluation, development, engineering, procurement, and design of behind the meter solar installations for commercial and industrial customers.

Sustainability solutions

The Sustainability Solutions Division includes the Bullfrog brand and business, along with the Corporation's Community Power business, which comprised approximately 8% of the Corporation's revenue in 2019. In addition, this division is charged with developing new cost-effective sustainability offerings for our commercial & industrial customers and monitoring technology developments to provide quality recommendations to our customers.

The Bullfrog brand is a highly respected sustainability brand in the Canadian market, with measured aided customer recognition of 17%. The Corporation is maintaining this brand as its 'sustainability' brand, and will continue to market Bullfrog Renewable Energy Certificates, Offsets and PPA's under the Bullfrog brand.

Bullfrog Power

Bullfrog Power ("Bullfrog") is a leading green energy provider, offering renewable energy solutions that enable individuals and businesses to reduce their environmental impact, support the development of green energy projects in Canada and help create a cleaner, healthier world. Bullfrog works with renewable energy projects across the country to ensure that the electricity going on the grid on behalf of its customers comes from clean, renewable sources such as wind, low-impact hydro or solar projects. The natural gas going into the pipeline comes from organic, net zero carbon biogas or biomethane facilities, and the fuel comes from biogenic, earth friendly waste streams. Bullfrog's core green energy offerings of Green Electricity, Green Natural Gas, Green Fuel, and carbon offset products are complementary to the Power Solutions segment and provide opportunistic synergies in terms of revenue, increased customer-base, and a widened scope of services.

Bullfrog earns revenue by sourcing high quality green energy solutions, ensuring that energy is being injected into the respective energy system and the rights to the environmental attributes or benefits are retired on behalf of its customers to mitigate the negative environmental impacts of the customer's energy usage from the conventional energy sources that are commonly fossil fuel based. Bullfrog also uses a portion of their customer green energy premiums to support local, community based renewable energy projects across the country. In addition, Bullfrog provides value added marketing and communication services that allow the customer to display and market their commitment to minimizing their impact on the environment.

The Corporation's renewable services include:

- **Green electricity:** Bullfrog sources renewable electricity from high quality renewable projects across the country and ensures it is injected onto the grid on its customer's behalf. Matching each kWh of electricity that homeowners and businesses use, Bullfrog provides the opportunity for customers to mitigate the environmental impacts of their current electricity use with clean, 100% renewable electricity.
- **Green natural gas:** Bullfrog sources renewable natural gas from landfills, wastewater treatment plants, and anaerobic digesters – anywhere that organic material is decaying and releasing methane and ensures the cleaned methane is injected into a natural gas pipeline on its customer's behalf. Matching each giga joule of natural gas that homeowners and businesses use, Bullfrog provides the opportunity for customers to mitigate the environmental impacts of their current natural gas use with clean, net zero carbon natural gas.
- **Green fuel:** Bullfrog sources renewable fuel or biodiesel from waste-based sources such as cooking oil or fish oil extracts and ensures the waste oil is refined and blended into the fuel stream on its customer's behalf. Matching each litre of conventional fossil fuel-based fuel that homeowners and businesses use, Bullfrog provides the opportunity for customers to mitigate the environmental impacts of their current fuel use with clean, renewable choice.
- **PPA's:** Bullfrog works with customers to procure energy via Power Purchase Agreements from owners of renewable energy projects. Bullfrog advises customers on pricing, deal structures and how to hedge the energy procured in these agreements against power market price movements. Some Bullfrog customers are demonstrating an interest in moving from Green Electricity Renewable Energy Credits to PPA's to green their operations at lower cost.

Community power

The Corporation is a Canadian leader in community power. Community power provides opportunities for community groups focused on renewable energy to invest in and benefit from clean energy assets located in their local communities. With combined membership of over 2,000 members, the Corporation designed, developed and now operates under longterm agreement, the assets of two of the largest community power co-operatives in Canada; the Green Energy Co-operative of Ontario and the AGRIS Solar Co-operative. The assets owned by these co-operatives create clean local power while supporting community development and employment. Both co-operatives were formed to take advantage of the incentives provided in the Green Energy Act, 2009 (Ontario) which provided long-term price guarantees for investors (i.e. members) to encourage the development of smaller distributed generation of clean energy. The Corporation is contracted to run these cooperatives for 20 years or more and earns a base fee for service and a bonus fee as a percentage of the profits, for performance.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31

2019 & 2018

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.



Daniel Ardila
Chief Financial Officer



Jason Sparaga
Co-Chief Executive Officer

March 24, 2020
Oakville, Ontario



Tel: 416-865-0200
Fax: 416-865-0887
www.bdo.ca

BDO Canada LLP
222 Bay Street Suite 2200, P.O. Box 131
Toronto, ON M5K 1H1 Canada



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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 statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of comprehensive income (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, 2019 and 2018, 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 for the year ended December 31, 2019 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

BDO Canada LLP
Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 24, 2020

SPARK POWER GROUP INC.
Consolidated Statements of Financial Position

Presented in Canadian dollars



As at December 31	2019	2018
Assets		
Current assets		
Short-term investments	\$ 252,213	\$ 251,161
Accounts receivable (Note 5)	48,875,240	35,410,600
Inventory (Note 6)	6,901,195	5,697,836
Contract asset (Note 5)	21,758,143	11,262,340
Prepaid expenses and deposits	3,532,372	2,464,152
	81,319,163	55,086,089
Non-current assets		
Property and equipment (Note 7)	31,376,208	21,990,687
Intangible assets (Note 8)	45,416,323	34,231,754
Goodwill (Note 9)	41,955,049	28,407,921
	\$ 200,066,743	\$ 139,716,451
Liabilities and Shareholders' equity		
Current liabilities		
Bank indebtedness (Note 10)	\$ 21,597,304	\$ 11,666,604
Accounts payable and accrued liabilities	31,808,558	22,056,355
Current portion of long-term debt (Note 10)	9,005,833	1,625,000
Current portion of promissory notes (Note 10)	4,325,000	1,282,496
Current portion of lease liability (Note 11)	6,149,699	4,234,216
Income taxes payable	1,189,696	615,444
Contract liability	4,068,027	3,745,131
	78,144,117	45,225,246
Non-current liabilities		
Long-term debt (Note 10)	54,201,209	43,418,475
Promissory notes (Note 10)	11,887,500	8,951,031
Deferred taxes (Note 12)	4,006,148	2,094,664
Lease liability (Note 11)	12,768,137	11,507,343
	161,007,111	111,196,759
Shareholders' equity		
Share capital (Note 13)	132,945,813	123,977,289
Contributed surplus	591,182	422,116
Accumulated other comprehensive income	45,773	-
Deficit	(94,523,136)	(95,698,926)
	39,059,632	28,700,479
Non-controlling interest (Note 2)	-	(180,787)
	39,059,632	28,519,692
	\$ 200,066,743	\$ 139,716,451

Subsequent events (Note 27)

See accompanying notes to the consolidated financial statements.

SPARK POWER GROUP INC.
Consolidated Statements of Comprehensive Income (Loss)

Presented in Canadian dollars



For the years ended December 31	2019	2018 (Note 27)
Revenue (Note 5)	\$ 188,591,284	\$ 119,759,443
Cost of sales (Note 21)	124,431,651	75,818,339
Gross profit	64,159,633	43,941,104
Expenses		
Selling, general and administrative (Note 21)	51,448,141	32,497,388
Income from operations	12,711,492	11,443,716
Other income (expenses)		
Finance expense (Note 22)	(5,271,710)	(5,209,960)
Increase in value of Puttable Class A and Class 1 Special shares (Note 13)	-	(47,771,600)
Transaction costs (Note 2 and 23)	(2,072,531)	(10,269,633)
Reorganization costs (Note 24)	(2,992,015)	(1,413,924)
Earn-out - New Electric Fresno (Note 16)	(2,100,000)	-
Excess of fair value over net assets acquired (Note 2)	-	(12,660,331)
Other	12,688	(138,052)
Gain on retraction of Class 1 Special shares (Note 13)	-	1,250,000
	(12,423,568)	(76,213,500)
Income (loss) before income taxes	287,924	(64,769,784)
Current income tax expense	(1,189,599)	(677,235)
Deferred income taxes recovery	2,077,465	812,167
Income taxes recovery (Note 12)	887,866	134,932
Net income (loss)	1,175,790	(64,634,852)
Cumulative translation adjustment	160,170	-
Comprehensive income (loss)	\$ 1,335,960	\$ (64,634,852)
Net income (loss) attributable to shareholders	\$ 1,175,790	\$ (64,634,852)
Comprehensive income (loss) attributable to shareholders	\$ 1,335,960	\$ (64,634,852)
Income (loss) per share attributable to equity holders		
Basic (Note 20)	\$ 0.03	\$ (1.44)
Diluted (Note 20)	\$ 0.02	\$ (1.44)

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 Amount	Class A Common shares		Class B Common shares		Class 1 Special shares		Non-controlling interest	Contributed surplus	Accumulated other comprehensive income	Deficit	Shareholders' equity (deficiency)
	Number	Amount		Number	Amount	Number	Amount	Number	Amount					
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	-	-	-	-	-	747,436	1,340,583	88,882	159,417	-	-	-	-	1,500,000
Private placement	-	-	213,189	-	-	1,746,879	5,446,700	-	-	-	-	-	-	5,659,889
Issuance of Class 1 Special - ESOP shares	-	-	-	-	-	-	-	166,060	94,159	-	-	-	-	94,159
Exercise of options	-	-	-	-	-	-	-	1,743,383	19,889	-	-	-	-	19,889
Exercise of warrants	-	-	-	-	-	-	-	160,500	232,725	-	-	-	-	232,725
Shares issued in acquisitions	-	-	-	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 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
Shares issued in Qualifying Acquisition 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
Net income	-	-	-	-	-	-	-	-	-	-	-	-	1,175,790	1,175,790
Issuance of common shares	2,888,230	3,489,501	-	-	-	-	-	-	-	-	-	-	-	3,489,501
Issuance of common shares from Rights Offering	5,687,105	5,277,663	-	-	-	-	-	-	-	-	-	-	-	5,277,663
Exercise of stock options	54,000	72,360	-	-	-	-	-	-	-	-	-	-	-	72,360
Issuance of restricted share units	100,000	129,000	-	-	-	-	-	-	-	-	-	-	-	129,000
Stock-based compensation	-	-	-	-	-	-	-	-	-	-	169,066	-	-	169,066
Cumulative translation adjustment	-	-	-	-	-	-	-	-	-	-	-	160,170	-	160,170
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-	198,800	-	-	-	198,800
Settlement of non-controlling interest	-	-	-	-	-	-	-	-	-	(18,013)	-	(114,397)	-	(132,410)
Balance at December 31, 2019	53,649,648	\$ 130,284,291	\$ 2,661,522	-	\$ -	-	\$ -	-	\$ -	\$ -	\$ 591,182	\$ 45,773	\$ (94,523,136)	\$ 39,059,632

See accompanying notes to the consolidated financial statements.

SPARK POWER GROUP INC.
Consolidated Statements of Cash Flows

Presented in Canadian dollars



SPARK POWER GROUP INC.
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2019 and 2018

Presented in Canadian dollars



For the years ended December 31	2019	2018
Cash flows from operating activities		
Net income (loss) for the year	\$ 1,175,790	\$ (64,634,852)
Adjustments for non-cash items		
Amortization and depreciation	12,363,990	8,151,846
Amortization of deferred financing fees	61,053	-
Provision for expected credit losses	(261,338)	(160,734)
Gain on retraction of Class B Common and Class 1 Special shares (Note 13)	-	(1,250,000)
Excess of fair value over net assets acquired (Note 2)	-	12,660,331
Unrealized gain on short-term investments	(1,052)	-
Unrealized foreign exchange loss	164,895	-
Stock-based compensation	169,066	73,366
Deferred income taxes (Note 12)	(1,964,141)	(676,737)
Accrued interest on Class B Common and Class 1 Special shares	-	546,331
Gain on sale of fixed assets	(81,058)	(21,000)
Increase in value of Puttable Class A Common and Class 1 Special shares (Note 13)	-	47,771,600
Earn-out - New Electric Fresno	1,848,445	-
Reorganization costs	1,000,000	-
Changes in non-cash working capital balances		
Accounts receivable	(2,099,007)	(5,520,676)
Inventory	(744,005)	(294,765)
Contract asset	(10,495,803)	(7,264,746)
Prepaid expenses and deposits	(788,863)	(898,929)
Accounts payable and accrued liabilities	2,401,043	3,313,739
Income taxes	(22,026)	(177,735)
Contract liabilities	150,636	2,193,392
	2,877,625	(6,189,569)
Cash flows from investing activities		
Purchase of property and equipment (Note 7)	(8,658,541)	(5,328,839)
Cash paid to acquire businesses (Note 16)	(18,552,221)	(8,290,687)
Cash acquired on Qualifying Acquisition (Note 2)	-	30,497,736
Proceeds on sale of capital assets	32,102	-
Sale of short-term investments	-	55,150
Gain on settlement of non-controlling interest	114,397	-
	(27,064,263)	16,933,360
Cash flows from financing activities		
Bank indebtedness	9,930,701	11,666,604
Issuance of share capital (Note 13)	5,593,432	6,930,452
Redemption of Preferred shares (Note 13)	-	(15,000,000)
Retraction of Class B Common and Class 1 Special shares (Note 13)	-	(10,037,500)
Exercise of warrants and options (Note 13)	72,360	252,624
Proceeds from long-term debt (Note 10)	23,339,578	44,000,000
Repayment of long-term debt (Note 10)	(5,073,764)	(28,982,639)
Repayment of promissory notes (Note 10)	(4,369,472)	(19,689,418)
Repayment of lease liability (Note 11)	(5,142,898)	(3,010,531)
Increase in deferred financing fees	(163,299)	-
	24,186,638	(13,870,408)
Net change in cash during the year	-	(3,126,617)
Cash, beginning of year	-	3,126,617
Cash, end of year	\$ -	\$ -
Supplementary cash flow information		
Interest paid	\$ 4,892,444	\$ 4,087,559

See accompanying notes to the consolidated 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 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 payables 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 Income (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.

SPARK POWER GROUP INC.
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2019 and 2018

Presented in Canadian dollars



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 13)	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 Income (Loss) for the year ended December 31, 2018. See Note 23 for further details.

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, 2019.

The Board of Directors approved these consolidated financial statements on March 24, 2020.

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 Other Comprehensive Income (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 except for our US subsidiaries; New Electric Fresno, LLC, Northwind Solutions Group (USA) Inc., Bullfrog Solutions USA Inc., One Wind Services (USA) Inc., Spark Power (Midwest USA) Corp., Spark Power (Northeast USA) Corp., Spark Power (West USA) Corp., Spark Power (Southeast USA) Corp., Spark Power (Southwest USA) Corp., and Spark Power Services (USA) Corp whose functional currency is US dollars ("US") and Orbis SPA whose functional currency is the Chilean Peso ("Peso").

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.

SPARK POWER GROUP INC.
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2019 and 2018

Presented in Canadian dollars



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 Spark Power Renewables Corp. was amalgamated with Spark Power Ventures Corp. into Spark Power Solutions Inc.

Subsidiary	Ownership %
1625704 Alberta Inc.	100%
2282404 Ontario Inc.	100%
2340124 Ontario Inc.	100%
2552095 Ontario Inc.	100%
3-Phase Electrical Ltd.	100%
5440981 Manitoba CPP	100%
5450731 Manitoba Ltd.	100%
5450749 Manitoda Ltd.	100%
Bullfrog Power Inc.	100%
Bullfrog Solar Inc.	100%
Bullfrog Solutions USA Inc. (Formerly Bullfrog Solar Inc. (USA))	100%
Canadian REC Wholesale Inc.	100%
Electronic Repair & Replacement Centre Inc.	100%
Less Emissions Inc.	100%
Lizco Sales & Rentals Group 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.	100%
Northwind Solutions LP	100%
One Wind Services Inc.	100%
One Wind Services (USA) Inc.	100%
Orbis Engineering Field Services Ltd.	100%
Orbis SPA	100%
Sibro Technologies Ltd.	100%
Spark Power Corp.	100%
Spark Power Energy Solutions Inc. (Formerly Spark Solar Sales Ltd.)	100%
Spark Power Group Inc.	100%
Spark Power High Voltage Services Inc.	100%
Spark Power Services Corp.	100%
Spark Power Solutions Inc. (Amalgamated from Spark Power Renewables Corp. and Spark Power Ventures Corp.)	100%
Spark Power Solutions Ltd. (Formerly Spark Solar Development Ltd.)	100%
Spark Solar Management Inc.	100%
Spark Solar Services Corp.	100%
Spark Power Services (USA) Corp.	100%
Spark Power (Midwest USA) Corp.	100%
Spark Power (Northeast USA) Corp.	100%
Spark Power (West USA) Corp. (Formerly Orbis Engineering Field Services (USA) Ltd.)	100%
Spark Power (Southeast USA) Corp. (Formerly Spark Power Services (USA) Corp.)	100%
Spark Power (Southwest USA) Corp. (Formerly Spark Power USVI Corp.)	100%

During the year, the Company issued a payment of US\$100,000 to buy out the non-controlling interest of Northwind Solutions Group (USA) Inc. providing the Company with sole ownership of the subsidiary. This resulted in a gain on settlement of the non-controlling interest of approximately \$114,397 for the year ended December 31, 2019 and was recorded to Accumulated Other Comprehensive Income.

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, useful lives of assets, valuation of reverse take-over transaction, valuation of equity transactions, valuation of business combinations, measurement of lease liability, valuation of derivative financial instruments, and impairment of property and equipment, intangible assets and 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 long-term construction contracts, as they are long-term in nature and contain consideration that is variable based on a number of uncertain factors, such as change orders, reserves set up for additional costs/overruns, etc. Also, the Group estimates progress towards completion and gross margins to be earned at the end of these construction contracts, where a change in these estimates may have a material impact on the overall revenue recognized for the period.

Further, certain companies within the Group have management contracts that require judgement over 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 excluded from the measurement of revenue) by considering historical trends and the lowest levels of annual incentive fees earned in the past (Note 5).

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.

