

SPARQ Corp. (Formerly MJ Innovation Capital Corp.) announces the Completion of Qualifying Transaction

Toronto, Ontario--(Newsfile Corp. - December 31, 2021) - SPARQ Corp. (TSXV: SPRQ) (formerly MJ Innovation Capital Corp.) (the "**Company**" or the "**Resulting Issuer**") announces the completion of its previously announced qualifying transaction (the "**Qualifying Transaction**") resulting in the reverse takeover of the Company by SPARQ Systems Inc. ("**SPARQ**"), a private company incorporated under the laws of the Province of Ontario. Further details of the Qualifying Transaction are available in the Company's filing statement dated December 23, 2021, which can be found under the Company's profile on SEDAR at www.sedar.com.

Dr. Praveen Jain, Chief Executive Officer and Director of the Company, said: "We are excited to have reached this significant milestone. We would like to thank all stakeholders for their diligence and continued support throughout the process."

The Transaction

The Qualifying Transaction was completed by way of a three-cornered amalgamation (the "**Amalgamation**") pursuant to which, among other things, (i) SPARQ amalgamated with a wholly-owned subsidiary of the Company, incorporated for the purposes of the Amalgamation, pursuant to the provisions of the *Business Corporations Act* (Ontario), and (ii) all of the outstanding common shares of SPARQ (the "**SPARQ Shares**") were cancelled and, in consideration therefor, the holders thereof received post-consolidation common shares of the Company (the "**Common Shares**" or the "**Resulting Issuer Shares**") on a 1:1 basis.

Prior to the completion of the Qualifying Transaction, the Company changed its name to "SPARQ Corp." and consolidated its Common Shares on a 1.25:1 basis. In addition, SPARQ completed a consolidation of the SPARQ Shares on a 10.8085146:1 basis.

In connection with the Qualifying Transaction, on December 22, 2021, SPARQ completed a brokered private placement of subscription receipts (each, a "**Subscription Receipt**") at a price of \$0.50 per Subscription Receipt (the "**Issue Price**"), pursuant to which the Company issued an aggregate of 20,000,000 Subscription Receipts for aggregate gross proceeds of \$10,000,000 (the "**Offering**"). Concurrent with closing of the Qualifying Transaction today, each Subscription Receipt was converted into units of the Resulting Issuer consisting of one Resulting Issuer Share and one common share purchase warrant (the "**Resulting Issuer Warrants**") with each such Resulting Issuer Warrant entitling the holder thereof to acquire one Resulting Issuer Share at an exercise price of \$0.75 per share for a period of 24 months from the date of issuance, pursuant to the provisions of a subscription receipt agreement entered into among the Company, SPARQ, Echelon Capital Markets (the "**Agent**") and TSX Trust dated December 22, 2021 (the "**SR Agreement**"). In connection with the Offering, 1,258,250 compensation options (the "**Compensation Options**") were issued to members of the selling group, with each such Compensation Option being exercisable for one Resulting Issuer Share and one Resulting Issuer Warrant on the same terms as those issued pursuant to the Offering. The proceeds of the Offering were released today pursuant to the provisions of the SR Agreement.

Concurrently with the completion of the Qualifying Transaction, the Company granted an aggregate of 5,025,000 options ("**Options**") to purchase common shares of the Company (each, an "**Option Share**"), exercisable at a price of \$0.50 per Option Share for a period of five (5) years from the date of issuance, subject to certain vesting provisions, to the directors and officers of the Company.

Following the conversion of the Subscription Receipts and the completion of the Qualifying Transaction,

the Resulting Issuer will have:

- 82,444,752 Resulting Issuer Shares;
- 5,269,000 Options;
- 1,258,250 Compensation Options; and
- 20,000,000 Resulting Issuer Warrants

Board of Directors and Executive Management

Following the completion of the Qualifying Transaction, the following individuals comprise the directors and officers of the Company:

- Dr. Praveen Jain -Chief Executive Officer and Director
- Kyle Appleby - Chief Financial Officer
- Ravi Sood - Director
- Nishith Goel - Director
- BaoJun (Robbie) Luo - Director
- Richard Kimel - Corporate Secretary

Resumption of Trading

Trading in the Resulting Issuer Shares was previously halted on the TSX Venture Exchange (the "**TSXV**") on June 10, 2021 in connection with the announcement of the Qualifying Transaction. Until a Final Exchange Bulletin is issued, trading in the Resulting Issuer Shares will remain halted. Upon resumption of trading, which is expected to occur on January 7, 2022, the Resulting Issuer Shares will trade under the symbol "SPRQ" and the Company will be listed as a Tier 2 Technology Issuer. It is expected that the Resulting Issuer Warrants will commence trading on January 7, 2022 under the symbol "SPRQ.WT."

