

This document is important and requires your immediate attention. If you have questions or need assistance, you should consult your investment dealer, broker or other professional adviser.

THE SECOND CUP LTD.
NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
AND
MANAGEMENT INFORMATION CIRCULAR

As of August 24, 2020

Meeting to be held virtually via live webcast
on
Thursday, September 24, 2020 at 10:00 a.m. (Toronto Time)

The Second Cup Ltd.
6303 Airport Road, Second Floor
Mississauga, Ontario
L4V 1R8

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN to holders of **THE SECOND CUP LTD.** (the “**Corporation**”) common shares (the “**Shareholders**”) that an annual and special meeting of Shareholders will be held virtually via live webcast at <https://web.lumiagn.com/437977350> on Thursday, September 24, 2020 at 10:00 a.m. EDT for the following purposes:

1. to receive the audited financial statements of the Corporation for the year ended December 28, 2019;
2. to elect directors of the Corporation (the “**Directors**”);
3. to appoint auditors for the Corporation and to authorize the Directors of the Corporation to fix the remuneration of the auditors;
4. to consider and, if deemed appropriate, to pass, with or without variation, a special resolution attached as Appendix C to this Circular (the “**Name Change Resolution**”) to authorize an amendment to the Corporation’s articles to change the Corporation’s name from “The Second Cup Ltd.” to “Aegis Brands Inc.”;
5. to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution attached as Appendix E to this Circular (the “**Amended and Restated Stock Option Plan Resolution**”) to affirm, ratify and approve the Amended and Restated Stock Option Plan as detailed in Appendix D;
6. to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution attached as Appendix F to this Circular (the “**Stock Option Awards Ratifying Resolution**”), to affirm, ratify and approve the awards of stock options (“**Stock Options**”) issued under the Amended and Restated Stock Option Plan; and
7. to transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

All Shareholders, other than CDS Clearing and Depository Services Inc. (“**CDS**”), must provide voting instructions in the manner described in the enclosed voting instruction form and in the accompanying management information circular. **Your shares will not be voted without your instructions.**

This year, to proactively deal with the unprecedented public health impact of the novel coronavirus COVID-19, and to mitigate risks to the health and safety of the Corporation’s Shareholders, communities, employees and other stakeholders, the Meeting will be in a virtual-only format, which will be conducted via live webcast. All Shareholders, regardless of geographic location and equity ownership, will have an equal opportunity to participate at the Meeting. Shareholders will not be able to attend the Meeting in person. Registered Shareholders and duly appointed proxyholders will be able to attend, participate and vote at the Meeting online at <https://web.lumiagn.com/437977350>. Guests and non-registered Shareholders (being Shareholders who hold their Shares in the capital of the Corporation through a broker, investment dealer, bank, trust company, custodian, nominee or other intermediary) who have not duly appointed themselves as proxyholder will not be able to vote or ask questions at the Meeting.

Due to the virtual nature of the Meeting, Shareholders are encouraged to express their vote in advance by completing a form of proxy or voting instruction form, or where advanced voting is not possible, to do so at the virtual Meeting. Detailed voting instructions can be found in the accompanying management information circular.

Registered Shareholders of the Corporation, including CDS, must deposit completed proxies with Computershare Trust Company of Canada, Attention: Proxy Department, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 before 5:00 p.m. EDT on September 22, 2020 or not later than 5:00 p.m. EDT on the second last business day prior to any adjournment or postponement of the meeting. However, all Shareholders other than CDS

must communicate their voting instructions well in advance of this deadline in order to allow their instructions to be processed before the deadline.

The Directors of the Corporation have fixed August 24, 2020 as the record date for the meeting.

We urge you to read these materials carefully and cast your vote on these important matters.

DATED at Mississauga, Ontario 24th day of August, 2020.

THE SECOND CUP LTD.

Michael Bregman
Chair of the Board of Directors

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THE SECOND CUP LTD.

MANAGEMENT INFORMATION CIRCULAR

(Containing information as at August 24, 2020 unless otherwise noted)

THE MEETING

This Management Information Circular (this “**Circular**”) is being sent to you as a holder of common shares (the “**Shares**”) of The Second Cup Ltd. (the “**Corporation**”) in connection with the annual and special meeting of shareholders of the Corporation (“**Shareholders**”) to be held on September 24, 2020 (the “**Meeting**”).

Date, Time and Place of the Meeting

The Meeting is to be held virtually, conducted via live webcast at <https://web.lumiagm.com/437977350> on Thursday, September 24, 2020 at 10:00 a.m. (Toronto time).

Record Date and Quorum

The directors of the Corporation (“**Directors**”) have fixed August 24, 2020, as the record date (the “**Record Date**”) for the Meeting. A quorum for the Meeting consists of two or more individuals deemed to be present at the Meeting either holding personally or representing by proxy not less in aggregate than 10% of the votes attached to all outstanding Shares.

Virtual Meeting

This year, to proactively deal with the unprecedented public health impact of the novel coronavirus COVID-19, and to mitigate risks to the health and safety of the Corporation’s Shareholders, communities, employees and other stakeholders, the Meeting will be in a virtual-only format, which will be conducted via live webcast. All Shareholders, regardless of geographic location and equity ownership, will have an equal opportunity to participate at the Meeting. Shareholders will not be able to attend the Meeting in person. Registered Shareholders and duly appointed proxyholders will be able to attend, participate or vote at the Meeting online at <https://web.lumiagm.com/437977350>. Guests and non-registered Shareholders (being Shareholders who hold their Shares through a broker, investment dealer, bank, trust company, custodian, nominee or other intermediary) who have not duly appointed themselves as proxyholder will not be able to vote or ask questions at the Meeting.

You can participate in the Meeting online using your smartphone, tablet or computer. Check that your browser for whichever device you are using is compatible by visiting <https://web.lumiagm.com/437977350> in advance of the meeting. You will need the latest version of Chrome, Safari, Edge or Firefox (please do not use Internet Explorer). As usual, you may also provide voting instructions before the Meeting by completing the form of proxy or voting information form that has been provided to you. By participating online, you will be able to hear / view a live webcast of the Meeting, ask the presenters questions online and submit your votes in real time. The online Meeting will ensure that Shareholders who attend the Meeting will be afforded the same rights and opportunities to participate as they would at an in-person meeting. Further information regarding the virtual Meeting interface can be found at <https://go.lumiglobal.com/faq>.

Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by management of the Corporation, for use at the Meeting and at any adjournments thereof, for the purposes set forth in the accompanying Notice of Meeting. The Corporation may pay investment dealers or other service providers for their reasonable expenses for sending this Circular and other Meeting materials to Shareholders and obtaining voting instructions and/or proxies. It is expected that the solicitation of proxies for the Meeting will be primarily by mail, but proxies may also be solicited by telephone or personally by regular employees of the Corporation at nominal cost. The cost of solicitation will be borne by the Corporation.

The Proxy-Related Materials are available electronically for download by Shareholders under the Corporation’s profile on SEDAR at www.sedar.com or on the Corporation’s website at www.secondcup.com. A paper copy of the Proxy-Related Materials may be requested by phone at 1-877-212-1818. For all requests received prior to 4:00 p.m. EDT on September 8, 2020, a paper copy of the Proxy-Related Materials will be sent by first class mail or similar delivery method within three (3) business days of receipt of the request.

Voting of Proxies

Shares represented by a properly executed proxy will be voted or withheld from voting on any ballot that may be conducted at the Meeting or at any adjournment or postponement of the Meeting in accordance with the instructions of the registered Shareholder indicated on the proxy, and if the registered Shareholder specifies a choice with respect to a matter to be acted on, those Shares will be voted accordingly. In the absence of instructions, those Shares will be voted “FOR” each of the matters referred to in the form of proxy. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting, or other matters which may properly come before the Meeting. At the time of the printing of this Circular, the Directors know of no such amendments, variations or other matters to come before the Meeting. Should such matters arise, the persons named in the enclosed form of proxy will vote in accordance with their judgment on such matters or business.

How to Vote

Due to the virtual nature of the Meeting, Shareholders are encouraged to express their vote in advance by completing a form of proxy or voting instruction form, or where advanced voting is not possible, to do so online at the Meeting. You may also appoint another proxyholder, who need not be a Shareholder, to attend the virtual Meeting and vote your Shares for you on your behalf by completing the form of proxy or voting instruction form accordingly. If you are a non-registered beneficial Shareholder (as defined in the table below), please consult your intermediary for instructions.

Please follow the instructions below based on whether you are a non-registered (beneficial) Shareholder or a registered Shareholder.

| | Registered Shareholders (proxy form) | Non-Registered Beneficial Shareholders (voting instruction form) |
|------------------------------------|--|--|
| | <i>Registered Shareholders whose names are on record with the Corporation as the registered holders of Shares</i> | <i>Non-registered beneficial holders who own Shares but whose Shares are registered in the name of an intermediary (such as a securities broker, financial institution, trustee, custodian or other nominee)</i> <i>Your intermediary will send you a voting instruction form</i> |
| Voting Prior to the Meeting | <ul style="list-style-type: none"> Complete and sign the form of proxy and return the form in the envelope provided or submit your proxy by fax at 1-866-249-7775 / 416-263-9524 or as otherwise indicated on the form of proxy no later than 5:00 p.m. (Toronto time) on Tuesday, September 22, 2020. If attending the virtual Meeting, log in by following the instructions below. | <ul style="list-style-type: none"> Complete the voting instruction form and return it in the envelope provided or as otherwise permitted by your intermediary well in advance of the deadline for the receipt of proxies of 5:00 p.m. (Toronto time) on Tuesday, September 22, 2020. If attending the virtual Meeting, log in by following the instructions below. |
| Voting at the Meeting | <ul style="list-style-type: none"> If you are unable to vote in advance by completing a form of proxy, you may vote online at the Meeting: | <ul style="list-style-type: none"> If you are unable to vote in advance by completing a voting instruction form, follow the instructions on your voting instruction |

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| <p>Meeting</p> | <ul style="list-style-type: none"> ○ Log in at https://web.lumiagm.com/437977350 at least 15 minutes before the Meeting starts ○ Click on “I have a login” and enter the Username or Control Number and Password before the start of the meeting. ○ Username or Control Number: the 15-digit control number located on the form of proxy or in the email notification you received from Computershare. ○ Password: secondcup2020 ○ Voting at the meeting will only be available for Registered Shareholders and duly appointed proxyholders. ● You have to be connected to the Internet at all times to be able to vote. | <p>form:</p> <ul style="list-style-type: none"> ○ Complete your name in the space provided to instruct your intermediary to appoint you as proxyholder ○ Do not complete the voting instructions section of the form as you will be voting at the Meeting ○ Sign and return the voting instruction form according to the delivery instructions provided ● Non-Registered Shareholders who appoint themselves as a proxyholder MUST register with Computershare at https://www.computershare.com/SecondCup AFTER submitting their voting instruction form in order to receive a Username or Control Number. ● To vote online at the Meeting: <ul style="list-style-type: none"> ○ Log in at least 15 minutes before the Meeting starts ○ Log in at: https://web.lumiagm.com/437977350 ○ Username or Control Number: The username or control number will be provided by Computershare via email, provided your appointment has been registered based on the instructions on the voting instructions form ○ Password: secondcup2020 ○ Non-registered shareholders who have not appointed themselves may attend the meeting by clicking “I am a guest” and complete the online form. ● You have to be connected to the Internet at all times to be able to vote. |
| <p>Changing Your Vote</p> | <ul style="list-style-type: none"> ● Revoke the proxy by: <ul style="list-style-type: none"> ○ Completing and signing a proxy bearing a later date and depositing it as aforesaid. ○ Depositing an instrument in writing executed by the Shareholder or by his, her or its attorney authorized in writing: <ul style="list-style-type: none"> ● at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or ● with the Chair of the Meeting | <ul style="list-style-type: none"> ● Contact your intermediary for instructions. |

| | | |
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| | <p>prior to the commencement of the Meeting on the day of such Meeting or any adjournment thereof; or</p> <ul style="list-style-type: none"> ○ In any other manner permitted by law. ● Change your vote by: <ul style="list-style-type: none"> ○ Sending in another properly completed and signed proxy form with a later date, as long as it is received by the cut-off time noted above. | |
|--|--|--|

All Non-Registered Beneficial Shareholders should communicate their voting instructions in accordance with directions received from the Intermediary holding Shares on their behalf well in advance of the deadline for the receipt of proxies of 5:00 p.m. EDT on Tuesday, September 22, 2020 in order to allow their instructions to be processed before the deadline.

Shareholders (registered or non-registered) who wish to appoint a third party proxyholder to represent them at the online meeting must submit their proxy or voting instruction form (as applicable) prior to registering their proxyholder. Registering the proxyholder is an additional step once a shareholder has submitted their proxy/voting instruction form. Failure to register a duly appointed proxyholder will result in the proxyholder not receiving a Username to participate in the meeting. To register a proxyholder, shareholders MUST visit <https://www.computershare.com/SecondCup> by 10:00 a.m. EDT on Tuesday, September 22, 2020 and provide Computershare with their proxyholder’s contact information, so that Computershare may provide the proxyholder with a Username via email.

Non-Registered Shareholders who do not have a 15-digit control number or Username will only be able to attend as a guest which allows them listen to the meeting however will not be able to vote or submit questions.

Without a Username or Control Number, proxyholders will not be able to vote at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As of the date hereof, the Corporation has 22,916,028 Shares issued and outstanding, each of which entitles the holder to one vote per Share. Each holder of Shares of record at the close of business on the Record Date will be entitled to one vote for each Share held on all matters proposed to come before the Meeting.

As at the date hereof, to the knowledge of the Directors, PDPJHP Ontario Ltd. (“POL”) beneficially owns, directly or indirectly, or controls or directs voting securities of the Corporation carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation. Based on information publicly filed with applicable securities regulatory authorities, as of the date hereof, POL owns or exercises control over 2,991,900 Shares, representing approximately 13% of the issued and outstanding Shares.

ANNUAL AND SPECIAL MEETING BUSINESS

Financial Statements

The audited consolidated financial statements of the Corporation for the year ended December 28, 2019 has been posted on SEDAR at www.sedar.com and on the Corporation’s website at www.secondcup.com and is available upon request.

Approval of Name Change from The Second Cup Ltd. to Aegis Brands Inc.

Background

On November 8, 2019, the Corporation announced its plan to implement a new strategy and operating structure in support of its broader focus on acquiring coffee and food brands that are strategically and culturally aligned with the Second Cup business, as part of a portfolio of brands. In connection with this new strategy, the Corporation wishes to change its name from “The Second Cup Ltd.” to “Aegis Brands Inc.” The Corporation believes that adopting the proposed name of Aegis Brands Inc. better reflects the Corporation’s strategy with respect to its operating structure going forward of owning and operating multiple compatible brands, of which the Second Cup brand will be one.

Approval

At the Meeting, Shareholders will be asked to consider, and, if deemed appropriate, to pass a special resolution authorizing the amendment to the Corporation’s articles to change its name from “The Second Cup Ltd.” to “Aegis Brands Inc.” A copy of the Name Change Resolution is set out in Appendix C of this Circular.

Although Shareholder approval of the Name Change Resolution is being sought at the Meeting, such name change would only become effective at a date in the future to be determined by the Board when it considers it to be in the best interests of the Corporation to implement such a change of name. The proposed change of name is also subject to certain regulatory approvals, including the approval of the TSX and the approval of the director under the OBCA. The Board may, in its sole discretion, determine not to implement the Name Change Resolution at any time after the Meeting and after receipt of necessary regulatory approvals, but prior to the issuance of a certificate of amendment, without further notice to or action on the part of the Shareholders. Subject to the exercise of such discretion by the Board, the Corporation will file articles of amendment in the prescribed form with the director under the OBCA. The change of name will become effective on the date shown on the certificate of amendment issued by the Director under the OBCA. Under the OBCA, the Shareholders of the Corporation do not have dissent and appraisal rights with respect to the Name Change Resolution.

The Shares currently trade under the symbol “SCU” on the TSX. Upon the approval of the Name Change Resolution, it is expected that the Shares will thereafter trade under the symbol “AEG” on the TSX (subject to receipt of all necessary approvals from the TSX).

The Board unanimously recommends that Shareholders vote in favour of the Name Change Resolution. In order to be effective, the Name Change Resolution must be approved by not less than two thirds of the votes cast by Shareholders for such resolution. Unless a Shareholder specifies otherwise in a proxy, the management representatives designated in the enclosed form of proxy intend to vote FOR such resolution.

Approval of the Amended and Restated Stock Option Plan

General

On May 28, 2019, the Board of Directors of the Corporation (the “**Board**”) adopted an amended and restated stock option plan (the “**Amendment and Restatement**” or the “**Amended and Restated Stock Option Plan**”), subject to regulatory and Shareholder approval at the Meeting, which amended and restated its existing stock option plan, which was adopted on March 21, 2014 and became effective as of May 9, 2014 (the “**Stock Option Plan**”).

If the ordinary resolution adopting the Amendment and Restatement is approved by the Shareholders, all future grants of Stock Options will be made under the Amended and Restated Stock Option Plan and no additional Stock Options will be granted under the Stock Option Plan. Any outstanding Stock Options that were granted under the Stock Option Plan will continue to be governed under the Stock Option Plan.

If the ordinary resolution adopting the Amendment and Restatement is not approved by the Shareholders, the Amended and Restated Stock Option Plan will be cancelled and have no force and effect and any awards granted under it will be forfeited. The Stock Option Plan will remain in effect and continue to govern any outstanding or future Stock Options granted under it.

Nature of the Amendment and Restatement

The Amended and Restated Stock Option Plan is substantially the same as the Stock Option Plan, except for the following amendments:

- a) replacing of the fixed limit of 990,304 Shares issuable under the Stock Option Plan (the “**Fixed Limit**”) with a new limit consisting of 10% of the total issued and outstanding Shares of the Corporation (calculated on a non-diluted basis) less any Shares underlying Options granted under the Stock Option Plan adopted on May 9, 2014 or any other security-based compensation arrangement of the Corporation, if any, from time to time, effectively converting the Amended and Restated Stock Option Plan into an “evergreen” plan;
- b) implementing minor amendments of an administrative nature and to align with current best practice guidelines published by institutional proxy advisory firms, including to:
 - i. impose new limits on the number of Stock Options issuable to “insiders” and “independent directors” (as defined therein);
 - ii. include new restrictions on the Board’s ability to amend the Amended and Restated Stock Option Plan without Shareholder approval; and
 - iii. update the definition of a “Change of Control Event”.

