CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Management's Discussion and Analysis ("MD&A") may constitute forward-looking statements within the meaning of applicable securities legislation. The terms the "Company", "Second Cup", "we", "us", or "our" refer to The Second Cup Ltd. Forward-looking statements include words such as "may", "will", "should", "expect", "anticipate", "believe", "plan", "intend" and other similar words. These statements reflect current expectations regarding future events and financial performance and speak only as of the date of this MD&A. The MD&A should not be read as a guarantee of future performance or results and will not necessarily be an accurate indication of whether or not those results will be achieved. Forward-looking statements are based on a number of assumptions and are subject to known and unknown risks, uncertainties and other factors, many of which are beyond Second Cup's control that may cause Second Cup's actual results, performance or achievements, or those of Second Cup cafés, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The following are some of the factors that could cause actual results to differ materially from those expressed in the underlying forward-looking statements: competition; availability of premium quality coffee beans; the ability to attract qualified franchisees; the location of Second Cup cafés; the closure of Second Cup cafés; loss of key personnel; compliance with government regulations; potential litigation; the ability to exploit and protect the Second Cup trademarks; changing consumer preferences and discretionary spending patterns including, but not restricted to, the impact of weather and economic conditions on such patterns; reporting of system sales by franchisees; and the financial performance and financial condition of Second Cup. The foregoing list of factors is not exhaustive, and investors should refer to the risks described under "Risks and Uncertainties" below and in Second Cup's Annual Information Form, which is available at www.sedar.com.

Although the forward-looking statements contained in this MD&A are based on what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements and, as a result, the forward-looking statements may prove to be incorrect.

As these forward-looking statements are made as of the date of this MD&A, Second Cup does not undertake to update any such forward-looking statements whether as a result of new information, future events or otherwise. Additional information about these assumptions and risks and uncertainties is contained in the Company's filings with securities regulators. These filings are also available on the Company's website at www.secondcup.com.

INTRODUCTION

The following MD&A has been prepared as of March 1, 2019 and is intended to assist in understanding the financial performance and financial condition of The Second Cup Ltd. ("Second Cup" or the "Company") for the 13 weeks (the "Quarter") and 52 weeks (the "Year") ended December 29, 2018, and should be read in conjunction with the Audited Financial Statements of the Company for the 52 weeks ended December 29, 2018, accompanying notes and the Annual Information Form, which are available at www.sedar.com. Past performance may not be indicative of future performance. All amounts are presented in thousands of Canadian dollars, except number of cafés, per share amounts or unless otherwise indicated and have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company also reports certain non-IFRS measures such as system sales of cafés, same café sales, operating income (loss), EBITDA, adjusted EBITDA, adjusted net income (loss) and adjusted net income (loss) per share that are discussed in the "Definitions and Discussion of Certain non-GAAP Financial Measures" in this MD&A.

TABLE OF CONTENTS

CORE BUSINESS, STRATEGIC IMPERATIVES, AND KEY PERFORMANCE DRIVERS

Core business

Second Cup is a Canadian specialty coffee retailer with 262 cafés operating under the trade name Second Cup™ in Canada, of which 25 are Company-owned and the balance are operated by franchisees.

Second Cup owns the trademarks, trade names, operating procedures and systems and other intellectual property used in connection with the operation of Second Cup cafés in Canada, excluding the Territory of Nunavut.

The Company was incorporated under the Business Corporations Act (Ontario) in 2011. The address of its registered office is 6303 Airport Road, 2nd Floor, Mississauga, Ontario, L4V 1R8. The website is www.secondcup.com. The common shares are listed on the Toronto Stock Exchange under the symbol "SCU".

The fiscal year follows the method, such that each quarter will consist of 13 weeks and will end on the Saturday closest to the calendar quarter-end. The fiscal year is made up of 52 or 53-week periods ending on the last Saturday of December. Fiscal year 2018 consists of 52 weeks.

As at December 29, 2018, the issued share capital consisted of 19,940,073 common shares.

Additional information including the Annual Information Form is on SEDAR at www.sedar.com.

As a franchisor, Second Cup opens, acquires, closes and refranchises individual café locations in the normal course of business.

Strategic imperatives and key performance drivers

Second Cup's vision of being the coffee brand most passionately committed to quality and innovation will drive management's strategies and actions going forward. Coffee will be at the core of the offering supported by ongoing food and beverage innovation.

As the Canadian specialty coffee company, bringing the best coffees in the world to customers is at the core of the brand and fundamental to redefining Second Cup as the coffee brand most passionately committed to quality and innovation. In January 2018, Second Cup announced a move to Clean Label beverages, with a commitment to eliminate artificial colours and flavours, preservatives and high fructose corn syrup from all beverages on the menu.

In September 2017, Second Cup obtained category exclusive license right from Pinkberry Canada Inc. and began rolling out the Pinkberry Frozen Yogurt program in Second Cup cafés.

On April 12, 2018, the Company and National Access Cannabis Corp. ("NAC") established a strategic alliance to develop and operate a network of NAC-branded recreational cannabis dispensaries initially across Western Canada, expanding to include additional provinces where legally permissible. NAC will apply for licences to dispense cannabis products and upon receipt, work with Second Cup and applicable franchisees to leverage Second Cup's extensive Canadian retail footprint to construct retail stores carrying leading cannabis products.

The Company has been assisting NAC in its applications for recreational cannabis dispensary licenses in Alberta in respect of select locations that are currently occupied by Second Cup cafés. Of the five applications submitted for the City of Calgary, there are two locations – where a development permit by the City has been granted – that the joint venture are in the various stages of negotiations with the respective landlords and franchisees to convert to a cannabis dispensary. In November 2018, the Alberta Gaming, Liquor and Cannabis (the "AGLC") announced a moratorium on new dispensary licences due to logistics issues, cannabis shortages and high demand. The Company will continue to work with NAC and other parties towards conversion of these two cafés when the moratorium is lifted by the AGLC.

The Company continues to focus on strengthening its franchise network, franchising corporate stores to strong operators to follow an asset light business model, and expects to make further reductions in the number of Company-owned cafés in 2019.

CAPABILITIES

This section documents factors that affect the Company's ability to execute strategies, manage key performance drivers and deliver results. This section is qualified by the section "Caution Regarding Forward-Looking Statements" at the beginning of this MD&A.

