

MJ Innovation Capital Corp. Announces Qualifying Transaction with SPARQ Systems Inc.

Toronto, Ontario--(Newsfile Corp. - June 10, 2021) - MJ Innovation Capital Corp. (TSXV: MSMJ.P) ("**MJ**") is pleased to announce that it has entered into a definitive agreement dated June 10, 2021 (the "**Definitive Agreement**") with SPARQ Systems Inc. ("**SPARQ**") pursuant to which MJ has agreed to acquire all of the issued and outstanding common shares in the capital of SPARQ (the "**SPARQ Shares**") upon the terms and conditions set out in the Definitive Agreement (the "**Proposed Transaction**"). The Proposed Transaction is expected to constitute MJ's "qualifying transaction" pursuant to the policies of the TSX Venture Exchange (the "**TSXV**" or the "**Exchange**").

THE QUALIFYING TRANSACTION

Pursuant to the Definitive Agreement, MJ has agreed to acquire all of the issued and outstanding SPARQ Shares by way of a "three-cornered amalgamation" pursuant to the laws of the Province of Ontario whereby a newly-formed wholly-owned subsidiary of MJ shall amalgamate with SPARQ (the "**Proposed Transaction**"). The Proposed Transaction will constitute a reverse take-over of MJ by SPARQ.

As consideration for the acquisition of all of the outstanding SPARQ Shares, the holders of the issued and outstanding SPARQ Shares will receive common shares of MJ (the "**MJ Common Shares**") at an exchange ratio as set out in the Definitive Agreement (the "**Exchange Ratio**") which is based on (i) a deemed price of the MJ Common Shares of CDN\$0.40, and (ii) the price ascribed to the SPARQ Shares pursuant to the SPARQ Private Placement (as defined below).

The current issued and outstanding share capital of MJ consists of 3,050,000 MJ Common Shares, options to purchase an additional 305,000 MJ Common Shares, and warrants issued to the agent in connection with MJ's initial public offering exercisable for 200,000 MJ Common Shares, for a fully-diluted share capital of 3,555,000 MJ Common Shares. There are currently 453,957,613 SPARQ Shares issued and outstanding, and an entitlement in the Articles of SPARQ for certain eligible employees and management to receive, for no additional consideration, up to 30% of the issued and outstanding SPARQ Shares immediately prior to the closing of the Proposed Transaction.

On or immediately prior to the closing of the Proposed Transaction, MJ or SPARQ may consolidate its outstanding share capital at a ratio as may be accepted by the relevant regulatory authorities and approved by MJ and SPARQ.

Upon completion of the Proposed Transaction, it is the intention of the parties that MJ will be renamed SPARQ Systems Corp. or such other name as may be determined by the parties and accepted by applicable regulatory authorities (the "**Resulting Issuer**").

MJ and SPARQ will provide further details in respect of the Proposed Transaction in due course by way of press release.

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.

SPARQ PRIVATE PLACEMENT

In connection with the Proposed Transaction, SPARQ intends to complete a brokered private placement financing (the "**SPARQ Private Placement**") of Subscription receipts (the "**Subscription Receipts**") for gross proceeds of up to \$10,000,000 (or \$11,500,000 if the Agent exercises its option in full to increase the size of the SPARQ Private Placement by up to 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 Proposed 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 common share in the capital of SPARQ (each a "**SPARQ Share**") and one common share purchase warrant (a "**SPARQ Warrant**") with each such SPARQ Warrant entitling the holder thereof to acquire one additional SPARQ Share. Concurrent with the completion of the Proposed Transaction, each SPARQ Share and each SPARQ Warrant 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**") at the Exchange Ratio in accordance with the terms of the Proposed Transaction.

SPARQ has engaged Echelon Wealth Partners Inc. (the "**Agent**") to offer the Subscription Receipts for sale on a "best efforts" agency basis. In connection with the SPARQ Private Placement, the Agent will receive a cash fee (the "**Agent's Commission**") 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 Proposed Transaction, the Agent's Warrants will be exchanged for Resulting Issuer Warrants at the Exchange Ratio and on substantially the same commercial terms.

