

**FORM 51-102F3
MATERIAL CHANGE REPORT**

ITEM 1 NAME AND ADDRESS

SPARC AI Inc. (the “**Company**”)
Suite 2200, RBC Place, 885 West Georgia St.
Vancouver, BC V6C 3E8

ITEM 2 DATE OF MATERIAL CHANGE

March 25, 2026

ITEM 3 NEWS RELEASE

The Company issued a news release on March 25, 2026 relating to the material change, which was subsequently filed on SEDAR+ and with the Canadian Securities Exchange.

ITEM 4 SUMMARY OF MATERIAL CHANGE

The Company has closed its upsized non-brokered private placement of 1,714,286 units (each, a “**Unit**”) at a price of \$1.40 per Unit for gross proceeds of \$2,400,000.40 (the “**Offering**”).

ITEM 5 FULL DESCRIPTION OF MATERIAL CHANGE

The Company has closed the Offering pursuant to which the Company issued 1,714,286 Units at a price of \$1.40 per Unit for gross proceeds of \$2,400,000.40. Each Unit consists of one common share of the Company and one common share purchase warrant (each, a “**Warrant**”). Each Warrant entitles the holder to acquire one common share of the Company at a price of \$1.80 until March 25, 2028. If the closing price of the common shares of the Company on the Canadian Securities Exchange exceeds \$3.00 for a period of ten consecutive trading days, the Company may elect to accelerate the expiry date of the Warrants.

The net proceeds raised from the Offering will be used to advance development of the Company’s Overwatch platform, commercialization activities, and for working capital and general corporate purposes.

The Units issued under the Offering were offered for sale pursuant to the listed issuer financing exemption under Part 5A of National Instrument 45-106 – *Prospectus Exemptions*, as amended by CSA Coordinated Blanket Order 45-935 – *Exemptions from Certain Conditions of the Listed Issuer Financing Exemption* (collectively, the “**Listed Issuer Financing Exemption**”), in all provinces of Canada, except Quebec, and other qualifying jurisdictions, including the United States. The Units offered under the Listed Issuer Financing Exemption will be immediately “free-trading” under applicable Canadian securities laws.

Related Party Transactions and Required Disclosure under MI 61-101

Mr. Anoosh Manzoori, Chief Executive Officer and a director of the Company, and Mr. Matt McCrann, U.S. Chief Executive Officer of the Company, each participated in the Offering and acquired an aggregate of 156,858 Units.

Mr. Anoosh Manzoori, Chief Executive Officer and a director of the Company, acquired an aggregate of 10,000 Units under the Offering, for an aggregate purchase price of \$14,000.00. Immediately prior to the closing of the Offering, Mr. Manzoori had beneficial ownership and control and direction over an aggregate of 6,773,497 common shares and convertible securities entitling him to acquire an additional 1,052,381 common shares. Immediately following the closing of the Offering, Mr. Manzoori had beneficial ownership and control and direction over an aggregate of 6,763,497 common shares and convertible securities entitling him to acquire an additional 1,062,381 common shares.

Mr. Matt McCrann, U.S. Chief Executive Officer of the Company, acquired an aggregate of 146,858 Units under the Offering, for an aggregate purchase price of \$205,601.20. Immediately prior to the closing of the Offering, Mr. McCrann had beneficial ownership and control and direction over no common shares and convertible securities entitling him to acquire 1,500,000 common shares. Immediately following the closing of the Offering, Mr. McCrann had beneficial ownership and control and direction over an aggregate of 146,858 common shares and convertible securities entitling him to acquire an additional 1,646,858 common shares.

The participation in the Offering of the above-noted insiders constitutes a “related party transaction” within the meaning of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). However, such participation is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 pursuant to sections 5.5(a) and 5.7(1)(a) of MI 61-101, respectively, as neither the fair market value of the Units acquired by the insiders of the Company, nor the consideration for the Units paid by such insiders, exceed 25% of the Company’s market capitalization for the purposes of MI 61-101.

The Offering was approved by the full board of directors of the Company, without the establishment of a special committee. The board of directors did not view the applicable related party’s participation in the Offering to be a material transaction with the Company. No materially contrary views were expressed by any director of the Company. The Offering was intended to improve the financial position of the Company.

To the knowledge of the Company and its directors and senior officers, after reasonable inquiry, no prior valuation (as defined in MI 61-101) has been made in respect of the Company that relates to the subject matter of, or is otherwise relevant to, the Offering within the 24 months preceding the date hereof. Further, other than customary subscription agreements and subscription documents entered into by the Company in respect of the Offering, neither the Company, nor to the Company’s knowledge, any related party of the Company, entered into any agreement with an interested party or a joint actor with an interested party in connection with the Offering.

The Company filed this material change report following the closing of the Offering, which is less than 21 in advance of the closing of the Offering. The Company deems this reasonable in the circumstances so as to be able to avail itself of available financing opportunities and complete the Offering in an expeditious manner.

ITEM 6 RELIANCE ON SUBSECTION 7.1(2) OF NATIONAL INSTRUMENT 51-102

Not applicable.

ITEM 7 OMITTED INFORMATION

Not applicable.

ITEM 8 EXECUTIVE OFFICER

The following executive officer of the Company is knowledgeable about the material change and this report:

Anoosh Manzoori, Chief Executive Officer
Telephone: (213) 459-3994

ITEM 9 DATE OF REPORT

April 1, 2026

Cautionary Statement Regarding Forward-Looking Statements

This material change report contains “forward-looking statements” or “forward-looking information” (collectively, “forward-looking statements”) within the meaning of applicable securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as of the date of this material change report. Forward-looking statements include, but are not limited to, statements regarding the intended use of proceeds from the Offering.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied by forward-looking statements contained herein. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Certain important factors that could cause actual results, performance or achievements to differ materially from those in the forward-looking statements are highlighted in the “Risks and Uncertainties” in the Company’s management discussion and analysis.

Forward-looking statements are based upon a number of estimates and assumptions that, while considered reasonable by the Company at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause the Company’s actual financial results, performance, or achievements to be materially different from those expressed or implied herein. Some of the material factors or assumptions used to develop forward-looking statements include, without limitation: reliance on key management and other personnel; potential downturns in economic conditions; competition from others; market factors, including future demand products developed by the Company; the policies and actions of foreign governments, which could impact the ability of the Company to successfully market its products; the Company’s expectations in connection with the development of the Target Acquisition System and the Overwatch platform; the effectiveness of the Target Acquisition System and the Overwatch platform; changes in national and local government legislation, taxation, controls or regulations and/or changes in the administration or laws, policies and practices; the impact of general business and economic conditions; currency exchange rates; and the impact of inflation.

The forward-looking statements contained in this material change report are expressly qualified by this cautionary statement. Any forward-looking statements and the assumptions made with respect thereto are made as of the date of

this material change report and, accordingly, are subject to change after such date. The Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.