

**METASPHERE LABS INC.**  
(the “Company”)

**Form 51-102F6**  
**STATEMENT OF EXECUTIVE COMPENSATION**  
For the fiscal year ended July 31, 2023

**Introduction**

The following information, dated as of June 19, 2024, is presented in accordance with Form 51- 102F6 – Statement of Executive Compensation (“**Form 51-102F6**”), and sets forth compensation provided to each Named Executive Officers (as defined below) and directors of the Company for, or in connection with, services they have provided to the Company during the financial year ending July 31, 2023.

**Named Executive Officers**

During the financial year ended July 31, 2023, the Company had the following Named Executive Officers (“**NEO**”), Dorian Bank (Former CEO), and Francis Rowe (CFO and Corporate Secretary).

“Named Executive Officer” means: (a) each CEO, (b) each CFO, (c) each of the 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; and (d) each individual who would be a NEO under (c) above but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

**Overview**

To achieve our organizational objectives, we aim to attract, engage and retain a team of professionally outstanding executive officers. It is our expectation that our executive officers hold strong leadership qualities, exhibit results-oriented management capabilities, and foster our culture, which is foundational to the growth and success of the Company.

Our executive officer compensation program is designed to achieve the following objectives:

- provide compensation packages which attract, motivate and retain our executive officers whose skills, experience and management capabilities are critical to our ongoing success;
- motivate our executive officers to achieve organizational objectives – growth, financial and cultural;
- align the interests of our executive officers with those of the Company’s shareholders by tying a meaningful portion of compensation directly to the long-term value and growth of the Company’s business; and
- provide incentives that drive an appropriate level of innovation and risk taking so that the executive officer’s efforts continue to move the business forward, for which they’ll be rewarded for accordingly.

We will continue to evaluate our philosophy and compensation program as circumstances require and plan to continue to review compensation on an annual basis. As part of this review process, we expect to be

guided by our compensation philosophy and the objectives outlined above, as well as other factors which may become relevant, such as the cost to us if we were required to find a replacement for a key employee.

## **Definitions**

“**CEO**” means an individual who acted as chief executive officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

“**CFO**” means an individual who acted as chief financial officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

“**closing market price**” means the price at which the Company’s security was last sold as of the date hereof;

“**company**” includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

“**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 Company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries;

“**equity incentive plan**” means an incentive plan, or portion of an incentive plan, under which awards are granted and that falls within the scope of IRFS 2 *Share based Payment*;

“**external management company**” includes a subsidiary, affiliate or associate of the external management company;

“**incentive plan**” means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specific period;

“**incentive plan award**” means compensation awarded, earned, paid, or payable under an incentive plan;

“**NEO**” or “**named executive officer**” means each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (c) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5) of National Instrument 51-102, for that financial year; 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 Company, nor acting in a similar capacity, at the end of that financial year;

“**option-based award**” means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features;



Table of compensation excluding compensation securities									
Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All other compensation (\$)	Total compensation (\$)
<b>Francis Rowe</b> <sup>(5)</sup> CFO and Corporate Secretary	2023	24,000	25,000	-	-	-	-	-	49,000
	2022	22,000	-	-	-	-	-	-	22,000
	2021	-	-	-	-	-	-	-	-
<b>Kevin Cornish</b> <sup>(6)(13)</sup> Director	2023	6,000	-	-	-	-	-	-	6,000
	2022	-	-	-	-	-	-	-	-
	2021	-	-	-	-	-	-	-	-
<b>Lucas Stemshorn-Russell</b> <sup>(7)</sup> Former Director	2023	5,250	25,000	-	-	-	-	-	30,250
	2022	-	-	-	-	-	-	-	-
	2021	-	-	-	-	-	-	-	-
<b>James Henning</b> <sup>(8)(13)</sup> Director	2023	-	25,000	-	-	-	-	-	25,000
	2022	-	-	-	-	-	-	-	-
	2021	-	-	-	-	-	-	-	-
<b>Patrick O’Flaherty</b> <sup>(9)</sup> Former Director	2023	14,250	29,731	22,457	-	-	-	-	66,438
	2022	15,000	6,806	28,775	-	-	-	-	50,581
	2021	-	-	-	-	-	-	-	-
<b>Neil Stevenson-Moore</b> <sup>(10)</sup> Former CPO	2023	140,667	-	14,219	-	-	-	-	154,886
	2022	164,250	20,500	79,146	-	-	-	-	263,896
	2021	-	-	-	-	-	-	-	-
<b>Adam Deffett</b> <sup>(11)</sup> Former Director	2023	-	4,731	5,285	-	-	-	-	10,016
	2022	52,500	104,181	34,542	-	-	-	-	191,223
	2021	-	-	-	-	-	-	-	-
<b>Carl Chow</b> <sup>(12)</sup> Former Director	2023	-	4,731	9,739	-	-	-	-	14,470
	2022	-	6,806	38,838	-	-	-	-	45,644
	2021	-	-	-	-	-	-	-	-
<b>Khiet Nguyen</b> <sup>(15)</sup> Former CCO	2023	-	-	(8,042)	-	-	-	-	(8,042)
	2022	73,500	-	57,663	-	-	-	-	131,163
	2021	-	-	-	-	-	-	-	-
<b>Troy Grant</b> <sup>(16)</sup> Former Director	2023	-	-	-	-	-	-	-	-
	2022	-	-	2,883	-	-	-	-	2,883
	2021	-	-	-	-	-	-	-	-

