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**NOTICE OF 2019 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**  
**AND**  
**MANAGEMENT PROXY CIRCULAR**

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November 13, 2019

## **GOODFOOD MARKET CORP.**

### **NOTICE OF 2019 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

Montréal, Québec, November 13, 2019

Notice is hereby given that an annual and special meeting of shareholders (the “Meeting”) of Goodfood Market Corp. (the “Company”) will be held at the offices of Fasken Martineau DuMoulin LLP, at 800 Rue du Square-Victoria, Suite 3700, in Montréal, Québec, Canada, on Wednesday, January 8, 2020, at 10:00 a.m. (Montréal time) for the following purposes:

1. to receive the Audited Consolidated Financial Statements of the Company for the fiscal year ended August 31, 2019 and the auditor’s report thereon;
2. to elect directors;
3. to appoint auditors and authorize the directors to fix their remuneration;
4. to consider, and if deemed advisable, pass an ordinary resolution authorizing the increase of the amount of Options and other awards, and shares issuable pursuant to the exercise of Options or other awards, available for issuance under the Stock Option Plan or any other security-based compensation arrangement of the Company, the whole as set forth in Annex C of this Management Proxy Circular; and
5. to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The Management Proxy Circular and proxy form for the Meeting are enclosed with this Notice.

If you do not expect to be present at the Meeting in person, please complete, date and sign the accompanying proxy form and return it in the envelope enclosed or by fax or otherwise vote by the Internet by following the instructions on the accompanying proxy form.

Proxies submitted by mail, fax or Internet must be received by our transfer agent, TSX Trust, by 10:00 a.m. (Montréal time) on Monday, January 6, 2020. Shareholders who miss the Internet proxy return deadline may submit a paper or faxed proxy which must be received by the Corporate Secretary of the Company prior to the Meeting or any adjournment or postponement thereof.

Only persons shown on the register of shareholders at the close of business on Friday, November 29, 2019, or their proxy holders, will be entitled to attend the Meeting and vote.

By order of the Board of Directors,

(s) Philippe Adam

Philippe Adam  
Chief Financial Officer

## MANAGEMENT PROXY CIRCULAR

This Management Proxy Circular is provided in relation to the solicitation of proxies by the management of Goodfood Market Corp. (“we”, “us”, “our”, “Goodfood” and the “Company”) for use at the annual and special meeting of shareholders (the “Meeting”) of the Company to be held on Wednesday, January 8, 2020 and at any adjournment or postponement thereof. Unless otherwise indicated, the information provided in this Management Proxy Circular is provided as of Wednesday, November 13, 2019, and all currency amounts are shown in Canadian dollars.

### PROXY MATTERS AND VOTING INFORMATION

#### Solicitation of Proxies

The solicitation of proxies will be made primarily by mail. Proxies may also be solicited by email, by telephone or in person. Employees, officers, directors or agents of the Company will solicit the proxies. The Company does not expect to pay any compensation for the solicitation of proxies and the Company will bear all expenses in connection with the solicitation of proxies. The Company has not retained the services of any third party to solicit proxies. Should it decide to do so, the fees payable to the proxy solicitor are expected to be nominal.

#### Appointment and Revocation of Proxyholders

The persons whose appointment to act under the proxy form solicited by the management of the Company are directors of the Company. **Every shareholder has the right to appoint some other person or company of their choice (who need not be a shareholder) to attend and act on their behalf at the Meeting, or any adjournment or postponement thereof, and may do so by inserting such other proxyholder’s name in the blank space provided for that purpose in the proxy form.** The proxy form or Internet voting are the only voting options for shareholders who wish to appoint a person as proxy other than the nominees named on the proxy form.

A proxy may be revoked at any time by the person giving it to the extent that it has not yet been exercised. A proxy may be revoked by filing a written notice with the Corporate Secretary of the Company at any time up to and including the last day preceding the day of the Meeting, or any adjournment or postponement thereof. The powers of the proxyholders may also be revoked if the shareholder attends the Meeting in person and so requests.

The persons whose names are printed on the proxy form will vote all the shares in respect of which they are appointed to act in accordance with the instructions given on the proxy form. **In the absence of a specified choice in relation to any matter to be voted on at the Meeting, or if more than one choice is indicated, the shares represented by the proxy form will be voted FOR the matter in question.**

Every proxy given to any person in the proxy form that accompanies the Notice of Meeting will confer discretionary authority with respect to amendments or variations to the items of business identified in the Notice of Meeting and with respect to any other matters that may properly come before the Meeting.

## **Notice and Access**

The Company has elected not to use the notice and access procedures under applicable securities legislation to send the proxy related materials to registered shareholders and beneficial owners of the Company's common shares (the "Common Shares").

## **Voting Procedures**

### ***Registered Shareholders***

You are a "registered shareholder" if you have a share certificate or Direct Registration System (DRS) advice issued in your name and as a result, have your name shown on Goodfood's register of shareholders kept by our transfer agent, TSX Trust.

If you are a registered shareholder, you can vote your shares by attending the Meeting in person by appointing someone else as proxyholder to attend the Meeting and vote your Common Shares for you, by completing your proxy form and returning it by mail, hand or fax delivery in accordance with the instructions set forth therein, or by Internet by visiting the website shown on your proxy form (refer to your control number shown on your proxy form) and following the online voting instructions.

### ***Non-Registered Shareholders (Beneficial Owners)***

You are a "non-registered shareholder" or "beneficial owner" if your shares are held on your behalf through an intermediary or nominee (for example, a bank, trust company, securities broker, clearing agency or other institution).

Under applicable securities legislation, a beneficial owner of securities is a "non-objecting beneficial owner" (or "NOBO") if such beneficial owner has or is deemed to have provided instructions to the intermediary holding the securities on such beneficial owner's behalf not objecting to the intermediary disclosing ownership information about the beneficial owner in accordance with said legislation, and a beneficial owner is an "objecting beneficial owner" (or "OBO") if such beneficial owner has or is deemed to have provided instructions objecting to same.

If you are a NOBO, the Company has sent these materials directly to you, and your name and address and information about your holdings of Common Shares have been obtained in accordance with applicable securities legislation from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. The voting instruction form that is sent to NOBOs contains an explanation as to how you can exercise the voting rights attached to your Common Shares, including how to attend and vote directly at the Meeting. Please provide your voting instructions as specified in the enclosed voting instruction form.

If you are an OBO, you received these materials from your intermediary or its agent (such as Broadridge), and your intermediary is required to seek your instructions as to the manner in which to exercise the voting rights attached to your Common Shares. The Company has agreed to pay for intermediaries to deliver to OBOs the proxy-related materials and the relevant voting instruction form. The voting instruction form that is sent to an OBO by the intermediary or its agent should contain an explanation as to how you can exercise the voting rights attached to your Common Shares, including how to attend and vote directly at the Meeting. Please provide your voting instructions to your intermediary as specified in the enclosed voting instruction form.

## Voting Shares

Each holder of Common Shares is entitled to one vote per share. As at November 13, 2019, 58,144,400 Common Shares were issued and outstanding. Only persons shown on the register of Common Shares at the close of business on Friday, November 29, 2019 (the “Record Date”), or their proxyholders, will be entitled to attend the Meeting and vote.

Proxies submitted by mail or Internet must be received by TSX Trust by 10:00 a.m. (Montréal time) on Monday, January 6, 2020. Shareholders who miss the Internet proxy return deadline may submit a paper proxy which must be received by the Corporate Secretary of the Company prior to the Meeting or any adjournment or postponement thereof. Note that if you are an OBO, your intermediary will need your voting instructions sufficiently in advance of this deadline to enable your intermediary to act on your instructions prior to the deadline. See “Voting Procedures - Non-Registered Shareholders (Beneficial Owners)”.

## Principal Shareholders

The following table shows the names of the persons who, as at November 13, 2019, to our knowledge, beneficially own, control or direct, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of our voting securities:

| <b>Name of Shareholder</b>      | <b>Number of Common Shares</b> | <b>% of Total Voting Rights</b> |
|---------------------------------|--------------------------------|---------------------------------|
| Jonathan Ferrari <sup>(1)</sup> | 10,795,644 <sup>(2)</sup>      | 18.57%                          |
| Neil Cuggy <sup>(3)</sup>       | 10,795,644 <sup>(4)</sup>      | 18.57%                          |
| Hamnett Hill <sup>(5)</sup>     | 8,033,571 <sup>(6)</sup>       | 13.82%                          |

(1) Jonathan Ferrari is the Chairman and Chief Executive Officer of the Company.

(2) Beneficially owned by Jonathan Ferrari, of which 795,644 Common Shares are held of record by him and 10,000,000 Common Shares are held of record by 10259209 Canada Inc., Mr. Ferrari exercises control over the Common Shares held by 10259209 Canada Inc.

(3) Neil Cuggy is the President and Chief Operating Officer of the Company.

(4) Beneficially owned by Neil Cuggy, of which 795,644 Common Shares are held of record by him and 10,000,000 Common Shares are held of record by 10259136 Canada Inc., Mr. Cuggy exercises control over the Common Shares held by 10259136 Canada Inc.

(5) Hamnett Hill is a director of the Company.

(6) 8,033,571 Common Shares held of record by edō Capital Inc., Mr. Hill exercises control over the Common Shares held by edō Capital Inc.

## **BUSINESS TO BE TRANSACTED AT THE MEETING**

The following items of business will be presented to the shareholders at the Meeting:

### **1. Presentation of the Audited Consolidated Financial Statements**

The Audited Consolidated Financial Statements of the Company for the fiscal year ended August 31, 2019 (“Fiscal 2019”) and the auditor’s report thereon will be presented at the Meeting but will not be subject to a vote.

### **2. Election of Directors**

Six directors are to be elected to hold office until the close of the next annual meeting of shareholders or until their successor is elected or appointed. Each of the persons presented under “Proposed Nominees for Election as Directors” in this Management Proxy Circular is proposed to be nominated as a director of the Company and each nominee has agreed to serve as a director if elected.

**The persons named as proxies in the proxy form intend to cast the votes represented by proxy at the Meeting FOR the election as directors of the five persons nominated in this Management Proxy Circular unless shareholders direct otherwise.**

### **3. Appointment of Auditors**

The Board of Directors recommends that KPMG LLP, Chartered Professional Accountants, be appointed as the auditors of the Company to hold office until the next annual meeting of shareholders or until their successors are appointed. KPMG LLP were first appointed as auditors to Goodfood Market Inc., the Company’s predecessor on March 18, 2017 and became the auditors of the Company effective following the close of Goodfood Market Inc.’s reverse take-over of Mira VII Acquisition Corp. on June 1, 2017 (the “RTO”).

**The persons named as proxies in the proxy form intend to cast the votes represented by proxy at the Meeting FOR the appointment of KPMG LLP as auditors and to vote to authorize the directors to fix the remuneration of the auditors unless shareholders direct otherwise.**

### **4. Option Plan Resolution**

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, pass a resolution in the form annexed as Annex C to this Management Proxy Circular (the “Option Plan Ordinary Resolution”), authorizing the increase in the number of Options or other awards, and the number of shares issuable pursuant to the exercise of such Options or other awards, available for issuance under the Stock Option Plan or any other equity incentive plans of the Company from 7.5% to 10% of the Company’s issued and outstanding Common Shares (the “Option Pool Increase”). To be adopted, the Option Plan Ordinary Resolution must be approved by a majority of the votes cast by the Shareholders present at the meeting or represented by proxy.

The Stock Option Plan is intended to attract and retain personnel and to provide an incentive to participate in the long-term development of the Company. As a result of the growth of the

Company and the increasing need to attract and retain personnel, only 384,133 Common Shares remain available for issuance under the Stock Option Plan as at November 13, 2019. The Board of Directors considers the proposed amendment as a way of ensuring that the Board of Directors continues to have the flexibility to grant options pursuant to the Stock Option Plan as required in order to serve the purposes referenced above.

**The persons named as proxies in the proxy form intend to cast the votes represented by proxy at the Meeting FOR the confirmation and approval of the Option Pool Increase, the whole as set forth in the resolution annexed as Annex C to this Management Proxy Circular unless shareholders direct otherwise.**

If the resolution is not passed at the Meeting, the Option Pool Increase will not occur. Consequently, the number of Options, and the number of shares issuable pursuant to the exercise of Option, available for issuance under the Stock Option Plan will remain at 7.5% of the Company's issued and outstanding Common Shares.

## **5. Other Business to be Transacted at the Meeting**

Management of the Company is not aware of any matter to be submitted at the Meeting other than the matters set forth in the Notice of Meeting.

## **PROPOSED NOMINEES FOR ELECTION AS DIRECTORS**

### **Information on Proposed Nominees**


The persons whose names are printed in the proxy form intend to vote FOR the election as directors of each of the proposed nominees set forth below. Each such candidate was proposed based on the recommendation of the Governance, Human Resources and Compensation Committee (the "GHRC Committee") and for election as a director. Each director elected will hold office until the next annual meeting of shareholders or until that director's successor is duly elected or appointed, unless the office is earlier vacated. By filling in the proxy form, shareholders may vote for all directors or choose to withhold their vote from some or all of the directors proposed for election.

We have adopted a Majority Voting Policy whereby proxy forms for shareholders' meetings at which directors are to be elected will enable the shareholder to vote for or to withhold from voting for each individual nominee. If, with respect to any particular nominee, the number of votes withheld exceeds the number of votes for the nominee, then, for the purpose of this policy, the nominee will be considered not to have received the confidence and support of the shareholders, even though duly elected as a matter of corporate law. A person elected as a director who is considered for the purpose of this policy not to have received the confidence and support of the shareholders is required to immediately tender his or her resignation as a director, to be effective on acceptance by the Board of Directors. The Board of Directors will consider the tendered resignation and disclose by news release its decision whether or not to accept that resignation and the reasons for its decision no later than 90 days after the date of the relevant shareholders' meeting. The Board of Directors will accept the tendered resignation, absent exceptional circumstances. In considering whether or not to accept the tendered resignation, the Board of Directors will consider all factors that it deems in its discretion to be relevant,

including, without limitation, any stated reasons why shareholders withheld votes for election of such director, the length of service and qualifications of the director whose resignation has been tendered, the director's contribution to the Company and the Company's corporate governance policies.

