NOTICE OF SPECIAL MEETING

OF COMMON SHAREHOLDERS OF

AEGIS BRANDS INC.

to be held on April 7, 2021

MANAGEMENT INFORMATION CIRCULAR

The Board of Directors of Aegis Brands Inc. recommends that Common Shareholders vote FOR the Resolutions set out in this Information Circular

March 9, 2021

March 9, 2021

Dear Shareholders,

On February 7, 2021, Aegis Brands Inc. entered into an asset purchase agreement with SC Coffee Canada Inc. (formerly, 12456702 Canada Inc.), a wholly-owned subsidiary of Foodtastic Inc., pursuant to which the purchaser has agreed to acquire, subject to certain terms and conditions, substantially all of the assets comprising the Second Cup business. The purchase price is $14,000,000 in cash payable on closing plus a future earn-out based on royalties earned from certain Second Cup cafés to be opened following the closing of the transaction. This is subject to adjustments as described in the accompanying management information circular.

This transaction requires the approval of Aegis' shareholders under applicable corporate law. We invite you to attend a special meeting of shareholders to be held on April 7, 2021 at 10:00 a.m. (Toronto time) to vote on a special resolution to approve the transaction. In consideration of the public health impact of COVID-19, the meeting will be held in virtual-only format, which will be conducted via live webcast online at https://web.lumiagm.com/217697423.

In order to pass, not less than 66⅔% of the votes cast by shareholders at the meeting must be voted **FOR** the transaction resolution. Our board of directors has unanimously determined that the transaction is in the best interests of Aegis and recommends that Aegis' shareholders vote **FOR** the transaction resolution. Each of our directors and executive officers and certain other shareholders, collectively holding approximately 43% of our issued and outstanding shares, have entered into a support agreement agreeing to vote their shares in favour of the sale transaction.

In determining that the transaction is in the best interests of Aegis, our Board considered a number of factors, including, but not limited to, the following:

- This transaction reflects the belief of the board that the greatest potential for long-term shareholder value creation will result from directing capital and focussing management attention on Aegis' other businesses and pursuing the strategy of building a strong portfolio of brands;

- This transaction provides an opportunity to realize an attractive value for the Second Cup business while significantly reducing Aegis' exposure to the risks inherent in continuing to own and operate the business; and

- Aegis will require additional cash to fund its future strategy and the board determined that this transaction represents the most attractive source of cash.

For more information on the factors considered, please refer to "Reasons for the Sale Transaction" in the accompanying management information circular.

If shareholders approve the transaction, we aim to obtain the requisite third-party consents and satisfy all other closing conditions to consummate the transaction during the second quarter of 2021.

The accompanying management information circular contains additional information about the transaction. Please give this material your careful consideration and, if you require assistance, consult your financial, tax or other professional advisors or our strategic shareholder advisor and proxy solicitation agent, Kingsdale Advisors, by telephone at 1-866-851-2638 (toll free in North America) or 1-416-867-2272 (collect outside North America), or by email at contactus@kingsdaleadvisors.com.

We look forward to your participation at the meeting. If you are a registered shareholder, to vote your common shares at the meeting, you can either return a duly completed and executed form of proxy enclosed with this letter and the management information circular by mail or by fax in order to ensure your representation at the meeting. Other acceptable methods of delivery of your proxy (telephone and internet) are set forth in the accompanying form of proxy

and management information circular. If you are a non-registered (beneficial) shareholder and receive these materials from your broker or other intermediary, please complete and return the form of proxy or voting instruction form provided to you in accordance with the instructions provided by your broker or intermediary.

On behalf of the Board, we express our gratitude for the support our shareholders, employees, franchisees and other partners have demonstrated with respect to our decision to move ahead with the proposed sale of the Second Cup business.

Sincerely,

"Michael Bregman"
Michael Bregman
Chairman of the Board
Aegis Brands Inc.

"Steven Pelton"
Steven Pelton
President and Chief Executive Officer
Aegis Brands Inc.

NOTICE OF SPECIAL MEETING OF COMMON SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a special meeting (including any postponement or adjournment thereof, the "**Meeting**") of the holders ("**Common Shareholders**") of common shares ("**Common Shares**") of Aegis Brands Inc. ("**Aegis**" or the "**Company**") will be held virtually via live webcast at https://web.lumiagm.com/217697423 on Wednesday, April 7, 2021 at 10:00 a.m. (Toronto time) for the following purposes:

(a) for the Common Shareholders to consider, and if deemed advisable, to approve, a special resolution (the "**Transaction Resolution**"), the full text of which is included as Schedule B to the accompanying management information circular (the "**Information Circular**"), regarding the proposed sale of substantially all of the assets comprising Aegis' specialty coffee brand, "Second Cup Coffee Co." to SC Coffee Canada Inc. (formerly, 12456702 Canada Inc.) (the "**Purchaser**"), a wholly-owned subsidiary of Foodtastic Inc., which may constitute the sale of substantially all of the assets of the Company other than in the ordinary course of business, pursuant to an asset purchase agreement dated February 7, 2021 between the Company and the Purchaser, as may be subsequently amended, supplemented or otherwise modified, as more particularly described in the Information Circular; and

(b) to transact such further and other business as may properly be brought before the Meeting.

In order to become effective, the Transaction Resolution must be passed by an affirmative vote of not less than two-thirds (66⅔%) of the votes cast by Common Shareholders present in person or represented by proxy at the Meeting and voting thereon.

All Common 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 Information Circular. Your Common Shares will not be voted without your instructions.

In order to proactively deal with the unprecedented public health impact of COVID-19, and to mitigate risks to the health and safety of the Common Shareholders, communities, employees and other stakeholders, the Meeting will be in a virtual-only format, which will be conducted via live webcast online at https://web.lumiagm.com/217697423. All Common Shareholders, regardless of geographic location and equity ownership, will have an equal opportunity to attend the Meeting. Common Shareholders will not be able to attend the Meeting in person. Registered Common Shareholders (being Common Shareholders whose names are on record with the Company as the registered holders of Common Shares as of the Record Date (as defined below)) and duly appointed proxyholders will be able to attend, ask questions and vote at the Meeting. Guests and Non-Registered Beneficial Common Shareholders (being Common Shareholders who hold their Common Shares in the capital of the Company 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, Common 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 Common Shareholders of the Company, 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 10:00 a.m. (Toronto time) on April 5, 2021 or in the event that the Meeting is adjourned or postponed, on a business day at least 48 hours before the date and time to which the Meeting is adjourned or postponed. However, all Common 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.

Registered Common Shareholders have a right to dissent with respect to the Transaction Resolution and, if the Transaction Resolution becomes effective, to be paid the fair value of their Common Shares in accordance with the provisions of Section 185 of the OBCA. A Registered Common Shareholder may only exercise the right to dissent under Section 185 of the OBCA in respect of Common Shares that are registered in that shareholder's name. Failure to comply strictly with the provisions of the OBCA may result in the loss or unavailability of the right to dissent. The execution or exercise of a proxy does not constitute a written objection for the purposes of Section 185 of the OBCA.

A dissenting Registered Common Shareholder must submit to the Company a written objection to the Transaction Resolution at or before the Meeting, which dissent notice if delivered before the Meeting must be received by the Company, at 5915 Airport Road, Suite 630, Mississauga, Ontario L4V 1T1, Attention: Ba Linh Le, Chief Financial Officer and must otherwise strictly comply with the dissent procedures prescribed by the OBCA. A Registered Common Shareholder's right to dissent is more particularly described in the Information Circular, and the text of Section 185 of the OBCA is set forth in Schedule C to the Information Circular.

Non-Registered Beneficial Common Shareholders should be aware that only Registered Common Shareholders are entitled to dissent. Accordingly, a Non-Registered Beneficial Common Shareholder desiring to exercise the right to dissent must make arrangements for the Common Shares beneficially owned by such holder to be registered in such holder's name prior to the time the written objection to the Transaction Resolution is required to be received by the Company or, alternatively, make arrangements for the Registered Common Shareholder of such Common Shares to dissent on behalf of the Non-Registered Beneficial Common Shareholder.

The proxyholder has discretion under the accompanying form of proxy or voting instruction form with respect to any amendments or variations of the matters of business to be acted on at the Meeting or any other matters properly brought before the Meeting, in each instance, to the extent permitted by law. As of the date hereof, management of the Company knows of no amendments, variations or other matters to come before the Meeting other than the matters set forth in this notice of meeting. Common Shareholders that are planning on returning the accompanying form of proxy or voting instruction form are encouraged to review the Information Circular carefully before submitting the form of proxy or voting instruction form.

The Board has fixed March 8, 2021 as the record date for the meeting (the "**Record Date**").

We urge you to read these materials carefully and cast your vote on these important matters. If you have any questions or require assistance with voting your proxy, please contact the Company's strategic shareholder advisor and proxy solicitation agent, Kingsdale Advisors, at 1-866-851-2638 toll free in North America, or call collect outside North America at 1-416-867-2272 or by email at contactus@kingsdaleadvisors.com.

DATED at Mississauga, Ontario March 9, 2021.

AEGIS BRANDS INC.

"Michael Bregman"

Michael Bregman
Chairman of the Board

TABLE OF CONTENTS

MANAGEMENT INFORMATION CIRCULAR

Unless stated otherwise, the information in this Information Circular is dated as of March 9, 2021. All capitalized terms used in this Information Circular but not otherwise defined herein have the meanings set forth under the Glossary of Terms attached as Schedule A to this Information Circular. All references to dollar amounts are references to Canadian dollars ($), unless stated otherwise.

This Information Circular is furnished in connection with the solicitation of proxies by or on behalf of management of the Company to all of the Common Shareholders, for use at the Meeting, together with the notice of meeting and form of proxy.

No person has been authorized to give any information or make any representation in connection with the Sale Transaction or any other matters to be considered at the Meeting other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized. Common Shareholders are encouraged to obtain independent legal, tax, financial and investment advice in their jurisdiction of residence with respect to this Information Circular, and the consequences of the Sale Transaction.

Unless the context indicates otherwise, all references to "Aegis", the "Company", "our", or "we" refer to Aegis Brands Inc.

FORWARD-LOOKING INFORMATION

This Information Circular contains certain forward-looking statements and forward-looking information (collectively referred to herein as forward-looking statements) within the meaning of applicable securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "believe", "plan", "intend", "objective", "continuous", "ongoing", "estimate", "expect", "may", "will", "project", "should", or similar words suggesting future outcomes. In particular, this Information Circular contains forward-looking statements including, without limitation, in relation to:

- the estimated timing of and the steps required to complete the Sale Transaction and the likelihood of completion;
- obtaining of shareholder approval and all third-party consents and approvals required in order to complete the Sale Transaction;
- the belief of Aegis that it can satisfy all of the conditions precedent in relation to the Purchase Agreement;
- the timing of the Meeting and matters to be discussed there;
- the receipt of any earn-out payments in connection with the Sale Transaction;
- the quantum of any anticipated working capital adjustment and outstanding gift card liabilities at Closing;
- Aegis' continued exposure to liabilities associated with the Second Cup Business following completion of the Sale Transaction;
- Aegis' strategy, business plan, financial position and prospects and the performance and success of operations both before and following completion of the Sale Transaction;
- the nature of Aegis' growth strategy going forward and execution on any of potential plans;
- Aegis' intended use of the proceeds from the Sale Transaction; and

- the anticipated benefits of the Sale Transaction to Aegis.

The forward-looking statements are based on certain key expectations and assumptions of Aegis concerning, among other things: anticipated financial performance, business prospects, strategies, regulatory developments, exchange rates, tax laws, the sufficiency of budgeted capital expenditures in carrying out planned activities, the availability and cost of labour and services, the structure and effect of the Sale Transaction being completed in accordance with the terms of the Purchase Agreement and in accordance with the timing currently anticipated, all conditions precedent in the Purchase Agreement being satisfied or waived, including the receipt of Common Shareholder approval of the Transaction Resolution, the timely receipt of any and all required third-party consents pertaining to the Sale Transaction, the Company's ability to successfully execute on its strategic initiatives following the completion of the Sale Transaction, the anticipated continuing impact of the COVID-19 pandemic on Aegis' business and there being no intervening events that will materially reduce the Company's net working capital following completion of the Sale Transaction. All of these assumptions are subject to change based on market conditions and potential timing delays. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties (both general and specific) and risks that forward-looking statements will not be achieved. Undue reliance should not be placed on forward-looking statements, as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations and anticipations, estimates and intentions expressed in the forward-looking statements, including those set out below and those detailed elsewhere in this Information Circular (including under the heading "Risk Factors"):

- possible failure of a party to the Purchase Agreement to satisfy the conditions precedent set out in the Purchase Agreement and the risk that the Sale Transaction may not be completed on a timely basis, if at all;

- the risk of not obtaining third-party consents or approvals required pursuant to the Purchase Agreement and Common Shareholder approval of the Transaction Resolution;

- possible termination of the Purchase Agreement by a party to the Purchase Agreement;

- the risk that the Sale Transaction may involve unexpected costs, liabilities or delays;

- the risk that the completion of, and anticipated benefits from, the Sale Transaction may be adversely affected by COVID-19;

- the risk that the anticipated benefits of the earn-out payments may not be realized or that such payments will never be made;

- uncertainty as to the actual amount of cash reserves that will be available to the Company following closing of the Sale Transaction (as a result of, among other things, purchase price adjustments contemplated by the Purchase Agreement and the incurrence of certain transaction, severance and other costs);

- the risk that any negative working capital adjustment (including the quantum of gift card liabilities at Closing) will be greater than anticipated, potentially to a material extent;

- the risk that the Company's continued exposure to certain liabilities associated with the Second Cup Business may be significant notwithstanding the Purchaser's indemnification obligations under the Purchase Agreement and Foodtastic's guarantee of 20% of those indemnification obligations in effect from time to time;

- the possible occurrence of an event, change or other circumstance that could result in the termination of the Sale Transaction;

- risks related to the diversion of management's attention from Aegis' ongoing business operations;
- restrictions on Aegis from soliciting third parties to make an Acquisition Proposal;
- risks related to Aegis' intended business strategy following the Sale Transaction, including its focus on the Hemisphere and Bridgehead brands and its evaluation and execution on new brand acquisitions;
- third parties with which Aegis currently does business may cease to do so;
- a substantial number of Common Shareholders could exercise their dissent rights in respect of the Transaction Resolution; and
- the market price and trading volume of the Common Shares may materially decrease or experience increased fluctuation as a result of the Sale Transaction or otherwise.

Readers are cautioned that the foregoing list is not exhaustive. The information contained in this Information Circular identifies additional factors that could affect the operating results and performance of Aegis. See "*Risk Factors*." Additional information on other risk factors that could affect the operations or financial results of Aegis can be found under the heading "*Risk Factors*" in the Company's annual information form dated April 30, 2020, and under the heading "*Risks and Uncertainties*" in the Company's management's discussion and analysis for the three and nine months ended September 30, 2020, which are both available on SEDAR (www.sedar.com). Aegis urges you to carefully consider those factors.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this Information Circular are made as of the date of this Information Circular and Aegis undertakes no obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

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/217697423 on Wednesday, April 7, 2021 at 10:00 a.m. (Toronto time).

Record Date and Quorum

The board of directors of the Company (the "**Board**") has fixed March 8, 2021 as the record date for the determination of Common Shareholders entitled to receive notice of and to vote at 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 Common Shares.

Virtual Meeting

In order to proactively deal with the unprecedented public health impact of COVID-19, and to mitigate risks to the health and safety of Common Shareholders, communities, employees and other stakeholders, the Meeting will be in a virtual-only format, which will be conducted via live webcast at https://web.lumiagm.com/217697423. All Common Shareholders, regardless of geographic location and equity ownership, will have an equal opportunity to attend the Meeting. Common Shareholders will not be able to attend the Meeting in person. Registered Common Shareholders and duly appointed proxyholders will be able to attend, ask questions and vote at the Meeting. Guests and Non-Registered Beneficial Common Shareholders (being Common Shareholders who hold their Common 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/217697423 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 and, if you are a Registered Common Shareholder, ask the presenters questions online and submit your votes in real time. The online Meeting will ensure that Common 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 Information Circular is furnished in connection with the solicitation of proxies by management of the Company, for use at the Meeting and at any adjournments thereof, for the purposes set forth in the accompanying Notice of Meeting. The solicitation of proxies for the Meeting will be made primarily by mail, but proxies may also be solicited personally, by personal interview, mail, e-mail, telephone, facsimile or by other means of communication, by directors, officers and employees of the Company, at nominal cost. Kingsdale Advisors ("**Kingsdale**") has been engaged by the Company and Foodtastic as the parties' strategic shareholder advisor to assist in the solicitation of proxies for the Meeting at a fee of approximately $45,000 plus associated costs and expenses, which fees and expenses will be borne by Foodtastic. The Company will otherwise bear the cost in respect of the solicitation of proxies for the Meeting. The Company may utilize the Broadridge QuickVote™ service to assist Non-Registered Beneficial Common Shareholders (as defined below) with voting their Common Shares over the telephone. Alternatively, Kingsdale may contact such shareholders to assist them with conveniently voting their Common Shares directly over the phone. Kingsdale can be contacted by phone toll-free at 1-866-851-2638 (toll free in North America) or 1-416-867-2272 (for callers outside North America) or by e-mail at contactus@kingsdaleadvisors.com.

The enclosed form of proxy names the Chief Executive Officer of Aegis and his alternate, the Chief Financial Officer of Aegis, as your proxyholder. You have the right to appoint another person or company to be your proxyholder other than the Chief Executive Officer and his alternate as set out on the form of proxy. To do so, fill in that person's name in the blank space located near the top of the enclosed form of proxy and cross out the name of the Chief Executive Officer and his alternate. If you return the attached form of proxy to Computershare Trust Company of Canada ("**Computershare**"), and have left the line for the proxyholder's name blank, then the Chief Executive Officer (or his alternate) will automatically become your proxyholder.

Voting of Proxies

Common 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 Common Shareholder indicated on the proxy, and if the Registered Common Shareholder specifies a choice with respect to a matter to be acted on, those Common Shares will be voted accordingly. In the absence of instructions, and if you have authorized the Chief Executive Officer (or his alternate) to act as your proxyholder (by leaving the line for the proxyholder's name blank on the form of proxy), those Common 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 Information Circular, the Board knows 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, Common 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 Common Shareholder, to attend the virtual Meeting and vote your Common Shares for you on your behalf by completing the form of proxy or voting instruction form accordingly. If you are a Non-Registered Beneficial Common Shareholder (as defined in the table below), please consult your intermediary for instructions. **Your vote will be counted if it is received by**

Computershare by no later than 10:00 a.m. (Toronto time) on April 5, 2021, or, in the event that the Meeting is adjourned or postponed, on a business day at least 48 hours before the date and time to which the Meeting is adjourned or postponed. The time limit for deposit of proxies may be waived or extended by the Chair of the Meeting at his or her discretion, without notice.