The Second Cup brand

The brand – Second Cup Coffee Co.™ – reflects an independent spirit, a commitment to deliver the world's finest coffee, and the Company's vision to be the coffee brand most passionately committed to quality and innovation. A proud Canadian company since 1975 with 262 cafés across Canada, Second Cup Coffee Co.™ is a specialty coffee retailer. The Company maintains its commitment to the communities it operates in, celebrating the franchisees' local ownership and their focus on providing quality and friendly service to each customer in every café.

The people

The franchise network consists of approximately 3,000 team members. Team members range from baristas, managers and franchisees at the cafés to support personnel employed at Coffee Central (head office). Baristas and franchisees complete extensive training and certification to deliver a quality product to our customers. Franchisees and baristas are subject to operational quality checks to monitor performance.

Product

As of today, 85% of Second Cup's beverage menu is Clean Label. Clean Label beverages contain no artificial colours or flavours, no preservatives and no high fructose corn syrup. Second Cup will continue to reformulate other menu items to meet the Clean Label standard.

The Company has a strategic partnership with an independent roaster of coffees. The Company has also partnered with Swiss Water Decaffeinated Coffee Company Inc. to decaffeinate its coffee. This process is 100% chemical-free, unlike other decaffeination methods that use methylene chloride or ethyl acetate to remove the caffeine. This decaffeination process gently removes 99.9% of the caffeine while maintaining the unique taste characteristics of the coffee. The process reflects Second Cup's commitment to natural and healthy products.

Second Cup prides itself that all of its coffee and espresso beverages are certified by third parties such as Rainforest Alliance™ - certification that the coffee is grown and processed in a socially and environmentally responsible manner. The Company offers a fair-trade and organic certified blend of coffee called Cuzco®.

Second Cup has introduced a line of Better For You products that continues to grow. This includes smoothies made with a whole banana and added protein boosts and its best-selling breakfast cookie with 10 grams of protein.

In addition to coffee-based products and other beverages, cafés carry a variety of complementary products, including Pinkberry, pastries, sandwiches, muffins, cookies, coffee accessories and coffee-related gift items.

The Pinkberry brand is the leading premium brand in the frozen yogurt category. Launched in California in 2005, Pinkberry has developed a cult-like following and is made with high-quality fresh ingredients, fresh hand-cut fruit and premium toppings.

Liquidity, capital resources and management of capital

The Company's objectives relating to the management of its capital structure are to:

- safeguard its ability to continue as a going concern;
- maintain financial flexibility in order to preserve its ability to meet financial obligations; and
- deploy capital to provide an adequate return to its shareholders.

The Company's primary uses of capital are to finance increases in non-cash working capital, capital expenditures, and other corporate purposes.

On August 10, 2017, the Company issued 4,210,528 common shares and 300,000 warrants of Second Cup to the four shareholders of SPE Finance LLC (SPE), an affiliate of Serruya Private Equity. The Company also extinguished its $8,000 debt to SPE and cancelled 600,000 of old warrants.

On April 17, 2018, the Company entered into an agreement with Clarus Securities Inc. (the "Underwriter"), pursuant to which the Underwriter agreed to purchase, on a "bought deal" basis, 2,898,600 common shares of the Company at a price of $3.45 per share for aggregate gross proceeds to the Company of $10,000 (the "Offering"). The Offering closed on May 8, 2018, with the Company receiving aggregate gross proceeds of $10,000 and net proceeds of $9,190.

On December 18, 2018, the Company announced that the Toronto Stock Exchange (the "TSX") had approved its notice of intention to make a normal course issuer bid for a portion of its common shares. Pursuant to the normal course issuer bid, the Company intends to acquire up to 1,000,000 Common Shares, representing approximately 7.4% of its public float of 13,463,184 common Shares, in the 12-month period commencing December 20, 2018 and ending on December 19, 2019 or such earlier time that the Company completes its purchases pursuant to the normal course issuer bid or provides notice of termination. Under the normal course issuer bid, the Company may purchase up to 12,071 common shares on the TSX during any trading day. As of December 29, 2018, the Company had repurchased 60,335 common shares for an aggregate total value of $115.

Competition

The Canadian specialty coffee market is highly competitive and highly fragmented, with few barriers to entry. There are national, regional and local coffee retailers who are specialty coffee providers or quick serve restaurants with broad menus.

Technology

Second Cup relies heavily on information technology network infrastructure including point of sale system ("POS") hardware and software in cafés, gift and loyalty card transactions, and head office financial and administrative functions. The ability to manage operations effectively and efficiently depends on the reliability and capacity of these technology systems, most of which are administered by third party suppliers. The Company has made significant investments in POS systems across its store network as it relies on the POS system to help analysis for both marketing initiatives and royalty calculations.

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 Audited Consolidated Financial Statements of the Company for the 52 weeks ended December 29, 2018.

(In thousands of Canadian dollars, except same café sales, number of cafés, per share amounts, and number of common shares.)	13 weeks ended		52 weeks ended	
	December 29, 2018[2]	December 30, 2017	December 29, 2018[2]	December 30, 2017
System sales of cafés[1]	$38,860	$41,326	$146,697	$154,153
Same café sales[1]	(2.0%)	(1.1%)	(1.2%)	(0.2%)
Number of cafés – end of period	262	286	262	286
Total revenue	$7,176	$6,085	$25,714	$23,636
Operating costs and expenses	$6,362	$5,092	$24,342	$22,660
Operating income [1]	$814	$993	$1,372	$976
EBITDA[1]	$1,138	$1,339	$2,707	$2,434
Adjusted EBITDA[1]	$1,297	$1,339	$2,930	$2,721
Net income (loss) and comprehensive income (loss)	($55)	$655	$1,151	($3,097)
Adjusted net income (loss) and comprehensive income (loss)	$594	$655	$1,074	$110
Basic and diluted earnings (loss) per share as reported	$0.00	$0.04	$0.06	($0.21)
Adjusted basic and diluted earnings (loss) per share as reported	$0.03	$0.04	$0.06	$0.01
Total assets – end of period	$56,001	$44,700	$56,001	$44,700
Number of weighted average common shares issued and outstanding	19,940,073	17,041,473	18,920,785	14,485,081

[1]See the section "Definitions and Discussion on Certain non-GAAP Financial Measures" for further analysis.
[2]Adoption of new standard on a modified retrospective basis – Consolidated financial statements for 2018 are prepared under the new standard whereas the previous periods are on the old standard. See the section "Changes in Accounting Policies" for further analysis.