The tables below identify each of the proposed nominees; their principal occupation; their province or state, and country of residence; their age; the year when the person first became a director of the Company; whether the candidate has been determined by the Board of Directors to be independent of, or related to, the Company; their Board of Directors and Committee memberships and attendance record; other public company board memberships; the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, the number of stock options ("Options") of the Company (see "Executive Compensation - Stock Option Plan"), with all such securities ownership information provided by each of the candidates as at November 13, 2019; and whether the candidate complies with the Company's share ownership guidelines.

JONATHAN FERRARI



Mr. Ferrari is Co-Founder and Chief Executive Officer of Goodfood. After graduating with honors from McGill University, Mr. Ferrari joined RBC’s investment banking team in Montréal in 2010, advising retailers on mergers and acquisitions, capital raises and strategic partnerships. He co-founded MTL Capital LLC in 2013, a privately held entrepreneurial investment firm and in 2014 he co-founded Goodfood. In 2017, Mr. Ferrari was named one of Canada’s Top 40 Under 40. This national award celebrates the exceptional achievements of Canadians in leadership, innovation and community involvement. In 2018, Mr. Ferrari was named EY young entrepreneur of the year. Mr. Ferrari is a Montréal native.

|   |                               |                                   |      |  |
|---|-------------------------------|-----------------------------------|------|--|
| Québec, Canada<br>Age: 31<br>Director since: 2017<br>2019 votes for: 99.980%<br>Not Independent | Board/Committee Membership    | Attendance Record for Fiscal 2019 |      | Other Public Company Board Memberships |
|   | Board of Directors (Chairman) | 7 of 7                            | 100% | -                                      |

Securities Held

|               |                           |                                  |                              |
|---------------|---------------------------|----------------------------------|------------------------------|
| As at         | Common Shares             | Total Market Value of Securities | Meets Share Ownership Target |
| Nov. 13, 2019 | 10,795,664 <sup>(1)</sup> | \$33,682,409                     | Yes                          |

Options Held

|                   |            |                     |                       |
|-------------------|------------|---------------------|-----------------------|
| Date Granted      | Number (#) | Exercise Price (\$) | Total Unexercised (#) |
| June 1, 2017      | 50,000     | \$2.00              | 44,681                |
| August 23, 2017   | 128,205    | \$1.56              | 96,154                |
| September 1, 2018 | 500,000    | \$2.55              | 500,000               |

(1) 795,664 Common Shares held beneficially and of record by Jonathan Ferrari and 10,000,000 Common Shares held of record by 10259209 Canada Inc., Mr. Ferrari exercises control over the Common Shares held by 10259209 Canada Inc.



## NEIL CUGGY



Mr. Cuggy is Co-Founder, President and Chief Operating Officer of Goodfood. Mr. Cuggy's previous experience includes co-founding in 2013 and leading an entrepreneurial investment firm called MTL Capital LLC, a privately held entrepreneurial investment firm, and in 2014, he co-founded Goodfood. Before founding MTL Capital and Goodfood, Mr. Cuggy worked in the Investment Banking division of RBC Capital Markets from 2010 to 2012 where he worked on multiple mergers and acquisitions, equity financings and debt financings. He is a Montréal native who comes from a long line of entrepreneurs. In 2018, Mr. Cuggy was named EY young entrepreneur of the year and he graduated first class honors with distinction from McGill University where he received a Bachelor of Commerce degree in Investment Management.

|   |                            |                                      |                                     |   |
|---|----------------------------|--------------------------------------|-------------------------------------|---|
| Québec, Canada<br>Age: 31<br>Director since: 2017<br>2019 votes for: 99.983%<br>Not Independent | Board/Committee Membership | Attendance Record for Fiscal<br>2019 |                                     | Other Public Company<br>Board Memberships |
|   | Board of Directors         | 7 of 7                               | 100%                                | -   |
| Securities Held   |                            |                                      |                                     |   |
| As at   | Common Shares              |                                      | Total Market Value<br>of Securities | Meets Share<br>Ownership Target           |
| Nov. 13, 2019   | 10,795,664 <sup>(1)</sup>  |                                      | \$33,682,409                        | Yes                                       |
| Options Held  |                            |                                      |                                     |   |
| Date Granted  | Number (#)                 | Exercise Price (\$)                  | Total Unexercised (#)               |   |
| June 1, 2017  | 50,000                     | \$2.00                               | 44,681                              |   |
| August 23, 2017   | 128,205                    | \$1.56                               | 96,154                              |   |
| September 1, 2018   | 500,000                    | \$2.55                               | 500,000                             |   |

- (1) 795,664 Common Shares held beneficially and of record by Neil Cuggy and 10,000,000 Common Shares held of record by 10259136 Canada Inc., Mr. Cuggy exercises control over the Common Shares held by 10259136 Canada Inc.

## HAMNETT HILL



Hamnett Hill is a director of Goodfood Market Corp. and has spent 25 years building and leading companies that make technology work for everyday consumers. Mr. Hill is currently partner at Diagram Ventures, a leading venture builder in the financial, insurance and healthcare sectors. As co-founder and Chief Executive Officer of Smooch.io until May 2019, Mr. Hill has worked to humanize the relationships between businesses and consumers by bringing the power of B2C messaging to businesses and software vendors, making it easy for consumers to have rich messaging conversations with companies from wherever they are. In June 2019, Mr. Hill joined Diagram Ventures as a partner and has since become a member of the board of directors of Breathe Life, one of its portfolio companies. Mr. Hill is also an active technology angel investor, with investments in companies such as BlockStream, AppDirect and MixGenius (Landr.com). He is a director of Humanitarian U, an online university that prepares first responders for humanitarian disasters around the world, in concert with partners such as the World Health Organization. Engaging his passion for food and food systems, Mr. Hill is the founder and principal of edō Capital, a private equity firm for early-stage, innovative food businesses and technologies that contribute to a healthier and more sustainable future. He is also Chairman of the edō Foundation, a charitable organization devoted to increasing awareness and education about sustainable food issues. Mr. Hill's companies and teams have been honored with numerous awards, including the Profit 100 Fastest Growing Canadian Companies, Canada's 50 Best Managed Companies, Canada's Top 100 Employers, Canada's Top 40 Under 40, and Ernst & Young Entrepreneur of the Year, among others.

| Québec, Canada<br>Age: 48<br>Director since: 2017<br>2019 votes for: 99.998%<br>Independent | Board/Committee Membership    |  | Attendance Record for Fiscal 2019 |      | Other Public Company Board Memberships |
|---|-------------------------------|--|-----------------------------------|------|--|
|   | Board of Directors            |  | 7 of 7                            | 100% | -                                      |
|   | Audit Committee               |  | 4 of 4                            | 100% |  |
|   | GHRC Committee <sup>(1)</sup> |  | -                                 | -    |  |

### Securities Held

| As at         | Common Shares            | Total Market Value of Securities | Meets Share Ownership Target |
|---------------|--------------------------|----------------------------------|------------------------------|
| Nov. 13, 2019 | 8,033,571 <sup>(2)</sup> | \$25,064,742                     | Yes                          |

### Options Held

| Date Granted       | Number (#) | Exercise Price (\$) | Total Unexercised (#) |
|--------------------|------------|---------------------|-----------------------|
| August 23, 2017    | 25,000     | \$1.56              | 25,000                |
| September 1, 2018  | 25,000     | \$2.55              | 25,000                |
| September 17, 2019 | 25,000     | \$2.97              | 25,000                |

(1) The GHRC Committee did not formally meet in Fiscal 2019, however members of the GHRC Committee were present at meetings of the Board of Directors to review and make recommendations with respect to matters under the purview of the GHRC Committee. The GHRC Committee met on September 4, 2019 to, amongst other things, (i) review the Fiscal 2019 performance of the Company; (ii) to review the Fiscal 2019 performance of certain NEOs and recommend that the Board of Directors approve the short-term incentives paid to certain NEOs; and (iii) review and recommend that the Board of Directors approve management's Fiscal 2020 compensation proposal for the NEOs.

(2) 8,033,571 Common Shares held of record by edō Capital Inc., Mr. Hill exercises control over the Common Shares held by edō Capital Inc.

## DONALD OLDS



Donald Olds is a director of Goodfood Market Corp. and was the President and Chief Executive Officer of the NEOMED Institute from January 2017 to May, 2019. Prior to joining the NEOMED Institute he was the Chief Operating Officer of Telesta Therapeutics Inc. a TSX-listed biotechnology company from 2014 to 2016; in October 2016, he led the process that resulted in the successful sale of Telesta to a larger public biotechnology company. Prior to Telesta, he was President and Chief Executive Officer of Presagia Corp., a private software development company from 2011 to 2013. Before joining Presagia, he worked for almost 9 years as Chief Financial Officer and Chief Operating Officer of Aegera Therapeutics. Prior to Aegera, Mr. Olds was Chief Financial Officer of Mediatrix Telecom from 2000 to 2002 and led the technology investment banking practice of TD Securities in Québec from 1997 to 2002. Mr. Olds is currently Chairman of Aifred Health Inc. and a director of Acasti Pharma Inc., Oxfam Québec and Presagia Corp. He holds an MBA (Finance & Strategy) and M.Sc. (Renewable Resources) from McGill University.

|   |                                       |                     |                                      |                                     |   |
|---|---------------------------------------|---------------------|--------------------------------------|-------------------------------------|---|
| Québec, Canada<br>Age: 59<br>Director since: 2017<br>2019 votes for: 99.995%<br>Independent | Board/Committee Membership            |                     | Attendance Record for Fiscal<br>2019 |                                     | Other Public Company<br>Board Memberships |
|   | Board of Directors (Lead Director)    |                     | 7 of 7                               | 100%                                |   |
|   | Audit Committee                       |                     | 4 of 4                               | 100%                                |   |
|   | GHRC Committee (Chair) <sup>(1)</sup> |                     | -                                    | -                                   |   |
| Securities Held   |                                       |                     |                                      |                                     |   |
| As at   | Common Shares                         |                     |                                      | Total Market Value<br>of Securities | Meets Share<br>Ownership Target           |
| Nov. 13, 2019   | 72,735 <sup>(2)</sup>                 |                     |                                      | \$226,933                           | Yes                                       |
| Options Held  |                                       |                     |                                      |                                     |   |
| Date Granted  | Number (#)                            | Exercise Price (\$) |                                      | Total Unexercised (#)               |   |
| August 23, 2017   | 25,000                                | \$1.56              |                                      | 25,000                              |   |
| September 1, 2018   | 25,000                                | \$2.55              |                                      | 25,000                              |   |
| September 17, 2019  | 25,000                                | \$2.97              |                                      | 25,000                              |   |

- (1) The GHRC Committee did not formally meet in Fiscal 2019, however members of the GHRC Committee were present at meetings of the Board of Directors to review and make recommendations with respect to matters under the purview of the GHRC Committee. The GHRC Committee met on September 4, 2019 to, amongst other things, (i) review the Fiscal 2019 performance of the Company; (ii) to review the Fiscal 2019 performance of certain NEOs and recommend that the Board of Directors approve the short-term incentives paid to certain NEOs; and (iii) review and recommend that the Board of Directors approve management's Fiscal 2020 compensation proposal for the NEOs.
- (2) 62,500 Common Shares held beneficially and of record by Donald Olds, 9,795 Common Shares held beneficially and of record by Ofra Aslan, and 440 Common Shares held beneficially and of record by Simone Aslan.

## TERRY YANOFSKY



Terry Yanofsky is a senior retail executive with an extensive background in both entrepreneurial and corporate environments. She is a strategic leader, skilled at building teams around a strong vision and moving an organization towards its goals at both the national and international levels. Ms. Yanofsky is a director of Goodfood and the Senior Vice-President, General Manager of Sephora Canada since 2015, where she is responsible for leading the strategic direction of the company. Prior to joining Sephora, Ms. Yanofsky held numerous positions at L Brands from 2010 to 2015, including General Manager for Bath & Body Works Canada and head of L Brands in China. Prior to L Brands, Ms. Yanofsky was with IntraWest Corporation where she headed up their retail division, comprised of 150 sporting goods and apparel stores across North America. Previous to IntraWest, she was with IKEA Canada for seven years in several positions of increasing responsibility, including Vice President, Business Development & Services. While at IKEA, she developed and launched IKEA's direct retailing strategy. Ms. Yanofsky is currently a director of Reitmans (Canada) Limited. She holds a BA in Psychology from McGill University.

|  |                               |                     |                                   |                                  |  |
|--|-------------------------------|---------------------|-----------------------------------|----------------------------------|--|
| Québec, Canada<br>Age: 62<br>Director since: 2019<br>2019 votes for: N/A <sup>(1)</sup><br>Independent | Board/Committee Membership    |                     | Attendance Record for Fiscal 2019 |                                  | Other Public Company Board Memberships |
|  | Board of Directors            |                     | 2 of 2                            | 100%                             | Reitmans (Canada) Limited              |
|  | GHRC Committee <sup>(2)</sup> |                     | -                                 | -                                |  |
| Securities Held  |                               |                     |                                   |                                  |  |
| As at  | Common Shares                 |                     |                                   | Total Market Value of Securities | Meets Share Ownership Target           |
| Nov. 13, 2019  | -                             |                     |                                   | -                                | No                                     |
| Options Held   |                               |                     |                                   |                                  |  |
| Date Granted   | Number (#)                    | Exercise Price (\$) |                                   | Total Unexercised (#)            |  |
| July 12, 2019  | 25,000                        | \$3.00              |                                   | 25,000                           |  |

- (1) Terry Yanofsky was appointed to the Board of Directors on May 13, 2019, upon unanimous approval by the members of the Board of Directors, to fill the vacancy created by Guy LeBlanc's resignation from the Board of Directors following his appointment as President and Chief Executive Officer of Investissement Québec.
- (2) The GHRC Committee did not formally meet in Fiscal 2019, however members of the GHRC Committee were present at meetings of the Board of Directors to review and make recommendations with respect to matters under the purview of the GHRC Committee. The GHRC Committee met on September 4, 2019 to, amongst other things, (i) review the Fiscal 2019 performance of the Company; (ii) to review the Fiscal 2019 performance of certain NEOs and recommend that the Board of Directors approve the short-term incentives paid to certain NEOs; and (iii) review and recommend that the Board of Directors approve management's Fiscal 2020 compensation proposal for the NEOs.