A blackline of the Amended and Restated Stock Option Plan against the Stock Option Plan reflecting the foregoing amendments is set out in Appendix D to this Circular for reference.

For a description of the key terms of the Amended and Restated Stock Option Plan, see “Executive and Other Compensation – Amended and Restated Stock Option Plan”. The description is qualified in its entirety by reference to the blackline of the Amended and Restated Stock Option Plan, set forth in Appendix D to this Circular.

The Board unanimously recommends that Shareholders vote in favour of the adoption of the Amended and Restated Stock Option Plan, which it believes is in the best interest of the Corporation and its Shareholders. In order to be effective, the Amended and Restated Stock Option Plan Resolution must be approved by a majority of the votes cast by Shareholders for such resolution. Unless a Shareholder specifies otherwise in a proxy, the management representatives designated in the enclosed form of proxy intend to vote FOR such resolution.

Approval of the Ratification of Stock Option Awards

Background

On July 3, 2019, as part of the employment arrangements for Steven Pelton, the Corporation’s new President and CEO, the Corporation agreed to provide Mr. Pelton with various forms of compensation under his employment agreement dated May 7, 2019, including the following Stock Options under the Amended and Restated Stock Option Plan (the “**Stock Option Awards**”):

| Recipient | Amount of Stock Option Award | Exercise Price | Grant Date | Expiry Date | Vesting |
|------------------|-------------------------------------|-----------------------|-------------------|--------------------|--|
| Steven Pelton | 69,696 Shares | \$1.83 per Share | May 28, 2019 | May 28, 2029 | Time-based vesting criteria, vesting in equal annual amounts on each of the first five anniversaries of the date of grant. |

For more information on Mr. Pelton’s Stock Option Awards, see “Executive and Other Compensation – Employment

Agreements, Severance and Other Termination Benefits”.

Approval

At the Meeting, if Shareholders approve the Amended and Restated Stock Option Plan, Shareholders will be asked to consider, and if deemed advisable, to approve an ordinary resolution ratifying the Stock Option Awards granted under the Amended and Restated Stock Option Plan. If Shareholders do not approve the adoption of the Amended and Restated Stock Option Plan, Shareholders will not be asked to ratify the Stock Option Awards.

The text of the proposed resolution, along with the details of the specific Stock Option Awards, are set forth in Appendix F to this Circular.

The Board unanimously recommends that Shareholders vote in favour of the Stock Option Awards Ratifying Resolution, which it believes is in the best interest of the Corporation and its Shareholders. In order to be effective, the Stock Option Awards Ratifying Resolution must be approved by a majority of the votes cast by Shareholders for such resolution. Unless a Shareholder specifies otherwise in a proxy, the management representatives designated in the enclosed form of proxy intend to vote FOR such resolution.

Election of Directors

In accordance with the Corporation’s articles of arrangement, the Corporation must have a minimum of three Directors and a maximum of ten Directors. Currently, the number of Directors is eight.

At the Meeting, Shareholders will be asked to elect as Directors the eight individuals named below (the “**Nominees**”). The Directors adopted a policy, described below, to permit Shareholders to vote on individual Directors at annual and special meetings of Shareholders such as the Meeting. All eight of the Nominees are current Directors. Each Director will hold office until the close of the next annual meeting of the Shareholders or until such Director resigns, is removed, or ceases to be qualified to act as a Director.

The Board of Directors of the Corporation (the “**Board of Directors**” or the “**Directors**”) has adopted a majority voting policy (the “**Majority Voting Policy**”). The Majority Voting Policy provides that in an uncontested election of Directors, any nominee who receives a greater number of votes “withheld” than votes “for” will promptly following the relevant shareholder meeting tender a resignation to the Board of Directors, such resignation to take effect on acceptance by the Board of Directors. The Governance, Human Resources and Compensation Committee (the “**Governance Committee**”) will consider the offer of resignation and recommend to the Board of Directors whether or not to accept it. The Board will make its decision and announce it in a press release within 90 days following such meeting, including the reasons for rejecting the resignation, if applicable. A Director who tenders a resignation pursuant to this policy will not participate in any meeting of the Board or the Governance Committee at which the resignation is considered.

The Board of Directors has adopted an advance notice policy (the “**Advance Notice Policy**”) for the purpose of providing Shareholders, Directors and management of the Corporation with a transparent, structured and fair process for nominating Directors of the Corporation in connection with any annual or special meeting of Shareholders. A copy of the Advance Notice Policy is attached as Appendix B to this Circular.

The table below provides the names of the Nominees, the municipality in which he or she is ordinarily resident, all offices of the Corporation now held by him or her, his or her principal occupation, the period of time for which he or she has been a Director of the Corporation and the number of Shares beneficially owned by him or her, directly or indirectly, or which he or she controls or directs, as at the date hereof. Each Nominee has established his or her eligibility and willingness to serve as a Director. If, prior to the Meeting, any of the listed Nominees should become unavailable to serve as a Director, the persons designated in the form of proxy will have the right to use their discretion in voting for a properly qualified substitute.

The management representatives designated in the enclosed form of proxy intend to vote FOR the election of each of the Nominees whose names are set forth below.

Director Share Ownership, Position, and Principal Occupation

In accordance with share ownership guidelines adopted effective as of January 1, 2011, each Director is required to own such number of Shares and/or deferred share units of the Corporation (the “**Deferred Share Units**” or “**DSUs**”) that has an aggregate purchase price or deemed issue price, as applicable, equal to or greater than three (3) times the amount of such Director’s previous year’s annual retainer calculated at the date of the Corporation’s fiscal year-end. Each Director is strongly encouraged to meet the required ownership level within five (5) years from the later of January 1, 2011 or the date such individual became a Director. The Chairman of the Board of Directors (the “**Chair**”) may grant an exception to these ownership guidelines in rare instances where they would place a severe hardship on a Director or the Director is prohibited from purchasing Shares or holding DSUs.

The following table shows the Directors’ Share ownership and Deferred Share Unit holdings, present office and principal occupation in the preceding five years.

| <u>Name, Position being nominated for and Municipality of Residence</u> | <u>Present Office</u> | <u>Principal Occupation (Preceding 5 Years)</u> | <u>DSUs or Shares Beneficially Owned, Controlled or Directed⁽¹⁾</u> |
|---|--|---|--|
| STEVE PELTON Director, Oakville, Ontario, Canada Non-Independent | Director since June 5, 2019 | President and Chief Executive Officer of the Corporation from June 2019 to present. Senior Vice President at Recipe Unlimited Corporation (formerly Cara Operations Limited) from 2015 to 2019. Co-founder and former CEO of the Landing Group of restaurants until its acquisition in 2015 by Cara Operations Limited. | 515,241 Shares |
| MICHAEL BREGMAN⁽²⁾⁽³⁾ Chair of the Board of Directors, Toronto, Ontario, Canada Independent | Director since December 20, 2013 | Principal and Chief Executive Officer of Tailwind Capital Inc., a Toronto-based investment management firm, from 2003 to present. Director of Clairvest Group Inc., Ideaca Ltd. and MapleMusic. | 937,200 Shares |
| STEPHEN KELLEY⁽²⁾ Director, Kitchener, Ontario, Canada Independent | Director since August 1, 2019 | Chief Executive Officer of Stocom Research Trading & Investments Ltd., an investment firm, from 2004 to present. Director of Wind Athletes Canada. | 50,900 Shares |
| MELINDA LEE, CPA, CA, ICD.D⁽⁴⁾ Director, Halifax, Nova Scotia, Canada Non-Independent | Director since March 27, 2018 | Self-employed financial consultant with over twenty years of senior roles in finance and investments. Past Director of several publicly-traded companies. | 33,050 Shares |
| ALTON McEWEN⁽³⁾ Director, Carmel, California, USA Independent | Director since December 20, 2013 | Former Chief Executive Officer of Distant Lands Coffee Company. Director of Swiss Water Decaffeinated Coffee Company, Inc. and Canadian Coffee Association. | 130,300 Shares 117,749 DSUs |
| ALAN SIMPSON⁽³⁾ Director, Toronto, Ontario, Canada Independent | Director since December 20, 2013 | President of Grand Slam Investments Inc., an investment firm, from 2013 to present. Chief Executive Officer of Town Shoes Limited, which operated retail stores under the names Town Shoes and The Shoe Company, from 2000 to 2013. | 68,000 Shares 98,156 DSUs |
| MICHAEL SERRUYA⁽²⁾ Director, Toronto, Ontario, Canada Independent | Director since August 10, 2017 | Mr. Serruya was the Co-CEO, Chairman of the Board, and a Director of Kahala Corp. in August 2013. Shortly thereafter, Mr. Serruya was the CEO of Kahala Corp. on November 1, 2013 up to July 2016. Mr. Serruya has been the President of MOS Holdings Inc. in Ontario, Canada from 2000 | 1,252,632 Shares ⁽⁴⁾ |

| <u>Name, Position being nominated for and Municipality of Residence</u> | <u>Present Office</u> | <u>Principal Occupation (Preceding 5 Years)</u> | <u>DSUs or Shares Beneficially Owned, Controlled or Directed⁽¹⁾</u> |
|--|--------------------------------|---|--|
| | | to the present. Mr. Serruya is also one of the managing directors of the family-managed venture group, Serruya Private Equity Inc., since September 2014. | |
| AARON SERRUYA Director, Toronto, Ontario, Canada Independent | Director since August 10, 2017 | Since December 2015, Mr. Serruya has been President of Pinkberry Canada. Mr. Serruya has been President and a Director of Yogen Früz Canada Inc., since July, 1989. Mr. Serruya is also one of the managing directors and Secretary of the family-managed venture group, Serruya Private Equity Inc., since September 2014. | 1,252,632 Shares ⁽⁴⁾ |

Notes:

- (1) Information furnished by the Nominees. See “Compensation of Directors – Directors’ Deferred Share Unit Plan” below for more information with respect to the DSUs.
- (2) Member of the Audit Committee.
- (3) Member of the Governance Committee.
- (4) Gives effect to the exercise of a warrant to purchase 75,000 shares held by Messrs. Serruya.
- (5) Effective August 1, 2019, Ms. Lee is assisting management with strategic acquisitions under a consulting agreement and as a result has stepped down as Audit Committee Chairman and committee member.

Attendance Record of Directors

The following table shows the attendance of each of the Nominees (if applicable) at meetings of the Board of Directors of the Corporation and committee meetings held during the 2019 fiscal year.

Summary of Attendance of Directors

| <u>Director</u> | <u>Director Meetings Attended</u> | <u>Committee Meetings Attended</u> |
|--------------------------------------|-----------------------------------|------------------------------------|
| Michael Bregman⁽²⁾ | 6/6 | 8/8 |
| Steve Pelton⁽¹⁾ | 3/3 | N/A |
| Melinda Lee⁽⁴⁾ | 6/6 | 3/3 |
| Alton McEwen⁽²⁾ | 6/6 | 4/4 |
| Alan Simpson⁽²⁾ | 6/6 | 4/4 |
| Michael Serruya⁽³⁾ | 6/6 | 4/4 |
| Aaron Serruya⁽³⁾ | 5/6 | N/A |
| Stephen Kelley⁽⁵⁾ | 2/2 | 1/1 |

- (1) Mr. Pelton was appointed a Director on June 5, 2019.
- (2) Messrs. Bregman, McEwen and Simpson were each appointed as a Director on December 20, 2013.
- (3) Messrs. Michael and Aaron Serruya were appointed Directors on August 10, 2017.
- (4) Ms. Melinda Lee was appointed a Director on March 27, 2018. Effective August 1, 2019, Ms. Lee is assisting management with strategic acquisitions under a consulting agreement and as a result stepped down as Audit Committee Chairman and committee member.
- (5) Mr. Kelley was appointed a Director on August 1, 2019.

Appointment of Auditors

The persons named in the enclosed form of proxy intend to vote in favour of a resolution appointing PricewaterhouseCoopers LLP, Chartered Accountants, as auditors for the Corporation for the ensuing year and authorizing the Directors to fix the remuneration of the auditors unless the Shareholder who has given the proxy has directed that the Shares represented thereby be withheld from voting in respect of the appointment of auditors.

PricewaterhouseCoopers LLP has acted as the Corporation's (or its predecessor's) auditors since the establishment of the Corporation on October 22, 2004.

The management representatives designated in the enclosed form of proxy intend to vote FOR the reappointment of PricewaterhouseCoopers LLP as auditors of the Corporation to hold office until the next annual meeting of Shareholders and the granting of authority to the Directors to fix the remuneration of the auditors.

COMPENSATION OF DIRECTORS

Director Compensation Table

The following indicates compensation provided to the Directors for the year ended December 28, 2019. Directors who served in any capacity for a portion of the fiscal year were compensated on a pro-rated basis.

| Name | Fees paid in cash (\$) ⁽¹⁾ | Fees paid in DSUs (\$) ⁽¹⁾ | Option based awards (\$) | Non-equity incentive plan compensation (\$) | Pension value (\$) | All other compensation (\$) | Total (\$) |
|---|---------------------------------------|---------------------------------------|--------------------------|---|--------------------|-----------------------------|------------|
| Garry Macdonald, Director of the Corporation ⁽²⁾ | \$nil | - | - | - | - | - | \$nil |
| Steve Pelton, Director of the Corporation ⁽³⁾ | \$nil | - | - | - | - | - | \$nil |
| Michael Bregman, Director of the Corporation ⁽⁴⁾ | \$150,000 | - | - | - | - | - | \$150,000 |
| Alton McEwen, Director of the Corporation ^(4,5) | - | \$30,000 | - | - | - | - | \$30,000 |
| Alan Simpson, Director of the Corporation ^(4,5) | - | \$25,000 | - | - | - | - | \$25,000 |
| Michael Serruya, Director of the Corporation ⁽⁶⁾ | \$25,000 | - | - | - | - | - | \$25,000 |
| Aaron Serruya, Director of the Corporation ⁽⁶⁾ | \$25,000 | - | - | - | - | - | \$25,000 |
| Melinda Lee, Director of the Corporation ⁽⁷⁾ | \$28,077 | - | - | - | - | \$49,934 | \$78,011 |
| Paul W. Phelan, Director of the Corporation ^(6, 8) | - | \$12,324 | - | - | - | - | \$12,324 |
| Stephen Kelley, Director of the Corporation ⁽⁹⁾ | \$12,346 | - | - | - | - | - | \$12,346 |

Notes:

- (1) Fees include a base cash retainer; these amounts are further explained below in “Summary of Board Compensation”.
- (2) Mr. Macdonald was President and Chief Executive Officer of the Corporation until his retirement on May 31, 2019; Mr. Macdonald did not receive any compensation for his services as a Director of the Corporation.
- (3) As President and Chief Executive Officer of the Corporation since June 2019, Mr. Pelton does not receive any compensation for his services as a Director of the Corporation.
- (4) Messrs. Bregman, McEwen, and Simpson were each appointed a Director on December 20, 2013.
- (5) Messrs. McEwen and Simpson received 100% of their Directors’ Fees in Deferred Share Units of the Corporation under the Directors’ Deferred Share Unit Plan. The Deferred Share Units were awarded using the weighted average trading value of the Corporation’s Shares on the five days prior to the Corporation’s previous fiscal year end.
- (6) Messrs. Phelan and Michael and Aaron Serruya were appointed Directors on August 10, 2017.
- (7) Ms. Lee was appointed a Director on March 27, 2018. Effective August 1, 2019, Ms. Lee is assisting management with strategic acquisitions under a consulting agreement. Consulting fees associated with this arrangement are included as part of all other compensation.
- (8) Mr. Phelan resigned from the Board of Directors on August 1, 2019. The Deferred Share Units earned in 2019 and prior years were settled using the weighted average trading value of the Corporation’s Shares on the five days prior to the date of resignation of August 1, 2019.
- (9) Mr. Kelley was appointed a Director on August 1, 2019.

Summary of Board Compensation

The current annual compensation for each Director of the Corporation, other than officers, consists of a cash retainer of \$25,000. No remuneration is received by any person for his or her role in acting as an officer of the Corporation. Each Director is reimbursed for their out-of-pocket expenses for attending meetings of the Board of Directors and meetings of the committees thereof. The Chair receives additional compensation of \$125,000 per year.

The chairs of the Audit Committee and the Governance Committee each receive additional compensation of \$5,000 per year.

Directors' Deferred Share Unit Plan

Effective January 1, 2011, the Board of Directors adopted a directors' deferred share unit plan (the "**DSU Plan**"). The purpose of the DSU Plan is to attract, retain and motivate Directors and to advance the interests of the Corporation by better aligning Director and Shareholder interests through grants of DSUs.

Unless he or she elects not to participate in the DSU Plan, each Director will automatically participate in the DSU Plan (in such capacity, a "**Participant**") and will receive an award of Deferred Share Units (an "**Award**") for each fiscal year in which he or she is a Director. The Award for each fiscal year will be that number of Deferred Share Units equal to the Participant's director fees divided by the Share price on the date the Award is made. When dividends are declared by the Corporation, Participants will be credited with additional Deferred Share Units, the number of which is determined by dividing: (i) the product obtained by multiplying the amount of each dividend declared and paid by the Corporation on the Shares on a per share basis, by (ii) the Share price on the dividend payment date. Under the DSU Plan, 'director fees' include the basic annual fee earned by a director of the Board and any additional annual fee earned by a Director by virtue of being the chair of the Board of Directors or the chair of a committee of the Board of Directors, but does not include meeting fees or any other fees earned by a Director. Share price is generally calculated as the volume-weighted average price of the Shares on the Toronto Stock Exchange (the "**TSX**") on the five most recent preceding days on which they were traded.

A Director may elect not to participate in the DSU Plan or may elect to participate as to 50%. Where a Director elects not to participate in the DSU Plan or elects to participate as to 50%, the Director will receive cash in an amount equal to the Director's director fees (or 50% of the director fees, as applicable).

