



STATEMENT OF EXECUTIVE COMPENSATION

The following information, dated as of June 29, 2023, is provided as required under Form 51-102F6V-*Statement of Executive Compensation*, for Venture Issuers (as such term is defined in National Instrument 51-102).

For the purposes hereof, a named executive officer ("**NEO**") of Katapult Technology Corp. ("**Katapult**" or the "**Corporation**") means each of the following individuals:

- (a) the Chief Executive Officer ("**CEO**") of the Corporation;
- (b) the Chief Financial Officer ("**CFO**") of the Corporation;
- (c) each of the three most highly compensated Executive Officers, 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. "Executive Officer" means the chairman, and any vice-chairman, president, secretary or any vice-president and any officer of the Corporation or a subsidiary who performs a policymaking function in respect of the Corporation; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of that financial year.

For the financial year ended December 31, 2022, each of Gord Breese, President and CEO, and Karim Teja, CFO, is an NEO for purposes of this disclosure.

The following table sets forth, for the years ended December 31, 2022 and 2021 all compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Corporation, or a subsidiary of the Corporation, to each NEO and director, in any capacity.

SUMMARY OF NEO AND DIRECTOR COMPENSATION TABLE							
Name and Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$) ⁽¹⁾⁽²⁾	Value of all other compensation (\$) ⁽³⁾	Total compensation (\$)
Gord Breese, President, CEO and Director ⁽⁴⁾	2022	190,333	nil	nil	nil	nil	190,333
	2021	200,000	nil	nil	nil	nil	200,000
Karim Teja ⁽⁶⁾ CFO	2022	54,000	nil	nil	nil	nil	54,000
	2021	54,000	nil	nil	nil	nil	54,000
Brock Murray ⁽⁵⁾ Director and Head of Global Marketing	2022	108,000	nil	nil	nil	nil	108,000
	2021	108,000	nil	nil	nil	nil	108,000
Pheak Meas ⁽⁷⁾ Director and Head of UX and Development	2022	108,000	nil	nil	nil	nil	108,000
	2021	108,000	nil	nil	nil	nil	108,000
Brian Craig ⁽¹⁰⁾ Director	2022	nil	nil	nil	nil	35,700	35,700
	2021	nil	nil	nil	nil	39,846	39,846
George Reznik ⁽¹¹⁾ Director	2022	nil	nil	nil	nil	35,336	35,336
	2021	nil	nil	nil	nil	2,548	2,548
Jeff Dawson ⁽⁸⁾ Former Director	2021	nil	nil	nil	nil	42,200	42,000
Marcus Shapiro ⁽⁹⁾ Former Director	2021	nil	nil	nil	nil	34,500	34,500

Notes:

- (1) Includes perquisites provided to an NEO or director that are not generally available to all employees. An item is generally a perquisite if it is not integrally and directly related to the performance of the director's or NEO's duties. If something is necessary for a person to do his or her job, it is integrally and directly related to the job and is not a perquisite, even if it also provides some amount of personal benefit. For the purposes of the table, perquisites are valued on the basis of the aggregate incremental cost to the Corporation and its subsidiaries.
- (2) NEOs and directors whose total salary for the applicable financial year was \$150,000 or less did not receive perquisites that, in aggregate, were greater than \$15,000. NEOs and directors whose total salary for the applicable financial year was greater than \$150,000 but less than \$500,000 did not receive perquisites that, in aggregate, were greater than 10% of the NEO's or director's salary for the applicable financial year.
- (3) "All Other Compensation" is related to "Stock Based Payments". RSUs are recognized on the grant date based on the value of the share price on date granted. Stock options are valued using Black Scholes and recognized on a monthly allocation basis over the vesting period. Please refer to "Stock Option, Restricted Share Units, and Other Compensation Securities" below for further information.
- (4) Mr. Breese does not receive any compensation in his capacity as a director. Mr. Breese was appointed as the President, CEO and a director of the Corporation on January 6, 2020.

