

The Second Cup Ltd.

Management's Discussion and Analysis

FINANCIAL HIGHLIGHTS

The following table sets out selected IFRS and certain non-GAAP financial measures of the Company and should be read in conjunction with the Unaudited Condensed Interim Financial Statements of the Company for the 13 weeks ended March 28, 2015.

(in thousands of Canadian dollars, except Number of cafés, Same café sales, and per share amounts)	13 weeks ended March 28, 2015	13 weeks ended March 29, 2014
System sales of cafés ¹	\$43,174	\$43,930
Same café sales ¹	(1.1%)	(6.9%)
Number of cafés - end of period	344	357
Total revenue	\$9,014	\$6,623
Gross profit	\$5,248	\$4,745
Operating expenses	\$5,235	\$3,821
Restructuring charges	-	\$559
Provision for café closures	\$(55)	\$139
Operating income	\$68	\$226
Adjusted EBITDA ¹	\$364	\$1,080
Net (loss) income and comprehensive (loss) income	\$(76)	\$56
Basic and diluted (loss) earnings per share as reported	\$(0.01)	\$0.01
Adjusted basic and diluted earnings per share ¹	\$(0.01)	\$0.06
Total Assets - as at end of period	\$51,179	\$76,040
Number of common shares issued and outstanding - end of period	12,830,945	9,903,045

¹See the section "Definitions and discussion on certain non-GAAP financial measures" for further analysis.