Expected credit losses - Expected credit losses associated with accounts receivable and contract assets 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. (Notes 5 and 14)

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. Additionally, management has assessed that all warranties associated with technical services provided and equipment sold are "assurance-type" warranties, as defined within IFRS 15, and therefore, recognized and measured in accordance with IAS 37, Provisions, contingent liabilities and contingent assets. (Note 4)

Useful lives of assets - Significant estimates are involved in the determination of the useful lives of property and equipment and intangible assets to determine 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 13)

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

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. Additionally, management makes certain assumptions regarding the extension and termination options available within its lease arrangements to determine the overall lease term. 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 property and equipment and intangible assets - At the end of each reporting period, the Company reviews the carrying amounts of property and equipment to determine whether there is any indication of impairment. If any such indication exists, the Company estimates the recoverable amount of the asset in order to determine the extent of the impairment loss, if any. The Company generally assesses impairment at the level of cash-generating units ("CGU"), which are the smallest identifiable groups of assets that generate cash inflows that are largely independent of cash inflows from other assets. Impairment is assessed by comparing the CGU's carrying value with its recoverable amount. The preparation of future cash flows requires management to make estimates and assumptions with respect to expected revenues and expenses, which are subject to change.

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

4. SIGNIFICANT ACCOUNTING POLICIES

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 was effective for annual periods beginning on or after January 1, 2019. The interpretation requires retrospective application, with some practical expedients available on adoption. The Company has assessed the impact of IFRIC 23 on its Financial Statements and did not note any significant impact.

Revenue recognition

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 and 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 these “assurance-type” warranties in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

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 services with combined inputs from applicable labour and materials.	Single performance obligation to provide 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 fixed and is based on a set fee per megawatt/kilojoule of energy contracted by the customer.

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 of the progress made to satisfy the performance obligation is recognized as a contract liability. Further, progress made towards the satisfactions of performance obligation at a period end in advance of milestone achieved for billing purposes is recognized as a contract asset.	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 of the progress made to satisfy the performance obligation is recognized as a contract liability. Further, progress made towards the satisfaction of performance obligation at a period end in advance of milestone achieved for billing purposes is recognized as a contract asset.	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. Contract asset is recognized when there are discrepancies between the timing of payment and recognition of revenue, as the Company is only contractually eligible to receive payment for its services upon meeting certain financial metrics in the project.	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. Contract asset or liability is recognized when the billing cycle does not coincide with the period end.

Contract liabilities relate to pre-payments received for on-going projects for which the related performance obligation is expected to be completed in the next 12 months.

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 (Loss). Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess representing the bargain purchase is credited in full to the consolidated statement of comprehensive income (loss) on the acquisition. The Company has had no bargain purchase on its acquisitions during the current or prior year.

Intangible Assets

The Company has certain externally acquired intangible assets through business combinations (Note 16) that are initially recognized at their fair values, using appropriate valuation techniques, 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.

Management estimates the useful life of its finite life intangible assets as follows:

Customer contracts:	1.5 years
Customer relationships:	10 years
Non-competition agreements:	5 years
Sales backlog:	4 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%
Equipment:	20% - 30%
Furniture and fixtures:	20%
Right of use assets & leaseholds:	over the lease term
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.

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 CGU's. 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. The Company evaluates impairment losses for potential reversals on assets other than goodwill, when management has made the judgement that events or circumstances warrant such consideration. 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 Income (Loss).

Financial instruments

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 and contract assets are recognized based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During the process of reviewing accounts receivable and contract assets for impairment, the probability of the non-payment of the accounts receivable or contract asset 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 and contract assets. For accounts receivable and contract assets, 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 Income (Loss). On confirmation that a certain accounts receivable and contract assets 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, accounts receivable, and contract assets.

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 Income (Loss) in the finance expense line. Transaction costs associated with financial instruments measured at fair value through profit or loss are expensed as incurred.

The Company's financial instruments classified at fair value through profit or loss include derivative financial instruments and short-term investments. The Company 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, 2019. 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 liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Fair value through profit or loss

This category comprises of Puttable Class A Common, Class 1 Special shares which were redeemed in 2018 by the Company as part of the Spark Power Acquisition. It also comprises of contingent consideration for the earn-out related to the acquisition of One Wind Services Inc. and One Wind Services (US) Inc. Refer to Note 16 for further details.

Other financial liabilities

Other financial liabilities include the following items:

Bank indebtedness, accounts payable and accrued liabilities, contract 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.

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. (Note 20)

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. Further, lease terms are based on assumptions regarding extension terms that allow for operational flexibility and favorable future market conditions.

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
- 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, the Company does not allocate any amount of the contractual payment to, and account separately for, any services provided by the supplier as part of the lease contract.

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.

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 (with the exception of inventories acquired as part of a business combination which are initially recognized at fair market value), and subsequently at the lower of cost and net realizable value. Cost is determined using 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

	2019	2018
Trade	\$ 49,136,578	\$ 35,571,334
Less: Provision for expected credit losses	(261,338)	(160,734)
	\$ 48,875,240	\$ 35,410,600

	2019	2018
Contract asset	\$ 11,262,340	\$ 3,001,618
Increase due to business combination	-	995,976
Additions during the year	29,362,687	11,262,340
Amount recognized during the year	(18,866,884)	(3,997,594)
	\$ 21,758,143	\$ 11,262,340

The provision for expected credit losses was determined based on historical loss rates and payment behavior from customers by major staging 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 staging categories to determine the expected credit losses on accounts receivable and contract assets using the simplified approach.

The balance of contract asset at December 31, 2019 is current and has no provision recorded.

Summary of provision by ageing category:

	2019			
	Current	31-90 days past due	>90 days past due	Total
Balance	\$ 19,004,964	\$ 23,277,130	\$ 6,854,484	\$ 49,136,578
Provision for expected credit losses	\$ -	\$ -	\$ 261,338	\$ 261,338

	2018			
	Current	31-90 days past due	>90 days past due	Total
Balance	\$ 14,335,787	\$ 16,982,088	\$ 4,253,459	\$ 35,571,334
Provision for expected credit losses	\$ -	\$ -	\$ 160,734	\$ 160,734

Management determines whether there is any objective evidence of impairment 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:

	2019		2018	
Opening balance	\$	(160,734)	\$	(264,759)
Decrease (Increase) during the year		(119,753)		13,633
Amounts written off during the year		19,149		90,392
Ending balance	\$	(261,338)	\$	(160,734)

Revenue Disaggregation by Stream:

2019	Technical Services	Power Equipment	Power Advisory & Sustainability	Operations & Maintenance	Corporate	Total
Service	\$ 135,011,094	\$ -	\$ -	\$ 21,107,095	\$ -	\$ 156,118,189
Construction	9,985,576	-	-	-	-	9,985,576
Management	-	-	2,535,095	-	605,880	3,140,975
Equipment sales	-	6,376,601	-	-	-	6,376,601
Retirement of green energy certificates	-	-	12,969,943	-	-	12,969,943
Total	\$ 144,996,670	\$ 6,376,601	\$ 15,505,038	\$ 21,107,095	\$ 605,880	\$ 188,591,284

Revenue Disaggregation by Stream (Continued):

2018 (Note 27)	Technical Services	Power Equipment	Power Advisory & Sustainability	Operations & Maintenance	Corporate	Total
Service	\$ 84,427,020	\$ -	\$ -	\$ 13,495,602	\$ -	\$ 97,922,622
Construction	7,073,771	-	-	-	-	7,073,771
Management	-	-	1,503,217	-	1,430,164	2,933,381
Equipment sales	-	5,114,665	-	-	-	5,114,665
Retirement of green energy certificates	-	-	6,715,004	-	-	6,715,004
Total	\$ 91,500,791	\$ 5,114,665	\$ 8,218,221	\$ 13,495,602	\$ 1,430,164	\$ 119,759,443

Further details related to the Company segments can be found in Note 17.

6. INVENTORY

	2019		2018	
Equipment and supplies	\$	6,901,195	\$	5,697,836
	\$	6,901,195	\$	5,697,836

During the year, \$27,352,349 (2018 - \$19,752,441) of inventory was recognized in cost of sales. There was no amount of inventory that was written down to its net realizable value in the current or prior year.

7. PROPERTY & EQUIPMENT

	Computer Hardware	Computer Software	Furniture and Fixtures	Right of Use Assets and Leaseholds	Equipment	Vehicles	Total
Cost:							
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
New leases acquired during the year	-	-	-	2,776,722	655,815	5,081,524	8,514,061
Additions	629,829	1,498,891	175,070	2,100,548	3,381,599	872,804	8,658,541
Additions from business combinations (Note 16)	78,515	81,872	65,105	308,757	758,753	349,174	1,642,176
Disposals	(22,169)	(10,924)	(1,419)	(915)	(168,482)	(376,486)	(580,395)
Balance at December 31, 2019	\$ 1,495,060	\$ 4,862,567	\$ 1,583,031	\$ 19,276,922	\$ 9,103,665	\$ 16,633,793	\$ 52,955,038
Accumulated depreciation:							
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
Depreciation for the year	254,512	736,867	147,264	3,727,548	1,061,057	2,996,311	8,923,559
Disposals	(6,962)	-	-	-	(8,860)	(58,875)	(74,697)
Balance at December 31, 2019	\$ 585,563	\$ 1,725,206	\$ 1,072,562	\$ 7,038,246	\$ 3,555,413	\$ 7,601,840	\$ 21,578,830
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
December 31, 2019	\$ 909,497	\$ 3,137,361	\$ 510,469	\$ 12,238,676	\$ 5,548,252	\$ 9,031,953	\$ 31,376,208

The net carrying amount of property and equipment includes the following amounts held under leases: Equipment \$476,171 (2018 - \$231,825), Computer Hardware \$5,831 (2018 - \$8,330), Right of Use assets and Leaseholds \$10,015,052 (2018 - \$9,412,543) and Vehicles \$7,602,408 (2018 - \$5,263,784). Amortization on Right-of-Use Equipment, was \$340,367 (2018 - \$90,887), Right-of-Use Computer Hardware \$2,499 (2018 - \$3,570), Right-of-Use Assets and Leaseholds was \$2,853,326 (2018 - \$1,879,287) and Right-of-Use Vehicles was \$2,876,155 (2018 - \$1,936,624).

8. INTANGIBLE ASSETS

	Customer contracts	Customer relationships	Non-competition agreement	Sales backlog	Tradename	Total
Cost:						
Balance at December 31, 2017	\$ -	\$ 19,774,000	\$ 213,000	\$ 845,000	\$ 5,504,000	\$ 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	\$ 213,000	\$ 845,000	\$ 11,162,805	\$ 39,919,832
Additions from acquisition of						
3-Phase Electrical Ltd. (Note 16)	1,846,000	4,410,000	-	-	1,087,000	7,343,000
One Wind Services Inc. and One Wind Services (US) Inc. (Note 16)	-	5,339,000	-	-	1,943,000	7,282,000
Balance at December 31, 2019	\$ 1,846,000	\$ 37,448,027	\$ 213,000	\$ 845,000	\$ 14,192,805	\$ 54,544,832
Accumulated Amortization:						
Balance at December 31, 2017	\$ -	\$ 2,393,500	\$ 85,200	\$ 581,875	\$ -	\$ 3,060,575
Amortization for the year	-	2,373,652	42,600	211,251	-	2,627,503
Balance at December 31, 2018	\$ -	\$ 4,767,152	\$ 127,800	\$ 793,126	\$ -	\$ 5,688,078
Amortization for the year	512,778	2,896,178	42,600	(11,125)	-	3,440,431
Balance at December 31, 2019	\$ 512,778	\$ 7,663,330	\$ 170,400	\$ 782,001	\$ -	\$ 9,128,509
Net carrying amounts:						
December 31, 2018	\$ -	\$ 22,931,875	\$ 85,200	\$ 51,874	\$ 11,162,805	\$ 34,231,754
December 31, 2019	\$ 1,333,222	\$ 29,784,697	\$ 42,600	\$ 62,999	\$ 14,192,805	\$ 45,416,323

9. GOODWILL

	2019	2018
Spark Power Solutions Ltd (Formerly Spark Solar Development Ltd.)	\$ 1,553,628	\$ 1,553,628
Spark Power High Voltage Services Inc.	3,632,716	3,632,716
New Electric Enterprises Inc.	13,847,087	13,847,087
Orbis Engineering Services Ltd.	2,456,326	2,456,326
Bullfrog Power Inc.	6,633,875	6,633,875
New Electric Fresno, LLC	284,289	284,289
3-Phase Electrical Ltd.	8,448,506	-
One Wind Services Inc. and One Wind Services (US) Inc.	5,098,622	-
	\$ 41,955,049	\$ 28,407,921

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, 2019 and 2018.

For the purpose of impairment testing, goodwill was allocated to five CGUs. During the year ended December 31, 2018, the goodwill related to Spark Power Solutions Ltd. was allocated to the Solar Services CGU, the goodwill related to Spark Power High Voltage was allocated to the High Voltage CGU, and the goodwill related to New Electric was allocated to the New Electric CGU. During the year ended December 31, 2019, the goodwill related to the 3-Phase acquisitions was allocated to the 3-Phase CGU and goodwill related to the One Wind acquisition was allocated to the One Wind CGU. The recoverable value of each CGU was based on value in use.

The value in use was calculated using unobservable (Level 3) inputs such as the budgeted and projected 2020-2024 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 discount rates in the range of 13% and 18% (2018 - 13% AND 18%), 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 each CGU. Growth rates ranging between 1% and 3% (2018 - 1% and 3%) have been used to estimate future cash flows of each of the CGUs. The above inputs include those that were used in the most recent detailed calculation made in a preceding period of the recoverable amount of a CGU which meet the requirements within IAS 38, Impairment of assets, to be carried forward and used in the impairment test for that CGU in the current period.

10. LOANS & BORROWINGS

	2019	2018
Bank Indebtedness		
\$30,000,000 demand revolving credit facility bearing interest at prime plus 0.75% - 1.75% per annum payable monthly. The loan matures on September 27, 2021. The lender has general security over the Company. (2018 - \$25,000,000)	\$ 17,396,262	\$ 11,666,604
\$5,000,000 demand revolving credit facility to finance growth capital expenditures, bearing interest at prime plus 0.75% - 1.75% per annum payable monthly. The loan matures on September 27, 2021. The lender has general security over the Company. (2018 - \$nil)	4,201,042	-
Bank Indebtedness	\$ 21,597,304	\$ 11,666,604

During 2018, 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.

In 2018, the Company obtained a demand margined revolving credit facility of \$20,000,000 bearing interest at prime plus 0.0% to 1.0%. During 2019, the Company renegotiated the banking facility to increase the balance of the revolving credit facility to \$30,000,000 and then to \$35,000,000 with amended rates as shown above.

As at December 31, 2019, the Company was in compliance with all covenants, terms and conditions under the credit facilities.

During the year, the Company paid \$787,115 (2018 - \$866,515) of interest related to bank indebtedness.

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	2019	2018
Term Debt		
Non-revolving term loan with Bank of Montreal loan bearing interest at prime plus 0.75% - 1.75% per annum payable monthly. In the fourth quarter of 2019, the Company applied \$4,500,000 of cash raised through a Rights Offering (Note 13) against the principal balance of the term loan. Principal payments of \$1,234,375 per quarter commenced December 31, 2019. The first payment was deferred to January 2020 and is included in the 2020 principal repayment shown below. The loan matures on September 30, 2027. 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.	\$ 39,500,000	\$ 44,000,000
Revolving Reducing Acquisition Line with Bank of Montreal bearing interest at prime plus 0.75% - 1.75% and standby fees calculated daily and payable quarterly. Each drawdown shall amortize quarterly over 10 years and will be repaid in quarterly installments of principal plus interest with balance due and payable September, 2027.	23,015,814	-
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: 2020 - \$500,000, 2021 - \$750,000. The loan matures on April 30, 2021 and is secured by a General Security Agreement.	1,250,000	1,500,000
	63,765,814	45,500,000
Less: current portion	9,005,833	1,625,000
Less: financing fees, net of amortization	558,772	456,525
Long-term debt	\$ 54,201,209	\$ 43,418,475
Principal repayments for the next five years are as follows:		
2020	\$	9,005,833
2021		8,021,458
2022		7,271,458
2023		7,271,458
2024 and thereafter		32,195,607
	\$	63,765,814

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During the year, the Company paid \$2,370,598 (2018 - \$2,253,488) of interest related to the long-term debt.

As at December 31, 2019, the Company was in compliance with all covenants, terms and conditions under the credit facilities.

	2019	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. Principal of \$nil (2018 - \$8,512,500) was repaid during the year.	\$ 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 16 – Orbis) (i)	2,725,000	2,245,042
Issued July 1, 2018 and bears interest at 6% per annum and is paid annually on the anniversary date. The note was paid in full during the year ended December 31, 2019. (Note 16 – NEF) (ii)	-	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)	5,000,000	5,721,235
Issued August 1, 2019 and bears interest at 4%. Principal payments of \$1,250,000 plus accrued interest are to be paid in equal annual installments on each anniversary. (Note 16 – 3-Phase)	3,750,000	-
Issued November 1, 2019 and bears interest at 4%. Principal payments are to be made as follows: 2020 - \$500,000; 2021 - \$500,000; 2022 - \$2,750,000. Principal amount plus accrued interest is due and payable on each anniversary. (Note 16 – One Wind) (iii)	3,750,000	-
	16,212,500	10,233,527
Less: current portion	4,325,000	1,282,496
Promissory notes	\$ 11,887,500	\$ 8,951,031

(i) During the second quarter of the current year, the Company accrued a \$1,000,000 earn-out and included it in the sellers' promissory note based on the terms of the purchase agreement (Note 16).

(ii) The sellers note was paid in full during the fourth quarter of 2019 (Note 16).

(iii) As of December 31, 2019, management estimates a potential earn-out of \$2,100,000 and has included it in accrued liabilities based on the terms of the purchase agreement (Note 16).

Principal repayments for the next three years are as follows:

2020	\$	4,325,000
2021		4,325,000
2022		7,562,500
	\$	16,212,500

During the year, the Company paid \$641,998 (2018 - \$251,250) of interest related to the promissory notes which has been recorded to Finance expense.

