

MJ Innovation Capital Corp. Receives Conditional Approval for and Provides Update on Qualifying Transaction with SPARQ Systems Inc.

Sparq Systems Inc. Announces Details of Private Placement

Toronto, Ontario--(Newsfile Corp. - September 15, 2021) - MJ Innovation Capital Corp. (TSXV: MSMJ.P) ("**MJ**") is pleased to announce that, further to its press release dated June 10, 2021, it has received conditional approval from the TSX Venture Exchange (the "**TSXV**") for its proposed qualifying transaction (the "**QT**") with SPARQ Systems Inc. ("**SPARQ**"), whereby the parties intend to effect a reverse takeover of MJ by SPARQ. Trading in the common shares of MJ (the "**MJ Shares**") has been halted in accordance with TSXV policies since the date of the initial announcement, and will remain halted until such time as all required documentation has been filed with and accepted by the TSXV in connection with the QT. There can be no assurances that the QT will be completed on the terms set out below or at all.

The completion of the QT is subject to a number of conditions, including but not limited to, receipt of all applicable regulatory approvals, including final TSXV acceptance, completion of the SPARQ Private Placement (as defined below), approval of the QT by shareholders of SPARQ, and satisfaction of other customary closing conditions. Assuming all conditions are satisfied, closing of the QT is expected to occur by the end of October 2021.

Final acceptance of the QT will occur upon the issuance of the final exchange bulletin (the "**Exchange Bulletin**") by the TSXV. Subject to final approval by the TSXV, MJ will no longer be a capital pool company and will be classified as a Tier 2 Technology Issuer, trading under the symbol "SPRQ" and renamed as "SPARQ Corp." (the "**Resulting Issuer**"). MJ will issue a news release once the TSXV issues the Exchange Bulletin and will advise of the expected listing date when known.

A filing statement (the "**Filing Statement**") in respect of the QT has been prepared in accordance with the requirements of the TSXV and will be filed under MJ's issuer profile on SEDAR at www.sedar.com.

SPARQ PRIVATE PLACEMENT

In connection with the QT, SPARQ intends to complete a brokered private placement financing (the "**SPARQ Private Placement**") of up to 20,000,000 subscription receipts (the "**Subscription Receipts**") at a price of \$0.50 per Subscription Receipt for gross proceeds of up to \$10,000,000 (or \$11,500,000 if the Agent (as defined herein) exercise their option in full to increase the size of the SPARQ Private Placement by 15%). Each Subscription Receipt shall entitle the holder thereof to receive, upon the satisfaction or waiver (to the extent such waiver is permitted) of certain escrow release conditions prior to the escrow release deadline, including all conditions precedent to the QT being satisfied, and without payment of additional consideration therefor, one unit of SPARQ (each, a "**SPARQ Unit**"). Each SPARQ Unit shall consist of one common share in the capital of SPARQ (each a "**SPARQ Share**") and one common share purchase warrant (each, a "**SPARQ Warrant**") with each such SPARQ Warrant entitling the holder thereof to acquire one additional SPARQ Share at a price of \$0.75 per share for a period of 24 months from the date of issuance. Concurrent with the completion of the QT, each issued and outstanding SPARQ Share and SPARQ Warrant, including the SPARQ Shares and SPARQ Warrants underlying the Subscription Receipts will be exchanged for common shares of the Resulting Issuer ("**Resulting Issuer Shares**") and warrants of the Resulting Issuer ("**Resulting Issuer Warrants**") in accordance with the terms of the QT.

SPARQ has engaged Echelon Wealth Partners Inc. as lead agent and sole bookrunner (the "**Agent**") to offer the Subscription Receipts for sale on a "best efforts" agency basis.

The Agent will receive a cash fee equal to 7.0% of the gross proceeds of the Subscription Receipts sold in the SPARQ Private Placement (reduced to 3.5% in respect of sales to president's list subscribers which president's list shall not exceed a total of \$3,000,000) and compensation warrants (the "**Agent's Warrants**") equal to 7.0% of the number of Subscription Receipts sold in the SPARQ Private Placement (reduced to 3.5% in respect of sales to the president's list). Each Agent's Warrant will be exercisable to acquire one SPARQ Unit at the issue price. In accordance with the terms of the QT, the Agent's Warrants will be exchanged for Resulting Issuer Warrants at the agreed upon exchange ratio and on substantially the same commercial terms.

