

# The Second Cup Ltd.

## Management's Discussion and Analysis

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### 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 and 26 weeks ended June 27, 2015 and June 28, 2014.

| (in thousands of Canadian dollars, except same café sales, number of cafés, per share amounts, and number of common shares.) | 13 weeks ended   |                  | 26 weeks ended   |                  |
|--|------------------|------------------|------------------|------------------|
|  | June 27,<br>2015 | June 28,<br>2014 | June 27,<br>2015 | June 28,<br>2014 |
| System sales of cafés <sup>1</sup>   | \$43,715         | \$45,829         | \$86,890         | \$89,759         |
| Same café sales <sup>1</sup>   | (3.2%)           | (5.0%)           | (2.2%)           | (5.9%)           |
| Number of cafés - end of period  | 337              | 357              | 337              | 357              |
| Total revenue  | \$9,420          | \$6,435          | \$18,434         | \$13,059         |
| Operating costs and expenses   | \$9,427          | \$6,824          | \$18,372         | \$13,221         |
| Operating income (loss) <sup>1</sup>   | (\$7)            | (\$389)          | \$62             | (\$162)          |
| EBITDA <sup>1</sup>  | \$334            | (\$113)          | \$753            | \$380            |
| Net loss and comprehensive loss  | (\$72)           | (\$390)          | (\$148)          | (\$334)          |
| Basic and diluted loss per share as reported   | (\$0.01)         | (\$0.04)         | (\$0.01)         | (\$0.03)         |
| Total assets - end of period   | \$50,457         | \$74,434         | \$50,457         | \$74,434         |
| Number of common shares issued and outstanding - end of period   | 12,830,945       | 9,903,045        | 12,830,945       | 9,903,045        |

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