

# REITMANS

(CANADA) LIMITED

**FORM 51-102F6  
STATEMENT OF EXECUTIVE COMPENSATION**

**FOR THE FISCAL YEAR ENDED FEBRUARY 1, 2020**

September 24, 2020

The following information is provided in accordance with *Form 51-102F6 – Statement Of Executive Compensation* and provides details of the compensation structure and all compensation awarded for each of the directors and certain senior officers of Reitmans (Canada) Limited (the “Corporation”) for the fiscal year ended February 1, 2020.

## **COMPENSATION DISCUSSION AND ANALYSIS**

### *Elements of Executive Compensation*

The Corporation’s current compensation policy aims to attract, retain and motivate high performing senior executives, encourage superior performance and align the interests of its senior executives with those of its shareholders by providing competitive base salaries and ensure that a portion of the compensation of its senior executives is linked to performance of the Corporation via its incentive-based bonus plan. The Corporation and the Board of Directors of the Corporation (the “Board”) assess and take into account factors they consider relevant in setting compensation. Risks associated with the Corporation’s compensation policy and approach are not specifically assessed.

The Corporation’s current compensation policy for its executive officers, including the Named Executives (as hereinafter defined), combines a base salary with an incentive-based bonus plan, comprised of non-equity incentives, consisting of a performance-based cash bonus and long-term equity incentives, consisting of stock options, Stock Appreciation Rights (“SARs”) and performance share units (“PSUs”).

### *Annual Incentive (Bonus)*

For executive officers having responsibility for divisions of the Corporation, bonus payments made under the incentive-based plan are objectively determined by the degree to which divisional results meet or exceed financial targets within the respective operating divisions as well as the achievement of overall targeted results for the Corporation as a whole. These targeted divisional financial results are based on store operating profits less direct overhead related to the respective operating divisions (“adjusted results from operating activities”). Reported finance costs and finance income and certain corporate expenses such as asset impairments, severances not related to divisional performance and differences to budgeted internal exchange rate factors included in reported results from operating activities are excluded from the divisional operating results when assessing financial performance. A minimum target is established and actual bonuses paid are based on the amount by which a division meets or exceeds such minimum, with two levels of achievement above the minimum being set by the Corporation. For executive officers having corporate level responsibilities, bonus payments are objectively determined with regard to the achievement of targeted divisional financial performance based on divisional adjusted results from operating activities, on a pro rata, weighted basis to the overall targeted performance for all the divisions. Adjusted results from operating activities is not a measure prescribed by generally accepted accounting principles and may not be comparable to similar measures presented by other issuers, and divisional adjusted results from operating activities may not be reconciled to the financial statements of the Corporation, which are prepared on a consolidated basis. For the fiscal year ended February 1, 2020, the percentages of the base salary of each of the Named Executives paid in bonuses under the incentive-based plan were: nil for Mr. Stephen F. Reitman, nil for the

late Mr. Jeremy H. Reitman, nil for Mr. Richard Wait, 14.1% for Ms. Lora Tisi and nil for Mr. Michael Strachan.

Messrs. Stephen F. Reitman and Richard Wait have both agreed to forgo any bonus entitlements under the incentive-based plan for the fiscal year ended February 1, 2020.

### *Decision Making Process*

The President and Chief Executive Officer of the Corporation recommends the compensation of the Corporation's executive officers (other than his own) to the Human Resources and Compensation Committee which consists of Messrs. Bruce J. Guerriero, David J. Kassie, Daniel Rabinowicz (Chair) and Howard Stotland, all of whom are considered independent. All of the members of the Human Resources and Compensation Committee have competencies in human resources, compensation and risk management due to the experience they acquire through their current positions or directorships, or those they have held in the past, or due to their training. When appropriate, the President and Chief Executive Officer makes recommendations to the Board for its approval as to the granting of stock options to executive officers.

The compensation of the President and Chief Executive Officer of the Corporation is recommended by the Human Resources and Compensation Committee, in accordance with the same criteria upon which the compensation of all other executive officers is based. In recommending to the Board the level of compensation of the President and Chief Executive Officer, the Human Resources and Compensation Committee strives to attain a level of compensation that appropriately reflects the Corporation's financial and operational achievements. Bonuses granted to the President and Chief Executive Officer are commensurate with the operational results of the Corporation in any given year.

The salary and bonus of the President and Chief Executive Officer of the Corporation are viewed as being commensurate with his duties.

While no specific competitors or industry participants are used as a basis of comparison for executive compensation, the Human Resources and Compensation Committee reviews, in a general fashion, the compensation approach by other Canadian retailers for information purposes.