OPERATIONAL REVIEW

Seasonality of System sales of cafés

The following table shows the percentage of annual system sales of cafés achieved, on average, in each fiscal reporting quarter over the last three years:

% of annual system sales of cafés	2016	2017	2018	Average
First Quarter	23.9	24.6	24.5	24.3
Second Quarter	24.6	24.6	24.7	24.6
Third Quarter	23.0	24.0	24.3	23.8
Fourth Quarter	28.5	26.8	26.5	27.3
	100.0	100.0	100.0	100.0

Historically, system sales of cafés have been higher in the fourth quarter, which includes the holiday sales periods of November and December. In 2016, Fourth Quarter contains one extra week, for a total of 14 weeks.

Café network

	13 weeks ended		52 weeks ended	
	December 29, 2018	December 30, 2017	December 29, 2018	December 30, 2017
Number of cafés - beginning of period	270	289	286	294
Cafés opened	3	2	7	4
Cafés closed	(11)	(5)	(31)	(12)
Number of cafés - end of period	262	286	262	286

The Company ended the Year with 25 (2017 - 12) Company-owned cafés. Café closures are mainly attributable to leases that are not renewed on expiration, under-performing locations and landlord re-development of specific sites.

Fourth Quarter

System sales of cafés

System sales of cafés for the 13 weeks ended December 29, 2018 were $38,860 compared to $41,326 for the 13 weeks ended December 30, 2017 representing a decrease of $2,466 or 6.0%. The decrease in system sales of cafés is primarily due to the reduction in café count and lower transactions.

Same café sales

During the Quarter, same café sales declined 2.0%, compared to a decline of 1.1% in the comparable Quarter of 2017. The decline is primarily due to a reduction in transactions.

Analysis of revenue

Total revenue for the Quarter was $7,176 (2017 - $6,085), an increase of $1,091, consisting of Company-owned café and product sales, royalty revenue, Co-op Fund contributions, fees and other revenue. The transition to IFRS 15 on a modified retrospective basis in 2018 requires the presentation of the Co-op Fund contributions and related expenses on a gross basis. As a result, revenue for the Quarter includes Co-op Fund contributions of $855.

Company-owned cafés and product sales for the Quarter were $2,441 (2017 - $1,713), an increase of $728. The number of Company-owned cafés increased in the Quarter to 25 (2017 – 12), part of the Company's short-term effort to improve the operation and customer experience by taking back certain underperforming cafés. The Company maintains its on-going objective of reducing the number of Company-owned cafés, consistent with the Company's strategy of returning to an asset light business model.

Franchise revenue was $4,735 for the Quarter (2017 - $4,372), an increase of $363. The increase is due to the consolidation of Co-op Fund contributions of $855, offset by lower royalties and coordination fees as a result of a lower number of franchise cafés.

Operating costs and expenses

Operating costs and expenses include the costs of Company-owned cafés and product sales, franchise-related expenses, general and administrative expenses, loss/gain on disposal of assets, and depreciation and amortization. Total operating costs and expenses for the Quarter were $6,362 (2017 - $5,092), an increase of $1,269, including Co-op Fund expenses of $849.

Company-owned cafés and product sales related expenses for the Quarter were $2,852 (2017 - $1,772), an increase of $1,080. The increase in costs is due to the increase in Company-owned cafés compared to prior year.

Franchise related expenses for the Quarter were $2,021 (2017 - $1,670), an increase of $351. The increase in franchise related expenses is primarily due to the consolidation of Co-op Fund expenses of $849, offset by lower remuneration.

General and administrative expenses were $1,140 for the Quarter (2017 - $1,206), a decrease of $66. This decrease in expenses is primarily due to a reduction in remunerations and directors' fees expenses.

A loss on disposal of $25 was recognized in the Quarter (2017 - loss of $98). Gain and loss on disposal of assets are related to the franchising of Company-owned cafés to franchise partners.

Depreciation and amortization expense was $324 (2017 - $346), a decrease of $22.

EBITDA

EBITDA for the Quarter was $1,138 (2017 - $1,339), a decrease of $201. The savings in franchise and corporate expenses offset the lower franchise revenue and higher operating losses attributed to Company-owned cafés. Adjusted for non-recurring transaction costs, EBITDA for the Quarter was $1,297.

Other expenses

Other expenses for the Quarter were $885, comprised of a change in fair value of NAC warrants of $1,105 and asset impairment charges of $216, offsetting recognized income from the NAC strategic alliance of $436.

In entering into the strategic alliance with NAC, the Company received five million warrants that will expire after five years from the date of issuance. The Black-Scholes fair value of the warrants received ($2,655) was recorded in deferred income and is being recognized as other income over the life of the agreement which is 18 months.

As of December 29, 2018, the fair value of the warrants was $0.344 versus $0.565 at the end of the third quarter, resulting in a decrease to the fair value of the NAC warrants of $1,105. The change in fair value of the NAC warrants will fluctuate in accordance with the trading price of the NAC common shares.

The Company incurred impairment charges of $216 (2017 - $nil) related to an impairment of property and equipment of some Company-owned cafés.

Interest and financing income
Interest income for the Quarter was $63 compared to interest income of $5 in the same Quarter of 2017.

Net income (loss)
The Company's net loss for the Quarter was $55 or $nil per share, compared to a net income of $655 or $0.04 per share in 2017. Adjusted for extraordinary items, net income for the Quarter was $594 or $0.03 per share.

The consolidated financial statements for 2018 reflect the consolidation of the Co-op Fund under IFRS 15 whereas the condensed interim financial statements for the previous three quarters were prepared under the guidance of the previous standard. See the section "Changes in Accounting Policies" for further analysis.

Reconciliations of net income (loss) to EBITDA, adjusted EBITDA, adjusted net income (loss) and adjusted net income (loss) per share are provide in the section "Definitions and Discussion of Certain non-GAAP Financial Measures".

Year

System sales of cafés
System sales of cafés for the Year were $146,697 (2017 - $154,153), a decrease of $7,456 or 4.8%. The decrease is primarily due to the reduction in café count.

Same café sales
For the Year, same café sales declined by 1.2% compared to a decline of 0.2% in 2017. The decline is primarily due to reduced transactions.

Analysis of revenue
Total revenue for the Year was $25,714 (2017 - $23,636), an increase of $2,078, consisting of Company-owned café and product sales, royalty revenue, Co-op Fund contributions, franchise fees and other revenue. The transition to IFRS 15 on a modified retrospective basis in 2018 requires the presentation of the Co-op Fund contributions and related expenses on a gross basis. As a result, revenue for the Year includes Co-op Fund contributions of $3,031.