- (5) Mr. Murray does not receive any compensation in his capacity as a director. Mr. Murray was appointed as a director on August 17, 2017. On January 6, 2020, Mr. Murray stepped down as President and CEO and assumed the role of Head of Global Development.
- (6) Mr. Teja was appointed as CFO on January 24, 2018 and is paid as a subcontractor through his consulting company, Red to Black Inc. ("RTB"). His base compensation for CFO services averaged \$4,500 per month during 2022 (with such services averaging \$4,500 per month in 2021) and bookkeeping and accounting services averaging \$9,708 per month were billed by RTB in 2022 (with such services averaging \$7,683 per month in 2021). RTB has a fixed fee contract of \$15,250 per month to provide bookkeeping, controller and CFO services. The amount allocated to each of these activities is based on the percentage of time spent on each month. RTB has estimated that \$4,500 per month of the fixed fee should be allocated to CFO services as shown on the invoices.
- (7) Mr. Meas does not receive any compensation in his capacity as a director. Mr. Meas was appointed as a director on August 17, 2017.
- (8) Mr. Dawson was appointed as a director of the Corporation on August 17, 2017. On September 25, 2019, Mr. Dawson was granted 450,000 stock options, 337,500 of which were voluntarily forfeited on December 1, 2020. Mr. Dawson ceased to be a director effective December 1, 2021.
- (9) Mr. Shapiro was appointed as a director on August 17, 2017. On June 18, 2021, the Corporation announced the resignation of Mr. Shapiro effective June 30, 2021. On September 25, 2019, Mr. Shapiro was granted 450,000 stock options, 337,500 of which were voluntarily forfeited on December 1, 2020.
- (10) Mr. Craig was appointed as a director on May 30, 2018. On September 25, 2019, Mr. Craig was granted 450,000 stock options, all of which were voluntarily forfeited on December 1, 2020.
- (11) Mr. Reznik was appointed as a director on December 1, 2021.

Stock Options, Restricted Share Units, and Other Compensation Securities

The following table discloses all compensation securities granted or issued to each director and NEO by the Corporation or one of its subsidiaries in the year ended December 31, 2022 for services provided or to be provided, directly or indirectly, to the Corporation or any of its subsidiaries.

Name and position	Type of compensation security ⁽¹⁾	Number of compensation securities, number of underlying securities, and percentage of class ^{(2) (3)}	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date ⁽⁴⁾
Gord Breese President, CEO and Director	nil	nil	nil	nil	nil	nil	nil
Karim Teja CFO	nil	nil	nil	nil	nil	nil	nil
Brock Murray Director and Head of Global Marketing	nil	nil	nil	nil	nil	nil	nil
Pheak Meas Director and Head of UX and Development	nil	nil	nil	nil	nil	nil	nil

Name and position	Type of compensation security ⁽¹⁾	Number of compensation securities, number of underlying securities, and percentage of class ^{(2) (3)}	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date ⁽⁴⁾
Brian Craig Director	nil	nil	nil	nil	nil	nil	nil
George Reznik Director	nil	nil	nil	nil	nil	nil	nil

Notes:

- (1) **"Compensation Securities"** includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the Corporation or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the Corporation or any of its subsidiaries.
- (2) As of December 31, 2022, the NEOs and directors held the following number of stock options granted by the Corporation ("**Options**") (each one Option being exercisable to acquire one Common Share upon vesting): Brian Craig – nil; Gord Breese – nil; Brock Murray – nil; Pheak Meas – nil; George Reznik – nil; Karim Teja – nil.
- (3) As of December 31, 2022, the NEOs and directors held the following number of restricted share units ("**RSUs**") (each one RSU representing the entitlement to receive one common share of the Corporation upon vesting): Brian Craig – 210,000; Gord Breese – nil; Brock Murray – nil; Pheak Meas – nil; George Reznik – 160,000; Karim Teja – nil.
- (4) All outstanding RSUs vested on December 3, 2022.

The following table discloses details regarding each exercise of Compensation Securities by a director or NEO during the year ended December 31, 2022.

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Gord Breese President, CEO and Director	nil	nil	nil	nil	nil	nil	nil
Karim Teja CFO	nil	nil	nil	nil	nil	nil	nil
Brock Murray Director and Head of Global Marketing	nil	nil	nil	nil	nil	nil	nil
Pheak Meas	nil	nil	nil	nil	nil	nil	nil

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Director and Head of UX and Development							
Brian Craig Director	nil	nil	nil	nil	nil	nil	nil
George Reznik Director	nil	nil	nil	nil	nil	nil	nil

External Management Companies

Except as otherwise described herein, none of the NEOs or directors of the Corporation have been retained or employed by an external management company which has entered into an understanding, arrangement or agreement with the Corporation to provide executive management services to the Corporation, director or indirectly.