## FRANÇOIS VIMARD



François Vimard is a director of Goodfood Market Corp., Andrew Peller Ltd. and GS1 Canada. From 1995 to 2017, Mr. Vimard served in numerous functions at Empire Ltd. / Sobeys Inc. including as Interim President and Chief Executive Officer and 10 years as Chief Financial Officer. Before joining Empire / Sobeys he worked for 10 years at Provigo Ltd, holding numerous finance positions. Before joining Provigo, Mr. Vimard began his career as an auditor at Deloitte. He holds a Bachelor of Business Administration (B.B.A.), Accounting and Finance, Licences in Accounting from the Université Laval, Member of the order of Chartered Professional Accountants, and Graduate of the Institute of Corporate Director (ICD).

|  |  |                     |                                   |                                  |  |
|--|--|---------------------|-----------------------------------|----------------------------------|--|
| Québec, Canada<br>Age: 57<br>Director since: 2019<br>2019 votes for: N/A <sup>(1)</sup><br>Independent | Board/Committee Membership             |                     | Attendance Record for Fiscal 2019 |                                  | Other Public Company Board Memberships |
|  | Board of Directors                     |                     | 1 of 1                            | 100%                             |  |
|  | Audit Committee (Chair) <sup>(2)</sup> |                     | -                                 | -                                |  |
| Securities Held  |  |                     |                                   |                                  |  |
| As at  | Common Shares                          |                     |                                   | Total Market Value of Securities | Meets Share Ownership Target           |
| Nov. 13, 2019  | -                                      |                     |                                   | -                                | No                                     |
| Options Held   |  |                     |                                   |                                  |  |
| Date Granted   | Number (#)                             | Exercise Price (\$) |                                   | Total Unexercised (#)            |  |
| August 16, 2019  | 25,000                                 | \$2.80              |                                   | 25,000                           |  |

(1) François Vimard was appointed to the Board of Directors on August 15, 2019 upon unanimous approval by the members of the Board of Directors.

(2) There were no Fiscal 2019 Audit Committee meetings following Mr. Vimard's appointment to the Board of Directors.

### **Corporate Cease Trade Orders**

None of the nominees for election is, as at the date of this Management Proxy Circular, or has been, within the ten years prior to the date of this Management Proxy Circular, a director, chief executive officer or chief financial officer of any company that, while such person was acting in that capacity (or after such person ceased to act in that capacity but resulting from an event that occurred while that person was acting in such capacity), was the subject of a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, in each case, for a period of more than 30 consecutive days.

### **Bankruptcies**

None of the nominees for election to the Board of Directors is, as at the date of this Management Proxy Circular, or has been, within the ten years prior to the date of this Management Proxy Circular, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

None of the nominees for election to the Board of Directors has, within the ten years prior to the date of this Management Proxy Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such director's assets.

### **Penalties or Sanctions**

None of the nominees for election to the Board of Directors has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

## **EXECUTIVE COMPENSATION**

The following section describes the significant elements of Goodfood's executive compensation program, with particular emphasis on the process for determining compensation payable to its executive officers whose total compensation was, individually, more than \$150,000 (collectively, the "Named Executive Officers" or "NEOs"). The NEOs of Goodfood are:

- Jonathan Ferrari, Chairman and Chief Executive Officer;
- Neil Cuggy, President and Chief Operating Officer;
- Philippe Adam, Chief Financial Officer; and
- Mohammad Awada, Executive Vice-President Head of Strategic Execution.

### **Overview and GHRC Committee**

The GHRC Committee is currently comprised of Donald Olds, Hamnett Hill and Terry Yanofsky, all of whom are independent within the meaning of National Instrument 58-101 - Disclosure of Corporate Governance Practices ("NI 58-101"). Mr. Olds is the chair of the GHRC Committee.

All members of the GHRC Committee have a working familiarity with corporate governance, human resources and compensation matters. For the skills and experience of each member and proposed member of the GHRC Committee relevant to the performance of his or her duties as a member of the GHRC Committee, see "Proposed Nominees for Election as Directors - Information on Proposed Nominees".

The Board of Directors has adopted a written charter for the GHRC Committee that establishes, inter alia, the GHRC Committee's purpose and responsibilities with respect to executive compensation. Within the purview of its mandate, the GHRC Committee shall, amongst other things:

- consider and recommend for approval by the Board: (i) the appointment of the President, the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer and all other executive officers of the Company (the "Executive Officers"); and (ii) a succession plan with respect to each Executive Officer, as may be required;
- review the Chief Executive Officer's and President's assessment of existing management resources and plans for ensuring that qualified personnel will be available as required for succession of each Executive Officer and to report on this matter to the Board of Directors;
- review and assess the performance of the Executive Officers against pre-set specific corporate and individual goals and objectives approved by the GHRC Committee;

- review the annual performance assessments of the Executive Officers and report annually to the Board of Directors on these assessments;
- oversee and recommend for approval by the Board of Directors the executive compensation principles, policies, programs, grants of equity-based incentives and processes based on the principles that compensation should, to a significant extent, be reflective of the financial performance of the Company while rewarding the achievement of the Company's short and long-term objectives, and to specifically consider and recommend annually or as required for approval by the independent directors of the Board of Directors all forms of compensation for the Executive Officers;
- review the compensation discussion and analysis and related executive compensation disclosure for inclusion in the Company's public disclosure documents, in accordance with applicable rules and regulations;
- oversee the implementation and administration of benefit plans and review any proposed major changes in benefit plans and recommend for approval any change requiring Board of Directors action;
- review, monitor, report, and where appropriate, provide recommendations to the Board of Directors on the Company's exposure to risks related to executive compensation policies and practices, if any, and identify compensation policies and practices that mitigate any such risk; and
- review periodically the Company's policies with regards to disclosure, trading of securities, ethical, environmental and health and safety matters and taking steps to resolve issues of compliance with respect to the members of the Board of Directors and the Executive Officers.

The GHRC Committee has the authority to engage outside counsel or other outside advisors as it deems appropriate to assist the GHRC Committee in the performance of its functions.

Historically, the Board of Directors of the Company, or its predecessor, had approved the compensation of the NEOs. In anticipation of Goodfood becoming a public company, the Board of Directors adopted certain changes to the existing executive compensation regime and severance pay practices and on June 1, 2017, following the closing of the RTO, the newly constituted Board of Directors established the GHRC Committee. Throughout the course of the summer and fall of 2017, the Board, upon the recommendation from the GHRC Committee, approved amended and restated employment agreements for the executive officers and adopted stock ownership guidelines. For Fiscal 2019, the Board of Directors, upon recommendation of the GHRC Committee, adopted new compensation objectives based on the achievement of certain corporate and financial objectives.

The NEO compensation for Fiscal 2019 is summarized hereinafter under the subheading "Summary Compensation Table". The Compensation of the NEOs is based on the factors described hereinafter.



## **Compensation Discussion and Analysis**

### ***Compensation Objectives and Philosophy***

Our executive compensation program is designed to attract, retain, motivate and reward the executive officers for their performance and contribution to Goodfood's long-term success. The objective of the program is to focus Goodfood's executive officers on the key business factors that affect shareholder value and to align their compensation with Goodfood's business and financial objectives and the long-term interests of Goodfood's shareholders. These goals may include the achievement of specific operational or business development goals. For the periods immediately following the RTO and for the year ended August 31, 2018, the Company's bonus component to its short-term incentive structure became largely contingent on the Company attaining or exceeding objectives for increasing the size of its subscription base. For the year ended August 31, 2019 ("Fiscal 2019") and following, the Company has adopted compensation objectives based partially upon the achievement of certain sales and gross profit targets, and partially upon the achievement of certain human resources, sustainability and product offering objectives. The Company's philosophy is to pay fair, reasonable and competitive compensation with an equity-based component in order to align the interest of the Company's executive officers with those of its shareholders.

### ***Market Positioning and Benchmarking***

The process for determining executive compensation is relatively informal, in view of the size and stage of the Company and its operations. The Chief Executive Officer and Chief Operating Officer are involved in the process and make recommendations to the GHRC Committee, which considers and makes recommendations to the Board of Directors.

On August 14, 2018, the Board of Directors, upon recommendation of the GHRC Committee, adopted new guidelines for determining the comparator group for considering the compensation of the NEOs applicable for Fiscal 2019. Companies included in the comparator group meet one or more of the following criteria: (i) have a \$150 million to \$250 million market cap; (ii) be high-growth and publicly listed; (iii) operate in a comparable industry.

The companies in the comparator group for Fiscal 2019 meet at least two of the foregoing criteria, and are listed below:

- Freshii Inc.
- Brookfield Real Estate Service Inc.
- DavidsTea Inc.
- MTY Food Group Inc.
- Recipe Unlimited Corporation  
(formerly CARA Operations Limited)
- Optiva Inc.
- Black Diamond Group Limited
- Trisura Group Ltd.
- Mediagrif Interactive Technologies Inc.
- Viemed Healthcare, Inc.
- HelloFresh SE
- Blue Apron Holdings, Inc.

As the Company continues to grow, the Board of Directors and the GHRC Committee intend to revisit this group and to further elaborate on the NEO compensation regime. For Fiscal 2020 certain companies (Brookfield Real Estate Services Inc. DavidsTea Inc., Optiva Inc., Black Diamond Group Limited and Mediagrif Interactive Technologies Inc.) were removed, while others (Indigo Books & Music Inc., Kinaxis, Inc., Lightspeed POS Inc., TECSYS Inc. and VOTI Detection Inc.) were added.

The performance goals and benchmarks for the NEOs compensation as established by the Board of Directors upon recommendation from the GHRC Committee for Fiscal 2019 are discussed below.

### *Elements of Compensation*

The Company's compensation program consists primarily of the following elements: base salary, short-term incentive and long-term incentive, as well as customary benefit programs.

The following table summarizes the market positioning for each element of the Company's compensation program and in aggregate on a total compensation basis:

| Compensation Element | Performance Criteria   | Performance Outcome  |
|----------------------|--|--|
| Base salary          | Individual contribution and competencies and prior relevant experience | Salary increase and position within the salary structure     |
| Short-term incentive | The achievement of certain financial and operational objectives        | Cash payment   |
| Long-term incentive  | Time vesting and individual performance                                | Ultimate payout of grant and size of annual grant of Options |
| Benefits             | Not applicable   | Not applicable   |

### *Base Salary*

Base salaries for NEOs are established based on the scope of their responsibilities, competencies and their prior relevant experience, taking into account compensation paid in the market for similar positions. Base salary is not contingent on short-term variation in operating performance, and therefore sustains individual performance and competency development.

Base salaries are reviewed annually and may be increased for merit reasons, based on the NEO's success in meeting or exceeding corporate or individual objectives. Additionally, base salaries can be adjusted as warranted throughout the year to reflect promotions or other changes in the scope or breadth of an executive's role or responsibilities, as well as for market competitiveness.

### *Short-Term Incentive*

Our compensation program includes eligibility for annual cash bonuses for each of our NEOs. The target amounts for which NEOs are entitled under the annual bonus plan are approved by the Board of Directors, upon recommendation of the GHRC Committee.

For Fiscal 2019, the Board of Directors, upon recommendation of the GHRC Committee, increased the opportunity for Jonathan Ferrari and Neil Cuggy to earn a bonus of up to 100% of such NEO's annual base salary and adopted new performance goals with respect to the payment of bonuses. The Company's Fiscal 2019 performance goals for Messrs. Ferrari and Cuggy were based 75% upon the achievement of certain sales and gross profit targets and 25% upon the achievement of certain human resources, sustainability and product offering objectives. From September 1, 2018 to March 22, 2019, Philippe Adam had the opportunity to earn a bonus of up to 30% of his prorated base salary (being up to \$33,500 for such period) and for the period between March 23, 2019 to August 31, 2019 had the opportunity to earn a bonus of up to 58% of his prorated base salary (being up to \$66,000 for such period). The Company's Fiscal 2019 performance goals for Mr. Adam were based 30% upon the achievement of certain personal objectives and 70% upon the achievement of certain sales, gross profit, human resources, sustainability, product offering and corporate finance objectives. Mohammad Awada had the opportunity to earn a bonus of up to 53% of his base salary based upon the achievement of certain gross profit, EBITDA, product launch, inventory, operations, logistics, supply chain, customer experience and recruitment objectives.

The Board of Directors reviews the target percentage annually at the beginning of each fiscal year, it being understood that the value of such target percentage shall be at least equal to the value of the target percentage established for the previous fiscal year.

For Fiscal 2020, the Board of Directors, upon recommendation of the GHRC Committee updated the eligibility for each of the NEOs percentage of short-term incentive eligibility as well as the associated performance goals. For Fiscal 2020, Jonathan Ferrari and Neil Cuggy each have the opportunity to a maximum bonus of up to 100% of their respective base salaries upon the achievement of certain corporate development objectives. Philippe Adam has the opportunity to a maximum bonus of up to 58% of his respective base salary based 30% upon the achievement of certain personal objectives and 70% upon the achievement of certain sales, gross profit, human resources, sustainability, product offering and corporate finance objectives. Mohammad Awada has the opportunity to earn a bonus of up to 53% of his base salary based upon the achievement of certain gross profit, EBITDA, product launch, inventory, operations, logistics, supply chain, customer experience and recruitment objectives.