Company-owned cafés and product sales were $7,885 (2017 - $8,562), a decrease of $677. While the Company maintains its on-going objective of reducing the number of Company-owned cafés, consistent with the Company's strategy of returning to an asset light business model, the Company took back a number of low-performing franchise cafés during the year as part of its effort to improve café operation and customer experience.

Franchise revenue was $17,829 for the Year (2017 - $15,074), an increase of $2,755. The increase is primarily due to the consolidation of Co-op Fund contributions of $3,031, offset by lower royalties and coordination fees as a result of a lower number of franchise cafés. There was also a net positive impact of $118 due to the application of the new revenue recognition standard IFRS 15.

Operating costs and expenses

Operating costs and expenses include the costs of Company-owned cafés and product sales, franchise-related expenses, general and administrative expenses, loss on disposal of assets, and depreciation and amortization. Total operating costs and expenses for the Year were $24,342 (2017 - $22,660), an increase of $1,682.

Company-owned cafés and product related expenses were $8,954 for the Year (2017 - $9,303), a decrease of $349. The decrease in costs is attributable to lower sales as compared to 2017.

Franchise related expenses were $8,961 for the Year (2017 - $5,693), an increase of $3,268. This increase in expenses is primarily driven by the inclusion of Co-op Fund expenses of $3,022, an increase in provisions for bad debts of $653 offset by savings in remuneration and other operating expenses.

General and administrative expenses were $5,064 for the Year (2017 - $6,009), a decrease of $945. This decrease in expenses is primarily due to the one-time transition costs in 2017 and reductions in remuneration, directors' fees, and IT related expenses.

A loss on disposal of assets of $28 was recognized for the Year (2017 - $197 loss). Gain and loss on disposal of assets are primarily related to the franchising of Company-owned cafés to franchise partners.

Depreciation and amortization expense was $1,335 (2016 - $1,458), a decrease of $123.

EBITDA

EBITDA was $2,707 for the Year (2017 - $2,434), an increase of $273. The increase is primarily driven by corporate expense savings offset by higher Company-owned café operating loss and bad debts. Adjusted for non-recurring transaction costs, EBITDA for the Year was $2,950 compared with $2,721 last year.

Other income and expenses

Other income for the Year was $105 (2017 - $nil), comprised of recognized income from the NAC strategic alliance of $1,256 offset by a change in fair value of NAC warrants of $935 and asset impairment charges of $216.

As of December 29, 2018, the fair value of the warrants was $0.344 each versus $0.531 each at issuance on April 12, 2018, resulting in a decrease to the fair value of the NAC warrants of $935 for the Year. The change in fair value of the NAC warrants will fluctuate in accordance with the trading price of the NAC common shares.

The Company incurred impairment charges of $216 (2017 - $nil) related to an impairment of property and equipment of some Company-owned cafés.

Interest and financing costs

Interest income was $165 for the Year compared to interest and financing costs of $3,897 in 2017. In the third quarter of 2017, one-time, non-cash financing charges of $3,290 was recognized. These charges consist of the difference between the share price of $2.60 on the Issuance Date and the agreed-to share price of $1.90, and the write-off of the unamortized portion of deferred transaction costs related to the debt.

Net income (loss)

The Company's net income for the Year was $1,151 or $0.06 per share, compared to a net loss of $3,097 or $0.21 per share in 2017. Adjusted for extraordinary items, net income for the Year was $1,074 or $0.06 per share compared to a net income of $110 or $0.01 per share in 2017.

The consolidated financial statements for 2018 reflect the consolidation of the Co-op Fund under IFRS 15 whereas the condensed interim financial statements for the previous three quarters were prepared under the guidance of the previous standard. See the section "Changes in Accounting Policies" for further analysis.

Reconciliations of net income (loss) to EBITDA, adjusted EBITDA, adjusted net income (loss) and adjusted net income (loss) per share are provide in the section "Definitions and Discussion of Certain non-GAAP Financial Measures".

SELECTED QUARTERLY INFORMATION

(in thousands of Canadian dollars, except Number of cafés, Same café sales, and per share amounts)	Q4 2018[2,3]	Q3 2018[3]	Q2 2018[3]	Q1 2018[3]
System sales of cafés[1]	$38,860	$35,704	$36,213	$35,920
Same café sales[1]	(2.0%)	0.3%	(1.0%)	(2.2%)
Number of cafés – end of period	262	270	275	279
Total revenue	$7,176	$5,937	$5,627	$4,897
Operating income (loss)[1]	$814	$520	$212	($175)
EBITDA[1]	$1,138	$858	$537	$174
Adjusted EBITDA[1]	$1,297	$880	$559	$194
Net income (loss) for the period	($55)	$766	$577	($138)
Adjusted net income (loss) for the period[1]	$594	$432	$186	($138)
Basic and diluted earnings (loss) per share	$0.00	$0.04	$0.03	($0.01)
Adjusted basic and diluted earnings (loss) per share[1]	$0.03	$0.03	$0.01	($0.01)
	Q4 2017[2]	**Q3 2017**	**Q2 2017**	**Q1 2017**
System sales of cafés[1]	$41,326	$37,014	$37,898	$37,915
Same café sales[1]	(1.1%)	0.0%	0.7%	(0.2%)
Number of cafés – end of period	286	289	291	293
Total revenue	$6,085	$5,339	$6,237	$5,975
Operating income (loss)[1]	$993	$436	($138)	($315)
EBITDA[1]	$1,339	$805	$230	$60
Adjusted EBITDA[1]	$1,339	$805	$517	$60
Net income(loss) for the period	$655	($2,962)	($315)	($475)
Adjusted net income (loss) for the period[1]	$655	$245	($315)	($475)
Basic and diluted earnings (loss) per share	$0.04	($0.19)	($0.02)	($0.04)
Adjusted basic and diluted earnings (loss) per share[1]	$0.04	$0.02	($0.02)	($0.04)

[1]See the section "Definitions and Discussion on Certain non-GAAP Financial Measures" for further analysis.
[2]The Company's fourth quarter System sales of cafés are higher than other quarters due to the seasonality of the business (see "Seasonality of System sales of cafés" above).
[3]Adoption of new standard on a modified retrospective basis – Financial statements for 2018 are prepared under the new standard whereas the previous periods are on the old standard. See the section "Changes in Accounting Policies" for further analysis.