Option Plans and Other Incentive Plans

Option Plan

The Corporation's current stock option plan (the "**Option Plan**") was initially approved by the board of directors (the "**Board**") on August 18, 2017. The Option plan was last approved by shareholders at the Corporation's annual general and special meeting held on September 12, 2022. The policies of the TSX Venture Exchange (the "**TSXV**") require that the Option Plan be approved by shareholders on a yearly basis.

The purpose of the Option Plan is to ensure that the Corporation is able to provide an incentive program for directors, officers, employees and persons providing services to the Corporation (each, an "**Optionee**") that provides enough flexibility in the structuring of incentive benefits to allow the Corporation to remain competitive in the recruitment and maintenance of key personnel.

The Option Plan is administered by the Board, which shall, without limitation, have full and final authority in its discretion, but subject to the express provisions of the Option Plan, to interpret the Option Plan, to prescribe, amend and rescind rules and regulations relating to it and to make all other determinations deemed necessary or advisable for the administration of the Option Plan, subject to any necessary shareholder or regulatory approval. The Board may delegate any or all of its authority with respect to the administration of the Option Plan. The Board shall determine to whom options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted and vested, and the number of Common Shares to be subject to each option. The following is a summary of the material terms of the Option Plan:

- (a) stock options may be issued to directors, senior officers, employees, consultants, affiliates or subsidiaries or to employees of companies providing management or administrative services to the Corporation;
- (b) the Board (or any committee delegated by the Board) in its sole discretion will determine the number of options to be granted to any Optionee, the Optionees to receive the options, and term of expiry which will not exceed 10 years from the date the option is granted;
- (c) the options will be non-assignable except that they will be exercisable by the personal representative of the option holder in the event of the option holder's death;
- (d) the number of Common Shares reserved for issuance to any one person pursuant to options granted under the Option Plan or otherwise, shall not exceed the maximum percentage of the issued and outstanding Common Shares at the time of granting of the options, if any, as may be prescribed by the policies of the TSXV;
- (e) the aggregate number of Common Shares which may be subject to issuance pursuant to options granted under Option Plan shall not exceed the equivalent of 10% of the total issued and outstanding Common Shares at the time of grant;
- (f) the exercise price of an option granted under the Option Plan shall not be less than the Discounted Market Price (as defined in the Option Plan);
- (g) if an Optionee ceases to be a director, officer, consultant or employee for any reason other than death, his option shall terminate as specified by the Board at the time of granting the option and all rights to purchase shares under such option shall cease and expire and be of no further force or effect. All options must terminate within 90 days of the date of such cessation, 30 days if the Optionee was engaged in Investor Relations Activities. Notwithstanding the foregoing, the Board may extend the 90-day termination date to a later date within a reasonable period not exceeding one year in accordance with the policies of the TSXV;
- (h) the Board may, subject to any required regulatory approval but without shareholder approval, make amendments to an option or the Option Plan which include, but are not limited to:
 - (i) change the vesting provisions of an option or the Option Plan,
 - (ii) change the termination provisions of an option or the Option Plan, provided there is no extension beyond the original expiry date, or
 - (iii) make other amendments of a "housekeeping" or non-material nature with requisite regulatory approval.

Notwithstanding the foregoing, the approval of the shareholders of the Corporation shall be required for any of the following amendments to an option or the Option Plan:

- (i) the limitations on grants of options to insiders and the number of shares that may be reserved for issuance to insiders,
- (ii) the maximum number or percentage of outstanding shares that may be reserved for issuance upon exercise of options under the Option Plan,
- (iii) any amendment which would permit options granted under the Option Plan to be transferable, other than for estate settlement purposes, or
- (iv) any amendment to the amendment provisions already voted upon by shareholders.