11. LEASE LIABILITY

	2019	2018
Property and office space leases bearing interest at an approximate rate of 6%. The leases extend through fiscal 2028.	\$ 10,584,007	\$ 10,112,058
Motor vehicle leases bearing interest at an approximate rate of 6%. The leases extend through fiscal 2022.	7,865,315	5,534,230
Equipment and hardware leases bearing interest at an approximate rate of 6%. The leases extend through 2020.	468,514	95,271
	18,917,836	15,741,559
Less: current portion	6,149,699	4,234,216
Lease liability	\$ 12,768,137	\$ 11,507,343

Included in finance expense is \$1,092,733 (2018 - \$716,306) of interest expense on lease liabilities. Total cash outflows relating to leases consist of principal payments in the amount of \$5,142,858 (2018 - \$3,010,531). 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:

2020	\$	6,998,021
2021		5,903,266
2022		3,689,235
2023		1,853,905
2024 and thereafter		2,861,132
		21,305,559
Less: imputed interest		2,387,722
	\$	18,917,836

12. INCOME TAXES

The income tax provision recorded differs from the income tax obtained by applying the statutory income tax rate of 26.5% (2018 - 26.5%) to the income for the year and is reconciled as follows:

	2019	2018
Income (loss) before income taxes	\$ 287,924	\$ (64,769,784)
Statutory rate	26.5%	26.5%
Expected income tax expense (recovery)	\$ 76,300	\$ (17,163,993)
Increase (decrease) in income taxes due to:		
Permanent differences	600,608	1,030,114
Change in valuation allowance	(377,166)	-
True-up of prior year	(1,107,277)	-
Charges related to increase in Puttable shares	-	12,659,474
Charges related to excess of fair value over net assets acquired	-	3,354,988
Other	(80,331)	(15,515)
Income tax recovery	\$ (887,866)	\$ (134,932)

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

	2019	2018
Deferred tax assets		
Loss carryforwards	\$ 3,165,167	\$ 1,266,477
Property and equipment and right of use asset	216,869	218,646
20(1)e deduction	653,151	-
Other	61,904	-
Deferred tax liabilities		
Intangible assets	\$ (6,827,243)	\$ (3,457,039)
Property and equipment	(391,694)	(489,363)
Other	(884,302)	366,615
Net deferred tax liability	\$ (4,006,148)	\$ (2,094,664)

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The Company has non-capital losses available that can be utilized to reduce taxable income of future years. These losses expire as follows:

2034	277,000
2035	1,681,000
2036	94,000
2037	156,000
2038	2,341,000
2039	8,244,000
	12,793,000
Valuation allowance	(1,220,000)
	\$ 11,573,000

13. SHARE CAPITAL

Authorized:

Unlimited Common shares

Issued:

	Common shares		Class A Common shares		Class B Common shares		Class 1 Special shares	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Balance, December 31, 2017	-	\$ -	100,000	\$ 1	-	\$ -	1,946,384	\$ 321,008
Share capital addition (i)	-	-	-	-	747,436	1,340,583	88,882	159,417
Shares issued in acquisitions (ii)	-	-	-	-	470,957	1,525,900	-	-
Private placement (iii)	-	-	-	-	1,746,879	5,446,700	-	-
Exercise of warrants (iii)	-	-	-	-	-	-	160,500	232,725
Issuance of Class 1 Special - ESOP Shares (iv)	-	-	-	-	-	-	166,060	94,159
Exercise of options (v)	-	-	-	-	-	-	1,743,383	19,889
Conversion of Class A, B, and Class 1 Special shares (ii), (iii), (v) & (vi)	7,564,761	9,140,382	(100,000)	(1)	(2,965,272)	(8,313,183)	(4,105,209)	(827,198)
Conversion of Puttable Class A and Class 1 Special shares (vi)	22,246,812	66,764,434	-	-	-	-	-	-
Conversion of Redeemable Preferred shares (vi)	1,567,074	4,701,217	-	-	-	-	-	-
Shares issued in Qualifying acquisition transaction (vii)	13,541,666	40,709,734	-	-	-	-	-	-
Balance, December 31, 2018	44,920,313	\$ 121,315,767	-	\$ -	-	\$ -	-	\$ -
Issuance of Common shares (viii), (x), (xi) & (xii)	2,888,230	3,489,501	-	-	-	-	-	-
Issuance of Common shares related to exercise of RSUs (xiv)	100,000	129,000	-	-	-	-	-	-
Issuance of Common shares related to the Rights Offering (xiii)	5,687,105	5,277,663	-	-	-	-	-	-
Exercise of stock options (ix)	54,000	72,360	-	-	-	-	-	-
Balance, December 31, 2019	53,649,648	\$ 130,284,291	-	\$ -	-	\$ -	-	\$ -

(i) 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. These were exchanged for 807,230 Common shares and 95,993 Common shares, respectively, in connection with the Spark Power Acquisition.

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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.

(vi) 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 25,360,116 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 1,567,074 Class A Common shares in connection with the Spark Power Acquisition.

(vii) 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.

(viii) During the first quarter of 2019, 3,240 shares were issued for proceeds of \$4,500 pursuant to the Company's ESOP.

(ix) During the second quarter of 2019, 54,000 stock options were exercised for an equal amount of the Company's Common shares at \$1.34 per share.

(x) During the third quarter of 2019, 887,574 shares were issued with a value of \$1,500,000 related to the purchase of 3-Phase.

(xi) During the third quarter of 2019, 162,073 shares were issued for proceeds of \$235,001 pursuant to the Company's ESOP.

(xii) During the fourth quarter of 2019, 1,835,343 shares were issued with a value of \$1,750,000 related to the purchase of One Wind.

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(xiii) During the fourth quarter of 2019, 5,687,105 Common shares of the Company were issued at a price of \$0.96 per common share for proceeds of \$5,459,621. Transaction costs of \$181,958 were netted against the proceeds.

(xiv) On November 19, 2019, the Company issued 100,000 Restricted Share Units at an exercise price of \$1.29 per unit that vested immediately and were converted into Common shares.

Puttable class A common shares

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 in Note 2. 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. There were no such charges in the current year.

Class B common shares and class 1 special shares

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 Income (Loss) for the year ended December 31, 2018. There were no such gains in the current year.

Preference shares

At the beginning of 2018, the Company held 100,000 Series A-1 Preference shares at a redemption value of \$1,699 per share and 13,301,000 Series B-1 Preference Shares at a redemption value of \$1.00 per share. During the year ended December 31, 2018, the Series A-1 and B-1 Preference shares were redeemed at their stated redemption amount totaling \$15,000,000 in connection with the Spark Power Acquisition (Note 2).

Omnibus equity incentive plan

The Company has an Omnibus Equity Incentive Plan (the "Omnibus Plan") that provides for Stock Options or Restricted Share Units ("RSU") to be issued to directors, officers, employees and consultants, subject to certain conditions, so that they may participate in its growth and development.

As at December 31, 2019, there were 5,364,965 stock options or restricted share units that are available to be granted under the Omnibus Equity Incentive Plan (2018 - 4,452,032). Options generally expire after ten years, with vesting provisions stated in the Omnibus Plan.

Stock Options

Activity in the Company's stock option Omnibus Plan for the years ended December 31, 2019 and 2018 are summarized as follows:

	Year ended December 31, 2019		Year ended December 31, 2018	
	Number of Options	Weighted Average Option Exercise Price \$	Number of Options	Weighted Average Option Exercise Price \$
Outstanding, beginning of period	1,991,980	1.40	2,998,984	0.54
Granted during the period	912,500	1.16	843,601	1.45
Forfeited during the period	(162,000)	1.45	(295,517)	0.52
Exercised during the period (ix)	(54,000)	1.34	(1,743,383)	0.01
Increase in options on conversion	-	-	148,295	-
Granted after conversion	-	-	40,000	3.00
Outstanding, end of period	2,688,480	1.32	1,991,980	1.40

The weighted average fair value of options granted during 2019 was \$0.50 (2018 - \$1.79). The Company used the Black-Scholes option pricing 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 (2018 - 10 years); volatility - 50% (2018 - 50%); dividend growth rate - 0% (2018 - 0%) and risk-free interest rate - 2.10% (2018 - 2.10%).

Of the total number of options outstanding at December 31, 2019, 939,026 (2018 - 430,665) had vested and were exercisable. The weighted average remaining life of the options was 7.5 years.

Restricted share unit plan

The Omnibus Equity Incentive Plan allows the Board of Directors to issue equity settled RSUs, provided that, when combined, the maximum number of common shares reserved for issuance under all stock-based compensation arrangements of the Company does not exceed 10% of the Company's outstanding Common shares.

Activity in the Company's restricted share unit Omnibus Plan for the years ended December 31, 2019 and 2018 are summarized as follows:

	Number	Amount
Balance, December 31, 2018	-	\$ -
Granted during the period (xv), (xvi) & (xvii)	654,870	775,250
Vested during the period (xvi)	(100,000)	(129,000)
Balance, December 31, 2019	554,870	\$ 646,250

(xv) On August 22, 2019, the Company issued 129,870 RSUs with an exercise price of \$1.54 per unit. These units shall cliff vest on the third anniversary of the grant date.

(xvi) On November 19, 2019, the Company issued 100,000 RSUs with an exercise price of \$1.29 per unit. These units vested immediately on the date of the grant.

(xvii) On December 18, 2019, the Company issued 425,000 RSUs with an exercise price of \$1.05 per unit. These units shall cliff vest on the third anniversary of the grant date.

The weighted average fair value of restricted share units granted during 2019 was \$1.09 (2018 - \$nil).

Share-based compensation

During the year ended December 31, 2019, share-based compensation of \$169,066 (2018 - \$73,366) was recorded as an expense and added to contributed surplus.

Warrants

The Company issued 873,333 warrants in connection with the August 2018 president's list raise stated above that 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 both December 31, 2019 and 2018 at a value of \$2,661,522.

On October 31, 2019 the Company completed a Rights Offering to its shareholders. Pursuant to the Warrant agreement, and in connection to this Rights Offering, the number of shares issuable upon exercise of each Warrant has been adjusted from 1 Common share to 1.028 Common shares at an exercise price of \$3.45 per share for a remaining term of 3.5 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.

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 than quoted prices 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 not based on observable market data. There were no financial instruments carried at fair value categorized in Level 3 as at December 31, 2019.

There were no transfers between levels during the period.

The financial instruments recorded at fair value are the short-term investments and Interest Rate Swap included in long-term debt. Short-term investments include investments in active market instruments and are categorized as Level 1.

The fair value of the Interest Rate Swap arrangement in the amount of (\$326,491) has been recorded to finance expense using Mark-to-Market ("MtM") information as at December 31, 2019 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, contract assets, bank indebtedness, accounts payable and accrued liabilities, and contract 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. 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 60 to 90 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 5 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 5.

The Company's balances of cash and short-term investments are also subject to the Company's credit risk. At December 31, 2019, the Company has cash of \$nil (December 31, 2018 - \$nil) in various bank accounts as per its practice of protecting its capital rather than maximizing investment yield through additional 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%), where plus or minus 1% would not have a material impact on the Financial 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, 2019, the Company incurred a gain of \$75,766 that has been included in finance expense (2018 - \$402,257 loss) for a cumulative to date loss of \$326,491, as a result of this Interest Rate Swap. The carrying value of this is included in accrued liabilities.

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, which is part of the Corporate segment.

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

2019							
	Carrying amount	Contractual cash flow	2020	2021	2022	2023	2024
Bank indebtedness (Note 10)	\$ 21,597,304	\$ 21,597,304	\$ 21,597,304	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	32,458,558	32,458,558	32,458,558	-	-	-	-
Long-term debt (Note 10)	63,207,042	76,961,556	11,955,644	10,550,170	9,426,598	9,063,025	35,966,119
Promissory notes (Note 10)	16,212,500	17,504,500	4,996,750	4,793,750	7,714,000	-	-
Lease liability (Note 11)	18,917,836	21,305,559	6,998,021	5,903,266	3,689,235	1,853,905	2,861,132
	\$ 152,393,240	\$ 169,827,477	\$ 78,006,278	\$ 21,247,186	\$ 20,829,833	\$ 10,916,930	\$ 38,827,251
2018							
	Carrying amount	Contractual cash flow	2019	2020	2021	2022	2023
Bank indebtedness (Note 10)	\$ 11,666,604	\$ 11,666,604	\$ 11,666,604	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	22,056,355	22,056,355	22,056,355	-	-	-	-
Long-term debt (Note 10)	45,043,475	55,728,125	4,128,333	8,749,167	7,928,750	6,893,750	28,028,125
Promissory notes (Note 10)	10,233,527	12,618,657	3,154,157	2,981,750	2,848,750	3,634,000	-
Lease liability (Note 11)	15,741,559	17,232,539	4,933,827	4,288,882	3,200,064	1,333,024	3,476,742
	\$ 104,741,520	\$ 119,302,280	\$ 45,939,276	\$ 16,019,799	\$ 13,977,564	\$ 11,860,774	\$ 31,504,867

15. CAPITAL MANAGEMENT

The Company defines its managed capital as the total of long-term debt and shareholders' equity, including share capital, contributed surplus, non-controlling interest, accumulated other comprehensive income and retained earnings (deficit). As at December 31, 2019, total managed capital was \$102,266,674 (2018 - \$73,563,167).

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, 2019 or 2018. The Company is not subject to externally imposed capital restrictions.

16. BUSINESS COMBINATIONS

3-Phase Electrical Ltd. ("3-Phase")

On August 1, 2019, Spark acquired all the issued and outstanding common shares of 3-Phase in exchange for 887,574 Common shares of Spark for an amount of \$1,500,000, a cash payment of \$10,500,000 and a 3-year promissory note of \$3,750,000 at an interest rate of 4%. 3-Phase is engaged in the construction, service and maintenance of medium voltage industrial electrical systems. The principal reason for the acquisition was to enhance the Company's presence in the western Canadian electrical services market.

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

Assets acquired	
Cash	\$ 538,541
Accounts receivable	4,892,909
Inventory	303,689
Prepaid expenses and deposits	3,204
Property and equipment	464,151
Customer relationships	4,410,000
Customer contracts	1,846,000
Trade name	1,087,000
	\$ 13,545,494
Liabilities Assumed	
Accounts payable and accrued liabilities	\$ (3,018,126)
Lease obligation	(359,769)
Income taxes payable	(291,632)
Deferred taxes	(1,945,895)
	\$ (5,615,422)
Consideration	\$ 16,378,578
Goodwill	\$ 8,448,506

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The consideration consists of the following components:

Cash	\$	10,500,000
Promissory note (Note 10)		3,750,000
Common shares (Note 13)		1,500,000
Additional cash related to working capital adjustment		628,578
	\$	16,378,578

The promissory note is a three year note with principal payments of \$1,250,000 due on each anniversary bearing interest at 4% payable annually. The promissory note is considered to approximate fair market value upon issuance. 887,574 Common shares of Spark were issued at a fair market value of \$1.6899 per share.

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.

During the year ended December 31, 2019, 3-Phase contributed \$12,603,024 to Company revenues and profit of \$2,459,583 to net and comprehensive income (loss). Management estimates that if the acquisition had taken place at the beginning of the fiscal year, it would have contributed \$24,170,698 to the Company's revenue and a profit of \$2,358,862 to net and comprehensive income (loss).

One Wind Services Inc. and One Wind Services (US) Inc. ("One Wind")

On November 1, 2019, Spark acquired all the issued and outstanding common shares of One Wind in exchange for 1,835,343 Common shares of Spark for an amount of \$1,750,000, a cash payment of \$8,000,000 and a 3-year promissory note of \$3,750,000 at an interest rate of 4%. One Wind specializes in delivering operations and maintenance ("O&M"), and construction related services to leading renewable asset owners, original equipment manufacturers, and developers. This acquisition will primarily complement the Company's existing renewables business and further expand its geographic coverage in the Southwestern US.

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

Assets acquired		
Cash	\$	37,816
Accounts receivable		6,211,386
Inventory		155,665
Prepaid expenses and deposits		276,153
Property and equipment		1,178,025
Customer relationships		5,339,000
Trade name		1,943,000
	\$	15,141,045
Liabilities Assumed		
Accounts payable and accrued liabilities	\$	(2,233,031)
Contract liability		(172,260)
Income taxes payable		(304,646)
Deferred taxes		(1,929,730)
	\$	(4,639,667)
Consideration	\$	15,600,000
Goodwill	\$	5,098,622

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The consideration consists of the following components:

Cash	\$	8,000,000
Promissory note (Note 10)		3,750,000
Contingent consideration - Earn-out (Note 10)		2,100,000
Common shares (Note 13)		1,750,000
	\$	15,600,000

The promissory note is a three year note with principal payments of \$500,000 in the first and second year and \$2,750,000 in the final year bearing interest at 4% payable annually. The promissory note is considered to approximate fair market value upon issuance. 1,835,343 Common shares of Spark were issued at a fair market value of \$0.9535 per share.

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 amount of the earn-out is to be calculated as follows:

- (i) Up to \$1,000,000 to be earned based on achieving certain levels of revenue with a significant customer in 2020 compared to 2019
- (ii) Up to \$1,000,000 to be earned based on growth in revenue with customers other than the customer included in (i); and
- (iii) Up to \$2,000,000 to be earned based on achieving certain minimum gross profit targets in 2020 compared to that achieved in 2019

As of December 31, 2019, the Company has determined that the amount of the earn-out that would be payable at the end of the earn out period is \$2,100,000, which has been accrued as a contingent liability and included in goodwill. This estimate is based on results achieved to date and managements' best estimate as to future performance. Management will re-assess this estimate at the end of the first quarter of 2020 to determine if any changes are required to managements' estimate.

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. The Company is currently securing all information to finalize the purchase price allocation associated with this acquisition. As such, the above allocation is preliminary in nature, and subject to change.

During the year ended December 31, 2019, One Wind contributed \$5,849,314 to Company revenues and profit of \$506,787 to net and comprehensive income (loss). Management estimates that if the acquisition had taken place at the beginning of the fiscal year, it would have contributed \$28,185,868 to the Company's revenue and a profit of \$2,797,123 to net and comprehensive income (loss).

Orbis Engineering ("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 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.

