

KONTROL TECHNOLOGIES CORP.

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STATEMENT OF EXECUTIVE COMPENSATION

The following information regarding executive compensation is presented by Kontrol Technologies Corp. (the “**Company**”) in accordance with Form 51-102F6 *Statement of Executive Compensation*. The objective of this disclosure is to communicate the compensation the Company paid, made payable, awarded, granted, gave or otherwise provided to each named executive officer and director for the financial year ended December 31, 2024, and the decision-making process relating to compensation.

Information contained in this form is as of December 31, 2024 unless indicated otherwise.

Named Executive Officers

In this Statement of Executive Compensation, a Named Executive Officer (“**NEO**”) of the Company means each of the following individuals:

- (a) a chief executive officer (“**CEO**”) of the Company;
- (b) a chief financial officer (“**CFO**”) of the Company;
- (c) each of the Company’s three most highly compensated executive officers of the Company including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 as determined in accordance with subsection 1.3(6) of Form 51-102F6, for the fiscal year ended December 31, 2024; and
- (a) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in a similar capacity at the fiscal year ended December 31, 2024.

As of December 31, 2024, the Company had two “Named Executive Officers”, namely Paul Ghezzi, CEO, and Claudio Del Vasto, CFO.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Governance

The Board has not created or appointed a standing compensation committee. However, for the purposes of reviewing and assessing special, non-recurring bonuses or compensation amounts awarded to the Company’s directors or executive officers, the Board will constitute an *ad hoc* compensation committee (the “**Compensation Committee**”) composed of a majority of independent directors.

The Board otherwise assumes responsibility for reviewing and monitoring the long-range compensation strategy for the Company’s senior management, with a view to fulfilling its responsibilities concerning executive and director compensation, reviewing director compensation, overseeing the Company base compensation structure and equity-based compensation programs, recommending compensation of the Company’s officers and employees and evaluating the performance of officers generally, all in light of the Company’s annual goals and objectives.

The Board endeavors to ensure that the philosophy and operation of the Company’s compensation program reinforces its culture and values, creates a balance between risk and reward, attracts, motivates, and retains executive officers over the long-term and aligns their interests with those of the shareholders. In addition, the Board is responsible for

reviewing the Company's annual disclosure regarding executive compensation for inclusion where appropriate in the Company's disclosure documents.

Elements of Compensation

The Company's current compensation program is comprised of three major components: base salary or fees, short term incentives such as discretionary bonuses, and long-term incentives such as stock options and equity incentive awards.

1. Base Salary

Base salary is the fixed portion of each executive officer's total compensation. It is designed to provide income certainty. In determining the base level of compensation for the executive officers, weight is placed on the following factors: the particular responsibilities related to the position; salaries or fees paid by companies of similar size in the industry; level of experience of the executive and overall performance; and the time which the executive officer is required to devote to the Company in fulfilling his or her responsibilities.

2. Short-Term Incentives (Cash Bonuses)

NEOs may be awarded discretionary cash bonuses based on the Company's performance and individual contributions to the Company's operational, financial, and strategic goals. The short-term incentive program is designed to: motivate executives to achieve annual targets aligned with the Company's business plan; recognize individual contributions to the Company's success; and retain key talent through performance-based compensation.

The amount and award of cash bonuses to key executives and senior management is discretionary, depending on, among other factors, the financial performance of the Company and the position of a participant. The Compensation Committee is responsible for reviewing special, non-recurring compensation of the Company's NEOs and making recommendations to the Board based on market practices, company performance, and alignment with shareholder interests.

3. Long-Term Equity Incentive Awards

Long-term incentives are intended to align the interests of the Company's directors and executive officers with those of the shareholders and to provide a long-term incentive that rewards these parties for their contribution to the creation of shareholder value. In establishing the number of options or awards to be granted under the Stock Option Plan, or other equity compensation plans of the Company, reference is made to the recommendations made by the Board as well as the number of similar awards granted to officers and directors of other publicly-traded companies of similar size in the same business as the Company. The Board also considers previous grants of options or awards and the overall number of options or awards that are outstanding relative to the number of outstanding securities in determining whether to make any new grants of options or awards and the size and terms of any such grants, as well as the level of effort, time, responsibility, ability, experience and level of commitment of the director or executive officer in determining the level of long-term equity incentive awards.