Please follow the instructions below based on whether you are a "**Non-Registered Beneficial Common Shareholder**" or a "**Registered Common Shareholder**" (each as defined in the table below).

	Registered Common Shareholders (proxy form) *Registered Common Shareholders are Common Shareholders whose names are on record with the Company as the registered holders of Common Shares as of the Record Date.*	**Non-Registered Beneficial Common Shareholders** (voting instruction form) *Non-Registered Beneficial Common Shareholders are Common Shareholders whose Common Shares are registered in the name of an intermediary (such as a securities broker, financial institution, trustee, custodian or other nominee)* *Your intermediary will send you a voting instruction form*
Voting Prior to the Meeting	• **By Internet:** Go to www.investorvote.com and follow the instructions on the screen. You will need your 15-digit control number, which can be found on your form of proxy. • **By Telephone:** Call 1-866-732-8683 (toll-free in North America) or 312-588-4290 (outside North America). You will need your 15-digit control number, which can be found on your form of proxy. Please note that you cannot appoint anyone other than the directors and officers named on your form of proxy as your proxyholder if you vote by telephone. • **By Fax:** 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 or 416-263-9524 outside of North America. • **By Mail:** Complete, sign and date your form of proxy and return it to Computershare Investor Services Inc., Attention: Proxy Department, 8th Floor, 100 University Avenue, Toronto, ON, M5J 2Y1. • **All votes cast prior to the Meeting must be received by Computershare by no later than 10:00 a.m. (Toronto time) on April 5, 2021, or, in the event that the Meeting is adjourned or postponed, on a business day at least 48 hours before the date and time to which the Meeting is adjourned or postponed.**	• **By Internet / Telephone**: Follow the instructions on your voting instruction form or contact your intermediary for instructions on how to submit voting instructions by internet at www.proxyvote.com or by telephone by calling the number listed on your voting instruction form. • **By Mail:** Complete, sign and date the voting instruction form and return it in the envelope provided or as otherwise permitted by your intermediary. • **All voting instructions must be received by intermediaries well in advance of the deadline for the receipt of proxies of 10:00 a.m. (Toronto time) on April 5, 2021**.
Voting at the Meeting	• If you are unable to vote in advance by completing a form of proxy or by voting by telephone or internet, you may vote online at the Meeting: o Log in at https://web.lumiagm.com/217697423 at least 15 minutes before the Meeting starts o Click on "I have a login" and enter the Username or Control Number and Password before the start of the Meeting. o Username or Control Number: the 15-digit control number located on the form of proxy or in the email notification you	• If you are unable to vote in advance by completing a voting instruction form or otherwise submitting voting instructions by internet or telephone, follow the instructions on your voting instruction form: o Complete your name in the space provided to instruct your intermediary to appoint you as proxyholder o Do not complete the voting instructions section of the form as you will be voting at the Meeting o Sign and return the voting instruction

	received from Computershare o Password: aegis2021 (case-sensitive) o Voting at the meeting will only be available for Registered Common Shareholders and duly appointed proxyholders. • You have to be connected to the Internet at all times to be able to vote.	form according to the delivery instructions provided • Non-Registered Beneficial Common Shareholders who appoint themselves as a proxyholder MUST register with Computershare at https://www.computershare.com/Aegis AFTER submitting their voting instruction form in order to receive a Username or Control Number. • To vote online at the meeting: o Log in at https://web.lumiagm.com/217697423 at least 15 minutes before the Meeting starts o Click on "I have a control number" and enter the Username or Control Number and Password before the start of the Meeting. o 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 o Password: aegis2021 (case-sensitive) o Non-Registered Beneficial Common Shareholders who have not appointed themselves may attend the meeting by clicking "I am a guest" and completing the online form. • You have to be connected to the Internet at all times to be able to vote.
Changing Your Vote	• Revoke the proxy by: o Completing and signing a proxy bearing a later date and depositing it as aforesaid; o Depositing an instrument in writing executed by the Registered Common Shareholder or by his, her or its attorney authorized in writing: ▪ at the registered office of the Company 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 prior to the commencement of the Meeting on the day of such Meeting or any adjournment thereof; or o In any other manner permitted by law. • Change your vote by: o 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.	• Contact your intermediary for instructions.

All Non-Registered Beneficial Common Shareholders should communicate their voting instructions in accordance with directions received from the intermediary holding Common Shares on their behalf well in advance of the deadline for the receipt of proxies of 10:00 a.m. (Toronto time) on April 5, 2021 in order to allow their instructions to be processed before the deadline.

Common 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 Common 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, Common Shareholders MUST visit https://www.computershare.com/Aegis by 10:00 a.m. (Toronto time) on April 5, 2021 and provide Computershare with their proxyholder's contact information, so that Computershare may provide the proxyholder with a Username via email.

Non-Registered Beneficial Common Shareholders who do not have a 15-digit Control Number or Username will only be able to attend as a guest (which allows them to listen to the Meeting) and 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.

Submitting Questions Before or During the Meeting

Only those Common Shareholders attending the Meeting as a Registered Common Shareholder or a Non-Registered Beneficial Common Shareholder as proxy holder for the Registered Common Shareholder may submit questions at the Meeting, either before or during the Meeting. Guests will not be able to submit questions either before or during the Meeting.

Those Common Shareholders attending the Meeting as a Registered Common Shareholder or a Non-Registered Beneficial Common Shareholder as proxy holder for the Registered Common Shareholder may submit questions beginning one hour prior to or during the Meeting by accessing the Meeting site at https://web.lumiagm.com/217697423, entering their control number or username and the password "aegis2021" (case-sensitive), and selecting the Questions icon. Compose your question and select the arrow icon to submit your question.

The Chair of the Meeting reserves the right to edit or reject questions he or she deems inappropriate. The Chair of the Meeting has broad authority to conduct the Meeting in an orderly manner. To ensure the Meeting is conducted in a manner that is fair to all Common Shareholders, the Chair of the Meeting may exercise broad discretion in the order in which questions are asked and the amount of time devoted to any one question. It is anticipated that Common Shareholders will have substantially the same opportunity to ask questions on matters of business at the Meeting as they would had it been held in person.

Technical Assistance

Common Shareholders should ensure they have their 15-digit control number(s) (Registered Common Shareholders) or username(s) (duly appointed proxy holders) well in advance of the Meeting. A user guide for the virtual Meeting will be mailed to Common Shareholders in connection with the Meeting. The user guide provides information about logging into the Meeting, voting and asking questions during the Meeting.

If you require assistance voting your Common Shares, as applicable, prior to the Meeting, please contact Kingsdale Advisors 1-866-851-2638 (toll free in North America) or 1-416-867-2272 (for callers outside North America) or by e-mail at contactus@kingsdaleadvisors.com.

Votes Required for Approval

In order to become effective, the Transaction Resolution must be passed by an affirmative vote of not less than two-thirds (66⅔%) of the votes cast by Common Shareholders present in person or represented by proxy at the Meeting and voting thereon.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

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

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

BUSINESS OF THE MEETING

THE SALE TRANSACTION

At the Meeting, Common Shareholders will be asked to consider, and if deemed advisable, to approve the Transaction Resolution, the full text of which is included as Schedule B to this Information Circular. Common Shareholders should review this Information Circular carefully when considering the Sale Transaction. In particular, see "*The Sale Transaction.*"

In order to become effective, the Transaction Resolution must be passed by an affirmative vote of not less than two-thirds (66⅔%) of the votes cast by Common Shareholders present in person or represented by proxy at the Meeting and voting thereon.

The Board unanimously recommends that Common Shareholders vote <u>FOR</u> the Transaction Resolution.

THE SALE TRANSACTION

BACKGROUND TO THE SALE TRANSACTION

On February 7, 2021, Aegis and the Purchaser entered into the Purchase Agreement with respect to the Sale Transaction, pursuant to which the Purchaser agreed to purchase from Aegis substantially all of the assets of the Second Cup Business (other than the Excluded Assets). The purchase price payable by the Purchaser under the Purchase Agreement consists of (i) cash consideration of $14,000,000 payable on Closing (subject to a closing working capital adjustment), (ii) the assumption by the Purchaser of franchisee lease arrears and certain other liabilities of the Second Cup Business, and (iii) quarterly earn-out payments equal to 50% of the royalties or similar entitlements earned by the Purchaser on each Second Cup Coffee Co.-branded outlet commencing operations at a Suncor Energy or Metrolinx site between Closing and the third anniversary of Closing (each, a "**New Franchise**"), with the earn-out payments to Aegis in respect of a New Franchise continuing to be paid over the three-year period following the commencement of operations of such New Franchise.

The following is a summary of the main events leading up to the negotiation and entering into of the Purchase Agreement (and related documents) and meetings, negotiations, discussions and actions between the parties that preceded the execution of the Purchase Agreement and public announcement of the Sale Transaction.

As part of its continuing mandate to strengthen the business of the Company and enhance value, the Board and senior management of the Company routinely consider and assess possible strategic and other opportunities reasonably available to the Company. Accordingly, over the past several years, the Company has evaluated and considered certain strategic alternatives, including potential change of control transactions, divestitures, restructurings, wind-downs and strategic acquisitions in the context of the Company's long-term business plan.

Entry into Retail Cannabis Market and New Strategic Direction

Following a strengthening of the Company's balance sheet in the third quarter of 2018, the Company announced in November 2018 the commencement of a formal strategic review process to explore a broader range of strategic alternatives to create shareholder value. As part of this strategic review process, the Company evaluated opportunities for expansion within the retail cannabis market, as well as the potential acquisitions of coffee and food brands strategically aligned with the Second Cup Business.

In early 2018, with the anticipated coming-into-force of a legal and regulatory framework for controlling the production, distribution, sale and possession of cannabis in Canada, and prior to the commencement of the Company's

strategic review process, the Company began to explore opportunities within the retail cannabis market. The Board believed that the Company's real estate, retail/hospitality and existing infrastructure uniquely positioned the Company to benefit from such an expansion. Consequently, the Company established a strategic alliance with National Access Cannabis Corp. ("**NAC**") in April 2018 to develop and operate a network of NAC-branded recreational cannabis dispensaries at converted Second Cup cafés. Due to applicable provincial regulations, the strategic alliance's efforts were initially focused on Western Canada. Following the announcement in August 2018 that the Ontario government intended to roll out a private retail cannabis model in Ontario beginning in April 2019, the Company and NAC soon began to explore opportunities in Ontario where the Company had its largest footprint.

On May 31, 2019, Steven Pelton was appointed as Chief Executive Officer of the Company. Under the leadership of Mr. Pelton, the Company began to prioritize three key strategies to building shareholder value: strategic acquisitions, retail cannabis opportunities and the growth of the Second Cup Business through non-traditional channels.

In furtherance of this strategic direction, the Company announced on August 2, 2019 that it would take a more active role in the procurement of licenses to operate NAC-branded cannabis retail stores in two of its Alberta locations and more aggressively pursue new retail cannabis opportunities in future rounds of licensing in Ontario. The Company also announced that, effective August 1, 2019, Melinda Lee, a director of the Company, had entered into a consulting arrangement with the Company to assist management in evaluating possible strategic acquisitions. Concurrently with the entry into the consulting arrangement, Ms. Lee stepped down as both chair and a member of the Company's audit committee.

In October 2019, the strategic alliance with NAC expired, but the Company nevertheless maintained its focus on expanding into the retail cannabis market.

On November 8, 2019, the Company announced a new operating structure in support of its new strategic direction. The Company also announced a proposed change in the public company's name from "The Second Cup Ltd." to "Aegis Brands Inc.". As part of the proposed restructuring, the Company intended to transfer the Second Cup Business to a wholly-owned subsidiary, and to continue to actively seek acquisitions with a focus on sectors in which the Company's expertise could be best leveraged – specifically, foodservice, coffee and cannabis. The Company's new operating structure and strategy was the subject of much consideration by the Board over the course of the summer and fall of 2019. Ultimately, the Board concluded, in consultation with management, that the Company's new structure and continued pursuit of its new strategy were in the best interests of Company and would further support the Company's efforts to maximize shareholder value.

Following the announcement of its new operating structure, the Company actively pursued opportunities to implement its strategy. In November 2019, the Company entered into a non-binding letter of intent with respect to a potential acquisition in the food-service industry (the "**November 2019 Opportunity**") and in the ensuing months negotiated the terms of a draft purchase agreement and conducted related legal and business due diligence. Separately, on December 5, 2019, the Company announced that it had entered into an agreement to acquire Ottawa-based Bridgehead Coffee, a specialty coffee retailer with 19 company-owned coffeehouses located in the Ottawa region. The acquisition of Bridgehead closed in January 2020 and represented the Company's first acquisition since it announced its new operating structure and strategy in November 2019. In February 2020, the Company entered into another non-binding letter of intent with respect to a third potential acquisition, also in the specialty coffee retail industry (the "**February 2020 Opportunity**"). Before the Company could complete its due diligence or enter into a definitive agreement with respect to either the November 2019 Opportunity or February 2020 Opportunity, however, the Company's attention was diverted to managing the impact of COVID-19 and the parties to the potential transactions mutually ended their discussions.

COVID-19 Pandemic

In December 2019, COVID-19 surfaced in Wuhan, China. The World Health Organization declared a global emergency on January 30, 2020 with respect to the outbreak, then characterized it as a pandemic on March 11, 2020. The Company has continued to closely monitor and respond to the issues presented by COVID-19 since the outbreak began, including its impact on each of the Company's business lines and the Company's ability to execute on its strategic direction.

During the period beginning at the end of the first quarter of 2020 through the second quarter of 2020, the Company's specialty-coffee retail business was impacted dramatically by COVID-19. At its peak, over 130 Second Cup cafés and all 19 Bridgehead cafés had temporarily suspended operations, while a number of Second Cup café locations were closed permanently. The Company did not collect any royalty or Advertising Fund payments from franchisees that accrued during the period between February 23, 2020 and May 16, 2020 and devoted significant time and resources to negotiations with landlords, both in respect of itself and its franchisees, to request abatements and/or deferrals of rent, and, where appropriate, to discuss potential amendments to or the termination of lease agreements for certain underperforming café locations. During this time, the Company reduced salaries of its non-retail, "Coffee-Central" employees by 28% (50% for its leadership team) while also eliminating Board compensation as well as certain Coffee Central positions through temporary and permanent layoffs. Ultimately, the Company's system-wide sales for the second quarter of 2020 declined by over 68% as compared to sales during the second quarter of 2019, contributing to a net loss of $0.08 per share as compared to $0.04 per share during the second quarter of 2019.

Despite these results, management and the Board remained encouraged by strong e-commerce sales at Bridgehead and the introduction of Bridgehead products in Farm Boy and Whole Foods locations in Ottawa, as well as the Company's continued expansion into the retail cannabis market during the second quarter of 2020 through its newly-formed wholly-owned subsidiary, operating under the name Hemisphere Cannabis Co. In March 2020, the Company submitted applications to the Alcohol and Gaming Commission of Ontario ("**AGCO**") to obtain Retail Store Authorizations for seven retail cannabis locations in Ontario (six of which were obtained before the end of 2020). Hemisphere received its Retail Operator License from the AGCO in April 2020.

Between March 19, 2020 and June 12, 2020, the Board met on a weekly basis to consider its response to the COVID-19 pandemic and the strategic alternatives available to the Company. A significant issue considered by the Board at these meetings was the Company's exposure to liabilities associated with the Second Cup café leases (the "**Second Cup Lease Liabilities**"). Historically, the Company has entered into the head lease for Second Cup café locations and, in turn, enters into a sublease on the same terms with its franchisees. The Company believes that entering into such arrangements has historically allowed it to maintain greater control over its cafés. However, there is no assurance that a franchise partner will continue to pay its rental obligations in a timely manner, which could result in the Company being obligated to pay the rental obligations to the landlord pursuant to its head lease commitment, which in turn would adversely affect the profitability of the Second Cup Business. These risks were magnified in the context of the COVID-19 pandemic and the closure of franchised cafés.

Beginning in April 2020, the Board began to explore potential financing transactions with multiple lenders. The Board also began to evaluate restructuring options aimed at preserving the value of Hemisphere and Bridgehead (including scenarios under which Hemisphere and Bridgehead would be "spun-out" into a newly-formed subsidiary).

In May 2020, the Company engaged an independent financial advisor (the "**Advisor**") to, among other things, conduct a review of the Company's leases to determine which of the Second Cup Coffee Co.-branded café locations were financially viable, quantify the potential exposure to the Company associated with the Second Cup Lease Liabilities and negotiate concessions with landlords at café locations that were determined to be viable and otherwise reach settlements with landlords at café locations that were proposed to be closed.

On June 5, 2020, the Board met to consider the findings of management and the Advisor with respect to, among other things, the Company's potential exposure under the Second Cup Lease Liabilities, the impact to the Company of continuing to operate the Second Cup Business, and potential strategic alternatives available to the Company. At the meeting, management informed the Board of its conclusion, having received input from the Advisor, that a significant number of corporate-owned and franchised Second Cup café locations were either unviable, likely to be unviable, or would require significant rent reductions (which could not be guaranteed) in order to become (or stay) viable. The potential exposure under these unviable or potentially unviable leases was material. The Board considered the Company's ability to make settlement payments to landlords in order to exit unviable locations, but ultimately concluded, with the input of management and the Advisor, that the Company did not have the financial ability to do so.

Consequently, the Board considered the findings of the Advisor with respect to the projected financial performance of the Company in the event that it continued to operate the Second Cup Business, as well as other strategic alternatives discussed at the meeting, including commencing insolvency proceedings and proceeding with a potential restructuring

transaction as described above. Ultimately, the Board instructed management to continue its exploration of these strategic alternatives and to continue negotiations with landlords with respect to the Second Cup Lease Liabilities.

Between June and July 2020, the Board continued to evaluate a potential restructuring transaction with the assistance of the Advisor and also engaged in preliminary discussions with (but did not formally engage) a second financial advisor with respect to its viability and the Company's ability to meet the applicable solvency tests under the OBCA in connection with any such transaction. Ultimately, the Board concluded, taking into account the advice of management and its advisors, that pursuing a potential restructuring transaction would not be in the best interests of the Company at that time due to, among other things, uncertainty surrounding the Company's ability to successfully execute such a transaction and, even if completed, concern over the potentially adverse consequences of such a transaction on Common Shareholder liquidity.

Sale Transaction

Over the course of the summer of 2020, the Board continued to meet bi-weekly to discuss the Company's performance and consider strategic alternatives. At the same time, management continued to engage with potential financing sources and negotiate with landlords with respect to the Second Cup Lease Liabilities, while also continuing to pursue the Company's expansion into the retail cannabis market. In July 2020, the Company's first cannabis retail outlet was opened by Hemisphere. A second cannabis retail outlet was opened in September 2020.