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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 and deposits	514,354
Property 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 liability	(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 13)	1,200,000
Additional cash related to working capital	755,538
	\$ 9,255,538

The promissory note bears interest at 4% and matures in four equal payments on the anniversary of closing. The promissory note is considered to approximate fair market value upon issuance. 400,000 Common shares of Spark were issued at a fair market value of \$3.00 per share.

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 earn-out was to be based 75% on the first 12 months gross margin performance of the Orbis business against minimum targets and 25% based on new business development targets associated with other Spark businesses. While the criteria for each of these targets was not met, the Company accrued a \$1,000,000 earn-out and included it in reorganization costs and the promissory note in the second quarter of 2019 based on the terms of the purchase agreement (Note 10).

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.

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During the year ended December 31, 2019, Orbis contributed \$37,446,683 (2018 - \$16,644,344) to the Company's revenues and a profit of \$2,011,283 (2018 - \$24,209) to net and comprehensive income (loss) before the related provision for reorganization costs.

New Electric, Fresno ("NEF")

On July 1, 2018, Spark acquired all of the issued and outstanding common shares of NEF in exchange for 100,586 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 and deposits	38,013
Property 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 13)	328,651
Additional cash related to working capital	282,760
	\$ 3,535,167

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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 present value of earn-out thresholds. The earn out period ends December 31, 2020. During the second quarter of 2019, the Company determined that the earn-out required to be paid was \$1,848,445. In addition, the Company and the holder of the promissory note agreed to settle the note and the earn-out resulting in a US\$100,000 gain recognized by the Company. The promissory note bears interest at 6% and was paid in full during the fourth quarter of 2019.

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.

During the year ended December 31, 2019, NEF contributed \$10,074,518 (2018 - \$2,450,203) to Company revenues and a profit of \$808,947 (2018 - \$224,625) to net and comprehensive income (loss) before the related earn-out amount in the year.

Bullfrog Power (“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 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 and deposits	533,636
Property 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 liability	(613,860)
Deferred taxes	(2,100,000)
	\$ (4,267,467)
Consideration	\$ 17,804,897
Goodwill	\$ 6,633,875

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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 was settled in full during the year ended December 31, 2018. The short-term note was considered to approximate fair market value upon issuance.

The promissory 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.

During the year ended December 31, 2019, Bullfrog contributed \$12,962,413 (2018 - \$6,718,181) to the Company’s revenues and a profit of \$5,127,260 (2018 - \$1,555,817) to net and comprehensive income (loss).

17. SEGMENTED INFORMATION

The Company has four segments, Technical Services, Power Equipment, Power Advisory & Sustainability, and Corporate. Three of the segments, excluding Corporate, are strategic business units that offer different products and services. These 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 Executives Officers, Chief Operating Officer, and the Chief Financial Officer.

The technical services segment includes Spark Power High Voltage, Orbis, 3-Phase, the renewables operations and maintenance and New Electric CGU’s. The power equipment segment includes Lizco Sales and Rentals Group Inc. (“Lizco”) and Orbis equipment sales. The power advisory and sustainability segment include Bullfrog Power and Asset Management operations CGUs.

The Company evaluates segment performance on the basis of profit and loss from operations but excluding any non-recurring losses and share-based payments.

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2019					
	Technical Services	Power Equipment	Power Advisory & Sustainability	Corporate	Total
Segment revenues - external	\$ 166,104,517	\$ 6,376,601	\$ 15,505,038	\$ 605,128	\$ 188,591,284
Segment revenues - internal	14,487,358	7,325,472	91,535	-	21,904,365
Segment revenues	\$ 180,591,875	\$ 13,702,073	\$ 15,596,573	\$ 605,128	\$ 210,495,649
Segment cost of sales - external	\$ 114,482,479	\$ 9,949,172	\$ -	\$ -	\$ 124,431,651
Segment cost of sales - internal	21,812,830	-	-	-	21,812,830
Segment cost of sales	\$ 136,295,310	\$ 9,949,172	\$ -	\$ -	\$ 146,244,481
Segment selling, general and administration - external	\$ 28,906,756	\$ 1,355,308	\$ 7,146,731	\$ 17,139,346	\$ 54,548,141
Segment selling, general and administration - internal	-	-	91,535	-	91,536
Segment selling, general and administration	\$ 28,906,756	\$ 1,355,308	\$ 7,238,266	\$ 17,139,346	\$ 54,639,675
Segment amortization and depreciation	\$ 9,445,425	\$ 519,582	\$ 702,303	\$ 1,757,733	\$ 12,425,043
Segment profit	\$ 22,715,282	\$ (4,927,879)	\$ 8,358,307	\$ (16,534,218)	\$ 9,611,492
Finance expense					(5,271,710)
Transaction costs					(2,072,531)
Reorganization costs					(1,992,015)
Other					12,688
Total Company loss before taxes					\$ 287,924
Segment assets	\$ 146,897,769	\$ 6,795,780	\$ 17,276,945	\$ 29,096,249	\$ 200,066,743
Segment liabilities	\$ 71,551,470	\$ 6,529,085	\$ 3,009,676	\$ 21,709,523	\$ 102,799,754
Deferred income taxes					4,006,148
Long-term debt					54,201,209
Total Company liabilities					\$ 161,007,111
2018 (Note 27)					
	Technical Services	Power Equipment	Power Advisory & Sustainability	Corporate	Total
Segment revenues - external	\$ 104,996,393	\$ 5,114,665	\$ 8,218,221	\$ 1,430,164	\$ 119,759,443
Segment revenues - internal	6,227,583	3,409,098	-	-	9,636,681
Segment revenues	\$ 111,223,976	\$ 8,523,763	\$ 8,218,221	\$ 1,430,164	\$ 129,396,124
Segment cost of sales - external	\$ 70,564,343	\$ 5,253,996	\$ -	\$ -	\$ 75,818,339
Segment cost of sales - internal	9,636,681	-	-	-	9,636,681
Segment cost of sales	\$ 80,201,024	\$ 5,253,996	\$ -	\$ -	\$ 85,455,020
Segment selling, general and administration	\$ 17,839,276	\$ 403,322	\$ 4,690,322	\$ 9,564,467	\$ 32,497,388
Segment amortization and depreciation	\$ 6,485,419	\$ 382,053	\$ 228,543	\$ 1,055,832	\$ 8,151,847
Segment profit	\$ 16,592,773	\$ (542,653)	\$ 3,527,898	\$ (8,134,303)	\$ 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	\$ 100,700,792	\$ 5,066,893	\$ 12,287,293	\$ 21,661,473	\$ 139,716,451
Segment liabilities	\$ 45,184,276	\$ 4,719,334	\$ 1,775,435	\$ 14,004,575	\$ 65,683,620
Deferred income taxes					2,094,664
Long-term debt					43,418,475
Total Company liabilities					\$ 111,196,759

SPARK POWER GROUP INC.
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2019 and 2018

Presented in Canadian dollars



18. RELATED PARTY TRANSACTIONS

No revenues were earned, nor expenses incurred from related parties in the year ended December 31, 2019 (2018 - \$nil). Included in accounts payable and accrued liabilities is \$nil (2018 - \$817,425) 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, 2019 (December 31, 2018 - \$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 \$3,859,711 (2018 - \$2,472,376).

19. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2018	Cash flows	Non-cash changes			2019
			Acquisition (Note 16)	Deferred financing fees	New leases acquired during the year	
Bank indebtedness	\$ 11,666,604	\$ 9,930,700	\$ -	\$ -	\$ -	\$ 21,597,304
Long-term debt	45,043,475	18,265,814	-	(102,247)	-	63,207,042
Promissory notes	10,233,527	(4,369,472)	10,348,445	-	-	16,212,500
Lease liability	15,741,559	(5,697,553)	359,769	-	8,514,061	18,917,836
	\$ 82,685,165	\$ 18,129,489	\$ 10,708,214	\$ (102,247)	\$ 8,514,061	\$ 119,934,682

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

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 Income (Loss) position, the warrants and options outstanding are anti-dilutive.

Basic and diluted earnings per share

	2019	2018
Numerator:		
Net comprehensive loss attributed to equity holders	\$ 1,335,960	\$ (64,634,852)
Denominator:		
Basic shares outstanding	\$ 46,644,347	\$ 44,920,313
Diluted shares outstanding	60,504,019	44,920,313
Earnings per share:		
Basic	\$ 0.03	\$ (1.44)
Diluted	\$ 0.02	\$ (1.44)

21. EXPENSE BY NATURE

	2019	2018
Material, equipment and subcontractors	\$ 43,996,125	\$ 29,523,160
Other administration costs	16,240,771	5,835,494
Office and telephone	4,129,081	1,162,560
Salaries and wages	90,761,283	58,216,723
Occupancy costs	1,271,124	1,742,808
Advertising and promotion	1,132,421	1,113,304
Depreciation of property and equipment	8,984,612	5,524,343
Amortization of intangible assets	3,440,431	2,627,503
Professional fees	5,923,944	2,569,832
TOTAL	\$ 175,879,792	\$ 108,315,727

22. FINANCE EXPENSE

	2019	2018
Interest on bank indebtedness (Note 10)	\$ 787,115	\$ 866,515
Interest on long-term debt (Note 10)	2,370,598	2,253,488
Interest on promissory notes (Note 10)	641,998	251,250
Interest on lease liabilities (Note 11)	1,092,733	716,306
Mark-to-Market interest (gain) loss (Note 14)	(75,766)	402,257
Interest on redemption of preferred shares	-	703,825
Other	455,032	16,319
	\$ 5,271,710	\$ 5,209,960

23. TRANSACTION COSTS

During the years ended December 31, 2019 and 2018 the Company incurred transaction costs consisting of legal, consulting and other costs associated with the Qualifying Transaction, acquisitions completed during the years and other strategic initiatives. Transaction costs recognized are as follows:

	2019	2018
Legal, accounting and other professional fees	\$ 1,770,231	\$ 4,973,053
Deferred underwriting fees	-	900,000
Write-off of previous deferred financing fees	-	1,191,466
Debt - early termination fee	-	2,110,768
Transaction related compensation	-	650,000
Other	302,300	444,346
	\$ 2,072,531	\$ 10,269,633

24. REORGANIZATION COSTS

Reorganization costs recognized are as follows:

	2019	2018
Earn-out - Orbis acquisition (Note 16)	\$ 1,000,000	\$ -
Severance costs (i)	1,992,015	1,413,924
	\$ 2,992,015	\$ 1,413,924

(i) At December 31, 2019 and 2018 severance costs resulted from the elimination of redundant positions as part of Integration Cost Reduction Plans.

25. CONTINGENT LIABILITY

(ii) From time to time, the Company is party to legal proceedings arising out of the normal course of business. The results of these litigations cannot be predicted with certainty, and management is of the opinion that the outcome of these types of proceedings is generally not determinable. Any loss resulting from these proceedings will be charged to operations in the period that a loss becomes probable.

(iii) During the year the Company received a notice that some of its HST claims have been retroactively disallowed. The Company has filed a Notice of Objection related to this notice. Based on its review, management has determined that it will be successful in its objection.

26. SUBSEQUENT EVENTS

(i) During the year, the Company entered into discussions to discontinue its operations in Chile, operating as Orbis SPA. The operations of Orbis SPA are included in the Technical Services segment and include \$46,680 of non-current assets. Operations are expected to cease subsequent to year end. During 2019, these operations accounted for revenue of \$1.7 million, as well as both profit and EBITDA of \$0.2 million.

(ii) Subsequent to year end, management made a decision to amortize tradenames over 3 years based on rebranding efforts initiated by the Company.

(iii) Subsequent to year end, the Company announced that its Board of Directors (the "Board") initiated a strategic review process with a view to enhancing shareholder value. The review will be conducted by a special committee comprised solely of independent directors of the Board. This committee has been authorized to identify, evaluate, and consider a broad range of alternatives available to provide the necessary capital to execute on the Company's strategic plan.

(iv) Subsequent to year end, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in worldwide emergency measures to combat the spread of the virus. These measures, which include self-quarantine period, have caused disruption to businesses globally, which are resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, including measures implemented by governments and central banks. It is not possible to reliably estimate the length or effect of these developments, including the impact on the financial results of the Company in future periods. Management notes that assumptions may change due to the impact of the COVID-19 outbreak that may result in the reduction of the recoverable amount of assets including goodwill and intangible assets (Notes 8 and 9).

27. 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.

MANAGEMENT DISCUSSION

&

ANALYSIS

FOR THE YEAR ENDED DECEMBER 31

2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the operating performance and financial condition of Spark Power Group Inc. ("Spark Power", the "Company", "we", "us", or "our") for the three and twelve-months ended December 31, 2019, dated March 24, 2020, should be read in conjunction with the December 31, 2019 Audited Consolidated Annual Financial Statements and related notes thereto, the December 31, 2018 Audited Consolidated Annual Financial Statements and related notes thereto, and the December 31, 2018 MD&A. Additional information related to Spark Power is available under the Company's SEDAR profile at www.sedar.com and on our website at www.sparkpower.com. Unless otherwise specified all amounts are expressed in Canadian dollars.

FORWARD-LOOKING INFORMATION

Some of the information contained in this Spark Power MD&A contains forward-looking statements. These statements are based on management's reasonable assumptions and beliefs in light of the information currently available to them and are made as of the date of this Spark Power MD&A. Spark Power does not undertake to update any such forward-looking statements as a result of new information, future events or otherwise, except as required by applicable securities laws in Canada. Actual results may differ materially from those indicated or underlying forward-looking statements as a result of various factors, including those described in this MD&A and in "Risk Factors" in the Company's 2018 annual information form filed on April 1, 2019 and available on SEDAR at www.sedar.com. Spark Power cautions that the list of risk factors and uncertainties is not exhaustive and other factors could also adversely affect results. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information.

PRESENTATION OF FINANCIAL INFORMATION

The financial statements, including the required comparative information, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Financial results, including historical comparatives contained in this MD&A, unless otherwise specified herein, are based on these financial statements. The Canadian dollar is the Company's reporting currency for purposes of preparing the financial statements given that the Company conducts most of its operations in that currency. Accordingly, all dollar references in this MD&A are in Canadian dollars, unless otherwise specified. The use of the term "prior period" refers to the three and twelve months ended December 31, 2018.

KEY PERFORMANCE INDICATORS (NON-IFRS MEASURES)

This Spark Power MD&A makes reference to certain non-IFRS measures, including: "EBITDA", "EBITDA Margin", "Adjusted EBITDA", "Adjusted EBITDA Margin", Pro-forma Adjusted EBITDA, Pro-forma Adjusted EBITDA Margin, Pro-forma Adjusted LTM EBITDA, Pro-forma Revenue, Pro-forma LTM Revenue, "Adjusted Working Capital", and "Adjusted Net Comprehensive Income (Loss)". These non-IFRS measures are used to provide investors with supplemental measures of Spark Power's operating performance and highlight trends in Spark Power's business that may not otherwise be apparent when relying solely on IFRS measures. Spark also believes that providing such information to securities analysts, investors and other interested parties who frequently use non-IFRS measures in the evaluation of issuers will allow them to better compare Spark Power's performance against others in its industry. Management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation. See "Selected Consolidated Financial Information" and "Management's Discussion and Analysis".

"EBITDA" means net income (loss) before amortization, finance costs, and provision for income taxes.

"Adjusted EBITDA" means EBITDA adjusted for any change in fair value of Puttable Class A and Class 1 Special shares, non-recurring costs, excess of fair value over net asset acquired, gain on retraction of Class 1 Special shares, transaction costs, reorganization costs, which management considers to be not representative of Spark Power's ongoing operating performance. Spark Power uses EBITDA and Adjusted EBITDA to evaluate the performance of its business as these measures reflect ongoing profitability and it believes these measures are useful in making comparisons between periods. Spark Power believes that EBITDA and Adjusted EBITDA provide analysts and investors with information about its income generating capabilities, and ability to service debt and meet other payment obligations. Management uses these measures to monitor and plan for the operating performance of Spark Power in conjunction with other data prepared in accordance with IFRS.

"Pro-forma Adjusted EBITDA" means Adjusted EBITDA adjusted for the impact of EBITDA earned by companies acquired during the year for the period prior to acquisition.

"Pro-forma Revenue" means revenue adjusted for the impact of revenue earned by companies acquired during the year for the period prior to acquisition.

"Pro-forma LTM Revenue" means the Company's last twelve months revenue adjusted for the impact of revenue earned by companies acquired during the period for the twelve months prior to the measurement date.

"EBITDA Margin" means EBITDA divided by revenue.

"Adjusted EBITDA Margin" means Adjusted EBITDA divided by revenue.

"Pro-forma Adjusted EBITDA Margin" means Pro-forma Adjusted EBITDA divided by Pro-forma revenue.

"Pro-forma Adjusted LTM EBITDA" means the Company's last twelve months EBITDA as at the measurement date adjusted for the impact of EBITDA earned by companies acquired during the twelve months prior to the measurement date.

"Pro-forma Adjusted LTM EBITDA Margin" means Pro-forma Adjusted LTM EBITDA divided by Pro-forma LTM revenue.

"Adjusted Working Capital" means working capital less the current portion of long-term debt and lease liability, puttable class A and class 1 special shares of Spark Power, redeemable preference shares and redeemable common and special shares, and therefore provides management and investors with a more clear understanding of the efficiency of operational working capital needs absent working capital required as a result of capital structure.

"Adjusted Comprehensive Income (Loss)" means comprehensive income (loss) adjusted for the impact of certain items, including non-cash items, such as change in fair value of puttable class A and class 1 special shares of Spark Power, gain (loss) on investments, gains on business combinations and other costs which management considers to be not representative of Spark Power's ongoing operating performance, net of related tax effects.

BUSINESS OVERVIEW

Headquartered in Oakville, Ontario, Canada, Spark Power Group Inc. ("Spark Power") is a leading independent provider of integrated power solutions serving more than 6,500 industrial, commercial, and institutional customers across North America. Spark Power Corp. is a wholly owned subsidiary of Spark Power Group Inc.

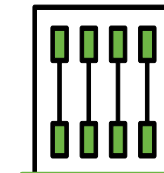
In 2019 Spark Power segregated its business between three distinct divisions as detailed below. Management believed that this segmentation best reflected how the business was managed and provided a clearer understanding, for both management and other users of the financial information, of the businesses with different growth opportunities, revenue profiles and historical earnings performance and potential.