The aggregate number of Common Shares available to be reserved for issuance under all security-based compensation plans of the Company (including, but not limited, the Company's stock option plan) cannot exceed, in the aggregate, such number of Common Shares as is equal to 20% of the issued and outstanding Common Shares at the time of issuance of any such Common Shares or securities exercisable or convertible into Common Shares. A Board and Shareholder approved Share Compensation Plan is in place allowing for the issuance of securities convertible into Common Shares, and Common Shares to certain Participants as an additional form of long-term equity based compensation.

Risks Associated with the Compensation Policies and Practices

As part of its oversight of the executive compensation program, the Board considers the implications of any risks associated with such program. The following components of the compensation paid to the executive officers are considered to discourage such persons from taking unnecessary or excessive risks:

- base salaries and personal benefits are sufficiently competitive and not subject to performance risk; and

- to date, the Company’s long term incentive awards have been largely based on past achievements, rather than the achievement of pre-determined short-term financial goals.

The Board believes that executive compensation risk management begins with ongoing oversight by the Board of:

- the Company’s strategic objectives, results, regulatory reports and financial plans;
- fraud and error reporting;
- the Audit Committee’s meetings with the external auditors, including discussions with the external auditors that exclude management; and
- the Company’s internal controls, management information systems, financial reporting and financial control systems.

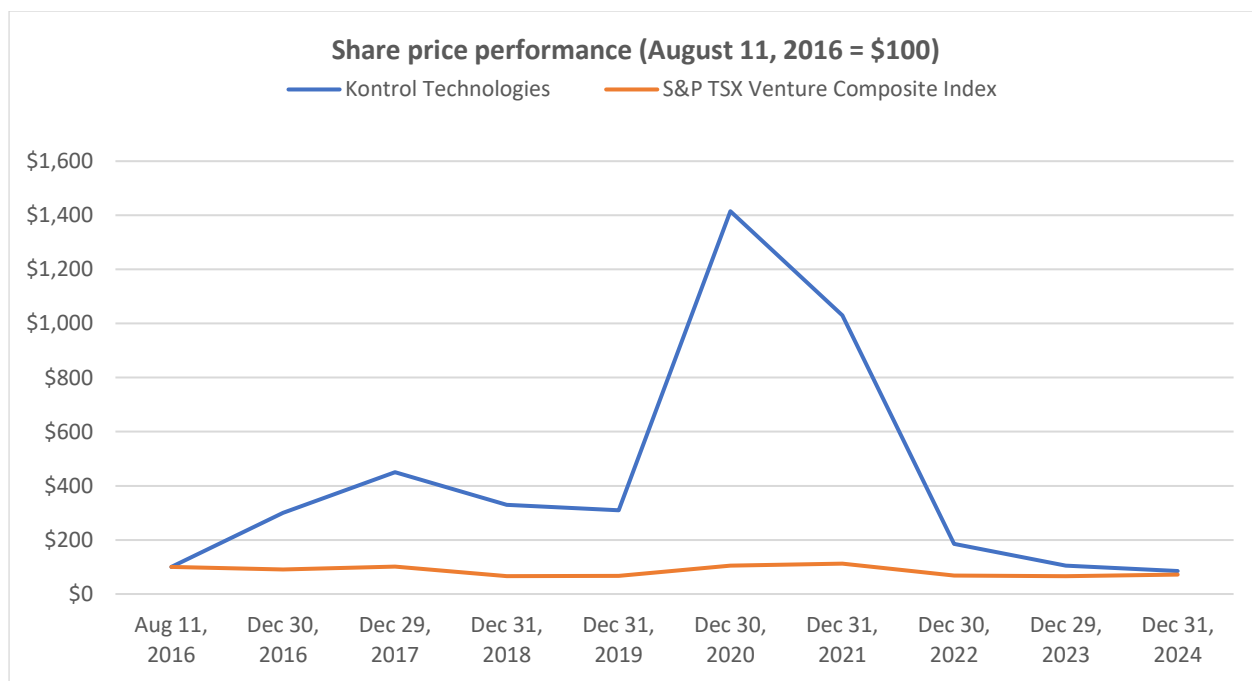
Based on this review, the Company has concluded that its compensation policies and procedures are not reasonably likely to have a material adverse effect on the Company or any of its subsidiaries.