Deferred Share Units awarded vest on the last day of the fiscal year for which they are awarded. In the event that a Participant's Termination Date (as defined below) falls before the last day of such fiscal year, one-twelfth of the Deferred Share Units awarded for such fiscal year will vest for each completed month in that fiscal year prior to the Termination Date, and all remaining Deferred Share Units will be forfeited on his or her Termination Date and have no further value. All of a Participant's vested Deferred Share Units will be settled on the first business day which falls 30 days after a Participant's Termination Date, unless he or she elects to defer settlement to a date that is no later than December 15 of the calendar year following the Participant's Termination Date. Upon settlement, the Corporation will pay a Participant in cash an amount equal to the Share price on the Termination Date, multiplied by the number of vested Deferred Share Units in the Participant's account. Following receipt of such payment, the Deferred Share Units so settled expire and have no further value. No assets of the Corporation or any of its affiliates will be held in any way as collateral security for the fulfillment of the obligations of the Corporation or any of its affiliates under the DSU Plan.

In 2019, an aggregate of 37,217 DSUs were awarded to the Directors using an average fair value price of \$1.87 per unit in respect of \$70,000 of director fees.

EXECUTIVE AND OTHER COMPENSATION

The Governance Committee performs the function of a compensation committee for the Corporation and has the responsibility of, among other things, reviewing and making recommendations to the Board of Directors concerning the compensation of the senior management of the Corporation. The Governance Committee for the fiscal year 2019 consisted of Alton McEwen (chair), Michael Bregman and Alan Simpson. All members of the Governance Committee are considered "independent" in accordance with the definition set out in National Instrument 58-101 – Disclosure of Corporate Governance Practices ("**NI 58-101**").

Having served as executives, holding positions such as Chairman, Chief Executive Officer, and President, Messrs. McEwen, Bregman and Simpson have adequate skills and experience related to making decisions on the suitability of the Corporation's compensation policies and practices. Mr. McEwen, the current Chair of the Governance Committee, has served in a similar capacity for another publicly-listed company for a number of years, and as part of this role, has had access to relevant information regarding compensation governance and applicable

market practices, including access to compensation consultants and other experts from time to time, to give the Governance Committee the tools required to make decisions relating to the suitability of the Corporation's compensation policies and practices.

The Governance Committee is entitled to engage independent advisers if applicable.

The responsibilities of the Governance Committee include:

- the establishment of key human resources and compensation policies, including all incentive and equity based compensation plans;
- the performance evaluation of the Chief Executive Officer and the Chief Financial Officer, and determination of the compensation for the Chief Executive Officer, the Chief Financial Officer and other senior executives of the Corporation; and
- compensation of Directors.

The Governance Committee meets four times per year, or more frequently as required. The Chair of the Governance Committee reports to the Board of Directors on the committee's operations at regularly scheduled Board meetings. The Governance Committee also reviews and approves the executive compensation disclosure to be included in the management proxy circular of the Corporation.

The Governance Committee is granted unrestricted access to information about the Corporation that is necessary or desirable to fulfill its duties and all Directors, officers and employees are directed to cooperate as requested by its members. The Governance Committee has the authority to retain, at the Corporation's expense, independent compensation consultants or other advisers to assist the Governance Committee in fulfilling its duties and responsibilities.

Compensation Discussion and Analysis

The Corporation's senior management compensation is designed to align total rewards with performance, business strategy and culture in a meaningful way. The Governance Committee's executive compensation policy incorporates the following specific objectives:

- to attract, motivate and retain executives with the necessary experience, education and skill sets to achieve the Corporation's goals;
- to align the interests of the executives with the long-term interests of the Shareholders through participation in the Corporation's Stock Option Plan; and
- to provide incentives to executives to meet and exceed performance based goals.

The key components of senior management compensation for the 2019 fiscal year consisted of base salary, short-term incentive plan and stock option plan. Other elements include perquisites and a voluntary group registered retirement savings program.

The Board considers implications of the risks associated with the Corporation's compensation policies and practices as part of its oversight and stewardship of the affairs of the Corporation. The Board's role in this respect includes reviewing each of the components of an executive's compensation to ensure there is an overall balance between long-term and short-term incentives commensurate with the Corporation's corporate strategy and goals.

While the Corporation has not adopted a formal prohibition, the senior management and the Directors are, as a matter of policy, not permitted to purchase financial instruments designed to hedge or offset a decrease in the market value of the Shares, including Shares underlying share-based compensation or otherwise held directly or indirectly by a senior manager or a Director.

Base Salary

Members of the senior management team are paid a salary in order to ensure that the compensation package is in line with that offered by other comparable companies in the restaurants industry and as an immediate means of rewarding senior management for efforts expended on behalf of the Corporation. Base salaries represent a fixed

component of management compensation and vary by job responsibility. The Governance Committee completes an annual review of senior management salaries that considers, among other things, individual performance, the Corporation's performance and the competitive marketplace for senior management talent. The Governance Committee then recommends to the Board of Directors a level of salary for each member of the senior management team.

Short-Term Incentive Plan/Annual Cash Bonus

Members of the senior management team are entitled to be considered for a discretionary short-term incentive plan ("STIP") / annual cash bonus at the end of each fiscal year. The annual cash bonus target is expressed as a percentage of the executive's annual salary. In order to link executive compensation with the Corporation's goals, the STIP, under which cash awards are made, is based primarily on achievement of certain corporate performance targets for the fiscal year, including the achievement of pre-tax net income targets, as well as non-financial personal objectives. The Corporation's objectives in granting annual cash bonuses include:

- to attract and retain talented executives;
- to motivate the short and long-term performance of these executives; and
- to better align their interests with those of the Corporation's shareholders.

Amended and Restated Stock Option Plan

The Board of Directors adopted the Stock Option Plan on March 21, 2014. The Stock Option Plan became effective as of May 9, 2014. The Amended and Restated Stock Option Plan was adopted by the Board of Directors on May 28, 2019, and is subject to the approval of the TSX and the Shareholders at the Meeting.

The Amended and Restated Stock Option Plan is intended to provide long-term rewards linked directly to the market value of the Corporation's Shares. It is designed to promote the long-term interests of the Corporation and its Shareholders by fostering a proprietary interest in the Corporation among the directors and employees (including officers) of the Corporation. The Amended and Restated Stock Option Plan is a key component in attracting talent and in promoting the continuity of an excellent senior management team, therefore ensuring the long-term success of the Corporation.

Under the Amended and Restated Option Plan, Stock Options to purchase Shares of the Corporation may be granted to eligible participants in respect of unissued Shares ("**Participants**", or individually, a "**Participant**"). In determining the number of Stock Options to be granted to a Participant, consideration is given to the individual's present and potential contribution to the success of the Corporation, based on the assessment of the Chief Executive Officer and Board of Directors. Previous grants to Participants are also taken into account in deciding whether to issue new grants.

Key Terms of the Amended and Restated Stock Option Plan

Maximum Limit of Stock Options Issuable

The Amended and Restated Stock Option Plan, (subject to approval of the Shareholders at the Meeting) will replace the Fixed Limit of the Stock Option Plan such that the maximum number of Stock Options issuable will consist of 10% of the total issued and outstanding Shares of the Corporation (calculated on a non-diluted basis), less any Shares underlying Options granted under the Stock Option Plan adopted on May 9, 2014 or any other security-based compensation arrangement of the Corporation, if any, from time to time (the "**New Limit**"). As of the date of this Circular, the maximum number of Shares of the Corporation issuable under the Amended and Restated Stock Option Plan under the New Limit is 2,291,603 Shares in the aggregate. This maximum number includes 810,000 Shares already allocated under the Corporation's existing security-based compensation arrangements (representing 3.5% of the total issued and outstanding Shares of the Corporation), the 69,696 Stock Option Awards under the Amended and Restated Stock Option Plan (subject to Shareholder approval at the Meeting) and up to an additional 1,411,907 Shares available for issuance in respect of grants of security-based awards moving forward (representing 6.2% of the total issued and outstanding Shares of the Corporation). The Amended and Restated Stock Option Plan is considered an "evergreen" plan whereby the number of Shares equivalent to the number of Stock Options and securities of any other security-based compensation arrangement of the Corporation that have been exercised, terminated, cancelled,

repurchased or expired, at any time, are immediately re-reserved for issuance under the Plan and available for future issuances subject to the limits contained herein.

In accordance with the TSX's policies, the Corporation is required to obtain Shareholder approval by ordinary resolution of all unallocated Stock Options under the Amended and Restated Stock Option Plan every three years at the Corporation's Shareholder meeting for such year.

Eligibility

All directors or employees (including officers) of the Corporation or any of its affiliates, as designated by the Board of Directors, are eligible to receive Stock Options under the Amended and Restated Stock Option Plan.

Term, Vesting and Exercise Price of Options

Unless otherwise provided in the Stock Option holder's ("**Option holder**") grant agreement and subject to earlier expiry in accordance with the terms of the Amended and Restated Stock Option Plan, each Stock Option shall expire ten (10) years after the date of grant. The exercise price of the Stock Options shall be fixed at the date of grant, but in no event shall the exercise price be less than the Fair Market Value of the Shares on the date of grant. "Fair Market Value" means, on any particular day, the volume weighted average closing price of a Share on the TSX (as defined in the Amended and Restated Stock Option Plan) for the five (5) preceding days on which the Shares were traded. Stock Options shall vest in accordance with the grant agreement entered into in respect of the Stock Options. Where a grant agreement does not specify the vesting date of a Stock Option, the Stock Options shall vest in equal annual amounts on each of the first five anniversaries of the date of grant.

Plan Administration

The Board administers the Amended and Restated Stock Option Plan, and may delegate the administration and operation of the Amended and Restated Stock Option Plan, in whole or in part, to a committee and/or to any member thereof.

Subject to the terms of the Amended and Restated Stock Option Plan, the Board has the authority to:

- determine the terms, including the limitations, restrictions, vesting period and conditions, if any, upon such grants;
- interpret the Amended and Restated Stock Option Plan and all agreements entered into thereunder;
- adopt, amend and rescind such administrative guidelines and other rules relating to the Amended and Restated Stock Option Plan as it may from time to time deem advisable; and
- make all other determinations and to take all other actions in connection with the implementation and administration of the Amended and Restated Stock Option Plan as it may deem necessary or advisable.

Limits on Grants with Respect to Insiders and Independent Directors

The Amended and Restated Stock Option Plan provides the following additional limitations on Stock Option grants:

- (a) The maximum number of Shares which may be issued to Insiders, having the meaning ascribed thereto in the TSX Company Manual, under the Amended and Restated Stock Option Plan, or when combined with any other security based compensation arrangements, within any one-year period, may not exceed ten percent (10%) of the Shares issued and outstanding.
- (b) The maximum number of Shares issuable to Insiders under the Amended and Restated Stock Option Plan, or when combined with any other security based compensation arrangements of the Corporation, at any time, may not exceed ten percent (10%) of the Shares issued and outstanding.
- (c) The aggregate number of Shares issuable to the "independent" members (as defined in National Instrument 58-101 – Disclosure Corporate Governance Practices) of the Board as a group under the Amended and Restated Plan or when combined with any other security-based compensation arrangements of the Corporation cannot at any time exceed 1% of the issued and outstanding Shares.

- (d) No Stock Options shall be granted to an individual “independent” member of the Board if such grant would result in such director, within a calendar year, receiving Stock Options that have, together with all other equity awards granted in such year to such director under any other security-based compensation arrangements of the Corporation, an aggregate value (determined as of the applicable dates of grant by the Board, acting reasonably, using appropriate, widely accepted valuation measures) in excess of \$100,000.

Non-Transferability

No assignment or other transfer of an Option, whether voluntary, involuntary, by operation of law or otherwise (other than upon the death of an Option holder as described in the section below), is permitted under the Amended and Restated Stock Option Plan.

Termination of Options

Upon an Option holder’s termination without cause, retirement, resignation, or failure to be re-elected as a Director of the Corporation or an affiliate, (i) the expiry date of any unvested Stock Options held by such Option holder will be the Option holder’s Termination Date, and (ii) the expiry date of any vested Stock Options held by such Option holder will be the date that is ninety (90) days after the Option holder’s Termination Date. “**Termination Date**” means the date on which an Option holder ceases to be eligible to participate in the Amended and Restated Stock Option Plan as a result of termination of employment with the Corporation or an affiliate for any reason.

Upon an Option holder’s death, (i) the expiry date of any unvested Stock Options held by such Option holder will be the Option holder’s Termination Date, and (ii) the expiry date of any vested Stock Options held by such Option holder (or personal representative) will be the date that is one hundred and eighty (180) days after the Option holder’s Termination Date. Upon an Option holder’s termination for cause, the expiry date of all Stock Options held by such Option holder (whether vested or unvested) is the Option holder’s Termination Date.

Change of Control Event

Under the Amended and Restated Stock Option Plan, a Change of Control Event is defined as: (i) a sale, lease or other disposition of all or substantially all of the assets of the Corporation; or (ii) any transaction or series of related transactions, including without limitation a reorganization of the Corporation, an amalgamation of the Corporation, an arrangement involving the Corporation, a take-over bid (as that term is defined in the Securities Act (Ontario)) for all of the Shares, whether or not the Corporation is a party thereto, after giving effect to which in excess of fifty percent (50%) of the Corporation’s voting power is owned directly, or indirectly through one or more entities, by any person and its Affiliates or Associates.

If a Change of Control Event occurs, then a Participant is entitled to exercise his or her Stock Option with respect to all of the Shares subject to the Stock Option and not yet purchased thereunder, notwithstanding any determination by the Board pursuant to vesting terms of the Stock Option; provided that if the consideration offered to Shareholders is (i) not all cash, or (ii) securities of a reporting issuer in a transaction where such reporting issuer is a Qualifying Reporting Issuer (as defined in the Amended and Restated Stock Option Plan), then the Participant’s entitlement to exercise his or her Stock Option shall only apply with respect to the Participant’s vested Stock Options.

In addition, if an offer is made to purchase 50% or more of the outstanding Shares, a Participant is entitled to exercise his or her Stock Option with respect to all of the Shares subject to the Stock Option and not yet purchased thereunder and tender such Shares into such offer, conditional upon the take-up of Shares under such offer; provided that if the consideration offered to Shareholders is (i) not all cash, or (ii) securities of a reporting issuer in a transaction where such reporting issuer is a Qualifying Reporting Issuer (as defined in the Amended and Restated Stock Option Plan), then the Participant’s entitlement to exercise his or her Stock Option shall only apply with respect to a Participant’s vested Stock Options. If the Shares are not taken up under such offer, the Stock Option shall remain outstanding on the same terms and conditions and any funds tendered on the conditional exercise of the Stock Option shall be returned to the Participant forthwith.

If, during the term of the Stock Option, the Corporation merges into or amalgamates (pursuant to a statutory amalgamation, statutory plan of arrangement or otherwise) with any other entity, or if the Corporation sells all or substantially all of its assets and undertaking, or if the Corporation is subject of a take-over bid (as defined in the *Securities Act* (Ontario)) or participates in any similar transaction (any of the foregoing referred to as a “**Transaction**”) and as a result of such Transaction, the Shareholders receive securities of another reporting issuer as an effective substitution for the Shares, provided such other reporting issuer in such Transaction is a Qualifying Reporting Issuer (as defined in the Amended and Restated Stock Option Plan) in respect of the Corporation, the Corporation will make provision that, upon the exercise of any Stock Option during its unexpired period after the effective date of such Transaction, the Participant shall receive such number of securities of the other, continuing, successor or purchasing reporting issuer in such Transaction as he or she would have received as a result of such Transaction if the Participant had purchased Shares immediately prior thereto for the same consideration paid on the exercise of the Stock Option and had held such Shares on the effective date of such Transaction. Upon such provision being made, the obligation of the Corporation to the Participant in respect of the Shares then remaining subject to this Stock Option shall terminate and be at an end.

Amendments to the Amended and Restated Option Plan

Subject to compliance with the applicable rules of the TSX, applicable law and regulatory requirements, the Board may, from time to time, in its discretion and without the approval of Shareholders, make the following amendments to the Amended and Restated Option Plan or any grant agreement:

- a) minor changes of a “house-keeping nature”, including any amendment for the purpose of curing any ambiguity, error or omission in the Amended and Restated Stock Option Plan, or to correct or supplement any provision that is inconsistent with any other provision in the Amended and Restated Stock Option Plan;
- b) amending Stock Options under the Amended and Restated Stock Option Plan, including with respect to the Stock Option period, vesting period, exercise method and frequency, exercise price and method of determining the exercise price, assignability and the effect of termination of a Participant’s employment or cessation of a Participant’s directorship, as applicable; provided that such amendment does not adversely alter or impair any Stock Option previously granted to a Participant without the consent of such Participant;
- c) advancing the date on which any Stock Option may be exercised;
- d) adding or changing the terms and conditions of any financial assistance which may be provided by the Corporation to Participants to facilitate the purchase of Shares under the Amended and Restated Stock Option Plan;
- e) amendments necessary to comply with the provisions of applicable law or the applicable rules of the TSX, including with respect to the treatment of Stock Options granted under the Amended and Restated Stock Option Plan;
- f) amendments respecting the administration Amended and Restated Stock Option Plan;
- g) amendments necessary to suspend or terminate the Amended and Restated Stock Option Plan;
- h) a change relating to the eligibility of any Participant or Eligible Person in the Amended and Restated Stock Option Plan;
- i) any other amendment, fundamental or otherwise, not requiring Shareholder approval under applicable laws or the applicable rules of the TSX.