The Board of Directors maintains discretion at all times to grant discretionary bonuses or commissions, including in the context of acquisitions, to modify, amend or terminate short-term incentive plans at all times, and to deviate from the plans or grant individual exceptions.

### *Long-Term Incentive*

Equity-based awards are a variable element of compensation that allows us to incentivize and retain our NEOs for their sustained contributions to the Company. Equity awards reward performance and continued employment by a NEO, with associated benefits to us of attracting

and retaining employees. We believe that Options, provide NEOs with a strong link to long-term corporate performance and the creation of shareholder value. The GHRC Committee determines the grant size and terms to be recommended to the Board of Directors.

Prior to Fiscal 2019, each of Jonathan Ferrari and Neil Cuggy were entitled to receive annual grants of Options equal to a percentage of their base salary, however, on August 23, 2018 the Board amended the long-term incentive conditions for Messrs. Ferrari and Cuggy, replacing future annual Option grants with a single Option grant, vesting over four years. On September 1, 2018, a one-time grant of 500,000 Options was made to each of Messrs. Ferrari and Cuggy at an exercise price of \$2.55 per Option. These Options vest over a four year period. After this four year period, the Board of Directors will consider future Option grants to Messrs. Ferrari and Cuggy.

For Fiscal 2019, Philippe Adam received grants of 31,766 and 51,438 Options at exercise prices of \$3.45 and \$2.97 per Option respectively (with the latter grant being made on September 17, 2019), and Mohammad Awada received grants of 214,612 and 17,291 Options at respective exercise prices of \$3.45 and \$3.04 per Option.

For Fiscal 2020, Philippe Adam is entitled to receive up to \$157,500 in Options issuable following Fiscal 2020 year-end based upon the achievement of certain corporate and personal objectives as described in the Short-Term Incentive section above, while Mohammad Awada is entitled to receive up to \$100,000 in Options issuable in \$25,000 quarterly installments following the end of each quarter in Fiscal 2020, based upon the achievement of certain objectives as described in the Short-Term Incentive section above.

### *Benefits*

The Company offers certain benefits to its office employees, including its NEOs, as part of a group insurance plan and through employer contributions under Goodfood's share purchase plan (the "**Share Purchase Plan**") under which Common Shares are acquired on behalf of such participants through normal market facilities. Under the Share Purchase Plan, eligible participants may contribute between 1% and 5% of their salaries (subject to a maximum of \$10,000 per year) and receive an employer contribution equal to 50% of any amounts so contributed by such participant. Certain benefits increase in proportion with salary and scope of responsibilities.

### *Perquisites*

The Company offers a car allowance to each of Jonathan Ferrari, Neil Cuggy, Philippe Adam and Mohammad Awada. Each of the NEOs also receives the reimbursement of certain business expenses reasonably incurred in the performance of their functions. Such amounts are nominal.

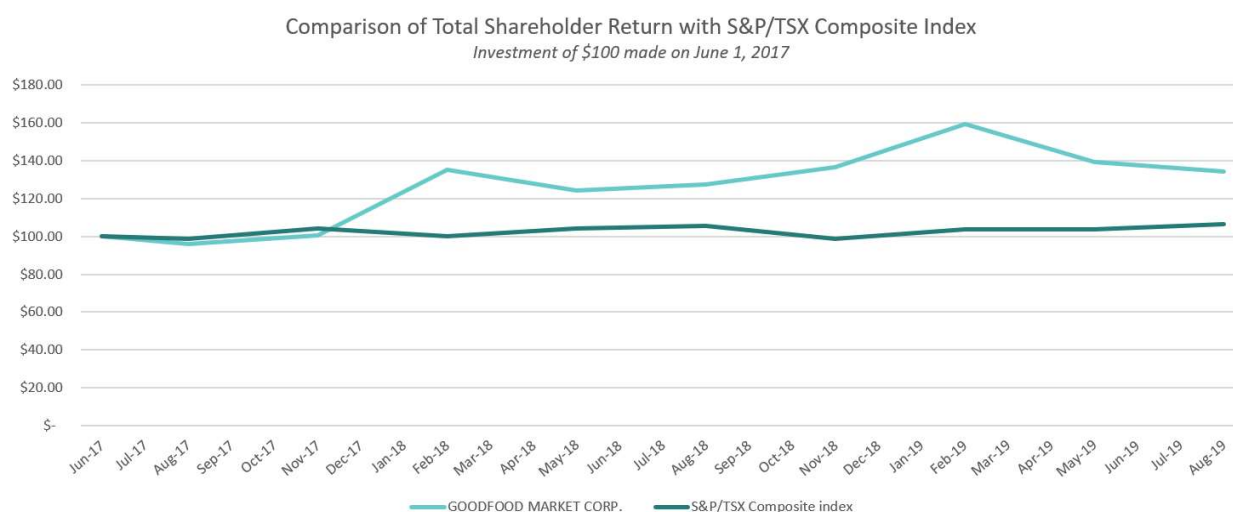
### ***Compensation Risk Management***

As part of the annual review of the Company's executive compensation, the Board and the GHRC Committee consider the implications of the risks associated with the Company's compensation policies and practices, including as to whether or not they could encourage an executive officer or an employee at a principal business unit or division to take inappropriate or

excessive risks. The Board and the GHRC Committee revisited such risks with respect to the compensation for Fiscal 2019. While the GHRC Committee did not meet in Fiscal 2019, members of the committee were present at meetings of the Board of Directors where matters under the purview of the GHRC Committee were discussed. In addition, the GHRC Committee held meetings immediately prior to the start of Fiscal 2019 to review and implement the executive compensation for Fiscal 2019 and met again immediately following the end of Fiscal 2019 to review executive compensation program for Fiscal 2019 and implement the executive compensation program for Fiscal 2020. The Board and the GHRC Committee believe that the current compensation structure constitutes a well-balanced mix of base salary, short-term incentive and long-term incentive, applies maximums to short-term incentive payouts, and includes a combination of performance and time vesting for long-term incentive grants. Accordingly, the Board and the GHRC Committee have not, after consideration, identified any risk arising from the Company's compensation policies and practices that is reasonably likely to have a material adverse effect on the Company.

### ***Performance Graph***

The following performance graph shows the yearly change in the cumulative total return on the Company's Common Shares compared to the total cumulative return of the S&P/TSX Composite Total Return Index for the period between the closing of our RTO on June 1, 2017 to August 31, 2019.



| Cumulative Total Return (\$) | 01-Jun-17 | 31-Aug-18 | 31-Aug-19 |
|------------------------------|-----------|-----------|-----------|
| Goodfood Market Corp.        | \$100.00  | \$127.50  | \$134.50  |
| S&P TSX Composite Index      | \$100.00  | \$105.45  | \$106.61  |

The Company determines executive compensation in accordance with the policies and procedures and based on the criteria described above, and for Fiscal 2019 was largely based upon

the achievement of certain sales and gross profit targets, as well as, upon the achievement of certain human resources, sustainability and product offering objectives. As such, executive compensation is not based on the total return of the Company's Common Shares relative to any particular stock index. Given the Company's Common Shares were listed for trading for only three months in the fiscal year ended August 31, 2017, no comparison can be made for this period with respect to the trend on the graph and the trend in NEO compensation. As for Fiscal 2018 and Fiscal 2019, the line graph above reflects that the market price of the Common Shares of Goodfood on the TSX increased by 33% and 5% respectively. The increase of NEO compensation over the same 12 month periods is mainly attributable to increases in base salary and short-term incentive payouts in relation to the achievement of the aforementioned performance objectives and the grant of options as part of the Company's long-term incentive compensation arrangements, and as such, no meaningful conclusion can be drawn as to any direct link between the Company's compensation practices and the performance of the Company's stock index.

### **Equity Incentive Plans**

The Company's Stock Option Plan was established on September 24, 2015 and was amended and restated upon closing of the RTO on June 1, 2017 and further amended on November 22, 2018, April 3, 2018 and July 10, 2019. Details of the Stock Option Plan, as amended, are set out below.

#### ***Stock Option Plan***

The Stock Option Plan was implemented for the benefit of the employees, directors, officers and consultants of the Company and its affiliates. The purpose of the Stock Option Plan is to provide additional incentives for continued and improved services with the Company. Our Board of Directors is responsible for administering the Stock Option Plan, and the GHRC Committee makes recommendations to the Board of Directors in respect of certain matters relating to the Stock Option Plan.

The Board of Directors shall have full and complete authority to interpret the Stock Option Plan and in its sole discretion, shall from time to time designate which eligible persons will be granted Options, the number of Common Shares subject to each Option granted to a participant, the vesting for each Option and the terms and conditions of such Option.

The Company does not currently provide financial assistance to any of the Stock Option Plan participants to assist them to exercise Options and purchase Common Shares of the Company. Additionally, the Stock Option Plan does not provide for the ability to transform Options into stock appreciation rights involving an issuance of securities from treasury.

The maximum number of Common Shares currently issuable under the Stock Option Plan shall not exceed 7.5% of the issued and outstanding Common Shares; as calculated on the date of grant of each Option. As at August 31, 2019, there were 3,910,169 Options outstanding, representing 6.72% of the issued and outstanding Common Shares. All of the Common Shares covered by exercised, expired, cancelled or forfeited Options shall become available Common Shares for the purposes of Options that may be subsequently granted under the Stock Option Plan.

On November 13, 2019, the Board of Directors approved the Option Pool Increase which amended the Stock Option Plan to increase the maximum number of Common Shares issuable under the Stock Option Plan or any other equity incentive plans of the Company from a maximum of 7.5% to a maximum of 10%. These amendments will come into force should the Option Plan Ordinary Resolution be approved by the Shareholders. As at August 31, 2019, there were 450,661 Common Shares available for issuance under the Stock Option Plan representing 0.78% of the issued and outstanding Common Shares. Had the Option Plan Ordinary Resolution been approved by the Shareholders on November 13, 2019, there would be 1,837,743 Common Shares available for issuance under the Stock Option Plan representing 3.16% of the issued and outstanding Common Shares.

In addition to the Option Pool Increase, the Board of Directors approved (a) on April 3, 2019, amendments to the Stock Option Plan's cash exercise feature allowing for a payment in cash to exercising holders of Options (added to the Stock Option Plan pursuant to amendments approved by the Board of Directors on November 22, 2018), to further confirm that the availability of such cash exercise feature was at the sole discretion of the Board of Directors and would only be available to an exercising holder of Options in the event that doing so would be in the best interests of the Company, and (b) on July 10, 2019, amendments to the Stock Option Plan which provided for the acceleration of 50% of the unvested Options held by a Stock Option Plan participant upon a change of control, and an acceleration of the balance of the unvested Options on the twelve (12) month anniversary of such change of control, provided further that if such participant (i) does not continue their employment with the acquirer or is terminated within the twelve (12) month period following the change of control all of their unvested Options will immediately vest and be exercisable, and (ii) voluntarily resigns or resigns for a reason other than for a good reason within such twelve (12) month period, the Options held by such participant would be forfeited and cancelled automatically (the "**Approved Plan Amendments**"). The Approved Plan Amendments confirm the underlying intentions of the Board of Directors with respect to the availability of the cash exercise feature and reflect a desire to ensure that holders of Options are treated fairly in the event of a change of control of the Company. The Approved Plan Amendments do not require Shareholder approval pursuant to the terms of the amendment provisions of the Stock Option Plan, nor pursuant to the TSX Company Manual, and are not conditional upon the approval of the Stock Option Plan Ordinary Resolution.

The Stock Option Plan is intended to attract and retain personnel and to provide an incentive to participate in the long-term development of the Company. As a result of the growth of the Company and the increasing need to attract and retain personnel, an insufficient number of Common Shares remain available for issuance under the Stock Option Plan. The Board of Directors considers the Option Pool Increase as a way of ensuring that the Board of Directors continues to have the flexibility to grant options pursuant to the Stock Option Plan as required in order to serve the purposes referenced above.

There is no maximum number of securities that any one person who is not an insider of the Company is entitled to receive under the Stock Option Plan. However, the number of Common Shares issuable to insiders of the Company, at any time, under the Stock Option Plan or any other security-based compensation arrangement of the Company cannot exceed 10% of the Company's total issued and outstanding Common Shares as at the applicable grant date. In addition, the number of Common Shares issued to insiders of the Company, within any one year period, under

the Stock Option Plan or any other security-based compensation arrangement of the Company cannot exceed 10% of the Company's total issued and outstanding Common Shares.

The exercise price for each Common Share covered by an Option shall be established by the Board of Directors at the time of the grant, but shall not be less than the closing price of the Common Shares on the TSX on the trading day immediately preceding the date of the granting of the Option. Unless otherwise specified by the Board at the time of granting the Options, and except as otherwise provided in this Plan, Options will vest in successive equal monthly periods over a period of up to four (4) years after they are granted, with the first twelve (12) periods vesting only on the first anniversary of the grant. However, the Board of Directors has the discretion to determine the vesting schedule of the Options and the Board shall have the full power and authority to accelerate the vesting or exercisability of all or any portion of any Option, including, without limiting the generality of the foregoing, in a change of control situation involving the Company.

Subject to any accelerated termination under the Stock Option Plan and unless otherwise determined by the Board of Directors at the time of the grant, each Option shall be exercisable until the eighth anniversary of the date on which it is granted. The Stock Option Plan provides that the exercise period shall automatically be extended if the date on which it is scheduled to terminate shall fall during a black-out period or within ten business days after the last day of a blackout period. In such cases, the extended exercise period shall terminate ten business days after the last day of the black-out period.