INTEGRATED POWER SOLUTIONS



Technical services

- Low-high voltage
- O&M services



Power equipment

- On-site generation
- MV/HV products
- Control panels



Power advisory & sustainability

- Asset management
- Energy management
- Bullfrog power

The technical services segment includes all low-voltage services (New Electric and 3-Phase brands), high-voltage services (Rondar, Pelikan, Tal Trees, Tiltran and Orbis brands) and all operations and maintenance services (Northwind and One Wind brands). The power equipment segment includes all new and used equipment sales and service (Lizco brand) and third-party control panel sales and service (New Electric and Orbis brands). The Power Advisory and Sustainability segment includes renewable energy solutions services (Bullfrog brand).

TECHNICAL SERVICES

Low voltage technical services

Spark Power's low voltage technical services are provided through its New Electric and 3-Phase Electrical (acquired in August 2019) divisions; both are full-service industrial electrical contractors working with its customers to design, build and install efficient and sustainable industrial electrical solutions, tailored to its customer's specific needs. These services include:

- **Electrical contracting services**
- **Industrial Automation**
- **Custom control panel design & assembly**
- **Electronic repair**

Medium and high voltage technical services

Spark Power's medium and high voltage services division, operating through the Pelikan, Rondar, Tal Trees, Tiltran, and Orbis Engineering brands, deliver integrated, end-to-end power services for medium and high voltage systems to industrial, commercial, institutional and utility customers. These services include:

- **Medium & high voltage management**
- **Equipment installation**
- **Power 'On' services**
- **Power systems engineering services**
- **Commissioning services**
- **Insulating fluid lab services**
- **Sub-station construction**
- **Thermography services**
- **Power line construction & maintenance**

Renewables operations and maintenance

Spark Power's renewable services are predominantly provided through its Northwind and One Wind (acquired in November 2019) divisions. Both companies maintain and operate solar and wind assets across North America. The combined businesses make up one the largest independent renewable operations and maintenance providers in North America. Spark Power's Renewables services include:

- **Solar photovoltaics**
- **Monitoring and performance analytics**
- **Wind power**
- **Battery energy storage solutions**

POWER EQUIPMENT

Through its subsidiary, Lizco Sales and Rentals Inc., the Company buys and sells new and used electrical equipment mainly in the medium and high voltage product categories. Located in Tillsonburg, Ontario, Lizco operates a full capability fabrication shop and warehouses hundreds of new and used products and sells them to developers, contractors, operators and service providers throughout North America.

POWER ADVISORY AND SUSTAINABILITY

Spark Power is well positioned to deliver unique Power Advisory and Sustainability solutions to help its customers adapt to the rapidly changing construct of the power grid. The Company has its roots in renewable and community power and, through its Bullfrog Power subsidiary, is the de-facto leader in sustainability in Canada. As a result, the Company has both the deep technical expertise and the key regulatory and government relationships required to deliver on these new commercial models.

Spark Power's Solutions' business unit consists of three primary offerings: Power Consulting and Sustainability (Bullfrog Power), Integrated Power Solutions, and Community Power.

Power consulting & sustainability

Bullfrog Power is a leading green energy provider, offering renewable energy solutions that enable individuals and businesses to reduce their environmental impact, support the development of green energy projects in Canada and help create a cleaner, healthier world. Bullfrog Power works with renewable energy projects across the country to ensure that the electricity going on the grid on behalf of its customers comes from clean, renewable sources such as wind, low-impact hydro or solar projects, the natural gas going into the pipeline comes from organic, net zero carbon biogas or biomethane facilities, and the fuel comes from biogenic, earth friendly waste streams. Spark Power believes that Bullfrog Power's core green energy offerings of Green Electricity, Green Natural Gas, Green Fuel, and carbon offset products are complementary to Spark Power's existing Solutions segment and will provide opportunistic synergies in terms of revenue, increased customer-base, and a widened scope of services.

Bullfrog Power earns revenue by sourcing high quality green energy solutions, ensuring that energy is being injected into the respective energy system and the rights to the environmental attributes or benefits are retired on behalf of its customers to mitigate the negative environmental impacts of the customer's energy usage from the conventional energy sources that are commonly fossil fuel based. Bullfrog Power also uses a portion of their customer green energy premiums to support local, community-based renewable energy projects across the country. In addition, Bullfrog Power provides value added marketing and communication services that allow the customer to display and market their commitment to minimizing their impact on the environment.

Bullfrog Power's Green Energy solutions are fuelled by Green Electricity, Green Natural Gas and Green Fuel.

Integrated power solutions

Under the Bullfrog Power Solutions brand, Spark Power designs and/or constructs power projects that harmonize new and existing energy systems. Bullfrog Power Solutions provides its customers with an opportunity to make their energy future more sustainable and predictable while also reducing their cost of power through self-generation, renewable energy, energy storage and advanced systems control. In this area, Spark Power's customer base includes government, utilities, school boards, pension funds, public and privately-owned businesses and individual property owners.

- **Integrated Power Solutions include power planning**
- **Generation infrastructure, systems management**
- **Innovation and future grid strategies**

Community power

Spark Power is a Canadian leader in community power. Community power provides opportunities for community groups focused on renewable energy to invest in and benefit from clean energy assets, located in their local communities.

With combined membership of over 2,000 individuals, Spark Power designed, developed and now operates under long-term agreement, two of the largest community power co-operatives in Canada, the Green Energy Co-operative of Ontario and the AGRIS Solar Co-operative. The projects owned by these co-operatives create clean local power while supporting community development and employment. Spark Power is contracted to run these co-operatives for 20 years or more and earns a base fee for service and a bonus fee as a percentage of the profits, for performance.

SUMMARY FINANCIAL INFORMATION

The selected information presented below has been derived from and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the three months and years ended December 31, 2019 and 2018.

	Three months ended December 31,		Twelve months ended December 31,	
	2019	2018	2019	2018
Revenue	\$57,999,185	\$37,909,647	\$188,591,284	\$119,759,443
Cost of sales	40,154,178	23,563,260	124,431,651	75,818,339
Gross profit	17,845,007	14,346,387	64,159,633	43,941,104
Selling, general and administrative expenses	13,694,571	10,737,124	51,448,141	32,497,388
Income from operations	4,150,436	3,609,263	12,711,492	11,443,716
Finance costs	(1,393,305)	(1,736,717)	(5,271,710)	(5,209,960)
Increase in value of Puttable Class A and Class 1 Special shares	-	-	-	(47,771,600)
Transaction costs	(630,957)	-	(2,072,531)	(10,269,633)
Excess of fair value over net asset acquired	-	-	-	(12,660,331)
Gain on retraction of Class 1 special shares	-	-	-	1,250,000
Reorganization costs	(1,480,634)	(1,413,924)	(2,992,015)	(1,413,924)
Earn-out	-	-	(2,100,000)	-
Other	(71,602)	(108,881)	12,688	(138,052)
	(3,576,498)	(3,259,522)	(12,423,568)	(76,213,500)
Income (loss) before income taxes	573,938	349,741	287,924	(64,769,784)
Income tax expense (recovery):				
Current	595,711	(803,829)	1,189,599	677,235
Deferred	(1,236,385)	865,014	(2,077,465)	(812,167)
	(640,674)	61,185	(887,866)	(134,932)
Net income (loss)	\$1,214,612	\$288,556	\$1,175,790	(\$64,634,852)
Cumulative translation adjustment	160,170	-	160,170	-
Comprehensive income (loss)	\$1,374,782	\$288,556	\$1,335,960	(\$64,634,852)
EBITDA	6,259,482	4,629,378	18,144,847	(51,407,978)
EBITDA margin	10.8%	12.2%	9.6%	(42.9%)
Adjusted EBITDA	8,371,073	6,043,302	25,309,393	20,516,406
Adjusted EBITDA margin	14.4%	15.9%	13.4%	17.1%
Pro-forma Adjusted EBITDA	9,091,712	6,765,495	31,650,351	30,664,312
Pro-forma Adjusted EBITDA margin	14.8%	14.6%	14.2%	17.1%
Run Rate EBITDA (i)			37,100,351	
Pro-forma Revenue	61,558,114	46,407,023	222,295,614	179,407,501

(i) Run rate EBITDA is defined as Pro-forma Adjusted EBITDA plus the estimated \$5.45 million unrealized benefit of labor reductions related to the Integration Cost Reduction Plan.

HIGHLIGHTS

For the three and twelve-months ended December 31, 2019

- On August 1, 2019 Spark Power acquired all of the issued and outstanding shares of 3-Phase Electrical Ltd. ("3-Phase") as well as its related companies for total consideration on closing of \$15.75 million.
- On November 1, 2019 Spark Power acquired all of the issued and outstanding shares of One Wind Services Inc. and One Wind Services (US) Inc. ("One Wind") for total consideration on closing of \$13.5 million. As of December 31, 2019, the Company has estimated that the amount of the earn out that would be payable at the end of the earn out period, being December 31, 2020, is \$2,100,000, which has been accrued as contingent consideration and included in goodwill. This estimate is based on results achieved to date and managements' best estimate as to future performance. Management will re-assess this estimate at the end of quarters in 2020 to determine if any changes are required to managements' estimate.

- On October 31, 2019 the Company announced the successful completion of a rights offering. Upon closing of the Rights Offering, Spark Power issued 5,687,105 common shares of the Company at a price of \$0.96 per common share for aggregate gross proceeds of \$5,459,621.
- Revenue increased by \$20.1 million in the fourth quarter or 53.0% over the same quarter in 2018. On an annual basis revenue increased by \$68.8 million or 57.5% over the same period in 2018. Revenue growth in both the fourth quarter and fiscal 2019 was driven by the impact of two acquisitions completed in the year and organic growth realized across its operating segments.
- Gross profit increased by \$3.5 million or 24.4% in the fourth quarter and was driven by increased revenue in the period. Gross profit margins were 30.8% which was a decline from 37.8% in the fourth quarter of 2018. On an annual basis gross profit increased by \$20.2 million or 46.0% due to increased revenues. On an annual basis gross profit margins were 34.0% as compared to 36.7% in 2018.
- Selling, general and administration expenses were \$13.7 million or 23.6% of revenue in the fourth quarter as compared to \$10.7 million or 28.3% of revenue in the fourth quarter in 2018. On an annual basis, selling, general and administration expenses were \$51.5 million or 27.3% of annual revenue as compared to \$32.5 million or 27.1% of annual revenue in 2018. Increases in these expenses are primarily a result of acquisitions in 2018 and 2019 which account for \$9.1 million of the increase.
- Adjusted EBITDA was \$8.4 million in the fourth quarter or 14.4% of revenue as compared to \$6.0 million or 15.9% in the fourth quarter of 2018. On an annual basis, adjusted EBITDA was \$25.3 million or 13.4% of revenue as compared to \$20.5 million 17.1% of revenue in 2018. The drop in Adjusted EBITDA as a percentage of revenue over the same periods last year is primarily related to the acquisition of Orbis and 3-Phase which perform lower margin jobs which ultimately has resulted in pulling down the average percentage.
- Pro-forma revenue increased to \$222.3 million with pro-forma adjusted EBITDA of \$31.7 million or 14.2% and run rate EBITDA of \$37.1 million or 16.7%. Run rate EBITDA is the sum of Pro-form adjusted EBITDA and \$5.45 million of cost savings associated with the Company's Integration Cost Out Program announced in the third quarter that were not realized by the end of 2019. Cost out initiatives total \$6.5 million of which \$1.05 million were realized in operating results during the third and fourth quarters of 2019.

EBITDA, ADJUSTED EBITDA & PRO-FORMA EBITDA

The following table provides a reconciliation of our EBITDA measures:

Reconciliation comprehensive income (loss) to EBITDA, Adjusted EBITDA and Pro-forma Adjusted EBITDA	Three months ended December 31,		Twelve months ended December 31,	
	2019	2018	2019	2018
Comprehensive income (loss)	\$1,374,782	\$288,556	\$1,335,960	(\$64,634,852)
Adjustments:				
Finance expense	1,393,305	1,736,717	5,271,710	5,209,960
Income tax expense	(640,674)	61,185	(887,866)	(134,932)
Amortization	4,132,069	2,542,920	12,425,043	8,151,846
EBITDA	6,259,482	4,629,378	18,144,847	(51,407,978)
EBITDA Margin	10.8%	12.2%	9.6%	(42.9%)
Adjustments:				
Increase in value of Puttable Class A and Class 1 Special shares	-	-	-	47,771,600
Transaction costs	630,957	-	2,072,531	10,269,633
Excess of fair value over net asset acquired	-	-	-	12,660,331
Gain on retraction of class 1 special shares	-	-	-	(1,250,000)
Reorganization costs	1,480,634	1,413,924	2,992,015	1,413,924
Earn-out	-	-	2,100,000	-
Other non-recurring costs	-	-	-	1,058,896
Adjusted EBITDA	8,371,073	6,043,302	25,309,393	20,516,406
Adjusted EBITDA Margin	14.4%	15.9%	13.4%	17.1%
Other adjustments:				
Pre-acquisition EBITDA for acquisitions	720,639	722,193	6,340,958	10,147,906
Pro-forma Adjusted EBITDA	\$9,091,712	\$6,765,495	\$31,650,351	\$30,664,312
Pro-forma Adjusted EBITDA Margin	14.8%	14.6%	14.2%	17.1%

Results for the three and twelve-months ended December 31, 2019

The increase in EBITDA is primarily due to the costs incurred in the prior year related to the reorganization of the company with regards to the go-public transaction, and costs associated with business acquisitions in the third quarter of 2018. During the third quarter of 2019, the Company purchased 3-Phase which added an additional \$1.0 million in EBITDA that the Company did not recognize in the same period last year. During the twelve-month period ended December 31, 2018, the Company incurred a \$47.8 million charge for the increase in value of puttable shares held by the Company at that time as well as \$1.4 million in costs related to reorganization activities.

The increase in Adjusted EBITDA is due to organic growth subsequent to prior year acquisitions as well as growth related to the current year acquisitions. The drop in Adjusted EBITDA as a percentage of revenue over the same periods last year is primarily related to the acquisition of Orbis and 3-Phase which perform lower margin jobs which ultimately has resulted in pulling down the average percentage.

RESULTS OF OPERATIONS

Revenue

Revenue is broken down by segment as follows:



Revenue for the three-months ended December 31, 2019 was \$58.0 million, compared with \$37.9 million in the fourth quarter of 2018, representing an increase of \$20.1 million or 53.0%. The acquisition of 3-Phase in the third quarter of 2019 contributed \$7.8 million or 38.6% of the growth in revenue in the period. The acquisition of One Wind completed in November 2019 contributed \$5.8 million or 29.0% of the growth in revenue in the period. The balance of the revenue growth in the fourth quarter of 2019 of \$6.5 million was attributable to organic growth representing an increase of 17.1% compared to the fourth quarter of 2018.

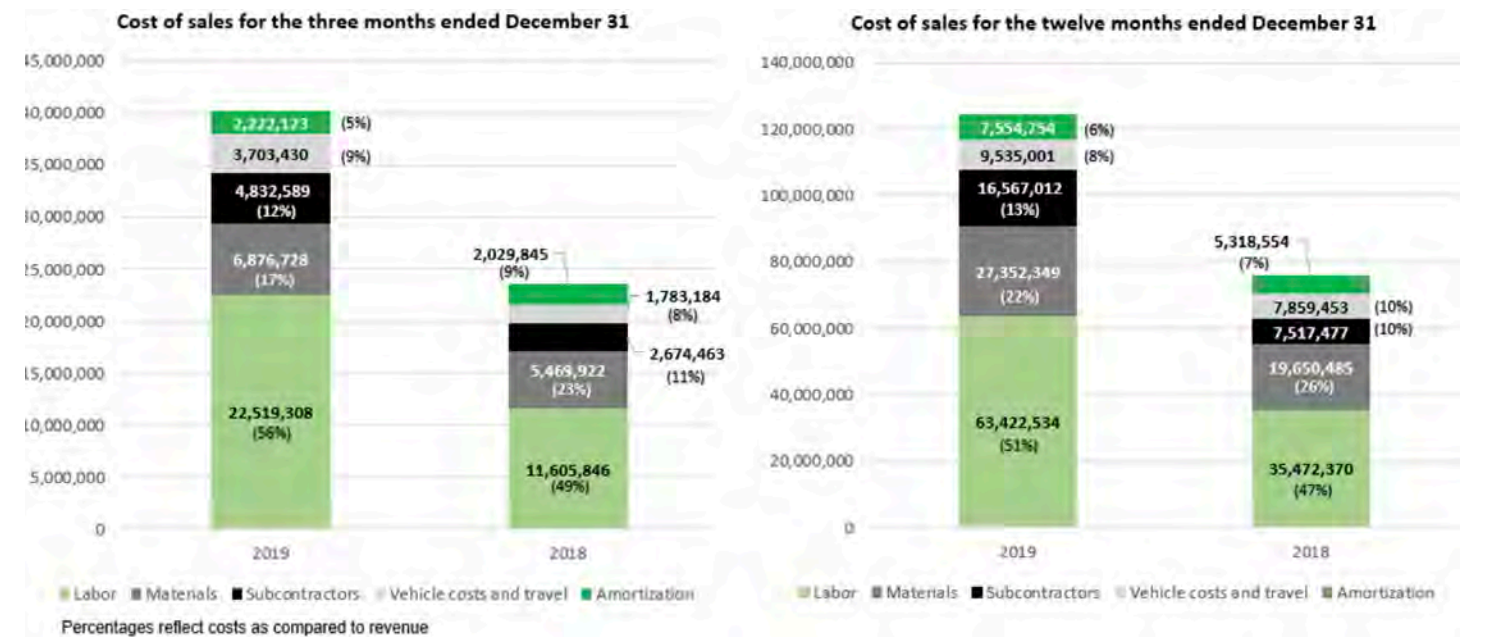
Revenue for the twelve-months ended December 31, 2019 was \$188.6 million, compared with \$119.8 million during the same period in 2018, representing an increase of \$68.8 million or 57.5%. The acquisition of 3-Phase completed in August 2019 contributed \$12.6 million or 18.3% of the growth in revenue in the year. The acquisition of One Wind contributed \$5.8 million or 8.5% of the revenue growth in the year. The acquisitions completed in July 2018 contributed \$27.2 million or 39.5% of the revenue increase with Bullfrog accounting for \$7.6 million, Orbis accounting for \$16.3 million and New Electric Fresno accounting for \$3.3. The balance of the revenue growth for the twelve-months ended December 31, 2019 of \$23.2 million was attributable to organic growth representing an increase of 19.4% compared to 2018.

