

**INVENTRONICS LIMITED (THE "CORPORATION")**  
**STATEMENT OF EXECUTIVE COMPENSATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Compensation Discussion and Analysis**

The Corporation's Named Executive Officers ("NEO") (as defined in Form 51-102F6 of National Instrument 51-102 *Continuous Disclosure Obligations*) included the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO"), the Vice President, Operations ("VP Operations") and the Vice President, Sales & Marketing ("VP Sales") (collectively also referred to as the "NEO Group"). The Board of Directors of the Corporation (the "Board") does not presently have a compensation committee and as such all decisions relating to compensation are made by the Board.

The Board reviews the NEO compensation annually to ensure that the compensation levels are commensurate with their experience, qualifications, and responsibilities to the Corporation. It is the Board's opinion that the current compensation structure is appropriate for the Corporation's financial capacity and prevailing economic conditions.

The Corporation's compensation plan for each full-time member of the NEO Group (VP Operations and VP Sales) included an annual base salary for 2021 of \$130,000 (2020 - \$130,000), a flex-pay component designed to vary depending on the financial performance of the Corporation, and an auto allowance totalling \$9,000 (2020 - \$9,000). Recognizing that the CEO functions on a part-time basis, the CEO's compensation included an annual base salary equal to approximately one-third of the annual base salary of the full-time members of the NEO Group, or \$39,332, participation in flex-pay, and an auto allowance totalling \$9,000 (2020 - \$9,000). A part-time CFO is also a member of the NEO Group on a contract basis with the rate of compensation varying based on the time requirements of the Corporation, participation in flex-pay on a proportionate basis, and no entitlement to any perquisites.

The objective of the compensation plan is to link compensation for the NEO Group to the financial performance of the Corporation. Flex-pay is determined by calculating, at each month end, the Corporation's year-to-date free cash flow and, if the result is positive, a portion of the free cash flow is added to the aggregate compensation to be paid to the NEO Group. The members of the NEO Group do not receive any compensation for serving as members of the Board.

From time-to-time, the Board may grant Options (as defined below) to the NEOs. Options are intended to provide long-term incentive for the NEOs and align the interests of the NEOs with that of the shareholders of the Corporation in improving the trading price and value of the common shares of the Corporation (the "Common Shares") over the long-term. No Options were granted to the NEOs in 2021 but there were 400,000 exercised by the NEOs during the year ended December 31, 2021. In addition, 400,000 Options were granted to the NEOs in February 2022, with each NEO receiving 100,000 Options.

There are no restrictions on the ability of the NEOs or members of the Board to purchase financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by NEOs or members of the Board.

No compensation consultant or advisor has been engaged by the Corporation in either of the last two most recently completed financial years.

**Summary Compensation Table**

The following table sets forth for the years ended December 31, 2021, 2020 and 2019 information concerning the compensation paid to the NEOs.

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(3)</sup>	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation <sup>(4)</sup> (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Dan Stearne <sup>(1)</sup> President and CEO	2021	174,332	-	-	-	-	-	9,000	183,332
	2020	121,838	-	-	-	-	-	9,000	130,838
	2019	120,991	-	-	-	-	-	9,000	129,991
Robert Brookwell <sup>(2)</sup> CFO	2021	81,900	-	-	-	-	-	-	81,900
	2020	81,900	-	-	-	-	-	-	81,900
	2019	42,950	-	6,000	-	-	-	2,000	50,950
Tracy Dobson <sup>(1)</sup> VP Operations	2021	275,000	-	-	-	-	-	20,050	295,050
	2020	222,506	-	-	-	-	-	20,050	242,556
	2019	221,659	-	-	-	-	-	20,050	241,709
Daniel O'Greysik <sup>(1)</sup> VP Sales	2021	275,000	-	-	-	-	-	20,050	295,050
	2020	222,506	-	-	-	-	-	20,050	242,556
	2019	221,659	-	-	-	-	-	20,050	241,709

**Notes:**

- (1) Three members of the NEO Group, Messrs. Stearne and O'Greysik and Ms. Dobson, own an aggregate 75% of the shares of a corporation (the "Controlling Shareholder") that holds approximately 73% of the outstanding Common Shares. In addition to the compensation paid to each of the NEOs set out in the above table, the Corporation pays a fee of \$1,000 per month to the Controlling Shareholder. During the year ended December 31, 2021, total fees paid to the Controlling Shareholder were \$12,000 (2020 - \$12,000, 2019 - \$12,000).
- (2) Mr. Brookwell provides fractional CFO services on a contract basis and is compensated on specified terms that do not include any perquisites. Fees paid to Mr. Brookwell in his capacity as a director of the Corporation prior to his appointment as CFO in 2019 are included under "All other compensation".
- (3) Option-based awards in 2019 represent the grant date fair value of Options granted under the Stock Option Plan (as defined below) as calculated using the Black-Scholes option-pricing model. The assumptions for the model were a risk-free interest rate of 1.25%, option life of 5 years, expected future volatility of 40% and no dividends or forfeiture rate.
- (4) The value of perquisites received by each of the NEOs, including property or other personal benefits provided to them that are not generally available to all employees, were not in the aggregate greater than \$50,000 or 10% of the NEO's total salary for the financial year. The amounts under "All other compensation" reflect contributions by the Corporation on behalf of the NEOs (other than the CEO and CFO) to a group Registered Retirement Savings Plan, plus the payment of a monthly auto allowance as described above.

