CARA OPERATIONS LIMITED
Management's Discussion and Analysis
For the 13 and 39 weeks ended September 27, 2015

The following Management's Discussion and Analysis ("MD&A") for Cara Operations Limited ("Cara" or the "Company") provides information concerning the Company's financial condition and results of operations for the 13 and 39 weeks ended September 27, 2015 ("third quarter", "the quarter" or "the period"). This MD&A should be read in conjunction with the Company's unaudited Condensed Consolidated Interim Financial Statements ("interim financial statements") and accompanying notes as at September 27, 2015, and with the Company's annual Consolidated Financial Statements for the 52 week period ended December 30, 2014. The consolidated results from operations for the 13 and 39 weeks ended September 27, 2015 are compared to the 13 and 39 weeks ended September 30, 2014. Cara's fiscal year ends on the last Sunday in December. As a result, the Company's fiscal year is usually 52 weeks in duration but includes a 53rd week every five to six years.

Some of the information contained in this MD&A contains forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements" and "Risk Factors" for a discussion of the uncertainties, risks and assumptions associated with these statements. Actual results may differ materially from those indicated or underlying forward-looking statements as a result of various factors, including those described in "Risk Factors" and elsewhere in this MD&A.

This MD&A was prepared as at November 11, 2015. Additional information relating to the Company can be found on SEDAR at www.sedar.com.

Basis of Presentation

The Interim Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and all amounts presented are in Canadian dollars unless otherwise indicated.

Highlights for the 13 and 39 weeks ended September 27, 2015:

- System Sales(1) grew $11.3 million to $438.6 million for the 13 weeks ended September 27, 2015 as compared to the 13 weeks ended September 30, 2014, representing an increase of 2.6%. Year to date, System Sales grew $49.8 million to $1,304.6 million for the 39 weeks ended September 27, 2015 as compared to the same period in the prior year, representing an increase of 4.0%;

- Same Restaurant Sales ("SRS") Growth(1) was 1.9% in the third quarter, representing 7 straight quarters of positive SRS Growth;

- Operating EBITDA(1) increased 33.2% to $28.9 million during the 13 weeks ended September 27, 2015 and increased 33.7% to $82.2 million during the 39 weeks ended September 27, 2015 compared to the same periods in the prior year;

- Operating EBITDA Margin on System Sales(1) increased to 6.6% for the 13 weeks ended September 27, 2015 compared to 5.1% for the same period in 2014. Year to date 2015, Operating EBITDA Margin on System Sales increased to 6.3% compared to 4.9% in 2014;

- Net earnings increased $17.0 million to $19.2 million for the 13 weeks ended September 27, 2015, an increase of 773% compared to 2014. Year to date 2015 net earnings increased $31.5 million to $41.4 million, an increase of 318%, over 2014.

- On August 31, 2015, the Company announced the acquisition of 100% interest in New York Fries from 122164 Canada Ltd. Subsequent to the quarter, on October 31, 2015, the Company completed the acquisition for approximately $40.6 million which was funded by Cara's existing credit facility. New York Fries consists of approximately 120 locations in Canada and another 36 abroad of which 140 locations are franchised and 16 are corporately owned and operated.

(1) See “Non-IFRS Measures” on page 23 for definitions of System Sales, SRS Growth, Operating EBITDA, Operating EBITDA Margin and Operating EBITDA on System Sales. See “Reconciliation of net earnings from continuing operations to EBITDA” for a reconciliation of Operating EBITDA.

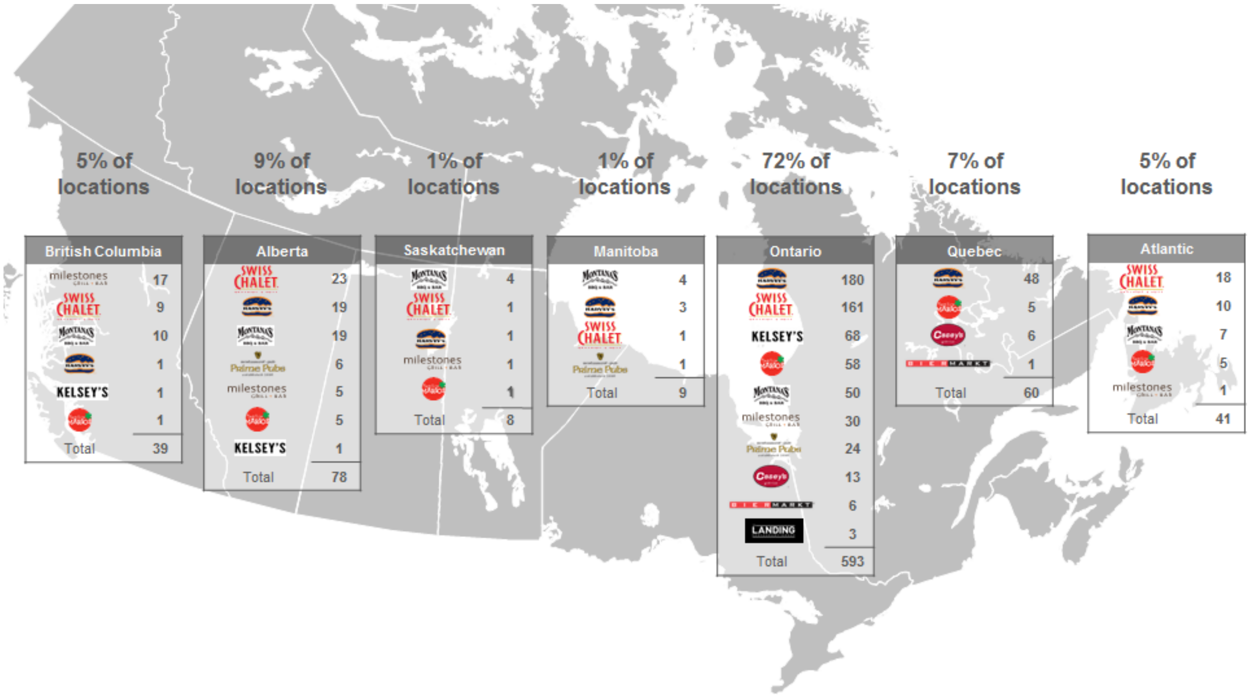
Subsequent events

On November 11, 2015, the Company’s Board of Directors declared a dividend of $0.10172 per share of subordinated and multiple voting common stock, or $5.0 million. Payment of the dividend will be made on December 15, 2015 to shareholders of record at the close of business on November 30, 2015.

Cara offers a Dividend Reinvestment Plan (the “DRIP”or the “Plan’) to any registered or beneficial holder of Shares who is a resident of Canada. The Dividend Reinvestment Plan enables holders of Subordinate Voting Shares of Cara and Multiple Voting Shares of Cara, to acquire additional Subordinate Voting Shares by reinvesting all of their cash dividends, which, when issued from Treasury, will be issued at a discount from the market price of the shares. The purchase price discount has initially been set at 3%.

Overview

Cara is a full-service restaurant company that franchises and operates iconic restaurant brands. As at September 27, 2015, Cara had 10 brands and 828 restaurants across Canada, 88% of which are operated by franchisees. Cara's restaurant network includes Harvey's, Swiss Chalet, Kelsey's, East Side Mario's, Montana's, Milestones, Prime Pubs, Casey's, Bier Markt, and Landing restaurants. Cara's iconic brands have established Cara as a nationally recognized franchisor of choice. Cara's restaurants are located across Canada with 72% of Cara's locations based in Ontario.