CAPITALIZATION

As of the date hereof, (i) MJ has 3,055,940 MJ Shares issued and outstanding, as well as options to acquire up to an aggregate of 305,000 MJ Shares; and (ii) SPARQ has 453,957,613 SPARQ Shares issued and outstanding.

Assuming the completion of the SPARQ Private Placement for gross proceeds of \$10,000,000 and taking into effect a consolidation of the MJ Shares on a 1.25:1 basis (the "**MJ Consolidation**") and a consolidation of the SPARQ Shares on a 10.8085146:1 basis (the "**SPARQ Consolidation**"), it is expected that the Resulting Issuer will have approximately 82,444,752 Resulting Issuer Shares issued and outstanding on a non-diluted basis, of which (i) the current shareholders of MJ will hold 2,444,752 Resulting Issuer Shares representing approximately 2.9% of the issued and outstanding share capital of the Resulting Issuer; (ii) the former shareholders of SPARQ will hold approximately 60,000,000 Resulting Issuer Shares, representing approximately 72.8% of the issued and outstanding share capital of the Resulting Issuer; and (iii) purchasers of Subscription Receipts under the SPARQ Private Placement will hold 20,000,000 Resulting Issuer Shares representing approximately 24.3% of the issued and outstanding share capital of the Resulting Issuer. In addition, Agent's Warrants issued in connection with the SPARQ Private Placement exercisable into a maximum of 1,190,000 SPARQ Shares shall be outstanding.

DIRECTORS, OFFICERS AND OTHER INSIDERS OF THE RESULTING ISSUER

On completion of the QT, the current directors and officers of MJ will resign and it is currently expected that the proposed directors and officers of the Resulting Issuer will include:

Dr. Praveen Jain - Director and Chief Executive Officer - Dr. Jain is the Founder and the CEO of SPARQ. He is also a Professor and Canada Research Chair in Power Electronics at Queen's University in Kingston, Canada. He has considerable industrial experience in power electronics, working and consulting at Canadian Aeronautics, Nortel Network, Astec, Intel, Freescale and GE. He founded CHiL Semiconductor, a digital power control chips company, which was acquired by International Rectifier (later merged with Infineon). Dr. Jain is a Fellow of the Royal Society of Canada, the Institute of Electrical and Electronic Engineers ("**IEEE**"), the Engineering Institute of Canada and the Canadian Academy of Engineering. He is the recipient of the 2021 IEEE Medal in Power Engineering, the 2017 IEEE Canada Electric Power Medal, the 2011 IEEE William E. Newell Power Electronics Award, and. 2004 Engineering Medal from the Ontario Professional Engineers. He holds over 100 patents. Dr. Jain obtained his PhD degree from the University of Toronto.

Kyle Appleby - Chief Financial Officer - Mr. Appleby spent the first 10 years of his career working in public accounting where he worked in both audit and advisory practices working with private companies and investment funds. From 2007 to present, Mr. Appleby has provided management and accounting services to public companies across a variety of industries including crypto-currency, technology, junior mining, food production, agriculture, cannabis, and others. Mr. Appleby has been the Chief Financial Officer for numerous companies, listed in Canada, the US and London and has extensive experience in

financial reporting, IPOs, fund raising, and corporate governance. Mr. Appleby is a member in good standing of the Canadian Institute of Chartered Accountants and the Institute of Chartered Accountants of Ontario.

Nishith Goel - Director - Dr. Goel is the CEO of Cistel Technology, an Information Technology company he founded in 1995 which has operations in Canada and the USA. A veteran technology executive and entrepreneur, he is also co-founder of CHiL Semiconductor, iPine Networks, Sanstream Technologies and Sparq Systems. Dr. Goel has served on the Board of Directors of Enablece and Excelocity. He has also served on the Board of Directors of the Community Foundation of Ottawa, the Queensway Carleton Hospital Foundation, the Indo-Canada Ottawa Business Chamber, and as well as the Chair of the Queensway-Carleton Hospital Foundation. Dr. Goel obtained his PhD degree from the University of Waterloo.