The system sales decreases quarter over quarter are primarily related to the reduction in total network café count and to a lesser extent to the changes in same café sales.

Seasonal factors and the timing of holidays cause the Company's revenue to fluctuate from quarter to quarter. Revenue changes quarter over quarter are primarily related to the average number of Company-owned cafés count and a reduction in café count.

LIQUIDITY AND CAPITAL RESOURCES

Second Cup collects royalties based on the franchisees' portion of System sales of cafés, franchise fees, and other amounts from its franchisees and also generates revenues from its Company-owned cafés and product sales. For a more detailed discussion of the risks and uncertainties affecting the Company's liquidity, see the general risks outlined below and the "Capabilities" section above.

Summary of cash flows

	13 weeks ended		52 weeks ended	
	December 29, 2018	**December 30, 2017**	**December 29, 2018**	**December 30, 2017**
Cash flows provided by operating activities	$1,050	$1,583	$2,209	$1,862
Cash flows provided by (used in) investing activities	(248)	(150)	(1,084)	4
Cash flows provided by (used in) financing activities	(3)	(124)	9,190	(297)
Increase in cash and cash equivalents during the period	$799	$1,309	$10,315	$1,569

Fourth Quarter

Cash provided by operating activities was $1,050 for the Quarter compared to $1,583 for the same period last year. The decrease in operating cash of $533 is mainly due to changes in share-based compensation and other non-cash working capital items.

During the Quarter, cash used in investing activities was $248 compared to cash used of $150 for the same Quarter in 2017. The increase is mainly due to higher capital expenditures.

Cash used in financing activities was ($3) for the Quarter compared to $124 last year. In the Quarter, the Company repurchased 60,335 common shares under a normal course issuer bid for an aggregate total value of $115 with settlement in 2019.

Year

Cash provided by operating activities was $2,209 for the Year compared to $1,862 for 2017. The increase in operating cash of $347 is primarily due to a reduction in interest and financing costs and an increase in interest income offset by changes in non-cash working capital.

During the Year, cash used by investing activities was $1,084 compared to cash provided of $4 for 2017. The increase in 2017 is primarily driven by higher payments for capital expenditures in Company-owned cafés to be refranchised.

Cash provided by financing activities was $9,190 for the Year compared to cash used of $297 in 2017. The Company closed the Offering on May 8, 2018, net of transaction costs. As of December 29, 2018, the Company had repurchased 60,335 common shares under a normal course issuer bid for an aggregate total value of $115 with settlement in 2019.

Working capital as at

		December 29, 2018		December 30, 2017
Current assets	$	20,199	$	10,122
Current liabilities		11,153		9,869
Working capital	$	9,046	$	253

The Company's working capital was $9,128 as at December 29, 2018 compared to a working capital balance of $253 at December 30, 2017. The Offering closed on May 8, 2018 with the Company receiving net proceeds of $9,190, leading to an increase in cash balance. The increase in current liabilities in 2018 is primarily due to the unamortized income related to the NAC strategic alliance. Gift card liability ended the Year at $2,327, a decrease of $1,107 compared to the end of 2017. The application of IFRS 15 accounting on gift card balances outstanding at December 31, 2017 is reflected as a $927 decrease in gift card liability and a $927 increase in accrued liabilities. Based on the historical redemption patterns, the Company believes that it has sufficient financial resources to cover the gift card liability.

Financial instruments

The following summarizes the nature of certain risks applicable to the Company's financial instruments:

Financial instrument	Risks
Financial assets	
Cash and cash equivalents	Credit and interest rate
Restricted cash	Credit and interest rate
Trade and other receivables	Credit
Notes and leases receivable	Credit
Warrants	Credit, liquidity, and interest rate
Financial liabilities	
Accounts payable and accrued liabilities	Liquidity, currency and commodity
Gift card liability	Liquidity
Deposits from franchisees	Liquidity

(i) Credit risk

Cash and cash equivalents and restricted cash

Credit risk associated with cash and cash equivalents and restricted cash is managed by ensuring these assets are placed with institutions of high creditworthiness.

Trade and other receivables, and notes and leases receivable

Trade and other receivables and notes and lease receivable primarily comprise amounts due from franchisees. Credit risk associated with these receivables is mitigated as a result of the review and evaluation of franchisee account balances beyond a particular age. Prior to accepting a franchisee, the Company undertakes a detailed screening process, which includes the requirement that a franchisee has sufficient capital and financing. The risk is further mitigated due to a broad franchisee base that is spread across the country, which limits the concentration of credit risk.

Other receivables may include amounts owing from large organizations where often those organizations have a simultaneous vendor relationship with the Company's franchisees. Credit risk is mitigated as a result of the Company directing and maintaining certain controls over the vendor relationship with the franchisees.

(ii) Liquidity risk

Liquidity risk is managed through regular monitoring of forecast and actual cash flows, monitoring maturity dates of financial assets and liabilities, and also the management of the Company's capital structure and debt leverage. The Company's main source of income is royalty receipts from its franchisees, corporate café sales, and sales from goods and services.

(iii) Currency and commodity risk

The Company purchases certain products, such as coffee, in U.S. dollars, thereby exposing the company to risks associated with fluctuations in currency exchange rates. The Company is also directly and indirectly exposed to commodity market risk. The exposure relates to the changes in coffee commodity prices given it is a material input for the Company's product offerings. The direct exposure is mitigated given that the Company has the ability to adjust its sales price as commodity prices change. The indirect risk exists where franchisee profitability may be impacted, thus potentially resulting in an impeded ability to collect accounts receivable or the need for other concessions to be made to the franchisee. This risk is mitigated by entering fixed price forward purchase commitments through coffee commodity brokers and by having the ability to adjust retail selling prices.

Contingencies, commitments and guarantees

Contractual Obligations	Payments Due by Period				
	Total	1 year	2 - 3 years	4 - 5 years	After 5 years
Obligations from Operating Leases	$16,681	$2,451	$4,409	$3,934	$5,887
Purchase Obligations	1,812	1,812	Nil	Nil	Nil
Total Contractual Obligations	$18,493	$4,263	$4,409	$3,934	$5,887

Obligations from Operating Leases

Second Cup has lease commitments for Company-owned cafés and also acts as the head tenant on most leases, which in turn it subleases to franchisees. To the extent the Company may be required to make rent payments due to head lease commitments, a provision has been recognized.