### *Amended and Restated Stock Option Plan*

Pursuant to the Amended and Restated Stock Option Plan of the Corporation dated as of June 8, 2016 (the "Plan"), the Corporation may grant options to purchase up to a fixed maximum percentage of ten percent (10%) of the Class A Non-Voting Shares of the Corporation (the "Class A Non-Voting Shares") issued and outstanding from time to time. See "Equity Compensation Plan". In connection with the transition of the listing of the common shares of the Corporation (the "Common Shares") and the Class A Non-Voting Shares from the Toronto Stock Exchange (the "TSX") to the TSX Venture Exchange (the "TSX-V"), the Corporation has entered into an undertaking to amend the Plan to ensure that it complies with the policies of the TSX-V and requires annual shareholder approval. In accordance with the policies of the TSX-V, the Corporation will seek re-approval of the Plan by its shareholders at each annual general meeting of shareholders.

### *Performance Share Unit Plan*

On June 8, 2016, the Board adopted a Performance Share Unit Plan (the “PSU Plan”). The purpose of the PSU Plan is to provide executive officers, including the Named Executives, of the Corporation and its subsidiaries with additional compensation opportunities through the granting of PSUs. The purpose of the PSU Plan is to: (i) increase the inherent interest in the Corporation’s welfare of the executive officers who share primary responsibility for the management, growth and protection of the business of the Corporation, (ii) furnish an incentive to such designated executives to continue their services for the Corporation, and (iii) provide a means through which the Corporation may attract able persons to enter its employment.

PSU grants are an additional component of the long-term equity incentives, together with stock options and SARs, which serve to align executive compensation with the Corporation’s shareholders’ interests. The PSU Plan is an important tool to encourage the Corporation’s executive officers to deliver the Corporation’s business plan and lay the basis for the future, while also limiting the shareholder dilution created by the use of stock options. The Corporation determined that the President and Chief Executive Officer of the Corporation will not be granted PSUs under the PSU Plan.

Pursuant to the PSU Plan, the Human Resources and Compensation Committee may from time to time by resolution (i) designate executive officers of the Corporation to whom PSUs may be granted under the PSU Plan, (ii) fix the number of PSUs to be granted to each such participant, and (iii) fix the relevant vesting criteria and other conditions of the PSUs.

Under the PSU Plan and unless otherwise determined by the Human Resources and Compensation Committee, each performance cycle consists of three financial years of the Corporation (a “Performance Cycle”). At the time of PSU grants, the Human Resources and Compensation Committee determines at its sole discretion the vesting criteria (the “Vesting Criteria”) which must be met by the Corporation. Following the end of a Performance Cycle, the Human Resources and Compensation Committee will determine, concurrently with the release of the Corporation’s results for the financial year (the “Determination Date”), whether the Vesting Criteria for the PSUs granted to a participant relating to such Performance Cycle have been achieved. Depending on the achievement of the Vesting Criteria, between 0% and 150% of the PSUs will become vested. The Human Resources and Compensation Committee has the discretion to determine that all or a portion of the PSUs granted to a participant for which the Vesting Criteria have not been achieved shall vest to such participant on the Determination Date.

The value to be paid-out to each participant will be equal to the result of: the number of PSUs granted to the participant which have vested, multiplied by the volume weighted average trading price of the Common Shares during the five trading days immediately preceding the tenth (10th) day following the Determination Date.

The PSU Plan provides certain rules, subject to the discretion of the Human Resources and Compensation Committee, for the vesting and/or cancellation of PSUs in the case of termination of employment for cause or serious reason, by reason of death, injury or disability, by reason of retirement and other circumstances of termination.

The PSU Plan further provides that in the event of a change of control, the Board has discretion with respect to the treatment of PSUs. A change of control is defined as: (i) a sale of all or substantially all of the assets of the Corporation, (ii) an acquisition of more than 50% of the Common Shares or an amalgamation, arrangement, merger or other consolidation where, in either case, the majority of the Board as constituted prior to such acquisition or other transaction do not continue as members of the Board following the next meeting of shareholders, or (iii) a proposed liquidation, dissolution or winding-up of the Corporation. The PSU Plan further provides that in the event of a change of control, the Board has discretion with respect to the treatment of PSUs which could result in substitution grants under a new entity, the cancellation of unvested PSUs, acceleration of the vesting of outstanding PSUs or changes to the Vesting Criteria based on the updated business reality.

Should the participant's employment be terminated for cause, serious reason or by voluntary resignation, all outstanding PSUs will be cancelled immediately. For terminations by reason of death, injury or disability, retirement and non-cause termination, the participant will be entitled to prorated vesting based on the number of months elapsed in the Performance Cycle to the day of the aforementioned event. The achievement of the Vesting Criteria will be determined as the lower of (a) 100% or (b) the level of achievement reached as of the end of the last completed Fiscal Year in the Performance Cycle, if any.

As at February 1, 2020, an aggregate of 760,000 PSUs granted by the Corporation remained outstanding, including an aggregate of 153,500 PSUs granted to the Named Executives, other than the President and Chief Executive Officer, who does not participate. The remaining PSUs will vest at the end of the 2019-2021 and 2020-2022 Performance Cycles based on the achievement of results from operating activities targets set by the Human Resources and Compensation Committee.

On May 1, 2020, the Board elected to defer the granting of any PSUs and long-term incentive awards in connection with the release of the Corporation's financial results for the 13 and 52 weeks ended February 1, 2020.