**Incentive Plan Awards**

Pursuant to TSX Venture Exchange (the "TSXV") Policy 4.4 (the "Option Policy") the Corporation is permitted to maintain a "rolling" stock option plan (the "Stock Option Plan") reserving a maximum of 10% of the issued and outstanding Common Shares for issuance pursuant to stock options. In accordance with the Option Policy, rolling option plans must receive shareholder approval yearly at the Corporation's annual meeting.

The Stock Option Plan was initially approved by the Shareholders on June 20, 2005. At December 31, 2021, the Corporation had no outstanding options to purchase Common Shares (the "Options"). There were 400,000 Options exercised by the NEOs in 2021 at a weighted average exercise price of \$0.116 per share. 450,000 Options were granted following December 31, 2021 to the NEOs and independent directors.

The Stock Option Plan provides for the granting of Options to purchase Common Shares to directors, officers, employees and consultants of the Corporation. The Stock Option Plan is administered by the Board, or a committee of the Board appointed from time to time for such purpose. Options may be granted at the discretion of the Board or a committee thereof, in such number that may be determined at the time of grant, subject to the limits set out in the Stock Option Plan. The number of Common Shares issuable upon exercise of the Options granted under the Stock Option Plan is not more than 10% of the number of Common Shares that are issued and outstanding. The total number of Options to be granted to any one optionee in a twelve-month period may not exceed 5% of the issued and outstanding Common Shares (on a non-diluted basis) at the date of the grant of the Option. The

aggregate issuance of Common Shares to "Insiders" (as such term is defined in the Stock Option Plan) pursuant to the Stock Option Plan within a one-year period may not exceed 10% of the outstanding Common Shares (on a non-diluted basis).

The exercise price of Options granted under the Stock Option Plan is fixed by the Board, provided that such exercise price may not be less than the market price, currently being the closing price of the Common Shares on the TSXV on the trading day preceding the date of grant of the Common Shares, or such other prices as may be determined under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the TSXV. The Options granted under the Stock Option Plan generally will vest over a period of two years and will expire within ten years.

The foregoing summary is subject to the specific provisions of the Stock Option Plan.

#### ***Outstanding Share-Based Awards and Option-based Awards***

There were no option-based awards or share-based awards outstanding to NEOs at the end of the year ended December 31, 2021.

#### ***Incentive Plan Awards – Value Vested or Earned During the Year***

No non-equity compensation or share-based awards were awarded, vested or earned by NEOs in the year ended December 31, 2021.

#### **Pension Plan Benefits**

The Corporation has no pension plan but does make contributions to a group Registered Retirement Savings Plan on behalf of its employees including the Corporation's full-time NEOs.

#### **Termination and Change of Control Benefits**

At December 31, 2021, the Corporation had identical employment agreements with each full-time member of the NEO Group which establishes salary, benefits and other general employment provisions. The employment agreements also provide a right to be paid a severance amount, in the event of termination of employment by the Corporation for any reason other than just cause, equal to one and one-half times the aggregate of the base salary plus any flex-pay paid in the previous twelve months prior to the termination date plus the value of the Corporation's contributions to any benefit plans for the twelve months prior to the termination date. If Mr. O'Greysik or Ms. Dobson had been terminated on December 31, 2021, the amount payable to each would have been \$460,365 or \$450,726, respectively.

In addition, under the terms of the Option Plan, the vesting of all unvested Options shall be accelerated upon the making of a take-over bid as defined in the *Securities Act (Alberta)* (which is not exempt from the take-over bid requirements of the *Securities Act (Alberta)*) for the Common Shares.

#### **Director Compensation**

Independent directors of the Corporation are paid \$750 per meeting attended in person or otherwise. The non-independent directors do not receive any compensation for serving as directors. The Corporation reimburses all directors for any expenses incurred with respect to attendance at meetings of the Board or committees thereof.

Independent directors of the Corporation are entitled to participate in, and may receive Options under, the Option Plan. At December 31, 2021, independent directors did not hold any outstanding Options. In February 2022, each of the independent directors was granted 25,000 Options.

**Directors' Summary Compensation Table**

The following table sets forth for the year ended December 31, 2021, information concerning the compensation paid to directors of the Corporation other than directors who were also NEOs.

Name	Fees (\$)	Other Compensation (\$)	Total (\$)
Nicole L. Maruzzo <sup>(1)</sup>	3,000	-	3,000
Michael J. Martin <sup>(1)</sup>	3,000	-	3,000

**Notes:**

(1) Ms. Maruzzo and Mr. Martin were re-elected as directors of the Corporation on August 18, 2021.

**Directors' Outstanding Option-Based Awards and Share-Based Awards**

There were no option-based awards or share-based awards held by any of the directors who are not also NEOs at December 31, 2021.

**Directors' Incentive Plan Awards – Value Vested or Earned During the Year**

No option-based, share-based or non-equity incentive plan compensation was earned during the year ended December 31, 2021 by any of the directors who were not also NEOs.