1. Mrs. Ingram was appointed as the CEO of the Company on February 23, 2024.
2. Mr. Gurfein was appointed as the CEO of the Company on December 18, 2023 and ceased being a director on February 23, 2024.
3. Ms. Jalooli was appointed as the director of the Company on October 17, 2023 and ceased being a director on June 13, 2024.
4. Mr. Banks was appointed as the CEO of the Company on August 25, 2021, and ceased to be the director on December 18, 2023.

5. Mr. Rowe was appointed as the CFO and Corporate Secretary of the Company on August 25, 2021 and November 30, 2021, respectively.
6. Mr. Cornish was appointed as the director of the Company on May 23, 2023.
7. Mr. Stemshorn-Russell was appointed as a director of the Company on December 29, 2022, and ceased to be the director on October 17, 2023.
8. Mr. Henning was appointed as a director of the Company on January 25, 2023.
9. Mr. O’Flaherty was appointed as a director of the Company on October 12, 2021, and ceased to be the director on May 23, 2023.
10. Mr. Stevenson-Moore was appointed as a Chief Product Officer (“CPO”) of the Company on November 9, 2021, and ceased to be the CPO on March 30, 2023.
11. Mr. Deffett was appointed as a director of the Company on September 15, 2021, and ceased to be the director on January 25, 2023.
12. Mr. Chow was appointed as a director of the Company on October 25, 2021, and ceased to be the director on December 29, 2022.
13. Member of Audit Committee.
14. Mr. Bourgeois was appointed as the Director of the Company on June 13, 2024.
15. Mr. Nguyen was appointed as the Chief Creative Officer (“CCO”) of the Company on September 30, 2021 and ceased to be the CCO on May 26, 2022. The Company recorded a recovery of stock-based compensation expense for stock options that expired unvested in fiscal 2023.
16. Mr. Grant was appointed as a director of the Company on August 26, 2020, and ceased to be the director on October 17, 2021.

## **Compensation Discussion and Analysis**

### *Compensation Objectives and Philosophy*

Our compensation philosophy is guided by the principles of fairness, reasonableness and competitiveness. It is fundamentally designed to motivate, retain and reward our executive officers for their performance, while recognizing their efforts over both the short and long term. The board of directors (the “**Board**”) aims to compensate our executive officers through short-term and long-term cash and equity incentive programs, while aligning the interest of our executive officers with the interests of our shareholders through a significant equity-based component. In parallel, our compensation philosophy also aims to reward the achievement of corporate and individual performance targets, and to align our executive officer’s compensation with the organization’s performance. Our commitment to ‘equal pay for equal work,’ regardless of gender, is as important at the executive officer level, as it is throughout the organization, and remains a key tenet of our compensation philosophy.