In September 2020, the Company received two non-binding written indications of interest with respect to a potential sale of the Second Cup Business, one from Foodtastic and the other from a strategic counterparty ("**Party B**").

Management presented the indications of interest to the Board at its meeting on September 18, 2020, after which the Board discussed the potential benefits and risks associated with each of the expressions of interest relevant to the Company and its various stakeholders should the Board ultimately decide to pursue a transaction of this nature. In addition, those present discussed various factors with respect to an enhanced focus on the Company's other business lines should the Company sell the Second Cup Business. Following a review of the indications of interest by the Board, the Board directed management to engage with the counterparties to provide them with access to certain requested diligence information and negotiate improved transaction terms, but not to grant exclusivity to either party at that time. The Company entered into the confidentiality agreements with the Purchaser and Party B on or about September 17, 2020 and September 18, 2020, respectively, and provided each counterparty with certain due diligence information in order to conduct a high-level review of the Second Cup Business.

At the Company's annual general meeting held on September 24, 2020, Common Shareholders formally approved the change in the Company's name to "Aegis Brands Inc.", as announced in November 2019.

During the third quarter of 2020, a majority of cafés continued to be impacted by COVID-19, including the drop in consumer spending at retail locations, the decline in foot traffic especially notable in downtown city areas, and the scaled down nature of store operations due to closure of dining space for some time in Canada. During this period a total of 47 franchised and company-owned cafés, representing 19% of the Company's café and store network temporarily suspended operations. The Company's system-wide sales in the quarter declined 43% from the prior year's quarter, mainly as a result of lost sales and store closures related to the COVID-19 pandemic, partially offset by the addition of the Bridgehead and Hemisphere brands.

During the period between mid-September and early October, management, in consultation with its legal advisors and with the involvement of Ms. Lee pursuant to the terms of the consulting arrangement between her and the Company, cooperated with the counterparties' diligence efforts while continuing to negotiate the terms of a potential sale transaction with each of them. The extent of Party B's diligence efforts was limited to a high-level review of the Company's potential exposure under the café leases. In October 2020, Party B withdrew its indication of interest, advising that it did not wish to negotiate a potential transaction while negotiations with Foodtastic were ongoing.

The Board, having determined in consultation with management that the terms of Foodtastic's offer were superior to those of Party B (including the fact that the all-cash consideration offered under Foodtastic's offer would provide the Company with immediate resources with which to focus on its strategic direction), and that Foodtastic's offer provided greater deal-certainty, instructed management to continue to negotiate the potential sale transaction with Foodtastic, and to grant Foodtastic exclusivity for a limited period of time so as to allow it to complete its confirmatory due

diligence and negotiate the terms of a definitive agreement in respect of a potential transaction. On October 27, 2020, the Company entered into a non-binding letter of intent with Foodtastic under which it was granted a 30-day exclusivity right in respect of a potential sale of the Second Cup Business, which exclusivity was extended on several occasions as described below.

Between October 30, 2020 and February 4, 2021, Foodtastic undertook confirmatory due diligence and the Company, Foodtastic and their respective advisors negotiated the terms and conditions of a draft purchase agreement, including certain material terms relating to, among other things, Foodtastic's intended use of an acquisition vehicle to consummate the proposed transaction, the post-closing indemnification obligations of the parties, and the allocation of responsibility as between the parties for pre-closing rent arrears at franchised and corporate cafés. During this time, the non-binding letter of intent between the parties was amended on a number of occasions to extend the exclusivity period at the request of Foodtastic and set forth certain additional non-binding understandings of the parties of the terms on which the proposed transaction would be completed. Throughout this period, the Board met frequently to receive updates from management and to consider and instruct management with respect to the material issues identified in the course of the parties' negotiation of the draft purchase agreement.

On December 7, 2020, the Company announced that it had entered into a loan agreement with CWB Franchise Finance, a division of Canadian Western Bank Financial Group, for a $4,000,000 revolving credit facility.

On February 4, 2021, following extensive negotiations with Foodtastic, management of the Company and representatives of Goodmans LLP, as counsel to the Company, met with the Board to review the terms of the draft purchase agreement circulated by the Company to Foodtastic on February 1, 2021 (the "**February 1 Draft**"), which reflected the Company's position on the remaining outstanding issues. At the time of the meeting, certain commercial issues had yet to be settled between the Company and the Purchaser, and representatives of the Purchaser continued to perform diligence on the Second Cup Business and the Company continued to cooperate with these diligence efforts. Prior to the meeting, legal advisors for the Purchaser indicated that the Purchaser would not be in a position to enter into a definitive agreement until February 6, 2021 at the earliest, pending satisfactory resolution of the outstanding issues and the completion of its diligence efforts, as well as sign-off by its accountants and the completion of a comprehensive review by representatives of the Purchaser of the legal documentation over the weekend.

At the February 4th meeting, the Board considered the terms of the February 1 Draft and had the opportunity to ask questions of management and the Company's legal advisors. Following these discussions, the Board authorized Mr. Pelton and Ms. Lee, both members of the Board, to negotiate the final terms of a definitive purchase agreement, and, subject to the condition that the outstanding commercial points be resolved substantially as requested by the Board and that the terms of any definitive purchase agreement be substantially similar in all material respects to the February 1 Draft (as reasonably determined by Mr. Pelton and Ms. Lee), (i) unanimously approved the entering into, execution and delivery of the definitive purchase agreement and the performance by the Company of its obligations thereunder, and (ii) unanimously determined that the proposed transaction was in the best interests of the Company and resolved to recommend that Common Shareholders vote in favour of the proposed transaction.

Between February 4, 2021 and February 7, 2021, the Purchaser and the Company, represented by Mr. Pelton and Ms. Lee, together with their respective legal advisors, continued to negotiate the final outstanding issues in the draft purchase agreement, resulting in a number of changes to the terms and conditions of the proposed transaction during that time, but none that Mr. Pelton or Ms. Lee, on behalf of the Board, reasonably considered would result in the definitive agreement not being substantially similar in any material respect to the February 1 Draft. Accordingly, on February 7, 2021, the Purchaser and the Company entered into the Purchase Agreement, and publicly announced the Sale Transaction before the opening of markets on February 8, 2021.

Ultimately, management and the Board determined not to obtain a fairness opinion in connection with the Sale Transaction because (i) the value of the Second Cup Business was already sufficiently well understood in view of the receipt by the Company of another indication of interest at or around the time the offer from the Purchaser was received and discussions with the Advisor surrounding the Company's potential exposure to the Second Cup Lease Liabilities, and (ii) the Board determined that, in view of COVID-19 and the Company's ongoing exposure to the Second Cup Lease Liabilities, the cost and timing associated with obtaining a fairness opinion would have a potentially significant negative impact on the Company's diminishing cash reserves and its ability to pursue an expedited closing of the Sale Transaction and protect the value of its Hemisphere and Bridgehead subsidiaries. In addition, the Board ultimately determined not to establish a special committee in connection with the Sale Transaction in view of the fact that the

Board was already meeting on a weekly or bi-weekly basis leading up to and during the period of negotiation of the Sale Transaction, and because the Sale Transaction did not give rise to any material conflict of interest concerns.

RECOMMENDATION OF THE BOARD

After careful consideration, the Board has unanimously determined that the Sale Transaction is in the best interests of the Company. **Accordingly, the Board unanimously recommends that Common Shareholders vote FOR the Transaction Resolution.**

In forming its recommendation, the Board considered a number of factors, including, without limitation, the factors listed below under "Reasons for the Sale Transaction." The Board based its recommendation upon the totality of the information presented to and considered by it in light of the knowledge of the members of the Board of the business, financial condition and prospects of the Company and the Second Cup Business and after taking into account the advice of the Company's legal and other advisors and the advice and input of management of the Company.

REASONS FOR THE SALE TRANSACTION

As described above, in making its recommendation, the Board carefully considered a number of factors, including those listed below.

The following is a summary of the material information and factors considered by the Board in its evaluation of the Sale Transaction, and is not intended to be exhaustive. In view of the variety of factors and the amount of information considered in connection with its evaluation of the Sale Transaction, the Board did not find it practicable to, and did not, quantify or otherwise attempt to assign any relative weight to each of the specific factors considered in reaching its conclusions and recommendations. In addition, individual members of the Board may have assigned different weights to different factors.

- ***Fueling the Company's Promising Brands and Strategic Direction*** – The decision to undertake the Sale Transaction reflects the belief of the Board that focusing on the Company's other business lines and pursuing its strategic direction of building a strong portfolio of brands that can grow and flourish with access to the Company's resources and expertise offers the greatest potential for long-term value creation for Common Shareholders. Most importantly, the Sale Transaction will permit senior management, much of whose attention has historically been devoted to the Second Cup Business, to focus on these value-creating activities. The Board is particularly encouraged with the recent performance of the Company's cannabis retail operations conducted through its wholly-owned subsidiary, Hemisphere, as well as its specialty-coffee retailer subsidiary Bridgehead's ability to significantly grow online sales in spite of COVID-19 and the launch of Bridgehead products in grocery retail channels. The Sale Transaction will not only raise transaction proceeds and remove significant liabilities from the Company's balance sheet, but will also allow for the redeployment of considerable capital, which was previously largely used to support the Second Cup Business, to invest in its other business segments and facilitate the Company's pursuit of new brand acquisitions and development.

- ***Stronger Financial Position and Reduced Risk*** – The Sale Transaction provides an opportunity to realize on an attractive value for the Second Cup Business while significantly reducing the Company's exposure to the risks inherent in continuing to own and operate the Second Cup Business. In particular, the Sale Transaction allows the Company to significantly reduce its potential exposure to the Second Cup Lease Liabilities, which the Board believes have the potential to threaten the success of the Company's promising Hemisphere and Bridgehead brands. The Board, taking into account current and anticipated future opportunities and risks associated with the business, operations, assets, financial condition and prospects of the Second Cup Business, have concluded that the value represented by the Purchase Price (including the assumption of the Assumed Liabilities) provides greater benefits to the Company and Common Shareholders than the value that might otherwise be realized through pursuing the Company's current business plan with respect to the Second Cup Business.

- ***Lowest Cost of Financing*** – Absent the Sale Transaction, the Company would require additional cash to fund its growth and discharge its existing liabilities. Based on the costs of financing available to the

Company, either through further debt (which the Company explored in detail with multiple potential lenders following the onset of the pandemic) or in the form of an equity offering, the Board determined that the Sale Transaction presents the most economical and efficient alternative for adding the cash that the Company currently needs.

- ***Strategic Alternatives*** – The Sale Transaction was a result of a review by the Board of strategic alternatives available to the Company. In reviewing strategic alternatives reasonably available to Company, the Board considered, among other things, continuing to operate the Second Cup Business, certain divestitures of assets and a potential wind-down of all or parts of the Second Cup Business of the Company. The Board also considered the sale of the Company as a whole. The Board concluded, after a thorough review, that the Sale Transaction is more favourable to the Company than the other strategic alternatives reasonably available to the Company.

- ***Continued Participation in Suncor and Metrolinx New Store Openings*** – The Sale Transaction will allow the Company and its Common Shareholders to continue to participate in a certain degree of upside of the Second Cup Business through the Earn-Out Payments to be paid to the Company on New Franchises commencing operations at Suncor or Metrolinx sites during the three years following Closing.

- ***Credibility of Foodtastic*** – Foodtastic is a Quebec-based restaurant franchisor of over 15 restaurant concepts and a Canadian leader in the restaurant franchising business with over 130 restaurants and $240 million in annualized sales. On February 24, 2021, Foodtastic announced that it has secured a $50 million investment from Restaurant Royalty Partners, a joint venture between funds managed by Oaktree Capital Management, majority owned by Brookfield Asset Management Inc., and JHR Capital. This capital investment is in addition to the $47 million that Restaurant Royalty Partners committed to Foodtastic in 2018 that allowed Foodtastic to complete 10 acquisitions. As a result of the preceding, Foodtastic has demonstrated commitment, credit-worthiness and a track record of completing similar transactions which is indicative of its ability to complete the Sale Transaction.

- ***Financial Capacity of the Purchaser*** – Foodtastic has delivered the Equity Commitment Letter whereby Foodtastic undertook to complete the Equity Financing in an aggregate amount equal to the Closing Payment and which the Purchaser must use solely to provide the funds needed to consummate the Sale Transaction. Furthermore, the Company is an express third-party beneficiary of the Equity Commitment Letter for the purpose of causing the Equity Financing to be funded. Following the Closing, the Purchaser will own substantially all of the assets comprising the Second Cup Business and will have no third-party debt.

- ***Lack of Financing Condition*** – The Sale Transaction is not subject to a financing condition.

- ***Limited Guarantee by Foodtastic*** – Under the terms of the Limited Guarantee, Foodtastic guarantees 20% of the Purchaser's indemnification obligations in effect from time to time pursuant to the terms of the Purchase Agreement.

- ***Reasonable Completion Time –*** The Board believes that the Sale Transaction is likely to be completed in accordance with the terms of the Purchase Agreement and within a reasonable time, with Closing currently anticipated to occur during the second quarter of 2021.

- ***Limited Conditionality and Execution Risk*** – The Purchaser's obligation to complete the Sale Transaction is subject to a limited number of conditions. In addition, the Board considered the likelihood of receiving the required third-party consents for Closing in the time period set out in the Purchase Agreement. The Board believes the Company will be able to satisfy the conditions in relation to the Company and that the required third-party consents will be obtained prior to the Outside Date.

- ***Shareholder Approval*** – The Sale Transaction must be approved by not less than two-thirds (66⅔%) of the votes cast by Common Shareholders at the Meeting.

- ***Negotiated Transaction*** – The Board believes that the terms and conditions of the Purchase Agreement are reasonable and are the product of extensive arm's length negotiations between the Company and its advisors on the one hand and the Purchaser and its advisors on the other hand.

- ***Dissent Rights*** – Registered Common Shareholders will have the right to exercise statutory dissent and appraisal rights in connection with the Sale Transaction.

- ***Company Stakeholders*** – The view of the Board is that the terms of the Purchase Agreement and the Sale Transaction treat stakeholders of the Company equitably and fairly. All of the Company's retail employees and certain of the Company's head-office employees will be offered employment with the Purchaser. The Board believes that these employees will enjoy substantial benefit from the expanded opportunities with the Purchaser.

- ***Voting Agreements and Shareholder Support –*** The Purchaser has entered into Voting Agreements with the Supporting Shareholders who collectively beneficially own or control approximately 43% of the issued and outstanding Common Shares which provide, among other things, that such Common Shareholders will vote in favour of the Sale Transaction and the approval of the Transaction Resolution subject to the terms and conditions of the Voting Agreements.

- ***Fiduciary Out*** – Under the Purchase Agreement, the Board, in certain circumstances, is able to consider, accept and enter into a definitive agreement with respect to an unsolicited Superior Proposal and, provided that the Purchasers do not exercise their right to match, terminate the Purchase Agreement. The Termination Fee payable in those circumstances is reasonable in the circumstances and not preclusive of other offers.

In the course of its deliberations, the Board also identified and considered a variety of risks (as described in greater detail under "Risk Factors") and potentially negative factors relating to the Sale Transaction, including the following:

- that the Board had decided not to engage in a formal sales process, but rather had agreed to enter into the Purchase Agreement following a period of exclusive negotiations with the Purchaser. This decision of the Board, however, was informed by the fact that the failure to grant such exclusivity would create a meaningful risk that the Company would lose the opportunity offered by the Purchaser, without the assurance of obtaining a comparable opportunity;

- immediately following Closing, the Company will be dependent, to a significant extent, on the performance of the Hemisphere and Bridgehead brands until such time as it is able to complete additional acquisitions, and it will no longer be impacted by the results of the Second Cup Business, which, prior to 2020, generated all of the Company's results;

- although the Board continues to assess additional opportunities to realize on the Company's strategic direction, there can be no assurance that any future transactions will be identified or completed or on what terms or structure any transaction may occur;

- completion of the Sale Transaction is conditional on the receipt of certain required third-party consents which may not be obtained in a timely manner or at all;

- the possibility that Common Shareholder approval to the Transaction Resolution may not be obtained;

- the substantial time, effort and costs associated with entering into the Purchase Agreement and completing the Sale Transaction, which, among other things, have the potential risk of diverting management attention and resources from the operation of the Company's business, including other strategic opportunities and operational matters, while working toward the completion of the Sale Transaction;

- the risk that the Company's continued exposure to certain liabilities associated with the Second Cup Business may be significant notwithstanding the Purchaser's indemnification obligations under the Purchase Agreement and Foodtastic's guarantee of 20% of those indemnification obligations in effect from time to time;

- the Purchase Price to be received by the Company will be adversely affected by any negative working capital adjustment (including for gift card liabilities) and any such adjustments may be greater than currently anticipated, potentially to a material extent;

- payments under the Earn-Out may fail to meet management's expectations or be realized at all;

- the announcement and pending completion of the Sale Transaction, whether or not completed, may cause uncertainty around the Company's business or may have a negative impact on the Company's business, including its relationships with employees, suppliers and customers;

- a substantial number of Registered Common Shareholders could exercise their right to dissent in respect of the Sale Transaction;

- the limitations contained in the Purchase Agreement on the Company's ability to solicit alternative transactions from third parties, as well as the fact that if the Purchase Agreement is terminated in certain circumstances the Company may be required to pay the Termination Fee, which may adversely affect the Company's financial condition; and

- the market price and trading volume of the Common Shares may materially decrease or experience increased fluctuation as a result of the Sale Transaction or otherwise.

The Board's reasons for recommending the Sale Transaction also include certain assumptions relating to forward-looking information, and such information and assumptions are subject to various risks in addition to those described above. See "*Forward-Looking Information*" and "*Risk Factors.*"

The Board ultimately concluded that, overall, the potential benefits of the Sale Transaction to the Company and other affected stakeholders outweighed these risks and negative factors.

THE PURCHASE AGREEMENT

The following is a summary of the material provisions of the Purchase Agreement, and is not intended to be complete in terms of the information Common Shareholders should consider in advance of voting. This summary is qualified in its entirety by the full text of the Purchase Agreement, a copy of which is filed under the Company's profile on SEDAR at www.sedar.com. Common Shareholders should read the Purchase Agreement in its entirety.