Unit count (unaudited)	As at September 27, 2015 Corporate	Franchise	Total	As at December 30, 2014 Corporate	Franchise	Total
Swiss Chalet …………………….	6	207	213	5	210	215
Harvey's ………………………...	16	246	262	15	246	261
Montana's ……………………...	11	83	94	12	79	91
East Side Mario's [1]…………….	3	72	75	4	76	80
Kelsey's…………....……………..	16	54	70	17	55	72
Casey's…………....……………..	1	18	19	1	24	25
Prime Pubs....……....……………..	4	27	31	4	26	30
Bier Markt.....……....…………….	7	0	7	7	0	7
Milestones....……....…………….	29	25	54	23	30	53
Landing…......……....……………..	3	0	3	3	0	3
Total restaurants....……………...	96	732	828	91	746	837
	12%	88%	100%	11%	89%	100%

[1] Unit count excludes East Side Mario restaurants located in the United States.

Selected Financial Information

The following table summarizes the results of Cara's operations for the 13 and 39 weeks ended September 27, 2015 and September 30, 2014:

(C$ millions unless otherwise stated)	For the 13 weeks ended		For the 39 weeks ended	
	September 27, 2015	September 30, 2014	September 27, 2015	September 30, 2014
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales	$ 65.6	$ 54.3	$ 184.1	$ 153.4
Franchise revenues	18.1	18.0	54.4	52.9
Development revenues	2.0	-	3.8	0.1
Total gross revenue from continuing operations [1]	**$ 85.7**	**$ 72.3**	**$ 242.3**	**$ 206.4**
Cost of inventories sold	(18.9)	(15.6)	(52.9)	(44.7)
Selling, general and administrative expenses	(44.2)	(41.8)	(126.3)	(117.3)
Development expenses	(2.0)	-	(3.8)	(0.1)
Restructuring	0.1	(2.1)	(0.1)	(3.6)
Operating Income [1]	**$ 20.7**	**$ 12.8**	**$ 59.2**	**$ 40.8**
Finance costs:				
Net interest expense and other financing charges	(1.0)	(8.7)	(11.3)	(25.6)
Loss on derivative	-	0.1	(1.6)	(0.5)
Write-off of deferred financing fees	-	-	(1.8)	-
Earnings from continuing operations before income taxes [1]	**$ 19.7**	**$ 4.2**	**$ 44.5**	**$ 14.7**
Income taxes	(0.5)	(1.9)	(3.1)	(4.8)
Net earnings from continuing operations [1]	**$ 19.2**	**$ 2.2**	**$ 41.4**	**$ 9.9**
Total assets	$ 372.1	$ 350.7	$ 372.1	$ 350.7
Non-current financial liabilities	$ 114.4	$ 471.6	$ 114.4	$ 471.6
Earnings per share from continuing operations attributable to common shareholders (in dollars) [2]				
Basic EPS	$ 0.388	$ 0.115	$ 1.091	$ 0.551
Diluted EPS	$ 0.360	$ 0.077	$ 0.887	$ 0.457
Dividends Declared (in dollars) [3]				
Subordinate and Multiple Voting Shares	$ 0.0917	$ -	$ 0.0917	$ -
Common shares	$ -	$ -	$ 0.0600	$ -
Cash Dividend on Class A Preferred Share Liabilities	$ -	$ -	$ 0.0580	$ -
Cash Dividend on Class B Preferred Share Liabilities	$ -	$ -	$ 0.0960	$ -

[1] Figures may not total due to rounding.

[2] After giving effect on a retrospective basis the 2.79 to 1 share consolidation for common shares outstanding as at April 10, 2015, resulting from the Offering.

[3] Amounts based on shares outstanding prior to share consolidation resulting from the Offering.

(C$ millions unless otherwise stated)	For the 13 weeks ended Sept 27, 2015	For the 13 weeks ended Sept 30, 2014	For the 39 weeks ended Sept 27, 2015	For the 39 weeks ended Sept 30, 2014
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Reconciliation of net earnings from continuing operations to EBITDA:				
Net earnings from continuing operations	$ 19.2	$ 2.2	$ 41.4	$ 9.9
Net interest expense and other financing charges	1.0	8.7	11.3	25.6
Loss on derivative	-	(0.1)	1.6	0.5
Write-off of deferred financing fees	-	-	1.8	-
Income taxes	0.5	1.9	3.1	4.8
Depreciation of property, plant and equipment	4.9	4.3	14.3	12.9
Amortization of other assets	1.1	0.4	3.0	1.5
EBITDA [(1)]	**$ 26.7**	**$ 17.5**	**$ 76.5**	**$ 55.1**
Reconciliation of EBITDA to Operating EBITDA:				
Losses on early buyout/cancellation of equipment rental contracts	1.4	1.3	2.6	2.6
Restructuring	(0.1)	2.1	0.1	3.6
Conversion fees	(0.5)	(0.5)	(1.4)	(1.3)
Net (gain) loss on disposal of property, plant and equipment	(0.6)	0.6	(0.9)	0.1
Stock based compensation	2.0	0.4	5.1	1.1
Change in onerous contract provision	(0.2)	0.1	(0.4)	(0.3)
Lease costs and tenant inducement amortization	0.2	0.3	0.5	0.5
Operating EBITDA [(1)]	**$ 28.9**	**$ 21.7**	**$ 82.2**	**$ 61.5**
% change	33.2%		33.7%	

[(1)] Figures may not total due to rounding.

System Sales, SRS Growth, Unit Count and Operating EBITDA

The following table summarizes Cara's System Sales Growth, SRS Growth, number of restaurants, Operating EBITDA and Operating EBITDA Margin for the 13 and 39 weeks ended September 27, 2015 and September 30, 2014:

(C$ millions unless otherwise stated) [(1)]	For the 13 weeks ended Sept 27, 2015	For the 13 weeks ended Sept 30, 2014	For the 39 weeks ended Sept 27, 2015	For the 39 weeks ended Sept 30, 2014
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
System Sales from continuing operations	$ 438.6	$ 427.3	$ 1,304.6	$ 1,254.8
Total System Sales Growth	2.6%	29.5%	4.0%	26.9%
SRS Growth	1.9%	2.6%	2.7%	1.8%
Number of corporate restaurants (at period end)	96	86	96	86
Number of franchised restaurants (at period end)	732	748	732	748
Total number of restaurants (at period end)	**828**	**834**	**828**	**834**
Operating EBITDA	$ 28.9	$ 21.7	$ 82.2	$ 61.5
Operating EBITDA Margin	33.7%	30.0%	33.9%	29.8%
Operating EBITDA Margin on System Sales	6.6%	5.1%	6.3%	4.9%

[(1)] Results from four restaurants in the United States are excluded in System Sales totals, SRS Growth and number of restaurants.

See "Non-IFRS Measures" on page 23 for definitions of System Sales, SRS Growth across all brands, Operating EBITDA, Operating EBITDA Margin and Operating EBITDA Margin on System Sales.