### **Principal Elements of Compensation**

The compensation of our executive officers includes three major elements: (i) base salary; (ii) short-term incentives, consisting of annual bonuses; and (iii) long-term equity incentives, consisting of options to acquire Shares (“**Options**”) under the 2021 Stock Option and restricted share unit awards (“**RSUs**”) under the 2021 RSU Plan, which plans the Shareholders approved on the Meeting dated January 4, 2022. Perquisites and personal benefits are not a significant element of compensation of our executive officers.

#### *Base Salaries*

Base salary is provided as a fixed source of compensation for our executive officers. Base salaries for executive officers are established based on the scope of their responsibilities, competencies and their prior relevant experience, taking into account compensation paid in the market for similar positions and the market demand for such executive officers. An executive officer’s base salary is determined by taking into consideration the executive officer’s total compensation package and the Company’s overall compensation philosophy.

Adjustments to base salaries will be determined periodically and may be increased based on factors such as the executive officer's success in meeting or exceeding individual objectives and an assessment of the competitiveness of the then current compensation. Additionally, base salaries can be adjusted as warranted throughout the year to reflect promotions, other changes in the scope or breadth of an executive officer's role or responsibilities or for such other reasons as may be determined by the Board on the recommendation of our Compensation and Governance Committee from time to time.

#### *Short-Term Incentive Compensation*

Our NEOs and other executive officers are compensated with annual bonuses in relation to their respective employee function. Annual bonuses and commission plans are designed to motivate our executive officers to achieve our annual business objectives, including our annual financial performance targets. Bonuses will typically vary based on the performance of a number of factors, including individual performance combined with the Company's performance. Other factors include, but are not limited to, operational competence, human resource metrics and strategic contributions.

#### *Long-Term Incentive Compensation*

Equity-based awards are a variable element of compensation that allow us to incentivize and retain our executive officers for their sustained contributions to the Company. Equity awards reward performance and continued employment by an executive officer, with associated benefits to us of attracting and retaining employees. We believe that Options and RSUs provide executive officers with a strong link to long-term corporate performance and the creation of shareholder value. In connection with the grants of equity-based awards, the Compensation and Governance Committee will determine the grant size and terms to be recommended to the Board.

#### **Stock Options and Other Compensation Securities**

The following table sets forth all compensation securities granted or issued to each NEO and director of the Issuer during the year ended July 31, 2023 for services provided or to be provided, directly or indirectly, to the Issuer or any of its subsidiaries:

<b>Compensation Securities</b>					
<b>Name and position</b>	<b>Type of compensation security</b>	<b>Number of compensation securities and number of underlying securities<sup>(1)</sup></b>	<b>Date of issue or grant</b>	<b>Issue, conversion or exercise price (\$)</b>	<b>Expiry Date</b>
Dorian Banks <sup>(2)</sup> Former CEO	RSUs	6,666 RSUs to acquire 6,666 common shares	January 26, 2023	n/a	December 18, 2024
Arthur Francis Rowe CFO & Corporate Secretary	RSUs	6,666 RSUs to acquire 6,666 common shares	January 26, 2023	n/a	January 26, 2028
Patrick O'Flaherty <sup>(3)</sup> Former Director	RSUs	6,666 RSUs to acquire 6,666 common shares	January 26, 2023	n/a	May 23, 2024
James Henning Director	RSUs	6,666 RSUs to acquire 6,666 common shares	January 26, 2023	n/a	Jan 26, 2028
Lucas Stemshorn- Russell <sup>(4)</sup>	RSUs	6,666 RSUs to acquire 6,666 common shares	January 26, 2023	n/a	October 17, 2024

Notes:

1. The Company completed a consolidation on October 6, 2023 and the numbers reflected are presented on a post-consolidated basis.
2. Mr. Banks resigned as the CEO of the Company on December 18, 2023. Pursuant to the 2021 RSU Plan, his vested RSUs will be expired one year from resignation date.
3. Mr. O'Flaherty resigned as the director of the Company on May 17, 2023. Pursuant to the 2021 RSU Plan, his vested RSUs will be expired one year from resignation date.
4. Mr. Stenshorn-Russell resigned as the director of the Company on October 17, 2023. Pursuant to the 2021 RSU Plan, his vested RSUs will be expired one year from resignation date.

### **Exercise of Compensation Securities by Directors and Named Executive Officers**

No compensation securities were exercised by any director or NEO during the most recently completed financial year.