Early Warning Disclosure

Upon the completion of the Qualifying Transaction, Dr. Praveen Jain, Chief Executive Officer and Director of the Company, holds, directly or indirectly, or exercises control or direction over an aggregate of 16,097,442 Resulting Issuer Shares, and warrants exercisable for the purchase of 50,000 Resulting Issuer Shares, representing 19.53% of the issued and outstanding Resulting Issuer Shares on a non-diluted basis, and 19.59% on a partially-diluted basis (assuming the exercise of Dr. Jain's convertible securities). Prior to the completion of the Qualifying Transaction, Dr. Jain did not beneficially own, or exercise control or direction over, any securities of the Company. Dr. Jain acquired these securities for investment purposes and may, from time to time, acquire additional securities of the Company or dispose of such securities as he may deem appropriate. For the purposes of National Instrument 62-103 - *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues* ("**NI 62-103**") early warning reporting, the address of Dr. Jain is 78 Kenwoods Circle, Kingston, Ontario, K7K 6Y2.

Upon the completion of the Qualifying Transaction, Highchart Investments Limited ("**Highchart**"), holds, directly or indirectly, or exercises control or direction over an aggregate of 14,105,007 Resulting Issuer Shares, and warrants exercisable for the purchase of 2,000,000 Resulting Issuer Shares, representing 17.11% of the issued and outstanding Resulting Issuer Shares on a non-diluted basis, and 19.53% on a partially-diluted basis (assuming the exercise of Highchart's convertible securities). Prior to the completion of the Qualifying Transaction, Highchart did not beneficially own, or exercise control or direction over, any securities of the Company. Highchart acquired these securities for investment purposes and may, from time to time, acquire additional securities of the Company or dispose of such securities as he may deem appropriate. For the purposes of NI 62-103 early warning reporting, the address of Highchart is 3 Rue Du General-Dufour PO Box CH-1211 Geneva, Switzerland,

0224279434938. Highchart is a Swiss company whose principal business is money management.

Upon the completion of the Qualifying Transaction, Greg Steers, holds, directly or indirectly, or exercises control or direction over an aggregate of 10,013,042 Resulting Issuer Shares, and warrants exercisable for the purchase of 1,618,750 Resulting Issuer Shares, representing 12.15% of the issued and outstanding Resulting Issuer Shares on a non-diluted basis, and 14.11% on a partially-diluted basis (assuming the exercise of Mr. Steers' convertible securities). Prior to the completion of the Qualifying Transaction, Mr. Steers did not beneficially own, or exercise control or direction over, any securities of the Company. Mr. Steers acquired these securities for investment purposes and may, from time to time, acquire additional securities of the Company or dispose of such securities as he may deem appropriate. For the purposes of NI 62-103 early warning reporting, the address of Mr. Steers is 108 Shaftesbury Ave, Toronto, Ontario, M4T 1A5.

ABOUT SPARQ

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.

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 the Company'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 trading of the Resulting Issuer Shares and Resulting Issuer Warrants 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) the Company 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; (b) domestic and foreign laws and regulations could adversely affect the Company's business and results of operations; (c) a drop in retail pricing of electricity from utilities providers or other renewable energy sources or improved distribution of electricity could negatively impact the Company's business; (d) 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 Company's securities, regardless of its operating performance; and (e) the impacts of COVID-19.

The forward-looking information contained in this news release represents the expectations of the

Company 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. The Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change.

The TSXV has in no way passed upon the merits of the Qualifying Transaction and has neither approved nor disapproved the contents of this news release. Neither the TSXV nor its Regulation Service Provider (as defined policies of the TSXV) accepts responsibility for the adequacy or accuracy of this press release.

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.

For more information, please contact:

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