Cost of sales & gross profit

	Three months ended December 31				Twelve months ended December 31			
	2019		2018		2019		2018	
	\$	%	\$	%	\$	%	\$	%
Revenue	\$57,999,185		\$37,909,647		\$188,591,284		\$119,759,443	
Total Cost of Sales	40,154,178	69.2%	23,563,260	62.2%	124,431,651	66.0%	75,818,339	63.3%
Gross Profit	17,845,007	30.8%	14,346,387	37.8%	64,159,633	34.0%	43,941,104	36.7%

For the three months ended December 31, 2019, gross profit increased \$3.5 million or 24.4% over the same period in 2018. Gross profit margins were 30.8%, down from 37.8% in 2018. On a year to date basis gross profit increased \$20.2 million or 46.0% as compared to 2018.

Components of cost of sales were as follows:



Selling, general, and administration expense

Selling, general and administration (S,G&A) expenses for the fourth quarter of 2019 were \$13.7 million, or 23.6 % of revenue, compared with \$10.7 million, or 28.3 % of revenue in the fourth quarter of 2018 representing an increase of \$3.0 million or 27.5%. The decrease in selling, general and administration costs as a percentage of revenue in the quarter was attributable to a variety of factors including; the impact of the Integration Cost Reduction Plan, the impact of the 3-Phase and One Wind acquisitions that operate with a lower gross margin and S,G&A profile, and the impact of higher volumes on fixed costs included in S,G&A.

Selling, general and administration expenses for the twelve-months ended December 31, 2019 were \$51.5 million, or 27.3% of revenue, compared with \$32.5 million, or 27.1% of revenue in 2018 representing an increase of \$19.0 million or 58.3%. The absolute dollar increase was attributable primarily to the impact of the 2018 and 2019 acquisitions with Bullfrog adding \$5.3 million, Orbis \$1.9 million, New Electric Fresno \$1.0 million, 3-Phase \$0.5 million, and One Wind adding \$0.4 million. The balance of the increase was attributable to increases in other business units and corporate costs, partially offset by savings from the fall 2018 and 2019 reorganization activities.

As a percentage of revenue, selling, general and administration costs were driven primarily by scale achieved as a result of increased revenues, partially offset by the impact of Bullfrog Power as all costs associated with this business are included in selling, general and administration, and by the factors noted above.

Components of selling, general and administration costs were as follows:

Selling, general and administrative expenses for the three months ended December 31



Selling, general and administrative expenses for the twelve months ended December 31



Other income and expenses

The reported earnings and associated deficit balances of Spark Power Group Inc. for fiscal 2018 were significantly impacted by factors associated with the CGAC merger, transaction costs related to business acquisitions completed, severance and other costs associated with a reorganization completed in the fourth quarter of 2018 and the requirement for fair market value accounting on certain class of shares held by Spark shareholders prior to the CGAC merger. Costs incurred in 2019 related to earn-outs, transaction costs and other reorganization activities incurred during the year had an impact on earnings and deficit balances in fiscal 2019.

The following chart highlights the impact these items have on earnings over the affected periods and on the accumulated deficit of the Company in 2018 and 2019:

Impact on Earnings in the period	Class A and Class 1 Special shares - puttable to the Company at fair market value	Excess of fair value paid over net assets acquired on CGAS Merger	Gain on retraction of Class 1 Special shares	Transaction costs	Earn-out	Reorganization costs	Total impact
Quarter ended December 31, 2017	(17,816,420)	-	-	-	-	-	(17,816,420)
Cumulative Deficit Impact	(17,816,420)	-	-	-	-	-	(17,816,420)
Quarter ended March 31, 2018	(18,607,260)	-	-	-	-	-	(18,607,260)
Quarter ended June 30, 2018	(8,509,940)	-	-	(1,112,234)	-	-	(9,622,174)
Quarter ended September 30, 2018	(20,654,400)	(12,660,331)	1,250,000	(9,157,399)	-	-	(41,222,130)
Quarter ended December 31, 2018	-	-	-	-	-	(1,413,924)	(1,413,924)
Year ended December 31, 2018	(47,771,600)	(12,660,331)	1,250,000	(10,269,633)	-	(1,413,924)	(70,865,488)
Cumulative Deficit Impact	(65,588,020)	(12,660,331)	1,250,000	(10,269,633)	-	(1,413,924)	(88,681,908)
Quarter ended March 31, 2019	-	-	-	-	-	-	-
Quarter ended June 30, 2019	-	-	-	(536,245)	(2,100,000)	(1,000,000)	(3,636,245)
Quarter ended September 30, 2019	-	-	-	(905,329)	-	(511,381)	(1,416,710)
Quarter ended December 31, 2019	-	-	-	(630,957)	-	(1,480,634)	(2,111,591)
Year ended December 31, 2019	-	-	-	(2,072,531)	(2,100,000)	(2,992,015)	(7,164,546)
Cumulative Deficit Impact	(65,588,020)	(12,660,331)	1,250,000	(12,342,164)	(2,100,000)	(4,405,939)	(95,846,454)

Puttable Class A and Class 1 Special Shares

Class A and Class 1 shares were shares held by the previous majority shareholders of Spark Power. These shares had provisions that allowed a shareholder to put their shares to the Company at fair market value under certain events. Given the potential liability associated with these provisions the Company was required to value these shares at the estimated fair market value of these shares at any point in time, reclassify these amounts as liabilities, and charge any increase in value of these shares to the Statement of Comprehensive Income (Loss) in the period. Given the growth in value of the business as it progressed towards the CGAC merger the value of these shares increased and significantly impacted the reported profitability of the Company and the underlying total equity. All of these shares were either converted into the new common shares in Spark Power Group Inc. or redeemed or retracted prior to the CGAC merger such that no similar adjustments will be required going forward.

Excess of Fair Value Over Net Assets Acquired on CGAC Merger

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 Power 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, recorded through profit and 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 Power prior to the date of the completion of the Qualifying Acquisition.

Details of the Spark Power acquisition are summarized as follows:

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

Gain on Retraction of Class B Common Class 1 Special Shares

The Company realized a gain on the retraction of class B common shares class 1 special shares held by a shareholder and promissory note holder of Spark Power. Prior to the close of the CGAC merger the Company entered into an agreement whereby the Company would redeem all shares owned and the company would accelerate the payment of all promissory notes outstanding. In exchange the shareholder agreed to reduce the value of the class 1 special shares being retracted by \$1.25 million. Total amounts paid to this shareholder on the close of the merger was \$18.7 million which settled all promissory notes and accrued interest and satisfied the share redemption and retractions that were agreed to by both parties.

Transaction Costs

During the years ended December 31, 2019 and 2018 the Company incurred costs directly related to the merger and the acquisitions of Orbis, Bullfrog, and NEF in 2018, and 3-Phase and One Wind in 2019. Costs incurred are as follows:

	2019	2018
Legal, accounting and other professional fees	1,770,231	4,973,053
Deferred underwriting fees	-	900,000
Write-off of previous deferred financing fees	-	1,191,466
Debt - early termination fee	-	2,110,768
Transaction related compensation	-	650,000
Other	302,300	444,346
	<u>2,072,531</u>	<u>10,269,633</u>

Amortization, depreciation, and finance costs

Amortization and depreciation for the three-months ended December 31, 2019 was \$4.1 million compared with \$2.5 million over the same period in 2018. Amortization and depreciation for the twelve-months ended December 31, 2019 was \$12.4 million compared with \$8.2 million over the same period in 2018. The increase reflects the impact of amortization and depreciation on fixed assets and intangible assets that arose from the acquisitions completed during 2019 and 2018 with the balance of the increase was driven by additions of property and equipment and right of use vehicles and property during the fourth quarter and fiscal 2019.

Finance costs for the three-months ended December 31, 2019 were \$1.4 million as compared to \$1.7 million during the same period of 2018. The decrease in the quarter as compared to the same period in 2018 was due to the impact of mark-to-market gains on an interest rate swap that are included in finance costs. During the fourth quarter of 2019 the Company realized a gain of \$0.1 million as compared to a loss of \$0.4 million in the fourth quarter of 2018. Finance costs in the twelve-months ended December 31, 2019 were \$5.3 million as compared to \$5.2 million in 2018.

RESULTS OF OPERATIONS BY REPORTABLE BUSINESS SEGMENT

Technical services group

The Services Group is comprised of our low voltage electrical services operating under the New Electric and 3-Phase brands, our medium and high voltage electrical services operating under the Tiltran, Taltrees, Pelikan, Rondar and Orbis brands; and our operations and maintenance service group operating under the Northwind and One Wind brands.

	Three months ended December 31			Twelve months ended December 30		
	2019	2018	Change	2019	2018	Change
Revenue	\$54,035,281	\$32,858,635	\$ 21,176,645	\$166,104,516	\$104,996,395	\$ 61,108,122
Cost of sales	37,649,488	22,712,653	14,936,834	114,482,478	\$70,564,343	43,918,135
Gross profit	16,385,793	10,145,982	6,239,811	51,622,038	34,432,051	17,189,987
Gross profit margin	30.3%	30.9%	29.5%	31.1%	32.8%	28.1%
Selling, general and administration	7,487,765	5,807,759	1,680,006	28,906,756	17,839,278	11,067,478
Segment EBITDA	11,994,795	6,326,950	5,667,845	32,160,738	23,078,192	9,082,546
Segment EBITDA %	22.2%	19.3%	26.8%	19.4%	22.0%	14.9%
Segment profit	8,898,028	4,338,223	4,559,805	22,715,282	16,592,774	6,122,509

(1) Excludes corporate expenses

Results for the three and twelve-months ended December 31, 2019



Revenue in the fourth quarter ended December 31, 2019 increased \$21.2 million or 64.4% over the same period in 2018. Effective August 1, 2019 the Company completed the acquisition of 3-Phase that is included in the Technical Services Group and contributed \$7.8 million or 36.6% to the revenue increase in the quarter. On November 1, 2019 the Company completed the acquisition of One Wind also included in the Technical Services Group. It contributed \$5.8 million or 27.6% of the revenue growth in the fourth quarter of 2019 as compared to the same period in 2018. The balance of the revenue growth in the fourth quarter of 2019 of \$7.6 million was attributable to organic growth representing an increase of 23.1%.

Revenue for the twelve-months ended December 31, 2019 increased \$61.1 million or 58.2%. Effective July 1, 2018 the Company completed the acquisitions of Orbis and NEF that are included in the Technical Services Group and contributed \$19.6 million or 32.1% to the revenue increase in the period. Effective August 1, 2019, the Company completed the acquisition of 3-Phase, the results of which are also included in the Technical Services Group and contributed \$12.6 million or 20.6% to the revenue increase in the period. On November 1, 2019 the Company completed the acquisition of One Wind included in the Technical Services Group. It contributed \$5.8 million or 9.6% of the revenue growth in 2019 as compared to 2018. The balance of the revenue growth in 2019 of \$23.1 million was attributable to organic growth representing an increase of 22.0% and was driven by growth in low voltage business and revenue growth in our Orbis business as a result of an expanded contract with Altalink.

Revenue in the Company's low voltage services business operating under the New Electric brand increased by \$32.0 million or 61.6% in the twelve-months ended December 31, 2019. Growth in low voltage revenues has been driven by concerted sales efforts to grow relationships with a strong customer base and the impact of new branches opened during fiscal 2019 and 2018, driving organic growth of \$17.8 million or 34.3%. The acquisition of New Electric Fresno in July 2018 and 3-Phase in August 2019 accounted for \$14.2 million or 27.3% of the revenue growth in the period. High voltage services revenue increase of \$21.6 million or 54.9% was driven by the impact of the Orbis acquisition completed in July 2018 which accounted for \$15.6 million of revenue increase. Organic revenues increased by \$6.0 million or 15.3% in the period and was driven by growth in Orbis business. Operations and maintenance services increased by \$7.5 million or 54.8% and was driven by the impact of the One Wind acquisition completed in November 2019 which accounted for \$5.8 million or 78.2% of the revenue increase. Organic revenues increased \$1.6 million or 11.9% and resulted from growth with the divisions existing customer base.

Gross profit in the fourth quarter of 2019 increased by 61.5% as compared to the fourth quarter of 2018. The increase was primarily attributable to the acquisitions completed in the third and fourth quarters for 2019 compounded by realized volume increases and significant improvements in gross margins realized by Orbis due to higher volumes and improved margin realizations.

Gross profit for the twelve-months ended December 31, 2019 increased by 49.9% over the same period in 2018. The increase in the absolute dollar value can be attributed to the acquisitions completed in both July 1, 2018, August 1, 2019 and November 1, 2019. The decrease in the gross margin percentage is attributable to the impact of the lower gross margin realizations from the high voltage line of business.

Selling, general and administration expenses for the fourth quarter of 2019 increased \$1.7 million over the fourth quarter of 2018. The increase primarily due to the impact of the 2019 acquisitions of 3-Phase and One Wind. For the twelve-months ended December 31, 2019, selling, general and administration expenses increased by \$11.1 million related to the impact of both the 2018 and 2019 acquisitions.

For the three-months ended December 31, 2019, Segment EBITDA increased 89.6% over the same period in 2018. The increase is primarily attributable to improved performance by Orbis in the quarter due to execution of significant contract work with Altalink in the quarter, although at a lower margin, offset by the impact of from battery storage projects in 2019. For the twelve-months ended December 31, 2019 Segment EBITDA increased 39.4% over the same period in 2018. The increase in the absolute dollar value can be attributed to the acquisitions completed in both 2018 and 2019. The decline in the Segment EBITDA percentage is primarily a result of the lower gross margins realized by the high voltage line of business.

Impact of Raleigh, North Carolina branch on operating performance

The services segment has been negatively impacted by the Company's operations in Raleigh, North Carolina, however the Company is now seeing positive results from this location. The Company opened this location in July 2018 based with a goal initially achieving the following objectives:

1. To further develop and commercialize modular sub-station technology acquired through association of a group of individuals resident in the USA who had been hired by the Company;
2. To provide a key branch location for launching a branch to provide high voltage and low voltage electrical services in the region;
3. To be the initial head office location.

Since its opening in the third quarter of 2018 the Company has incurred loss's totalling \$2.4 million realized over the last 6 quarters as follows:

	Quarter ended						Total
	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	
Raleigh Branch Losses	\$ 249,401	\$ 337,892	\$ 386,492	\$ 457,179	\$ 541,731	\$ 476,014	\$ 2,448,709

Of the \$2.4 million in stated losses, approximately \$1.1 million can be attributed to point 1 above; the development and commercialization of modular substation technology which was relocated to our Oakville office in March 2019. All activity related to modular substation technology is now being handled out of our Oakville office by existing staff and we have focused the Raleigh operations on business development of electrical service opportunities.

A new branch manager with state licensing and industry experience has been hired to lead the Raleigh Service Branch's efforts. We are now witnessing revenue generation and fully anticipate the Raleigh operation to be producing positive EBITDA over the next two quarters. Start up costs of this service facility are higher as we have our U.S. senior management team's costs allocated to this location.

Power equipment group

The power equipment group is comprised of sales and rentals of new and used equipment under the companies Lizco brand and sales of control panels through New Electric and Orbis.

	Three months ended December 31			Twelve months ended December 31		
	2019	2018	Change	2019	2018	Change
Revenue	\$911,543	\$819,523	92,020	\$6,376,602	\$5,114,665	1,261,937
Cost of sales	\$2,504,691	\$850,606	1,654,085	\$9,949,173	\$5,253,996	4,695,178
Gross profit	(1,593,148)	(31,083)	(1,562,065)	(3,572,571)	(139,331)	(3,433,240)
Gross profit margin	-174.8%	-3.8%	-1697.5%	-56.0%	-2.7%	-272.1%
Selling, general and administration	438,612	\$109,120	329,491	1,355,308	\$403,322	951,986
Segment EBITDA	(1,857,373)	46,083	(1,903,456)	(4,408,297)	(160,600)	(4,247,697)
Segment EBITDA %	-203.8%	5.6%	-2068.5%	-69.1%	-3.1%	-336.6%
Segment profit	(2,031,760)	(140,204)	(1,891,556)	(4,927,879)	(542,653)	(4,385,226)

Results for the three and twelve-months ended December 31, 2019

Revenue for the three-months ended December 31, 2019 increased 11.2% and increased 24.7% for the twelve-months ended December 31, 2019 as compared to the same periods in 2018.

Gross profit for the three and twelve-months ended December 31, 2019 decreased \$1.6 million and \$3.4 million, respectively, as compared to the same periods in 2018. The increase in the absolute dollar value is related to the growth discussed above. The decrease in the gross profit percentages is attributable to battery storage applications with other segments.

Selling, general and administration expenses for the three and twelve-month periods ended December 31, 2019 increased by \$0.3 million and \$1.0 million over the same periods in 2018. The increases over the prior periods is related to an increase in corporate allocations during the current periods.

Power advisory & sustainability group

The Power Advisory & Sustainability Group is comprised of our recent Bullfrog acquisition and asset management services.

	Three months ended December 31			Twelve months ended December 31		
	2019	2018	Change	2019	2018	Change
Revenue	\$2,885,055	\$4,144,661	(1,259,606)	\$15,505,038	\$8,218,221	7,286,817
Gross profit	2,885,055	4,144,661	(1,259,606)	15,505,038	8,218,221	7,286,817
Gross profit margin	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Selling, general and administration	\$1,581,556	2,614,125	(1,032,570)	7,146,731	4,690,322	2,456,409
Segment EBITDA	1,476,077	1,647,160	(171,082)	9,060,610	3,756,442	5,304,168
Segment EBITDA %	51.2%	39.7%	13.6%	58.4%	45.7%	72.8%
Segment profit	1,303,499	1,530,536	(227,037)	8,358,307	3,527,899	4,830,408

Results for the three and twelve-months ended December 31, 2019

Revenue for the three-month period ended December 31, 2019 decreased by 30.4% and increased by 88.7% for the twelve-months ended December 31, 2019 as compared to the same periods in 2018. The increase in the twelve-month period represents organic growth in asset management services. Of the \$7.3 million increase in the twelve-month period, \$7.6 million is related to acquisition growth offset by \$0.3 million related to organic decline in the period.