PURCHASED ASSETS

Pursuant to the terms of the Purchase Agreement, the Company has agreed to sell, assign and transfer to the Purchaser, and the Purchaser has agreed to purchase from the Company, effective as of Closing, all of the property and assets (other than the Excluded Assets) of every kind and description and wheresoever situate, as a going concern, used by the Company to operate the Second Cup Business (collectively, the "**Purchased Assets**") including, subject to limited exceptions:

- all accounts receivable and lease receivables of the Company;

- all prepaid expenses and security deposits of the Company relating to the Second Cup Business;

- all contracts relating to the Second Cup Business, including leases, franchise agreements, supplier contracts, intellectual property contracts and certain other enumerated contracts;

- all permits held by the Company in connection with the operation of the Second Cup Business;

- all right, title and interest of the Company in the intellectual property used in the Second Cup Business;

- all technology, computer systems and computer software necessary for the operation of the Second Cup Business;
- the Operating System;
- all tangible assets owned or leased by the Company used in connection with the operation of the Company-Operated Cafés;
- all books and records relating to the Second Cup Business in the Company's possession;
- all Restricted Cash; and
- all goodwill associated with the preceding (including the exclusive right to use the name "Second Cup Coffee Co.", or any variation thereof).

EXCLUDED ASSETS

The Purchased Assets do not include any of the following assets (collectively, the "**Excluded Assets**"):

- cash and cash equivalents, bank accounts and securities of the Company (other than Restricted Cash);
- certain receivables of the Company (including lease receivables from franchisees in respect of which the Company has paid the applicable landlord);
- minute books and corporate records of the Company;
- leases and franchise agreements relating to certain Franchisee-Operated Cafés and Company-Operated Cafés that have ceased operations and/or are not otherwise being transferred to the Purchaser;
- certain limited tangible assets, technology and intellectual property assets of the Company;
- insurance policies;
- employee plans;
- tax assets; and
- litigation claims and judgment awards in which the Company is the plaintiff (except to the extent related to lease receivables from franchisees where the Company has not paid the applicable landlord).

ASSUMED LIABILITIES

At Closing, the Purchaser will assume, discharge, perform and fulfill all obligations and liabilities with respect to the Second Cup Business and the Purchased Assets, other than Excluded Liabilities (collectively, the "**Assumed Liabilities**"), including:

- all Assumed Franchisee Arrears;
- all pre-Closing liabilities of the Company that are accounted for in the working capital adjustment (as described in further detail below); and
- all liabilities arising from or incurred in connection with the operation of the Second Cup Business following Closing (including any claims for severance or termination pay owing to Transferred Employees).

EXCLUDED LIABILITIES

The Purchaser shall not assume and shall not be liable or responsible in any way for any of the following liabilities of the Company (the "**Excluded Liabilities**"):

- the Excluded Franchisee Arrears and the Company Arrears;
- any liabilities arising out of or relating to the Company's ownership or operation of the Second Cup Business prior to Closing, (except for Assumed Franchisee Arrears or to the extent accounted for in the working capital adjustment);
- liabilities relating to or arising under the Excluded Assets;
- bank debt or long-term indebtedness of the Company;
- any assessment or reassessment of taxes of the Company relating to the Second Cup Business or Purchased Assets if pertaining to an event or transaction occurring prior to the Closing or if incurred or accruing due prior to Closing; and
- liabilities relating to employees of the Company other than the Transferred Employees and liabilities relating to the Transferred Employees owing and/or accrued up to Closing (excluding liabilities for severance or termination pay).

PURCHASE PRICE

The aggregate purchase price (such price, adjusted pursuant to the Purchase Agreement, the "**Purchase Price**") is comprised of (i) $14,000,000 (the "**Closing Payment**") in cash payable on closing (subject to adjustment in accordance with the Purchase Agreement as described below), (ii) certain post-closing earn-out payments (as described below), and (iii) the assumption of the Assumed Liabilities.

EARN-OUT

Following Closing, the Company is entitled to receive earn-out payments equal to 50% of the royalties (or other entitlements akin to royalties) generated by each New Franchise. The earn-out payments in respect of a New Franchise are required to be paid by the Purchaser to the Company quarterly during the three-year period following the commencement of operations of such New Franchise. For illustrative purposes, in the event a New Franchise is opened in the third year following Closing, the Company would be entitled to 50% of the royalties (or other entitlements akin to royalties) generated by such New Franchise until the sixth year following Closing.

PURCHASE PRICE ADJUSTMENTS

The Purchase Price is subject to adjustment for estimated working capital at Closing (relative to a $0 target working capital figure), as well as a post-Closing working capital true-up no later than 60 days following Closing. For purposes of the working capital adjustment, all lease receivables and lease liabilities of the Company associated with the Second Cup Business are to be excluded for purposes of the calculation, and all gift card liabilities of the Company relating to the Second Cup Business are to be included as liabilities for purposes of the calculation. As of the date of this Information Circular, the Company estimates that the working capital adjustment will result in an adjustment in favour of the Purchaser (i.e., a reduction in the Purchase Price) of approximately $2,000,000 (including an estimated $1,300,000 attributable to gift card liabilities).

In addition, the Purchase Price may be adjusted in certain circumstances to the extent of any deficiency in the Advertising Fund at Closing. As of the date of this Information Circular, the Company does not expect any material deficiency to exist at Closing.

REPRESENTATIONS AND WARRANTIES

The Purchase Agreement contains representations and warranties made by each of the Company and the Purchaser. The assertions embodied in those representations and warranties are solely for the purposes of the Purchase Agreement. Certain representations and warranties may not be accurate or complete as of any specified date because they are qualified by certain disclosure provided by the Company to the Purchaser or are subject to a standard of materiality. Therefore, Common Shareholders should not rely on the representations and warranties as statements of factual information.

The Purchase Agreement contains representations and warranties of the Company relating to the following: incorporation and qualification; corporate authorization; no conflict; sufficiency of the Purchased Assets; title to the Purchased Assets; inventories in merchantable condition; validity of accounts receivable and reserve for doubtful or bad accounts; ownership of real property; leased property; location and other details in respect of certain cafés subject to the Assumed Leases; franchises; intellectual property; information technology; privacy compliance; insurance; material contracts; compliance with laws; permits; consents and authorizations; financial information; absence of changes; competing business; litigation; tax matters; residency; tax registration; environmental matters; suppliers; contractual warranties; employee plans; collective agreements; employees; employment legislation; employee accruals, gift cards; commissions; jurisdictions of the Second Cup Business; full disclosure; and access to books and records relating to the Second Cup Business.

The Purchase Agreement contains representations and warranties of the Purchaser relating to the following: incorporation and qualification; corporate authorization; conflict; consents and approvals; tax registrations; funds available; the Limited Guarantee; *Investment Canada Act*; security ownership; litigation; and commissions.

None of the representations and warranties in the Purchase Agreement survive the Closing and, accordingly, neither the Company nor the Purchaser will be entitled to seek indemnification for breaches of representations and warranties that are discovered following Closing.

COVENANTS REGARDING NON-SOLICITATION

Non-Solicitation

Except as provided in Article 10 of the Purchase Agreement or with the consent of the Purchaser, the Company shall not, directly or indirectly, do or authorize or permit any of its officers, directors, employees, financial advisors, legal counsel, accountants and other agents and representatives ("**Representatives**") to do, any of the following:

(a) solicit, knowingly facilitate, initiate, encourage or take any action to solicit, knowingly facilitate, initiate or encourage any Acquisition Proposal, including by way of furnishing confidential information;

(b) make a Change in Recommendation;

(c) enter into or participate in any negotiations or any discussions with any Person (other than with the Purchaser or its Affiliates) regarding an Acquisition Proposal; provided that the Company may (i) provide a written response (with a copy to the Purchaser) to any Person who submits an Acquisition Proposal solely for the purposes of seeking clarification of the express terms of such Acquisition Proposal; (ii) advise any Person of the restrictions of the Purchase Agreement; and (iii) advise any Person making an Acquisition Proposal that the Board has determined that such Acquisition Proposal does not constitute a Superior Proposal, in each case, if in so doing, no other information that is prohibited from being communicated under this Agreement is communicated to such Person;

(d) release any Person from, or waive, amend or otherwise modify such Person's obligations respecting the Company, the Second Cup Business or the Purchased Assets under any confidentiality agreements, including any "standstill provisions" thereunder, except to the extent such Persons or restrictions are released, waived or automatically terminated, as applicable, in accordance with the

terms of such agreements without any action by the Company, or enter into or participate in any negotiations with respect to the foregoing; or

(e) accept, recommend, approve, or agree to endorse, or propose publicly to accept, recommend, approve, agree to or endorse any Acquisition Proposal.

Termination of Existing Discussions

Following signing of the Purchase Agreement, the Company was required to immediately:

(a) cease and cause to be terminated all existing discussions and negotiations (including through any of its Representatives), if any, with any Person conducted before the date of the Purchase Agreement with respect to any Acquisition Proposal;

(b) discontinue access to any virtual or physical data room (excluding the data room created for the benefit of the Purchaser and its Affiliates in connection with Sale Transaction); and

(c) within five business days of the execution of the Purchase Agreement to the extent it is entitled to do so, request the return or destruction of all confidential information regarding the Second Cup Business provided to any third parties (excluding the Purchaser and its Affiliates) who have entered into a confidentiality agreement with the Company relating to an Acquisition Proposal in the 24 months preceding the date of the Purchase Agreement and use commercially reasonable efforts to ensure that such requests are honoured.

Acquisition Proposals

If the Company receives any Acquisition Proposal (or amendment thereto) or any request for confidential information relating to the Company, the Purchased Assets or the Second Cup Business that would reasonably be expected to lead to an Acquisition Proposal, the Company shall promptly (and in any event within 24 hours) notify the Purchaser, at first orally, and then in writing, of such Acquisition Proposal, inquiry, offer, proposal or request, including a description of its material terms and conditions and the identity of the Person making any such Acquisition Proposal, inquiry, proposal, offer or request. At the Purchasers' reasonable request, the Company shall keep the Purchaser reasonably informed of the status of all material developments with respect to any Acquisition Proposal, inquiry, proposal, offer or request, including any material change to the terms of any Acquisition Proposal and shall respond as promptly as practicable to all reasonable inquires by the Purchaser with respect thereto, and shall provide the Purchaser with copies of all material correspondence and other written material received by the Company in respect of, from or on behalf of any such Person in connection with, such Acquisition Proposal or request.

Notwithstanding the provisions under "*Covenants Regarding Non-Solicitation – Non-Solicitation*" and "*Covenants Regarding Non-Solicitation – Termination of Existing Discussions*" above, or any other provision of the Purchase Agreement, prior to obtaining the approval of the Common Shareholders of the Transaction Resolution, the Company and its Representatives may:

(a) enter into, participate in, and maintain discussions or negotiations with, and otherwise cooperate with or assist, any Person who (without any solicitation, initiation or encouragement, directly or indirectly, after the date of the Purchase Agreement, by the Company or any of its Representatives in contravention of Article 10 of the Purchase Agreement) seeks to initiate such discussions or negotiations and, subject to execution of a confidentiality and standstill agreement that contains a customary standstill provision and that is otherwise on terms no less favourable to the Company than those found in the Confidentiality Agreement (provided that any information (other than verbal disclosure) furnished to such Person shall have already been (or shall promptly be) provided to the Purchaser), may furnish to such Person information concerning the Company, the Second Cup Business and the Purchased Assets, in each case if, and only to the extent that:

(i) the third party has first made a written bona fide Acquisition Proposal that the Board first determines in good faith constitutes, or would reasonably be expected to lead to, a Superior Proposal; and

(ii) prior to furnishing such information to or entering into or participating in any such negotiations or initiating any discussions with such third party, the Company provides prompt notice to the Purchaser to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such Person and provides to the Purchaser a copy of the confidentiality agreement in respect of such discussions; and

(b) accept, approve or enter into an agreement to implement a Superior Proposal, or make a Change in Recommendation in connection with the receipt of such Superior Proposal, but only if prior to such acceptance, approval or implementation or Change in Recommendation, (i) the Company has been and continues to be in compliance with its obligations described under "*Covenants Regarding Non-Solicitation – Non-Solicitation*" and "*Covenants Regarding Non-Solicitation – Termination of Existing Discussions*" above and complies with the procedures set forth below regarding a Superior Proposal Notice; and (ii) the Company terminates the Purchase Agreement in accordance with its terms and pays the Termination Fee to the Purchaser in accordance with the Purchase Agreement.

Right to Match

Following receipt of a Superior Proposal prior to the approval of the Transaction Resolution by the Common Shareholders, the Company shall give the Purchaser notice (including confirmation that the Board has determined that such Acquisition Proposal constitutes a Superior Proposal and the identity of the third party making the Superior Proposal) in writing (a "**Superior Proposal Notice**"), at least 72-hours in advance of any decision by the Board to accept, approve or enter into an agreement to implement a Superior Proposal or otherwise make a Change in Recommendation in connection with such Superior Proposal and shall provide a true and complete copy of such Change in Recommendation.

During such 72-hour period, the Company:

(a) will not accept, complete, approve or enter into any agreement to implement such Superior Proposal or to otherwise make a Change in Recommendation in connection with such Superior Proposal or release the party making the Superior Proposal from any standstill provisions; and

(b) shall, and shall cause its financial and legal advisors, if any, to, negotiate in good faith with the Purchaser and its financial and legal advisors, if any, to make such adjustments in the terms and conditions of the Purchase Agreement as would enable the Company to proceed with the transaction contemplated in the Purchase Agreement, as amended, rather than the Superior Proposal.

In the event the Purchaser proposes to amend the Purchase Agreement on a basis such that the Board determines that, after giving effect to such amendments, the competing transaction no longer constitutes a Superior Proposal, the Company shall promptly so advise the Purchaser and the Company and the Purchaser shall amend the Purchase Agreement to reflect such amended offer made by the Purchaser and shall take or cause to be taken all such actions as are necessary to give effect to the foregoing. Each successive material modification of any Superior Proposal shall constitute a new Superior Proposal for the purposes of the provisions under "*Covenants Regarding Non-Solicitation - Right to Match*" and will initiate a new 72-hour notice period.

If the Company provides a Superior Proposal Notice to the Purchaser on a date that is less than five business days before the Meeting, (a) the Purchaser shall be entitled to require the Company to adjourn or postpone the Meeting; and (b) the Company shall be entitled to adjourn or postpone the Meeting, in each case to a date that is not more than 10 business days after the scheduled date of the Meeting; provided, however that the Meeting shall not be adjourned or postpone to a date later than five business days prior to the Outside Date.

The Board shall reaffirm its recommendation of the Transaction Resolution by press release promptly and in any event within five business days of any written request to do so by the Purchaser in the event that any Acquisition Proposal which is publicly announced is determined not be a Superior Proposal or the Company and the Purchaser have entered

into an amended agreement pursuant to the provisions under "*Covenants Regarding Non-Solicitation - Right to Match*" which results in any Acquisition Proposal not being a Superior Proposal.

Nothing contained in the Purchase Agreement shall prohibit the Board from (a) making any disclosure prior to Closing that (i) is prescribed by any laws in response to an Acquisition Proposal (including by responding to an Acquisition Proposal under a directors' circular under applicable securities laws); or (ii) the Board, acting in good faith and upon the advice of its legal advisors, shall have first determined that the failure to make such disclosure would be inconsistent with its fiduciary duties; provided that, the Company shall provide the Purchaser and its outside legal counsel with a reasonable opportunity to review the form and content of such disclosure and shall give reasonable consideration to any comments made be the Purchaser and its outside legal counsel; or (b) calling or holding a meeting of Common Shareholders requisitioned by Common Shareholders in accordance with the OBCA.

CONDUCT OF BUSINESS PRIOR TO CLOSING

Until Closing or the termination of the Purchase Agreement, the Company is required to conduct the Second Cup Business in the ordinary course and refrain from taking a number of actions that could impact the Second Cup Business or financial condition of the Second Cup Business, including terminating or materially amending or modifying in a manner adverse to the Company any material contract (including leases and franchise agreements), or otherwise entering into any new contract that would constitute a material contract, as well as certain other customary covenants with respect to the operation of the Second Cup Business until Closing. The limitations on the Company's conduct of the Second Cup Business do not apply to actions that are taken (i) with the prior written consent of the Purchaser; (ii) as required or permitted by the Purchase Agreement or otherwise disclosed in the schedules thereto; (iii) as required by applicable law; or (iv) as the Company deems necessary or reasonably advisable in connection with COVID-19 to (A) protect the health and safety of its customers, employees, employees of franchisees and/or other individuals having business dealings with the Company; and (B) with the prior consent of the Purchaser (not to be unreasonably withheld, conditioned or delayed), respond to third-party supply or service disruptions, and/or preserve the goodwill of the Second Cup Business and relationships of the Company with suppliers, customers, franchisees, landlords and other Persons having business relations with the Company in connection with the Second Cup Business.

COVENANTS RELATING TO THE SALE TRANSACTION

Each of the Company and the Purchaser shall (i) use its commercially reasonable efforts to take such actions as are necessary to expeditiously satisfy the conditions of Closing contained in the Purchase Agreement; (ii) use its commercially reasonable efforts to effect all necessary registrations, filings and submissions of information required by any governmental authority relating to the transaction contemplated by the Purchase Agreement as soon as reasonably practicable; (iii) use its commercially reasonable efforts, upon reasonable consultation with the other party, to oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the transactions contemplated by the Purchase Agreement and defend, or cause to be defended, any actions, suits or proceedings to which it is a party or brought against it or its directors or officers challenging this Agreement or the transactions contemplated thereby; (iv) not take any action, or refrain from taking any commercially reasonable action, or permit any action to be taken or any commercially reasonable action not to be taken, which is inconsistent with the Purchase Agreement or which could reasonably be expected to prevent, materially delay or otherwise impede the consummation of the Sale Transaction; and (v) unless prohibited by applicable law, promptly notify the other party of any action, suit or proceeding commenced or, to such party's knowledge, threatened against, relating to or involving or otherwise affecting such party, its Affiliates or their respective assets, in each case to the extent that such action, suit or proceeding would reasonably be expected to impair, impede or materially delay or prevent such Party from performing its obligations under the Purchase Agreement.

In addition, the Company is required to use its commercially reasonable efforts to obtain the Required Lender Consent on or prior to Closing and the Company and the Purchaser are required to use their respective commercially reasonable efforts to obtain all consents required to assign the leases being assumed by the Purchaser to the Purchaser on Closing, together with a full and final release in favour of the Company with respect to its obligations thereunder.

EMPLOYEE MATTERS

The Purchaser is required to, at least five business days prior to Closing, offer employment (or cause an Affiliate to offer employment), effective as at Closing, to all of the Retail Employees and certain other employees of the Company

identified by the Purchaser from a prescribed list developed by the Company (which list did not include the Company's chief executive officer and chief financial officer). The terms of any such employment shall be on terms and conditions that are, in the aggregate, no less favourable than the terms and conditions pursuant to which such Retail Employee or other employee, as applicable, is employed immediately prior to Closing, including in respect of recognition of past service with the Company for all purposes.