SRS Growth

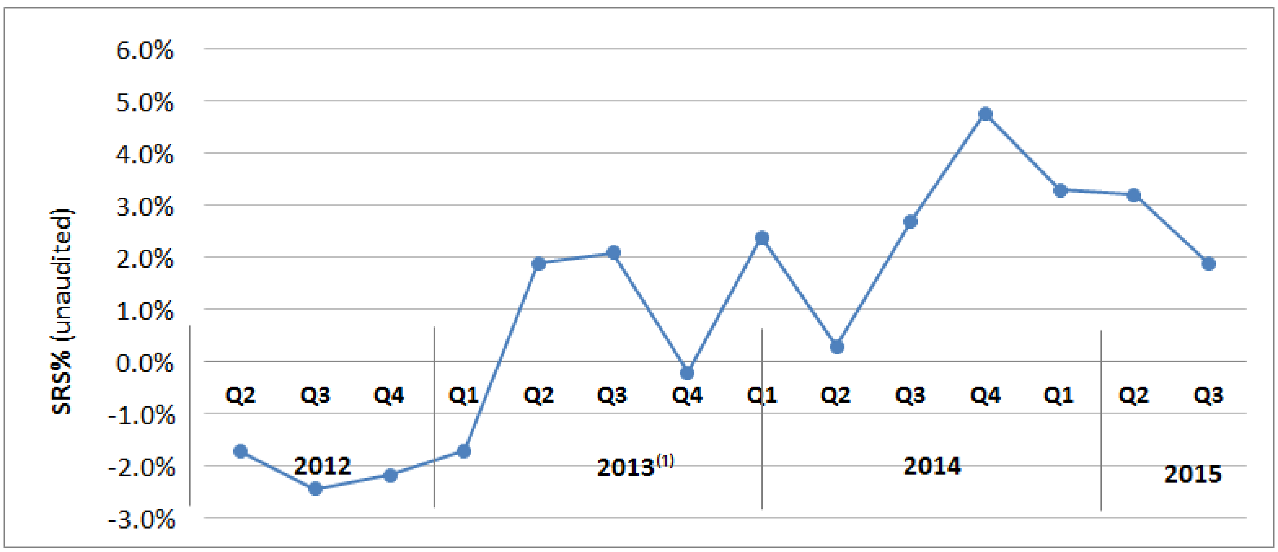
SRS Growth is a metric used in the restaurant industry to compare sales earned in established locations over a certain period of time, such as a fiscal quarter, for the current period and the same period in the previous year. SRS Growth helps explain what portion of sales growth can be attributed to growth in established locations and what portion can be attributed to the opening of net new restaurants. Cara calculates SRS Growth as the percentage increase or decrease in sales of restaurants open for at least 24 complete months relative to the same period in the prior year. Cara's SRS Growth results exclude its United States operations which are comprised of four restaurants.

SRS Growth is primarily driven by changes in the number of guest transactions and changes in average transaction size. Cara's SRS Growth results are principally impacted by both its operations and marketing efforts. Cara's SRS Growth results are also impacted by external factors, particularly macro-economic developments that affect discretionary consumer spending in Canada.

Atypical weather conditions over a prolonged period of time can adversely affect Cara's business. During the summer months, unseasonably cool or rainy weather can negatively impact the patio business that exists in five of Cara's 10 brands. During the winter months, unusually heavy snowfalls, ice storms, or other extreme weather conditions can reduce guest visits to restaurants and in turn can negatively impacts sales and profitability.

SRS Growth in the third quarter 2015 was impacted by weaker restaurant sales in the western provinces and media plans that did not deliver the desired results. Management plans to change its approach for certain brands for the third quarter of 2016 to include marketing programs that will be more impactful.

The following chart summarizes Cara's quarterly SRS Growth from April 2, 2012 to September 27, 2015:



(1) Same restaurant sales results for fiscal 2013 inlcudes Prime from the Acquistion Date

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SRS Growth represents same restaurant sales growth for all franchised and corporate restaurants in Cara's network. See "Non-IFRS Measures" on page 23 for a description of how Cara calculates SRS growth. SRS Growth for individual brands may be higher or lower than SRS Growth for all restaurants combined, and in some cases, SRS Growth, for individual brands, may be negative.

Financial results

System Sales from continuing operations

System Sales from continuing operations for the 13 and 39 weeks ended September 27, 2015 were $438.6 million and $1,304.6 million, respectively, compared to $427.3 million and $1,254.8 million for the 13 and 39 weeks ended September 30, 2014, representing an increase of $11.3 million or 2.6% and $49.8 million or 4.0%, respectively. This increase was primarily the result of SRS Growth of 1.9%, and the addition of the Landing Group restaurants which together generated higher sales as compared to net restaurant closures during the period.

Total gross revenue from continuing operations

Total gross revenue from continuing operations represents sales from corporate restaurants, franchise revenues (including royalty fees net of agreed subsidies, new franchise fees, equipment rental income and corporate to franchise conversion fees), fees generated from Cara's off-premise call centre business, development revenue, and revenue related to the resale of chicken quota.

Total gross revenue from continuing operations was $85.7 million and $242.3 million, respectively, for the 13 and 39 weeks ended September 27, 2015 compared to $72.3 million and $206.4 million in 2014, representing an increase of $13.4 million or 18.5% and $35.9 million or 17.4%, respectively. The increase in gross revenues from continuing operations was primarily the result of SRS Growth of 1.9%, and the addition of 10 corporate restaurants resulting from the Landing Group acquisition, new openings in 2014, and restaurants re-acquired from franchisees in 2015.

Selling, general and administrative expenses

SG&A expenses represent direct corporate restaurant costs such as labour, other direct corporate restaurant operating costs (e.g. supplies, utilities, net rent, net marketing, property taxes), overhead costs, franchisee rent assistance and bad debts, central overhead costs, lease costs and tenant inducement amortization, losses on early buyout / cancellation of equipment rental agreements and depreciation and amortization on other assets. These charges are offset by vendor purchase allowances.

Direct corporate restaurant labour costs and other direct corporate restaurant operating and overhead costs are impacted by the number of restaurants, minimum wage increases and the Company's ability to manage input costs through its various cost monitoring programs. Central overhead costs are impacted by general inflation, market conditions for attracting and retaining key personnel and management's ability to control discretionary costs. Franchisee rent assistance and bad debts are impacted by franchisee sales and overall franchisee profitability. Vendor purchase allowances are impacted by the volume of purchases, inflation and fluctuations in the price of negotiated products and services. Losses on early buyout/cancellation of equipment rental contracts, recognition of lease cost and tenant inducements, and depreciation and amortization represent non-cash expenses generally related to prior year's transactions where corporate restaurants were converted to franchise.

SG&A expenses for the 13 and 39 weeks ended September 27, 2015 were $44.2 million and $126.3 million, respectively, compared to $41.8 million and $117.3 million in 2014, representing an increase of $2.4 million or 5.7% and $9.0 million or 7.7%, respectively. The increase was related to 10 additional corporate restaurants in the first three quarters of 2015 compared to the first three quarters of 2014, increased direct restaurant labour and other direct restaurant costs due to the impact of minimum wage increases and an increase in the Company's over-contribution to marketing funds in an effort to build sales. These increases were offset by savings realized from a reduction in central costs from restructuring head-office staffing, variable wage savings at corporate restaurants and other net overhead costs. For the 13 weeks ended September 27, 2015, SG&A expenses as a percentage of revenue decreased from 57.8% in 2014 to 51.5%. Year to date, SG&A expenses as a percentage of revenue have decreased from 56.8% in 2014 to 52.2% for the 39 weeks ended September 27, 2015.

Net interest expense and other financing charges

Finance costs are derived from Cara's financing activities which include the Existing Credit Facility and amortization of financing fees. Prior to the completion of the Initial Public Offering ("IPO") on April 10, 2015, finance costs also included interest on Subordinated Debentures, interest on Class A and Class B Preferred Shares, non-cash accretion expense related to the Subordinated Debentures, Class A and Class B Preferred Shares, and mark-to-market adjustments on an interest rate derivative. The Subordinated Debentures were repaid in full on April 10, 2015, and the Class A and Class B Preferred Shares were converted into Subordinated Voting and Multiple Voting Shares on April 10, 2015.

Net interest expense and other financing charges were $1.0 million and $11.3 million for the 13 and 39 weeks ended September 27, 2015, respectively, compared to $8.7 million and $25.6 million in 2014, representing a decrease of $7.7 million or 88.5% and $14.3 million and 55.9%, respectively. The significant decrease in net interest expense is primarily related to the reduction of total debt from the net proceeds of the IPO, the conversion of the preferred shares and warrants into multiple voting shares and the amendment of the existing term credit facility at reduced interest rates.