The segment incurs no costs related to sales resulting in a gross profit that is equal to its revenue. The increases are discussed above.

Selling, general and administration expenses in the fourth quarter of 2019 decreased by \$1.0 million as compared to 2018 due to the impact of selling, general and administration integration activities affected in the fourth quarter of 2018 and lower green energy credit costs. The increase in selling, general and administration costs for the twelve months ended December 31, 2019 of \$2.4 million was due to the Bullfrog acquisition being affected on July 1, 2018.

For the three-months ended December 31, 2019, Segment EBITDA decreased 10.4% over the same period in 2018. The decrease is primarily related to the decrease in selling, general and administration expenses offset by the organic revenue growth in the period. For the twelve-months ended December 31, 2019, Segment EBITDA increased 141.2% related primarily to the acquisition of Bullfrog on July 1, 2018, the full twelve-months results of which are captured in the current period results.

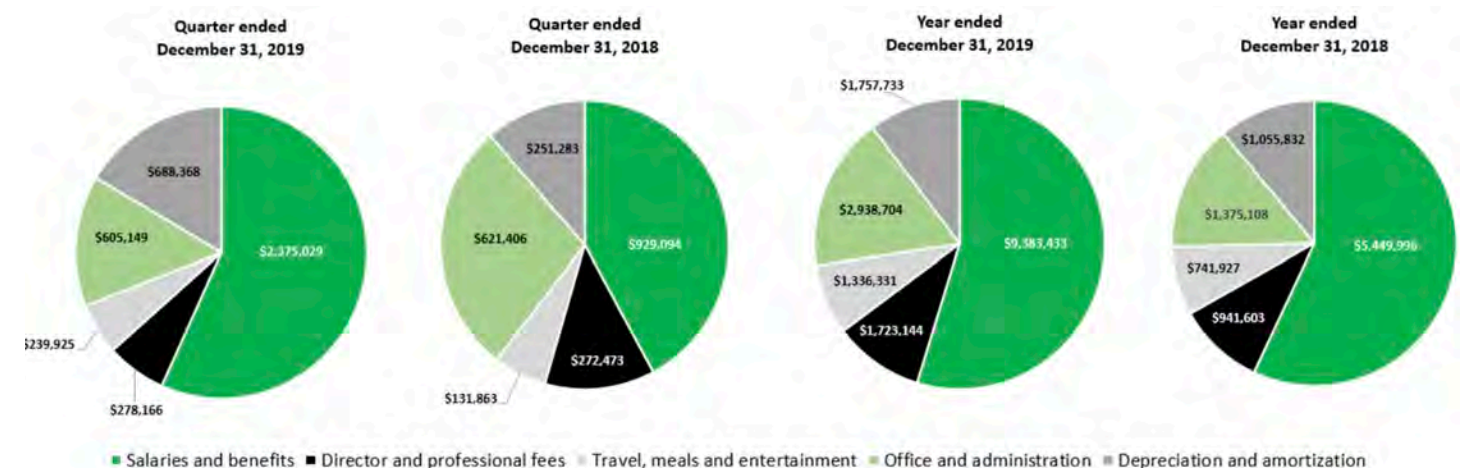
Corporate group

	Three months ended December 31			Twelve months ended December 31		
	2019	2018	Change	2019	2018	Change
Revenue	\$167,307	\$86,829	80,478	\$605,128	\$1,430,164	(825,036)
Gross profit	167,307	86,829	80,478	605,128	1,430,164	(825,036)
Gross profit margin	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Selling, general and administration	4,186,638	2,206,119	1,980,519	17,139,346	9,564,467	7,574,879
Segment EBITDA	(3,330,993)	(1,868,007)	(1,462,986)	(14,776,486)	(7,078,471)	(7,698,014)
Segment profit	(4,019,331)	(2,119,290)	(1,900,041)	(16,534,218)	(8,134,303)	(8,399,915)

Results for the three and twelve-months ended December 31, 2019

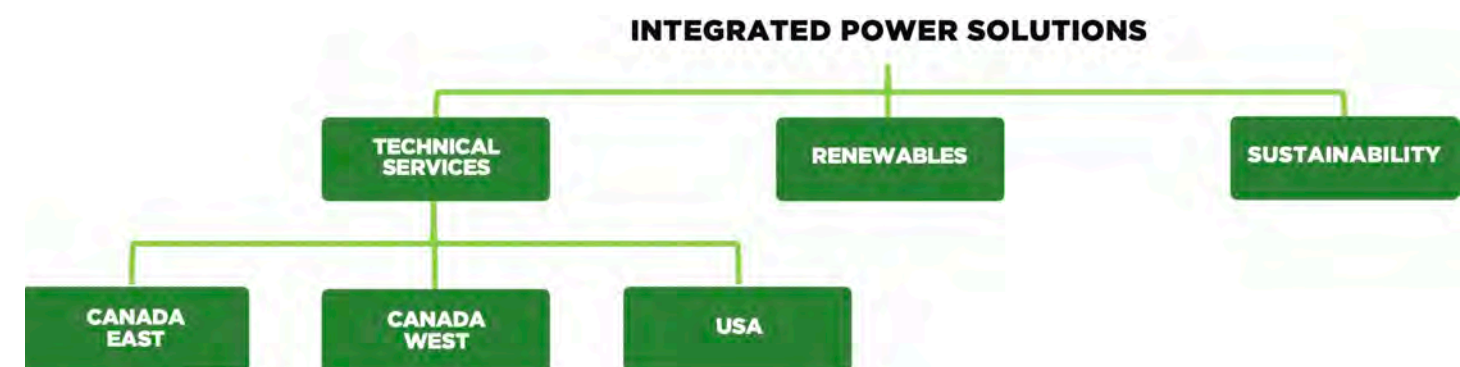
The segment incurs no costs related to revenues resulting in a gross profit that is equal to its revenue. The revenue relates to billings to third parties for accounting, IT, payroll and operational software services. For the three-month period ended December 31, 2019, both revenue and gross profit increased by 92.7% and decreased by 57.7% for the twelve-month period ended December 31, 2019 as compared to the same periods in 2018. The decline from the prior year was due a customer deciding to take these services in-house and the impact of the Company purchasing New Electric Fresno who was utilizing these services as a third party prior to the acquisition.

Corporate expenses are comprised of the following:



Reportable business segments for 2020

For fiscal 2020 the Company has revised its reportable business segments as detailed below. Management believes that this segmentation better reflects how the business is managed and provides a clearer understanding, for both management and other users of the financial information, of the businesses with different growth opportunities, revenue profiles and historical earnings performance and potential.



The technical services segment will be segregated by region, Canada East, Canada West, and USA, and will include all low-voltage services (New Electric brand, Orbis, and 3-Phase), high-voltage services (Spark Power High Voltage) and all new and used equipment sales and service (Lizco brand). The Renewables segment will include all operations and maintenance services under the One Wind and Northwind brands. The Sustainability segment will continue to operate as Bullfrog Power, a green energy provider, offering a 100% clean, renewable energy choice to Canadians.

Business segment performance for the twelve months ended December 31, 2019 under the revised 2020 structure were as follows:

	Technical Services	Renewables	Sustainability	Corporate	Total
Revenue	\$ 151,213,609	\$ 21,256,675	\$ 12,969,941	\$ 3,151,059	\$ 188,591,284
Cost of sales	109,865,379	14,562,744	-	3,529	124,431,651
Gross profit	41,348,231	6,693,931	12,969,941	3,147,530	64,159,633
Gross profit margin	27.3%	31.5%	100.0%	99.9%	34.0%
Selling, general and administration	25,399,267	3,976,409	6,502,596	15,569,869	51,448,141
Segment EBITDA	24,938,602	3,670,938	7,161,267	(10,634,272)	25,136,535
Segment EBITDA %	16.5%	17.3%	55.2%	-337.5%	13.3%
Segment profit	15,948,964	2,717,522	6,467,345	(12,422,339)	12,711,492

FINANCIAL CONDITION, LIQUIDITY, AND CAPITAL RESOURCES

Cash and borrowing capacity

We monitor our liquidity principally through cash and cash equivalents and available borrowing capacity under our revolving operating line of credit. Our primary uses of funds are for operating expenses, working capital requirements, capital expenditures and debt service requirements.

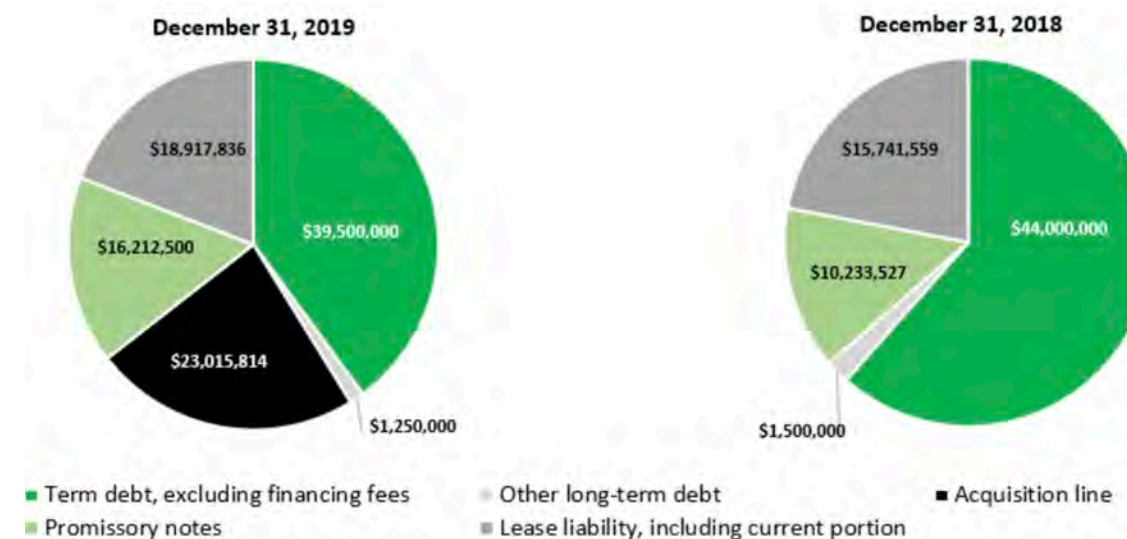
During the year ended December 31, 2019 the Company expanded its revolving operating line to \$30.0 million and secured a revolving demand capital expenditure line of \$5.0 million, bringing total revolving bank indebtedness available to \$35.0 million. Bank indebtedness was \$21.6 million at December 31, 2019 and was comprised of \$17.4 million on the revolving facility and \$4.2 million on the capital expenditure line. This compares to revolving debt of \$11.7 million at December 31, 2018. As at December 31, 2019 the Company had additional borrowing capacity under the revolving line of credit and capital expenditure line of \$13.4 million.

Debt and capital structure

The Company's lending facility is comprised of four main components with details and terms as follows:

	Operating Line	Capital Expenditure Line	Term Loan	Acquisition Line	Total
Amount	\$30,000,000	\$5,000,000	\$39,500,000	\$25,000,000	\$99,500,000
Term	Uncommitted	Uncommitted	3 years Committed	Committed	
Interest rate (i)	Prime + 0.0%-1.0%	Prime + 0.0%-1.0%	Prime + 0.75% - 1.75%	Prime + 0.75%-1.75%	
Repayment terms	Revolving	5 Year amortization	8 year amortization thereafter	10 year amortization post drawdown	
Amount Drawn at December 31, 2019	\$17,396,262	\$4,201,042	\$39,500,000	\$23,015,814	\$84,113,118

Long-term indebtedness, including lease liabilities and the current portion of long-term debt, increased to \$99.7 million from \$71.5 million at December 31, 2018. Long-term debt is comprised of the following components:



The increase in long-term debt in the third and fourth quarters was attributable primarily an increase in acquisition line debt and promissory notes totalling \$31.1 million, that arose from the acquisitions of 3-Phase and One Wind, partially offset by principal payments.

We monitor our capital structure through the use of a total long-term debt to Pro-forma Adjusted EBITDA metric. As at December 31, 2019, our ratio was 3.09 compared with 2.81 at December 31, 2018, calculated as follows:

	December 31, 2019	December 31, 2018
Total long-term debt	\$98,896,150	\$71,475,086
Pro-forma LTM Adjusted EBITDA	\$31,650,351	\$25,409,190
Net long-term debt to Pro-Forma Adjusted EBITDA	3.12	2.81

The outstanding balance under the revolving operating line fluctuates from quarter to quarter as it is drawn to finance working capital requirements, capital expenditures and acquisitions, and is repaid with funds from operations, dispositions or financing activities.

The maximum Debt: Adjusted EBITDA covenant is 3.75:1 in a year in which the Company completes an acquisition, otherwise the maximum allowable is 3.25:1. In addition the Company is subject to a total debt to adjusted EBITDA covenant of 4.50 for the third and fourth quarter of 2019 and 4.25 thereafter. In calculating the total debt to adjusted EBITDA covenant leases are excluded from total debt and EBITDA is based on pro-forma EBITDA after deducting lease payments. All promissory notes due to previous owners of companies purchased by Spark Power are subordinated to the Senior Lender for purposes of financial covenant compliance. As at December 31, 2019 we were in full compliance with covenants under the Credit Facility.

A condition to the agreement is that the Company must enter interest rate swaps for a minimum of 50% of the value of the term loan. 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 spreads of 2.00% - 3.00%, for an aggregate fixed interest rate of 4.97%. During the three and twelve-months ended December 31, 2019 the Company recorded a mark-to-market gain of \$100,930 and \$75,766 respectively, (loss of \$402,257 for both the three and twelve-months ended December 31, 2018) related to this swap arrangement for a total cumulative loss of \$326,491 since its inception.

Summary of cash flows

The following table summarizes Spark Power's cash flows for the three and twelve-months ended December 31, 2019 and 2018:

	Three months ended December 31,		Twelve months ended December 31,	
	2019	2018	2019	2018
Operating activities	\$ 226,161	\$ (621,937)	\$ 2,877,625	\$ (2,102,010)
Investing activities	(9,127,684)	70,295	(27,064,263)	16,933,360
Financing activities	8,901,523	(908,478)	24,186,638	(17,957,967)
Decrease in cash	-	(1,460,120)	-	(3,126,617)
Cash, beginning of period	-	1,460,120	-	3,126,617
Cash, end of period	\$ -	\$ -	\$ -	\$ -

Cash flows from operating activities

For the three-months ended December 31, 2019, cash generated from operating activities increased \$4.9 million as compared to the same period in 2018. The drivers to changes to cash flow from operations was attributable to an increase in net income during the period due to an increase in income tax recovery, compounded by an increase in amortization over the prior period of \$1.6 million and an increase in investment in non-cash working capital of \$4.8 million and offset by a \$2.1 million increase in deferred income tax recovery.

For the twelve-months ended December 31, 2019, cash generated by operating activities increased \$9.1 million compared to the same period in 2018. The increase in cash flow from operations was primarily attributable to an increase in net income for the period of \$65.8 million compared to 2018, an increase in amortization and depreciation of \$4.3 million, an increase in amounts due from earn-out and reorganization costs of \$2.8 million, offset by a \$12.0 million decrease related to 2018 acquisitions, an increased investment in non-cash working capital of \$2.8 million, an increase in deferred tax recovery of \$1.3 million, and a decrease in value of puttable shares of \$47.8 million.

Cash flows from investing activities

For the three-month period ended December 31, 2019 cash used in investing activities was \$9.1 million as compared to cash generated of less than \$0.1 million in the same period in 2018. During the three-months ended December 31, 2019, cash paid related to business acquisitions increased by \$9.4 million over the same period in 2018.

For the twelve-month period ended December 31, 2019, cash used in investing activities increased by \$44.0 million as compared to the same period in 2018. During the twelve-month period ended December 31, 2018, the Company generated cash flows from investing due to cash acquired on the reverse takeover of \$30.5 million. There was no such cash generated in the current year. An increase in the purchase of property, plant and equipment of \$3.3 million over the same period in 2018 was related to investments in the Company's Hub branch in London, Ontario, the purchase of two wind turbines, investments in the company's proprietary operating management system and a strategic investment in high voltage equipment available for purchase in Edmonton. Cash used on acquisitions increased by \$10.3 million over 2018.

Cash flows used for financing activities

For the three-month period ended December 31, 2019 cash generated by financing activities increased by \$5.7 million. The increase was attributable to \$5.4 million raised in a Rights Offering during the three-months ended December 31, 2019 and an increase in our operating facilities by \$11.8 million. This is offset by a \$11.4 million repayment of our bank indebtedness, team loans, promissory notes and lease liabilities.

For the twelve-month period ended December 31, 2019 cash generated by financing activities increased by \$38.1 million. The increase was attributable to a \$15.0 million decrease in the redemption of Preferred shares, a \$10.0 million decrease in the retraction of special shares, offset by a \$1.3 million decrease in the issuance of common shares and a \$0.2 million decrease in the exercise of stock options. Repayments of long-term debt and promissory notes increased by \$23.9 million and \$15.3 million, respectively, offset by a \$2.1 million increase in repayments of lease liabilities and a decrease in additional long-term debt by \$20.7 million. Draws on the operating line decreased by \$1.7 million over the same period in 2018.

External factors impacting liquidity:

Please refer to the "Risks" section contained in the Spark Power Group Inc. Annual Information Form filed under the Company's profile at www.sedar.com, for a description of circumstances that could affect our sources of funding.

Working capital and adjusted working capital

Working Capital includes short-term investments, accounts receivable, contract assets, inventory, income taxes receivable, and prepaid expenses and deposits, bank indebtedness, accounts payable and accrued liabilities, income taxes payable, contract liability, and the current portion of long-term debt, promissory notes and lease liability. Adjusted Working Capital excludes the current portion of long-term debt, promissory notes and lease liability, and therefore provides management and investors with a clearer understanding of the efficiency of operational working capital needs absent working capital required as a result of capital structure.

Spark Power's main sources of liquidity have been cash generated from operating activities and borrowings under its existing and previous credit facilities. At December 31, 2019 Working Capital and Adjusted Working Capital were \$3.2 million and \$22.7 million, respectively, compared with \$9.9 million and \$17.0 million, respectively at December 31, 2018.