Compensation Consultant

The Company did not engage a compensation consultant or advisor at any time since the Company’s most recently completed financial year.

Performance Graph

Performance Graph Below is a chart comparing the Company's shareholder return to the S&P/TSX Venture Composite Index over the most recently completed financial years.



The Company went public August 8, 2016, by way of a reverse takeover of Arrowhead Gold Corp., with its first recorded volume traded on August 11, 2016. The Company outperformed the S&P/TSX Venture Composite Index in the period from August 11, 2016 to December 31, 2024.

This market continues to be one of the most difficult environments for micro-cap and small cap public companies. The sentiment has been negative, and the market liquidity has mirrored sentiment. In 2024, the Company successfully managed some significant challenges and worked diligently to right size the balance sheet, and its efforts have created the conditions to grow its core buildings platform. During the 2024 fiscal year, the Company paid off the remaining revolver and term loan balances and executed the asset sale of a subsidiary which raised substantial internal cash,

delivered a significant gain to book value, and positions the Company with the necessary resources to accelerate key business initiatives.

A \$100 investment in the Company (ticker – KNR) would have grown to the following:

\$300 at December 30, 2016
 \$450 at December 29, 2017
 \$330 at December 31, 2018
 \$310 at December 31, 2019
 \$1,415 at December 30, 2020
 \$1,030 at December 31, 2021
 \$185 at December 30, 2022
 \$105 at December 29, 2023
 \$85 at December 31, 2024

The Company’s annualized return was negative -1.92% over the period from August 11, 2016 to December 31, 2024. That compares to an annualized return of negative -3.92% over the same period for the S&P/TSX Venture Composite Index. On a nominal basis, the Company’s cumulative return was negative -15% over the period from August 11, 2016 to December 31, 2024. On a nominal basis, the cumulative return for the S&P/TSX Venture Composite Index was negative -28.5% for the same period.

Share Based and Option Based Awards

Options are granted by the Board, in accordance with CBOE Canada (the “Exchange”) policies. The maximum number of Common Shares or securities exercisable or convertible into Common Shares that may be issued to Insiders (as defined in National Instrument 55-104 *Insider Reporting Requirements and Exemptions*) within any one-year period pursuant to all security-based compensation arrangements (including the Stock Option Plan), shall not exceed ten percent (10%) of the Common Shares issued and outstanding from time to time (calculated on a non-diluted basis).

Options issued pursuant to the Stock Option Plan shall have an exercise price determined by the Board, in accordance with applicable securities legislation and/or exemptions from prospectus requirements, including (if required) compliance with section 2.24 of National Instrument 45-106 *Prospectus Exemptions*, and the Exchange’s Listing Manual.

For further details describing the process the Company uses to grant share-based and option-based awards to executive officers please see the “*Long-Term Equity Incentive Awards*.”

SUMMARY COMPENSATION TABLE

The following table summarizes, for the periods indicated, the compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Company to each NEO.

Name and principal position	Year	Salary ⁽¹⁾ (\$)	Share-based awards ⁽²⁾ (\$)	Option-based awards ⁽³⁾ (\$)	Non-equity Incentive Plan Compensation		Pension Value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual Incentive Plans ⁽⁴⁾	Long-Term Incentive Plans			
Paul Ghezzi, CEO	2022	\$232,700	Nil	\$24,250	N/A	N/A	N/A	Nil	\$256,950
	2023	\$278,800	Nil	\$109,500	N/A	N/A	N/A	Nil	\$388,300
	2024	\$233,000	Nil	\$65,000	\$1,275,000	N/A	N/A	Nil	\$1,573,000
Claudio Del Vasto, CFO	2022	\$147,700	Nil	\$48,500	N/A	N/A	N/A	Nil	\$196,200
	2023	\$221,000	Nil	\$118,500	N/A	N/A	N/A	Nil	\$339,500
	2024	\$171,000	Nil	\$16,250	\$185,000	N/A	N/A	Nil	\$372,250