In conjunction with the amended and extended term credit facility in the second quarter, the Company settled its $150.0 million interest rate derivative on the previous credit facility and recognized a loss of $1.6 million related to the fair value adjustment on the derivative in the second quarter. The Company also wrote off unamortized deferred financing fees of $1.8 million related to the previous credit facility in the second quarter.

Income taxes

Cara's earnings are subject to both federal and provincial income taxes. Cara has income tax losses available to offset taxable earnings and at present does not pay significant cash income taxes on its operational earnings. Prior to the IPO, the Company paid taxes in respect of dividend payments relating to its Class A and Class B Preferred Shares. According to Canadian income tax legislation, any dividends paid in respect of these preferred shares were subject to a special tax (Part VI.1 taxes) at a rate of 40% and are recorded as current tax expense. These taxes are eligible for a deduction from taxable income equal to 3.5 times the amount of the Part VI.1 taxes paid. For financial accounting purposes, these dividends are presented as finance costs. These taxes on dividend payments are not expected to be incurred in future periods as the preferred shares were converted into multiple voting shares on April 10, 2015.

The Company recorded an income tax expense of $0.5 million and $3.1 million for the 13 and 39 weeks ended September 27, 2015, respectively, compared to $1.9 million and $4.8 million for the 13 and 39 weeks ended September 30, 2014, representing a decrease of $1.4 million and $1.7 million respectively. The decrease from 2014 primarily relates to the reduction of the Part VI.1 tax that was paid in respect of the Class A and Class B Preferred Shares.

The Company has approximately $103.3 million in income tax losses available to offset future taxable earnings. These losses expire between the years 2018 and 2035. Deferred tax assets have only been recognized in respect of $15.1 million of losses.

Net earnings

Net earnings from continuing operations were $19.2 million and $41.4 million for the 13 and 39 weeks ended September 27, 2015, respectively, compared to $2.2 million and $9.9 million for the 13 and 39 weeks ended September 30, 2014, representing an improvement of $17.0 million (or an increase of 773%) and $31.5 million (or an increase of 318%), respectively. The increase in net earnings was mainly attributed to improved restaurant performance resulting in increased contribution from corporate and franchised restaurants, the addition of the Landing Group and reduced interest expense.

Operating EBITDA

Operating EBITDA was $28.9 million and $82.2 million for the 13 and 39 weeks ended September 27, 2015, respectively, compared to $21.7 million and $61.5 million for the 13 and 39 weeks ended September 30, 2014, representing an increase of $7.2 million or 33.2% and $20.7 million or 33.7%, respectively. The increase was primarily the result of improved performance at Cara's corporate restaurants, the additions of the Landing Group, increased net franchise royalties and improved central contribution from decreases in central costs continuing from 2014 restructuring of head-office staffing and other overhead costs.

See "Non-IFRS Measures" on page 23 for definition of Operating EBITDA and page 5 for a reconciliation of net earnings from continuing operations to Operating EBITDA.

Restaurant Count

The following table presents the changes in Cara's restaurant unit count:

	For the 39 weeks ended September 27, 2015			For the 39 weeks end September 30, 2014		
Unit count (unaudited)	**Corporate**	**Franchised**	**Total**	**Corporate**	**Franchised**	**Total**
Beginning of period[1] ………………………	91	746	837	77	757	834
Acquisitions [2] ……………………………	-	-	-	-	-	-
New openings ……………………………	2	9	11	3	12	15
Closings……… ………………………………	(3)	(17)	(20)	(2)	(13)	(15)
Corporate take-backs [3]……………………	8	(8)	-	8	(8)	-
Restaurants re-franchised [4] ……………	(2)	2	-	-	-	-
End of period…………………………………	96	732	828	86	748	834

[1] Unit count excludes restaurants located in the United States.

[2] 2015 beginning unit count includes 3 Landing Group restaurants as the Landing Group acquisition was in the fourth quarter of 2014.

[3] Corporate take-backs represent previously franchised restaurants acquired by the Company to operate corporately.

[4] Restaurants re-franchised represent corporate restaurants re-franchised to be operated by a franchisee.

Segment Performance

Cara divides its operations into the following three business segments: corporate restaurants, franchise restaurants, and central operations.

The Corporate restaurant segment includes the operations of the company-owned restaurants which generate revenues from the direct sale of prepared food and beverages to customers.

Franchised restaurants represent the operations of its franchised restaurant network operating under the Company's several brand names from which the Company earns royalties calculated at an agreed upon percentage of franchise restaurant sales. Cara provides financial assistance to certain franchisees and the franchise royalty income reported is net of any assistance being provided.

Central operations includes call centre services which earn fees from off-premise phone, mobile and web orders processed for corporate and franchised restaurants and rental income generated from the lease of certain equipment to franchisees as well as the collection of new franchise and franchise renewal fees. Central operations also include corporate (non-restaurant) expenses comprised of head office people and non-personnel overhead expenses, IT costs, occupancy expenses, and general and administrative support costs offset by vendor purchase allowances.

The CEO and CFO are the chief operating decision makers and they regularly review the operations and performance by segment. The CEO and CFO reviews operating income as a key measure of performance for each segment and to make decisions about the allocation of resources. The accounting policies of the reportable operating segments are the same as those described in the Company's summary of significant accounting policies. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The following table presents the financial performance of Cara's business segments:

(C$ thousands unless otherwise stated)	For the 13 weeks ended September 27, 2015				For the 13 weeks ended September 30, 2014			
	Corporate	Franchised	Central	Total	Corporate	Franchised	Central	Total
System Sales……………….….…...	**$ 63,431**	**$ 375,219**	**$ -**	**$ 438,650**	**$ 52,280**	**$ 375,066**	**$ -**	**$ 427,346**
Corporate Results								
Sales…………………………………	$ 63,431	$ -	$ 2,116	$ 65,547	$ 52,280	$ -	$ 2,008	$ 54,288
Cost of inventories sold and cost of labour…………	(40,096)	-	-	(40,096)	(34,821)	-	-	(34,821)
Restaurant contribution before other costs……………………….	23,335	-	2,116	25,451	17,459		2,008	19,467
Restaurant contribution before other costs %…………………..	36.8%				33.4%			
Other operating costs.…………….	(15,462)	-	-	(15,462)	(13,636)	-	-	(13,636)
Total Contribution…………………..	**7,873**	**-**	**2,116**	**9,989**	**3,823**	**-**	**2,008**	**5,831**
Franchise Results								
Franchise royalty income…….……	-	16,960	-	16,960	-	16,565	-	16,565
Franchise royalty income as a % of franchise sales……………….	-	4.5%	-	-	-	4.4%	-	-
New franchise fees and equipment rent…………….…………….	-	-	712	712	-	-	966	966
Franchise rent assistance and bad debt…………….………………….	-	(2,344)	-	(2,344)	-	(2,303)	-	(2,303)
Contribution from franchise restaurants…………………………	**-**	**14,616**	**712**	**15,328**	**-**	**14,262**	**966**	**15,228**
Central								
Net central contribution…………	**-**	**-**	**3,551**	**3,551**	**-**	**-**	**625**	**625**
Operating EBITDA………………..	**$ 7,873**	**$ 14,616**	**$ 6,379**	**$ 28,868**	**$ 3,823**	**$ 14,262**	**$ 3,599**	**$ 21,684**
Contribution as a % of corporate sales……………………………….	12.4%	-	-	-	7.3%	-	-	-
Contribution as a % of franchise sales ………………………………..	-	3.9%	-	-	-	3.8%	-	-
Contribution as a % of total System sales……………………….	-	-	1.5%	6.6%	-	-	0.8%	5.1%