Subject to compliance with the applicable rules of the TSX, Shareholder approval is required for the following amendments to the Amended and Restated Stock Option Plan:

- a) any increase in the maximum number of Shares that may be issuable from treasury pursuant to Options granted under the Plan, including an increase to the maximum number of Shares or a change from a fixed maximum percentage of Shares to a fixed maximum number, other than an adjustment pursuant to a change in capitalization;
- b) any reduction in the exercise price after a Stock Option has been granted or any cancellation of a Stock Option and the substitution of that Stock Option with a new Stock Option with a reduced exercise price, except in the case of an adjustment pursuant to a change in capitalization;
- c) any extension of the expiry date of a Stock Option, except in case of an extension due to a black-out period;
- d) amending the provisions relating to the transferability of a Stock Option, other than for transfers by will or the law of succession or to corporations controlled by the individual or family trusts;

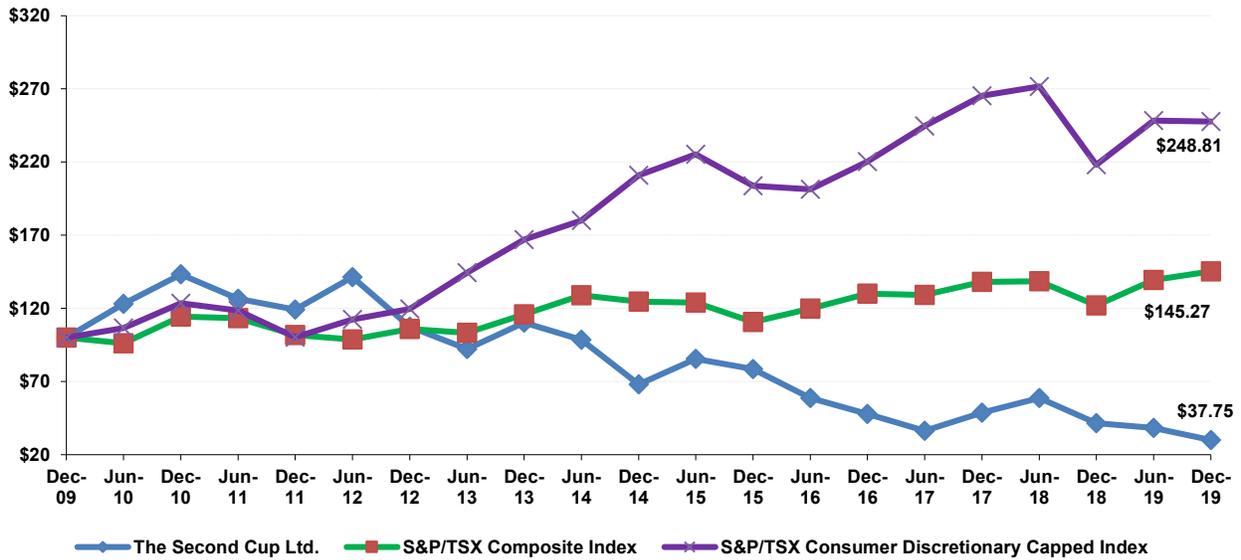
- e) amending any limits on the participation of Insiders in the Amended and Restated Stock Option Plan that would result in Shareholder approval to be required on a disinterested basis;
- f) amending the limits with respect to Insiders and independent directors under the Amended and Restated Stock Option Plan; and
- g) any amendment to the amendment provisions of the Amended and Restated Stock Option Plan or granting additional powers to the Board to amend the Plan or entitlements without Shareholder approval.

Other Benefits

To enable the Corporation to attract and retain superior executives, the Corporation also provides management other benefits that the Corporation believes are reasonable, competitive in the market and consistent with its overall compensation program. The Governance Committee periodically reviews the benefits provided.

Performance Graph

The following graph compares the total cumulative Shareholder return for \$100 invested in Shares (assuming reinvestment of dividends) with the cumulative return of each of the S&P/TSX Composite Index and the S&P/TSX Consumer Discretionary Capped Index for the period from inception to December 28, 2019.



Management Summary Compensation Table

The following table provides a summary of compensation including base salary, short-term incentive plan, long-term incentive plan and amounts otherwise earned by the named executive officers from the period ended December 30, 2017 to the period ended December 28, 2019. Certain aspects of this compensation are dealt with in further detail in the following tables below.

| Name and principal position | Year | Salary | Option-based awards ⁽¹⁾ | Non-equity Incentive plan compensation | | Pension value | All other compensation ⁽³⁾ | Total compensation |
|---|------|-----------|------------------------------------|--|---------------------------|---------------|---------------------------------------|--------------------|
| | | | | Annual incentive plans ⁽²⁾ | Long term incentive plans | | | |
| Steve Pelton ⁽⁴⁾ President and Chief Executive Officer | 2019 | \$216,308 | \$160,501 | - | - | - | \$6,760 | \$383,569 |
| Garry Macdonald ⁽⁵⁾ Former President and Chief Executive Officer | 2019 | \$162,085 | - | - | - | - | \$348,759 | \$510,844 |
| | 2018 | \$380,000 | \$43,850 | \$127,500 | - | - | \$31,331 | \$582,681 |
| | 2017 | \$200,306 | - | - | - | - | \$34,755 | \$235,061 |
| Ba Linh Le ⁽⁶⁾ Chief Financial Officer | 2019 | \$228,375 | - | - | - | - | \$32,589 | \$260,964 |
| | 2018 | \$225,000 | - | \$50,000 | - | - | \$16,500 | \$291,500 |
| | 2017 | \$181,906 | \$2,289 | - | - | - | \$4,800 | \$188,995 |
| Chris Sonnen ⁽⁷⁾ Former Vice President of Coffee Experience | 2019 | \$155,083 | - | - | - | - | \$93,272 | \$248,355 |
| | 2018 | \$222,590 | - | \$54,825 | - | - | \$17,688 | \$295,103 |
| | 2017 | \$218,225 | - | - | - | - | \$17,514 | \$235,739 |
| Vanda Provato ⁽⁸⁾ Former Vice President of Marketing | 2019 | \$182,483 | - | - | - | - | \$22,002 | \$204,485 |
| | 2018 | \$221,762 | - | \$54,621 | - | - | \$17,666 | \$294,049 |
| | 2017 | \$217,413 | - | - | - | - | \$15,093 | \$232,506 |
| Audra Wosik ⁽⁹⁾ Former Vice President of Franchising | 2019 | \$233,450 | - | - | - | - | \$17,959 | \$251,409 |
| | 2018 | \$221,810 | \$17,630 | \$29,000 | - | - | \$16,872 | \$285,312 |
| | 2017 | \$177,625 | - | \$43,000 | - | - | \$4,423 | \$225,048 |

Notes:

- (1) Amounts in this column represent the fair value of Stock Options granted that will be recognized as share-based compensation expense by the Corporation. The Black-Scholes option pricing model was used to calculate an option valuation.
- (2) Annual incentive plans relate to the cash bonus program.
- (3) All other compensation includes termination, signing bonuses, car allowance, and other benefits.
- (4) Mr. Pelton joined the Corporation in May 2019 and was appointed Director, President and Chief Executive Officer on June 5, 2019.
- (5) Mr. Macdonald joined the Corporation as interim President and Chief Executive Officer in May 2017 and was appointed President and Chief Executive Officer effective January 2018 until his retirement on May 31, 2019.
- (6) Mr. Le joined the Corporation as Director of Finance in January 2017 and was appointed Chief Financial Officer on June 30, 2017.
- (7) Mr. Sonnen was part of the Corporation from June 9, 2014 to September 5, 2019.
- (8) Ms. Provato was part of the Corporation from July 7, 2014 to October 18, 2019.
- (9) Ms. Wosik was part of the Corporation from August 24, 2015 to January 24, 2020.

Option-Based Awards – Fair Value

The following tables provide information with respect to option-based awards held by the Corporation's NEOs and Directors as at the Corporation's most recently completed fiscal year ended December 28, 2019.

| Name | Option-based Awards | | | | Share-based Awards | | |
|--|--|-----------------------|---------------------------|---|--|---|---|
| | Number of securities underlying unexercised Stock Options ⁽¹⁾ | Option exercise price | Option expiration date | Value of unexercised in-the-money Stock Options | Number of shares or units of shares that have not vested | Market or payout value of share-based awards that have not vested | Market or payout value of vested share-based awards not paid out or distributed |
| Steve Pelton President and Chief Executive Officer | 480,304 | \$1.77 | 2029/05/08 | - | - | - | - |
| Steve Pelton President and Chief Executive Officer | 200,000 | \$1.83 | 2029/05/28 | - | - | - | - |
| Steve Pelton President and Chief Executive Officer | 69,696 ⁽²⁾ | \$1.83 | 2029/05/28 | - | - | - | - |
| Steve Pelton President and Chief Executive Officer | 177,098 ⁽²⁾ | \$1.83 | 2020/06/30 ⁽³⁾ | - | - | - | - |
| Ba Linh Le Chief Financial Officer | 50,000 | \$1.60 | 2027/06/30 | \$8,000 | - | - | - |

Notes:

- (1) The stock option plan was adopted on March 21, 2014.
- (2) Pending shareholder ratification of under the Amended and Restated Stock Option Plan (Appendix F).
- (3) The Stock Option Award of 177,098 Stock Options was not exercised by Mr. Pelton and expired on June 30, 2020.

The following table sets forth the value of the NEOs' and Directors' option-based awards and share-based awards that vested during 2019.

| Name | Option-based awards – Value vested during the year (\$) | Share-based awards – Value vested during the year (\$) |
|---|---|--|
| Steve Pelton President and Chief Executive Officer | - | - |
| Garry Macdonald Former President and Chief Executive Officer | - | - |
| Ba Linh Le Chief Financial Officer | \$1,600 | - |
| Michael Bregman Director of the Corporation | - | - |
| Alton McEwen Director of the Corporation | - | \$30,000 |
| Alan Simpson Director of the Corporation | - | \$25,000 |
| Michael Serruya Director of the Corporation | - | - |
| Aaron Serruya Director of the Corporation | - | - |
| Melinda Lee Director of the Corporation | - | - |
| Paul W. Phelan Director of the Corporation | - | \$14,583 |
| Stephen Kelley Director of the Corporation | - | - |
| Audra Wosik Vice President of Franchising | - | - |
| Vanda Provato Vice President of Marketing | - | - |
| Chris Sonnen Vice President of Coffee Experience | - | - |

Securities Authorized for Issuance under the Corporation's Equity Compensation Plans

The following table provides a summary, as at the Corporation's fiscal year ended December 28, 2019, of the Corporation's compensation plans under which equity securities of the Corporation are authorized for issuance:

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights | Weighted-average exercise price of outstanding options, warrants and rights | Number of remaining securities available for future issuance under equity compensation plans |
|--|---|---|--|
| Equity compensation plans approved by security holders | 810,000 | \$1.80 | 180,304 |
| Equity compensation plans not approved by security holders | - | - | - |
| Total | 810,000 | \$1.80 | 180,304 |

Burn Rate under the Corporation's Equity Compensation Plans

The following table shows the number of Stock Options and DSUs granted as a percentage of average Shares outstanding (the “burn rate”) for the past three years:

| | 2017 | 2018 | 2019 |
|--|----------------------------|-----------------------------|-----------------------------|
| Number of DSUs granted | 45,047 (0.3% burn rate) | 37,504 (0.2% burn rate) | 37,217 (0.18% burn rate) |
| Number of Stock Options granted | 50,000 (0.3% burn rate) | 300,000 (1.6% burn rate) | 927,098 (4.6% burn rate) |
| Weighted average number of Common Shares outstanding | 14,485,081 | 18,920,785 | 20,135,567 |
| Total burn rate ⁽¹⁾ | 0.6% | 1.8% | 4.78% |

Note: (1) The burn rate for the year is calculated as the number of Stock Options and DSUs issued in a fiscal year, divided by the average number of shares outstanding for such year.

Employment Agreements, Severance and Other Termination Benefits

The following employees entered into employment agreements with the Corporation, which govern certain terms relating to their employment. Each of these agreements remains in effect until terminated by either party pursuant to its terms.

Mr. Pelton’s employment with the Corporation commenced in May of 2019. Mr. Pelton was subsequently appointed as President and Chief Executive Officer effective June 5, 2019. Pursuant to Mr. Pelton’s agreement employment, he will receive a base salary of \$380,000 per annum. Mr. Pelton is eligible for a bonus each year. The Corporation has granted Mr. Pelton Stock Options to acquire 927,098 shares. Of the Stock Options granted to Mr. Pelton, 177,098 will expire at the end of June 2020, and the remaining Stock Options will expire at the end of May 2029, which is 10 years after the date of grant. In accordance with the terms of the employment agreement, the Corporation issued Mr. Pelton 515,241 Shares in the capital of the Corporation at \$1.70 per share. Mr. Pelton paid \$200,000 in cash from his own personal funds for 117,647 shares. He purchased an additional 397,594 shares using the proceeds of two loans advanced to Mr. Pelton by the Corporation – a five-year loan of \$500,000 repayable in June 2024 and a one-year loan of \$176,000 repayable in June 2020, both loans accruing interest at 4.0% per annum. The loan of \$176,000 plus accrued interest was repaid by Mr. Pelton on June 30, 2020 in accordance with the terms of the employment and loan agreement. Mr. Pelton’s employment agreement provides that upon termination of his employment with the Corporation, without cause, he will be entitled to a severance payment of \$260,000, such sum payable on a lump sum basis.

Mr. Le’s employment with the Corporation commenced on January 9, 2017. Mr. Le was subsequently appointed Chief Financial Officer effective June 30, 2017. Mr. Le’s employment agreement provides that upon termination of his employment with the Corporation, without cause, (i) he will be entitled to an amount equal to 6 months base salary, such sum payable on a lump sum basis; and (ii) in the event he has not obtained alternative employment prior to the date which is 6 months from the date of termination, the Corporation will, as of such date, pay him an amount equal to his base salary on a regular payroll basis until the earlier of: (a) 12 months from the date of termination; and (b) the date that he commences alternative employment. It is estimated that this arrangement would result in an incremental payment of up to \$225,000 to Mr. Le in the event that he is terminated without cause.

Mr. Sonnen’s employment with the Corporation commenced on June 9, 2014. Effective September 5, 2019, Mr. Sonnen stepped down as Vice President of Coffee Experience. Upon his departure and in accordance with the terms of Mr. Sonnen’s employment agreement, the Corporation provided Mr. Sonnen with the payment of \$220,691.

Ms. Wosik’s employment with the Corporation commenced in July 2015 on a contract basis and was converted to a permanent basis in January 2016. Effective October 18, 2019, Ms. Wosik stepped down as Vice

President of Franchising. Upon her departure and in accordance with the terms of Ms. Wosik's employment agreement, the Corporation provided Ms. Wosik with the payment of \$164,339.

Ms. Provato's employment with the Corporation commenced on July 7, 2014. Effective January 24, 2020, Ms. Provato stepped down as Vice President of Marketing. In accordance with the terms of Ms. Provato's employment agreement, the Corporation did not issue any payment in connection with her departure.

Indebtedness of Directors and Executive Officers

Except as described below, no other Director, Nominee, officer of the Corporation or any of their associates is currently or was at any time during the fiscal year ended December 28, 2019, indebted to the Corporation and no indebtedness of such persons has been the subject of a guarantee, support agreement, letter of credit or other similar agreement provided by the Corporation.

Aggregate Indebtedness

As of the date hereof, the aggregate indebtedness to the Corporation of all Directors, employees, officer of the Corporation or any of its subsidiaries, excluding "routine indebtedness" (as defined under applicable securities laws), is approximately \$500,000, as detailed in the following table:

| Purpose | Aggregate Indebtedness to the Corporation or its Subsidiaries | To Another Entity |
|-----------------|--|--------------------------|
| Share Purchases | \$500,000 | Nil. |
| Other | Nil. | Nil. |

Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs

The table below presents amounts outstanding for each individual who is, or at any time during the fiscal year ended December 28, 2019 was, a Director, Nominee or officer of the Corporation, and each associate of any such Director, Nominee, officer of the Corporation.

| Name and Principal Position | Involvement of Company | Largest Amount Outstanding during the Fiscal Year Ended December 28, 2019 | Amount Currently Outstanding as of August 24, 2020 | Financially Assisted Securities Purchases during the Fiscal Year Ended December 28, 2019 | Security for Indebtedness | Amount Forgiven during the Fiscal Year Ended December 28, 2019 | Maturity Date |
|-----------------------------|------------------------|---|--|--|---------------------------|--|---------------|
| Steven Pelton | Lender | \$500,000 | \$500,000 | 294,118 Shares | 294,118 Shares | \$0 | June 5, 2024 |
| | Lender | \$175,910 | \$0 | 103,476 Shares | 103,476 Shares | \$0 | June 30, 2020 |

On July 3, 2019, as part of the employment arrangements for Steven Pelton, the Corporation's new President and CEO, the Corporation agreed to provide Mr. Pelton with various forms of compensation under his employment agreement dated May 7, 2019. Among the forms of compensation provided to Mr. Pelton, the Corporation issued Mr. Pelton 515,241 Shares in the capital of the Corporation at \$1.70 per share, at an aggregate subscription price of \$875,909.80. Mr. Pelton satisfied the aggregate subscription price for the 515,241 Shares in part with \$200,000 in cash of Mr. Pelton's own personal funds and the remainder \$675,909.80 was funded by Mr. Pelton through two separate loans from the Corporation to Mr. Pelton as follows: (i) a five-year loan of \$500,000 repayable in June 2024, and (ii) a one-year loan of \$176,000 repayable in June 2020, both loans accruing interest at 4.0% per annum (the "**Pelton Loan Agreements**"). The loan of \$176,000 plus accrued interest was repaid by Mr. Pelton on June 30, 2020 in accordance with the terms of the employment and loan agreement. The Pelton Loan Agreements are limited in recourse to the 515,241 Shares, which were pledged in favour of the Corporation pursuant to a pledge agreement and depositary agreement between the Corporation and Mr. Pelton.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of the Directors of the Corporation, no informed person of the Corporation (as defined in National Instrument 51-102, *Continuous Disclosure Obligations*), no proposed Director of the Corporation and no known associate or affiliate of any such informed person or proposed Director, during the fiscal year ended December 28, 2019, has or has had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction which has or would materially affect the Corporation or any of its subsidiaries, except as set forth in the Corporation's annual information form for the fiscal year ended December 28, 2019, which is incorporated by reference in this Information Circular and can be accessed on SEDAR at www.sedar.com.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation purchased directors' and officers' liability insurance during fiscal 2019 with a policy limit of \$30 million per occurrence in each policy year, subject to a deductible of \$100,000 per occurrence, in respect of claims made thereunder by the Corporation.