The Stock Option Plan also provides that equitable adjustments, if any, will be made by the Board of Directors in connection with any reorganization, change in the number of issued and outstanding Common Shares of the Company by reason of stock dividend, stock split, reverse stock split, recapitalization, merger, consolidation, combination or exchange of shares or other similar corporate change, including adjustments to the exercise price and/or the number of Common Shares to which a holder is entitled upon exercise of Options.



The following table describes the impact of certain events upon the rights of holders of Options under the Stock Option Plan:

| <b>Event</b>  | <b>Provisions (unless otherwise specified by the Board of Directors at the time of the grant)</b>  |
|---|--|
| Resignation or retirement .....   | Forfeiture of all unvested Options.<br>30 days after termination to exercise vested Options.   |
| Termination for cause.....  | Forfeiture of all vested and unvested Options.   |
| Termination other than for cause.....   | Forfeiture of all unvested Options.<br>90 days after termination to exercise vested Options.   |
| Death or permanent incapacity .....   | Forfeiture of all unvested Options.<br>120 days after the date of death or permanent incapacity to exercise vested Options.  |
| Change of control.....  | Unless otherwise stipulated in an Option agreement or by the TSX, the effect on unvested Options is subject to the discretion of the Board of Directors at the moment of the change of control.<br><br>However, 50% of the unvested Options held by a Stock Option Plan participant shall automatically vest upon a change a control with the remaining 50% of the unvested Options vesting on the twelve (12) month anniversary of a change of control, unless such participant (i) is terminated within the twelve (12) month period following the change of control, in which case all of their unvested Options will immediately vest and be exercisable, or (ii) voluntarily resigns or resigns for a reason other than for a good reason within twelve (12) month period of the change of control, in which case the Options held by such participant will be forfeited and cancelled automatically.<br><br>The Board of Directors retains the discretion, to amongst other things, deemed the exercise of any vested Options. |
| Ceasing to be a director or officer (and does not continue as a full-time employee of the Company)..... | 90 days after termination date to exercise vested Options.<br>Forfeiture of all unvested Options.  |

Subject to the rules of the TSX, the Board of Directors may at any time or from time to time without shareholder approval alter, amend, vary, suspend, terminate or cancel the Stock Option Plan or amend any Options issued pursuant to the Stock Option Plan. Nonetheless, and subject to any additional requirements of the rules of the TSX, the following changes to the Stock Option Plan or the Options require the approval of the Company's shareholder as well as the approval of the TSX:

- a reduction in the exercise price of an Option held by an insider of the Company;
- an extension of the term of an Option held by an insider of the Company;
- any amendment to remove or exceed the insider participation limits;
- an increase in the maximum number or percentage of Common Shares issuable pursuant to Options granted under the Stock Option Plan; and
- a change to the provisions regarding amendments to the Stock Option Plan.

The Board of Directors has the discretion to make amendments which it may deem necessary or desirable, without having to obtain shareholder approval. Such changes include, without limitation:

- minor changes of a “housekeeping nature”;
- amending options under the Stock Option Plan, including with respect to the option period (provided that the period during which an Option is exercisable does not exceed eight years from the date the Option is granted and that such Option is not held by an insider of the Company), vesting period, exercise method and frequency, subscription price (provided that such Option is not held by an insider of the Company) and method of determining the subscription price, assignability and effect of termination of a participant’s employment or cessation of the participant’s directorship;
- changing the class of participants eligible to participate under the Stock Option Plan;
- accelerating vesting or extending the expiration date of any Option (provided that such Option whose expiration date is being extended is not held by an insider of the Company), provided that the period during which an Option is exercisable does not exceed eight years from the date the Option is granted;
- changing the terms and conditions of any financial assistance which may be provided by the Company to participants to facilitate the purchase of Common Shares under the Stock Option Plan; and
- adding a cashless exercise feature, payable in cash or securities, whether or not providing for a full deduction of the number of underlying Common Shares from the Stock Option Plan reserve.

For the first three points above, the votes attached to shares held directly or indirectly by insiders benefiting directly or indirectly from the amendment are to be excluded. In addition, with respect to the last point above, where the amendment will disproportionately benefit one or more insiders over other holders of Options, the votes of shares held directly or indirectly by those insiders receiving the disproportionate benefit must be excluded.

Options granted under the Stock Option Plan are not assignable or transferable except to the legal representative or estate of a participant who has become incapacitated or who has died.

The Stock Option Plan provides that in the event of, amongst other things: (i) any transaction pursuant to which (A) the Company goes out of existence, or (B) any person (other than the Company, an affiliate of the Company or an employee benefit plan of the Company) acquires the direct or indirect beneficial ownership of securities of the Company representing 50% or more of the aggregate voting power of all of the Company’s then issued and outstanding securities; (ii) the sale of all or substantially all of the Company’s assets to a person other than an affiliate of the Company; (iii) the dissolution or liquidation of the Company except in connection with the distribution of assets of the Company to an affiliate of the Company prior to such event; or (iv) the occurrence of a transaction requiring approval of the Company’s shareholders involving the acquisition of the Company by an entity through purchase of assets, by amalgamation or otherwise (each such case being a “change in control” for the purposes of a Stock Option Plan), the Board of Directors, without limiting the generality of the foregoing, and without any action or consent required on the part of any participant, shall have the right to, (a) determine that the Options, in whole or in part and whether vested or unvested, shall remain in full force and effect

in accordance with their terms after the change in control, (b) provide for the conversion or exchange of any or all Options into or for options, rights or other securities in the entity participating in or resulting from the change in control, (c) cancel any unvested Options without payment of any kind to any participant, (d) accelerate the vesting of outstanding Options, (e) provide for outstanding Options to be purchased, (f) accelerate the date by which any or all Options, whether vested or unvested, must be exercised, (g) deem any or all Options, whether vested or unvested to have been exercised, tender, on behalf of the participant, the underlying Common Shares that would have been issued pursuant to the exercise of such Options to any third party purchaser in connection with the change in control, and pay to the participant on behalf of such third party purchaser an amount per underlying Common Share equal to the positive difference between the change in control price of the Common Shares and the applicable exercise price, (h) cancel any or all outstanding Options and pay to the participant an amount per underlying Common Share equal to the positive difference between the change in control price of the Common Shares and the applicable exercise price, or (i) take such other actions, and combinations of the foregoing actions or any other actions permitted under the Stock Option Plan, as it deems fair and reasonable under the circumstances. Without limiting the aforementioned rights of the Board of Directors in the event of a change of control under the Stock Option Plan, in the event of a change of control, where a participant continues in employment or in a position with the acquirer or other party in the transaction, 50% of the unvested Options held by a participant shall vest automatically in connection with the change of control with the remaining unvested options held by the participant vesting automatically on the date that is the 12-month anniversary of the change of control. Notwithstanding the foregoing and for greater certainty, where: (i) following a change of control, the participant's employment or position is terminated other than for cause or the participant resigns for good reason within such twelve (12) month period, all unvested Options held by such Participant shall become vested and exercisable immediately, and (ii) following a change of control, the participant resigns voluntarily or the participant resigns other than for good reason within such twelve (12) month period, the Options held by such participant shall be forfeited and cancelled automatically and be without any further force or effect. Where a participant does not continue in employment or in a position with the acquirer or other party in the change of control transaction, all unvested Options held by the participant shall vest automatically in connection with the change of control.

### ***Annual Burn Rate***

In accordance with the requirements of Section 613 of the TSX Company Manual, the following table sets out the annual burn rate of the Options granted under the Stock Option Plan as of the end of the financial year ended August 31, 2019, and for financial years following the closing of the RTO, as applicable for years in which grants have been made under such plans. The burn rate is calculated by dividing the number of Options granted under the Stock Option Plan during the relevant fiscal year by the weighted average number of Common Shares outstanding for the applicable fiscal year. The Company expects that the annual burn rate will stabilize as the Company matures.

| Annual Burn Rate for the Financial Years Following the Closing of the RTO |       |       |       |
|---|-------|-------|-------|
|   | 2017  | 2018  | 2019  |
| Stock Option Plan   | 2.48% | 1.61% | 4.83% |

## Summary Compensation Table

The following table sets out information concerning NEO compensation for the period between the closing of the RTO and August 31, 2019.

| Name and principal position   | Fiscal Year | Salary (\$)              | Share-based awards (\$) | Option-based awards <sup>(2)</sup> (\$) | Non-equity incentive plan compensation (\$) |                           | Pension value (\$) | All other compensation (\$) | Total compensation (\$) |
|---|-------------|--------------------------|-------------------------|---|---|---------------------------|--------------------|-----------------------------|-------------------------|
|   |             |                          |                         |   | Annual incentive plans                      | Long-term incentive plans |                    |                             |                         |
| Jonathan Ferrari, Chairman and Chief Executive Officer                | 2017        | \$50,000 <sup>(1)</sup>  | -                       | \$181,142                               | \$17,916 <sup>(3)</sup>                     | -                         | -                  | -                           | \$249,058               |
|   | 2018        | \$200,000                | -                       | -                                       | \$78,537                                    | -                         | -                  | -                           | \$278,537               |
|   | 2019        | \$350,000                | -                       | \$637,625                               | \$350,000                                   | -                         | -                  | -                           | \$1,337,625             |
| Neil Cuggy, President and Chief Operating Officer                     | 2017        | \$50,000 <sup>(1)</sup>  | -                       | \$181,142                               | \$17,916 <sup>(3)</sup>                     | -                         | -                  | -                           | \$249,058               |
|   | 2018        | \$200,000                | -                       | -                                       | \$78,537                                    | -                         | -                  | -                           | \$278,537               |
|   | 2019        | \$350,000                | -                       | \$637,625                               | \$350,000                                   | -                         | -                  | -                           | \$1,337,625             |
| Philippe Adam, Chief Financial Officer                                | 2017        | -                        | -                       | -                                       | -   | -                         | -                  | -                           | -                       |
|   | 2018        | \$83,333 <sup>(4)</sup>  | -                       | \$479,198                               | \$26,466 <sup>(6)</sup>                     | -                         | -                  | -                           | \$588,997               |
|   | 2019        | \$225,989 <sup>(5)</sup> | -                       | \$50,000                                | \$99,699                                    | -                         | -                  | -                           | \$375,687               |
| Mohammad Awada, Executive Vice-President, Head of Strategic Execution | 2017        | -                        | -                       | -                                       | -   | -                         | -                  | -                           | -                       |
|   | 2018        | \$104,052 <sup>(7)</sup> | -                       | \$115,766                               | \$20,000 <sup>(8)</sup>                     | -                         | -                  | -                           | \$239,818               |
|   | 2019        | \$150,000                | -                       | \$362,800                               | \$100,320                                   | -                         | -                  | -                           | \$613,120               |

- (1) Represents the base salary earned for the period between the closing of the RTO and August 31, 2017. Annualized amounts for Fiscal 2017 are as follows: Jonathan Ferrari \$200,000 and Neil Cuggy \$200,000.
- (2) Represents the grant-date fair value of option-based awards granted to the NEOs determined using the Black-Sholes method in accordance with IFRS 2 Share-based Payment. The Company issued to each of Jonathan Ferrari and Neil Cuggy; 50,000 Options immediately prior to the close of the RTO, 128,205 Options on August 23, 2017 representing the equity portion of the compensation payable to them for the fiscal year ending August 31, 2018, and a one-time grant of 500,000 Options on September 1, 2018 in replacement, by way of a single grant, of their future annual Option award eligibility until September 1, 2022. The Company issued to Philippe Adam 300,000 Options on February 16, 2018 upon the execution of his employment agreement with the Company and an additional 31,766 Options on April 5, 2019 representing a portion of the equity compensation payable to him for Fiscal 2019. Mohammad Awada was issued 74,627 Options on November 30, 2017 following the signature of his employment agreement with the Company, as well as 19,232 Options on August 14, 2018, 17,291 Options on January 16, 2019 and 214,612 Options on April 5, 2019, with each such grant representing the representing the equity portion of the compensation payable to him in the applicable financial year. See "Incentive Plan Awards".
- (3) Represents the amounts earned pursuant to the Company's annual bonus plan, for the period between the closing of the RTO and August 31, 2017.
- (4) Represents the base salary earned for the period beginning at the commencement of Philippe Adam's employment with the Company and August 31, 2018. Mr. Adam's annualized base salary for the year ended August 31, 2018 was \$200,000.
- (5) Represents the base salary earned by Philippe Adam in Fiscal 2019 following the increase of his salary from \$200,000 to \$260,000 effective April 1, 2019.
- (6) Represents the amount earned pursuant to the Company's annual bonus plan for the period between the commencement of Philippe Adam's employment with the Company and August 31, 2018.
- (7) Represents the base salary earned for the period beginning at the commencement of Mohamed Awada's employment with the Company and August 31, 2018. Mr. Awada's annualized base salary for the year ended August 31, 2018 was \$125,000.
- (8) Represents the amount earned pursuant to the Company's annual bonus plan for the period between the commencement of Mohamed Awada's employment and August 31, 2018.

For the fiscal year ending August 31, 2020, the following base salaries are to be paid to the NEOs: Jonathan Ferrari \$385,000, Neil Cuggy \$385,000, Philippe Adam \$273,000 and Mohammad Awada \$200,000. See "Elements of Compensation - Base Salary". In addition, the NEOs may earn a bonus equal to a percentage of each such NEOs base salary, such amount

representing up to 100% of the base salary of Messrs. Ferrari and Cuggy, 58% of the base salary for Mr. Adam, and 50% of the base salary of Mr. Awada. See “Elements of Compensation – Short-Term Incentives.” Moreover, certain NEOs are entitled to receive Options. On September 17, 2019, Mr. Adam received 51,438 Options at an exercise price of \$2.97 per Option with respect to a portion of the equity compensation payable for Fiscal 2019. Mr. Adam is entitled to receive up to \$157,500 of Options in Fiscal 2020 based on the achievement of certain corporate and personal objectives in the year. The payment of the Fiscal 2020 grant of Options will be made to Mr. Adam following the completion of Fiscal 2020. Mr. Awada is entitled to receive up to \$100,000 in Options in Fiscal 2020, payable in \$25,000 quarterly installments based on the achievement of certain corporate and personal objectives in such quarter. See “Elements of Compensation - Long-Term Incentive”.