The following table outlines how our working capital measures are determined:

Reconciliation of Working capital to Adjusted working capital



The Company believes that adjusted working capital provides a better understanding of period-on-period comparisons of results as it reflects the results of operations of companies. See "NON-IFRS MEASURES" at the end of this report.

Adjusted working capital consists of the following:

	December 31, 2019	December 31, 2018
Non-cash working capital balances	44,252,882	28,669,159
Operating line	(21,597,304)	(11,666,604)
Adjusted Working Capital	22,655,578	17,002,555

Contractual obligations

The following table summarizes the Company's contractual maturities and carrying amounts of financial liabilities as at December 31, 2019:

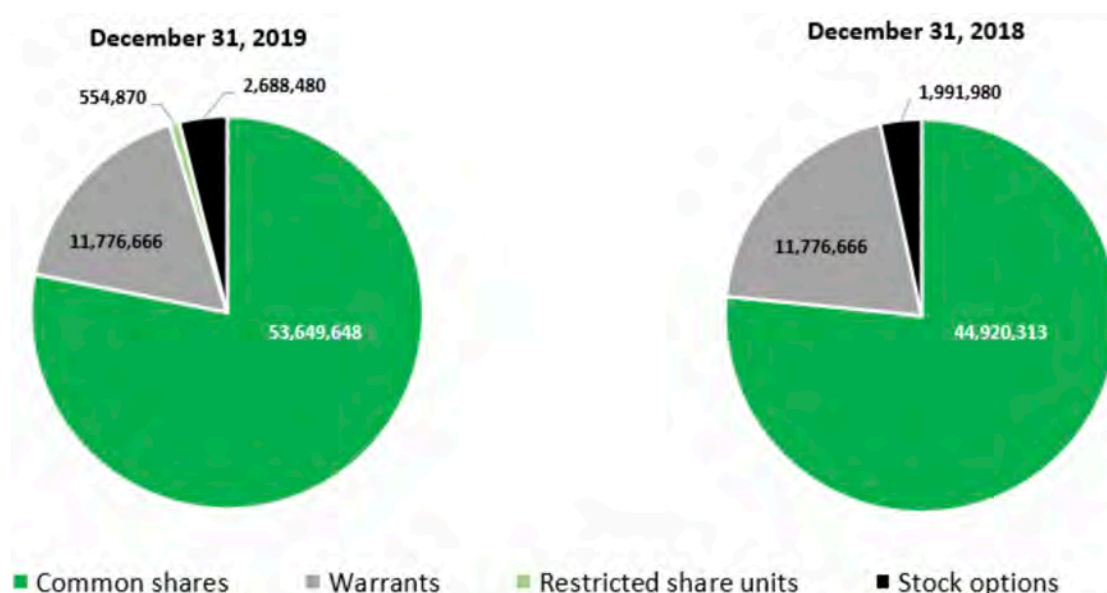
2019	Carrying amount	Contractual cash flow	2020	2021	2022	2023	2024
Bank indebtedness (Note 7)	\$ 21,597,304	\$ 21,597,304	\$ 21,597,304	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	32,458,558	32,458,558	32,458,558	-	-	-	-
Long-term debt (Note 10)	63,207,042	76,961,556	11,955,644	10,550,170	9,426,598	9,063,025	35,966,119
Promissory notes (Note 10)	16,212,500	17,504,500	4,996,750	4,793,750	7,714,000	-	-
Lease liability (Note 11)	18,917,836	21,305,559	6,998,021	5,903,266	3,689,235	1,853,905	2,861,132
	\$ 152,393,240	\$ 169,827,477	\$ 78,006,278	\$ 21,247,186	\$ 20,829,833	\$ 10,916,930	\$ 38,827,251

Spark Power manages its risks of failing to discharge its financial liabilities in a timely manner through cash forecasting and prudent management of its capital structure to ensure it has sufficient resources to meet contractual obligations as they become due.

Spark Power has no off-balance sheet arrangements that have or are reasonably likely to have, a current or future material effect on the Companies financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Outstanding Share Data

The total number of fully diluted outstanding and issuable Common Shares is as follows:



Warrants

At December 31, 2018 the Company had 11,776,648 warrants outstanding of which 10,833,333 were issued in connection with the Spark Power Acquisition. Each whole warrant gives the right to purchase 1.028 Common shares at an exercise price of \$3.45 per Common 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.

Stock options and restricted share units

The Company has an Omnibus Equity Incentive Plan ("the Plan"). Under the terms of the plan, directors, officers, employees and consultants, subject to certain conditions, may be granted options to purchase common shares and restricted share units of the Company. Options generally expire after ten years, with vesting provisions stated in the plan. Restricted share units ("RSU") generally vest over 3 years or cliff vest after 3 years and are granted in accordance with the plan.

The Plan provides for RSUs to be issued to directors, officers, employees and consultants of the Company so that they may participate in its growth and development. Subject to the specific provisions of the RSU plan, eligibility, vesting period, terms of the RSUs and the number of RSUs granted are to be determined by the Board of Directors at the time of the grant. The Plan allows the Board of Directors to issue equity settled RSUs, provided that, when combined, the maximum number of common shares reserved for issuance under all stock-based compensation arrangements of the Company does not exceed amounts available for issuance under regulatory guidelines.

OUTLOOK

Spark continues to execute on its growth strategy. During 2019, the Company continued executing on its balanced growth strategy completing two acquisitions and realized double-digit organic growth.

We are not alone in adjusting and adapting to daily changes as a result of the COVID-19 pandemic. As we face the COVID-19 crisis, we are responding with aggressive, but measured, actions focused on protecting the health our employees, serving our customers, mitigating financial impacts and ensuring that we come out of the crisis strong. We are seeing the benefits of our efforts over the past few years to build a diversified customer base, with reduced exposure to cyclical industries. Substantial portions of our commercial and industrial customers include food and beverage suppliers, data centers and ecommerce warehousing – each of which is relatively less affected by economic cycles and crises such as COVID-19. While the impact on the Company thus far has not been material, this is likely to change quickly as we are beginning to see material project delays and impact to our operations. COVID-19 and the government-mandated response to it can significantly impact operations, including staffing, changes in demand for our services, and interruptions to the supply chain, including temporary closure of supplier facilities. Given the high level of uncertainty surrounding COVID-19 impacts, the Company is actively making many proactive changes and contingency plans in order to minimize the risk and impact to our employees, customers and shareholders.

Over the long-term, Company remains committed to pursuing accretive growth through a combination of organic growth as well as acquisitions. However, in the short term, our immediate focus is on preserving financial flexibility as we deal with the uncertain impacts of COVID-19.

We worked hard over the past year to establish our regional and distributed operating model and on strengthening our financial position. These efforts have resulted in a more efficient, robust and resilient business, allowing our experienced and cohesive management team to quickly adapt to both growth opportunities and market challenges. We believe we will be well positioned to support our customer base as they begin to ramp up operations when the world exits from the COVID-19 crisis. Management remains confident in its business model, the opportunities that exist, and its ability to execute against that model. The Company remains confident in its management team, Board of Directors, employees and experience to guide us through this current crisis and we plan to be well-placed to emerge from the COVID-19 crisis strong.

OFF-BALANCE SHEET ARRANGEMENTS, COMMITMENTS, AND CONTINGENCIES

Spark Power has no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on the Company's financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources.

SUMMARY QUARTERLY FINANCIAL INFORMATION

	For the three months ended							
	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Revenue	\$ 57,999,185	\$ 52,045,402	\$ 44,274,318	\$ 34,272,379	\$37,909,647	\$38,268,707	\$23,846,670	\$19,734,419
Gross Profit	17,845,007	18,314,485	15,590,322	12,409,819	15,573,718	13,297,002	9,063,895	7,292,101
Income from Operations	4,150,436	5,137,918	2,715,874	707,264	3,609,261	5,019,404	2,216,203	598,848
Net income (loss)	1,214,612	2,619,718	(2,139,970)	(518,569)	288,554	(37,619,048)	(8,056,503)	(19,247,855)
Adjusted Net Income (Loss)	3,326,203	4,036,428	1,496,275	(518,569)	1,702,478	3,603,082	1,565,671	(640,595)
Adjusted EBITDA	8,371,073	8,228,830	5,488,405	3,221,085	6,043,300	7,313,709	4,836,030	2,287,848
Adjusted EBITDA Margin	14.4%	15.8%	12.4%	9.4%	15.9%	19.1%	20.3%	11.6%
Pro-forma Revenue	61,558,114	62,252,663	55,210,960	43,273,877	\$46,407,021	\$47,647,105	\$46,927,267	\$38,426,108
Pro-forma Adjusted EBITDA	9,091,712	9,928,478	7,776,237	4,853,924	7,616,385	8,480,789	9,229,031	5,338,106
Pro-forma Adjusted EBITDA Margin	14.8%	15.9%	14.1%	11.2%	16.4%	17.8%	19.7%	13.9%
Pro-forma Adjusted LTM EBITDA	31,650,351	30,175,024	28,727,335	30,180,129	\$30,664,311	\$30,053,613	\$30,867,443	\$26,275,744
Pro-forma Adjusted LTM EBITDA Margin	14.2%	14.6%	14.9%	16.4%	17.1%	17.9%	19.0%	17.5%
Pro-forma LTM Revenue	222,295,614	207,144,521	192,538,963	184,255,270	\$179,407,501	\$167,584,461	\$162,471,563	\$150,046,975

Note: (1) "Adjusted EBITDA", "Adjusted EBITDA margin", "Adjusted Net Income (loss)", "Pro-forma Revenue", "Pro-forma Adjusted EBITDA", "Pro-forma Adjusted LTM EBITDA", "Pro-forma Adjusted EBITDA margin", "Pro-forma LTM Revenue" are non-IFRS measures. Refer to Non-IFRS Measures for definitions of these terms

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Financial Statements in conformity with IAS 34 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. 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.

Provisions - Significant judgments and estimates are involved in determination of the expected credit losses associated with accounts receivable and onerous contracts.

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 expected provision on the balance outstanding as at year-end.

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 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.

Valuation of reverse take-over transaction - Significant judgments and estimates are involved in 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.

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

Valuation of business combinations - Significant estimates and assumptions are required to determine the purchase price allocation of business combinations including determination of valuation of intangible assets acquired as such.

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.

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.

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.

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*.

Goodwill

Goodwill represents the excess of the cost of 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.

Intangible assets

The Company has certain externally acquired intangible assets through business combinations 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.

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 life.

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.

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 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. 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
- 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 base over the remaining term of the lease or over the remaining economic life of the asset, whichever is shorter.

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.

FINANCIAL INSTRUMENTS

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 issues and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Impairment provisions for accounts receivables and contract assets are recognized based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During the process of reviewing accounts receivable and contract assets for impairment, the probability of the non-payment of the accounts receivable and contract assets 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 and contract assets. For accounts receivables and contract assets, 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 or contract assets 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, accounts receivable and contract assets.

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.

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. 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, 2019. 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 2018 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.
- Accounts payable and accrued liabilities and other short-term monetary liabilities, which are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

DISCLOSURE CONTROLS AND PROCEDURES ("DC&P") & INTERNAL CONTROLS OVER FINANCIAL REPORTING ("ICFR")

Management is responsible for the design and operational effectiveness of DC&P and ICFR in order to provide reasonable assurance regarding the disclosure of material information relating to the Company. This includes information required to be disclosed in the Company's annual filings, interim filings and other reports filed under securities legislation, as well as the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Consistent with National Instrument 52-109, the Company's Co-CEO's and CFO evaluate quarterly the DC&P and ICFR. As of December 31, 2019, the Company's Co-CEO's and CFO concluded that the Company's DC&P and ICFR were properly designed and were operating effectively. In addition, there were no material changes to ICFR during the quarter.

Risk management

Financial risks

The Company is exposed to a variety of financial risks in the normal course of operations including interest rate, credit and liquidity risk. The Company's overall risk management program and business practices seek to minimize and potential adverse effects on its consolidated financial performance.

Credit risk

The Company is exposed to credit risk resulting from the possibility that counterparties may default on their financial obligations to it. The Company's maximum exposure to credit risk at the reporting date is equal the carrying value of accounts receivable and mitigates its risk by monitoring the credit worthiness of its customers.

Interest rate risk

Interest rate risk is the risk that then fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial instruments that potentially subject the Company to cash flow interest rate risk include financial assets and liabilities with variable interest rates. The Company is currently exposed to cash flow risk on its credit facilities that are not subject to interest rate swap arrangements.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure, to the extent possible, that it will always have sufficient liquidity to meet liabilities when due. The Company is exposed to this risk mainly in respect of its trade and other payables, credit facilities, long-term debt and lease arrangements. The Company reviews its cash flows from operations on a periodic basis to determine whether it will be able to meet its financial obligations and assess whether funding from financing sources is required.

RISKS AND UNCERTAINTIES

The following is a brief discussion of the risks and uncertainties facing the company which may have a material impact on the Company's future financial performance. Please refer to the "Risks" section contained in the Spark Power Group Inc. Annual Information Form ("AIF") which will be available on or before April 1, 2020 filed under the Company's profile at www.sedar.com.

Infectious Diseases

Outbreaks or the threat of outbreaks of viruses or other infectious diseases or similar health threats, including novel coronavirus (COVID-19) outbreak, could have a material adverse effect on the Company by causing operational and supply chain delays and disruptions (including as a result of government regulation and prevention actions), labour shortages and shutdowns, decreased demand, declines in gross margin realizations, capital markets volatility, or other unknown but potentially significant impacts. At this time the Company cannot accurately predict what effects these conditions will have on its operations or financial results, including due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of the travel restrictions and business closures that have been or may be imposed by the governments of impacted countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in economic downturn that could result in a material adverse effect on the demand for the Company's services, investor confidence, and general financial market liquidity, all of which may adversely affect the Company's business and the market price of the Common Shares. Accordingly, any outbreak or threat of an outbreak of an epidemic disease or similar public health emergency could have a material adverse effect on the Company's business, financial condition and results of operations.

- Volatility in the electricity business and industry conditions – such as the demand for Spark Power's services may decline, which may reduce Spark Power's revenue and earnings
- Unionization of the Corporation's work force could drastically impact the Corporation's business model, which may reduce revenue and earnings
- Risks related to the credit facility
- Political risk related to new Ontario government
- The wind and solar power markets are still at a relatively early stage of development and future demand for wind and solar power services is uncertain
- The Federal, State and Provincial Governments may revise, reduce or eliminate subsidies and economic incentives for wind and solar power, which could cause demand for the Corporation's services to decline
- Availability of qualified employees
- Servicing projects for the power sectors exposes the Corporation to unique industry risks
- Changes in tax law may have a material adverse effect on the Corporation's business, financial condition and results of operations
- Reputation and Financial Results Could be Harmed in the Event of Accidents or Incidents
- Litigation
- General global economic conditions may have an adverse impact on the Corporation's operating performance and results
- Seasonal variations in demand linked to construction cycles and weather conditions may influence the Corporation's results of operations

- The Corporation's quarterly operating results may fluctuate from period to period based on a number of factors, including:
 - » The average selling prices of its power services
 - » The timing of completion of construction of its customer's energy and power projects
 - » The timing and pricing of its services
 - » The rate and cost at which the corporation is able to expand its customer servicing capacity
 - » The availability and cost of goods from its suppliers and manufacturers
 - » Changes in government incentive programs and regulations, particularly in the corporation's key target markets
 - » The unpredictable volume and timing of customer orders
 - » The loss of one or more key customers or the significant reduction or postponement of orders
 - » The availability and cost of external financing for on-grid and off-grid power applications
 - » Acquisition and investment costs
 - » Foreign currency fluctuations, particularly in the US dollar
 - » The corporation's ability to establish and expand customer relationships
 - » The timing of new services or technology introduced or announced by the Corporation's competitors
 - » Allowances for doubtful accounts and advances to suppliers
 - » Inventory write-downs
 - » Long-lived asset impairment
- If the Corporation's cash from operations is not sufficient to meet its current or future operating needs, expenditures and debt service obligations, its business, financial condition and results of operations may be materially and adversely affected.
- The loss of one or more significant customers may cause fluctuations or declines in the Corporation's revenues
- Failure to protect the Corporation's intellectual property rights may undermine its competitive position

- The Corporation may face health, safety and environmental risks
- Equipment failure or unexpected operations and maintenance activity may unduly delay or disrupt the Corporation's energy and power projects
- The Corporation may experience breaches in its cybersecurity which may delay or disrupt its energy or power services or create losses in customer loyalty
- The Corporation must successfully maintain and upgrade its information technology systems, and its failure to do so could have a material adverse effect on its business, financial condition and results of operations
- Use of social media may materially and adversely affect the Corporation's reputation or subject it to fines or other penalties
- The Corporation is subject to insurance-related risks
- Parties with whom the Corporation does business with may be subject to insolvency risks or may otherwise become unable or unwilling to perform their obligations to the Corporation
- Changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect the Corporation's reported financial results or financial condition
- The market price for Common Shares may be volatile and could decline in value
- If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about the Corporation or its business, the Common Share trading price and volume could decline
- The Corporation's future business depends in part on its ability to make strategic acquisitions, investments and divestitures and to establish and maintain strategic relationships, and the Corporation's failure to do so could have a material and adverse effect on its market penetration and revenue growth
- No assurance of future performance of acquisitions
- The Corporation may fail to realize the anticipated benefits of its acquisitions
- Risks related to acquisition financing
- The Corporation may not be able to successfully implement and manage its growth

CORPORATE INFORMATION

SPARK POWER CORP. HEAD OFFICE

1315 North Service Road East - Suite 300
Oakville, Ontario L6H 1A7 Canada

LISTING

TSX:SPG
SPG.WT

AUDITORS

BDO Canada LLP

TRANSFER AGENT

TSX Trust Company

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

Wednesday June 4, 2020 at 10:00 am ET
Spark Power Corp, 1315 North Service Road East,
3rd Floor, Oakville, Ontario,

Additional information about Spark Power has been filed electronically with various securities regulators in Canada through the System for Electronic Document Analysis and Retrieval (SEDAR) and is available online at sedar.com