CORPORATE GOVERNANCE

The Corporation is committed to maintaining high standards of governance. The Corporation has continued to refine its governance practices in light of Canadian regulatory initiatives, particularly NI 58-101, National Policy 58-201, *Corporate Governance Guidelines* (“NP 58-201”) and National Instrument 52-110, *Audit Committees* (“NI 52-110”). The Corporation’s current governance practices are disclosed below in accordance with NI 58-101. The information required by Form 52-110F1 of NI 52-110 is contained in the 2019 Annual Information Form under the heading “Audit Committee” and in Schedule A of the Corporation’s 2019 Annual Information Form.

Board of Directors

The Board of Directors is elected by the Shareholders and is responsible for the overall stewardship of the affairs of the Corporation. The Board of Directors discharges its responsibilities directly and through its committees, currently consisting of the Corporation’s Audit Committee and Governance Committee. The Board of Directors has adopted a mandate that sets out the role of the Directors. The text of this mandate is set out in Appendix A to this Circular. The Directors may, in respect of the assets of the Corporation, exercise any and all rights, powers and privileges that could be exercised by a legal and beneficial owner of those assets. The role of the Directors includes, among other things:

- reviewing and approving the strategic and annual plans of the Corporation;
- monitoring performance and providing reports to Shareholders as required;
- supervising the activities of the Corporation, including the investments of the Corporation; and
- approving payments of dividends from the Corporation to Shareholders.

The Directors will also supervise the application of the Corporation’s written disclosure and insider trading policies. These policies, among other things:

- articulate the legal obligations of the Corporation, Directors, officers and employees with respect to confidential information;
- identify spokespersons of the Corporation who are authorized to communicate with third parties such as analysts, the media and investors;
- provide guidelines on the disclosure of forward-looking information;
- require advance review of any disclosure of financial information with a view to ensuring that selective disclosure of material information does not occur; and
- establish “black-out” periods prior to and following the disclosure of quarterly and annual financial results during which the Corporation, Directors, officers and certain other persons may not purchase or sell Shares in the market.

A majority of the Directors must be independent within the meaning of NI 52-110. The Board of Directors is currently comprised of eight Directors (all of whom have been nominated for election at the Meeting). The Board of Directors has determined that all of the Nominees other than Mr. Pelton, President and Chief Executive Officer of the Corporation, and Ms. Lee, Director of the Corporation, are independent within the meaning of NI 52-110 and NI 58-101. Each member of the Corporation’s Audit Committee will be an independent Director.

During the most recently completed financial year, the independent Directors did not hold regularly scheduled meetings in the absence of Mr. Macdonald, President and Chief Executive Officer of the Corporation until his resignation in May 2019, Mr. Pelton, President and Chief Executive Officer of the Corporation effective June 5, 2019, and Ms. Lee who is assisting management with strategic acquisitions under a consulting arrangement effective August 1, 2019. To facilitate open and candid discussion among its independent Directors, the Board’s independent Directors are encouraged to, and do, communicate with each other directly to discuss ongoing issues pertaining to the Corporation. The Board is comprised of a majority of independent Directors, who regularly attend Board and committee meetings, which also encourages open, candid discussion. Furthermore, important matters are considered by the Corporation’s Audit Committee and the Governance Committee, which are both comprised entirely of independent Directors.

In addition, from time to time as circumstances dictate, the non-independent Directors and any

representatives of management in attendance at meetings of the Board will be excused. It is anticipated that independent Directors' meetings will be held as deemed appropriate during 2020.

Directors also have the ability, where warranted, to engage outside professional advisers at the Corporation's expense to assist in the fulfilment of their duties. The independent Chair is responsible for authorizing all requests for professional advisers by individual Directors, the Board of Directors or any committee of the Board of Directors.

As part of its mandate, the Governance Committee will review on an annual basis the contributions of the Directors and consider whether the composition of the Board of Directors promotes effectiveness and efficiency in its decision-making. As discussed below, the Governance Committee will assess the contribution and the performance of the Directors, both individually and collectively, and the standing committees of the Board of Directors.

Currently, there are no members of management on the Board of Directors other than Mr. Pelton and Ms. Lee. Mr. Pelton was appointed as the Director, President and CEO of Second Cup in June of 2019. Ms. Lee was appointed to the Board of Directors on March 27, 2018 and served as Chair of the Audit Committee until July of 2019. Subsequent to July 2019, Ms. Lee has been assisting management with strategic acquisitions under a consulting arrangement and as a result has stepped down as Audit Committee Chairman and committee member.

The Corporation acknowledges the value of the contribution of women on the Board of Directors and in the ranks of our executive officers. Currently, there is one (12.5%) director who is a woman on the Board of Directors and two (40%) of our executive officers are women. While the Corporation has not adopted a written policy relating specifically to the identification and nomination of women Directors, the mandate of the Governance Committee ensures that the most suitable candidates are identified and nominated based on competency, integrity, skills and breadth of experience, regardless of gender. Specific targets have not been set regarding the level of representation of women directors or executive officers; as such, the proportion of women on the Board of Directors does not influence the nomination of candidates for the Board of Directors or the appointment of executive officers.

Where warranted, Directors have the ability to engage outside professional advisers at the Corporation's expense to assist in the fulfillment of their duties. The Chair is responsible for authorizing all requests for professional advisers by individual Directors, the Board of Directors or any committee of the Board of Directors.

Position Descriptions

The Board of Directors has adopted a formal position description for both the Chair and the CEO. Both are designed to assist the Chair and CEO in delineating their respective roles and responsibilities.

The CEO's position description identifies the CEO's responsibilities, which include: leading the day-to-day operations of the Corporation in accordance with the strategic plan; developing a strategic plan for the Corporation; developing an annual operating plan and financial budget to achieve the Corporation's long-term strategy; developing or supervising effective disclosure and internal controls; and developing a positive and ethical work environment for the Corporation that attracts, retains and motivates high-value employees.

The Chair's position description identifies the Chair's responsibilities, which include: oversight of the Board of Directors in its discharge of its duties in the Board of Directors' mandate; overseeing the distribution of information to the Board of Directors and presiding over board meetings; establishing procedures to govern the effective and efficient conduct of the Board of Director's work; acting as a liaison between the Board of Directors and management of the Corporation, where necessary; and representing the Corporation to Shareholders of the Corporation and other external groups.

The Directors have not developed written position descriptions for the chair of each committee. The Board of Directors of the Corporation believes that the charters of the Audit Committee and Governance Committee adequately delineate the roles of the chairs of such committees.

Orientation and Continuing Education

The Governance Committee oversees any orientation programs to familiarize new Directors with the affairs and operations of the Corporation, including: the Corporation's structure; financial, accounting and risk issues;

compliance programs and policies; management of the Corporation; and the external auditors. The Directors of the Corporation have access to members of management of the Corporation and are provided with materials describing the Corporation's operations, strategic plans and financial results.

The Governance Committee also oversees continuing educational opportunities for all Directors, as necessary, so that as individuals, the Directors' knowledge and understanding of the activities of the Corporation remains current.

Ethical Business Conduct

As part of the Corporation's commitment to effective corporate governance, all Directors and officers of the Corporation must act in accordance with the Corporation's Code of Conduct (the "Code"). The Code has been adopted by the Board of Directors and requires every Director, officer, and employee, as the case may be, to observe high standards of business and personal ethics as they carry out their duties and responsibilities. The Code is a guide that is intended to sensitize these individuals to significant legal and ethical issues that frequently arise and to the mechanisms available to report illegal or unethical conduct. The Code addresses ethical conduct, conflicts of interest and compliance with the law. The Code is administered by management, although the Board of Directors has the ultimate responsibility for monitoring compliance with the Code, including granting any departures or waivers from the Code. A copy of the Code may be obtained on request from the administrative office of the Corporation at 6303 Airport Rd., 2nd Floor, Mississauga, Ontario, L4V 1R8.

Nomination of Directors

The Governance Committee of the Corporation is responsible for proposing new Director nominees and making recommendations to the Board of Directors. Directors are also encouraged to identify potential candidates and the Chair shall be consulted and have input into the process.

As part of its mandate, the Governance Committee determines the criteria, objectives and procedures for selecting members of the Board of Directors. In this process, the committee considers factors such as independence, integrity, skills, expertise and breadth of experience.

Renewal of Directors

The Governance Committee, in addition to identifying and nominating candidates for the Board of Directors, is also responsible for identifying the need to renew the Board. The Corporation has not adopted term limits relating to the duration of service of Directors as a mechanism of Board renewal. Alternatively, the Governance Committee performs a periodic review to determine whether or not changes are required to the composition of the Board of Directors, and makes recommendations accordingly. The review for renewal considers such factors as Director competencies, skills and personal qualities, as well as the contributions made by each individual Director to the effective operation of the Board.

Compensation of Directors

The Governance Committee is responsible for reviewing Director compensation and ensuring that such compensation is competitive and aligns Directors' interests with those of Shareholders. The committee shall recommend the terms upon which Directors shall be compensated with a view to ensuring that the compensation accurately reflects the responsibilities they are assuming.

Assessments

The Governance Committee will coordinate an annual evaluation of the Board of Directors and all board committees to determine whether they are functioning effectively and meeting their respective objectives and goals. The committee reports to the Chair of the Board of Directors on the evaluation of the performance of the Board of Directors, and each committee. The objective of the assessments is to ensure the continued effectiveness of the Board of Directors and its committees in the execution of their responsibilities and to contribute to a process of continuing improvement. The committee may conduct surveys of Directors with respect to their views on the effectiveness of Board of Directors, the Chair of the Board of Directors, each committee and its chair, and the contribution of individual Directors. The committee further monitors the relationship between management and the Board of Directors and

reviews the Corporation's governance structures to ensure that the Board of Directors and its committees are able to function independently of management of the Corporation.

Audit Committee

The Audit Committee for the fiscal year 2019 consisted of Ms. Lee, as the Chair of the Audit Committee from the beginning of fiscal 2019 to the end of July, Mr. Kelley, as the Chair of the Audit Committee effective August 1, 2019, Mr. Michael Serruya and Mr. Bregman. All Directors who served on the Audit Committee in the fiscal year 2019 were independent, as required by NI 52-110. Mr. Serruya and Ms. Lee were appointed to serve on the Audit Committee on February 23, 2018 and March 27, 2018, respectively. Effective August 1, 2019, Ms. Lee has been assisting management with strategic acquisitions under a consulting arrangement and as a result, stepped down as Audit Committee Chairman and committee member. The members of the committee are appointed by the Board of Directors from among its members annually, and as necessary to fill vacancies, and the Board of Directors generally appoints the chair of the Audit Committee.

All members of the Audit Committee are financially literate. An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

The committee is mandated to assist the Board of Directors in fulfilling applicable reporting issuer obligations respecting audit committees and its oversight responsibilities with respect to financial reporting. The committee assists the Board of Directors in overseeing, among other matters, the work of the Corporation's external auditors, the integrity of the Corporation's financial statements and financial reporting process, the qualifications and independence of the external auditors and the work of the Corporation's financial management and external auditors in these areas. The committee also provides an open avenue of communication between the external auditors, the Board of Directors, and management of the Corporation. The committee reviews and recommends to the Board of Directors for approval, the Corporation's annual and interim financial statements and related management's discussion and analysis and selected disclosure documents, including the Corporation's annual information form and any other financial statements required by regulatory authorities, before they are released to the public or filed with the appropriate regulators.

The Audit Committee is responsible for assessing and monitoring the integrity of the Corporation's financial reporting, accounting systems and internal controls and management information systems. The Audit Committee will also meet periodically with management of the Corporation to review the Corporation's major financial risk exposures and the policy steps management has taken to monitor and control such exposures.

Additional information relating to the Audit Committee and a copy of the Audit Committee's charter is set out in the 2019 annual information form of the Corporation.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditor of the Corporation is PricewaterhouseCoopers LLP, Chartered Professional Accountants and Licensed Public Accountants. The transfer agent and registrar for the Shares is Computershare Investor Services Inc., 100 University Avenue, Toronto, Ontario.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Each person who has been a Director or executive officer of the Corporation at any time since the beginning of the Corporation's last financial year and each proposed Nominee for election as a Director of the Corporation, as a potential eligible participant under the Amended and Restated Stock Option Plan, has a material interest in ratification of the Amended and Restated Stock Option Plan. Mr. Steven Pelton, as a recipient of Stock Option Awards under the Amended and Restated Stock Option Plan, has a material interest in ratification of the issuance of the Stock Option Awards.

Other than as described above, none of the Directors or executive officers of the Corporation who have been a Director or executive officer since the commencement of the Corporation's last financial year, the Nominees, nor any associate or affiliate of any of the foregoing, has any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

INTEREST OF EXPERTS

The Corporation's annual financial statements have been audited by PricewaterhouseCoopers LLP, Chartered Professional Accountants and Licensed Public Accountants, Toronto, Ontario. Such firm is independent in accordance with the firm's rules of professional conduct in Ontario.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is included in its 2019 annual information form, its audited consolidated financial statements for the year ended December 28, 2019 and the related management's discussion and analysis. Copies of these documents may be obtained from the SEDAR website at www.sedar.com, or upon request from the Chief Financial Officer of the Corporation: 6303 Airport Road, 2nd Floor, Mississauga, Ontario, L4V 1R8 (telephone 905-362-1818 or email investor@secondcup.com). Financial information is provided in the Corporation's consolidated financial statements and management's discussion and analysis for the year ended December 28, 2019.

OTHER BUSINESS

Management is not aware of any amendments or variations to matters identified in the notice of the Meeting or of any other matters that are to be presented for action at the Meeting, other than those described in the notice.

APPROVAL OF CIRCULAR

The contents and sending of this Circular have been approved by the Directors of the Corporation and a copy of the circular has been sent to each Director, the auditor of the Corporation and each Shareholder entitled to notice of the Meeting.

DATED at Mississauga, Ontario, this 24th day of August, 2020.

BY ORDER OF THE DIRECTORS

Michael Bregman
Chair of the Board of Directors

APPENDIX A: CHARTER FOR THE BOARD OF DIRECTORS

**THE SECOND CUP LTD.
CHARTER FOR THE BOARD OF DIRECTORS**

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THE SECOND CUP LTD.

CHARTER FOR THE BOARD OF DIRECTORS

INTRODUCTION

Terminology:

“**Board of Directors**” means the board of directors of the Corporation.

“**By-Laws of the Corporation**” means the by-laws governing the Corporation, as amended from time to time.

“**Corporation**” means The Second Cup Ltd.

The Board of Directors is elected by the shareholders of the Corporation and is responsible for the overall stewardship of the affairs of the Corporation. The Board of Directors shall be subject to the fiduciary standard and standard of care set out in the By-Laws of the Corporation. The Board of Directors is responsible for establishing and maintaining a culture of integrity in the conduct of the Corporation’s affairs.

DUTIES OF DIRECTORS

1. The Board of Directors discharges its responsibilities both directly and through its committees, currently consisting of the Audit Committee and the Governance, Human Resources and Compensation Committee of the Corporation. The Board of Directors may appoint other committees as permitted by the By-Laws of the Corporation, including ad hoc committees to address certain issues of a more short-term nature.

Oversight of the Corporation

1. The Board of Directors is responsible for reviewing and approving the strategic and annual plans of the Corporation.
2. The Board of Directors is responsible for monitoring performance and providing reports to shareholders of the Corporation as required.
3. The Board of Directors is responsible for supervising the activities of the Corporation, including the investments of the Corporation.
4. The Board of Directors is responsible for declaring and effecting payments of dividends from the Corporation to shareholders of the Corporation.
5. The Board of Directors may delegate to committees matters it is responsible for, but the Board of Directors retains its oversight function and ultimate responsibility for all delegated responsibilities.

Monitoring of Financial Performance and Other Financial Reporting Matters

1. The Board of Directors will review all financial statements, material change reports and such other additional information regarding the financial position or business of the Corporation necessary to comply with any continuous disclosure obligations applicable to the Corporation.
2. The Board of Directors is responsible for overseeing the Corporation’s compliance with its undertakings to applicable securities regulatory authorities regarding financial statements and other information regarding its financial position or business, and regarding insider reporting and trading.

3. The Board of Directors shall be responsible for approving the unaudited quarterly and audited annual financial statements of the Corporation and the notes thereto and auditors' reports thereon, as applicable, and the Management's Discussion and Analysis accompanying such financial statements, as well as annual reports, management information circulars, annual information forms and other securities law filings of the Corporation.
4. The Board of Directors is responsible for reviewing and approving material transactions involving the Corporation and those matters which the Board of Directors is required to approve under the applicable law including the payment of dividends, the purchase and issuance of shares, acquisitions and dispositions of material assets by the Corporation and material expenditures by the Corporation.

Policies and Procedures

1. The Board of Directors is responsible for:
 - (a) monitoring the performance of the Corporation's affairs and investments;
 - (b) approving and monitoring compliance with all significant policies and procedures by which the Corporation is bound;
 - (c) approving policies and procedures designed to ensure that the Corporation operates at all times within applicable laws and regulations and to the highest ethical and moral standards; and
 - (d) enforcing obligations of the directors respecting confidential treatment of the Corporation's proprietary information and Board deliberations.
2. The Board of Directors is responsible for approving a Corporate Disclosure Policy respecting communications to the public, an Insider Trading Policy respecting insider trading and reporting matters, and a Code of Business Conduct and Ethics respecting ethical business practices.

Communications and Reporting

1. The Board of Directors is responsible for:
 - (a) overseeing the Corporation's continuous disclosure obligations;
 - (b) overseeing the accurate reporting of the financial performance of the Corporation to shareholders, other security holders and regulators on a timely and regular basis;
 - (c) overseeing that the financial results of the Corporation are reported fairly and in accordance with IFRS accounting standards and related legal disclosure requirements;
 - (d) taking steps to enhance the timely disclosure of any other developments that have a significant and material impact on the Corporation;
 - (e) reporting annually to shareholders on its stewardship for the preceding year;
 - (f) overseeing the provision to shareholders of all such information as is required by applicable law and regulatory requirements, prior to each meeting of shareholders;
 - (g) overseeing the investor relations and communications strategy of the Corporation; and
 - (h) overseeing the Corporation's ability to accommodate feedback from shareholders.