### **Employment, Consulting and Management Agreements**

Management functions of the Company will not, to any substantial degree, be performed other than by directors or NEOs of the Company. There are currently no agreements or arrangements that provide for compensation to NEOs or directors of the Company, or that provide for payments to a NEO or director at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, severance, a change of control in the Company or a change in the NEO or director's responsibilities.

### **Oversight and Description of Director and Named Executive Officer Compensation**

The primary goal of the Company's executive compensation program is to attract and retain the key executives necessary for the Company's long-term success, to encourage executives to further the development of the Company and its operations, and to motivate top quality and experienced executives. The key elements of the executive compensation program are: (i) base salary; (ii) potential annual incentive award; and (iii) incentive stock options. The directors are of the view that all elements of the total program should be considered, rather than any single element.

Independent directors of the Company are responsible for determining all forms of compensation, including long-term incentive in the form of Options, to be granted to the CEO, or such person acting in capacity of CEO of the Company, the directors and management, and for reviewing the recommendations respecting compensation of the other officers of the Company, to ensure such arrangements reflect the responsibilities and risks associated with each position.

Independent directors periodically review the compensation paid to directors, officers, and management based on such factors as: i) recruiting and retaining executives critical to the success of the Company and the enhancement of shareholder value; ii) providing fair and competitive compensation; iii) balancing the interests of management and the Company's shareholders; and iv) rewarding performance, both on an individual basis and with respect to operations in general.

In general, the Company will provide a specific benefit or perquisite only when it provides competitive value and promotes retention of executives, or when the perquisite provides shareholder value, such as ensuring the health of executives. The limited perquisites the Company provides its executives may include a parking allowance or a fee for each board or Audit Committee meeting attended, to assist with their out-of-pocket costs, such benefits and perquisites as set out, respectively, in the “Table of compensation excluding compensation securities” above.

## **Compensation Governance**

### *Compensation-Setting Process*

Independent directors of the Company are responsible for assisting the Board in fulfilling its governance and supervisory responsibilities, and overseeing our human resources, succession planning, and compensation policies, processes and practices. Independent directors also ensures that compensation policies and practices provide an appropriate balance of risk and reward consistent with our risk profile. The Company does not have a formal compensation policy. The main objectives the Company hopes to achieve through its compensation are to attract and retain executives critical to the Company's success, who will be key in helping the Company achieve its corporate objectives and increase shareholder value. The Company looks at industry standards when compensating its NEOs, various other key executive officers and key managers to ensure it is fair and reasonable.