## **EXECUTIVE COMPENSATION**

### *Summary Compensation Table*

The following table details the compensation information for the three most recent fiscal years of the Corporation, for the Chairman and Chief Executive Officer of the Corporation, the Vice-President, Finance and Chief Financial Officer and the three other most highly compensated executive officers of the Corporation during the most recently completed fiscal year (collectively, the "Named Executives"):

Name and Principal Position	Fiscal Year <sup>(1)</sup>	Salary (\$)	Share Based Awards <sup>(2)</sup> (\$)	Option Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation <sup>(3)</sup> (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-term Incentive Plans			
Stephen F. Reitman <sup>(4)</sup> President and Chief Executive Officer	2020	750,022	Nil	Nil	Nil	Nil	Nil	117,487	867,509
	2019	750,022	Nil	Nil	33,900	Nil	(1,200)	106,781	889,503
	2018	764,424	Nil	Nil	Nil	Nil	(200)	107,083	871,307
Jeremy H. Reitman <sup>(5)</sup> Former Chairman and Chief Executive Officer	2020	247,643	Nil	Nil	Nil	Nil	Nil	95,764	343,407
	2019	264,968	Nil	Nil	33,900	Nil	Nil	82,050	380,918
	2018	270,063	Nil	Nil	Nil	Nil	Nil	78,447	348,510
Richard Wait, CPA, CGA <sup>(6)</sup> Vice-President, Finance and Chief Financial Officer	2020	375,000	64,600	Nil	Nil	Nil	(99,400)	Nil	340,200
	2019	314,726	81,200	Nil	14,220	Nil	699,500	Nil	1,109,646
	2018	280,497	38,175	Nil	Nil	Nil	(9,600)	Nil	309,072
Jonathon Fitzgerald <sup>(7)</sup> Former Group President, Addition Elle, Penningtons	2020	345,142	Nil	Nil	Nil	Nil	27,200	709,542	1,146,484
	2019	475,000	81,200	Nil	Nil	Nil	41,500	61,360	659,060
	2018	100,481	Nil	Nil	Nil	Nil	1,900	Nil	102,381
Lora Tisi <sup>(8)</sup> President, RW & CO., Thyme Maternity	2020	492,692	64,600	Nil	69,639	Nil	43,900	51,625	722,456
	2019	430,000	81,200	Nil	98,767	Nil	43,700	Nil	653,667
	2018	422,981	66,170	Nil	Nil	Nil	40,100	Nil	529,251
Michael Strachan President, Addition Elle, Penningtons	2020	465,192	64,600	Nil	Nil	Nil	45,400	59,010	634,202
	2019	450,000	81,200	Nil	Nil	Nil	44,800	57,716	633,716
	2018	406,038	66,170	Nil	Nil	Nil	45,500	42,289	559,997

**NOTES:**

- (1) The base salary set out for each of the Named Executives for the 2020 and 2019 periods is based on 52-week periods. The base salary set out for each of the Named Executives for the 2018 period is based on a 53-week period.
- (2) This amount corresponds to the fair value of the PSU award on the grant date. For purposes of calculating the fair value of the PSU award on the grant date, a 100% payout was assumed, which is consistent with the valuation method used for accounting purposes. Such fair value equals the number of PSUs granted on April 10, 2019 (2020), April 9, 2018 (2019) and April 10, 2017 (2018) multiplied by the volume weighted average trading price for the Common Shares on the TSX during the five trading days prior to the grant date (2020 - \$3.23; 2019 - \$4.06; 2018 - \$5.09).
- (3) All other compensation includes perquisites for any Named Executive on an aggregate basis which exceed the lesser of \$50,000 and 10% of his or her annual cash compensation. Mr. Stephen F. Reitman and the late Mr. Jeremy H. Reitman each benefited from car leases and car-related expenses, which represented a benefit of \$102,188 and \$93,909, respectively (2019 - \$91,852 and \$80,265, respectively; 2018 - \$91,073 and \$72,527, respectively), and Mr. Jonathon Fitzgerald benefited from an allowance of \$78,064 (2019 - \$54,280).
- (4) Effective on January 15, 2020, Mr. Stephen F. Reitman became the President and Chief Executive Officer of the Corporation. Mr. Stephen F. Reitman agreed to forgo any bonus entitlements under the incentive-based plan for the fiscal year ended February 1, 2020.
- (5) Mr. Jeremy H. Reitman passed away on December 28, 2019.

- (6) Mr. Richard Wait agreed to forgo any bonus entitlements under the incentive-based plan for the fiscal year ended February 1, 2020.
- (7) Mr. Jonathon Fitzgerald left the employ of the Corporation on September 13, 2019. Mr. Fitzgerald received a cash severance award of \$623,043 upon his departure.
- (8) On August 6, 2020, the Corporation announced, as part of the streamlining of its leadership team, the departure of Ms. Lora Tisi, effective on the same day.