BaoJun (Robbie) Luo - Director - Robbie Luo is the President of Ti-Lane Precision Electronic Company Limited and Ti-Lane Group, Shenzhen, China. Ti-Lane is the global leader in providing solution of connector and cable assembly products for communications, computer, medical, automotive and clean energy applications. He is a firm believer of renewable energy deployment and is a Deputy Director General of Shenzhen Solar Energy Society. He earned his MBA from Ursuline College at Tsinghua University, China.

Ravi Sood - Director - Mr. Sood is managing director of Signal 8 Limited based in Toronto, Canada. Mr. Sood has been a founder of and the principal investor in several businesses in emerging markets and currently serves as Chairman of Jade Power Trust (TSXV) and Galane Gold Ltd. (TSXV) and as a director of Eve & Co Incorporated (TSXV). He was the founder and Chief Executive Officer of Navina Asset Management Inc., a global asset management firm headquartered in Toronto, Canada. Mr. Sood led the investment activities of Navina and its predecessor company, Lawrence Asset Management Inc., from its founding in 2001 until he sold the firm in 2010. Mr. Sood was educated at the University of Waterloo (B.Mathematics) where he was a Descartes Fellow and the recipient of numerous national awards.

Nick Blitterswyk - Director - Nick Blitterswyk is the Chief Executive Officer and founder of UGE International Ltd., a solar developer listed on the TSX Venture Exchange. Nick is a graduate of the University of Calgary and winner of its 2012 Graduate of the Last Decade award. Nick is a Fellow of the Society of Actuaries and before founding UGE held positions at Towers Perrin, JPMorgan Chase & Co., and American International Group, Inc. Nick founded UGE in 2008 and has grown the company from inception to becoming a leader in distributed renewable energy, with over 500MW of solar experience spanning more than 100 countries.

Richard Kimel - Corporate Secretary - Mr. Kimel is a partner at the law firm of Aird & Berlis LLP. Mr. Kimel practices in the areas of corporate finance and corporate/commercial law with considerable experience in mergers and acquisitions (cross-border and domestic) of both public and private corporations, public offerings (both initial and secondary), private placement financings (including debt and equity offerings), hedge fund formations and financings, corporate governance matters, and the formation and completion of qualifying transactions for companies established under the TSXV CPC program. Mr. Kimel acts as corporate counsel for numerous companies listed on the Toronto Stock Exchange, the TSXV and the NEO Exchange. Mr. Kimel also acts as a director or officer for a number of his publicly listed clients. Mr. Kimel received his LL.B. from the University of Toronto and an Honours degree in Business Administration from the Richard Ivey School of Business at Western University in London, Ontario.

As at the date hereof, the above individuals and entities, own in the aggregate, directly or indirectly, 145,958,763 (32.2%) of the issued and outstanding SPARQ Shares and 50,000 (1.6%) of the outstanding MJ Shares. Based on the current shareholdings, present knowledge of each of MJ and SPARQ, and assuming completion of a \$10,000,000 SPARQ Private Placement and after taking into effect the MJ Consolidation and the SPARQ Consolidation, it is anticipated that following the closing of

the QT, no person or company will beneficially own, directly or indirectly, or control or direct more than 10% of the voting rights associated with the issued and outstanding Resulting Issuer Shares other than: (i) Highchart Investments Limited, which is expected to own, directly or indirectly, 12,105,007 Resulting Issuer Shares representing approximately 14.7% of the issued and outstanding Resulting Issuer Shares; (ii) Greg Steers who is expected to own, directly or indirectly, 8,394,292 Resulting Issuer Shares representing approximately 10.2% of the issued and outstanding Resulting Issuer Shares; and (iii) Dr. Praveen Jain, who is expected to own, directly or indirectly, 16,047,442 Resulting Issuer Shares representing approximately 19.6% of the issued and outstanding Resulting Issuer Shares.

FINANCIAL INFORMATION OF SPARQ

The following tables set forth selected historical financial information for SPARQ for the fiscal years ended December 31, 2020 and 2019 and the six months ended June 30, 2021, and selected balance sheet data for such fiscal years and period. The financial statements of SPARQ are denominated in Canadian dollars.