(C$ thousands unless otherwise stated)	For the 39 weeks ended September 27, 2015				For the 39 weeks ended September 30, 2014			
	Corporate	Franchised	Central	Total	Corporate	Franchised	Central	Total
System Sales	**$ 177,169**	**$ 1,127,457**	**$ -**	**$ 1,304,626**	**$ 146,920**	**$ 1,107,892**	**$ -**	**$ 1,254,812**
Corporate Results								
Sales	$ 177,169	$ -	$ 6,948	$ 184,117	$ 146,920	$ -	$ 6,494	$ 153,414
Cost of inventories sold and cost of labour	(111,732)	-	-	(111,732)	(98,870)	-	-	(98,870)
Restaurant contribution before other costs	65,437	-	6,948	72,385	48,050	-	6,494	54,544
Restaurant contribution before other costs %	36.9%				32.7%			
Other operating costs	(45,485)	-	-	(45,485)	(40,401)	-	-	(40,401)
Total Contribution	**19,952**	**-**	**6,948**	**26,900**	**7,649**	**-**	**6,494**	**14,143**
Franchise Results								
Franchise royalty income	-	50,525	-	50,525	-	48,478	-	48,478
Franchise royalty income as a % of franchise sales		4.5%				4.4%		
New franchise fees and equipment rent	-	-	2,516	2,516	-	-	3,103	3,103
Franchise rent assistance and bad debt	-	(6,253)	-	(6,253)	-	(8,472)	-	(8,472)
Contribution from franchise restaurants	**-**	**44,272**	**2,516**	**46,788**	**-**	**40,006**	**3,103**	**43,109**
Central								
Net central contribution	**-**	**-**	**8,499**	**8,499**	**-**	**-**	**4,218**	**4,218**
Operating EBITDA	**$ 19,952**	**$ 44,272**	**$ 17,963**	**$ 82,187**	**$ 7,649**	**$ 40,006**	**$ 13,815**	**$ 61,470**
Contribution as a % of corporate sales	11.3%	-	-	-	5.2%	-	-	-
Contribution as a % of franchise sales	-	3.9%	-	-	-	3.6%	-	-
Contribution as a % of total System sales	-	-	1.4%	6.3%	-	-	1.1%	4.9%

Corporate

Corporate segment restaurant count was 96 at September 27, 2015 compared to 86 at September 30, 2014, an increase of 10 locations. In addition to restaurants added in 2014, during the first three quarters of 2015, the Company opened two new locations, closed three locations, took back eight locations and re-franchised two locations for net five additional corporate restaurants. There were four restaurant buybacks during the quarter.

Sales

Sales represent food and beverage sales from Cara's corporate restaurants. Corporate restaurant sales are impacted by SRS Growth and the change in number of corporate restaurants. Sales were $63.4 million and $177.2 million for the 13 and 39 weeks ended September 27, 2015, respectively, compared to $52.3 million and $146.9 in 2014, an increase of $11.1 million or 21.2% and $30.3 million or 20.6%, respectively. The increase was primarily related to the increase in number of corporate restaurants. During the fourth quarter of fiscal 2014 and during the first three quarters of 2015, Cara added 3 corporate restaurants from the Landing Group acquisition and had 10 net restaurant take-backs (from franchise to corporate).

Cost of inventories sold and cost of labour

Cost of inventories sold represents the net cost of food, beverage and other inventories sold at Cara's corporate restaurants. Cost of inventories sold and cost of labour is impacted by the number of corporate restaurants, fluctuations in the volume of inventories sold, food prices, minimum wages increases, and Cara's ability to manage input costs at the restaurant level. Cara manages input costs through various cost monitoring programs and through the negotiation of favourable contracts on behalf of its corporate and franchise restaurant network.

Cost of inventories sold and cost of labour was $40.1 million and $111.7 million for the 13 and 39 weeks ended September 27, 2015, respectively, compared to $34.8 million and $98.9 million in 2014, an increase of $5.3 million or 15.2% and $12.8 million or 12.9%. The increase was primarily due to the impact from the addition of 10 corporate restaurants (including 3 Landing restaurants). The increase was offset by overall cost reductions relating to improved food and beverage cost control as well as better management of variable labour costs at the restaurant level. Cost of inventories sold and cost of labour as a percentage of sales have decreased from 66.6% to 62.9% in the 13 weeks ended September 27, 2015 compared to 2014, an improvement of 3.7 percentage points. For the 39 weeks ended September 27, 2015, cost of inventories sold and cost of labour have decreased from 67.3% to 63.0% compared to 2014, an improvement of 4.3 percentage points.

Contribution from corporate segment

Total contribution from corporate restaurants was $7.9 million and $20.0 million for the 13 and 39 weeks ended September 27, 2015, respectively, compared to $3.8 million and $7.6 million in 2014, an improvement of $4.1 million and $12.4 million, respectively. The increase is primarily driven by the increase in number of corporate restaurants coupled with the improvement of food and labour costs as described above.

For the 13 weeks ended September 27, 2015, total contribution from corporate restaurants as a percentage of corporate sales was 12.4% compared to 7.3% for the 13 weeks ended September 30, 2014, an increase of 5.1 percentage points. Year to date, total contribution from corporate restaurants as a percentage of corporate sales was 11.3% compared to 5.2% in 2014, an increase of 6.1 percentage points. The increase was driven by better labour management and higher sales in premium corporate brands such as Bier Markt, Milestones and Landing.

Franchise

Franchise segment restaurant count was 732 at September 27, 2015 compared to 748 at September 30, 2014, a decrease of 16 locations.

Franchise segment System Sales were $375.2 million and $1,127.5 million during the 13 and 39 weeks ended September 27, 2015, respectively, compared to $375.1 million and $1,107.9 million in 2014, an increase of $0.1 million or 0% and $19.6 million or 1.8%, respectively. The increase was primarily attributed to the 1.9% total SRS Growth partially offset by restaurant closures.

Franchise revenues

Franchise revenues represent royalty fees charged to franchisees as a percentage of restaurant sales net of contractual subsidies and temporary assistance to certain franchisees.

The primary factors impacting franchise revenues are SRS Growth and net new restaurant activity, as well as the rate of royalty fees (net of contractual subsidies and temporary assistance) paid to Cara by its franchisees. In certain circumstances, the royalty rate paid to Cara can be less than Cara's standard 5.0% royalty rate due to historical contractual subsidies primarily associated with prior year's conversion transactions or agreements to temporarily assist certain franchisees. With the majority of contractual subsidies scheduled to end at prescribed dates and an improvement of restaurants requiring temporary assistance, management believes the effective royalty recovery rate will gradually increase over time closer to 5.0%.

Franchise revenues were $17.0 million and $50.5 million for the 13 and 39 weeks ended September 27, 2015, respectively, compared to $16.6 million and $48.5 million in 2014, an increase of $0.4 million or 2.4% and $2.0 million or 4.1%. The increase was primarily attributed to the 1.9% SRS Growth, reductions in contractual subsidies and temporary assistance to franchisees, partially offset by restaurant closures and restaurant buybacks.

Contribution from franchise segment

Total contribution from franchise restaurants was $14.6 million and $44.3 million for the 13 and 39 weeks ended September 27, 2015, respectively, compared to $14.3 million and $40.0 in 2014, an increase of $0.3 million or 2.1% and $4.3 or 10.8%, respectively. The increase was related to increased royalty income as a result of the franchise sales increase and a reduction in franchisee subsidies and bad debts of $nil and $2.2 million for the 13 and 39 weeks ended September 27, 2015, respectively.