*Share-Based Awards and Option Based Awards Outstanding*

The following table indicates for each Named Executive all option awards to purchase Class A Non-Voting Shares outstanding as at February 1, 2020:

Name	Option-Based Awards				Share-Based Awards	
	Number Of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options <sup>(1)</sup> (\$)	Number of Shares or Units of Shares That Have Not Yet Vested (#)	Market or Payout Value of Share-Based Awards that Have Not Vested <sup>(2)</sup> (\$)
Stephen F. Reitman	100,000	6.75	January 31, 2025	Nil	Nil	Nil
Jeremy H. Reitman	80,000	6.75	June 25, 2020	Nil	Nil	Nil
Richard Wait, CPA, CGA	20,000 50,000 15,000	4.40 6.00 6.75	January 31, 2023 April 30, 2024 January 31, 2025	Nil Nil Nil	20,000 <sup>(3)</sup> 20,000 <sup>(4)</sup>	20,000 20,000
Jonathon Fitzgerald	Nil	Nil	Nil	Nil	Nil	Nil
Lora Tisi	30,000 50,000	4.40 6.75	January 31, 2023 January 31, 2025	Nil Nil	20,000 <sup>(3)</sup> 20,000 <sup>(4)</sup>	20,000 20,000
Michael Strachan	50,000	6.31	January 31, 2023	Nil	20,000 <sup>(3)</sup> 20,000 <sup>(4)</sup>	20,000 20,000

**NOTES:**

- (1) “In-the-money” means the excess of the market value of the Class A Non-Voting Shares as at February 1, 2020 over the exercise price of the options. As at February 1, 2020, the price of the Class A Non-Voting Shares on the TSX was \$0.92. The unexercised options have not been and will not necessarily be exercised and the actual gains, upon exercise will depend on the value of the Class A Non-Voting Shares on the date of the exercise.
- (2) As at February 1, 2020, the price of the Common Shares on the TSX was \$1.00. The PSUs have not and will not necessarily vest and the actual payout value, upon vesting will depend on the value of the Common Shares on the date of vesting and achieving the vesting criteria.
- (3) Number of PSUs granted in respect of the 2019-2021 Performance Cycle.
- (4) Number of PSUs granted in respect of the 2020-2022 Performance Cycle.

*Value Vested or Earned on Incentive Plan Awards During the Most Recently Completed Fiscal Year*

The following table indicates for each Named Executive, the value on vesting of all awards for the fiscal year ended February 1, 2020:

Name	Option-Based Awards – Value Vested During the Year (\$) <sup>(1)</sup>	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value earned During the Year (\$)
Stephen F. Reitman	Nil	Nil	Nil
Jeremy H. Reitman	Nil	Nil	Nil
Richard Wait, CPA, CGA	Nil	Nil	Nil
Jonathon Fitzgerald	Nil	Nil	Nil
Lora Tisi	Nil	Nil	Nil
Michael Strachan	Nil	Nil	Nil

**NOTE:**

- (1) The value reflected in the above chart relates to the “in-the-money” value of options as at the date of the vesting, being January 31, 2020. As at January 31, 2020, the price of the Class A Non-Voting shares on the TSX was \$0.92.

*Pension Plan Benefits*

The Corporation maintains a registered pension plan known as the “Reitmans (Canada) Limited Executive Retirement Pension Plan” (the “Registered Plan”) in which all of the Named Executives participate.

The Registered Plan provides defined retirement benefits for covered executives (including the Named Executives) and is qualified under the *Income Tax Act* (Canada) (the “Tax Act”). In order to participate in the Registered Plan, an executive shall be eligible to join the Registered Plan on January 1 of the year following the calendar year in which he received remuneration equal to or greater than thirty-five percent (35%) of the calendar year’s maximum pensionable earnings, or if he completed seven hundred (700) hours or more of employment with the Corporation or any of its subsidiaries. The Registered Plan provides for normal retirement benefits beginning at age 65, with reduced participation permitted for any executive who elects early retirement. The Registered Plan also provides that in the event that an executive remains an employee of the Corporation after he or she attains age 65, the pension benefits must be paid not later than December 1 of the calendar year during which he or she attains age 71, or any other date prescribed by the Tax Act for this purpose. The normal annual retirement benefit is equal to two percent of the executive’s average annual salary for the five highest consecutive years of earnings multiplied by the executive’s years of service, but not exceeding the maximum amount permitted to be paid under the Tax Act. For purposes of the Registered Plan, an executive’s annual salary for any plan year (being the calendar year) is the executive’s annual salary as at January 1 in such year. Currently, the maximum annual benefit payable to an executive under the Registered Plan is \$3,092 for each year of service.