CONDITIONS TO COMPLETION OF THE SALE TRANSACTION

Conditions in Favour of the Purchaser

The completion of the Sale Transaction is subject to the following terms and conditions for the exclusive benefit of the Purchaser, to be performed or fulfilled at or prior to Closing, and may be asserted by the Purchaser regardless of the circumstances or may be waived by the Purchaser in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which the Purchaser may have:

(a) **Transaction Resolution.** The Transaction Resolution has been approved and adopted by the Common Shareholders at the Meeting.

(b) **Truth of Representations and Warranties.** The representations and warranties of the Company contained in the Purchase Agreement shall be true and correct as of Closing (without giving effect to any Material Adverse Effect qualifications or other materiality qualifications contained in such representations and warranties and other than representations and warranties which address matters only as of a certain date, which shall be true and correct only as of such date) except where the failure of such representations and warranties to be so true and correct, individually or in the aggregate, would not have a Material Adverse Effect (as such definition may be modified in the context of the Company's representation in Section 4.9(j) of the Purchase Agreement relating to franchisee arrears to exclude epidemics and pandemics from the list of applicable exclusions), and a certificate of an officer of the Company to that effect shall have been delivered to the Purchaser.

(c) **Performance of Covenants.** All of the covenants and agreements contained in the Purchase Agreement to be complied with or performed by the Company at or before Closing shall have been complied with or performed in all material respects and an officer of the Company shall have executed and delivered to the Purchaser a certificate to that effect.

(d) **Encumbrances.** The Purchased Assets shall be free and clear of all encumbrances (except for certain permitted encumbrances).

(e) **Government Approvals.** All necessary consents and approvals required to be obtained from any governmental authority and from any securities authorities in connection with the Sale Transaction shall have been obtained and all waiting periods prescribed by any applicable laws in connection with the Sale Transaction shall have expired

(f) **Required Lender Consent.** The Required Lender Consent shall have been obtained.

(g) **Lease Consents.** All necessary consents and approvals required to assign at least 65% of the Assumed Leases to the Purchaser shall have been obtained (subject to certain exclusions for the purposes of making such calculation, and provided that any lease between a franchisee and landlord directly shall be factored into such calculation notwithstanding that it is not being assigned to the Purchaser).

(h) **No Illegality.** No law shall be in effect that makes the consummation of the Sale Transaction illegal or otherwise prohibits the parties from consummating the Sale Transaction.

(i) **Legal Proceedings.** No legal or regulatory action or proceeding by any governmental authority shall be pending that would enjoin, prevent, restrict, delay, prohibit or impose material limitations or

conditions on the purchase and sale of the Purchased Assets contemplated hereby or the Purchaser's right to own the Purchased Assets or operate the Second Cup Business.

(j) **Material Adverse Effect.** Since the date of the Purchase Agreement, there shall not have been or occurred any Material Adverse Effect.

(k) **Deliveries.** The Company shall have delivered to the Purchaser duly executed counterparts to the ancillary agreements contemplated by the Purchase Agreement and such other documents and deliverables set forth in Section 6.7(a) of the Purchase Agreement.

Conditions in Favour of the Company

The completion of the Sale Transaction is subject to the following terms and conditions for the exclusive benefit of the Company, to be performed or fulfilled at or prior to Closing, and may be asserted by the Company regardless of the circumstances or may be waived by the Company in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which the Company may have:

(l) **Transaction Resolution.** The Transaction Resolution has been approved and adopted by the Common Shareholders at the Meeting.

(a) **Truth of Representations and Warranties.** The representations and warranties of the Purchaser contained in the Purchase Agreement shall be true and correct as of Closing (without giving effect to any "Material Adverse Effect" qualifications or other materiality qualifications contained in such representations and warranties and other than representations and warranties which address matters only as of a certain date, which shall be true and correct only as of such date) and a certificate of an officer of the Purchaser to that effect shall have been delivered to the Company.

(b) **Performance of Covenants.** All of the covenants and agreements contained in the Purchase Agreement to be complied with or performed by the Purchaser at or before Closing shall have been complied with or performed in all material respects and an officer of the Purchaser shall have executed and delivered to the Company a certificate to that effect.

(c) **Government Approvals.** All necessary consents and approvals required to be obtained from any governmental authority and from any securities authorities in connection with the Sale Transaction shall have been obtained and all waiting periods prescribed by any applicable laws in connection with the Sale Transaction shall have expired

(a) **Required Lender Consent.** The Required Lender Consent shall have been obtained.

(b) **Lease Consents.** All necessary consents and approvals required to assign at least 65% of the Assumed Leases to the Purchaser shall have been obtained together with a full and final release in favour of the Company (subject to certain exclusions for the purposes of making such calculation, and provided that any lease between a franchisee and landlord directly shall be factored into such calculation notwithstanding that it is not being assigned to the Purchaser).

(c) **No Illegality.** No law shall be in effect that makes the consummation of the Sale Transaction illegal or otherwise prohibits the parties from consummating the Sale Transaction.

(d) **Employment Offers.** The Purchaser shall have made or caused to have made offers of employment to all Retail Employees and those other employees of the Company identified by it to hire on terms and conditions that are, in the aggregate, no less favourable than the terms and conditions pursuant to which such employees are employed immediately prior to Closing, including recognition of past service with the Company for all purposes.

(e) **Dissent Rights.** Rights of dissent exercisable by Registered Common Shareholders in respect of the Sale Transaction shall not have been exercised with respect to more than 5% of the issued and outstanding Common Shares.

(f) **Deliveries.** The Purchaser shall have delivered to the Company duly executed counterparts to the ancillary agreements contemplated by the Purchase Agreement and such other documents and deliverables set forth in Section 6.7(b) of the Purchase Agreement.

TERMINATION

The Purchase Agreement may, by notice in writing given on or prior to Closing, be terminated:

(a) by written agreement of the Company and the Purchaser;

(b) by either the Company or the Purchaser:

(i) if the Transaction Resolution is not approved by the Common Shareholders at the Meeting, provided that a Party may not terminate the Purchase Agreement pursuant to this paragraph if the failure to obtain approval of the Common Shareholders has been caused by, or is the result of, a breach by such Party of any of its representatives or warranties or the failure of such Party to perform any of its covenants or agreements under the Purchase Agreement;

(ii) if, after the date of the Purchase Agreement, any law is enacted, made, enforced or amended, as applicable, that makes the consummation of the Sale Transaction illegal or otherwise prohibits or enjoins the Company or the Purchaser from consummating the Sale Transaction, and any such law has, if applicable, become final and non-appealable, provided that a Party may not terminate the Purchase Agreement pursuant to this paragraph if the enactment, making, enforcement or amendment of any such law has been caused by, or are a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under the Purchase Agreement; or

(iii) if the Closing does not occur by the Outside Date, provided that a Party may not terminate the Purchase Agreement pursuant to this paragraph if the failure of the Closing to so occur has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under the Purchase Agreement;

(c) by the Purchaser:

(i) if, prior to the approval of the Transaction Resolution, the Board (i) withdraws, amends, changes or qualifies, or publicly proposes to withdraw, amend, change or qualify, in any manner adverse to the Purchaser, any of its recommendations, approvals or determinations referred to in the Board Approval, or (ii) shall have failed to publicly reaffirm any of its recommendations, approvals or determinations referred to in the Board Approval in accordance with Section 10.7 of the Purchase Agreement (each of (i) and (ii), a "**Change in Recommendation**");

(ii) if, prior to the approval of the Transaction Resolution, the Board authorizes the Company to enter into a definitive written agreement (other than a confidentiality agreement permitted by law and in accordance with the Purchase Agreement) with respect to a Superior Proposal;

(iii) if the Company is in breach of any of its covenants or obligations under Article 10 [*Non-Solicitation*] of the Purchase Agreement in any material respect;

(iv) upon a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company under the Purchase Agreement has occurred that would cause any condition in subsection 11.1(b) [*Company Representations and Warranties*] or subsection 11.1(c) [*Company Covenants*] of the Purchase Agreement not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of Section 6.6 [*Notice and Cure Provisions*] of the Purchase Agreement; provided that the Purchaser is not then in breach of the Purchase Agreement so as to directly or indirectly cause any of the conditions in subsection 11.2(b) [*Purchaser Representations and Warranties*] or subsection 11.2(c) [*Purchaser Covenants*] of the Purchase Agreement not to be satisfied; or

(v) if there has occurred a Material Adverse Effect that is incapable of being cured on or before the Outside Date.

(d) by the Company:

(i) upon a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser under the Purchase Agreement occurs that would cause any condition in subsection 11.2(b) [*Purchaser Representations and Warranties*] or subsection 11.2(c) [*Purchaser Covenants*] of the Purchase Agreement not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of Section 6.6 [*Notice and Cure Provisions*] of the Purchase Agreement; provided that the Company is not then in breach of the Purchase Agreement so as to directly or indirectly cause any of the conditions in subsection 11.1(b) [*Company Representations and Warranties*] or subsection 11.1(c) [*Company Covenants*] of the Purchase Agreement not to be satisfied; and

(ii) if prior to the approval of the Transaction Resolution, the Board authorizes the Company to enter into a written agreement (other than a confidentiality agreement permitted by and in accordance with the Purchase Agreement) with respect to a Superior Proposal, provided the Company has complied with its obligations set forth in Section 10.5 [*Notice of Superior Proposal*] of the Purchase Agreement and pays the Termination Fee in accordance with the Purchase Agreement.

TERMINATION FEE AND REVERSE TERMINATION FEE

Termination Fee

The Company is required to pay the Purchaser a $336,000 termination fee (the "**Termination Fee**") in the event the Purchase Agreement is terminated:

(a) by the Purchaser in circumstances where:

(i) a Change in Recommendation as described in Section 12.1(a) of the Purchase Agreement occurs;

(ii) the Company breaches its non-solicitation covenants or obligations in Article 10 of the Purchase Agreement in any material respect; or

(iii) the Company breaches any representation or warranty or fails to perform any covenant or agreement on the part of the Company under the Purchase Agreement that would cause any condition in subsection 11.1(b) [*Company Representations and Warranties*] or subsection 11.1(c) [*Company Covenants*] of the Purchase Agreement not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of Section 6.6 [*Notice and Cure Provisions*] of the Purchase Agreement provided that (A) the Purchaser is not then in breach of the Purchase Agreement so as to directly or

indirectly cause any of the conditions in subsection 11.2(b) [*Purchaser Representations and Warranties*] or subsection 11.2(c) [*Purchaser Covenants*] of the Purchase Agreement not to be satisfied, (B) prior to any termination of this Agreement, a bona fide Acquisition Proposal is publicly announced or otherwise publicly disclosed by any Person (other than the Purchaser or its Affiliates) and remains outstanding at the time of the Meeting; and (C) within 18 months following the date of such termination (i) an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to above) is consummated or effected, or (ii) the Company enters into a definitive agreement in respect of an Acquisition Proposal (other than a confidentiality agreement permitted by and in accordance with Section 10.3(a) of the Purchase Agreement) and such Acquisition Proposal is later consummated; provided that, for purposes of the foregoing, the term "Acquisition Proposal" shall have the meaning assigned to such term in the Purchase Agreement, except that references to "20% or more" shall be deemed to be reference to "50% or more";

(b) by either the Company or the Purchaser in circumstances where:

(i) prior to the approval of the Transaction Resolution, the Board authorizes the Company to enter into a definitive written agreement (other than a confidentiality agreement permitted by law and in accordance with the Purchase Agreement) with respect to a Superior Proposal as described in Section 12.1(c) of the Purchase Agreement; or

(ii) a bona fide Acquisition Proposal is publicly announced or otherwise publicly disclosed by any Person (other than the Purchaser or its Affiliates) after the date of this Agreement and prior to the date of the Meeting and (i) such Acquisition Proposal remains outstanding at the time of the Meeting; (ii) the Common Shareholders do not approve the Transaction Resolution at the Meeting (unless the failure to obtain such approval is caused by, or is a result of, a breach by the Purchaser of any of its representations or warranties or the failure of the Purchaser to perform any of its covenants or agreements under this Agreement), and (iii) within 18 months following the date of such termination (A) an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to above) is consummated or effected, or (B) the Company enters into a definitive agreement in respect of an Acquisition Proposal (other than a confidentiality agreement permitted by and in accordance with Section 10.3(a) of the Purchase Agreement) and such Acquisition Proposal is later consummated; provided that, for purposes of the foregoing, the term "Acquisition Proposal" shall have the meaning assigned to such term in the Purchase Agreement, except that references to "20% or more" shall be deemed to be reference to "50% or more".

Reverse Termination Fee

The Purchaser is required to pay the Company a $336,000 reverse termination fee (the "**Reverse Termination Fee**") in the event the Purchase Agreement is terminated by the Company in circumstances where the Purchaser has breached any representation or warranty or failed to perform any covenant or agreement on the part of the Purchaser under the Purchase Agreement that would cause any condition in subsection 11.2(b) [*Purchaser Representations and Warranties*] or subsection 11.2(c) [*Purchaser Covenants*] of the Purchase Agreement not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of Section 6.6 [*Notice and Cure Provisions*] of the Purchase Agreement; provided that the Company is not then in breach of the Purchase

Agreement so as to directly or indirectly cause any of the conditions in subsection 11.1(b) [*Company Representations and Warranties*] or subsection 11.1(c) [*Company Covenants*] of the Purchase Agreement not to be satisfied.

INDEMNIFICATION

Indemnification in favour of Purchaser

The Company is required to indemnify the Purchaser against, and shall hold the Purchaser harmless from and against, any and all losses incurred or sustained by, or imposed upon, the Purchaser based upon, arising out of, with respect to or by reason of:

(a) any Excluded Liability; or

(b) a breach by the Company or one of its Affiliates or Representatives of its covenants in Section 6.5 [*Change the Use of Name*] or Section 6.12 [*Confidentiality of Business Information*] of the Purchase Agreement.

Indemnification in favour of the Company

The Purchaser is required to indemnify the Company against, and hold the Company harmless from and against, any and all losses incurred or sustained by, or imposed upon, the Company based upon, arising out of, with respect to or by reason of any Assumed Liability.

Limitations on Indemnification

In no event shall any Party be liable to the other Party for any punitive, exemplary, incidental, consequential, special or indirect damages, including loss of future revenue or income, loss of business reputation or opportunity relating to the breach or alleged breach of the Purchase Agreement, or diminution of value or any damages based on any type of multiple, unless any such damages or losses are reasonably foreseeable.

Each Party shall take, and cause its Affiliates to take, all reasonable steps to mitigate any loss upon becoming aware of any event or circumstance that would be reasonably expected to, or does, give rise thereto, including incurring costs only to the minimum extent necessary to remedy the breach that gives rise to such loss.

Payments to a Party in respect of any indemnified loss shall be limited to the amount of any liability or damage that remains after deducting any insurance proceeds and any indemnity, contribution or other similar payment received or reasonably expected to be received by such Party in respect of any such claim and such Party shall use its commercially reasonable efforts to recover under insurance policies or indemnity, contribution or other similar agreements for any losses (to the extent available) before seeking indemnification under the Purchase Agreement.

SPECIFIC PERFORMANCE

Subject to the terms and conditions set forth in the Purchase Agreement, the Company and the Purchaser are entitled to an injunction or injunctions, specific performance and other equitable relief to prevent breaches or threatened breaches of the Purchase Agreement and to enforce specifically the terms of the Purchase Agreement, in addition to any other remedy to which they are entitled at law or in equity.

The Company's right to specific performance in connection with enforcing Purchaser's obligation to cause the equity financing to be funded and Purchasers' obligation to consummate the Sale Transaction is subject to the following requirements: (i) all the conditions to Closing in Section 11.1 of the Purchase Agreement in favour of the Purchaser have been satisfied or waived (other than those conditions that by their nature are to be, and can be satisfied by, actions taken at Closing); (ii) the Purchaser fails to comply with its obligations to fund the Closing Payment; and (iii) the Company seeks specific performance or injunctive relief prior to termination of the Purchase Agreement and has irrevocably confirmed in writing to the Purchaser that (A) all of the conditions set forth in Section 11.2 have been satisfied (other than those conditions that by their nature are to be, and can be, satisfied by actions taken at Closing) or will be waived by the Company; (B) it is prepared to consummate the Sale Transaction and it stands, ready, willing

and able to consummate the Sale Transaction; and (C) if specific performance is granted and the Equity Financing is funded, then the closing of the transactions contemplated by the Purchase Agreement will occur.

POST-CLOSING COVENANTS

Following Closing, the Company will be bound by certain post-closing covenants, including covenants (i) to maintain the confidentiality of confidential information relating to the Second Cup Business for a period of 24 months following Closing (except for permitted disclosure to its Affiliates and Representatives who agree to be bound by such conditions of confidentiality, and subject to customary exceptions); and (ii) not to use for any business purpose whatsoever the expression "Second Cup" or any similar expression (except in limited circumstances relating to the Company's public disclosure record).

ANCILLARY AGREEMENTS

VOTING AGREEMENTS

Each of the directors and executive officers of the Company and certain other Common Shareholders, collectively holding approximately 43% of the Company's issued and outstanding Common Shares (each a "**Supporting Shareholder**") have entered into support and voting agreements with the Purchaser pursuant to which they have each agreed to, among other things, vote their Common Shares in favour of the Sale Transaction at the Meeting (the "**Voting Agreements**").

Each Supporting Shareholder has made customary representations and warranties in its Voting Agreement in favour of the Purchaser. Similarly, the Purchaser has made customary representations and warranties in the Voting Agreements in favour of the Supporting Shareholders.

The Voting Agreements shall automatically terminate upon the earliest of: (i) Closing; (ii) the termination of the Purchase Agreement in accordance with its terms, and (iii) the mutual consent in writing of the parties thereto.

A Voting Agreement may be terminated by the applicable Supporting Shareholder if: (i) any representation or warranty of the Purchaser under the Purchase Agreement is untrue or incorrect in any material respect; (ii) the Purchase Agreement is amended or the form or amount of the consideration is reduced or changed in any respect that is, in each case, materially adverse to the Supporting Shareholder; or (iii) the Sale Transaction is not completed by the Outside Date, provided that at the time of such termination, the Supporting Shareholder is not in material default in the performance of its obligations under the Purchase Agreement.