Subject to the above paragraph, with the consent of the affected Optionees, the Board may amend or modify any outstanding option in any manner to the extent that the Board would have had the authority to initially grant such award as so modified or amended, including without limitation, to change the date or dates as of which an option becomes exercisable, subject to the prior approval of the relevant stock exchanges, if required for such amendment or modification. Any reductions in the exercise price or extension of the term of options granted to insiders will require approval of the shareholders of the Corporation excluding votes of securities held by the insiders benefiting from such amendment;

- (i) if the Common Shares are listed on the TSXV, options shall not be granted under the Option Plan or securities be made issuable under any other share compensation arrangement which could result in:
 - (i) the number of Common Shares issuable to any one Optionee exceeding 5% of the total number of issued and outstanding Common Shares on the date of grant (the "**Grant Date**") on a non-diluted basis, unless the Corporation and has obtained disinterested shareholder approval;
 - (ii) to Insiders as a group exceeding 10% of the total number of issued and outstanding Common Shares on the Grant Date on a non-diluted basis;
 - (iii) to any one Consultant exceeding 1% of the total number of issued and outstanding Common Shares on the Grant Date on a non-diluted basis;
 - (iv) all Eligible Persons who undertake Investor Relations Activities holding in excess of 2% in the aggregate of the total number of issued and outstanding Common Shares on the Grant Date on a non-diluted basis; and
 - (v) Common Share issuable pursuant to RSUs, combined with potential Common Shares arising from the exercise of outstanding stock options under the Option Plan exceeding 10% of the issued and outstanding shares at the time of such grant;
- (j) shares will not be issued unless fully paid and options granted will be fully vested on the date of grant; options granted to consultants providing investor relations services will be subject to vesting provisions as per the policies of the Exchange, if applicable;
- (k) every option granted under the Option Plan shall be evidenced by a written agreement between the Corporation and the Optionee;
- (l) any consolidation or subdivision of Common Shares will be reflected in an adjustment to the Options; and
- (m) any reduction in exercise price of options granted to the Corporation's insiders will be subject to approval of disinterested shareholders of the Corporation.

RSU Plan

The Corporation's restricted share unit plan (the "**RSU Plan**") was approved by the Board effective October 25, 2018. The RSU Plan was last approved by shareholders at the Corporation's annual general and special meeting held on December 1, 2022. The policies of the TSXV require that the RSU Plan be approved by shareholders on a yearly basis.

The purpose of the RSU Plan is to ensure that the Corporation is able to provide an incentive program for directors, officers, employees and persons providing services to the Corporation that provides enough flexibility in the structuring of incentive benefits to allow the Corporation to remain competitive in the recruitment and maintenance of key personnel.

The RSU Plan is administered by the Board, which shall, without limitation, have full and final authority in its discretion, but subject to the express provisions of the RSU Plan, to interpret the RSU Plan, to prescribe, amend and rescind rules and regulations relating to it and to make all other determinations deemed necessary or advisable for the administration of the RSU Plan, subject to any necessary shareholder or regulatory approval. The Board may delegate any or all of its authority with respect to the administration of the RSU Plan to any committee delegated by the Board. The Board shall determine to whom RSUs shall be granted, the number of RSUs under each grant and the time or times at which the RSUs shall be vested. The following table summarizes the material terms of the RSU Plan:

Eligible Participants	Any director, officer, employee or consultant of the Corporation or any subsidiary of the Corporation who is eligible to receive RSU.
Types of Awards	RSUs
Number of Securities Issued and Issuable	Subject to adjustment in the event of a reorganization, recapitalization, stock split or redivision, reduction, combination or consolidation, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or shares of the Corporation, the aggregate number of Common Shares to be reserved and set aside for issue upon the exercise or redemption and settlement for all RSUs granted shall be fixed at 1,000,000 Common Shares provided that the number of RSUs granted to any one individual shall be limited to 1% of the total number of Common Shares outstanding at the time of any such grant and the total number of RSUs granted in any 12 month period shall be limited to 2% of the number of Common Shares outstanding.
Plan Limits	When combined with all of the Corporation's other previously established security-based compensation arrangements, including the limitation imposed on the maximum number of Common Shares which may be issued pursuant to the exercise of options under the Option Plan, the RSU Plan shall not result in the grant of an Award: • to any one person in any 12-month period which could, when exercised, result in the issuance of shares exceeding five percent (5%) of the issued and outstanding Common Shares on a non-dilutive basis, calculated at the date of grant, unless the Corporation has obtained the requisite disinterested shareholder approval to the grant; • to any one consultant in any 12-month period which could, when exercised, result in the issuance of shares exceeding 2% of the issued and outstanding Common Shares on a non-dilutive basis, calculated at the date of grant; or