The Corporation also maintains a Supplemental Executive Retirement Plan (the “SERP”, and together with the Registered Plan, the “Pension Plans”). The SERP was instituted as of January 1, 2006 and covers certain senior executives. For financial statement presentation

purposes, an actuarial calculation was made to determine the estimated expense the Corporation incurred with respect to the provisions of the SERP since January 2006. This estimated expense was charged to current operations. The SERP is unfunded and payments are made as obligations arise. These expensed amounts will be accrued as a liability on the Corporation's balance sheet. When a liability arises to make any such payment(s) called for under the SERP, the payments will be set off against the accrual amount as the payments are actually made. During the 2020 fiscal year, payments of \$1,146,000 (2019 – \$831,000) were made to nine (2019 – nine) members.

In connection with the proceedings under the *Companies' Creditors Arrangement Act* (the "CCAA") and the Corporation's filing of an initial order seeking the protection and the remedies offered by the CCAA and the issuance of a First Initial Order dated May 19, 2020, as amended and restated on May 29, 2020, and as extended until October 16, 2020, the Corporation has ceased making payments under the SERP. In addition, it is expected that the SERP will be terminated effective with the settlement of liabilities under the plan of arrangement to be entered into among the Corporation and its creditors pursuant to the CCAA proceedings.

The Corporation also adopted a funding policy for its pension committee to follow when carrying out its duties to ensure that the Registered Plan is adequately funded. The Corporation's funding policy describes main employers and market trends in the Corporation's sector that could have an impact on funding, funding objectives relating to variations in contribution and benefit levels and identifies the main funding risks, and employer and member tolerance for those risks. The funding policy also provides specifics on the Registered Plan's investment goals and preferred strategies.

The following table indicates for each Named Executives the number of years of credited service under the Pension Plans, the annual benefits payable, the accrued obligation at the start of the year, the compensatory and non-compensatory charges and the accrued obligations at year end:

Name	Number of years of credited service <sup>(1)</sup>	Annual benefits payable (\$)		Accrued obligation at start of year <sup>(4)</sup> (\$)	Compensatory <sup>(5)</sup> (\$)	Non-Compensatory <sup>(6)</sup> (\$)	Accrued obligation at year end <sup>(7)</sup> (\$)
		At year end <sup>(2)</sup>	At age 65 <sup>(2)(3)</sup>				
Stephen F. Reitman <sup>(8)</sup>	46.9	459,400	459,400	7,758,900	Nil	838,100	8,597,000
Jeremy H. Reitman <sup>(9)</sup>	45.9	485,100	485,100	7,007,300	Nil	(599,900)	6,407,400
Richard Wait	31.6	155,000	155,000	2,903,400	(99,400)	669,900	3,473,900
Jonathon Fitzgerald <sup>(10)</sup>	1.7	5,100	5,100	49,700	27,200	(76,900)	Nil
Lora Tisi	5.1	15,700	34,300	199,700	43,900	67,600	311,200
Michael Strachan	3.1	9,500	15,700	104,800	45,400	36,200	186,400

**NOTES:**

- (1) Number of years of credited service in the Registered Plan as at February 1, 2020. The number of years in the SERP is subject to a maximum of 25 years under the SERP provisions.
- (2) Total annual benefits payable from the Pension Plans as at February 1, 2020.

- (3) For the purpose of calculating the annual benefits payable, the final average earnings are calculated as at February 1, 2020 and the maximum pension as permitted by the Canada Revenue Agency is not projected (i.e., \$3,092.22 per year of credited service).
- (4) Accrued obligation in respect of benefits payable from the Pension Plans using a discount rate of 3.70%. The assumptions and methods used are the same as those used for the accounting disclosures as at February 1, 2020.
- (5) Includes service cost (net of employee contributions) at the beginning of the year and the impact of pay different from last year's calculation (difference in the accrued obligation between the expected and the actual salary).
- (6) Includes change in assumptions and non-pay-related experience.
- (7) Accrued obligation in respect of benefits payable from the Pension Plans using a discount rate of 2.60%. The assumptions and methods used are the same as those used for the accounting disclosures as at February 1, 2020.
- (8) Mr. Stephen F. Reitman has been receiving a pension since November 1, 2018. The annual benefits payable is the actual annual pension payable since November 1, 2018.
- (9) Mr. Jeremy H. Reitman had been receiving a pension since December 1, 2016 and passed away in December of 2019. The annual benefits payable is the actual annual pension payable to his beneficiary effective January 1, 2020.
- (10) Mr. Jonathon Fitzgerald left the employ of the Corporation on September 13, 2019 and received a commuted value of his accrued annual benefits at the end of 2019 (i.e. his pension under the Registered Plan was settled in full).

## COMPENSATION OF DIRECTORS

The Corporation has established that directors are entitled to a \$50,000 annual retainer, paid on a quarterly basis, and no fee per meeting attended. In addition, Mr. Daniel Rabinowicz receives \$25,000 as Chairman of the Board and Mr. Bruce J. Guerriero, CPA, CA receives \$30,000 as Chairman of the Audit Committee.