	Head lease commitments	**Sublease to franchisees**	**Net**
December 28, 2019	$ 16,929	$ 14,478	$ 2,451
December 26, 2020	15,286	12,978	2,308
December 25, 2021	13,679	11,578	2,101
December 31, 2022	12,519	10,492	2,027
December 30, 2023	10,750	8,843	1,907
Thereafter	27,712	21,825	5,887
	$ 96,875	$ 80,194	$ 16,681

The Company believes it has sufficient resources to meet the net commitment of $16,681 over the term of the leases.

Purchase Obligations
Contracts are in place with third party companies to purchase the coffee that is sold in all cafés. In terms of these supply agreements, there is a guaranteed minimum value of coffee purchases of $1,601 (2017 - $1,392) for the subsequent 12 months. The coffee purchase commitment is comprised of two components: unapplied futures commitment contracts and fixed price physical contracts.

Due to the Company acting as the primary coordinator of café construction costs on behalf of its franchisees and for Company-operated cafés, there is $211 (2017 - $894) of contractual commitments pertaining to construction costs for new locations and renovations as at the end the Year. Construction costs are financed from deposits received from franchisees for franchise projects and from the Company's cash flows for corporate projects.

Other Obligations
The Company is involved in litigation and other claims arising in the normal course of business. Judgment must be used to determine whether or not a claim has any merit, the amount of the claim and whether to record a provision, which is dependent on the potential success of the claim. It is believed that no significant losses or expenses will be incurred with such claims. However, there can be no assurance that unforeseen circumstances will not result in significant costs. The outcome of these actions is not determinable at this time, and adjustments, if any, will be recorded in the period of settlement.

Related parties
Related parties are identified as key management, members of the Board of Directors, and shareholders that effectively exercise significant influence on the Company. Such related parties include any entities acting with or on behalf of the aforementioned parties.

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") must acknowledge they are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting ("ICFR") for the Company. The control framework used by the CEO and CFO to design the Company's ICFR is Internal Control over Financial Reporting - Guidance for Smaller Public Companies as issued by COSO. In addition, in respect of:

Disclosure controls and procedures
The CEO and CFO must certify they have designed the disclosure controls and procedures, or caused them to be designed under their supervision, to provide reasonable assurance that material information relating to the Company is made known to them in a timely manner and that information required under securities legislation is recorded, processed, summarized and reported in a timely manner.

As at March 1, 2019, the Company's management, under the supervision of, and with the participation of, the CEO and CFO, evaluated the design of the disclosure controls and procedures. Based on this evaluation, the CEO and CFO have concluded that, as at December 29, 2018, the Company's disclosure controls and procedures were appropriately designed.

Consistent with the concept of reasonable assurance, the Company recognizes that the relative cost of maintaining these controls and procedures should not exceed their expected benefits. As such, the Company's disclosure controls and procedures can only provide reasonable, and not absolute, assurance that the objectives of such controls and procedures are met.

During the 13 weeks ended December 29, 2018 and up to the date of the approval of the Audited Financial Statements and MD&A, there has been no change that has materially affected, or is reasonably likely to materially affect the Company's disclosure controls and procedures.

Internal controls over financial reporting

The CEO and CFO must certify they have designed such internal controls over financial reporting, or caused them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Unaudited Condensed Interim Financial Statements for external purposes in accordance with IFRS.

As at March 1, 2019, the Company's management, under the supervision of, and with the participation of, the CEO and CFO, evaluated the design of the controls over financial reporting. No material weaknesses in the design of these controls over financial reporting were identified. Based on this evaluation, the CEO and CFO have concluded that, as at December 29, 2018, the Company's controls over financial reporting were appropriately designed and were operating effectively.

Consistent with the concept of reasonable assurance, the Company recognizes that the relative cost of maintaining these controls should not exceed their expected benefits. As such, the Company's internal controls over financial reporting can only provide reasonable, and not absolute, assurance that the objectives of such controls are met.

During the 13 weeks ended December 29, 2018 and up to the date of the approval of the Audited Financial Statements and MD&A, there has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect the Company's internal control over financial reporting.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Audited Consolidated Financial Statements requires management to make estimates, assumptions, and use judgement in applying its accounting policies and assumptions about the future. Estimates and other judgements are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The accounting estimates will, by definition, seldom equal the related actual results.

Estimates

The following are examples of estimates and assumptions the Company makes in determining the amounts reported in the consolidated financial statements:

- the determination of the recoverable amounts of tangible and intangible assets subject to depreciation, amortization, or with indefinite lives;
- the derivation of income tax assets and liabilities;
- the estimated useful lives of assets;
- café lease provisions and restructuring charges; and
- the allowance for doubtful accounts.

Use of judgement

The following discusses the most significant accounting judgements and estimates that the Company has made in the preparation of the Audited Financial Statements:

(i) Impairment charges
Impairment analysis is an area involving management judgement in determining the recoverable amount of an asset. The recoverable amount of a cash generating unit ("CGU") is calculated as the higher of the fair value less costs of disposal, and its value in use. Fair value is determined by estimating the net present value of future cash flows derived from such assets using cash flow projections that have been discounted at an appropriate rate and based on a market participant's view. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including:

- growth in total revenue;
- change and timing of cash flows such as the increase or decrease of expenditures;
- selection of discount rates to reflect the risks involved; and
- applying judgement in cash flows specific to CGUs.

Changing the assumptions selected by management, in particular the discount rate and the growth rate used in the cash flow projections, could significantly affect the impairment evaluations and recoverable amounts.

The Company's impairment tests include key assumptions related to the scenarios discussed above.

(ii) Deferred income taxes
The timing of reversal of temporary differences and the expected income allocation to various tax jurisdictions within Canada affect the effective income tax rate used to compute the deferred income taxes. Management estimates the reversals and income allocations based on historical and budgeted operating results and income tax laws existing at the reporting dates. In addition, management occasionally estimates the current or future deductibility of certain expenditures, affecting current or deferred income tax balances and expenses.

(iii) Estimated useful lives
Estimates for the useful lives of property and equipment are based on the period during which the assets are expected to be available-for-use. The amounts and timing of recorded expenses for depreciation of property and equipment for any period are affected by these estimated useful lives. It is possible that changes in these factors may cause significant changes in the estimated useful lives of property and equipment in the future.

(iv) Café lease provisions
Café lease provisions require judgement to evaluate the likelihood and measurement of settlements, temporary payouts or subleasing. Management works with landlords and franchises and uses previous experience to obtain adequate information needed to make applicable judgements.