## Incentive Plan Awards

### *Outstanding Option-based Awards*

The following table indicates, for each of the NEOs, all awards outstanding as at August 31, 2019.

| Name   | Option-Based Awards                                     |                            |                        |  | Share-Based Awards   |  |  |
|--|---|----------------------------|------------------------|--|--|--|--|
|  | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money Option (\$) <sup>(1)</sup> | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) | Market or payout value of vested share-based awards not paid out or distributed (\$) |
| Jonathan Ferrari, Chairman and Chief Executive Officer | 44,681  | \$2.00                     | June 1, 2027           | \$30,830   | -  | -  | -  |
|  | 96,154  | \$1.56                     | August 23, 2025        | \$108,654  | -  | -  | -  |
|  | 500,000   | \$2.55                     | September 1, 2026      | \$70,000   | -  | -  | -  |
| Neil Cuggy, President and Chief Operating Officer      | 44,681  | \$2.00                     | June 1, 2027           | \$30,830   | -  | -  | -  |
|  | 96,154  | \$1.56                     | August 23, 2025        | \$108,654  | -  | -  | -  |
|  | 500,000   | \$2.55                     | September 1, 2026      | \$70,000   | -  | -  | -  |
| Philippe Adam, Chief Financial Officer                 | 300,000   | \$2.71                     | February 16, 2026      | \$ -   | -  | -  | -  |
|  | 31,766  | \$3.45                     | April 5, 2027          | \$ -   | -  | -  | -  |

| Name  | Option-Based Awards                                     |                            |                        |  | Share-Based Awards   |  |  |
|---|---|----------------------------|------------------------|--|--|--|--|
|   | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money Option (\$) <sup>(1)</sup> | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) | Market or payout value of vested share-based awards not paid out or distributed (\$) |
| Mohammad Awada, Executive Vice-President, Head of Strategic Execution | 74,627  | \$2.01                     | November 30, 2025      | \$50,746   | -  | -  | -  |
|   | 19,232  | \$2.56                     | August 14, 2026        | \$2,500  | -  | -  | -  |
|   | 17,291  | \$3.04                     | January 16, 2027       | \$ -   | -  | -  | -  |
|   | 214,612   | \$3.45                     | April 5, 2027          | \$ -   | -  | -  | -  |

(1) The closing price of the securities underlying the Options on August 31, 2019 was \$2.69 per Common Share.

### ***Incentive Plan Awards – Value Vested or Earned During the Year***

The following table indicates, for each of the NEOs, a summary of the value of Option-based and share-based awards vested or of non-equity incentive plan compensation during Fiscal 2019.

| Name  | Option-Based Awards - Value Vested (\$) <sup>(1)</sup> | Share-Based Awards - Value Vested (\$) | Non-Equity Incentive Plan Compensation - Value Earned (\$) |
|---|--|--|--|
| Jonathan Ferrari, Chairman and Chief Executive Officer                | \$54,929   | -                                      | \$350,000  |
| Neil Cuggy, President and Chief Operating Officer                     | \$54,929   | -                                      | \$350,000  |
| Philippe Adam, Chief Financial Officer                                | \$53,375   | -                                      | \$99,699   |
| Mohammad Awada, Executive Vice-President, Head of Strategic Execution | \$28,383   | -                                      | \$100,320  |

(1) Represents the aggregate dollar value of in-the-money Options that would have been realized if the Options had been exercised on the vesting date during Fiscal 2019. The value is equal to the difference between the closing price of the underlying securities at exercise and the exercise price of the Options on the vesting date. As at August 31, 2019, Jonathan Ferrari and Neil Cuggy each had 76,733 vested Options while Philippe Adam and Mohammad Awada had 106,250 and 37,457 vested Options respectively.

### **Termination and Change of Control Benefits**

Jonathan Ferrari and Neil Cuggy have executed amended and restated employment agreements with the Company effective as of June 1, 2017, while Philippe Adam and Mohammad Awada entered into employment agreements with the Company effective as of March 23, 2018 and November 1, 2017 respectively. The employment agreements include provisions regarding base salary, annual bonuses, eligibility for long-term equity-incentives, benefits, confidentiality, non-solicitation and non-competition covenants, and ownership of intellectual property, among other

things. The non-competition covenants survive for 12 months following termination of employment.

In the case of termination of employment other than for cause and in the case of a NEO's resignation for a good reason, the employment agreements of Jonathan Ferrari, Neil Cuggy and Philippe Adam provides that they are entitled to a termination payment equal to 24 months of base salary and short-term incentive amounts in the case of Messrs. Ferrari and Cuggy and 12 months of base salary and short-term incentive amounts in the case of Mr. Adam. These NEOs are also entitled to their pro-rata short-term incentive bonus through the termination date. In addition, if Messrs. Ferrari or Cuggy are terminated other than for cause, they may require the Company to purchase all or part of the Common Shares held by them in the capital of the Company to the extent and at the highest price permitted by applicable law. Subject to certain liquidity requirements, such right may only be exercised in respect of a single purchase of shares by the Company as permitted by applicable law in respect of a maximum of 5% of the outstanding shares of the Company in a given 12-month period. For the purpose of the employment agreements of Messrs. Ferrari, Cuggy and Adam, a "good reason" refers to (i) a change in such NEO's responsibility by the Company in a materially adverse manner, or (ii) if the location of such NEO's employment is changed by the Company to a place outside of the greater Montréal area. In addition, in the case of Mr. Adam, a change of remuneration by the Company in a materially adverse manner or a departure within the 12 months following a Change of Control (as defined below) would constitute a "good reason" pursuant to his employment agreement.

The same provisions apply for Jonathan Ferrari and Neil Cuggy in the case of termination of employment other than for cause or a change in responsibilities within 12 months of a Change of Control, except that Philippe Adam is entitled to 24 months of base salary and short-term incentive amounts. A "Change of Control" means (i) the sale of all or substantially all of the assets of the Company on a consolidated basis, in one transaction or a series of related transactions, to a person that is not an affiliate, (ii) a merger, reorganization or consolidation pursuant to which the holders of the Company's outstanding voting power immediately prior to such transaction do not own a majority of the outstanding voting rights of the resulting or successor entity (or its ultimate parent, if applicable) immediately upon completion of such transaction, (iii) any person or a group of persons acting jointly or in concert becoming the beneficial owner, directly or indirectly, of shares carrying at least a majority of the outstanding voting rights of the Company, or (iv) any other transaction in which the owners of the Company's outstanding voting power prior to such transaction do not own at least a majority of the outstanding voting power of the Company or any successor entity immediately upon completion of the transaction other than as a result of the acquisition of securities directly from the Company.

The employment agreements of Jonathan Ferrari, Neil Cuggy and Philippe Adam further provide that, upon termination of employment other than for cause, such NEOs shall be entitled to exercise any Options awarded under the Stock Option Plan. In addition, the employment agreements of Messrs. Ferrari and Cuggy provide that, upon termination other than for cause within 12 months from a Change of Control, they shall have 12 months after the date of termination to exercise their Options, including Options vesting as a result of the Change of Control.

The employment agreement of Mohammad Awada does not provide for termination or change of control benefits.

The table below shows the incremental payments that would be made to our NEOs, other than, upon certain events assuming termination event took place on August 31, 2019.

| Name   | Event   | Severance <sup>(1)</sup><br>(\$) | Options <sup>(2)</sup><br>(\$) | Other<br>Payments <sup>(3)</sup><br>(\$) | Total<br>(\$) |
|--|---|----------------------------------|--------------------------------|--|---------------|
| Jonathan Ferrari,<br>Chairman and Chief<br>Executive Officer | Resignation   | -                                | \$67,048                       | -  | \$67,048      |
|  | Termination for a serious<br>reason   | -                                | -                              | -  | -             |
|  | Termination other than for<br>a serious reason or<br>resignation for a good<br>reason | \$700,000                        | \$209,484                      | \$700,000                                | \$1,609,484   |
|  | Termination other than for<br>cause within 12 months<br>from a Change of Control      | \$700,000                        | \$209,484                      | \$700,000                                | \$1,609,484   |
|  | Death, retirement or<br>permanent disability  | -                                | \$209,484                      | -  | \$209,484     |
| Neil Cuggy,<br>President and Chief<br>Operating Officer      | Resignation   | -                                | \$67,048                       | -  | \$67,048      |
|  | Termination for a serious<br>reason   | -                                | -                              | -  | -             |
|  | Termination other than for<br>a serious reason or<br>resignation for a good<br>reason | \$700,000                        | \$209,484                      | \$700,000                                | \$1,609,484   |
|  | Termination other than for<br>cause within 12 months<br>from a Change of Control      | \$700,000                        | \$209,484                      | \$700,000                                | \$1,609,484   |
|  | Death, retirement or<br>permanent disability  | -                                | \$209,484                      | -  | \$209,484     |
| Philippe Adam,<br>Chief Financial Officer                    | Resignation   | -                                | -                              | -  | -             |



| Name  | Event  | Severance <sup>(1)</sup><br>(\$) | Options <sup>(2)</sup><br>(\$) | Other<br>Payments <sup>(3)</sup><br>(\$) | Total<br>(\$) |
|---|--|----------------------------------|--------------------------------|--|---------------|
|   | Termination for a serious reason   | -                                | -                              | -  | -             |
|   | Termination other than for a serious reason or resignation for a good reason | \$260,000                        | -                              | \$150,000                                | \$410,000     |
|   | Termination other than for cause within 12 months from a Change of Control   | \$520,000                        | -                              | \$300,000                                | \$820,000     |
|   | Death, retirement or permanent disability                                    | -                                | -                              | -  | -             |
| Mohammad Awada,<br>Executive Vice-<br>President, Head of<br>Strategic Execution | Resignation  | -                                | \$22,827                       | -  | \$22,827      |
|   | Termination for a serious reason   | -                                | -                              | -  | -             |
|   | Termination other than for a serious reason or resignation for a good reason | -                                | \$22,827                       | -  | \$22,827      |
|   | Termination other than for cause within 12 months from a Change of Control   | -                                | \$22,827                       | -  | \$22,827      |
|   | Death, retirement or permanent disability                                    | -                                | \$22,827                       | -  | \$22,827      |

(1) Amounts reflect base salary in effect as at August 31, 2019.

(2) The value of Options is calculated based on the closing market price on August 31, 2019 of \$2.69. Assumes the exercise of vested Options, if permitted, upon termination event.

(3) Represents amounts payable upon applicable end of employment with respect to the Company's short-term incentive program and for other benefits.

## Share Ownership Requirements

All directors are required to hold three times their annual retainer in Common Shares, within three years of their election to the Board of Directors.

## Hedging/Anti-Hedging Policy

The NEOs and the directors are, under the terms of the Company's Code of Conduct, prohibited from engaging in short sales, sale of a call option, and purchase of a put option with respect to securities of Goodfood.

## DIRECTOR COMPENSATION

The GHRC Committee reviews directors' compensation periodically. In determining directors' remuneration, the GHRC Committee considers the directors' compensation offered by a peer group in determining compensation matters, and the risks and responsibilities that the directors of the Company assume in keeping with the roles of the Board of Directors and of the committees. For Fiscal 2019, the peer group used included:

- Freshii Inc.
- Brookfield Real Estate Service Inc.
- DavidsTea Inc.
- MTY Food Group Inc.
- Recipe Unlimited Corporation  
(formerly CARA Operations Limited)
- Optiva Inc.
- Black Diamond Group Limited
- Trisura Group Ltd.
- Mediagrif Interactive Technologies Inc.
- Viemed Healthcare, Inc.
- HelloFresh SE
- Blue Apron Holdings, Inc

## Director Compensation

Jonathan Ferrari and Neil Cuggy have not been and are not entitled to any compensation as directors. The other directors of the Company are entitled to be paid as members of the Board of Directors, and, if applicable, as members of any committee of the Board of Directors, the following annual retainers:

### *Annual Retainer*

|                               |          |
|-------------------------------|----------|
| Independent Board Member      |          |
| Cash and Equity Retainer..... | \$30,000 |

### *Committee Chair Retainer*

|                               |         |
|-------------------------------|---------|
| Lead Director                 | \$8,000 |
| Chair of Audit Committee..... | \$5,000 |
| Chair of GHRC Committee.....  | \$5,000 |

The cash retainers are paid on a quarterly basis. Save and except for Jonathan Ferrari and Neil Cuggy who are not entitled to any compensation as directors, the directors of the Company are entitled to be paid as members of the Board of Directors, and, if applicable, as members of any committee of the Board of Directors, the following meeting fees:

### *Meeting Fees*

|                                  |          |
|----------------------------------|----------|
| Board Meeting Fees .....         | \$ 1,250 |
| Committee Meeting Fees .....     | \$ 1,250 |
| Participation by Telephone ..... | \$ 500   |

Directors are entitled to be reimbursed for reasonable travel and other expenses incurred by them in carrying out their duties as directors. There are currently no service contracts or agreements, or predetermined plans or arrangements, between the Company and any of the directors with respect to payments upon termination of their services as a director.

On September 1, 2018, the Board of Directors approved the issuance of 25,000 Options to each of the then independent members of the Board of Directors (Donald Olds, Guy LeBlanc and Hamnett Hill) as part of their annual retainer and remuneration for Fiscal 2019 (the “**Fiscal 2019 Director Grant**”). In the context of Mr. LeBlanc’s resignation as a director of the Company on April 19, 2019 following his appointment as President and CEO of Investissement Québec, the Board of Directors terminated Mr. LeBlanc’s Fiscal 2019 Director Grant but permitted the 25,000 Options granted to him on August 23, 2017, as compensation for his services as a director

of the Company for the fiscal year ending August 31, 2018 (“**Fiscal 2018**”), to continue to vest in accordance with such grant’s terms.