APPENDIX B: ADVANCE NOTICE POLICY

INTRODUCTION

The purpose of this Advance Notice Policy (the “Policy”) is to provide shareholders, directors and management of the Corporation with a clear framework for nominating directors. This Policy fixes a deadline by which beneficial owners of the common shares of the Corporation must submit director nominations to the Corporation prior to any annual or special meeting of shareholders, and sets forth the information to be provided and other procedures to be followed, in respect of such nomination.

IT IS THE POSITION OF THE CORPORATION THAT THIS POLICY IS IN THE BEST INTERESTS OF THE CORPORATION. THIS POLICY WILL BE SUBJECT TO AMENDMENT FROM TIME TO TIME.

Section 1.1

Only persons who are nominated in accordance with the procedures set out in this Policy shall be eligible for election as directors to the board of directors (the “Board”) of the Corporation. Nominations of persons for election to the Board may only be made at an annual meeting of shareholders, or at a special meeting of shareholders called for any purpose which includes the election of directors to the Board, as follows:

- a) by or at the direction of the Board or an authorized officer of the Corporation, including pursuant to a notice of meeting;
- b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the *Business Corporations Act* (Ontario) (the “Act”) or a requisition of shareholders made in accordance with the provisions of the Act; or
- c) by any person entitled to vote at such meeting (a “Nominating Shareholder”), who: (A) is, at the close of business on the date of giving notice provided for in Section 1.3 below and on the record date for notice of such meeting, either entered in the securities register of the Corporation as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) has given timely notice in proper written form as set forth in this Policy.

Section 1.2

For the avoidance of doubt, the foregoing Section 1.1 shall be the exclusive means for any person to bring nominations for election to the Board before any annual or special meeting of shareholders of the Corporation.

Section 1.3

For a nomination made by a Nominating Shareholder to be timely notice (a “Timely Notice”), the Nominating Shareholder’s notice must be received by the corporate secretary of the Corporation at the principal executive offices of the Corporation:

- a) in the case of an annual meeting of shareholders, not later than the close of business on the 30th day and not earlier than the opening of business on the 65th day before the date of the meeting; provided, however, if the first public announcement made by the Corporation of the date of the annual meeting is less than 50 days prior to the meeting date, not later than the close of business on the 10th day following the day on which the first public announcement of the date of such annual meeting is made by the Corporation; and
- b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for any purpose which includes the election of directors to the Board, not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting is made by the Corporation.

Section 1.4

The time periods for giving of a Timely Notice shall in all cases be determined based on the original date of the annual meeting or the first public announcement of the annual or special meeting, as applicable. In no event shall an adjournment or postponement of an annual meeting or special meeting of shareholders or any announcement thereof commence a new time period for the giving of a Timely Notice.

Section 1.5

To be in proper written form, a Nominating Shareholder's notice to the corporate secretary must comply with all the provisions of this Policy and:

- a) disclose or include, as applicable, as to each person whom the Nominating Shareholder proposes to nominate for election as a director (a "Proposed Nominee"):
 - i. their name, age, business and residential address, principal occupation or employment for the past five years, status as a "resident Canadian" (as such term is defined in the Act);
 - ii. their direct or indirect beneficial ownership in, or control or direction over, any class or series of securities of the Corporation, including the number or principal amount and the date(s) on which such securities were acquired;
 - iii. any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between the Proposed Nominee or any affiliates or associates of, or any person or entity acting jointly or in concert with, the Proposed Nominee or the Nominating Shareholder;
 - iv. any other information that would be required to be disclosed in a dissident proxy circular or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to the Act or applicable securities law; and
 - v. a duly completed personal information form in respect of the Proposed Nominee in the form prescribed by the principal stock exchange on which the securities of the Corporation are then listed for trading; and
- b) disclose or include, as applicable, as to each Nominating Shareholder giving the notice and each beneficial owner, if any, on whose behalf the nomination is made:
 - i. their name, business and residential address, direct or indirect beneficial ownership in, or control or direction over, any class or series of securities of the Corporation, including the number or principal amount and the date(s) on which such securities were acquired;
 - ii. their interests in, or rights or obligations associated with, an agreement, arrangement or understanding, the purpose or effect of which is to alter, directly or indirectly, the person's economic interest in a security of the Corporation or the person's economic exposure to the Corporation;
 - iii. any proxy, contract, arrangement, agreement or understanding pursuant to which such person, or any of its affiliates or associates, or any person acting jointly or in concert with such person, has any interests, rights or obligations relating to the voting of any securities of the Corporation or the nomination of directors to the Board;
 - iv. a representation that the Nominating Shareholder is a holder of record of securities of the Corporation, or a beneficial owner, entitled to vote at such meeting, and intends to appear in person or by proxy at the meeting to propose such nomination;
 - v. a representation as to whether such person intends to deliver a proxy circular and/or form of proxy to any shareholder of the Corporation in connection with such nomination or otherwise solicit proxies or votes from shareholders of the Corporation in support of such nomination; and
 - vi. any other information relating to such person that would be required to be included in a dissident proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Act or as required by applicable securities law.

Section 1.6

Any notice, or other document or information required to be given to the corporate secretary pursuant to this Policy may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the corporate secretary for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the corporate secretary at the address of the principal executive offices of the Corporation, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. EST on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.

Section 1.7 Additional Matters

- a) The chair of any meeting of shareholders of the Corporation shall have the power to determine whether any proposed nomination is made in accordance with the provisions of this Policy, and if any proposed nomination is not in compliance with such provisions, must declare that such defective nomination shall not be considered at any meeting of shareholders.
- b) Despite any other provision of this Policy, if the Nominating Shareholder (or a qualified representative of the shareholder) does not appear at the meeting of shareholders of the Corporation to present the nomination, such nomination shall be disregarded, notwithstanding that proxies in respect of such nomination may have been received by the Corporation.
- c) Nothing in this Policy shall obligate the Corporation or the Board to include in any proxy statement or other shareholder communication distributed by or on behalf of the Corporation or Board any information with respect to any proposed nomination or any Nominating Shareholder or Proposed Nominee.
- d) The Board may, in its sole discretion, waive any requirement of this Policy.
- e) For the purposes of this Policy, “public announcement” means disclosure in a press release disseminated by the Corporation through a national news service in Canada, or in a document filed by the Corporation for public access under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com.
- f) Despite any other provision of this Policy, this Policy shall not apply to the annual meeting of shareholders of the Corporation to be held on May 3, 2013 or any adjournment or postponement thereof.

Approved by the Governance, Human Resources and Compensation Committee and Board

March 22, 2013

APPENDIX C: NAME CHANGE SHAREHOLDER RESOLUTION

The complete text of the resolution which management intends to place before the Meeting authorizing the Name Change is as follows:

“BE IT HEREBY RESOLVED as a special resolution of the Shareholders of the Corporation that:

1. The Corporation be and is hereby authorized, subject to any necessary regulatory approvals, to amend the Corporation’s articles to change the Corporation’s name from “The Second Cup Ltd.” to “Aegis Brands Inc.”, or such other name that the Board in its sole discretion determines, as more particularly described in the Corporation’s management information circular dated August 24, 2020 (the “**Circular**”) under the heading “Approval of Name Change from The Second Cup Ltd. to Aegis Brands Inc.”
2. notwithstanding that this resolution has been duly passed by the Shareholders, the Board of the Corporation be, and they hereby are, authorized and empowered to revoke this resolution at any time prior to the amendment of the Corporation’s articles and to determine not to proceed with changing the name of the Corporation; and
3. any director or officer of the Corporation be, and he or she is hereby authorized and directed, on behalf of the Corporation, to execute and deliver all such documents and to do all such other acts or things as he or she may determine to be necessary or advisable to give effect to this resolution.”

APPENDIX D: BLACKLINE OF AMENDED AND RESTATED STOCK OPTION PLAN

THE SECOND CUP LTD.
AMENDED AND RESTATED
STOCK OPTION PLAN

Effective as of: May ~~9~~²⁸, ~~2014~~²⁰¹⁹

THE SECOND CUP LTD.
AMENDED AND RESTATED STOCK OPTION PLAN

The purpose of this Plan is to advance the interests of the Company by: (i) providing Eligible Persons with incentives; (ii) encouraging share ownership by Participants; (iii) increasing the proprietary interest of Participants in the success of the Company; (iv) encouraging Participants to remain with the Company or its Affiliates; and (v) attracting new directors and employees.

ARTICLE 1
INTERPRETATION

1.1 Interpretation

For the purposes of this Plan, the following terms shall have the following meanings:

- (a) “**Affiliate**” means any corporation or other entity which is directly or indirectly controlled by the Company;
- (b) “**Associate**” has the meaning ascribed thereto in the *Securities Act* (Ontario) or its successor, as amended from time to time;
- (c) “**Board**” means the board of directors of the Company as constituted from time to time, or a committee and/or member thereof as authorized from time to time with respect to any particular functions of the board of directors, as set forth herein;
- (d) “**Business Day**” means a day, other than a Saturday or Sunday, on which banking institutions in Toronto, Ontario are not authorized or obligated by law to close;
- (e) “**Cause**”, the existence of which will be determined in good faith by the Board or a designee of the Board, with respect to a Participant shall, if such Participant has entered into a service or employment agreement with the Company or an Affiliate that is in effect, have the meaning given to the term in that agreement, or, if no such agreement exists, or if “Cause” is not defined therein, then Cause shall include, but not be limited to:
 - (i) willful misconduct of the Participant with regard to the Company, or an Affiliate, which constitutes a material breach of any of his or her obligations set forth in any written agreement governing the terms of the Participant’s service as the same may then be in effect and such breach, if curable, has not been cured within fifteen (15) days after written notice by the Company, or the affected Affiliate, to the Participant;
 - (ii) fraud, embezzlement, theft or other material dishonesty by the Participant with respect to the Company, or an Affiliate;
 - (iii) the Participant’s material breach of his or her fiduciary duties as an officer or manager of the Company, or an Affiliate, or as an officer, trustee, director or other fiduciary of any pension or benefit plan of the Company, or an Affiliate, or willful misconduct which has, or could reasonably be expected to have, a material adverse effect upon the business, interests or reputation of the Company, or an Affiliate, and such breach or conduct, if curable, has not been cured within fifteen (15) days after written notice by the Company, or the affected Affiliate, to the Participant;

- (iv) the Participant's conviction of an indictable offence or an analogous provision under the laws of a local jurisdiction; or refusal or failure by the Participant to attempt in good faith to follow or carry out the reasonable written instructions of the Board which failure, if curable, does not cease within fifteen (15) days after written notice of such failure is given to the Participant by the Board. For purposes of this paragraph, no act, or failure to act, on the Participant's part shall be considered "willful" unless done or omitted to be done by him or her not in good faith and without reasonable belief that his or her action or omission was in the best interests of the Company of any of its Affiliates;
- (f) **"Change of Control Event"** means:
 - (i) a sale, lease or other disposition of all or substantially all of the assets of the Company; or
 - (ii) any transaction or series of related transactions, including without limitation a reorganization of the Company, an amalgamation of the Company, an arrangement involving the Company, a take-over bid (as that term is defined in the *Securities Act* (Ontario)) for all of the Shares, whether or not the Company is a party thereto, after giving effect to which in excess of fifty percent (50%) of the Company's voting power is owned directly, or indirectly through one or more entities, by any person and its Affiliates or Associates;
- ~~(g) "Code" has the meaning given to that term in Appendix I;~~
- (g) ~~(h)~~ **"Company"** means The Second Cup Ltd. and its respective successors and assigns, and any reference in the Plan to action by the Company means action by or under the authority of the Board or any person or committee that has been designated for the purpose by the Company;
- (h) ~~(i)~~ **"Date of Grant"** means the date on which a particular Option is granted by the Board as evidenced by the Grant Agreement pursuant to which the particular Option was granted;
- ~~(i) "Effective Date" means May 9, 2014;~~
- (i) ~~(k)~~ **"Eligible Person"** means any director or employee (including officers) of the Company or any of its Affiliates, as designated by the Board;
- (j) ~~(l)~~ **"Exercise Period"** means the period from the Vesting Date to the to the Expiry Date during which a particular Option may be exercised in the manner described in Section 4.1;
- (k) ~~(m)~~ **"Exercise Price"** has the meaning given to that term in Section 3.2;
- (l) ~~(n)~~ **"Exercise Notice"** means an election to exercise Options granted to a Participant under this Plan, substantially in the form attached hereto as Schedule B, as may be amended from time to time;
- (m) ~~(o)~~ **"Expire"** means, with respect to an Option, the termination of such Option, on the occurrence of which such Option is void, incapable of exercise, and of no value whatsoever; and Expires, Expires and Expired have a similar meaning;

- (n) ~~(p)~~ “**Expiry Date**” means the date on which an Option is Expired;
- (o) ~~(q)~~ “**Fair Market Value**” means, on any particular day, the volume weighted average closing price of a Share on the Stock Exchange for the five (5) preceding days on which the Shares were traded, and if the Shares are not listed and posted for trading on the Stock Exchange at the relevant time, the Fair Market Value of a Share shall be determined by the Board acting in good faith;
- (p) ~~(r)~~ “**Grant Agreement**” means an agreement between the Company and a Participant under which an Option is granted, substantially in the form attached hereto as Schedule A, as may be amended from time to time;
- (q) ~~(s)~~ “**Insider**” has the meaning ascribed thereto in the TSX Company Manual, as such manual may be amended, supplemented or replaced from time to time;
- (r) ~~(t)~~ “**Net Benefit**” has the meaning given to that term in Section 4.1(2);
- (s) ~~(u)~~ “**Option**” means an option to purchase a newly issued Share granted to an Eligible Person pursuant to the terms of this Plan;
- (t) ~~(v)~~ “**Participant**” means an Eligible Person to whom an Option has been granted;
- (u) ~~(w)~~ “**Plan**” means this The Second Cup Ltd. Amended and Restated Stock Option Plan, as amended from time to time;
- ~~(x)~~ — ~~“**Proposed Transaction**” has the meaning given to that term in Section 5.1(2);~~
- (v) “**Qualifying Reporting Issuer in respect of the Company**” means (i) a corporation or “mutual fund trust” (as defined in the *Income Tax Act* (Canada)) with which the Company does not deal at arm’s length (for purposes of the Tax Act) immediately after the substitution of the applicable Option in accordance with Section 5.1(2) in connection with a Transaction, (ii) a corporation formed on the amalgamation or merger of the Company and one or more other corporations, (iii) a corporation or “mutual fund trust” (as defined in the *Income Tax Act* (Canada)) with which the corporation described in the immediately preceding clause (ii) does not deal at arm’s length (for purposes of the Tax Act) immediately after the substitution of the applicable Option in accordance with Section 5.1(2) in connection with a Transaction, or (iv) a “mutual fund trust” (as defined in the *Income Tax Act* (Canada)) to which the Company transferred property in circumstances to which subsection 132.2(1) of the *Income Tax Act* (Canada) applied;
- (w) ~~(y)~~ “**Share**” means a common share in the capital stock of the Company;
- (x) ~~(z)~~ “**Shareholders**” means holders of Shares;
- (y) ~~(aa)~~ “**Source Deductions**” has the meaning given to that term in Section 7.1;
- (z) ~~(bb)~~ “**Stock Exchange**” means the TSX or, if the Shares are not listed or posted for trading on the TSX, the stock exchange on which the Shares are listed or posted for trading;
- (aa) ~~(cc)~~ “**Termination Date**” means the date on which a Participant ceases to be an Eligible Person as a result of a termination of employment with the Company or an Affiliate for any reason, including death, retirement, resignation, or Cause. For the purposes of the Plan, a

Participant's employment with the Company or an Affiliate shall be considered to have terminated effective on the last day of the Participant's actual and active employment with the Company or Affiliate whether such day is selected by agreement with the individual, unilaterally by the Company or Affiliate and whether with or without advance notice to the Participant. For the avoidance of doubt, no period of notice or pay in lieu of notice that is given or that ought to have been given under applicable law in respect of such termination of employment that follows or is in respect of a period after the Participant's last day of actual and active employment shall be considered as extending the Participant's period of employment for the purposes of determining his or her entitlement under the Plan;

- (bb) “Transaction” has the meaning given to that term in Section 5.1(2);
- (cc) ~~(dd)~~ “TSX” means the Toronto Stock Exchange; and
- (dd) ~~(ee)~~ “Vesting Date” means the date on and after which a particular Option may be exercised as specified in in the Grant Agreement, subject to the Expiry Date, and amendment or acceleration from time to time in accordance with the terms of the Plan.

In the Plan, words importing the singular number shall include the plural and vice versa and words importing any gender include any other gender. Whenever the Board or, where applicable, the committee or member appointed pursuant to Section 2.1(21) is to exercise discretion in the administration of the terms and conditions of this Plan, the term “discretion” means the sole and absolute discretion of the Board or such committee or member, as the case may be.

ARTICLE 2 GENERAL PROVISIONS

2.1 Administration

- (1) The Board shall administer this Plan. Subject to the terms and conditions set forth herein, the Board has the authority: (i) to grant Options to Eligible Persons; (ii) to determine the terms, including the limitations, restrictions, vesting period and conditions, if any, upon such grants; (iii) to interpret this Plan and all agreements entered into hereunder; (iv) to adopt, amend and rescind such administrative guidelines and other rules relating to this Plan as it may from time to time deem advisable; and (v) to make all other determinations and to take all other actions in connection with the implementation and administration of this Plan as it may deem necessary or advisable. The Board's guidelines, rules, interpretations, and determinations shall be conclusive and binding upon the Company, its Affiliates, and all Participants, Eligible Persons and their legal, personal representatives and beneficiaries.
- (2) The Board shall have the right to delegate the administration and operation of this Plan, in whole or in part, to a committee and/or to any member thereof. For greater certainty, any such delegation by the Board may be revoked at any time at the Board's sole discretion.
- (3) No member of the Board or any person acting pursuant to authority delegated by it hereunder shall be liable for any action or determination in connection with the Plan made or taken in good faith, and each member of the Board and each such person shall be entitled to indemnification by the Company with respect to any such action or determination.
- (4) The day-to-day administration of this Plan may be delegated to such officers and employees of the Company as the Board determines.