(v) Allowance for doubtful accounts
The adoption of IFRS 9 has changed the accounting for impairment losses, with respect to financial assets, by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. For the Company, it is not expected that impairment losses will be materially different under IFRS 9, as compared to the incurred loss approach. IFRS 9 requires the Company to record an allowance for expected credit losses ("ECLs") for all loans and other debt financial assets that are not held at fair value through profit and loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Company notes that its cash equivalents and short-term investments are high-grade investments that are held with reputable financial institutions. As such, these assets are considered to be low credit risk investments.

For trade and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The adoption of the ECL requirements of IFRS 9 resulted in no changes to impairment allowances of the Company's financial assets. As such, there were no retrospective adjustments made upon transition.

CHANGES IN ACCOUNTING POLICIES

In May, 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers ("IFRS 15") a new comprehensive model for entities to use accounting for revenue arising from contracts with customers. On December 31, 2017, ("Transition Date") the Company applied IFRS 15 using the modified retrospective transition method. The consolidated financial statements reflect the application of IFRS 15 beginning in 2018, while the financial statements for previous periods were prepared under the guidance of the previous standard. The details and quantitative impact of the changes are disclosed below.

Franchise revenue consists of royalties, as well as initial and renewal of franchise fees, and other fees. Our performance obligations under franchise agreements include a franchise licence as well as pre-opening services including training. These obligations are highly interrelated and, as required under the new guidance, the Company defers the initial franchise and licensing fees and recognizes revenue over the term of the related agreement. Previously, the Company recognized initial franchise fees when all material obligations and services had been performed, which generally occurred when the franchised café opened. On the Transition Date, the Company recognized an increase of $3,118 to deferred income, a decrease to deferred income taxes of $832 and a decrease to the retained earnings (deficit) of $2,286.

The transition to IFRS 15 requires the consolidation of the Co-op Fund contributions and related expenses on a gross basis. The adoption of IFRS 15 had no net impact on the Company's cash provided by operating activities, cash used in investing activities or cash provided by financing activities during the year.

Under IFRS 15, the Company recognizes gift card breakage income proportionately as gift cards are redeemed using an estimated breakage rate based on our historical experience. Previously, the Company recognized the estimated breakage income on gift card sales on a pro rata basis based on an estimate breakage rate. The application of IFRS 15 accounting on gift card balances outstanding at December 31, 2017 is reflected as a $927 decrease in gift card liability and a $927 increase in other accrued liabilities.

IFRS 9, Financial Instruments ("IFRS 9") replaced the incurred loss model under IAS 39 with a model on expected credit losses. Under the new standard, expected credit losses are recorded. The application of IFRS 9 had no material impact to the opening retained earnings (deficit) and to the fiscal year ended December 29, 2018.

Recent accounting pronouncements not yet effective

IFRS 16, Leases ("IFRS 16") sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, the customer ("lessee") and the supplier ("lessor"). This will replace IAS 17, Leases, and related interpretations. IFRS 16 provides revised guidance on identifying a lease and for separating lease and non-lease components of a contract. IFRS 16 introduces a single accounting model for all leases and requires a lessee to recognize (i) right-of-use assets and lease liabilities for leases with terms of more than 12 months, unless the underlying asset is of low value; and (ii) depreciation of lease assets separately from interest on lease liabilities on the unaudited condensed interim statements of income and comprehensive income.

Under IFRS 16, lessor accounting for operating and finance leases will remain substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15. The guidance allows for either a full retrospective or modified retrospective transition method. The Company currently expects to apply the modified retrospective transition method. Further, the Company currently expects to apply the practical expedients to (i) grandfather the assessment of which transactions are leases; (ii) recognition exemption of short-term leases; and (iii) recognition exemption leases of low-value items.

The Company is in the process of completing its analysis but the most significant impact will be in the area of accounting for its franchisee subleases and the operating leases of its head office and corporate cafés.

RISKS AND UNCERTAINTIES

This section is qualified by the section "Caution Regarding Forward-Looking Statements" at the beginning of this MD&A.

The performance of Second Cup is primarily dependent on its ability to maintain and increase the sales of existing cafés, add new profitable cafés to the network and redevelop and modernize cafés as their leases come due. System sales of the café network are affected by various external factors that can affect the specialty coffee industry as a whole. Potential risks include the following:

The specialty coffee industry is characterized by intense competition with respect to price, location, coffee and food quality, and numerous factors affecting discretionary consumer spending. Competitors include national and regional chains, independent cafés, all restaurants and food service outlets that serve coffee, and supermarkets that compete in the whole bean and roast and ground segments.

Growth of the café network depends on Second Cup's ability to secure and build desirable locations and find high calibre, qualified franchisees to operate them. Credit markets may affect the ability of franchisees to obtain new credit or refinance existing credit on economically reasonable terms.

Second Cup faces competition for café locations and franchisees from its competitors and from franchisors and operators of other businesses. The success of franchisees is significantly influenced by the location of their cafés. There can be no assurance that current café locations will continue to be attractive, or that additional café sites can be located and secured as demographic and traffic patterns change. Also, there is no guarantee that the property leases in respect of the cafés will be renewed or suitable alternative locations will be obtained and, in such event, cafés could be closed. It is possible that the current locations or economic conditions where cafés are located could decline in the future, resulting in reduced sales in those locations. There is no assurance that future sites will produce the same results as past sites. There is also no assurance that a franchisee will continue to pay rental obligations in a timely manner, which could result in Second Cup being obligated to pay the rental obligations pursuant to its head lease commitment, which would adversely affect the profitability of the business.

The Canadian specialty coffee industry is also affected by changes in discretionary spending patterns, which are in turn dependent on consumer confidence, disposable consumer income and general economic conditions. Factors such as changes in general economic conditions, recessionary or inflationary trends, job security and unemployment, equity market levels, consumer credit availability and overall consumer confidence levels may affect their business. The specialty coffee industry is also affected by demographic trends, traffic and weather patterns, as well competing cafés.

Business could be adversely affected by increased concerns about food safety in general or other unusual events. On May 28, 2015, the government of Ontario enacted the Making Healthy Choices Act, 2015. The Act came into force on January 1, 2017. Restaurant chains and other food service providers with 20 or more locations operating under the same (or substantially the same) name in Ontario have made changes to the information they display on menus, menu boards and displays.