LIMITED GUARANTEE

Contemporaneously with the execution of the Purchase Agreement, the Company and Foodtastic entered into a limited guarantee (the "**Limited Guarantee**") whereby Foodtastic agreed to absolutely, unconditionally and irrevocably guarantee to the Company the due and punctual payment, observance, performance and discharge of (a) the Reverse Termination Fee, if and when due in accordance with the Purchase Agreement; and (b) 20% of the indemnification obligations of the Purchaser in effect from time to time that may arise under the Purchase Agreement in connection with (i) any Assumed Franchisee Arrears (other than Excluded Franchisee Arrears); and (ii) the Assumed Leases that are not assigned to the Purchaser on Closing, whether in respect of the period prior to or following Closing (except to the extent related to the Excluded Franchisee Arrears or the Company Arrears) (collectively, the "**Guaranteed Obligations**"). If the Purchaser fails to duly perform the Guaranteed Obligations in accordance with the terms of the Purchase Agreement, Foodtastic shall forthwith perform, or cause to be performed, the Guaranteed Obligations in accordance with the terms of the Purchase Agreement.

EQUITY COMMITMENT LETTER

Concurrently with the execution of the Purchase Agreement, the Purchaser and Foodtastic entered into an equity commitment letter (the "**Equity Commitment Letter**") whereby Foodtastic agreed, subject to the terms and conditions set forth in the Equity Commitment Letter, to subscribe for equity securities of the Purchaser for an aggregate amount equal to the Closing Payment, as such Closing Payment may be adjusted in accordance with the

terms of the Purchase Agreement (the "**Equity Financing**"). The Equity Financing will be used by the Purchaser solely to provide the funds needed to consummate the Sale Transaction.

The obligation of Foodtastic to fund the Commitment will terminate automatically and immediately upon the earliest to occur of: (a) the valid termination of the Purchase Agreement in accordance with its terms; and (b) the Closing.

The Company is an express third-party beneficiary of the Equity Commitment Letter for the purpose of causing the Equity Financing to be funded, but solely to the extent the Company is entitled to seek specific performance with respect to the Purchaser's obligation to cause the Equity Financing to be funded.

ROFR AGREEMENT

At Closing, the Purchaser and Hemisphere, the Company's wholly-owned subsidiary engaged in the retail cannabis business, will enter into a Right of First Refusal Agreement whereby Hemisphere will be granted a right of first refusal to assume any of the café leases being assigned to the Purchaser in connection with the Sale Transaction (a "**ROFR Lease**") in the event that the Purchaser proposes to (i) make or accept a proposal to or from any franchisee, landlord or other third party that is reasonably likely to result in, or otherwise propose on its own behalf, a conversion of a location that is subject to a ROFR Lease (a "**ROFR Site**") into a cannabis retail location, cannabis consumption lounge, or for any other similar cannabis-related purpose (but excluding, for certainty, cannabis-related activities that are limited to the sale of cannabis-infused food and beverage offerings at a "Second Cup Coffee Co."-branded outlet located at a ROFR Site), or otherwise sublease or assign the whole or any portion of its interest in a ROFR Lease to a third-party who would reasonably be expected to effect such a conversion; or (ii) terminate the whole of its interest in a ROFR Lease (excluding a termination in connection with the conversion of such ROFR Site to a non-cannabis-related where such ROFR Lease is transferred to, or a new lease for the same ROFR Site is entered into by, Foodtastic or any of its affiliates).

AEGIS FOLLOWING THE SALE TRANSACTION

In the event that the Sale Transaction is ultimately approved and completed according to the terms of the Purchase Agreement, Aegis expects to have two business segments immediately following Closing, being (i) the retail cannabis segment operated through the Company's wholly-owned subsidiary Hemisphere, and (ii) the specialty-coffee retail business segment operated through the Company's wholly-owned subsidiary Bridgehead.

If completed, the Sale Transaction will be the first step in a wider strategy of the Board to transform the Company by unlocking significant capital devoted to the Second Cup Business and deploying it to the following areas:

- *Discharging Liabilities Associated with the Second Cup Business* – The Company intends to use a portion of the Purchase Price to strengthen its balance sheet by discharging existing liabilities associated with the Second Cup Business that are not being assumed by the Purchaser, including rent arrears owing on the corporate cafés and liabilities associated with the Excluded Leases.

- *Expansion of Other Business Lines* – Following completion of the Sale Transaction, the Company's Board and management team intends to devote increased time and resources to what the Board believes are the Company's more attractive Hemisphere and Bridgehead brands, including by pursuing the expansion of Bridgehead and opening additional Hemisphere retail locations.

- *Realizing Upon the Company's Strategic Direction* – Following the completion of the Sale Transaction, the Company's Board and management team will also be focused on the maximization of Common Shareholder value through the pursuit of the Company's strategic goal of creating a strong portfolio of brands that can grow and flourish with access to the Company's resources and expertise by way of strategic acquisitions, recapitalization transactions, joint ventures or other opportunities that the Board may deem to be in the best interests of the Company. There can be no assurances that the Company will identify or be able to complete new brand acquisition opportunities.

INFORMATION CONCERNING FOODTASTIC

Foodtastic is a Quebec-based restaurant franchisor of over 15 restaurant concepts, including Au Coq, La Belle et La Boeuf, Monza, Carlos & Pepe's, Souvlaki Bar, Nickels, Rotisseries Benny, Chocolato, Big Rig and Bacaro. It is a Canadian leader in the restaurant franchising business with over 130 restaurants and $240 million in annualized sales. On February 24, 2021, Foodtastic announced that it has secured a $50 million investment from Restaurant Royalty Partners, a joint venture between funds managed by Oaktree Capital Management, majority owned by Brookfield Asset Management Inc., and JHR Capital. This capital investment is in addition to the $47 million that Restaurant Royalty Partners committed to Foodtastic in 2018. Foodtastic has advised the Company that it has exciting plans for the revitalization and growth of the Second Cup brand following completion of the Transaction.

RISK FACTORS

Common Shareholders should carefully consider the risk factors relating to the Sale Transaction listed below and those identified elsewhere in this Information Circular before deciding how to vote on the Transaction Resolution. Aegis believes that the risk factors described below are the most material risks related to the Sale Transaction, but there may be other risks that could materially and adversely affect the Sale Transaction, the business of Aegis and the interests of Common Shareholders.

In addition, readers are cautioned that the following list is not exhaustive. Additional information on other risk factors that could affect the operations or financial results of Aegis can be found under the heading "*Risk Factors*" in the Company's annual information form dated April 30, 2020, and under the heading "*Risks and Uncertainties*" in the Company's management's discussion and analysis for the three and nine months ended September 30, 2020, which are both available on SEDAR (www.sedar.com). Aegis urges you to carefully consider those factors.

CONDITIONS PRECEDENT TO CLOSING OF THE SALE TRANSACTION MAY NOT BE COMPLETED

The completion of the Sale Transaction is subject to a number of conditions precedent, certain of which are outside the control of Aegis and the Purchaser, including receipt of certain third-party consents and approvals required pursuant to the Purchase Agreement, receipt of Common Shareholder approval and other customary closing conditions. Although the Parties are obligated to use their commercially reasonable efforts to satisfy the closing conditions, there can be no certainty, nor can the Parties provide any assurance, that all conditions precedent to the Sale Transaction will be satisfied or waived, nor can there be any certainty as to the timing of their satisfaction or waiver. Moreover, a substantial delay in satisfying the conditions to Closing could result in the Sale Transaction not being completed, being completed on different terms, or not being completed prior to the Outside Date. If the Sale Transaction is not completed, there is no assurance that Aegis will be able to find an alternative transaction, or that the terms of any alternative transaction would be more or less favourable than the terms set forth in the Purchase Agreement. See "*The Purchase Agreement – Conditions to the Completion of the Sale Transaction*".

COMPLETION OF THE SALE TRANSACTION IS CONDITIONAL ON THE RECEIPT OF CERTAIN THIRD-PARTY CONSENTS

The completion of the Sale Transaction is conditional on the receipt of certain third-party consents and approvals, which have yet to be obtained. Counterparties could refuse to grant such consents or approvals or could impose conditions on those consents or approvals. As a result, there can be no assurances that such consents and approvals will be obtained in a timely manner or at all. This could rise to the failure to satisfy certain conditions precedent under the Purchase Agreement in which case the Purchaser will not be obligated to complete the Sale Transaction as described in "*The Purchase Agreement – Conditions to Completion of the Sale Transaction.*"

RISKS ASSOCIATED WITH THE COMPANY'S OTHER BUSINESS LINES AND INABILITY TO EXECUTE ON THE COMPANY'S STRATEGIC DIRECTION

Immediately following Closing of the Sale Transaction, Aegis will be dependent, to a significant extent, on the performance of the Company's Hemisphere and Bridgehead subsidiaries, and Aegis and will no longer be impacted by the results of the Second Cup Business, which, prior to 2020, generated all of Aegis' results. The risks related to the Company's cannabis retail operations are described in detail in the Company's Annual Information Form available

on SEDAR at www.sedar.com under the heading "*Risk Factors - Risks related to the Company's cannabis retail operations*". The risks related to the Bridgehead business are in many cases similar to the risks associated with the Second Cup Business which are described in more detail in Company's Annual Information Form available on SEDAR at www.sedar.com under the heading "*Risk Factors - Risks related to the business of Second Cup"*. These risks could have a material and adverse effect on the business, financial condition, and results of operations or prospects of Aegis. In addition, there is no guarantee that the Company will be able to realize the intended benefits of its new operating structure or to execute upon its strategic direction (including risks that it will not be able to acquire and/or integrate new brands in the future). The risks related to the Company's new operating structure and strategy are described in detail in the Company's Annual Information Form available on SEDAR at www.sedar.com under the heading "*Risk Factors - Risks related to the Company's new operating structure and strategy*". These risks could have a material and adverse effect on the business, financial condition, and results of operations or prospects of Aegis.

THE PURCHASE AGREEMENT MAY BE TERMINATED IN CERTAIN CIRCUMSTANCES

Aegis and the Purchaser have the right to terminate the Purchase Agreement in certain circumstances. Accordingly, there is no certainty, nor can Aegis provide any assurance, that the Purchase Agreement will not be terminated before completion of the Sale Transaction. If the Purchase Agreement is terminated, there is no assurance that Aegis will be able to find an alternative transaction, or that the terms of any alternative transaction would be more or less favourable than the terms set forth in the Purchase Agreement. In addition, Aegis may be required to pay the Termination Fee, depending on the circumstances of the termination. The payment of the Termination Fee may have a material adverse effect upon the business, financial condition and results of operations of Aegis and may cause the value of the Common Shares to decline. In addition, if the Sale Transaction is not completed, the market price of the Common Shares may be negatively impacted to the extent that the market price reflects a market assumption that the Sale Transaction will be completed.

INCURRENCE OF CERTAIN COSTS AND EXPENSES IN CONNECTION WITH THE SALE TRANSACTION

Certain non-recurring costs relating to the Sale Transaction, such as legal fees, must be paid by Aegis even if the Sale Transaction is not completed. If the Sale Transaction is not consummated, Aegis will bear some or all of these costs without recognizing any of the anticipated benefits of the Sale Transaction. In addition, following the completion of the Sale Transaction, certain employees who do not transfer to the Purchaser may no longer have the same positions with Aegis going forward. Under certain circumstances, certain such employees may be entitled to severance or other payments and Aegis will remain responsible for these and other liabilities associated with such employees. The incurrence of the foregoing costs, expenses, and liabilities may have a material adverse effect upon the business, financial condition and results of operations of Aegis and may cause the value of the Common Shares to decline.

CONTINUED EXPOSURE TO CERTAIN LIABILITIES

Following the completion of the Sale Transaction, Aegis will remain responsible for, and indemnify the Purchaser in respect of, the Excluded Liabilities, including Company Arrears and Excluded Franchisee Arrears outstanding as of Closing, as well as liabilities associated with certain leases relating to the Second Cup Business not being assigned to the Purchaser in connection with the Sale Transaction. In addition, notwithstanding the Purchaser's indemnification obligations under the Purchase Agreement and Foodtastic's guarantee of 20% of those indemnification obligations in effect from time to time, the liabilities being assumed by the Purchaser are potentially significant and Aegis may face difficulties in realizing on any potential indemnity claims in the future. This may have a material adverse effect upon the business, financial condition and results of operations of Aegis and may cause the value of the Common Shares to decline.

THE COMPLETION OF, AND ANTICIPATED BENEFITS FROM, THE SALE TRANSACTION MAY BE ADVERSELY AFFECTED BY COVID-19

The extent to which COVID-19 may impact the Company, the Purchaser and the Sale Transaction are unknown, and will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions to contain COVID-19 or treat its impact, among others. If the disruptions posed by COVID-19 or other matters of global concern restrict or delay the ability to satisfy conditions to the Sale Transaction, the ability to complete the proposed Sale Transaction, in a timely manner,

may be affected. Additional risks related to the COVID-19 pandemic and their impact on Aegis and its business are described in more detail in Company's Annual Information Form available on SEDAR at www.sedar.com under the heading "*Risk Factors - Risks related to COVID-19*".

THE PURCHASE PRICE IS SUBJECT TO ADJUSTMENT

The Purchase Agreement provides that the Purchase Price is subject to certain adjustments as described above under the heading *"The Purchase Agreement – Purchase Price"*. As of the date of this Information Circular, the Company estimates that the working capital adjustment will result in an adjustment in favour of the Purchaser (i.e., a reduction in the Purchase Price) of approximately $2,000,000 (including an estimated $1,300,000 attributable to gift card liabilities), however any actual adjustment to the Purchase Price may differ from these estimates, potentially to a material extent.

THE EARN-OUT COMPONENT OF THE PURCHASE PRICE IS NOT GUARANTEED

The Purchase Agreement provides that a portion of the Purchase Price will be comprised of certain post-Closing earn-out payments. This component of the Purchase Price is based on future royalties earned at New Franchises. There is no guarantee that any such New Franchises will commence operations following Closing, or that the royalties or similar entitlements earned from any such New Franchises will meet management's expectations. See "*The Purchase Agreement – Earn-Out*".

THE SALE TRANSACTION ORIGINATED FROM AN UNSOLICITED OFFER FROM THE PURCHASER

The Sale Transaction originated from an unsolicited offer from the Purchaser and the Company did not solicit third parties to make a proposal to the Company for a business transaction in lieu of the Sale Transaction after the Purchaser's proposal or otherwise run an "auction" process. There can be no assurance that a third party would not have offered consideration in excess of the Purchase Price. See "*Background to the Sale Transaction*".

RESTRICTIONS ON SOLICITING ACQUISITION PROPOSALS

The Purchase Agreement restricts Aegis from soliciting any transaction as an alternative to the Sale Transaction. These terms as well as the requirement of Aegis to pay the Termination Fee in certain circumstances may reduce the likelihood that any third party will express interest in Aegis or the Second Cup Business.

DIVERSION OF MANAGEMENT'S ATTENTION

The substantial time, effort and costs associated with entering into the Purchase Agreement and completing the Sale Transaction has the potential risk of diverting management attention and resources from the operation of the Company's business, including other strategic opportunities and operational matters, while working toward the completion of the Sale Transaction.

LOSS OF KEY PEOPLE

There is a risk that before the completion of the Sale Transaction key personnel could leave Aegis and/or its related entities. If the Sale Transaction ultimately does not close, any personnel departures prior to Closing by key people could impair Aegis' business, potentially to a material extent.

KEY RELATIONSHIPS

The announcement and pending completion of the Sale Transaction, whether or not completed, may cause uncertainty around Aegis' business or may have a negative impact on Aegis' business, including its relationships with employees, suppliers and customers. Third parties with whom Aegis and its related entities currently do business or may do business with in the future may experience uncertainty associated with the Sale Transaction, including with respect to current or future relationships with Aegis or the Purchaser. Such uncertainty could have a material and adverse effect on the business, financial condition, and results of operations or prospects of Aegis.

A SUBSTANTIAL NUMBER OF COMMON SHAREHOLDERS COULD EXERCISE THEIR RIGHT TO DISSENT IN RESPECT OF THE SALE TRANSACTION

Registered Common Shareholders have the right to dissent to the Transaction Resolution and may be entitled to payment of the fair value of their Common Shares in cash in accordance with the OBCA. Although directors and executive officers of the Company and certain other major shareholders, collectively holding approximately 43% of the Common Shares have entered into Voting Agreements agreeing not to exercise Dissent Rights, Dissent Rights may be exercised by any other Registered Common Shareholder. No assurance can be given as to the number of Common Shares in respect of which Dissent Rights may be exercised or the ultimate outcome of the process required to deal with the exercise of Dissent Rights, including the amount a court may determine to be the fair value of the Common Shares in respect of which Dissent Rights are exercised and the amount of cash Aegis may be required to pay to Dissenting Shareholders as a result thereof. It is a condition to Closing in favour of Aegis that no more than 5% of Registered Common Shareholders exercise dissent rights, which condition may be waived by Aegis in its sole discretion.

THE MARKET PRICE AND TRADING VOLUME OF THE COMMON SHARES MAY MATERIALLY DECREASE OR EXPERIENCE INCREASED FLUCTUATION

The market price and trading volume of the Common Shares may materially decrease or experience increased fluctuation due to a variety of factors relating to the Sale Transaction – whether or not it is completed – and Aegis' business and assets, including announcements of new developments pertaining to the Sale Transaction or Aegis' ongoing business and operations, the valuation of the Aegis' remaining assets and investments, the manner in which the net proceeds from the Sale Transaction may be used, changes in credit ratings, fluctuations in Aegis' operating results, performance of Aegis' subsidiaries and public announcements made with respect to the Sale Transaction. The effects of these and other factors on the market prices of the Common Shares may result in volatility in the trading prices of the Common Shares. There can be no assurance that the market price of the Common Shares will not materially decrease or experience significant fluctuations in the future, whether or not the Sale Transaction is completed, including fluctuations that are unrelated to the Sale Transaction and Aegis' performance.

DISSENT RIGHTS

The following description of the rights of Dissenting Shareholders is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of its Common Shares and is qualified in its entirety by the reference to the full text of Section 185 of the OBCA, which is set forth in Schedule C hereto. Dissenting Shareholders are given rights under the OBCA. A Dissenting Shareholder who intends to exercise Dissent Rights should carefully consider and comply with the provisions of Section 185 of the OBCA. Failure to comply with the provisions of that section, and to adhere to the procedures established therein may result in the loss of all rights thereunder.

Each Registered Common Shareholder has a right, in addition to any other rights the holder may have, to dissent with respect to the Transaction Resolution and, if the Transaction Resolution is adopted, to be paid the fair value of the Common Shares held by the Dissenting Shareholder in respect of which such Dissenting Shareholder dissents, determined as at the close of business on the day before the Transaction Resolution is adopted. Non-Registered Beneficial Common Shareholders who wish to dissent should be aware that only Registered Common Shareholders are entitled to dissent. A Dissenting Shareholder may only dissent with respect to all Common Shares held on behalf of any one Non-Registered Beneficial Common Shareholder and registered in the name of such Dissenting Shareholder. Accordingly, a Non-Registered Beneficial Common Shareholder desiring to exercise Dissent Rights must make arrangements for the Common Shares beneficially owned by such Non-Registered Beneficial Common Shareholder to be registered in the Non-Registered Beneficial Common Shareholder's name prior to the time the written objection to the Transaction Resolution is required to be received by Aegis or, alternatively, make arrangements for the registered holder of such Common Shares to dissent on the Non-Registered Beneficial Common Shareholder's behalf. It is strongly suggested that any Non-Registered Beneficial Common Shareholder wishing to dissent seek independent legal advice, as the failure to comply strictly with the provisions of Section 185 of the OBCA may prejudice such Non-Registered Beneficial Common Shareholder's right to dissent.