The following table details the compensation information for the most recently completed fiscal year of the Corporation for each of the directors of the Corporation who is not also a Named Executive. Please refer to the section "Compensation of Executives - Summary Compensation Table" above for the information with respect to such Named Executives:

Name	Fees Earned (\$) <sup>(1)</sup>	Share Based Awards (\$)	Option Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Bruce J. Guerriero, CPA, CA	80,000	Nil	Nil	Nil	Nil	Nil	80,000
David J. Kassie	50,000	Nil	Nil	Nil	Nil	Nil	50,000
Marie-Josée Lamothe <sup>(2)</sup>	50,000	Nil	Nil	Nil	Nil	Nil	50,000
Samuel Minzberg	50,000	Nil	Nil	Nil	Nil	Nil	50,000
Daniel Rabinowicz <sup>(3)</sup>	65,000	Nil	Nil	Nil	Nil	8,000	73,000
Howard Stotland	50,000	Nil	Nil	Nil	Nil	Nil	50,000
Robert S. Vineberg <sup>(4)</sup>	50,000	Nil	Nil	Nil	Nil	Nil	50,000
Terry Yanofsky <sup>(5)</sup>	25,000	Nil	Nil	Nil	Nil	Nil	25,000

### NOTES:

- (1) Includes all fees earned and paid in cash to the directors of the Corporation, including the annual Board retainer.
- (2) Ms. Marie-Josée Lamothe resigned from the Board effective on August 30, 2019.

- (3) Mr. Daniel Rabinowicz was previously lead director and received \$15,000 per annum in such capacity. Effective on January 15, 2020, Mr. Rabinowicz was appointed Chairman of the Board and his fees were set at \$25,000 per annum. Mr. Rabinowicz received \$8,000 for independent consulting services rendered to the Corporation at market rates.
- (4) Mr. Robert S. Vineberg is a partner of a law firm that provides services to the Corporation.
- (5) Ms. Terry Yanofsky was appointed to the Board effective on August 8, 2019.

The following table indicates for each of the directors of the Corporation who is not also a Named Executive all awards outstanding to purchase Class A Non-Voting Shares as at February 1, 2020:

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options	Option exercise price (\$)	Option expiration date	Value of Unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested (\$)
Bruce J. Guerriero, CPA, CA	50,000	6.49	January 31, 2023	Nil	Nil	Nil
David J. Kassie	50,000	11.68	January 31, 2022	Nil	Nil	Nil
	50,000	6.75	January 31, 2025	Nil	Nil	Nil
Samuel Minzberg	50,000	15.00	January 31, 2022	Nil	Nil	Nil
	50,000	6.75	January 31, 2025	Nil	Nil	Nil
Daniel Rabinowicz	50,000	11.68	January 31, 2022	Nil	Nil	Nil
	50,000	6.75	January 31, 2025	Nil	Nil	Nil
Howard Stotland	50,000	15.00	January 31, 2022	Nil	Nil	Nil
	50,000	6.75	January 31, 2025	Nil	Nil	Nil
Robert S. Vineberg	50,000	15.00	January 31, 2022	Nil	Nil	Nil
	50,000	6.75	January 31, 2025	Nil	Nil	Nil
Terry Yanofsky	Nil	Nil	Nil	Nil	Nil	Nil

**NOTE:**

- (1) “In-the-money” means the excess of the market value of the Class A Non-Voting Shares as at February 1, 2020 over the exercise price of the options. As at February 1, 2020, the price of the Class A Non-Voting Shares on the TSX was \$0.92. The unexercised options have not been and will not necessarily be exercised and the actual gains, upon exercise will depend on the value of the Class A Non-Voting Shares on the date of the exercise.

The following table indicates for each of the directors of the Corporation who is not also a Named Executive, the value on vesting of all awards for the fiscal year ended February 1, 2020:

Name	Option-Based Awards – Value Vested During the Year <sup>(1)</sup> (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value earned During the Year (\$)
Bruce J. Guerriero, CPA, CA	Nil	Nil	Nil
David J. Kassie	Nil	Nil	Nil
Samuel Minzberg	Nil	Nil	Nil
Daniel Rabinowicz	Nil	Nil	Nil
Howard Stotland	Nil	Nil	Nil
Robert S. Vineberg	Nil	Nil	Nil
Terry Yanofsky	Nil	Nil	Nil

**NOTE:**

- (1) The value reflected in the above chart relates to the “in-the-money” value of options as at the date of the vesting, being January 31, 2020. As at January 31, 2020, the price of the Class A Non-Voting Shares on the TSX was \$0.92.

**EQUITY COMPENSATION PLAN**

Pursuant to the Plan, the Corporation may grant options to purchase up to a fixed maximum percentage of 10% of the Class A Non-Voting Shares issued and outstanding from time to time. In addition, the Corporation may also, in its sole discretion, from time to time, grant SARs to any participant in connection with the grant of any option as discussed below.

*SARs Component*

A SAR is the right of an optionee to surrender to the Corporation all or a portion of an option (a “Tandem Option”) in exchange for a cash payment to the optionee in an amount equal to the excess, if any, of:

- (i) Market Price (as defined below) as of the date such Tandem Option or portion thereof is surrendered of the Class A Non-Voting Shares issuable on exercise of such Tandem Option or portion thereof over
- (ii) the Exercise Price (as defined below) of such Tandem Option or portion thereof, relating to such Class A Non-Voting Shares and any amount required to be withheld by applicable law.