Upon joining the Board of Directors, each of Terry Yanofsky and François Vimard received a grant of 25,000 Options, respectively on July 12, 2019 and August 16, 2019 as compensation for the services rendered by them for Fiscal 2020. The issuance of 25,000 Options to each of Mr. Olds and Mr. Hill of the Board of Directors as part of their annual retainer for Fiscal 2020 was made on September 17, 2019.

## Director Compensation Table

The following table indicates, for each non-executive director, a summary of the compensation received during Fiscal 2019.

| Name                           | Fees earned <sup>(1)</sup><br>(\$) | Share-based awards<br>(\$) | Option-based awards<br>(\$) | Non-equity incentive plan compensation<br>(\$) | Pension value<br>(\$) | All other compensation<br>(\$) | Total compensation<br>(\$) |
|--------------------------------|------------------------------------|----------------------------|-----------------------------|--|-----------------------|--------------------------------|----------------------------|
| Hamnett Hill                   | \$41,500                           | -                          | \$31,881 <sup>(5)</sup>     | -  | -                     | -                              | \$73,381                   |
| Donald Olds                    | \$56,122                           | -                          | \$31,881 <sup>(5)</sup>     | -  | -                     | -                              | \$88,003                   |
| Guy Leblanc <sup>(2)</sup>     | \$31,353                           | -                          | -( <sup>6</sup> )           | -  | -                     | -                              | \$31,353                   |
| Terry Yanofsky <sup>(3)</sup>  | \$11,562                           | -                          | \$33,116 <sup>(7)</sup>     | -  | -                     | -                              | \$44,678                   |
| François Vimard <sup>(4)</sup> | \$2,849                            | -                          | \$30,462 <sup>(7)</sup>     | -  | -                     | -                              | \$33,311                   |

(1) Represents fees earned for services as a director for Fiscal 2019.

(2) Guy LeBlanc resigned from the Board of Directors, the Audit Committee and the GHRC Committee on April 19, 2019.

(3) Terry Yanofsky was appointed to the Board of Directors and the GHRC Committee on May 13, 2019.

(4) François Vimard was appointed to the Board of Directors and the Audit Committee on August 15, 2019.

(5) Represents the grant-date fair value of option-based awards granted to the directors determined using the Black-Sholes method in accordance with IFRS 2 Share-based Payment. The Company issued to each of Hamnett Hill and Donald Olds 25,000 Options on September 1, 2018 representing the equity portion of the director retainer payable to them for Fiscal 2019.

(6) The Company had granted to Guy LeBlanc 25,000 Options on September 1, 2018 representing the equity portion of the director retainer payable to him for Fiscal 2019, however such grant was terminated in the context of Mr. LeBlanc’s resignation as a director of the Company on April 19, 2019.

(7) Represents the grant-date fair value of option-based awards granted to the directors determined using the Black-Sholes method in accordance with IFRS 2 Share-based Payment. The Company issued to each of Terry Yanofsky and François Vimard 25,000 Options on July 12, 2019 and August 16, 2019 respectively representing the equity portion of the director retainer payable to them for Fiscal 2020.

## Director Incentive Plan Awards

### *Outstanding Share-based Awards and Option-based Awards*

The following table indicates, for each of the directors (other than our Chairman and Chief Executive Officer and President and Chief Operating Officer), all awards outstanding as at August 31, 2019.

| Name | Option-Based Awards | Share-Based Awards |
|------|---------------------|--------------------|
|------|---------------------|--------------------|

|                                | Number of securities underlying unexercised Options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money Options <sup>(1)</sup> (\$) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) | Market or payout value of vested share-based awards not paid out or distributed (\$) |
|--------------------------------|---|----------------------------|------------------------|---|--|--|--|
| Hamnett Hill                   | 25,000  | \$1.56                     | August 23, 2025        | \$28,250  | -  | -  | -  |
|                                | 25,000  | \$2.55                     | September 1, 2026      | \$3,500   |  |  |  |
| Donald Olds                    | 25,000  | \$1.56                     | August 23, 2025        | \$28,250  | -  | -  | -  |
|                                | 25,000  | \$2.55                     | September 1, 2026      | \$3,500   |  |  |  |
| Guy Leblanc                    | 25,000 <sup>(2)</sup>                                   | \$1.56                     | August 23, 2025        | \$28,250  | -  | -  | -  |
| Terry Yanofsky <sup>(3)</sup>  | 25,000  | \$3.00                     | July 12, 2027          | \$ -  | -  | -  | -  |
| François Vimard <sup>(4)</sup> | 25,000  | \$2.80                     | August 16, 2027        | \$ -  | -  | -  | -  |

(1) The closing price of the securities underlying the Options on August 31, 2019 was \$2.69 per Common Share.

(2) In the context of Guy LeBlanc's resignation as a director of the Company on April 19, 2019, following his appointment as President and CEO of Investissement Québec, the Board of Directors terminated the grant of 25,000 Options made to Mr. LeBlanc on September 1, 2018, but permitted the grant of 25,000 Options, granted to him on August 23, 2017 as compensation for his services as a director of the Company the fiscal year ending August 31, 2018 to continue to vest in accordance with its terms.

(3) Terry Yanofsky was appointed to the Board of Directors on May 13, 2019.

(4) François Vimard was appointed to the Board of Directors on August 15, 2019.

### *Incentive Plan Awards – Value Vested or Earned During the Year*

The following table indicates, for each of the directors (other than our Chairman and Chief Executive Officer, and President and Chief Operating Officer), a summary of the value of Option-based compensation for Fiscal 2019.

| Name                       | Option-Based Awards - Value Vested (\$) <sup>(1)</sup> | Share-Based Awards - Value Vested (\$) | Non-Equity Incentive Plan Compensation - Value Earned (\$) |
|----------------------------|--|--|--|
| Hamnett Hill               | \$8,828  | -                                      | -  |
| Donald Olds                | \$8,828  | -                                      | -  |
| Guy Leblanc <sup>(2)</sup> | \$8,828  | -                                      | -  |
| Terry Yanofsky             | -  | -                                      | -  |
| François Vimard            | -  | -                                      | -  |

(1) Represents the aggregate dollar value of in-the-money options that would have been realized if the options had been exercised on the vesting date during Fiscal 2019. The value is equal to the difference between the closing market price of the underlying securities at exercise and the exercise price of the Options on the vesting date.

(2) In the context of Guy LeBlanc's resignation as a director of the Company on April 19, 2019, following his appointment as President and CEO of Investissement Québec, the Board of Directors terminated the grant of 25,000 Options made to Mr. LeBlanc on September 1, 2018, but permitted the grant of 25,000 Options, granted to him on August 23, 2017 as compensation for his services as a director of the Company the fiscal year ending August 31, 2018 to continue to vest in accordance with its terms.

## **EQUITY COMPENSATION PLAN INFORMATION**

The following table shows the total number of Common Shares to be issued upon the exercise of outstanding Options under all of Goodfood's equity-based compensation plans, their weighted average exercise price, and the number of Common Shares available for future issuance as at August 31, 2019.

| <b>Plan Category</b>                                      | <b>Number of Common Shares to be issued upon the exercise of outstanding Options (#)</b> | <b>Weighted-average exercise price of outstanding Options (\$)</b> | <b>Number of Common Shares remaining available for future issuance under equity compensation plans (excluding shares issuable under outstanding Options) <sup>(1)</sup> (#)</b> |
|---|--|--|---|
| Equity compensation plans approved by securityholders     | 3,910,169  | \$2.57   | 450,661   |
| Equity compensation plans not approved by securityholders | -  | -  | -   |
| <b>Total</b>  | <b>3,910,169</b>   | <b>\$2.57</b>  | <b>450,661</b>  |

(1) Calculated on the date of grant of each Option. All of the Common Shares covered by exercised, expired, cancelled or forfeited Options shall become available Common Shares for the purposes of Options that may be subsequently granted under the Stock Option Plan. See “Stock Option Plan”.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set out below and elsewhere in this Management Proxy Circular, we have not completed a transaction since September 1, 2018, that has materially affected or is reasonably expected to materially affect us in which any of our directors, executive officers or principal shareholders, or any of their associates or affiliates, had any material interest, either direct or indirect.

On February 22, 2019, the Company completed a bought deal public offering for gross proceeds of approximately \$25 million of which \$20 million were gross proceeds to the Company (the “Offering”). In connection with the Offering, a syndicate of underwriters, led by GMP Securities, L.P., and including Desjardins Securities Inc., National Bank Financial Inc., Acumen Capital Finance Partners Limited, Scotia Capital Inc., RBC Dominion Securities Inc., Raymond James Ltd., Canaccord Genuity Corporation and PI Financial Corp. (the “Underwriters”) purchased, on a bought deal basis, 7,142,857 Common Shares of the Company at a price of \$3.50 per Common Share. Of the Common Shares of the Company purchased by the Underwriters in the context of the Offering, 5,714,286 Common Shares were purchased from the Company (the “Treasury Shares”), and an aggregate of 1,428,571 Common Shares (the “Secondary Shares”) were purchased from Jonathan Ferrari, Neil Cuggy and Raffi Krikorian, or their respective holding companies (collectively, the “Selling Shareholders”). Mr. Donald Olds, Mr. Philippe Adam and Mr. Mohammad Awada, purchased 15,000, 11,500 and 14,000 Common Shares respectively under the Offering. The Underwriters also partially exercised the option (the “Over-Allotment Option”) granted to the Underwriters to purchase from the Company up to an additional 857,143 Treasury Shares (the “Treasury Over-Allotment Shares”) and from the Selling Shareholders up to an aggregate of 214,286 Secondary Shares (the “Secondary Over-Allotment Shares”, and together with the Treasury Over-Allotment Shares, the “Over-Allotment Shares”) at the Offering Price.

The Underwriters purchased 304,926 Treasury Over-Allotment Shares from the Company and 76,232 Secondary Over-Allotment Shares from the Selling Shareholders following the partial exercise of the Over-Allotment Option for an aggregate of 381,158 Over-Allotment Shares, representing additional gross proceeds of approximately \$1.3 million of which \$1 million were gross proceeds to the Company. Aggregate gross proceeds of the Offering (including the partial exercise of the Over-Allotment Option) were approximately \$26.3 million, of which approximately \$21 million were gross proceeds to the Company.

## **INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES**

As of November 13, 2019, none of our directors, executive officers, employees, former directors, former executive officers or former employees, and none of their associates, is indebted to us or another entity whose indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar agreement or understanding provided by us, except for routine indebtedness as defined under applicable securities legislation.

## **CORPORATE GOVERNANCE**

The Canadian Securities Administrators have issued corporate governance guidelines pursuant to National Policy 58-201 – Corporate Governance Guidelines (“NP 58-201”) together with certain related disclosure requirements pursuant to NI 58-101. The corporate governance guidelines set forth in NP 58-201 are recommended as “best practices” for issuers to follow. Goodfood recognizes that good corporate governance plays an important role in its overall success and in enhancing shareholder value and, accordingly, has adopted certain corporate governance policies and practices which are reflective of the recommended corporate governance guidelines.

Set out below is the disclosure required by NI 58-101 which describes Goodfood’s approach to corporate governance in relation to the corporate governance guidelines set forth in NP 58-201.

### **Board of Directors**

#### ***Independence of the Board of Directors***

The Board is comprised of six directors, four of whom are independent for the purposes of NI 58-101. A director is independent for the purposes of NI 58-101 if he or she is independent within the meaning of National Instrument 52-110 – Audit Committees (“NI 52-110”). Subject to certain exceptions, a director is “independent” within the meaning of NI 52-110 if he or she has no direct or indirect material relationship with the issuer. A “material relationship” is a relationship that could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment.

It is the Board’s determination that all current directors are independent other than Jonathan Ferrari by reason of the fact that he is the Chairman and Chief Executive Officer of the Company and Neil Cuggy by reason of the fact that he is the President and Chief Operating Officer of the Company.

The Board determines annually whether each member of the Board is independent pursuant to applicable securities legislation by ascertaining, among other matters, whether they were engaged as an executive officer or employee of Goodfood, they have any immediate family member engaged as an executive officer or employee of Goodfood, they received remuneration from Goodfood other than remuneration for acting as a director or a member of any committee of the Board, or they or an immediate family member benefitted from a business relationship with Goodfood that could reasonably be perceived to materially interfere with their independent judgment. For additional information regarding the directors of Goodfood, see “Proposed Nominees for Election as directors - Information on Proposed Nominees”.

### ***Outside Directorships***

Certain members of the Board are currently directors of other issuers that are reporting issuers (or the equivalent) in a jurisdiction of Canada or a foreign jurisdiction, as listed in “Proposed Nominees for Election as Directors - Information on Proposed Nominees”.

### ***Meetings of Independent Directors***

The Board of Directors holds regularly-scheduled quarterly meetings as well as ad hoc meetings from time to time. In the course of meetings of the Board of Directors or of committees of the Board, the independent directors hold meetings, or portions of such meetings, at which neither non-independent directors nor officers of Goodfood are in attendance. See “Attendance and Board and Committee Meetings”.

If a director or officer holds an interest in a transaction or agreement under consideration at a Board meeting or a Board committee meeting, that director or officer shall not be present at the time the Board or Board committee deliberates such transaction or agreement and shall abstain from voting on the matter, subject to certain limited exceptions provided for in the Company’s laws of incorporation.

### ***Chairman of the Board***

Jonathan Ferrari, the Chairman and Chief Executive Officer of the Company, is the Chairman of the Board of Directors, and in such role, he is principally responsible for overseeing the operations and affairs of the Board.