	• in any 12-month period, to persons employed or engaged by the Company to perform investor relations activities which could, when exercised, result in the issuance of shares exceeding, in aggregate, 2% of the issued and outstanding Common Shares on a non-dilutive basis, calculated at the date of grant; or • to insiders as a group that will result in the issuance of shares at any time exceeding 10% of the issued and outstanding Common Shares on a non-diluted basis, calculated at the date of grant; or • to any one individual which exceeds 1% of the total number of Common Shares outstanding at the time of any such grant or 2% of the number of Common Shares outstanding in any 12-month period.
Definition of Market Price	"Market Price" means the weighted average price of the Common Shares on the TSXV (or, if the Common Shares are not then listed and posted for trading on the TSXV, on such stock exchange in Canada on which such shares are listed and posted for trading as may be selected for such purpose by the Board) for the five trading days immediately preceding the vesting date, subject to a minimum price of \$0.05
Assignability	An RSU may not be assigned, transferred, charged, pledged or otherwise alienated, other than to a participant's personal representatives.
Amending Procedures	The Board may at any time or from time to time, in its sole and absolute discretion and without shareholder approval, amend, suspend, terminate or discontinue the RSU Plan and may amend the terms and conditions of any RSUs granted thereunder, provided that no amendment may materially and adversely affect any Award previously granted to a participant without the consent of the participant. Notwithstanding the foregoing, shareholder approval shall be required for: • extending the date on which a RSU will be forfeited or terminated in accordance with its terms, other than in accordance with the RSU Plan; • increasing the maximum number of Common Shares reserved for issuance under the RSU Plan; • revising the participation limits; • revising the RSU Plan to permit RSU to be transferable or assignable other than for estate settlement purposes; • amending to the definition of "Eligible Person" that may permit the introduction or reintroduction of non-executive directors on a discretionary basis; or
Financial Assistance	The Corporation will not provide financial assistance to participants under the RSU Plan.

Other	In the event of a change in control, the Board shall have the right, but not the obligation, to permit each participant to exercise all of the participant's to settle all of the participant's outstanding RSUs, subject to any required approval of the TSXV and subject to completion of the change in control, and has the discretion to accelerate vesting. The RSU Plan further provides that if the expiry date or vesting date of RSUs is (i) during a blackout period, or (ii) within ten trading days following the end of a blackout period, the expiry date or vesting date, as applicable, will be automatically extended for a period of ten trading days following the end of the blackout period, subject to certain requirements of the TSXV, as set out in the RSU Plan.
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Description of RSUs		
RSU Terms	An RSU is a notional security that entitles the recipient to receive shares at the end of a vesting period. The terms applicable to RSUs under the RSU Plan (including the vesting schedule and whether dividend equivalents will be credited to a participant's RSU account) are determined by the Board at the time of the grant.	
Credit to RSU Account	As dividends are declared, additional RSUs may be credited to RSU holders in an amount equal to the greatest whole number which may be obtained by dividing (i) the value of such dividend or distribution on the record date established therefore by (ii) the Market Price of one share on such record date.	
Vesting	RSUs vest upon lapse of the applicable restricted period. Unless otherwise determined by the Board, or unless otherwise specified in the "Eligible Person's" service agreement or RSU award agreement, each RSU shall vest and shall be settled as follows: • 50% of the RSUs on the second anniversary of the date of grant; • 25% of the RSUs on the third anniversary of the date of grant; and • 25% of the RSUs on the fourth anniversary of the date of grant.	
Settlement	On settlement, the Corporation shall, for each vested RSU being settled, deliver to the participant one Common Share with a deemed value of the Market Price of one Common Share as of the RSU vesting date.	
Circumstances Involving Cessation of Entitlement to Participate	Reason for Termination	Treatment of Awards
	Death	All outstanding RSUs shall vest as of the date of death and be available for settlement.
	Retirement	All outstanding RSUs shall vest as of the date of retirement and be available for settlement.
	Disability	All outstanding RSUs shall vest as of the date of disability and be available for settlement.
	Resignation	Outstanding RSUs that were vested on or before the date of resignation shall be available for settlement as of the date of resignation, after which time all remaining RSUs shall in all respects terminate.