A Dissenting Shareholder must submit to the Company a written objection to the Transaction Resolution (a "**Dissent Notice**") at or before the Meeting, which Dissent Notice, if delivered before the Meeting, must be received by the

Company at 5915 Airport Road, Suite 630, Mississauga, Ontario L4V 1T1, Attention: Ba Linh Le, Chief Financial Officer, and must otherwise strictly comply with the dissent procedures prescribed by the OBCA.

Aegis is required within ten days after Common Shareholders adopt the Transaction Resolution to notify each Dissenting Shareholder that the Transaction Resolution has been adopted. Such notice is not required to be sent to any Common Shareholder who voted in favour of the Transaction Resolution or who has withdrawn its Dissent Notice.

A Dissenting Shareholder who has not withdrawn its Dissent Notice prior to the Meeting must, within 20 days after receipt of notice that the Transaction Resolution has been adopted, or if the Dissenting Shareholder does not receive such notice, within 20 days after learning that the Transaction Resolution has been adopted, send to Aegis, a Demand for Payment. Within 30 days after sending the Demand for Payment, the Dissenting Shareholder must send to Aegis or Computershare Trust Company of Canada certificates representing the Dissenting Shares. Aegis or Computershare Trust Company of Canada will endorse on share certificates received from a Dissenting Shareholder a notice that the holder is a Dissenting Shareholder and will forthwith return the share certificates to the Dissenting Shareholder. A Dissenting Shareholder who fails to make a Demand for Payment in the time required, or to send certificates representing Dissenting Shares in the time required, has no right to make a claim under Section 185 of the OBCA.

Under Section 185 of the OBCA, after sending a Demand for Payment, a Dissenting Shareholder ceases to have any rights as a Common Shareholder in respect of its Dissenting Shares other than the right to be paid the fair value of the Common Shares held by the Dissenting Shareholder in respect of which such Dissenting Shareholder dissents, unless: (i) the Dissenting Shareholder withdraws its Demand for Payment before Aegis makes an Offer to Pay; (ii) Aegis fails to make an Offer to Pay in accordance with subsection 185(15) of the OBCA and the Dissenting Shareholder withdraws the Demand for Payment; or (iii) the directors abandon the Sale Transaction without further approval of Common Shareholders, in which case the Dissenting Shareholder's rights as a Common Shareholder are reinstated as of the date that the Demand for Payment notice was sent.

Aegis is required, not later than seven days after the later of Closing and the date on which a Demand for Payment is received by Aegis from a Dissenting Shareholder, to send to each Dissenting Shareholder who has sent a Demand for Payment an Offer to Pay for its Dissenting Shares in an amount considered by the Board of Aegis to be the fair value of such Common Shares, accompanied by a statement showing the manner in which the fair value was determined. Every Offer to Pay for Common Shares must be on the same terms. Aegis must pay for the Dissenting Shares of a Dissenting Shareholder within ten days after an Offer to Pay has been accepted by the Dissenting Shareholder, but any such Offer to Pay lapses if Aegis does not receive an acceptance thereof within 30 days after the Offer to Pay has been made.

If Aegis fails to make an Offer to Pay for a Dissenting Shareholder's Common Shares, or if a Dissenting Shareholder fails to accept an Offer to Pay that has been made, Aegis may, within 50 days after Closing or within such further period as a court may allow, apply to a court to fix a fair value for the Dissenting Shares. If Aegis fails to apply to a court, a Dissenting Shareholder may apply to a court for the same purpose within a further period of 20 days or within such further period as a court may allow. A Dissenting Shareholder is not required to give security for costs in such an application.

On the making of any such application to a court, Aegis will be required to notify each affected Dissenting Shareholder of the date, place and consequences of the application and of the Dissenting Shareholder's right to appear and be heard in person or by counsel. Upon an application to a court, all Dissenting Shareholders who have not accepted an Offer to Pay will be joined as parties and be bound by the decision of the court. Upon any such application to a court, the court may determine whether any other person is a Dissenting Shareholder who should be joined as a party, and the court will then fix a fair value for the Dissenting Shares of all Dissenting Shareholders. The final order of a court will be rendered in favour of each Dissenting Shareholder for the amount of the fair value of its Dissenting Shares as fixed by the court. The court may, in its discretion, allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder from Closing until the date of payment.

In no case shall Aegis, or any other person be required to recognize any Dissenting Shareholder as a Common Shareholder after the Closing time, and the names of such Dissenting Shareholders shall be removed from the register of Common Shareholders at the Closing time.

Dissenting Shareholders who are ultimately determined to be entitled to be paid the fair value for their Dissenting Shares shall be deemed to have transferred such Dissenting Shares to Aegis at the Closing time. Dissenting Shareholders who are ultimately determined not to be entitled, for any reason, to be paid the fair value for their Dissenting Shares, shall be deemed to have participated in the Sale Transaction on the same basis as any non-Dissenting Shareholder of the Common Shares as at and from the Closing time.

Common Shareholders are advised that any judicial determination of fair value will result in delay of receipt by a Dissenting Shareholder of consideration for such Dissenting Shareholder's Dissenting Shares. Furthermore, Common Shareholders who are considering exercising Dissent Rights should be aware of the consequences under Canadian federal income tax laws of exercising Dissent Rights in respect of the Sale Transaction.

The above summary does not purport to provide a comprehensive statement of the procedures to be followed by Dissenting Shareholders who seek payment of the fair value of their Common Shares. Section 185 of the OBCA requires adherence to the procedures established therein and failure to do so may result in the loss of all rights thereunder. Accordingly, each Dissenting Shareholder who is considering exercising Dissent Rights should carefully consider and comply with the provisions of that section, the full text of which is set out in Schedule C hereto and consult their own legal advisor.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of Aegis, after due inquiry, except as may be described elsewhere in this Information Circular, no informed person (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) of Aegis, and no known associate or affiliate of any such informed person, has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction that has materially affected or would materially affect the Company or any of its subsidiaries.

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

To the knowledge of the directors and executive officers of Aegis, except as described below and as may be described elsewhere in this Information Circular, no director, executive officer or insider of Aegis, or any associate or affiliate of any of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

Conditional on Closing of the Sale Transaction, the Company expects to pay bonuses to certain executive officers and employees for their efforts undertaken in connection with the Sale Transaction, including approximately $60,000 in the aggregate to be paid to executive officers of the Company in the form of Common Shares expected to be issued following Closing at a price per Common Share equal to the then-current five-day volume-weighted average price of the Common Shares on the Toronto Stock Exchange. In addition, the Board intends to exercise its discretion under the Company's option plan to accelerate the vesting conditions on up to 170,000 unvested options held by certain executive officers of the Company in the event such individuals no longer continue to be employed by the Company following Closing. Pursuant to the terms of the Company's option plan, any vested options will be exercisable for a period of 90 days following the cessation of employment of the applicable executive officer, after which such options will expire.

AUDITOR

The auditor of the Corporation is PricewaterhouseCoopers LLP, Chartered Professional Accountants and Licensed Public Accountants.

ADDITIONAL INFORMATION

Additional information relating to the Company is included in the Company's annual information form for the year ended December 28, 2019 and its audited consolidated financial statements and related management's discussion and analysis for the year ended December 28, 2019 and its unaudited condensed interim consolidated financial statements and related management's discussion and analysis for the three and nine months ended September 30, 2020. 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 Company: 5915 Airport Road, Suite 630, Mississauga, ON, L4V 1T1 (telephone 905-362-1818 or email investor@aegisbrands.com). Financial information is provided in the Company's consolidated financial statements and management's discussion and analysis for the year ended December 28, 2019.

APPROVAL OF CIRCULAR

The contents and sending of this Information Circular have been approved by the Board.

DATED at Mississauga, Ontario, this 9th day of March, 2021.

BY ORDER OF THE DIRECTORS

Michael Bregman
Chairman of the Board

SCHEDULE A
GLOSSARY OF TERMS

"**Acquisition Proposal**" means, other than the transactions contemplated by the Purchase Agreement and other than any transaction involving only the Company and/or one or more of its wholly-owned subsidiaries, any offer, proposal or expression of interest (written or oral) from any Person or group of Persons other than the Purchaser (or any Affiliate of the Purchaser or any Person or group of Persons acting jointly or in concert (within the meaning of National Instrument 62-104 – *Take-over Bids and Issuer Bids*) with the Purchaser or its Affiliates) after the date of the Purchase Agreement relating to (i) any sale or disposition (or any lease, long-term supply agreement or other arrangement having the same economic effect as a sale), direct or indirect, of assets representing twenty percent (20%) or more of the Purchased Assets or contributing twenty (20%) or more of the revenue to the Second Cup Business or of twenty (20%) or more of the voting or equity securities of the Company (or rights or interests in such voting or equity securities); (ii) any take-over bid, exchange offer or other transaction that, if consummated, would result in such Person or group of Persons beneficially owning twenty (20%) or more of any class of voting or equity securities of the Company; (iii) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or winding up involving the Company; or (iv) any other similar transaction or series of transactions involving the Company with respect to the Second Cup Business or the Purchased Assets

"**Advertising Fund**" means collectively the funds contributed by franchisees for use in advertising and promotional programs for the Second Cup Business.

"**Advisor**" has the meaning ascribed to it under the heading "*Background to the Sale Transaction – COVID-19 Pandemic*".

"**Aegis**" or the "**Company**" means Aegis Brands Inc., a corporation existing under the laws of the Province of Ontario.

"**Affiliate**" has the meaning given to that term in National Instrument 45-106 – *Prospectus Exemptions.*

"**AGCO**" has the meaning ascribed to it under the heading "*Background to the Sale Transaction – COVID-19 Pandemic*".

"**Assumed Franchisee Arrears**" means all Franchisee Arrears outstanding as of Closing, other than Excluded Franchisee Arrears.

"**Assumed Leases**" means the Office Lease, and all leases, agreements to lease, sublease and lease assignment agreements to which the Company is a party (including all amendments or modifications thereto) relating to the Company-Operated Cafés or Franchisee-Operated Cafés being assigned to the Purchaser in accordance with the terms of the Purchase Agreement.

"**Assumed Liabilities**" has the meaning ascribed to it under the heading "*The Purchase Agreement – Assumed Liabilities*."

"**Assumed Company Lease**" means an Assumed Lease in respect of a Company-Operated Café.

"**Board**" has the meaning ascribed to it under the heading "*The Meeting – Record Date and Quorum*".

"**Board Approval**" means the resolutions of the Board pursuant to which the Board has (i) unanimously determined that the Sale Transaction is in the best interests of the Company; (ii) approved the Sale Transaction and the entering into of the Purchase Agreement; and (iii) resolved to recommend that the Common Shareholders vote in favour of the Transaction Resolution.

"**Bridgehead**" means Bridgehead (2000) Inc. (d/b/a Bridgehead Coffee), a wholly-owned subsidiary of the Company.

"**Change in Recommendation**" has the meaning ascribed to it under the heading "*The Purchase Agreement – Termination*".

"**Closing**" means the closing of the Sale Transaction.

"**Closing Payment**" has the meaning ascribed to it under the heading "*The Purchase Agreement – Purchase Price*".

"**Common Shareholders**" means the holders of Common Shares.

"**Common Shares**" means common shares in the capital of the Company.

"**Company Arrears**" means, as of a particular time, all arrears of rent and other unpaid amounts due and owing to a landlord under the Assumed Company Leases as at such time.

"**Company-Operated Café**" means a "Second Cup Coffee Co."-branded café directly operated by the Company as part of the Second Cup Business.

"**Computershare**" has the meaning ascribed to it under the heading "*The Meeting – Solicitation of Proxies"*.

"**Demand for Payment**" means a written notice of a Dissenting Shareholder containing his, her or its name and address, the number of Dissenting Shares and a demand for payment of the fair value of such Common Shares, submitted to the Company.

"**Dissent Notice**" has the meaning ascribed to it under the heading "*Dissent Rights*".

"**Dissent Rights**" means the right of a Registered Common Shareholder to dissent to the Transaction Resolution and to be paid the fair value of the Common Shares in respect of which the holder dissents, all in accordance with Section 185 of the OBCA.

"**Dissenting Shareholders**" means Registered Common Shareholders who validly exercise Dissent Rights and have not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Common Shares in respect of which Dissent Rights are validly exercised by such Registered Common Shareholder, and "Dissenting Shareholder" means any one of them.

"**Dissenting Shares**" means Common Shares in respect of which a Dissenting Shareholder has validly exercised Dissent Rights.

"**Equity Commitment Letter**" has the meaning ascribed to it under the heading "*Ancillary Agreements – Equity Financing*".

"**Equity Financing**" has the meaning ascribed to it under the heading "*Ancillary Agreements – Equity Financing*".

"**Excluded Assets**" has the meaning ascribed to it under the heading "*The Purchase Agreement – Excluded Assets*".

"**Excluded Franchisee Arrears**" means an amount equal to 50% of all Franchisee Arrears outstanding as of Closing, subject to a maximum of $500,000; provided that such $500,000 shall be reduced by (i) any amounts paid by the Company to a landlord with the prior consent of the Purchaser during the six (6)-month period after Closing, and for the period thereafter with the prior consent of the Purchaser which shall not to be unreasonably withheld, conditioned or delayed, in respect of Franchisee Arrears in connection with obtaining the consent of such landlord to the assignment of the applicable Assumed Franchisee Lease, and (ii) any payments by a franchisee to (A) the applicable landlord or the Purchaser or any of its Affiliates in excess of regular required rent, and (B) the Purchaser or its Affiliates above regular royalties or contributions to the Advertising Fund, and subject further to the condition that no Franchisee Arrears shall constitute Excluded Franchisee Arrears unless: (i) following Closing, the Purchaser has used its commercially reasonable efforts to collect all Franchisee Arrears from franchisees; (ii) the Purchaser has terminated its franchise relationship and any franchise agreement with the franchisee in respect of which such Franchisee Arrears relate; and (iii) concurrently with the payment by the Company of any amount in respect of such Franchisee Arrears, the Purchaser delivers to the Company evidence reasonably satisfactory to the Company that the Purchaser has paid or is paying an equivalent amount to the landlord in respect of such Franchisee Arrears.

"**Excluded Liabilities**" has the meaning ascribed to it under the heading "*The Purchase Agreement – Excluded Liabilities*".

"**February 1 Draft**" has the meaning ascribed to it under the heading "*Background to the Sale Transaction – Sale Transaction*".

"**February 2020 Opportunity**" has the meaning ascribed to it under the heading "*Background to the Sale Transaction – Entry into Retail Cannabis Market and New Strategic Direction*".

"**Foodtastic**" means Foodtastic Inc., a corporation existing under the laws of Canada.

"**Franchisee Arrears**" means, as of a particular time, all arrears of rent and other unpaid amounts due and owing to a landlord under the Assumed Franchisee Leases as at such time.

"**Franchisee-Operated Café**" means a "Second Cup Coffee Co."-branded café operated by a franchisee as part of the Second Cup Business.

"**Guaranteed Obligations**" has the meaning ascribed to it under the heading "*The Purchase Agreement – Limited Guarantee*".

"**Hemisphere**" means 2734524 Ontario Inc. (d/b/a Hemisphere Cannabis Co.), a wholly-owned subsidiary of the Company.

"**IFRS**" means International Financial Reporting Standards IFRS as issued by the International Accounting Standards Board from time to time.

"**Information Circular**" means this management information circular dated March 9, 2021, together with all schedules and appendices hereto, distributed by the Company in connection with the Meeting.

"**Kingsdale**" has the meaning ascribed to it under the heading "*The Meeting – Solicitation of Proxies*".

"**Limited Guarantee**" has the meaning ascribed to it under the heading "*The Purchase Agreement – Limited Guarantee*".

"**Material Adverse Effect**" means any fact or state of facts, circumstance, change, effect, occurrence or event that, individually or in the aggregate is, or would reasonably be expected to be, material and adverse to the condition (financial or otherwise), business, operations, properties, assets, liabilities, results of operations or cash flows of the Second Cup Business taken as a whole, but excluding any fact or state of facts, circumstance, change, effect, occurrence or event that relates directly or indirectly to, results directly or indirectly from or is attributable to: (i) any change, development or condition in or relating to global, national or regional political conditions or in general economic, business, regulatory, financial credit or capital market conditions in Canada or elsewhere in the world; (ii) any change in currency exchange, interest or inflation rates; (iii) any change, development, or condition generally affecting the industries in which the Second Cup Business operates; (iv) any change or development in political conditions or any outbreak or escalation of any military conflict, declared or undeclared war, armed hostilities or acts of foreign or domestic terrorism or sabotage, including any cyber-terrorism or cyber-attack; (v) any hurricane, flood, tornado, earthquake or other natural disaster, epidemic, pandemic (including precautionary or emergency measures, recommendations, protocols or orders taken or issued by any Person in response to COVID-19), or disease outbreak or escalation (including COVID-19); (vi) any adoption, proposal or implementation of, or change in applicable laws or in any interpretation, application or non-application of any laws by any governmental authority; (vii) any adoption, proposal, implementation or change in applicable generally accepted accounting principles, including IFRS; (viii) any matter which has been publicly disclosed or communicated in writing to the Purchaser or any of its Affiliates as of the date hereof, including those matters set out in the disclosure letter to the Purchase Agreement (ix) any failure of the Company or the Second Cup Business to meet any financial or other projections, including projections provided to the Purchaser in connection with negotiation of the Purchase Agreement (provided that this clause (ix) shall not prevent a determination that any change or effect underlying such failure to meet projections has resulted in a Material Adverse Effect to the extent such change or effect is not otherwise excluded from this definition); (x) any action taken

(or omitted to be taken) by the Company that is required to be taken (or omitted to be taken) pursuant to the Purchase Agreement or that is requested, consented to or approved in writing by the Purchaser or its Affiliates; (xi) the negotiation, execution, announcement, pendency or performance of the Purchase Agreement of consummation of the transactions contemplated hereby, the identity of the Purchaser and its Affiliates, or the communication by the Purchaser or its Representatives of its plans or intentions with respect to the Second Cup Business or any of the Purchased Assets, including any loss or threatened loss of, or adverse change or threatened adverse change in, the relationship with any governmental authority or any of the employees, customers, vendors, landlords, distributors, suppliers or partners arising as a consequence of the foregoing; or (xii) any change in the market price or trading volume of any securities of the Company (provided that this clause (xii) shall not prevent a determination that any change or effect underlying such change has resulted in a Material Adverse Effect to the extent such change or effect is not otherwise excluded from this definition).