Upon exercise of a SAR, the Tandem Option shall be cancelled and shall be of no further force and effect.

SARs shall be exercisable only at the same time, by the same persons and to the same extent, that the Tandem Option related thereto would otherwise be exercisable.

Any exercise of options will make new grants available under the Plan, effectively resulting in a re-loading of the number of options available for grant under the Plan. As at September 24, 2020, the total number of Class A Non-Voting Shares issued under the Plan from the inception of the Plan and issuable under outstanding options granted under the Plan and the percentage of the Corporation’s issued and outstanding Class A Non-Voting Shares represented by such shares, were as follows:

<b><u>Class A Non-Voting Shares issued</u></b>	<b><u>Class A Non-Voting Shares issuable under outstanding options</u></b>
4,265,200 (12.04%)	1,394,000 (3.93%)

As at September 24, 2020, options in respect of 2,148,732 Class A Non-Voting Shares, representing 6.07% of the issued and outstanding Class A Non-Voting Shares, were available for grants under the Plan.

As at September 24, 2020, no SARs were granted under the Plan.

Pursuant to the Plan, the Board may grant options or SARs to key full time employees and the directors of the Corporation, and the number of Class A Non-Voting Shares subject to each option or SAR, the expiration date of each option or SAR, the extent to which each option or SAR is exercisable from time to time during its term and other terms and conditions relating to each such option or SAR shall be determined by the Board and be subject to approval by the Board, provided, however, that the period during which an option or SAR is exercisable shall not, subject to the provisions of the Plan, exceed seven (7) years from the date the option or SAR is granted.

The option or SAR price per share for a Class A Non-Voting Share which is the subject of any option or SAR shall not be less than the reported closing price for the Class A Non-Voting Shares on the TSX (and if not so listed, on any stock exchange on which the Class A Non-Voting Shares may then be listed, including the TSX-V, on which the Class A Non-Voting Shares are currently listed) on the last trading day before the day on which the option or SAR is granted; provided, however, that if on any day the reported closing price for the Class A Non-Voting Shares on such stock exchange is not based upon a trade in at least a board lot of the Class A Non-Voting Shares, the reported closing price for such shares on such stock exchange shall be deemed to be the last price at which a trade in at least a board lot of the Class A Non-Voting Shares was effected on such stock exchange on that day. If no sale is reported on such stock exchange on that day, the reported closing price shall be deemed to be the mean of the last bid and ask quotations, if any, for such shares on such stock exchange (the "Market Price"). The exercise price per share for any option or SAR (the "Exercise Price") shall not be less than the Market Price of a Class A Non-Voting Share.

The Plan provides that the aggregate number of Class A Non-Voting Shares reserved for issuance at any time to any one individual under the Plan shall not exceed five percent (5%) of the aggregate number of the issued and outstanding Class A Non-Voting Shares and Common Shares.

Upon an optionee's employment with the Corporation being terminated for cause or upon an optionee being removed from office as a director or becoming disqualified from being a director by law, any option or SAR or the unexercised portion thereof granted to him or her shall terminate forthwith. Upon an optionee's employment with the Corporation being terminated (except in the case of transfer from one corporation to another corporation as provided in the Plan) otherwise than by reason of death or termination for cause or upon an optionee ceasing to be a director other than by reason of death, removal or disqualification by law, any option or SAR or unexercised part thereof granted to such optionee may be exercised by him or her for that number of shares only which he or she was entitled to acquire under the option or SAR pursuant to the Plan at the time of such termination or cessation. Such option or SAR shall only be exercisable within thirty (30) days after such termination or cessation or prior to the expiration of the term of the option or SAR, whichever occurs earlier. Finally, if an optionee dies while employed by the Corporation or while serving as a director of the Corporation, any option or SAR or unexercised part thereof granted to such optionee may be exercised by the person to whom the option or SAR is transferred by will or the laws of descent and distribution for that number of Class A Non-Voting Shares only which he or she was entitled to acquire under the option or SAR pursuant to the Plan at the time of his or her death. Such option or SAR shall only be exercisable within one hundred eighty (180) days after the optionee's death or prior to the expiration of the term of the option or SAR, whichever occurs earlier.

In the event the Corporation proposes to amalgamate, merge or consolidate with or into any other corporation (other than with a wholly-owned subsidiary of the Corporation) or to liquidate, dissolve or wind-up, or in the event an offer to purchase the Class A Non-Voting Shares or any part thereof shall be made to all holders of Class A Non-Voting Shares, the Corporation shall have the right, upon written notice thereof to each optionee holding options or SARs under the Plan, to permit the exercise of all such options or SARs within the 20-day period next following the date of such notice and to determine that upon the expiration of such 20-day period, all rights of optionees to such options or to exercise same (to the extent not theretofore exercised) shall *ipso facto* terminate and cease to have further force or effect whatsoever.