The effective net royalty rate for the 13 ended September 27, 2015 was 3.9% compared to 3.8% in 2014. Year to date, the effective royalty rate for the 39 weeks ended September 27, 2015 was 3.9% compared to 3.6% in 2014. As at September 27, 2015, a total of 170 restaurants were paying Cara a royalty of less than 5.0% as compared to 204 restaurants at December 30, 2014, a decrease of 34 restaurants. 97 out of the 170 restaurants paying less than 5% royalty were related to previously agreed upon conversion agreements, an improvement of 19 restaurants compared to 116 as at December 30, 2014. 73 out of the 170 restaurants paying less than 5% royalty were related to temporary assistance provided to certain other restaurants, a decrease of 15 restaurants as compared to 88 as at December 30, 2014.

Central

Sales

Sales in the central segment consist of revenue from Cara's off-premise call centre business representing fees generated from delivery, call-ahead and web and mobile-based meal orders principally associated with Swiss Chalet customers. The call centre business receives fees from restaurants to recover administrative costs associated with processing guest orders. Call centre revenues are impacted by the volume of guest orders as well as by the mix of fee types charged on the orders received (i.e. higher fees are received on phone orders compared to mobile-web orders).

Total central segment sales were $2.1 million and $6.9 million for the 13 and 39 weeks ended September 27, 2015, respectively, compared to $2.0 million and $6.5 million in 2014, respectively, an increase of $0.1 million or 5.0% and $0.4 million or 6.2%, respectively. The increase was attributed to increased off-premise Swiss Chalet orders and sales.

New franchise fees and equipment rent

Cara grants franchise agreements to independent operators ("franchisees") for new locations. Cara also renews franchise agreements in situations where a previous franchise agreement has expired and is extended. As part of these franchise agreements, franchisees pay new franchise and/or renewal fees and, in the case of converting established locations from corporate to franchise, conversion fees. New franchise fees and conversion fees, if applicable, are collected at the time the franchise agreement is entered into. Renewal fees are collected at the time of renewal.

Franchise fees and equipment rent were $0.7 million and $2.5 million for the 13 and 39 weeks ended September 27, 2015, respectively, compared to $1.0 million and $3.1 million in 2014, respectively, a decrease of $0.3 million or 30.0% and $0.6 million and 19.4%, respectively. The decrease was the result of buyouts and terminations of equipment rental agreements.

Contribution from central segment

Central segment contribution margin for the 13 and 39 weeks ended September 27, 2015 was $6.4 million (1.5% of total System Sales) and $18.0 million (1.4% of total System Sales), respectively, compared to $3.6 million (0.8% of total System Sales) and $13.8 million (1.1% of total System Sales) in 2014, respectively. For the 13 and 39 weeks ended September 27, 2015, the increase of $2.8 million or 77.8% and $4.2 million or 30.4%, respectively is primarily a result from a reduction in central costs from the 2014 restructuring of head-office staffing, other overhead cost reductions and recoveries, partially offset by contributions to the marketing funds over and above franchisee contributions to drive sales growth as compared to 2014.

EBITDA and Operating EBITDA by Quarter

The following table provides reconciliations of EBITDA and Operating EBITDA:

(C$ millions unless otherwise stated)	Q3 – 2015 Sept 27, 2015 (unaudited)	Q2 – 2015 June 28, 2015 (unaudited)	Q1 – 2015 Mar 29, 2015 (unaudited)	Q4 – 2014 Dec 30, 2014 (unaudited)	Q3 – 2014 Sept 30, 2014 (unaudited)	Q2 – 2014 July 1, 2014 (unaudited)
Reconciliation of net earnings from continuing operations to EBITDA:						
Net earnings from continuing operations	$ 19.2	$ 15.9	$ 6.2	$ (4.5)	$ 2.2	$ 4.3
Impairment of assets, net of reversals	-	-	-	4.9	-	-
Net interest expense and other financing charges	1.0	2.0	8.3	7.8	8.7	8.2
Loss (gain) on derivative	-	-	1.6	-	(0.1)	0.6
Write-off of deferred financing fees	-	1.8	-	-	-	-
Income taxes	0.5	1.1	1.5	(0.3)	1.9	1.5
Depreciation of property, plant and equipment	4.9	4.7	4.7	4.5	4.3	4.2
Amortization of other assets	1.1	1.0	1.0	1.0	0.4	0.8
EBITDA (1)	**$ 26.7**	**$ 26.5**	**$ 23.3**	**$ 13.4**	**$ 17.5**	**$ 19.6**
Reconciliation of EBITDA to Operating EBITDA:						
Losses on early buyout/cancellation of equipment rental contracts	1.4	-	1.1	1.8	1.3	1.3
Restructuring	(0.1)	0.4	(0.2)	3.0	2.1	1.3
Conversion fees	(0.5)	(0.4)	(0.5)	(0.5)	(0.5)	(0.3)
Net (gain) loss on disposal of property, plant and equipment	(0.6)	0.3	(0.6)	(0.3)	0.6	(0.3)
Stock based compensation	2.0	1.5	1.7	5.2	0.4	0.4
Change in onerous contract provision	(0.2)	(0.2)	-	(0.5)	0.1	(0.2)
Lease costs and tenant inducement amortization	0.2	0.1	0.1	-	0.3	0.1
Operating EBITDA (1)	**$ 28.9**	**$ 28.4**	**$ 24.9**	**$ 22.1**	**$ 21.7**	**$ 22.0**

(1) Figures may not total due to rounding.

Selected Quarterly Information

The following table provides selected historical information and other data of the Company which should be read in conjunction with the annual consolidated financial statements of the Company.

(C$ millions unless otherwise stated) (1)	Q3 – 2015 Sept 27, 2015 (unaudited)	Q2 – 2015 June 28, 2015 (unaudited)	Q1 – 2015 Mar 29, 2015 (unaudited)	Q4 – 2014 Dec 30, 2014 (unaudited)	Q3 – 2014 Sept 30, 2014 (unaudited)	Q2 – 2014 July 1, 2014 (unaudited)
System Sales from continuing operations (2)	$ 438.6	$ 437.0	$ 429.0	$ 436.9	$ 427.3	$ 417.8
Total System Sales Growth	2.6%	4.6%	5.0%	12.8%	29.5%	25.5%
SRS Growth	1.9%	3.2%	3.3%	4.8%	2.6%	0.3%
Number of restaurants (at period end)	828	827	834	837	834	835
Operating EBITDA	$ 28.9	$ 28.4	$ 24.9	$ 22.1	$ 21.7	$ 22.0
Operating EBITDA Margin on System Sales	6.6%	6.5%	5.8%	5.1%	5.1%	5.3%
Corporate restaurant sales	$ 63.4	$ 60.6	$ 53.1	$ 48.5	$ 52.3	$ 49.9
Number of corporate restaurants	96	92	92	91	86	83
Contribution from Corporate segment	$ 7.9	$ 8.1	$ 3.9	$ 3.2	$ 3.8	$ 2.8
Contribution as a % of corporate sales	12.4%	13.3%	7.3%	6.6%	7.3%	5.7%
Franchise restaurant sales	$ 375.2	$ 376.4	$ 375.7	$ 388.4	$ 375.1	$ 367.8
Number of franchised restaurants	732	735	742	746	748	752
Contribution from Franchise segment	$ 14.6	$ 14.7	$ 14.9	$ 15.3	$ 14.3	$ 12.9
Contribution as a % of Franchise sales	3.9%	3.9%	4.0%	3.9%	3.8%	3.5%
Contribution from Central segment	$ 6.4	$ 5.6	$ 6.1	$ 3.6	$ 3.6	$ 6.3
Contribution as a % of total System Sales	1.5%	1.3%	1.4%	0.8%	0.8%	1.5%
Total gross revenue from continuing operations	$ 85.7	$ 80.9	$ 75.7	$ 75.4	$ 72.3	$ 69.4
Operating EBITDA Margin	33.7%	35.1%	32.9%	29.3%	30.0%	31.7%
Net earnings (loss)	$ 19.2	$ 15.9	$ 6.2	$ (4.5)	$ 2.2	$ 4.3
Earnings per share attributable to common shareholders of the Company (in dollars) (1)						
Basic EPS	$ 0.388	$ 0.341	$ 0.349	$ (0.240)	$ 0.114	$ 0.241
Diluted EPS	$ 0.360	$ 0.307	$ 0.173	$ (0.134)	$ 0.075	$ 0.231
Net earnings from continuing operations attributable to common shareholders of the Company	$ 19.1	$ 15.5	$ 6.3	$ (4.4)	$ 2.1	$ 4.3
Earnings per share from continuing operations attributable to common shareholders of the Company (in dollars) (1)						
Basic EPS	$ 0.388	$ 0.341	$ 0.349	$ (0.246)	$ 0.115	$ 0.242
Diluted EPS	$ 0.360	$ 0.307	$ 0.173	$ (0.137)	$ 0.077	$ 0.231