2.2 Shares Reserved

- (1) Subject to Section 2.4(4), the securities that may be acquired by Participants under this Plan shall consist of authorized but unissued Shares. The total number of Shares issuable under this Plan shall be no greater than ten percent (10%) of the total issued and outstanding Shares of the Company (calculated on a non-diluted basis) ~~as, less any Shares underlying Options granted under the Stock Option Plan adopted on May 9, 2014 or any other security-based compensation arrangement of the Effective Date, being 990,304 Shares Company, if any.~~ If an Option Expires, is forfeited, or is cancelled for any reason, the Shares subject to that Option shall again be available for grants under the Plan.
- (2) Optioned Shares that are not purchased as a result of Options having terminated or expired without being fully exercised shall not be counted for purposes of Section 2.3 and shall be available for subsequent Options.
- (3) This Plan is an “evergreen” plan whereby the number of Shares equivalent to the number of Options and securities of any other security-based compensation arrangement of the Company that have been exercised, terminated, cancelled, repurchased or expired, at any time, are immediately re-reserved for issuance under the Plan and available for future issuances subject to the limits contained herein.

2.3 Limits with Respect to Insiders and Independent Directors

- (1) The maximum number of Shares which may be issued to Insiders under the Plan, or when combined with any other security based compensation arrangements, within any ~~one~~-year period, may not exceed ten percent (10%) of the Shares issued and outstanding. The maximum number of Shares issuable to Insiders under the Plan, or when combined with any other security based compensation arrangements of the Company, at any time, may not exceed ten percent (10%) of the Shares issued and outstanding.
- (2) The aggregate number of Shares issuable to the “independent” members (as defined in National Instrument 58-101 – Disclosure Corporate Governance Practices) of the Board as a group under the Plan or when combined with any other security-based compensation arrangements of the Company cannot at any time exceed 1% of the issued and outstanding Shares.
- (3) No Options shall be granted to an individual “independent” member of the Board if such grant would result in such director, within a calendar year, receiving Options that have, together with all other equity awards granted in such year to such director under any other security-based compensation arrangements of the Company, an aggregate value (determined as of the applicable dates of grant by the Administrators, acting reasonably, using appropriate, widely accepted valuation measures) in excess of \$100,000.

2.4 Amendment and Termination

- (1) Board may, in its sole discretion, suspend or terminate the Plan at any time or from time to time amend or revise the terms of the Plan or of any Grant Agreement, subject to any required regulatory approval, provided that such suspension, termination, amendment, or revision will not adversely alter or impair any Option previously granted except where the Participant consents, or where required by law.

- (2) If the Plan is terminated, the provisions of the Plan and any administrative guidelines and other rules and regulations adopted by the Board and in force on the date of termination will continue in effect as long as any Option or any rights pursuant thereto remain outstanding and, notwithstanding the termination of the Plan, the Board will remain able to make such amendments to the Plan or the Options as they would have been entitled to make if the Plan were still in effect.
- (3) Subject to Section 2.4(1) and compliance with ~~the~~those provisions of applicable law and regulatory requirements (including the rules, regulations and policies of the Stock Exchange ~~rules~~), if any, that require the approval of Shareholders, the Board may from time to time, in its discretion and without the approval of Shareholders, make amendments to the Plan or any Grant Agreement without the approval of Shareholders under Section 2.4(4) which may include but are not limited to:
- (a) minor changes of a “house-keeping nature”, including any amendment of a “housekeeping” nature for the purpose of curing any ambiguity, error or omission in the Plan, or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan;
 - ~~(b) — a change to the vesting provisions of the Plan and any Option;~~
 - (b) (e) a change to the provisions governing amending Options under the Plan, including with respect to the Option period (subject to Section 2.4(4)(c) below), vesting period, exercise method and frequency, exercise price and method of determining the exercise price, assignability and the effect of termination of a Participant’s employment, contract or office, or cessation of a Participant’s directorship; as applicable; provided that such amendment does not adversely alter or impair any Option previously granted to a Participant without the consent of such Participant;
 - (c) advancing the date on which any Option may be exercised;
 - (d) adding or changing the addition of a form of financial assistance terms and conditions of any amendment to a financial assistance provision which is adopted may be provided by the Company to Participants to facilitate the purchase of Shares under the Plan; and
 - (e) an amendment to the Plan or an Option as amendments necessary to comply with the provisions of applicable law or achieve a particular tax treatment, or to comply with the requirements the applicable rules of the Stock Exchange or any other regulatory body having authority over the Company, including with respect to the treatment of Options granted under the Plan, the Participants or the Shareholders;
 - (f) amendments respecting the administration of the Plan;
 - (g) amendments necessary to suspend or terminate the Plan;
 - (h) a change relating to the eligibility of any Participant or Eligible Person in the Plan; and
 - (i) any other amendment, fundamental or otherwise, not requiring Shareholder approval under applicable laws or the applicable rules of the Stock Exchange.

- (4) Subject to compliance with the applicable Stock Exchange rules, Shareholder approval is required for the following amendments to the Plan:
- (a) any increase in the maximum number of Shares that may be issuable from treasury pursuant to Options granted under the Plan (as set out in Section 2.2), including an increase to the maximum number of Shares or a change from a fixed maximum percentage of Shares to a fixed maximum number, other than an adjustment pursuant to a change in capitalization;
 - (b) any reduction in the Exercise Price after an Option has been granted or any cancellation of an Option and the substitution of that Option with a new Option with a reduced Exercise Price, except in the case of an adjustment pursuant to a change in capitalization;
 - (c) any extension of the Expiry Date of an Option, except in case of an extension due to a black-out period;
 - (d) amending the provisions relating to the transferability of an Option, other than for transfers by will or the law of succession or to corporations controlled by the individual or family trusts;
 - (e) amending any limits on the participation of Insiders in the Plan that would result in Shareholder approval to be required on a disinterested basis;
 - (f) ~~(d) any amendment which increases or removes the maximum number of Shares that may be issued to (i) Insiders and their Associates; or (ii) any one Insider and his/her Associates under the Plan or any other proposed or established equity program of the Company in a one year period, except in the case of an adjustment pursuant to a change in capitalization; and~~ amending Section 2.3(2) or 2.3(3); and
 - (g) ~~(e) any amendment to Section 2.4(3) and Section 2.4(4)~~ or granting additional powers to the Board to amend the Plan or entitlements without Shareholder approval.

ARTICLE 3 OPTIONS

3.1 Grant

- (1) Subject to the provisions of this Plan, the Board may grant Options to any Eligible Person upon the terms, conditions and limitations set forth herein and such other terms, conditions and limitations permitted by and not inconsistent with this Plan as the Board may determine and set forth in the Grant Agreement.
- (2) An Option shall be evidenced by a Grant Agreement, signed on behalf of the Company.

3.2 Exercise Price

An Option may be exercised at a price that shall be fixed by the Board at the time that the Option is granted, but in no event shall it be less than the Fair Market Value of the underlying Shares on the Date of Grant (the “Exercise Price”)

3.3 Vesting

All Options granted hereunder shall vest in accordance with the terms of the Grant Agreement entered into in respect of such Options. Notwithstanding the foregoing, where a Grant Agreement does not specify the Vesting Date of an Option, one-fifth of the Option shall vest ~~as follows:~~

~~1/5 on each of the Option on the first anniversary of the Date of Grant;~~

~~1/5 of the Option on the second anniversary of the Date of Grant;~~

~~1/5 of the Option on the third anniversary of the Date of Grant;~~

~~1/5 of the Option on the fourth anniversary of the Date of Grant; and~~

~~1/5 of the Option on the fifth anniversary~~ five anniversaries of the Date of Grant.

ARTICLE 4 EXERCISE & EXPIRY

4.1 Conditions of Exercise

- (1) Vested Options may only be exercised during the Exercise Period by the Participant or his or her legal representative. Subject to the restrictions set out in this Plan, Options to acquire Shares may be exercised by delivering to the Company an Exercise Notice, together with a bank draft or certified cheque in an amount equal to the aggregate Exercise Price and the amount necessary to satisfy any Source Deductions.
- (2) The Board may, in its sole discretion, allow a Participant to, in lieu of exercising Options in accordance with Section 4.1(1) elect to surrender such Options to the Company in consideration for an amount from the Company equal to (i) the aggregate Fair Market Value of the Shares issuable under such Options, less (ii) the aggregate Exercise Price in respect of such Options, which amount shall be rounded down to the nearest whole number of Shares ((i) less (ii) being the “**Net Benefit**”). A Participant may elect to be paid the Net Benefit in cash, subject to the approval of the Board. Where the Net Benefit is satisfied in cash, the Company will deduct any Source Deductions from such payment. Where the Net Benefit is satisfied in Shares from treasury, the Participant will deliver a bank draft or certified cheque to the Company in an amount equal to any Source Deductions.
- (3) Where Shares are to be issued to the Participant pursuant to the terms of Section 4.1 as soon as practicable following the receipt of the Exercise Notice and the required bank draft or certified cheque, the Company shall duly issue such Shares to the Participant.

4.2 Exercise Period

- (1) The Exercise Period shall be determined by the Board in its sole and absolute discretion at the time the Option is granted, and unless otherwise provided in the Participant’s Grant Agreement and subject to earlier Expiry in accordance with the terms of the Plan, each Option shall Expire ten (10) years after the Date of Grant.
- (2) No Option in respect of which Shareholder approval is required under the rules of the Stock Exchange shall be exercisable until the time that such Option has been approved by the Shareholders.

- (3) Notwithstanding any other provision of the Plan, if the Expiry Date of a vested Option falls on, or within the nine (9) Business Days immediately following a date upon which such Participant is prohibited from exercising such Option due to a black-out period or other trading restriction imposed by the Company, then the Expiry Date of such Option shall be automatically extended to the tenth (10th) Business Day following the date the relevant black-out period or other trading restriction imposed by the Company is lifted, terminated or removed.

4.3 Expiry Date and Termination of Contract

- (1) Unless otherwise provided in the Participant's Grant Agreement or employment agreement and regardless of any adverse or potentially adverse tax or other consequences resulting from the foregoing:
- (a) if a Participant ceases to be an Eligible Person as a result of his or her termination without Cause, retirement, resignation, or failure to be re-elected as a director of the Company or an Affiliate: (i) the Expiry Date of any unvested Options held by such Participant is the Participant's Termination Date, and (ii) the Expiry Date of any vested Options held by such Participant is the date that is ninety (90) days after the Participant's Termination Date;
 - (b) if a Participant ceases to be an Eligible Person as a result of his or her death: (i) the Expiry Date of any unvested Options held by such Participant is the Participant's Termination Date, and (ii) the Expiry Date of any vested Options (including any Options that vest on the Participant's Termination Date) held by such Participant (or personal representative) is the date that is one hundred and eighty (180) days after the Participant's Termination Date; and
 - (c) if a Participant ceases to be an Eligible Person as a result of his or her Board service, office or employment being terminated for Cause, the Expiry Date of all Options held by such Participant (whether vested or unvested) is the Participant's Termination Date.

ARTICLE 5
CHANGE OF CONTROL EVENT

5.1 Change of Control Event

- (1) ~~In the event of~~If a Change of Control Event ~~occurs~~, ~~the Board of Directors may make such provision for the protection of the rights of the Participants as the Board of Directors in its discretion considers appropriate in the circumstances, including, without limitation, changing the Vesting Date or Dates for any Option, changing the date on which any Option Expires, providing for substitute rights in the continuing entity, and permitting the conditional exercise of Options in connection with a potential Change of Control Event~~then a Participant shall be entitled to exercise his or her Option with respect to all of the Shares subject to the Option and not yet purchased thereunder, notwithstanding any determination by the Board pursuant to Section 3.3 hereof with respect to the Option; provided that if the consideration offered to Shareholders is (i) not all cash, or (ii) securities of a reporting issuer in a Transaction where such reporting issuer is a Qualifying Reporting Issuer (each as defined below), then this paragraph shall only apply with respect to a Participant's vested Options.

In addition, if an offer is made to purchase 50% or more of the outstanding Shares, a Participant shall be entitled to exercise his or her Option with respect to all of the Shares subject to the Option and not yet purchased thereunder and tender such Shares into such offer, conditional upon the take-up of Shares under such offer; provided that if the consideration offered to Shareholders is (i) not all cash, or (ii) securities of a reporting issuer in a Transaction where such reporting issuer is a Qualifying Reporting Issuer, then this paragraph shall only apply with respect to a Participant's vested Options.

If the Shares are not taken up under such offer, the Option shall remain outstanding on the same terms and conditions and any funds tendered on the conditional exercise of the Option shall be returned to the Participant forthwith.

- (2) ~~Notwithstanding any other provision~~If, during the term of the Plan Option, the Company shall give written notice to the Participants advising that all of their Options (whether or not currently exercisable) outstanding immediately prior to the occurrence of a merge into or amalgamate (pursuant to a statutory amalgamation, statutory plan of arrangement or otherwise) with any other entity, or if the Company shall sell all or substantially all of its assets and undertaking, or if the Company shall be the subject of a take-over bid (as defined in the Securities Act (Ontario)) or participate in any similar transaction or series (any of transactions that, if completed, would result in (i) a Change of Control Event and (ii) the Shares no longer being listed on the Stock Exchange (a "Proposed Transaction"), may be exercised prior to the completion of the Proposed Transaction, in each case, conditional upon the completion of the Proposed Transaction. For the purpose of this Section 5.1(2), "Shares" shall include any adjustments contemplated by Section 7.4(b)). If the Proposed Transaction is not completed within 180 days after the datethe foregoing referred to as a "**Transaction**") and as a result of such Transaction, the Shareholders receive securities of another reporting issuer as an effective substitution for the Shares, provided such other reporting issuer in such Transaction is a Qualifying Reporting Issuer in respect of the ~~notice~~Company, the Company will ~~return to any affected Participant all rights under the Participant's Options as if no conditional~~make provision that, upon the exercise had been affected of any Option during its unexpired period after the effective date of such Transaction, the Participant shall receive such number of securities of the other, continuing, successor or purchasing reporting issuer in such Transaction as he or she would have received as a result of such Transaction if the Participant had purchased Shares immediately prior thereto for the same consideration paid on the exercise of the Option and had held such Shares on the effective date of such Transaction. Upon such provision being made, the obligation of the Company to the Participant in respect of the Shares then remaining subject to this Option shall terminate and be at an end.

ARTICLE 6 CLAWBACK

All incentive compensation paid by the Company, or any of its Affiliates, is subject to clawback and recapture (including without limitation Shares issued pursuant to the exercise of any Options granted pursuant to the terms of this Plan and any proceeds from the disposition of such Shares), to the extent permitted by law, if the Board has determined in its sole discretion that:

- (a) such amounts were based on the achievement of financial results that were subsequently materially revised (e.g. due to the restatement of the Company's, or any of its Affiliates', financial statements);
- (b) the Participant engaged in grossly negligent or intentional misconduct that caused or substantially caused the need for the material revision;
- (c) fewer Options would have been granted or vested had the financial results been accurate; and
- (d) the Participant has breached any non-competition or non-solicitation agreement with the Company or an Affiliate.

ARTICLE 7 MISCELLANEOUS

7.1 Tax Withholdings and Deductions

Notwithstanding any other provision contained herein, in connection with the exercise of an Option by a Participant from time to time, as a condition to such exercise (i) the Company shall require such Participant to pay to the Company or the relevant Affiliate an amount as necessary so as to ensure that the Company or such

Affiliate, as applicable, is in compliance with the applicable provisions of any federal, provincial or local law relating to the withholding of tax or other required deductions in connection with the exercise of such Options (the “**Source Deductions**”); or (ii) in the event a Participant does not pay the amount specified in (i), the Company shall be permitted to engage a broker or other agent on behalf of the Participant, at the risk and expense of the Participant, to sell a portion of the underlying Shares issued on the exercise of such Option to the Participant through the facilities of the Stock Exchange, and to apply the proceeds received on the sale of such underlying Shares as necessary so as to ensure that the Company or the relevant Affiliate, as applicable, is in compliance with the applicable Source Deductions relating to the exercise of such Options. In addition, the Company or the relevant Affiliate, as applicable, shall be entitled to withhold from any amount payable to a Participant, either under this Plan or otherwise, such amount as may be necessary so as to ensure that the Company or the relevant Affiliate is in compliance with the applicable Source Deductions relating to the exercise of such Options. Each Participant agrees to indemnify and save the Company harmless from any and all amounts payable or incurred by the Company or its Affiliates if it is subsequently determined that any greater amount should have been withheld in respect of taxes or any other statutory withholding.

7.2 Non-Transferability

No assignment or other transfer of Options, whether voluntary, involuntary, by operation of law or otherwise (other than upon the death of the Participant), is permitted under the Plan

7.3 Participation in this Plan

- (1) Nothing contained in the Plan nor in any Option granted thereunder shall be deemed to give any Participant any interest or title in or to any Shares or any rights as a Shareholder or any other legal or equitable right against the Company, or any of its Affiliates.
- (2) The Company’s or any Affiliate’s obligation under this Plan shall be merely that of an unfunded and unsecured promise of the Company or such Affiliate to pay money in the future, and the rights of Participants (and their legal personal representatives) shall be no greater than those of unsecured general creditors.
- (3) The Plan shall not give any Participant or any employee of the Company or any of its Affiliates the right or obligation to or to continue to serve as a director, officer or employee, as the case may be, to or of the Company or any of its Affiliates.
- (4) The Company makes no representation or warranty as to the future market value of the Shares or with respect to any income tax matters affecting the Participant resulting from the grant or exercise of an Option or transactions in the Shares. With respect to any fluctuations in the Fair Market Value of Shares, neither the Company, nor any of its directors, officers, employees, shareholders or agents shall be liable for anything done or omitted to be done by such person or any other person with respect to the price, time, quantity or other conditions and circumstances of the issuance of Shares hereunder, or in any other manner related to the Plan. For greater certainty, no amount will be paid to, or in respect of, a Participant under the Plan or pursuant to any other arrangement, and no additional Options will be granted to such Participant to compensate for a downward fluctuation in the price of the Shares, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose.