The Board may, subject to regulatory approval, amend or discontinue the Plan at any time without notice or approval from the shareholders of the Corporation or any optionee, for any purpose whatsoever, including, without limitation, for the purpose of:

- (a) amendments of a “housekeeping” nature, which include, without limitation, amendments to ensure continued compliance with applicable laws, regulations, rules or policies of any regulatory authority and amendments to remove any ambiguity or to correct or supplement any provision contained in the Plan which may be incorrect or incompatible with any other provision of the Plan;
- (b) a change to the vesting provisions of an option or SAR; and
- (c) a change to the termination provisions of an option or SAR which does not entail an extension beyond the original expiration date;

provided, however, that no such amendment may increase the maximum number of Class A Non-Voting Shares issuable pursuant to the Plan, change the manner of determining the minimum option or SAR price, alter the option or SAR exercise period following the expiration of a Blackout Period (as defined in the Plan) or, without the consent of the optionee, adversely alter or impair any option or SAR previously granted to an optionee under the Plan.

The Plan also provides that (i) a reduction in the option or SAR price, (ii) an extension of the expiration date of an outstanding option or SAR, (iii) any amendment to the category of persons eligible to participate under the Plan, (iv) any amendment to remove or to exceed the insider participation limit under the Plan, (v) any amendment which would permit options or SARs to be transferable or assignable other than for normal estate settlement purposes, (vi) an increase to the maximum number of options or SARs issuable under the Plan, either as a fixed number or a fixed percentage, or (vii) amendments to an amending provision under the Plan, may not be made without the approval of the shareholders of the Corporation (excluding the votes of securities held directly or indirectly by insiders benefiting from the amendment), provided that: (x) an adjustment to the option or SAR price pursuant to Section 8 of the Plan, (y) an extension of the expiry date of an option or SAR by 10 business days after the expiration of a Blackout Period and (z) an amendment pursuant to Section 9.1 of the Plan, in each case subject to regulatory requirements, shall not require approval of the shareholders of the Corporation.

The Plan provides that if the term of an option or SAR of any eligible person under the Plan expires during or less than ten (10) business days after the expiration of a Blackout Period, then such

option or SAR or the unexercised portion thereof shall expire on the date that is ten (10) business days after the expiration of the Blackout Period.

The Plan provides that the aggregate number of Class A Non-Voting Shares issuable (or reserved for issuance) to insiders under the Plan or any other share compensation arrangement of the Corporation, cannot at any time exceed ten percent (10%) of the aggregate number of issued and outstanding Class A Non-Voting Shares and Common Shares and the aggregate number of Class A Non-Voting Shares issued to insiders under the Plan and any other share compensation arrangement of the Corporation, within a one year period, cannot exceed ten percent (10%) of the aggregate number of issued and outstanding Class A Non-Voting Shares and Common Shares.

Pursuant to the Plan, an option or SAR shall be exercisable by the optionee by delivery to the Corporation of a written notice of exercise in the form prescribed under the Plan accompanied, and in the case of an option, by full payment, in cash or by certified cheque, of the Exercise Price in respect of the portion of the option being exercised, or the optionee may proceed with a cashless exercise. If the optionee elects to proceed with a cashless exercise, the Corporation may satisfy such exercise by, in its sole and absolute discretion:

- (a) delivering a cash payment to the optionee (or his or her personal representatives or legatees) in an amount equal to the excess of the reported closing price for the Class A Non-Voting Shares on the TSX (and if not so listed, on the TSX-V) on the last trading day before the day on which the Corporation receives the exercise notice; (provided, however, that if on any day the reported closing price for the Class A Non-Voting Shares on such stock exchange is not based upon a trade of at least a board lot of the Class A Non-Voting Shares, the reported closing price for the Class A Non-Voting Shares on such stock exchange shall be deemed to be the last price at which a trade of at least a board lot of the Class A Non-Voting Shares was effected on such stock exchange on that day. If no sale is reported on such stock exchange on that day, the reported closing price for the Class A Non-Voting Shares shall be deemed to be the mean of the last bid and ask quotations, if any, for such shares on such stock exchange) (the “Notice Price”) over the option or SAR price, multiplied by the number of Class A Non-Voting Shares otherwise issuable upon the exercise of the option or SAR (or a portion thereof), less any applicable taxes; or
- (b) causing the transfer agent and registrar of the Class A Non-Voting Shares to deliver a number of Class A Non-Voting Shares to the optionee (or his or her personal representatives or legatees) determined in accordance with the following formula:

$$A = B (C - D)/C,$$

where:

A = the number of Class A Non-Voting Shares to be issued to the optionee pursuant to this paragraph (b);

B = the number of Class A Non-Voting Shares otherwise issuable upon the exercise of the option (or portion thereof) being exercised;

C = the Notice Price; and

D = the option price.

In respect of the exercise of a SAR, the cash payment to the optionee shall be paid within 5 business days of the receipt of a duly executed exercise notice.