	Termination without Cause I Constructive Dismissal (No Change in Control)	Outstanding RSUs that were vested on or before the termination date shall be available for settlement as of the termination date. Outstanding RSUs that would have vested on the next vesting date following the termination date shall be available for settlement as of such vesting date. Subject to the foregoing, any remaining RSUs shall in all respects terminate as of the termination date.
	Change in Control	RSUs vest immediately prior to change in control.
	Termination with Cause	Outstanding RSUs (whether vested or unvested) shall automatically terminate on the termination date and be forfeited.

Any Common Shares subject to an RSU which for any reason expires without having been settled, forfeited or terminated shall again be available for future grants under the RSU Plan.

Other than the Option Plan and the RSU Plan, the Corporation does not have any other stock option plan, stock option agreement made outside of a stock option plan, plan providing for the grant of stock appreciation rights, deferred share units or restricted stock units or any other incentive plan or portion of a plan under which awards are granted.

Employment Contracts, Termination Benefits and Change of Control Benefits

The Board has approved executive employment agreements (the "**Executive Employment Agreements**") that the Corporation has entered into with Brock Murray as the previous CEO (now Head of Global Development), Pheak Meas as Chief Product Officer (now Head of US and Development) and Gord Breese as the current CEO and President. Pursuant to the Executive Employment Agreements, Mr. Breese, Mr. Murray and Mr. Meas are employed for an indefinite term, subject to termination in accordance with the terms of the Executive Employment Agreements. The Executive Employment Agreements establish a base salary, subject to annual review, which may be changed in the sole discretion of the Board. The annual base salary for each of Mr. Murray and Mr. Meas is \$108,000 and for Mr. Breese is \$200,000. Each of Messrs. Murray, Meas and Breese are eligible for an annual bonus based on achievement of performance goals at the sole discretion of the Board, based on the terms, conditions and objectives established by the Board. Each of Messrs. Murray, Meas and Breese are also eligible to participate in the Option Plan. The Executive Employment Agreements also provide that each of Messrs. Murray, Meas and Breese will be eligible to participate in any benefit plans made generally available to the Corporation's senior executive employees and that each of Messrs. Murray, Meas and Breese will be reimbursed for all reasonable out-of-pocket expenses.

The Executive Employment Agreements for each of Messrs. Murray, Meas and Breese provide that if the applicable NEO is terminated by the Corporation for cause, the NEO will be entitled to base salary earned up to the date of termination and unused vacation pay accrued up to the date of termination. The executive may terminate his employment with the Corporation at any time for any reason by providing 180 days' written notice.

In the case of Mr. Murray and Mr. Meas, the Executive Employment Agreements also provides that if the applicable NEO is terminated by the Corporation other than for cause, the NEO will also be entitled to: (i) all accrued salary to the date of termination; (ii) all accrued vacation pay to the date of termination; (iii) in the case of Mr. Murray and Mr. Meas, a retiring allowance equal to 12 months of salary; and (iv) 10%

of the amount paid pursuant to item (iii) as compensation for the loss of employment benefits. The payments in (iii) and (iv) are subject to the execution of a full and final release in favour of the Corporation.

In the case of Mr. Breese, the Executive Employment Agreement includes a provision for Mr. Breese's planned relocation to Calgary. Following such relocation, if Mr. Breese is terminated without cause on or before the date which is 12 months from the effective date of his Executive Employment Agreement (being January 6, 2020) the Corporation shall pay Mr. Breese the amount of \$125,000, less withholdings required by law, to assist Mr. Breese with relocation and other transition expenses. Where Mr. Breese is terminated by the Corporation without cause following the date which is 12 months from the Effective Date of his Executive Employment Agreement, the above-noted payment shall be reduced by \$2,604.17 for each full month elapsed from the date which is 12 months from the effective date, provided however that in no event shall Mr. Breese be paid less than the amount of severance required to be paid pursuant to the *Employment Standards Act* (Alberta).

The Executive Employment Agreements contain standard confidentiality, non-solicitation and non-competition restrictions.