### ***Lead Director***

As the Chairman of the Board is an Executive Officer, the directors have appointed Donald Olds, an independent director, as the lead director of Goodfood (the “Lead Director”). The Lead Director is responsible for performing the duties and responsibilities of ensuring that the Board of Directors discharges its responsibilities, that the Board of Directors evaluates performance of management objectively, that the Board of Directors understands the boundaries between the responsibilities of the Board of Directors and of management and managing any conflicts of interest between the Board of Directors and management.

### ***Board of Directors Mandate***

The Board of Directors has adopted a written charter describing, inter alia, the Board’s role and overall responsibility to supervise the management of the business and affairs of Goodfood. The Board, directly and through its Board committees and the Chairman of the Board (or the Lead Director in the event the Chairman of the Board has a conflict of interest), provides direction to the Executive Officers. The Board has overall responsibility for the Company’s strategic planning, risk management, human resources management, corporate governance, and communications with Goodfood’s shareholders and the market. The text of the Board of Directors Charter is reproduced in its entirety in Annex A attached to this Management Proxy Circular.

## **Committees of the Board**

In addition to the Audit Committee, the Board has established the GHRC Committee, which is currently comprised of Donald Olds, Hamnett Hill and Terry Yanofsky, all of whom are independent within the meaning of NI 58-101. Mr. Olds is the chair of the GHRC Committee. For more information on the Audit Committee, including the text of its terms of reference, refer to the Audit Committee section in our annual information form for Fiscal 2019.

## **Position Descriptions**

The Board has developed and implemented written descriptions for the Lead Director, Chairman of the Board and the chair of each committee of the Board in the Board of Directors Charter and each committee's respective charter. In addition, the Board, in conjunction with the President and Chief Executive Officer, has developed and implemented a written position description for the role of the President and Chief Executive Officer who is primarily responsible for the general direction and management of the business and affairs of the Company, including establishing the corporate strategy and leadership of the Company, overseeing financial, compliance and governance matters, and ensuring effective Board, stakeholder and investors communication. The text of the Terms of Reference for the President and Chief Executive Officer is reproduced in its entirety in Annex B attached to this Management Proxy Circular.

## **Orientation and Continuing Education**

The GHRC Committee reviews, monitors and makes recommendations with respect to director orientation. All newly elected directors shall be provided with an orientation as to the nature and operation of the business and affairs of the Company and as to the role of the Board and its committees. Each new director shall meet with the Lead Director and Chairman and Chief Executive Officer, and will also be given the opportunity to meet with the Company's other senior managers to discuss the Company's business and activities. Orientation will be designed to assist the directors in fully understanding the nature and operation of the Company's business, the role of the Board and its committees, and the contributions that individual directors are expected to make, including the time and effort the Company expects them to devote to the execution of their functions.

Given the size of the Company, directors do not receive a formal continuing education program. However, directors are regularly briefed by the Chairman and Chief Executive Officer, the President and Chief Operating Officer and the Chief Financial Officer on the strategic issues affecting the Company as well as the competitive landscape and other developments that could materially affect the business. In addition, the GHRC Committee intends to periodically review, monitor and make recommendation with respect to the sufficiency of director continuing education opportunities available to the Company's directors.

## **Ethical Business Conduct**

### ***Code of Conduct***

The Board of Directors has adopted a written Code of Conduct applicable to all employees, executive officers and directors of Goodfood. The Code of Conduct has been filed under



Goodfood's profile on SEDAR at [www.sedar.com](http://www.sedar.com). The Code of Conduct summarizes the standards of business conduct expected of employees, executive officers and directors, and provides guidance on their ethical and legal responsibilities. The Code of Conduct aims to deter wrongdoing and to promote, inter alia:

- honest and ethical conduct;
- avoidance of conflicts of interest with the interests of the Company;
- confidentiality of corporate information;
- protection and proper use of corporate assets and opportunities;
- compliance with applicable laws, rules and regulations, including compliance with securities laws and regulations; and
- internal reporting of any violations of the Code of Conduct and accountability for adherence of the Code of Conduct.

The Code of Conduct also prohibits directors, executive officers and employees of Goodfood to enter into any transactions relating to short sales of securities of Goodfood, sales of call options on securities of Goodfood, and purchases of put options on securities of Goodfood.

All directors, executive officers and employees of Goodfood have been provided with a copy of the Code of Conduct and the directors, executive officers and employees of Goodfood are required to sign an acknowledgment of their receipt and understanding of their obligations to comply with the Code of Conduct on an annual basis.

### ***Monitoring Compliance with the Code of Conduct***

The Board, together with the GHRC Committee and the Audit Committee monitors adherence to the Code of Conduct and reviews potential situations related thereto brought to the attention of the any of the Board, GHRC Committee or Audit Committee in order to recommend to the GHRC Committee whether or not to grant waivers from the requirements of the Code of Conduct.

### ***Requirement for Directors and Officers to Disclose Interest in a Contract or Transaction***

In accordance with the Company's laws of incorporation, directors and officers must disclose the nature and value of any interest he or she has in a material contract or material transaction whether made or proposed with the Company. Such disclosure is also required for any contract or transaction to which Goodfood is a party and an entity in which the director or officer is a director or officer or an individual acting in a similar capacity, or an entity in which the director or officer has a material interest. Subject to certain limited exceptions under the Company's laws of incorporation, no director may vote on a resolution to approve a material contract or material transaction which is subject to such disclosure requirement.

The GHRC Committee monitors conflicts of interest (actual or perceived) of both the directors and officers in accordance with the Code of Conduct, including compliance with all applicable corporate and securities law disclosure obligations, and restrictions on voting or participating in deliberations with respect to contracts or transactions in which a director or officer of Goodfood has an interest.

### ***Complaint Reporting and Review of Ethical Business Conduct***

In order to foster a climate of openness and honesty in which any concern or complaint pertaining to accounting, internal accounting controls or auditing matters affecting Goodfood can be reported in good faith, without fear of retaliation, harassment or an adverse employment consequence, the Code of Conduct contains policies and procedures to facilitate confidential, anonymous submissions by employees of concerns or complaints regarding questionable accounting, internal accounting controls or auditing matters. The Chief Financial Officer is responsible for reviewing any such complaints or concerns that are received. However, when necessary, the Chair of the GHRC Committee may receive and review any complaints or concerns received that relate to non-financial matters, while the Audit Committee may receive and review any complaints or concerns received that relate to financial matters. Each of the Chief Financial Officer, GHRC Committee and Audit Committee, if determined to be necessary or appropriate, may engage outside advisors to investigate any matter, and will work with management and legal counsel to reach a satisfactory conclusion.

### **Nomination of Directors**

The GHRC Committee, in consultation with the Chairman and Chief Executive Officer, annually or as required, recruits and identifies, and recommends to the Board for nomination, individuals qualified to become new Board members, as well as recommend individual directors to serve on the various Board committees. In making its recommendations, the GHRC Committee considers the competencies and skills that the Board considers to be necessary for the Board as a whole to possess, the competencies and skills that the Board considers each existing director to possess, and the competencies and skills each new nominee will bring to the boardroom. The Committee also considers the amount of time and resources that nominees have available to fulfill their duties as a Board member.

The GHRC Committee is composed of a majority of independent directors within the meaning of NI 58-101. The Chair of the GHRC Committee is an independent director and will lead the nominating process in accordance with and pursuant to the criteria for Board membership as set forth in the Charter of the GHRC Committee.

In accordance with the requirements of the TSX, the Company has adopted a majority voting policy for uncontested director elections.

### ***Diversity Policy and Representation of Women, Aboriginal Persons, Visible Minorities or Disabled Persons as Executive Officers or on the Board of Directors***

The Company's executive officers and the members of the Board of Directors have diverse backgrounds and expertise and were selected on the belief that the Company and its stakeholders would benefit from such a broad range of talent and experiences. The Board of Directors

considers merit as the key requirement for board and executive appointments, and as such, it has not adopted a target regarding women, aboriginal persons, visible minorities and persons with disabilities in executive officer positions or as Directors of the Company. The Company has not adopted a written diversity policy and seeks to attract and maintain diversity at the executive and Board of Directors levels informally through the recruitment efforts of management in discussion with directors prior to proposing nominees to the GHRC Committee and to the Board of Directors as a whole for consideration. The Company currently has no visible minorities, women, aboriginal persons or persons with disabilities acting as executive officers on behalf of the Company, and has one woman member of the Board of Directors (representing 16% of the Company's directors) but no aboriginal persons, visible minorities or persons with disabilities as members on its Board of Directors.

### **Compensation**

The GHRC Committee oversees and recommends for approval by the Board of Directors Goodfood's executive compensation principles, policies, programs, grants of equity-based incentives and processes and specifically considers and recommends annually or as required for approval by the independent directors of the Board of Directors of all forms of compensation for the Chairman and Chief Executive Officer, and for approval by the Board of Directors of all forms of compensation for the other executive officers of Goodfood. Further particulars of the process by which compensation for Goodfood's executive officers is determined, is provided under the heading "Executive Compensation" in this Management Proxy Circular. The Chair of the GHRC Committee is an independent director and leads the compensation review process in accordance with the GHRC Committee Charter.

### **Assessments**

It is the responsibility of the Board of Directors and the GHRC Committee to regularly evaluate the overall efficiency of the Board of Directors and its various committees. In connection with such evaluations by the Board of Directors, the performance of the Board of Directors as a whole as well as the performance of each individual director is evaluated and reviewed on an annual basis. The evaluation by the Board of Directors takes into account (i) in the case of the Board of Directors, the Board of Directors charter and (ii) in the case of an individual director, the applicable position description(s), as well as the competencies and skills each individual director is expected to contribute to the Board of Directors. The GHRC Committee assesses the contribution of individual directors on an ongoing basis and in light of the opportunities and risks facing Goodfood, the competencies, skills and qualities required of directors. As part of its mandate, the GHRC Committee develops long-term plans for the composition of the Board, as well as ensures that an appropriate system is in place to evaluate the effectiveness of the Board as a whole and its various committees.

### **Director Term Limits**

The Company does not have a policy that limits the term of the directors on its Board of Directors and has not provided other mechanisms of board renewal. At this time, the Board of Directors does not believe that it is in the best interest of the Company to establish a term limit of the director's mandate or the mandatory retirement age. The Board of Directors is in the opinion that term limits may disadvantage the Company through the loss of beneficial contributions of

directors who have developed increasing knowledge of the Company, its operation and the industry over a period of time. Furthermore, the GHRC Committee periodically reviews the composition of the Board of Directors and its committees, to determine “relatedness” as well as the profile of the Board of Directors (such as age, disciplines, geographical representation, etc.) so as to ensure that the Board of Directors is comprised of members who facilitate effective decision-making.

### **Attendance at Board and Committee Meetings**

The GHRC Committee monitors director attendance and, in addition to considering attendance in relation to the recommendation for directors to be proposed for election at the annual meeting of shareholders, the Committee discloses the attendance record for all directors in the Management Proxy Circular. During Fiscal 2019, the Board of Directors met a total of seven (7) times, the Audit Committee met a total of four (4) times, and the GHRC Committee did not formally meet, though were present at meetings of the Board of Directors to review and discuss matters under the GHRC Committee’s preview, as described in more detail under the heading “Proposed Nominees for Election as Directors - Information on Proposed Nominees”. At the end of each of the Board of Directors meetings held during Fiscal 2019, the independent directors met separately.

### **ADDITIONAL INFORMATION**

Additional information relating to Goodfood may be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.makegoodfood.ca](http://www.makegoodfood.ca). You can also obtain a copy of such documents by contacting Investor Relations by sending an e-mail to [ir@makegoodfood.ca](mailto:ir@makegoodfood.ca), by visiting the Investors section on the Company’s website at [www.makegoodfood.ca](http://www.makegoodfood.ca) or by contacting us by mail or telephone:

Investor Relations  
[ir@makegoodfood.ca](mailto:ir@makegoodfood.ca)  
Telephone: 1-855-515-5191

Additional financial information is provided in the Audited Consolidated Financial Statements and the Management’s Discussion & Analysis of the Company for its fiscal year ended August 31, 2019.

### **APPROVAL BY THE DIRECTORS**

The Board of Directors of the Company has approved the content and delivery of this Management Proxy Circular.

*(s) Philippe Adam*

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Philippe Adam  
Chief Financial Officer

**ANNEXE A**  
**BOARD OF DIRECTORS CHARTER**

See attached document.

**ANNEXE B**  
**TERMS OF REFERENCE FOR THE**  
**PRESIDENT AND CHIEF EXECUTIVE OFFICER**

See attached document.

**ANNEXE C**  
**OPTION PLAN ORDINARY RESOLUTION**

WHEREAS the Company wishes to amend the terms and conditions of the Stock Option Plan in order to increase the number of Options, and the number of shares issuable pursuant to the exercise of Options, available for issuance under the Stock Option Plan or any other equity incentive plans of the Company from 7.5% to 10% of the Company's issued and outstanding Common Shares from time to time, the whole as more particularly described in the Management Proxy Circular of the Company dated November 13, 2019 (the "Circular");

WHEREAS the proposed amendments to the Stock Option Plan of the Company require Shareholders' approval pursuant to the terms of the Stock Option Plan and Section 613 of the TSX Company Manual.

IT IS HEREBY RESOLVED THAT:

1. the amendment to the Stock Option Plan to increase the number of Options, and the number of shares issuable pursuant to the exercise of Options, available for issuance under the Stock Option Plan or any other equity incentive plans of the Company from 7.5% to 10% of the Company's issued and outstanding Common Shares from time to time be and is hereby approved.
2. any director or officer of the Company be and is hereby authorized to do such things and to sign, execute and deliver all instruments and documents that such director and officer may, in his or her discretion, determine to be necessary or desirable in order to give full effect to the intent and purpose of this resolution.