(1) Amounts per share give effect on a retrospective basis for the 2.79 to 1 share consolidation for common shares outstanding as at April 10, 2015, that took place as part of the Offering.

(2) System Sales from continuing operations excludes restaurants located in the United States.

Liquidity and Capital Resources

Cara's principal uses of funds are for operating expenses, capital expenditures, finance costs, debt service and dividends. Management believes that cash generated from operations, together with amounts available under its credit facility, will be sufficient to meet its future operating expenses, capital expenditures, future debt service costs and discretionary dividends. However, Cara's ability to fund future debt service costs, operating expenses, capital expenditures and dividends will depend on its future operating performance which will be affected by general economic, financial and other factors including factors beyond its control. See "Risk Factors". Cara's management reviews acquisition and investment opportunities in the normal course of its business and if suitable opportunities arise, may make selected acquisitions and investments to implement Cara's business strategy. Historically, the funding for any such acquisitions or investments have come from cash flow from operating activities and/or additional debt. Similarly, from time to time, Cara's management reviews opportunities to dispose of non-core assets and may, if suitable opportunities arise, sell certain non-core assets.

Working Capital

Cara had a working capital deficit of ($54.1) million at September 27, 2015 compared to ($115.9) million at December 30, 2014. A working capital deficit is typical of restaurant operations, where the majority of sales are for cash and there are rapid turnover of inventories. In general, the turnover of accounts receivable and inventories is faster than accounts payable, resulting in negative working capital. Cara's Ultimate Gift Card sales significantly improve the Company's liquidity as cash is received within one to two weeks from time of sale. Gift card sales are highest in November and December followed by high redemptions in the January to March period. Cara's gift card liability at September 27, 2015 was $20.7 million compared to $49.5 million at December 30, 2014, a reduction of $28.8 million representing net redemptions in the first three quarters of the year.

Investment in working capital may be affected by fluctuations in the prices of food and other supply costs, vendor terms and the seasonal nature of the business. While Cara has availability under its credit facility, it chooses to apply available cash flow against its facility to lower financing costs, rather than to reduce its current liabilities. Management believes it will continue to operate in a working capital deficit position as the nature of its business is not expected to change.

Debt

On April 10, 2015, as part of the IPO, the Company amended and extended the terms of its Existing Credit Facility, repaid $217.8 million of its Existing Credit Facility and settled all of the outstanding Subordinated Debentures, Class A and Class B Preferred Shares.

The amended and extended term credit facility is comprised of revolving credit in the amount of $150.0 million and an accordion feature up to $50.0 million, maturing on June 30, 2019. The interest rate applied on amounts drawn by the Company under its term credit facility is the effective bankers acceptance rate or prime rate plus a spread based on the Company's total funded net debt to EBITDA ratio, as defined in the agreement, measured using EBITDA for the four most recently completed fiscal quarters.

As at September 27, 2015, $34.0 million was drawn under the amended and extended term credit facility with an effective interest rate of 4.5% for the first three quarters of the year, and includes the amortization of deferred financing fees. The Company's current effective interest rate is approximately 2.6% representing bankers acceptance rate of 1.0% plus 1.25% and the amortization of deferred financing fees of 0.35%.

Cash Flows

The following table presents Cara's cash flows for the 13 and 39 weeks ended September 27, 2015 compared to September 30, 2014:

	For the 13 weeks ended		For the 39 weeks ended	
(C$ millions unless otherwise stated)	**September 27, 2015**	**September 30, 2014**	**September 27, 2015**	**September 30, 2014**
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Cash flows from operating activities of continuing operations……………………….	$ 23.5	$ 19.6	$ 38.3	$ 43.4
Cash flows used in investing activities……...	$ (6.7)	$ (5.8)	$ (26.1)	$ (20.9)
Cash flows used in financing activities……...	$ (16.2)	$ (12.3)	$ (12.8)	$ (21.5)
Change in cash during the period [(1)]……………	$ 0.6	$ 1.5	$ (0.7)	$ 0.9

[(1)] Figures may not total due to rounding.

Cash flows (used in) from operating activities of continuing operations

Cash flows from operating activities of continuing operations were $23.5 million for 13 weeks ended September 27, 2015 compared to $19.6 million for the 13 weeks ended September 30, 2014, an increase of $3.9 million. The increase was primarily the result of improved earnings from continuing operations offset by decreases in accounts payable and accrued liabilities relating to less interest payable, and the payment of transaction costs from the IPO which were previously recorded in accrued liabilities.

Cash flows from operating activities of continuing operations were $38.3 million for 39 weeks ended September 27, 2015 compared to $43.4 million for the 39 weeks ended September 30, 2014, a decrease of $5.1 million. The decrease was primarily related to the decrease in accounts payable and accrued liabilities, decreases in gift card liability from net redemptions, offset by increases in earnings from continuing operations.

Cash flows used in investing activities of continuing operations

The following table presents Cara's capital expenditures for 13 and 39 weeks ended September 27, 2015 as compared to the 13 and 39 weeks ended September 30, 2014:

	For the 13 weeks ended		For the 39 weeks ended	
(C$ millions unless otherwise stated)	**September 27, 2015**	**September 30, 2014**	**September 27, 2015**	**September 30, 2014**
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Purchase of property, plant and equipment:				
Maintenance:				
Corporate restaurants	(0.2)	(0.5)	(2.6)	(1.7)
Central / IT expenditures / Other	(3.1)	(3.8)	(5.8)	(7.4)
Total maintenance	$ (3.3)	$ (4.3)	$ (8.4)	$ (9.1)
Growth initiatives:				
Major renovations	(0.9)	-	(1.5)	-
New builds	(2.2)	(2.3)	(3.0)	(6.7)
Total growth	$ (3.1)	$ (2.3)	$ (4.5)	$ (6.7)
Total purchase of property, plant and equipment	**$ (6.4)**	**$ (6.6)**	**$ (12.9)**	**$ (15.8)**
Business acquisitions, net of cash assumed:				
Acquisitions	-	-	(11.9)	-
Buy backs (1)	(3.1)	(1.1)	(6.3)	(10.6)
Total business acquisitions, net of cash assumed	**$ (3.1)**	**$ (1.1)**	**$ (18.2)**	**$ (10.6)**
Total purchase of property, plant and equipment	$ (6.4)	$ (6.6)	$ (12.9)	$ (15.8)
Total business acquisitions, net of cash assumed	(3.1)	(1.1)	(18.2)	(10.6)
Proceeds on disposal of property, plant and equipment	2.1	1.0	2.7	1.9
Additions to other assets	-	-	(0.1)	(0.1)
Change in long term receivables	0.8	1.0	2.4	3.7
Total cash flows used in investing activities (2)	**$ (6.7)**	**$ (5.8)**	**$ (26.1)**	**$ (20.9)**

(1) 2015 buy backs are comprised of 8 locations (2014 – 8 locations)

(2) Figures may not total due to rounding.