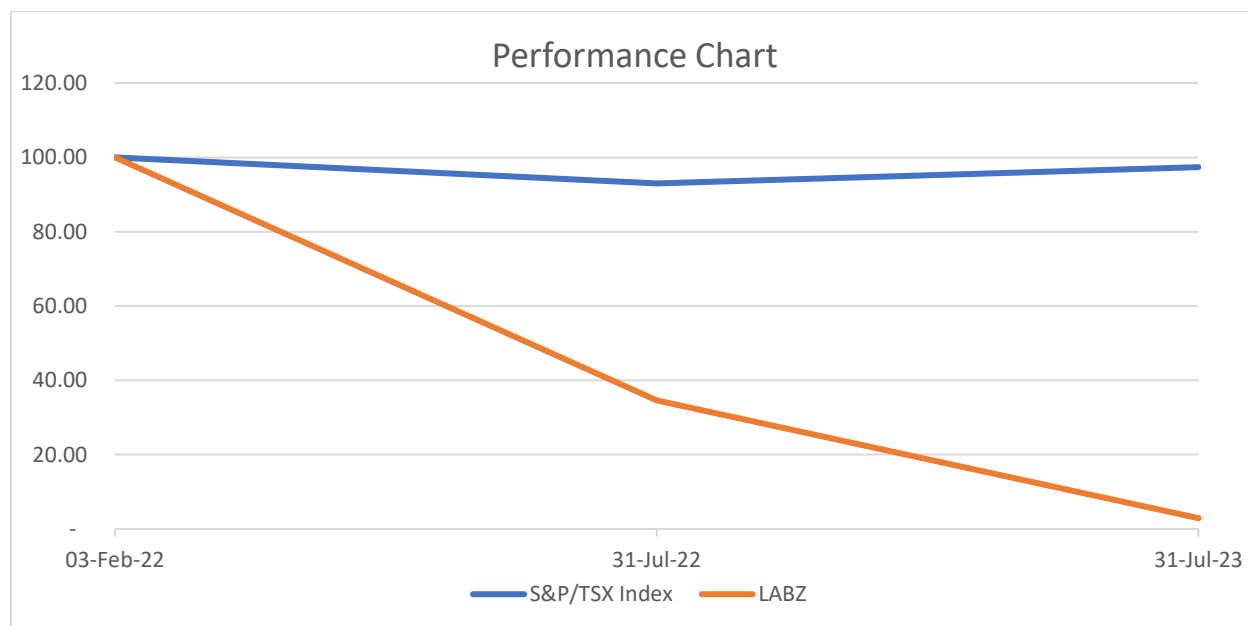
As part of the review of the compensation paid to our executives, the independent directors of the Company consider the potential risks associated with the structure and design of our various compensation plans. We found that our compensation programs do not encourage excessive or unnecessary risk-taking behavior. Overall, we found that there were no significant risks arising from the Company's executive compensation programs that were reasonably likely to have a material adverse effect on the Company. The Company strives to find an effective balance between short and long-term performance objectives, the Board has the ability to apply its discretion on base salary increases and for value, award mix and vesting of equity compensation, and equity awards generally vest over three years with a one-year cliff. All Company directors, officers and employees are prohibited from purchasing financial instruments designed to hedge or offset a decrease in the market value of the Company's securities.

The compensation paid to our NEOs is summarized above under “*Summary Compensation Table*”.

## **Performance Graph**

The following graph compares the total Shareholder return on a \$100 investment in the Company's shares to the same investment in the S&P/TSX Composite total return over the same period (assuming a \$100 investment was made on February 3, 2022, and the reinvestment of all dividends into Common Shares of the Company). In 2022 and 2023, our shares underperformed the S&P/TSX Composite Total Index Return. The Company's shares commenced trading on the CBOE Canada on February 3, 2022.





	February 3, 2022	July 2022	July 2023
<b>S&amp;P/TSX Index</b>	<b>\$100</b>	<b>\$92.99</b>	<b>\$97.40</b>
<b>Metasphere Labs Inc.</b>	<b>\$100</b>	<b>\$34.62</b>	<b>\$2.90</b>

### **Total Shareholder Return ("TSR") and its Relationship to Executive Compensation**

When the Executive Compensation Committee determines overall executive compensation, it considers a number of factors and performance elements. Although TSR is one performance measure that is taken into consideration, it is not the only factor reviewed nor the only relevant consideration. As a result, a direct correlation between TSR over a given period and executive compensation levels is not anticipated.

### **Pension Disclosure**

The Company does not have a pension plan that provides for payments or benefits to the NEOs or directors at, following, or in connection with retirement.

## **EQUITY COMPENSATION PLAN INFORMATION**

### **Stock Option Plans**

The Company's current stock option plan (the "**Stock Option Plan**") was adopted and approved by the Board on October 1, 2021 and approved by shareholders at an Annual General Meeting held on January 4, 2022. The Stock Option Plan provides that the Board or the Executive Compensation Committee as the delegated committee of the Board may, from time to time, in its discretion, grant to directors, officers, employees, consultants and other personnel of the Company and its subsidiaries or affiliates, non-transferrable options to purchase shares whereby the aggregate number of shares reserved for issuance, together with any other shares reserved for issuance under any other plan or agreement of the Company, shall not exceed twenty (20%) percent of the total number of the Company's issued and outstanding shares (calculated on a non-diluted basis) at the time an option is granted.

The exercise price or issue price, as applicable, of each Option issuance is determined by the Executive Compensation Committee, in accordance with the policies of the CBOE Canada, at the time such option is granted. The purpose of the Stock Option Plan is to, among other things, encourage common share ownership in the Company and to provide an increased incentive for these individuals to contribute to the future success and prosperity of the Company, thus enhancing the value of the common shares for the benefit of all the Shareholders and increasing the ability of the Company and its subsidiaries to attract and retain skilled and motivated individuals in the service of the Company. No financial assistance or support agreements were provided to participants by the Company or any related entity of the Company to facilitate the purchase of options as compensation or under the Stock Option Plan.