Notes:

- (1) Salary for each NEO is proportionate with other comparable public companies in the energy efficiency industry sector.
- (2) Fair value of share-based awards estimated at the date of grant. The date of grant pricing model was used to estimate the fair value of the share-based awards.
- (3) Fair value of option-based awards estimated at the date of grant. The Black-Scholes pricing model was used to estimate the fair value as it is the most accepted methodology.
- (4) See *Narrative Discussion* below.

Narrative Discussion

For the fiscal year ended December 31, 2024, the Company did not operate a formal, formula-based bonus plan. Instead, the Compensation Committee assessed corporate and individual performance holistically, with a focus on strategic milestones achieved during the year.

A key driver of bonus decisions for the fiscal year was the successful sale of the Company’s subsidiary, CEM Specialties Inc. (“CEMSI”), which was completed on June 24, 2024. This transaction represented a material achievement for the Company, unlocking significant value for shareholders and enabling a strategic refocus of the Company’s business. CEMSI’s operational net assets were sold for \$16.25 million, subject to adjustments for any account balances, and the Company retained working capital of approximately \$1.25 million. In advance of the CEMSI sale transaction, on December 29, 2023, Kontrol completed the sale of the operational net assets of ORTECH Consulting Inc. which had been a wholly owned subsidiary. The sale price was \$6.1 million. Additionally, the Compensation Committee considered the additional reduction of business expenses, the avoidance of broker fees attributable to the sale transactions, and the elimination of secured debt and corresponding annual interest costs. The total bonus awarded to each NEO reflects the Board’s assessment of individual contributions to the transactions and overall performance.

The Compensation Committee and the Board determined that the efforts of senior management were critical to the successful negotiation, execution, and closing of the sale transactions, and that performance-based recognition was warranted.

INCENTIVE PLAN AWARDS**Incentive Plan Awards - Outstanding Option-Based and Share-Based Awards**

The following table sets forth for the NEOs, the incentive stock options (option-based awards), pursuant to the Company’s stock option plan outstanding as at December 31, 2024.

Name and Principal Position	Option-based Awards				Share-based Awards			
	Number of Securities Underlying Unexercised Options	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested	Number of shares or units of shares that have vested	Market or payout value of vested share-based awards not paid or distributed ⁽²⁾
Paul Ghezzi, CEO	25,000	\$1.67	April 14, 2027	Nil	Nil	Nil	Nil	Nil
	90,000	\$0.65	March 21, 2026	Nil				
	800,000	\$0.30	Dec 15, 2028	Nil				
	500,000	\$0.30	Nov 22, 2029	Nil				

Claudio Del Vasto, CFO	50,000 150,000 800,000 125,000	\$1.67 \$0.65 \$0.30 \$0.30	April 14, 2027 March 21, 2026 Dec 15, 2028 Nov 22, 2029	Nil Nil Nil Nil	Nil	Nil	Nil	Nil
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Notes:

- (1) “In-the-Money Options” means the excess of the market value of the Company’s shares on December 31, 2024 over the exercise price of the options. The market price for the Company’s Common Shares on December 31, 2024 was \$0.17 CAD.
- (2) Based on the closing price of the Common Shares on the Exchange of \$0.17 CAD on December 31, 2024.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table provides information regarding the value on pay-out or vesting of incentive plan awards for the Named Executive Officers for the financial year ended December 31, 2024.

Name	Option-based awards – Value vested during the year	Share-based awards – Value vested during the year ⁽¹⁾	Non-equity incentive plan compensation – Value earned during the year
Paul Ghezzi	Nil	Nil	N/A
Claudio Del Vasto	Nil	Nil	N/A

Notes:

- (1) Based on the closing price of the Common Shares on the Exchange of \$0.17 CAD on December 31, 2024.