Balance Sheet Data	As at June 30, 2021 (\$) (unaudited)	As at December 31, 2020 (\$) (audited)	As at December 31, 2019 (\$) (audited)
Cash and cash equivalents	867,282	1,346,904	57,558
Total assets	1,522,322	1,946,051	1,048,906
Total liabilities	196,089	106,120	1,534,559
Shareholders' equity	1,326,233	1,839,931	(485,653)

Income Statement Data	Six month period ended June 30, 2021 (\$) (unaudited)	Year ended December 31, 2020 (\$) (audited)	Year ended December 31, 2019 (\$) (audited)
Total revenue	Nil	1,169	590,683
Total expenses	894,349	1,631,692	1,494,619
Net income (loss)	513,698	(1,091,988)	(1,010,516)

ABOUT MJ INNOVATION CAPITAL CORP.

MJ is a capital pool company created pursuant to the policies of the TSXV. It does not own any assets, other than cash or cash equivalents and its rights under the definitive agreement dated June 10, 2021 with SPARQ. The principal business of MJ is to identify and evaluate opportunities for the acquisition of an interest in assets or businesses and, once identified and evaluated, to negotiate an acquisition or participation subject to acceptance by the TSXV so as to complete a qualifying transaction in accordance with the policies of the TSXV.

ABOUT SPARQ

SPARQ was incorporated on July 16, 2009 pursuant to the provisions of *Business Corporations Act* (Ontario). SPARQ's head office is located at 945 Princess Street, Kingston, Ontario, K7L 0E9. SPARQ

originated from the advanced research conducted at ePOWER, the Centre for Energy and Power Electronics Research at Queen's University in Kingston, Ontario, Canada. SPARQ was founded at Queen's University in 2009 by Canada Research Chair in Power Electronics, Dr. Praveen Jain, Fellow of the Institute of Electrical and Electronics Engineers and the Royal Society of Canada.

SPARQ designs and manufactures next generation single-phase microinverters for residential and commercial solar electric applications. SPARQ has developed a proprietary photovoltaic ("**PV**") solution called the Quad; the Quad inverter optimizes four PV modules with a single microinverter, simplifying design and installation, and lowering cost for solar power installations when compared to existing market offerings.

SPARQ has one wholly-owned subsidiary, Sparq Systems (USA), Inc. which was incorporated under the laws of Delaware on August 30, 2013.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This news release contains statements that constitute "forward-looking statements." Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause MJ's actual results, performance or achievements, or developments to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects," "plans," "anticipates," "believes," "intends," "estimates," "projects," "potential" and similar expressions, or that events or conditions "will," "would," "may," "could" or "should" occur.

Forward-looking statements in this document include, among others, statements relating to expectations regarding the completion of the QT (including all required approvals), the SPARQ Private Placement, the proposed name of the Resulting Issuer, and other statements that are not historical facts. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors and risks include, among others: (a) that there is no assurance that the parties hereto will obtain the requisite director, shareholder and regulatory approvals for the QT; (b) there is no assurance that the SPARQ Private Placement will be completed or as to the actual offering price or gross proceeds to be raised in connection with the SPARQ Private Placement; (c) following completion of the QT, the Resulting Issuer may require additional financing from time to time in order to continue its operations which may not be available when needed or on acceptable terms and conditions acceptable; (d) domestic and foreign laws and regulations could adversely affect the Resulting Issuer's business and results of operations; (e) a drop in retail pricing of electricity from utilities providers or other renewable energy sources or improved distribution of electricity could negatively impact the Resulting Issuer's business; (f) the stock markets have experienced volatility that often has been unrelated to the performance of companies and these fluctuations may adversely affect the price of the Resulting Issuer's securities, regardless of its operating performance; and (g) the impacts of COVID-19.

The forward-looking information contained in this news release represents the expectations of MJ as of the date of this news release and, accordingly, is subject to change after such date. Readers should not place undue importance on forward-looking information and should not rely upon this information as of any other date. MJ undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change.

*This news release does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. MJ's securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.*

The MJ Shares will remain halted until such time as permission to resume trading has been obtained from the TSXV. MJ is a reporting issuer in Ontario, Alberta and British Columbia.

Completion of the QT is subject to a number of conditions, including but not limited to, TSXV acceptance. Where applicable, the QT cannot close until the required shareholder approval is obtained. There can be no assurance that the QT will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the Filing Statement to be prepared in connection with the QT, any information released or received with respect to the QT may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the QT and has neither approved nor disapproved the contents of this press release.

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