"**Meeting**" means the special meeting of Common Shareholders, including any adjournment or postponement thereof, that is to be convened for the purposes of the Common Shareholders to consider and if deemed advisable approve the Transaction Resolution .

"**NAC**" has the meaning ascribed to it under the heading "*Background to the Sale Transaction – Entry into Retail Cannabis Market and New Strategic Direction*".

"**New Franchise**" has the meaning ascribed to it under the heading "*Background to the Sale Transaction*".

"**Non-Registered Beneficial Common Shareholder**" has the meaning ascribed to it under the heading "*The Meeting – How to Vote*".

"**November 2019 Opportunity**" has the meaning ascribed to it under the heading "*Background to the Sale Transaction – Entry into Retail Cannabis Market and New Strategic Direction*".

"**OBCA**" means the *Business Corporations Act* (Ontario).

"**Offer to Pay**" means the written offer of the Company to each Dissenting Shareholder who has sent a Demand for Payment to pay for its Common Shares in an amount considered by the Company to be the fair value of the Common Shares.

"**Office Lease**" means the lease held by the Company relating to the premises located at 5915 Airport Road, Suite 630, Mississauga, Ontario, L4V 1T1.

"**Operating System**" means, collectively, all franchise operating systems used in the Second Cup Business, including franchisee training, tools and guidance materials, site selection criteria, café design and construction, equipment selection and maintenance programs, products and services from suppliers, operational standards and quality control and product development, if any.

"**Outside Date**" means (i) June 7, 2021, provided that Closing has not occurred on or prior to the Outside Date as a result of the failure to satisfy or waive the conditions in favour of the Purchaser set forth in subsections 11.1(e), 11.1(g) or 11.1(h) of the Purchase Agreement, or the conditions in favour of the Company set forth in subsections 11.2(d), 11.2(f) or 11.2(g) of the Purchase Agreement, then either the Purchaser or the Company may elect, by notice in writing delivered to the other Party on or prior to the Outside Date, to extend the Outside Date on no more than three occasions by a period of 30 days, provided that in the aggregate such extensions shall not exceed 90 days from the initially scheduled Outside Date; provided further that, notwithstanding the foregoing, a Party shall not be permitted to extend the Outside Date if the failure to satisfy the condition set forth above is primarily the result of the breach by such Party of its representations and warranties set forth in the Purchase Agreement or such Party's failure to comply with its covenants therein, or (ii) such later date as may be agreed to in writing by the Company and the Purchaser;

"**Party**" means the Company or the Purchaser.

"**Party B**" has the meaning ascribed to it under the heading "*Background to the Sale Transaction – Sale Transaction*".

"**Person**" means any individual, partnership, limited partnership, association, body corporate, organization, joint venture, trust, estate, trustee, executor, administrator, legal representative, government (including governmental authority), syndicate or other entity, whether or not having legal status.

"**POL**" has the meaning ascribed to it under the heading "*Voting Securities and Principal Holders of Voting Securities*".

"**Purchase Agreement**" means the purchase agreement dated February 7, 2021 between the Company and the Purchaser.

"**Purchase Price**" has the meaning ascribed to it under the heading "*The Purchase Agreement – Purchase Price*".

"**Purchased Assets**" has the meaning ascribed to it under the heading "*The Purchase Agreement – Purchased Assets*".

"**Purchaser**" means SC Coffee Canada Inc. (formerly, 12456702 Canada Inc.), a corporation existing under the laws of Canada.

"**Record Date**" means March 8, 2021.

"**Registered Common Shareholder**" has the meaning ascribed to it under the heading "*The Meeting – How to Vote*".

"**Representatives**" has the meaning ascribed to it under the heading "*The Purchase Agreement – Covenants Regarding Non-Solicitation – No Solicitation*".

"**Required Lender Consent**" means the consent to the Sale Transaction of Canadian Western Bank under the revolving loan and security agreement dated December 7, 2020 between the Company and Canadian Western Bank.

"**Restricted Cash**" means cash amounts in certain accounts of the Company representing (i) deposits from franchisees for construction or renovation costs, and (ii) the Advertising Fund.

"**Retail Employees**" means employees of the Company working at the Company-Operated Cafés.

"**Reverse Termination Fee**" has the meaning ascribed to it under the heading "*The Purchase Agreement – Termination Fee – Reverse Termination Fee*".

"**ROFR Lease**" has the meaning ascribed to it under the heading "*Ancillary Agreements – ROFR Agreement*".

"**ROFR Site**" has the meaning ascribed to it under the heading "*Ancillary Agreements – ROFR Agreement*".

"**Sale Transaction**" means the purchase and sale of the Second Cup Business pursuant to the terms of the Purchase Agreement.

"**Second Cup Business**" means the business of the Company selling specialty coffee and related products identified by the "Second Cup Coffee Co." brand through directly-owned and franchised operations.

"**Second Cup Lease Liabilities**" has the meaning ascribed to it under the heading "*Background to the Sale Transaction – COVID-19 Pandemic*".

"**Superior Proposal**" means an *bona fide* written Acquisition Proposal from an arm's length third party other than the Purchaser (or an Affiliate of the Purchaser or any Person acting jointly or in concert with the Purchaser or an Affiliate thereof) made after the date of the Purchase Agreement, provided that the Board has first determined in good faith that (a) the funds or other consideration necessary to complete the Acquisition Proposal are or are reasonably likely to be available to fund completion of the Acquisition Proposal; (b) after consultation with its financial advisor(s), if any, would or would be reasonably likely to, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction that is more favourable, from a financial point of view, to the Company than the Sale Transaction (including taking into account any modifications to the Purchase Agreement

proposed by the Purchaser as contemplated by Section 10.5 thereof); and (C) after consultation with its financial advisor(s), if any, and legal counsel, is reasonably capable of being consummated in accordance with its terms without undue delay, taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal.

"**Superior Proposal Notice**" has the meaning ascribed to it under the heading "*The Purchase Agreement – Covenants Regarding Non-Solicitation – Right to Match*".

"**Supporting Shareholders**" has the meaning ascribed to it under the heading "*Ancillary Agreements – Voting Agreements"*.

"**Termination Fee**" has the meaning ascribed to it under the heading "*The Purchase Agreement – Termination Fee and Reverse Termination Fee –Termination Fee*".

"**Transaction Resolution**" means the special resolution approving the Sale Transaction to be considered at the Meeting by the Common Shareholders.

"**Transferred Employees**" means the Retail Employees and those other employees of the Company who have accepted the Purchaser's offer of employment made to them prior to Closing in accordance with the terms of the Purchase Agreement.

"**Voting Agreements**" has the meaning ascribed to it under the heading "*The Purchase Agreement – Ancillary Agreements – Voting Agreements"*.

SCHEDULE B
TRANSACTION RESOLUTION

BE IT RESOLVED THAT:

1. The sale of Aegis Brands Inc.'s (the "**Company**") business selling specialty coffee and related products identified by the Second Cup Coffee Co. brand through directly-owned and franchised operations currently carried on by the Company which may be a sale of substantially all of the assets of the Company (the "**Transaction**"), as more particularly described and set forth in the management information circular of the Company dated March 9, 2021 accompanying the notice of meeting as the Transaction may be amended, modified or supplemented in accordance with the asset purchase agreement made as of February 7, 2021, (as may be subsequently amended, supplemented or otherwise modified, the "**Purchase Agreement**") between the Company and SC Coffee Canada Inc. (formerly, 12456702 Canada Inc.), is hereby authorized, approved and adopted.

2. The (i) Purchase Agreement and all the transactions contemplated therein, (ii) actions of the directors of the Company in approving the Purchase Agreement and (iii) actions of the directors and officers of the Company in executing and delivering the Purchase Agreement, and any amendments, modifications or supplements thereto, and causing the performance by the Company of its obligations thereunder, are hereby ratified and approved.

3. Notwithstanding that this resolution has been passed (and the Transaction adopted) by the holders of common shares of the Company, the directors of the Company are hereby authorized and empowered to, at their discretion, without notice to or approval of the shareholders of the Company: (i) amend, modify or supplement the Purchase Agreement to the extent permitted by the Purchase Agreement; and (ii) subject to the terms of the Purchase Agreement, not to proceed with the Transaction and related transactions.

4. Any officer or director is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such person determines may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

* * * * *

SCHEDULE C
SECTION 185 OF THE OBCA

Rights of dissenting shareholders

185 (1) Subject to subsection (3) and to sections 186 and 248, if a corporation resolves to,

amend its articles under section 168 to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation;

amend its articles under section 168 to add, remove or change any restriction upon the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise;

amalgamate with another corporation under sections 175 and 176;

be continued under the laws of another jurisdiction under section 181; or

Note: On a day to be named by proclamation of the Lieutenant Governor, subsection 185 (1) of the Act is amended by striking out "or" at the end of clause (d) and by adding the following clauses: (See: 2017, c. 20, Sched. 6, s. 24)

(d.1) be continued under the Co-operative Corporations Act under section 181.1;

(d.2) be continued under the Not-for-Profit Corporations Act, 2010 under section 181.2; or

sell, lease or exchange all or substantially all its property under subsection 184 (3),

a holder of shares of any class or series entitled to vote on the resolution may dissent. R.S.O. 1990, c. B.16, s. 185 (1).

Idem

(2) If a corporation resolves to amend its articles in a manner referred to in subsection 170 (1), a holder of shares of any class or series entitled to vote on the amendment under section 168 or 170 may dissent, except in respect of an amendment referred to in,

clause 170 (1) (a), (b) or (e) where the articles provide that the holders of shares of such class or series are not entitled to dissent; or

subsection 170 (5) or (6) R.S.O. 1990, c. B.16, s. 185 (2).

One class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares. 2006, c. 34, Sched. B, s. 35.

Exception

(3) A shareholder of a corporation incorporated before the 29th day of July, 1983 is not entitled to dissent under this section in respect of an amendment of the articles of the corporation to the extent that the amendment,

amends the express terms of any provision of the articles of the corporation to conform to the terms of the provision as deemed to be amended by section 277; or

deletes from the articles of the corporation all of the objects of the corporation set out in its articles, provided that the deletion is made by the 29th day of July, 1986. R.S.O. 1990, c. B.16, s. 185 (3).

Shareholder's right to be paid fair value

(4) In addition to any other right the shareholder may have, but subject to subsection (30), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents becomes effective, to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted. R.S.O. 1990, c. B.16, s. 185 (4).

No partial dissent

(5) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the dissenting shareholder on behalf of any one beneficial owner and registered in the name of the dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (5).

Objection

(6) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent. R.S.O. 1990, c. B.16, s. 185 (6).

Idem

(7) The execution or exercise of a proxy does not constitute a written objection for purposes of subsection (6). R.S.O. 1990, c. B.16, s. 185 (7).

Notice of adoption of resolution

(8) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (6) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn the objection. R.S.O. 1990, c. B.16, s. 185 (8).

Idem

(9) A notice sent under subsection (8) shall set out the rights of the dissenting shareholder and the procedures to be followed to exercise those rights. R.S.O. 1990, c. B.16, s. 185 (9).

Demand for payment of fair value

(10) A dissenting shareholder entitled to receive notice under subsection (8) shall, within twenty days after receiving such notice, or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing,

the shareholder's name and address;

the number and class of shares in respect of which the shareholder dissents; and

a demand for payment of the fair value of such shares. R.S.O. 1990, c. B.16, s. 185 (10).

Certificates to be sent in

(11) Not later than the thirtieth day after the sending of a notice under subsection (10), a dissenting shareholder shall send the certificates, if any, representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent. R.S.O. 1990, c. B.16, s. 185 (11); 2011, c. 1, Sched. 2, s. 1 (9).

Idem

(12) A dissenting shareholder who fails to comply with subsections (6), (10) and (11) has no right to make a claim under this section. R.S.O. 1990, c. B.16, s. 185 (12).

Endorsement on certificate

(13) A corporation or its transfer agent shall endorse on any share certificate received under subsection (11) a notice that the holder is a dissenting shareholder under this section and shall return forthwith the share certificates to the dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (13).

Rights of dissenting shareholder

(14) On sending a notice under subsection (10), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shares as determined under this section except where,

the dissenting shareholder withdraws notice before the corporation makes an offer under subsection (15);

the corporation fails to make an offer in accordance with subsection (15) and the dissenting shareholder withdraws notice; or

the directors revoke a resolution to amend the articles under subsection 168 (3), terminate an amalgamation agreement under subsection 176 (5) or an application for continuance under subsection 181 (5), or abandon a sale, lease or exchange under subsection 184 (8),

in which case the dissenting shareholder's rights are reinstated as of the date the dissenting shareholder sent the notice referred to in subsection (10). R.S.O. 1990, c. B.16, s. 185 (14); 2011, c. 1, Sched. 2, s. 1 (10).

Same

(14.1) A dissenting shareholder whose rights are reinstated under subsection (14) is entitled, upon presentation and surrender to the corporation or its transfer agent of any share certificate that has been endorsed in accordance with subsection (13),

(a) to be issued, without payment of any fee, a new certificate representing the same number, class and series of shares as the certificate so surrendered; or

(b) if a resolution is passed by the directors under subsection 54 (2) with respect to that class and series of shares, to be issued the same number, class and series of uncertificated shares as represented by the certificate so surrendered, and

to be sent the notice referred to in subsection 54 (3). 2011, c. 1, Sched. 2, s. 1 (11).

Same

(14.2) A dissenting shareholder whose rights are reinstated under subsection (14) and who held uncertificated shares at the time of sending a notice to the corporation under subsection (10) is entitled,

(c) to be issued the same number, class and series of uncertificated shares as those held by the dissenting shareholder at the time of sending the notice under subsection (10); and

to be sent the notice referred to in subsection 54 (3). 2011, c. 1, Sched. 2, s. 1 (11).

Offer to pay

(15) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (10), send to each dissenting shareholder who has sent such notice,

a written offer to pay for the dissenting shareholder's shares in an amount considered by the directors of the corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined; or

if subsection (30) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares. R.S.O. 1990, c. B.16, s. 185 (15).

Idem

(16) Every offer made under subsection (15) for shares of the same class or series shall be on the same terms. R.S.O. 1990, c. B.16, s. 185 (16).

Idem

(17) Subject to subsection (30), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (15) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made. R.S.O. 1990, c. B.16, s. 185 (17).

Application to court to fix fair value

(18) Where a corporation fails to make an offer under subsection (15) or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as the court may allow, apply to the court to fix a fair value for the shares of any dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (18).

Idem

(19) If a corporation fails to apply to the court under subsection (18), a dissenting shareholder may apply to the court for the same purpose within a further period of twenty days or within such further period as the court may allow. R.S.O. 1990, c. B.16, s. 185 (19).

Idem

(20) A dissenting shareholder is not required to give security for costs in an application made under subsection (18) or (19). R.S.O. 1990, c. B.16, s. 185 (20).

Costs

(21) If a corporation fails to comply with subsection (15), then the costs of a shareholder application under subsection (19) are to be borne by the corporation unless the court otherwise orders. R.S.O. 1990, c. B.16, s. 185 (21).

Notice to shareholders

(22) Before making application to the court under subsection (18) or not later than seven days after receiving notice of an application to the court under subsection (19), as the case may be, a corporation shall give notice to each dissenting shareholder who, at the date upon which the notice is given,

has sent to the corporation the notice referred to in subsection (10); and

has not accepted an offer made by the corporation under subsection (15), if such an offer was made,

of the date, place and consequences of the application and of the dissenting shareholder's right to appear and be heard in person or by counsel, and a similar notice shall be given to each dissenting shareholder who, after the date of such first mentioned notice and before termination of the proceedings commenced by the application, satisfies the conditions set out in clauses (a) and (b) within three days after the dissenting shareholder satisfies such conditions. R.S.O. 1990, c. B.16, s. 185 (22).

Parties joined

(23) All dissenting shareholders who satisfy the conditions set out in clauses (22) (a) and (b) shall be deemed to be joined as parties to an application under subsection (18) or (19) on the later of the date upon which the application is brought and the date upon which they satisfy the conditions, and shall be bound by the decision rendered by the court in the proceedings commenced by the application. R.S.O. 1990, c. B.16, s. 185 (23).

Idem

(24) Upon an application to the court under subsection (18) or (19), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall fix a fair value for the shares of all dissenting shareholders. R.S.O. 1990, c. B.16, s. 185 (24).

Appraisers

(25) The court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders. R.S.O. 1990, c. B.16, s. 185 (25).

Final order

(26) The final order of the court in the proceedings commenced by an application under subsection (18) or (19) shall be rendered against the corporation and in favour of each dissenting shareholder who, whether before or after the date of the order, complies with the conditions set out in clauses (22) (a) and (b). R.S.O. 1990, c. B.16, s. 185 (26).

Interest

(27) The court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment. R.S.O. 1990, c. B.16, s. 185 (27).

Where corporation unable to pay

(28) Where subsection (30) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (26), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares. R.S.O. 1990, c. B.16, s. 185 (28).

Idem

(29) Where subsection (30) applies, a dissenting shareholder, by written notice sent to the corporation within thirty days after receiving a notice under subsection (28), may,

withdraw a notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder's full rights are reinstated; or

retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders. R.S.O. 1990, c. B.16, s. 185 (29).

Idem

(30) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that,

the corporation is or, after the payment, would be unable to pay its liabilities as they become due; or

the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities. R.S.O. 1990, c. B.16, s. 185 (30).

Court order

(31) Upon application by a corporation that proposes to take any of the actions referred to in subsection (1) or (2), the court may, if satisfied that the proposed action is not in all the circumstances one that should give rise to the rights arising under subsection (4), by order declare that those rights will not arise upon the taking of the proposed action, and the order may be subject to compliance upon such terms and conditions as the court thinks fit and, if the corporation is an offering corporation, notice of any such application and a copy of any order made by the court upon such application shall be served upon the Commission. 1994, c. 27, s. 71 (24).

Commission may appear

(32) The Commission may appoint counsel to assist the court upon the hearing of an application under subsection (31), if the corporation is an offering corporation. 1994, c. 27, s. 71 (24)

QUESTIONS? NEED HELP VOTING?

CONTACT US

North American Toll Free Phone

1.866.851.2638

E-mail: contactus@kingsdaleadvisors.com

Fax: 416.867.2271

Toll Free Facsimile: 1.866.545.5580

Outside North America, Banks and Brokers

Call Collect: 416.867.2272

KINGSDALE Advisors