Pension Plan Benefits

As of December 31, 2024, there did not exist a pension plan for the Named Executive Officers that provided for payments or benefits at, following or in connection with retirement.

Incentive Plan Compensation

The Company currently does not have any non-equity incentive plan compensation plans for payments or benefits to the Named Executive Officers.

Termination and Change of Control Benefits

The Company does not have any contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer at, following, or in connection with a termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Company or a change in a Named Executive Officer's responsibilities.

DIRECTOR COMPENSATION

The following table sets forth information concerning the annual and long-term compensation in respect of the directors of the Company, other than the directors who were also Named Executive Officers, during the financial year ended December 31, 2024. For details of the compensation for Paul Ghezzi and Claudio Del Vasto, the Named Executive Officers who were also directors of the Company, see disclosure under “*Statement of Executive Compensation – Summary Compensation Table*”.

Director Compensation Table

Name	Fees Earned (\$)	Share-Based Awards (\$)	Option-Based Awards (\$) ⁽¹⁾	Non-Equity incentive plan compensation	Pension Value	All other compensation (\$)	Total compensation (\$)
Andrew Bowerbank	\$12,000	Nil	N/A	N/A	N/A	Nil	\$12,000
Joanna Osawe	\$10,000	Nil	N/A	N/A	N/A	Nil	\$10,000
Danny Carestia	\$10,000	Nil	\$6,500	N/A	N/A	Nil	\$16,500

Notes:

(1) Fair value of option-based awards estimated at the date of grant. The Black-Scholes pricing model was used to estimate the fair value as it is the most accepted methodology.

Outstanding Option-Based Awards and Share-Based Awards

The following table shows all outstanding option-based and share-based awards held by each director (other than the directors who were also Named Executive Officers and for whom the identical information is shown on the comparable table for Named Executive Officers set out above) as at December 31, 2024.

Name	Option-based Awards				Share-based Awards			
	Number of Securities Underlying Unexercised Options	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested	Number of shares or units of shares that have vested	Market or payout value of vested share-based awards not paid or distributed ⁽²⁾
Andrew Bowerbank	20,000	\$2.15	Sept 4, 2025	Nil	Nil	Nil	Nil	Nil
	25,000	\$1.67	April 14, 2027	Nil				
	40,000	\$0.65	March 21, 2026	Nil				
	50,000	\$0.30	Dec 15, 2028	Nil				
Joanna Osawe	25,000	\$0.60	March 23, 2025	Nil	Nil	Nil	Nil	Nil
	20,000	\$2.15	Sept 4, 2025	Nil				
	25,000	\$1.67	April 14, 2027	Nil				
	40,000	\$0.65	March 21, 2026	Nil				
	50,000		Dec 15, 2028	Nil				
Danny Carestia	50,000	\$0.30	Nov 22, 2029	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) “In-the-Money Options” means the excess of the market value of the Company’s shares on December 31, 2024 over the exercise price of the options. The market price for the Common Shares on December 31, 2024 was C\$0.17, see footnote 2 below for further details.
- (2) Based on the closing price of the Common Shares on the Exchange of \$0.17 CAD on December 31, 2024.

Value of Awards Vested or Earned During the Year

The following table provides information regarding the value on pay-out or vesting of incentive plan awards for each director (other than the directors who are also Named Executive Officers and for whom the identical information appears on the comparable table for Named Executive Officers set out above) for the financial year ended December 31, 2024.

Name	Option-based awards – Value vested during the year	Share-based awards – Value vested during the year ⁽¹⁾	Non-equity incentive plan compensation – Value earned during the year
Andrew Bowerbank	Nil	Nil	N/A
Joanna Osawe	Nil	Nil	N/A
Danny Carestia	Nil	Nil	N/A

Notes:

- (1) Based on the closing price of the Common Shares on the Exchange of \$0.17 CAD on December 31, 2024.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides details of the equity securities of the Company authorized for issuance for the year ended December 31, 2024 pursuant to the Stock Option Plan currently in place:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by securityholders	3,857,500	\$0.44	7,320,733
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	3,857,500		7,320,733