

SPARQ Systems Inc. and MJ Innovation Capital Corp. Announce Closing of \$10,000,000 Private Placement

Toronto, Ontario--(Newsfile Corp. - December 22, 2021) - MJ Innovation Capital Corp. (TSXV: MSMJ.P) ("**MJ**") and SPARQ Systems Inc. ("**SPARQ**") are pleased to announce the closing of the previously announced brokered private placement (the "**Offering**") of subscription receipts (the "**Subscription Receipts**") of SPARQ. Pursuant to the Offering, SPARQ issued an aggregate of 20,000,000 Subscription Receipts at a price of \$0.50 per Subscription Receipt (the "**Issue Price**") for gross proceeds of \$10,000,000. Echelon Capital Markets (the "**Agent**") acted as agent and sole bookrunner for the Offering.

Summary of the Offering

The Offering was completed in connection with a series of transactions that will result in a reverse takeover of MJ by the shareholders of SPARQ (the "**Transaction**"). The Transaction will constitute MJ's "Qualifying Transaction" as such term is defined in Policy 2.4 of the Corporate Finance Manual of the TSX Venture Exchange (the "**TSXV**"). Further details of the Transaction were previously announced on June 10, 2021 and September 15, 2021. References herein to the "Resulting Issuer" refer to MJ following the completion of the Transaction.

An aggregate of 20,000,000 Subscription Receipts were issued in connection with the Offering. 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 (the "**Escrow Release Conditions**") prior to the Escrow Release Deadline (as defined below), including all conditions precedent to the Transaction being satisfied, and without payment of additional consideration therefor, one unit of SPARQ (each, a "**SPARQ Unit**"). Each SPARQ Unit shall consist of one (1) common share in the capital of SPARQ (each, a "**SPARQ Share**") and one (1) common share purchase warrant (each, a "**SPARQ Warrant**") with each such SPARQ Warrant entitling the holder thereof to acquire one (1) additional SPARQ Share at a price of \$0.75 per share for a period of 24 months from the date the Escrow Release Conditions are satisfied. On completion of the Transaction, each SPARQ Share and SPARQ Warrant underlying the Subscription Receipts will be converted into one (1) common share in the capital of the Resulting Issuer (each, a "**Resulting Issuer Share**") and one (1) common share purchase warrant (each, a "**Resulting Issuer Warrant**"), all in accordance with the terms of the definitive agreement dated June 10, 2021 (as amended on September 14, 2021 and November 26, 2021) between SPARQ and MJ. Upon completion of the Transaction, the Resulting Issuer Shares will trade under the symbol SPRQ. An application has been made to the TSXV to list the Resulting Issuer Warrants.

In connection with the Offering, the Agent is entitled to receive a cash fee (the "**Agent's Commission**") in the amount equal to (i) 3.5% of the aggregate gross proceeds of the Offering from purchasers on the president's list, including an additional 3.5% of the aggregate gross proceeds of the Offering from purchasers on the president's list whose subscriptions are settled through members of the selling group; and (ii) 7.0% of the aggregate gross proceeds of the Offering in respect of all other purchasers and compensation options (the "**Compensation Options**") to purchase an aggregate of number of SPARQ Units equal to (i) 3.5% of the aggregate number of Subscription Receipts sold to purchasers on the president's list, including an additional 3.5% of the number of Subscription Receipts sold purchasers on the president's list whose subscriptions are settled through members of the selling group; and (ii) 7.0% of the aggregate number of Subscription Receipts sold to all other purchasers. Each Compensation Option will be exercisable to acquire one SPARQ Unit at the Issue Price for a period of 24 months from the date the Escrow Release Conditions are satisfied. Upon completion of the Transaction, each holder

of Compensation Options will receive Resulting Issuer Shares and Resulting Issuer Warrants in lieu of SPARQ Shares and SPARQ Warrants upon exercise of the Compensation Options, including the payment therefor. Resulting Issuer Warrants will expire 24 months following the date the Escrow Release Conditions are satisfied. On the closing of the Offering, the Agent received payment of 50% of the Agent's Commission and was issued all of the Compensation Options. The remaining 50% of the Agent's Commission will be paid to the Agent upon satisfaction or waiver (to the extent such waiver is permitted) of the Escrow Release Conditions.

The gross proceeds of the Offering (less an amount equal to 50% of the Agent's Commission, and all of the reasonable costs and expenses of the Agent in connection with the Offering) have been deposited in escrow with the subscription receipt agent until the satisfaction or waiver (to the extent such waiver is permitted) of the Escrow Release Conditions, including all conditions precedent to the Transaction.

In the event that the Escrow Release Conditions have not been satisfied or waived (to the extent such waiver is permitted) by April 20, 2022, or such other date as SPARQ and the Agent may determine pursuant to the subscription receipt agreement (the "**Escrow Release Deadline**"), or SPARQ advises the Agent or announces to the public that it does not intend to satisfy the Escrow Release Conditions, or that the Transaction has been terminated in accordance with the terms of the definitive agreement between the MJ and SPARQ, the aggregate issue price of the Subscription Receipts together with any earned interest shall be returned to the applicable holders of the Subscription Receipts (net of any applicable withholding taxes), and such Subscription Receipts shall be automatically cancelled and be of no further force and effect.

All Subscription Receipts issued in connection with the Offering are subject to a statutory hold period in accordance with Canadian securities laws. Following completion of the Transaction, the Resulting Issuer Shares and Resulting Issuer Warrants received upon the exchange of the SPARQ Shares and SPARQ Warrants underlying the Subscription Receipts will not be subject to a statutory hold period in Canada.

The proceeds of the Offering are anticipated to be used principally for product development, increasing manufacturing capacity, and general working capital purposes.

ABOUT SPARQ

SPARQ was incorporated on June 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's operations are located in Ontario.

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.

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 Transaction (including all required approvals) 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 Transaction; (b) following completion of the Transaction, 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; (c) domestic and foreign laws and regulations could adversely affect the Resulting Issuer's business and results of operations; (d) 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; (e) 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 (f) 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 of the securities in the United States. The 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.

Completion of the Transaction is subject to a number of conditions, including but not limited to, TSXV acceptance and, if applicable pursuant to TSXV requirements, majority of the minority shareholder approval. Where applicable, the Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Transaction 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 Transaction, any information released or received with respect to the Transaction 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 TSXV has in no way passed upon the merits of the Transaction and has neither approved nor disapproved the contents of this press release and accepts no responsibility for the adequacy or accuracy of this release.

All information contained in this news release with respect to SPARQ and MJ was supplied by the parties respectively, for inclusion herein, without independent review by the other party, and each party and its directors and officers have relied on the other party for any information concerning the other party.

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