7.4 Reorganization of Capital

- (a) The existence of any Option does not affect in any way the right or power of the Company or the Shareholders to make, authorize or determine any adjustment, recapitalization, reorganization or any other change in the Company’s capital structure or its business, or any

amalgamation, combination, plan of arrangement, merger or consolidation involving the Company, to create or issue any bonds, debentures, Shares or other securities of the Company or to determine the rights and conditions attaching thereto, to declare and pay dividends, to effect the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business, or to effect any other act or proceeding, whether of a similar character or otherwise, whether or not any such action referred to in this Section 7.4(a) would have an adverse effect on this Plan or any Option granted hereunder.

- (b) Appropriate adjustments, with regards to Options granted or to be granted, in the number of Shares that are available for purchase and/or in the purchase price for such Shares under the Plan and to the maximum number of Shares available for issuance under the Plan may be made by the Board, acting reasonably, to give effect to the number of shares of the Corporation resulting from subdivisions, consolidations, conversions, exchanges or reclassifications of the Shares, the payment of stock dividends by the Corporation (other than cash dividends) or other changes in the capital stock of the Corporation that the Board may, in their discretion, consider relevant for purposes of ensuring that the rights of the Participants are not prejudiced thereby (including amalgamations, mergers, reorganizations, liquidations and similar material transactions).

7.5 Notice

Any notice required to be given by this Plan shall be in writing and shall be given by registered mail, postage prepaid, or delivered by courier or by facsimile transmission addressed, if to the Company, to the head office of the Company, Attention: Chief Financial Officer; or if to a Participant, to such Participant at his or her address as it appears on the books of the Company or in the event of the address of any such Participant not so appearing, then to the last known address of such Participant; or if to any other person, to the last known address of such person.

7.6 No Fractional Shares

No fractional Shares shall be issued upon the exercise of any Option granted under the Plan and, accordingly, if a Participant would become entitled to a fractional Share upon the exercise of an Option, or from an adjustment permitted by the terms of this Plan, such Participant shall only have the right to purchase the next lowest whole number of Shares, and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

7.7 Governing Law

The Plan shall be governed by the laws of Ontario and the federal laws of Canada applicable therein.

7.8 Subject to Approval

To the extent a provision of the Plan requires regulatory approval which is not received, such provision shall be severed from the remainder of the Plan until the approval is received and the remainder of the Plan shall remain in full force and effect. Shareholder approval of this Plan will be required within three (3) years of the date hereof, and within every three (3)-year period thereafter.

ADOPTED as of this 28th day of May, 2019.

THE SECOND CUP LIMITED

Per: _____
Authorized Signatory

APPENDIX I US EMPLOYEES

~~The terms of the Plan are hereby modified with respect to those Participants who are U.S. Participant:~~

~~SPECIAL APPENDIX
to the
The Second Cup Ltd.
Stock Option Plan~~

~~Special Provisions Applicable to Participants Subject to
the United States Internal Revenue Code~~

~~This Appendix sets forth special provisions of the Plan (the "Plan") that apply to U.S. Participants. All Options issued under the Plan to U.S. Participants are intended to (i) comply with the requirements of Section 422 of the Code, or any successor thereto and (ii) be exempt from and avoid the penalties imposed by Section 409A of the Code, or any successor thereto, and all provisions hereunder shall be read, interpreted, and applied with that purpose in mind. Terms used herein that are defined in the Plan shall have the meanings set forth in the Plan, as amended from time to time.~~

~~1. Interpretation~~

~~(1) For the purposes of this Appendix, the following terms have the following meanings:~~

- ~~(a) "Code" means the United States Internal Revenue Code of 1986, as amended, and any applicable United States Treasury Regulations and other binding regulatory guidance thereunder;~~
- ~~(b) "Incentive Stock Option" means any Option granted under the Plan which the Board intends (at the time it is granted) to be an incentive stock option within the meaning of Code Section 422 or any successor thereto;~~
- ~~(c) "Non-Qualified Option" means any Option granted under the Plan to a U.S. Participant which is not an Incentive Stock Option;~~
- ~~(d) "Ten Percent Shareholder" means a U.S. Participant who owns (or is deemed to own pursuant to Code Section 424(d)) stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company, a Subsidiary Company or any other Affiliate, as applicable;~~
- ~~(e) "Separation From Service" shall have the meaning set forth in Section 2(4) below;~~
- ~~(f) "Subsidiary Company" shall have the meaning set forth in Section 2(2) below; and~~
- ~~(g) "U.S. Participant" shall have the meaning set forth in Section 2(1), below.~~

~~(2) The Plan and this Appendix are complementary to each other and shall, with respect to Options granted to U.S. Participants, be read and deemed as one. In the event of any contradiction, whether explicit or implied, between the provisions of this Appendix and the Plan, the provisions of this Appendix shall prevail with respect to Options granted to U.S. Participants. Options may be granted under this Appendix either as Incentive Stock Options or as Non-Qualified Options, subject to the provisions set forth in Section 2(2) below and any other applicable restrictions or limitations as provided under applicable law.~~

~~2. Application~~

~~(1) The following special rules and limitations are applicable to Options issued under the Plan to U.S. Participants the grant of Options to whom (or the exercise of Options by whom) is subject to taxation in the~~

~~United States (referred to hereunder as “U.S. Participants”), in order, *inter alia*, that all or part of such Options granted to U.S. Participants may be Incentive Stock Options.~~

- ~~(2) Incentive stock options may only be awarded to employees (including officers) of the Company or an entity that, with respect to the Company, is a “parent company” or “subsidiary company” within the meaning of Code Sections 424(f) (“Subsidiary Company”). Furthermore, except as otherwise provided in Code Section 422, if a U.S. Participant is no longer employed by the Company or a Subsidiary Company, the U.S. Participant’s Option shall cease to be treated as an Incentive Stock Option.~~
- ~~(3) To the extent that the aggregate fair market value (determined as of the time the Option is granted) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the U.S. Participant under all Share Compensation Arrangements of the Company, a Subsidiary Company or any other Affiliate (if applicable) exceeds US\$100,000 during any calendar year, the Options or portions thereof that exceed such limit (according to the order in which they are granted) shall be treated as Non-Qualified Options in accordance with Code Section 422(d) or any successor thereto, notwithstanding any contrary provision of the Plan and/or Grant Agreement.~~
- ~~(4) No U.S. Participant shall be permitted to defer the recognition of income beyond the exercise date of a Non-Qualified Option or beyond the date that the Shares received upon the exercise of an Incentive Stock Option are sold. However, if the Board determines that an Option granted hereunder constitutes a *deferral of compensation* for purposes of Code Section 409A and provided the Shares are publicly traded and the U.S. Participant holding said Option is a “*specified employee*” for purposes of Code Section 409A, then and only under these conditions, no distribution or payment of any amount shall be made upon a *separation from service* (as that term is defined in Treasury Regulation Section 1.409A-1(h)) (“**Separation From Service**”) before a date that is six (6) months following the date of such U.S. Participant’s Separation From Service, or, if earlier, the date of the U.S. Participant’s death.~~
- ~~(5) Each U.S. Participant is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of such U.S. Participant in connection with the Plan (including, without limitation, any taxes and penalties under Code Section 409A, if applicable, notwithstanding that Options granted to a U.S. Participant under the Plan were designed with the intention not to constitute a *deferral of compensation* for purposes of Code Section 409A), and neither the Company, a Subsidiary Company nor any other Affiliate of the Company shall have any obligation to indemnify or otherwise hold such U.S. Participant (or any beneficiary) harmless from any or all of such taxes or penalties.~~
- ~~(6) The Company, a Subsidiary Company and any Affiliate, if applicable, shall withhold taxes according to the requirements of applicable laws, rules, and regulations, including the withholding of taxes at source to satisfy any applicable federal, provincial, state, or local tax withholding obligation and employment taxes.~~
- ~~(7) Each recipient of an Option hereunder who is or who becomes a U.S. Participant is advised to consult with his or her personal tax advisor with respect to the tax consequences under federal, state, local and other tax laws of the receipt and/or exercise of an Option hereunder.~~
- ~~(8) Without derogating from the powers and authorities of the Board detailed in the Plan, and unless specifically required under applicable law, the Board shall also have the sole and full discretion and authority to administer the provisions of this Appendix and all actions related thereto including, in addition to any powers and authorities specified in the Plan, the performance, from time to time and at any time, of either or both of the following:~~
 - ~~(a) deciding whether to issue Options as Incentive Stock Options or as Non-Qualified Options; and~~
 - ~~(b) adopting standard forms of Grant Agreements to be applied with respect to U.S. Participants, incorporating and reflecting, *inter alia*, relevant provisions regarding the grant of Options in accordance with this Appendix, and amending or modifying the terms of such standard forms from time to time.~~

~~3. *Exercise Price*~~

~~Notwithstanding any other provision of the Plan, so long as at the time of the grant of an Option the Shares are “readily tradable” as determined under United States Treasury Regulation Section 1.409A-1(b)(5)(vi)(G), the Exercise Price shall be, subject to applicable Stock Exchange rules, the closing sale price of the Shares reported on the primary securities exchange on which the Shares are listed on the last business day on which such exchange is open for trading prior to the date of grant of such Option, and if at the time of grant the Shares are not “readily tradable” as determined under United States Treasury Regulation Section 1.409A-1(b)(5)(vi)(G), the Exercise Price shall be, subject to applicable Stock Exchange rules, determined by the reasonable application of a reasonable valuation method in accordance with Treasury Regulation Section 1.409A-1(b)(5)(iv)(B).~~

~~4. *Expiry of Option/Trading Blackouts*~~

~~Notwithstanding any other provision of the Plan and any provisions of the Grant Agreement to the contrary, Options granted to U.S. Participants may not be exercised under any circumstance following the ten (10) year anniversary of the date of grant.~~

~~5. *Disqualifying Disposition*~~

~~Without limiting the generality of the foregoing, if a U.S. Participant sells or otherwise disposes of any of the Shares acquired pursuant to an Incentive Stock Option on or before the later of (x) the date two years after the date the Option is granted, or (y) the date one year after the transfer of such Shares to the U.S. Participant upon exercise of the Incentive Stock Option, the U.S. Participant shall notify the Company in writing within 30 days after the date of any such disposition (“**Disqualifying Disposition**”) and shall remit to the Company or its Affiliate, as applicable, the amount of any applicable federal, state, provincial and local withholding and employment taxes. For greater certainty, an election made in accordance with Section 4.1(2) of the Plan shall also constitute a Disqualifying Disposition, notwithstanding that the required notification and the remittance of applicable taxes to the United States tax authorities may differ from the provisions of this Section 5.~~

~~6. *Adjustments to Options*~~

~~The number of Shares deliverable on the exercise of an Option held by a U.S. Participant and the Exercise Price of an Option held by a U.S. Participant shall be adjusted in a manner intended to keep the Options exempt from Code Section 409A.~~

~~7. *Amendment of Appendix*~~

~~The Board shall retain the power and authority to amend or modify this Appendix to the extent the Board in its sole discretion deems necessary or advisable to comply with any guidance issued under Code Sections 409A and 422. Such amendments may be made without the approval of any U.S. Participant.~~

~~8. *Ten Percent Shareholders*~~

~~(1) If any U.S. Participant to whom an Incentive Stock Option is to be granted under this Plan is, at the time of the grant of such Option, a Ten Percent Shareholder, then the following special provisions shall apply:~~

~~(a) the per share price at which Shares may be purchased upon the exercise of an Incentive Stock Option shall be no less 110% of the fair market value of a Share at such time as the Option is granted (as determined under the applicable provisions of the Code), and~~

~~(b) for the purpose of this Section 8 only, the exercise period shall not exceed five (5) years from the date the Option is granted.~~

~~(2) Subject to the provisions of this Section 8 regarding Ten Percent Shareholders, no Option may be granted hereunder to a U.S. Participant following the expiry of ten (10) years after the date on which this Plan is adopted by the Board or the date this Plan is approved by the shareholders of the Company, whichever is earlier.~~

**SCHEDULE A
STOCK OPTION GRANT AGREEMENT**

**THE SECOND CUP LTD.
AMENDED AND RESTATED STOCK OPTION PLAN**

[Name & Address]

[Date]

Dear [Name]:

This is to advise you that you have been selected to participate in the The Second Cup Ltd. Amended and Restated Stock Option Plan (the “Plan”). Effective _____, 20__, you will be granted an Option to acquire _____ Shares of The Second Cup Ltd. (the “Company”) at a price of Cdn.\$ _____ per Share.

Your Option is subject to the provisions of the Plan, a copy of which is ~~enclosed~~ available at intranet-site. Capitalized terms not otherwise defined in this Grant Agreement are as defined in the Plan.

Your Option will vest in accordance with the following schedule: ~~[1/5 on [date]]~~;

[1/5 on [date]];

[1/5 on [date]];

[1/5 on [date]];

[1/5 on [date]] and

[1/5 on [date]];

Subject to earlier Expiry in accordance with the Plan, including on termination of employment or service, your Option will Expire on [date].

The Option grant described above is strictly confidential and the information concerning the number or price of Shares granted under this Option should not be disclosed to anyone.

If you have any questions about the Plan or your Option, please contact ●

Please sign and return a copy of this Grant Agreement.

Yours sincerely,

* * * * *

I acknowledge receipt of and agree to be bound by the terms of: (i) this Grant Agreement; (ii) the Plan (including all the appendices to the Plan). I acknowledge that my participation in the plan is voluntary and has not been induced by expectation of employment or service or continued employment or service.

I have been advised to obtain, and have been afforded the opportunity to obtain, independent legal advice with respect to this Grant Agreement and I understand the nature and consequences of this Grant Agreement, including potential tax implications under Canadian (and if applicable, U.S.) federal, provincial, state and other laws with respect to the receipt of Options

I am/ am not [check appropriate box] a U.S. Taxpayer.*

DATED this day of _____, 20 .

Name (please print)

Signature

* "U.S. Taxpayer" means an employee who is a citizen or a resident alien of the United States for purposes of the United States Internal Revenue Code or an employee for whom the compensation subject to deferral under this Plan would otherwise be subject to United States federal income taxation under the United States Internal Revenue Code

**SCHEDULE B
ELECTION TO EXERCISE STOCK OPTIONS**

TO: THE SECOND CUP LTD. (the "Company")

The undersigned option holder hereby irrevocably elects to exercise Options granted by the Company to the undersigned pursuant to a Grant Agreement dated 20 under the The Second Cup Ltd. Amended and Restated Stock Option Plan (the "**Plan**"), for the number Shares set forth below. Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Plan.

Please complete the following:

Number of Shares to be Acquired: _____

Option Exercise Price (per Share):

\$ _____

Aggregate Purchase Price:

\$ _____

Amount enclosed that is payable on account of any Source Deductions relating to this Option exercise (contact the Company for details of such amount):

\$ _____

Or check here if alternative arrangements have been made with the Company;

and hereby tenders a certified cheque or bank draft for such aggregate purchase price, and, if applicable, all Source Deductions, and directs such Shares to be registered in the name of

_____.

I hereby agree to file, on a timely basis, all reports that I may be required to file under applicable securities laws. I understand that this request to exercise my Options is irrevocable.

[I acknowledge the provisions in the Plan with respect to Clawback and reaffirm the covenants given by me under the Non-Competition/Non-Solicitation Agreement I am a party to with the Company and/or its Affiliates and agree to continue to be bound by all of the terms thereof.]

I have been advised to obtain, and have been afforded the opportunity to obtain, independent legal advice with respect to this Exercise Notice and I understand the nature and consequences of this Exercise Notice, including potential tax implications under Canadian (and if applicable, U.S.) federal, provincial, state and other laws with respect to the receipt of Shares.

I am/ am not [check appropriate box] a U.S. Taxpayer.*

DATED this _____ day of _____, _____.

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* "U.S. Taxpayer" means an employee who is a citizen or a resident alien of the United States for purposes of the United States Internal Revenue Code or an employee for whom the compensation subject to deferral under this Plan would otherwise be subject to United States federal income taxation under the United States Internal Revenue Code

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**APPENDIX E: AMENDED AND RESTATED STOCK OPTION PLAN
SHAREHOLDER RESOLUTION**

The complete text of the resolution which management intends to place before the Meeting authorizing the Amended and Restated Stock Option Plan is as follows:

“BE IT HEREBY RESOLVED as an ordinary resolution of the Shareholders of the Corporation that:

1. the Amended and Restated Stock Option Plan set forth in Appendix D to the Management Information Circular of the Corporation dated August 24, 2020, is hereby approved;
2. the Company has the ability to continue granting awards under the Amended and Restated Stock Option Plan until September [24], 2023, which is the date that is three (3) years from the date of the Meeting at which Shareholder approval is being sought; and
3. any director or officer of the Corporation be, and he or she is hereby authorized and directed, on behalf of the Corporation, to execute and deliver all such documents and to do all such other acts or things as he or she may determine to be necessary or advisable to give effect to this resolution.”

APPENDIX F: STOCK OPTION AWARDS RATIFYING SHAREHOLDER RESOLUTION

The complete text of the resolution which management intends to place before the Meeting authorizing the ratification of Stock Option Awards under the Amended and Restated Stock Option Plan is as follows:

“**BE IT HEREBY RESOLVED** as an ordinary resolution of the Shareholders of the Corporation that:

1. the following grants of Stock Options under the Amended and Restated Stock Option Plan adopted by the Board of Directors of the Corporation on May 28, 2019, as described in the Management Information Circular of the Corporation dated August 24, 2020, are hereby ratified, authorized and approved:

| Recipient | Amount of Stock Option Award | Exercise Price | Grant Date | Expiry Date | Vesting |
|---------------|------------------------------|------------------|--------------|--------------|--|
| Steven Pelton | 69,696 Shares | \$1.83 per Share | May 28, 2019 | May 28, 2029 | Time-based vesting criteria, vesting in equal annual amounts on each of the first five anniversaries of the date of grant. |

2. any director or officer of the Corporation be, and he or she is hereby authorized and directed, on behalf of the Corporation, to execute and deliver all such documents and to do all such other acts or things as he or she may determine to be necessary or advisable to give effect to this resolution.”