Other than as described herein, there are no compensatory plans or arrangements with respect to the NEOs resulting from the resignation, retirement or any other termination of employment of the officer's employment or from a change of NEOs' responsibilities following a change of control. Pursuant to the Executive Employment Agreements for Mr. Murray and Mr. Meas, each of them are entitled to terminate their Executive Employment Agreement and their employment with the Corporation by providing 30 days' notice to the Corporation following a change of control, which for the purposes of the Executive Employment Agreements means: (i) the acquisition of Common Shares and/or securities convertible into, exercisable for or carrying the right to purchase Common Shares, as a result of which a person or persons beneficially own Common Shares or convertible securities that would entitle such acquirors to cast more than 50% of the votes attaching to all Common Shares which may be cast to elect directors (excluding any Common Shares acquired directly from Mr. Murray or Mr. Meas or any Common Shares which remain owned or controlled by Mr. Murray or Mr. Meas); (ii) approval by shareholders of (a) an amalgamation, arrangement, merger or other consolidation of Shares with another Corporation pursuant to which existing shareholders cease to have 50% voting rights to elect directors, or (b) a liquidation, dissolution or winding up of the Corporation; and (iii) a sale, lease or other disposition of all or substantially all of the Corporation's assets, provided that a change of control does not include an initial public offering or an internal reorganization where beneficial ownership of the Shares remains unchanged.

The table below sets forth information with respect to each NEO currently engaged by the Corporation in order to assist the reader in determining the potential payment to each such NEO in the event of the termination of such NEO's employment by the Corporation other than for cause or in the event of a change of control. The estimated payments have been calculated on the basis of employment agreements as they exist at the date of this statement of executive compensation and assuming that they were in effect on December 31, 2021.

Name	Estimated Payment Assuming Termination Without Cause on December 31, 2022 (\$)	Estimated Payment Assuming a Change of Control on December 31, 2022 (\$)
Gord Breese	200,000	200,000

Karim Teja	nil	nil
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The estimated payments assuming a change of control on December 31, 2022 are based on the assumption that the NEOs are terminated without cause or elect to terminate the agreements.

Oversight and Description of Director and Named Executive Officer Compensation

Components of Compensation

The most significant components of the Corporation's executive compensation plan are base salary and an annual incentive bonus. These components are based upon:

- achievement of specific corporate or segment performance targets;
- a performance evaluation process, taking into consideration comparative levels of compensation with comparable entities in the Corporation's industry;
- alignment of the compensation level of each individual to that individual's level of responsibility;
- the individual's performance, competencies, skills and achievements;
- alignment with corporate strategy; and
- contributions to corporate or segment performance.

The performance targets for the NEOs and most of the senior management team focus on contracted subscription-based recurring revenues and adjusted earnings before interest, tax, depreciation, and amortization ("**EBITDA**").

Management believes that customer growth, revenue, Gross margin and Adjusted EBITDA, and customer churn, are useful indicators of the success of the Corporation's growth objectives and intends to rely on such metrics for 2023 executive compensation. The Board may however, in its discretion, adopt other metrics for evaluation of executive performance.

"Adjusted EBITDA" and "Gross margin" are non-GAAP and additional GAAP measures. Readers are cautioned that these measures may not be comparable to similar measures used by other companies. Readers are also cautioned not to view these non-GAAP measures as an alternative to financial measures calculated in accordance with IFRS.

Other components of the Corporation's executive compensation plan may include share-based awards and perquisites and benefits. Further details on these components and the annual incentive bonus are provided later in this document.

Compensation and Governance Committee

The Board has final authority to approve the compensation of the NEOs, other senior members of management, and the Board.

The Board has formed a compensation and governance committee composed of independent directors (the "**Compensation and Governance Committee**"). The Compensation and Governance Committee is responsible for reporting to the Board to ensure that the compensation strategies of the Corporation support its objectives and sustain shareholder value. The Compensation and Governance Committee has also been mandated to review the adequacy and form of the compensation of directors and to ensure that such compensation realistically reflects the responsibilities and risk involved in being an effective

director as well as the risk any such compensation policy or practice would have a material adverse effect on the Corporation.

The members of the Compensation and Governance Committee have direct experience that is relevant to their responsibilities in executive compensation and the skills and experience necessary to enable them to assess and determine the Corporation's compensation policies with due regard to risk. These skills were acquired through their significant experience as senior executives of other complex organizations and through their prior and current membership on the Compensation Committee.

Role of Management in Determining Compensation

The accountability for decisions on executive remuneration is clearly within the mandate of the Compensation and Governance Committee, but management has a key role in helping support the committee in fulfilling its obligations. For example, the CEO and other senior executives make recommendations to the Compensation and Governance Committee regarding executive officer base salary adjustments, stock-based grants and discretionary bonuses. The Compensation and Governance Committee reviews the basis for these recommendations and can exercise its discretion in modifying any of the recommendations prior to making its recommendations to the Board.