Second Cup relies heavily on information technology (IT) network infrastructure. The ability to manage operations effectively and efficiently depends on the reliability and capacity of these IT systems, most of which are administered by third party suppliers. The Company relies on POS for system sales for both marketing trends and royalty calculations. Cafés rely on IT network infrastructure to order goods and process credit, debit and café card transactions. Coffee Central financial and administrative functions rely on IT infrastructure for accurate and reliable information. The failure of these systems to operate effectively, or problems with upgrading or replacing systems, could cause a material negative financial result. The Company is continually reviewing its systems and procedures to minimize risk.

The company's cash flow can also be impacted by underperformance of its franchise network through reduced royalties, higher lease exit provisions or the increase in the number of corporate stores. Reduced earnings could impact the company's ability to comply with its credit facility covenants.

The loss of key personnel and/or a shortage of experienced management and hourly employees could have an adverse impact on operations and cafés.

A more detailed discussion of the risks and uncertainties affecting Second Cup is set out in the Second Cup's Annual Information Form, which is available at www.sedar.com.

OUTLOOK

This section is qualified by the section "Caution Regarding Forward-Looking Statements" at the beginning of this MD&A.

Earlier in the year, following the strengthening of the balance sheet, Second Cup initiated a strategic review to examine alternatives to create shareholder value. This review is ongoing.

Reinventing the Second Cup brand is an on-going initiative. While progress has been made in elevating the brand, the company is actively engaged in a brand strategy review to identify and test new innovations to aggressively grow cafe sales and improve the café economic model which remain top priorities.

DEFINITIONS AND DISCUSSION ON CERTAIN NON-GAAP FINANCIAL MEASURES

In this MD&A, the Company reports certain non-GAAP financial measures such as system sales of cafés, same café sales, operating income (loss), EBITDA, adjusted EBITDA, adjusted net income (loss) and adjusted net income (loss) per share. Non-GAAP measures are not defined under IFRS and are not necessarily comparable to similarly titled measures reported by other issuers.

System sales of cafés
System sales of cafés comprise the net revenue reported to Second Cup by franchisees of Second Cup cafés and by Company-owned cafés. This measure is useful in assessing the operating performance of the entire Company network, such as capturing the net change of the overall café network.

Changes in system sales of cafés result from the number of cafés and same café sales (as described below). The primary factors influencing the number of cafés within the network include the availability of quality locations and the availability of qualified franchisees.

Same café sales
Same café sales represent the percentage change, on average, in sales at cafés operating system-wide that have been open for more than 12 months. It is one of the key metrics the Company uses to assess its performance as an indicator of appeal to customers. Two principal factors that affect same café sales are changes in customer count and changes in average transaction size.

Operating income (loss)
Operating income (loss) represents revenue, less cost of goods sold, less operating expenses, and less impairment charges. This measure is not defined under IFRS, although the measure is derived from input figures in accordance with IFRS. Management views this as an indicator of financial performance that excludes costs pertaining to interest and financing, and income taxes.

EBITDA and adjusted EBITDA
EBITDA represents earnings before interest and financing, income taxes, and depreciation and amortization. Adjustments to EBITDA are for items that are not necessarily reflective of the Company's underlying operating performance. As there is no generally accepted method of calculating EBITDA, this measure is not necessarily comparable to similarly titled measures reported by other issuers. EBITDA is presented as management believes it is a useful indicator of the Company's ability to meet debt service and capital expenditure requirements, and evaluate liquidity. Management interprets trends in EBITDA as an indicator of relative financial performance. EBITDA should not be considered by an investor as an alternative to net income or cash flows as determined in accordance with IFRS.

Adjusted net income (loss) and adjusted net income (loss) per share
Adjustments to net earnings (loss) and net earnings (loss) per share are for items that are not necessarily reflective of the Company's underlying operating performance – fair value gain/loss on NAC warrants, impact of amortization of deferred income, and asset impairments in 2018 and fair value difference on debt exchange in 2017. These measures are not defined under IFRS, although the measures are derived from input figures in accordance with IFRS. Management views these as indicators of financial performance.

Reconciliations of net income (loss) to operating income (loss), EBITDA, adjusted EBITDA, adjusted net income (loss) and adjusted net income (loss) per share are provided below:

	13 weeks ended		52 weeks ended	
	December 29, 2018[1]	December 30, 2017	December 29, 2018[1]	December 30, 2017
Net income (loss)	$ (55)	$ 655	$ 1,151	$ (3,097)
Income taxes	47	343	491	176
Interest and financing (income) costs	(63)	(5)	(165)	3,897
Other loss (income)	885	-	(105)	-
Operating income (loss)	$ 814	$ 993	$ 1,372	$ 976

	13 weeks ended		52 weeks ended	
	December 29, 2018[1]	December 30, 2017	December 29, 2018[1]	December 30, 2017
Net income (loss)	$ (55)	$ 655	$ 1,151	$ (3,097)
Income taxes	47	343	491	176
Interest and financing (income) costs	(63)	(5)	(165)	3,897
Other loss (income)	885	-	(105)	-
Depreciation of property and equipment	190	228	825	1,002
Amortization of intangible assets	134	118	510	456
EBITDA	1,138	1,339	2,707	2,434
Add impact of the following:				
Transition costs	-	-	-	287
Transaction costs and other	159	-	223	-
Adjusted EBITDA	$ 1,297	$ 1,339	$ 2,930	$ 2,721

	13 weeks ended		52 weeks ended	
	December 29, 2018[1]	December 30, 2017	December 29, 2018[1]	December 30, 2017
Net income (loss)	$ (55)	$ 655	$ 1,151	$ (3,097)
Add impact of the following:				
After-tax fair value difference on shares issued and other costs	-	-	-	3,207
After-tax other loss (income)	649	-	(77)	-
Adjusted net income (loss)	$ 594	$ 655	$ 1,074	$ 110

	13 weeks ended		52 weeks ended	
	December 29, 2018[1]	December 30, 2017	December 29, 2018[1]	December 30, 2017
Net income (loss) per share	$ 0.00	$ 0.04	$ 0.06	$ (0.21)
Add impact of the following:				
After-tax fair value difference on shares issued and other costs	-	-	-	0.22
After-tax other loss (income)	0.03	-	0.00	-
Adjusted net income (loss) per share	$ 0.03	$ 0.04	$ 0.06	$ 0.01

[1]Adoption of new standard on a modified retrospective basis – Financial statements for 2018 are prepared under the new standard whereas the previous periods are on the old standard. See the section "Changes in Accounting Policies" for further analysis.