The gross proceeds from the SPARQ Private Placement (less an amount equal to 50.0% of the Agent's Commission and less all of the reasonable costs and expenses of the Agent in connection with the SPARQ Private Placement incurred up to the closing of the SPARQ Private Placement) (the "**Escrowed Proceeds**") will be held in escrow until the satisfaction of the applicable escrow release conditions, which include: (i) all conditions to the completion of the Proposed Transaction pursuant to the Definitive Agreement (other than the release of the Escrowed Proceeds) shall have been satisfied, and the Agent shall have received written confirmation from SPARQ and MJ to such effect; (ii) the Resulting Issuer Shares, including the Resulting Issuer Shares issuable upon exercise of the Resulting Issuer Warrants, being conditionally approved for listing on the TSXV and the completion, satisfaction or waiver of all conditions precedent to such listing (other than the release of the Escrowed Proceeds); (iii) the receipt of all regulatory shareholder and third-party approvals, if any, required by SPARQ or MJ in connection with the Proposed Transaction; (iv) the distribution of (A) SPARQ Shares and SPARQ Warrants, and (B) the Resulting Issuer Shares and Resulting Issuer Warrants to be issued in exchange for the SPARQ Shares and SPARQ Warrants, as applicable, pursuant to the Proposed Transaction being exempt from applicable prospectus and registration requirements of applicable securities laws; and (v) SPARQ and the Agent delivering a release notice to the escrow agent confirming the satisfaction

of the conditions in (i) through (iv).

Upon completion of the Proposed Transaction, the proceeds of the SPARQ Private Placement are anticipated to be used principally for product development (40%), increasing manufacturing capacity (40%), and general working capital purposes (20%).

The terms of the SPARQ Private Placement including the gross proceeds and the issue price may change depending on market conditions.

DIRECTORS AND OFFICERS OF THE RESULTING ISSUER

On completion of the Proposed Transaction, 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.

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 Enableness 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.

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.

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.

Further information concerning the proposed directors, officers and Insiders (as such term is defined in the policies of the TSXV) of the Resulting Issuer will be disclosed in a subsequent news release.

SIGNIFICANT CONDITIONS TO CLOSING

The completion of the Proposed Transaction is subject to a number of conditions precedent, including but not limited to satisfactory due diligence reviews, negotiation and execution of transaction documentation, approval by both boards of directors, approval of SPARQ shareholders, obtaining necessary third party approvals, TSXV acceptance and the completion of the SPARQ Private Placement. There can be no assurance that the Proposed Transaction or the SPARQ Private Placement will be completed as proposed or at all.

ARM'S LENGTH QUALIFYING TRANSACTION

The Proposed Transaction will not constitute a non-arm's length qualifying transaction or a related party transaction pursuant to the policies of the TSXV.

FINANCIAL INFORMATION

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

Balance Sheet Data	As at June 30, 2019 (audited)	As at June 30, 2020 (audited)	As at March 31, 2021 (unaudited)
Cash and cash equivalents	\$69,910	\$314,416	\$244,521
Total assets	\$84,910	\$314,416	\$245,170
Total liabilities	\$59,082	\$37,190	\$21,552
Shareholders' equity	\$25,828	\$277,226	\$223,618

Income Statement Data	Year ended June 30, 2019 (audited)	Year ended June 30, 2020 (audited)	Nine month period ended March 31, 2021 (unaudited)
Revenue	Nil	Nil	Nil
Expenses	\$69,470	\$125,726	\$53,608
Net loss	(\$69,470)	(\$125,726)	(\$53,608)

Financial information for SPARQ will be disclosed in a subsequent news release.

ABOUT MJ 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. 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 Proposed Transaction (including all required approvals), the SPARQ Private Placement, the business plans of the Resulting Issuer, the proposed consolidation of the outstanding share capital of MJ or SPARQ, the proposed name of the Resulting Issuer, the composition of the directors and officers 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 Proposed Transaction; (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 Proposed 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; (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 impact 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 Common 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 Proposed Transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable pursuant to Exchange requirements, majority of the minority shareholder approval. Where applicable, the Proposed Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Proposed Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Proposed Transaction, any information released or received with respect to the Proposed 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 TSX Venture Exchange Inc. has in no way passed upon the merits of the Proposed Transaction and has neither approved nor disapproved the contents of this press release.

For more information, please contact:

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