Options which are cancelled or terminated prior to exercise, will be available for a subsequent grant under the Stock Option Plan. The award price of any Option must be determined at the time of grant in accordance with the procedure set out in Section 7.08(3) of the CBOE Listing Manual. Options granted under the Stock Option Plan may be exercised during a period as determined by the Executive Compensation Committee, provided that such period does not exceed 10 years, subject to earlier termination in accordance with the provisions of the Stock Option Plan. The Option awards are non-transferable. Subject to shareholder approval in certain circumstances, the Executive Compensation Committee may from time to time amend or revise the terms of the Stock Option Plan or may terminate the Stock Option Plan at any time. Amendment to the Stock Option Plan also requires the approval of the CBOE Canada.

At the end of the most recently completed financial year, the Company has 166,444 issued and outstanding Stock Options.

The material terms of the Stock Option Plan are as follows:

1. The term of any options granted under the Stock Option Plan will be fixed by the Board at the time such options are granted, provided that options will not be permitted to exceed a term of ten years.
2. The exercise price of any options granted under the Stock Option Plan will be determined by the Board, in its sole discretion, pursuant to the procedure set out in Section 7.08(3) of the CBOE Listing Manual.
3. The following provisions regarding vesting shall apply:
  - a. Unless the Board determines otherwise, the Stock Option Plan provides that options will vest as to one-third following each of the first, second and third anniversaries of the date of such grant.
  - b. Vesting of Options shall be at the discretion of the Board, and will generally be subject to the participant.
  - c. Option certificates will disclose vesting conditions which are as specified by the Board.
  - d. The vesting schedule shall be automatically and immediately accelerated such that all remaining Options will then be available for exercise upon the occurrence of a take over bid which is a formal bid, as those terms are defined under the Securities Act.
4. All options will be non-assignable and non-transferable.
5. The total number of options awarded to any one consultant in a 12-month period shall not exceed 2% of the issued and outstanding shares as at the grant date. The total number of options awarded

in any 12-month period to employees performing investor relations activities for the Company shall not exceed 2% of the issued and outstanding shares as at the grant date. There is no maximum number of options which may be issued to Related Persons of the Company.

- Options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Company's common shares.

Subject to shareholder approval in certain circumstances, the Board may from time to time amend or revise the terms of the Stock Option Plan or may terminate the Stock Option Plan at any time.

The decision to grant options is made by the Board as a whole, and a grant is approved by directors' resolutions or at a meeting of the Board. Decisions address vesting, maximum term, number of options, exercise price and method of exercise. The Board shall in its sole discretion determine those Directors, executive officers, employees and consultants, if any, to whom Options are to be awarded.

### **RSU Plan**

Pursuant to the current restricted share unit plan (the "**RSU Plan**"), adopted and approved by the Board on October 1, 2021 and approved by shareholders at an Annual General Meeting held on January 4, 2022, the Company may reserve up to a maximum of 20% of the issued and outstanding common shares at the time of grant pursuant to awards granted under the RSU Plan.

The RSU Plan provides for granting of RSUs for the purposes of advancing the interests of the Company through motivation, attraction and retention of employees, officers, consultants and directors by granting equity-based compensation incentives, in addition to the Company's Stock Option Plan.

RSUs granted pursuant to the RSU Plan will be used to compensate participants for their individual performance-based achievements and are intended to supplement Option awards in this respect, the goal of such grants is to more closely tie awards to individual performance based on established performance criteria.

The Plans have been used to provide Options and RSU's which are granted in consideration of the level of responsibility of the executive as well as his or her impact or contribution to the longer-term operating performance of the Company. In determining the number of Options or RSU's to be granted to the executive officers, the Compensation Committee with consultation of the Board takes into account the number of Options or RSU's, if any, previously granted to each executive officer, and the exercise price of any outstanding Options to ensure that such grants are in accordance with the policies of the CBOE Canada and closely align the interests of the executive officers with the interests of shareholders.