Compensation Philosophy and Objectives

Katapult's compensation philosophy for NEOs will be focused on the belief that capable and qualified employees are critical to its success as a corporation. Therefore, the Corporation's compensation plan is designed to attract the best individuals in each area of expertise and to use salaries and long-term incentive compensation in the form of stock options or other suitable long-term incentives to attract and retain such employees. In making its determinations regarding the various elements of executive stock option grants, Katapult will seek to meet the following objectives:

- (a) to attract, retain and motivate talented executives who create and sustain Katapult's continued success within the context of compensation paid by other companies of comparable size engaged in similar business in appropriate regions;
- (b) to align the interests of the Katapult's NEO's with the interests of other shareholders of Katapult; and
- (c) to incentivise extraordinary performance from Katapult's key employees.

Elements of Compensation

Compensation for the NEOs is composed primarily of three components, namely, base salary, participation in the Corporation's Option Plan and RSU Plan and short-term incentive compensation in the form of discretionary performance bonuses.

Base Salary

The base salary review of any NEO will take into consideration the current competitive market conditions, experience, proven or expected performance, and the particular skills of the NEO. Base salary is not expected to be evaluated against a formal "peer group". The base salaries for NEOs of Katapult as of the date hereof are:

- (a) Gord Breese (CEO) - \$200,000/year.
- (b) Karim Teja (CFO) - \$4,500/month, averaging \$54,000 per year.

Performance-Based Cash Bonuses

Cash bonuses are not a normal part of Katapult's executive compensation. However, the Corporation may elect to utilize such incentives where the role-related context and competitive environment suggest that such a compensation modality is appropriate. When and if utilized, the amount of cash bonus compensation will normally be paid on the basis of timely achievement of specific pre-agreed milestones. Each milestone will be selected based upon consideration of its impact on shareholder value creation and the ability of the Corporation to achieve the milestone during a specific interval. The amount of bonus compensation will be determined based upon achievement of the milestone, its importance to the Corporation's near and long-term goals at the time such bonus is being considered, the bonus compensation awarded to similarly situated executives in similarly situated companies or any other factors the Corporation may consider appropriate at the time such performance-based bonuses are decided upon. The quantity of bonus will normally be a percentage of base salary not to exceed 100%. However, in exceptional circumstances, the quantity of bonus paid may be connected to the Shareholder value creation embodied in the pre-agreed milestones.

Stock Options

The Corporation currently has the Option Plan in place for the purposes of attracting and motivating directors, officers, employees, and consultants of the Corporation and advancing the interests of the Corporation by affording such persons with the opportunity to acquire an equity interest in the Corporation through rights granted under the Option Plan. Any grant of Options under the Option Plan is within the discretion of the Board, subject to the condition that the maximum number of Common Shares which may be reserved for issuance under the Option Plan may not exceed 10% of the Corporation's issued and outstanding Common Shares.

Options are a key compensation element for companies such as Katapult. Because many of the most capable employees in our industry work for companies who can offer attractive cash and bonus compensation and a high level of employment security, Options represent a compensation element that balances the loss of employment security that such employees must accept when moving to a smaller corporation like Katapult. Options are also an important component of aligning the objectives of Katapult's employees with those of shareholders. Katapult expects to provide significant Option positions to senior employees and lesser amounts to lower-level employees. The precise amount of Options to be offered will be governed by the importance of the role within Katapult, by the competitive environment within which we operate, and by the regulatory limits on Options grants that cover organizations such as Katapult.

Restricted Share Units

The Corporation currently has the RSU Plan in place for the purposes of attracting and motivating directors, officers, employees, and consultants of the Corporation and advancing the interests of the Corporation by affording such persons with the opportunity to acquire an equity interest in the Corporation through rights granted under the RSU Plan. Any grant of RSU under the RSU Plan is within the discretion of the Board, subject to the condition that the maximum number of Common Shares which may be reserved for issuance under the RSU Plan may not exceed 10% of the Corporation's issued and outstanding Common Shares.

Pension Plan Benefits

The Corporation does not currently provide any pension plan benefits for executive officers, directors, or employees.