Cash flows used in investing activities were ($6.7) million and ($26.1) million during the 13 and 39 weeks ended September 27, 2015 compared to ($5.8) million and ($20.9) million in 2014, a decrease of $0.8 million and $5.2 million, respectively. The decrease is primarily due to equipment buybacks by franchisees resulting in the reduction of long-term receivables, offset by Cara's buyout of the remaining 45% interest in the Landing Group.

Commitments for Capital Expenditures

The Company incurs on-going capital expenditures in relation to the operation of its corporate restaurants, maintenance and upgrades to its head office IT infrastructure, and to its call centre operations. The Company will also invest in major renovations and new corporate store growth opportunities. Cara's capital expenditures are generally funded from operating cash flows and through its Existing Credit Facility.

Cash flows (used in) from financing activities

The following table presents Cara's cash used in financing activities for the 13 and 39 weeks ended September 27, 2015 compared to September 30, 2014:

(C$ millions unless otherwise stated)	For the 13 weeks ended		For the 39 weeks ended	
	September 27, 2015	September 30, 2014	September 27, 2015	September 30, 2014
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Issuance of subordinate voting shares, net of transaction costs …………………...	$ -	$ -	$ 216.6	$ -
Increases in debt…………………………….	-	6.0	361.8	62.0
Debt repayments ……………………….….	(10.9)	(16.6)	(560.6)	(75.3)
Change in finance leases …………………....	(0.6)	1.6	(1.5)	1.7
Interest paid ………………………………...	(0.5)	(3.3)	(10.7)	(9.8)
Dividends paid ……………………………....	(4.3)	-	(18.4)	(0.1)
Cash flows used in financing activities [(1)]	$ (16.2)	$ (12.3)	$ (12.8)	$ (21.5)

[(1)] Figures may not total due to rounding.

Cash flows used in financing activities were ($16.2) million and ($12.8) million, for the 13 and 39 weeks ended September 27, 2015, respectively. Year to date, cash used in financing activities primarily consist of proceeds from the IPO of $216.6 million less ($198.8) million net reduction of the Company's credit facility, the payment of interest in the amount of ($10.7) million and cash dividends of ($18.4) million.

Cash flows used in financing activities for the 13 and 39 weeks ended September 30, 2014 were ($12.3) million and ($21.5) million respectively. Cash used in financing activities for the 39 weeks ended September 30, 2014 primarily consisted of a net decrease in its credit facility of ($13.3) million and interest payments of ($9.8) million.

Off Balance Sheet Arrangements

Letters of credit

Cara has outstanding letters of credit amounting to $0.9 million as at September 27, 2015 (December 30, 2014 - $0.9 million), primarily for various utility companies that provide services to the corporate owned locations and support for certain franchisees' external financing used to fund their initial conversion fee payable to Cara.

Outstanding Share Capital

The Company's authorized share capital consists of an unlimited number of common shares and an unlimited number of non-voting common shares. As at November 11, 2015, there were 49,154,560 subordinate and multiple voting common shares (December 30, 2014 – 50,467,709 shares prior to share consolidation; 18,088,758 post 2.79 to 1 share consolidation) issued and outstanding.

The Company has a common share stock option plan for its directors, CEO and employees. The total number of options granted and outstanding as at September 27, 2015 is 4,664,203.

Outlook

Management is pleased with the positive results in the first three quarters of the year. The continued System Sales increases, SRS Growth, and cost reductions have resulted in increases in Operating EBITDA and improved contribution margins in all segments. Despite year to date progress, management remains cautious on the Canadian economy and its potential impact on restaurant sales stemming from challenges in western Canada, the upcoming significant minimum wage increases in Alberta, and weakness in the Canadian dollar. With respect to 2015, Management provides the following comments:

- *System Sales and SRS Growth* — SRS Growth of 1.9% in the third quarter fell below Management's expectations due to weaker restaurant sales in the western provinces and media plans that did not deliver the desired results. Management plans to change its approach for certain brands for the third quarter of 2016 to include marketing programs that will be more impactful. Overall, Management is satisfied with 2015 year to date System Sales growth of 4.0% and SRS Growth of 2.7%, and will continue to focus on building momentum and long-term sales growth through its various initiatives across all its brands. While sales in the western provinces represent a smaller percentage of Cara's total System Sales, management is continuing with targeted marketing programs in the western provinces to combat the economic slowdowns in the west. The Company launched cross promotional programs with Scene at the end of the third quarter and will be launching programs with the Canadian Automobile Association ("CAA") in the fourth quarter.

- *Restaurant Count* — Management is targeting to achieve 14 net new restaurants in 2015 with 23 net new openings scheduled in the fourth quarter. The Company's pipeline for new restaurants includes opportunities to achieve 30-50 net new openings per year starting in 2016.

- *Corporate restaurant profitability* — Corporate restaurant profitability improved during the quarter to 12.8% of corporate sales from 7.3% in the third quarter of 2014. Year to date, corporate restaurant profitability is 11.4% as compared to 5.2% in 2014. Management is pleased with the increase in profitability which is primarily related to strong Landing and Bier Markt restaurant contribution and the reduction in food costs and labour costs. Management continues to focus on cost reduction opportunities. Long term, the opportunity remains for higher corporate contribution by adding more Bier Markts, Landings and select Milestones as we change the mix of our corporate restaurants to higher volume, higher margin restaurant concepts.

- *Franchise segment* — Year to date franchise contribution as a percentage of franchise sales improved from 3.6% in 2014 to 3.9% in 2015 reflecting less assistance provided to its franchise network. Year to date, Cara reduced the number of restaurants receiving assistance by 34 restaurants to 170 restaurants from a total of 204 at December 30, 2014 and from 178 at the end of the second quarter of 2015.

- *Central segment* — Going forward as the run rate for central expenses normalizes, the improvements in the central contribution rate will be driven by growing sales faster than head office expenses and by expanding our off premise business.

- *Total Operating EBITDA* — Year to date, the combined contributions from the Corporate, Franchise and Central segments resulted in Total Operating EBITDA margin of 6.3% as a percentage of total System Sales compared to 4.9% in 2014. The Company will continue to work on all three segments to increase Total Operating EBITDA in relation to Total System Sales.

- *Improved net income and cash available* — As a result of the IPO, the Company significantly reduced debt which has decreased total interest and finance costs in the third quarter. Additionally, the conversion of the preferred shares to common shares will reduce dividend requirements and will reduce taxes related to these dividends, all of which will improve net income, EPS and cash available for growth in future periods.

Overall, Management is satisfied with the positive results and improvements achieved year to date and believes that the benefits from the IPO will provide more available cash and credit capacity to position the Company for growth.

The foregoing description of Cara's outlook is based on management's current strategies and its assessment of the outlook for the business and the Canadian Restaurant Industry as a whole, may be considered to be forward-looking information for purposes of applicable Canadian securities legislation. Readers are cautioned that actual results may vary. See "Forward-Looking Information" and "Risk Factors" for a description of the risks and uncertainties that impact the Company's business and that could cause actual results to vary.

Related Parties

Shareholders

The Company, through its voting common shares, is principally controlled by Fairfax Financial Holdings Limited ("Fairfax") and Cara Holdings Limited.

Prior to the IPO, Cara Holdings Limited held 96.7% of the voting common shares. As part of the IPO, these voting common shares were converted to Multiple Voting Shares. Subsequent to the IPO, Cara Holdings Limited holds 35.6% of the total issued and outstanding shares, representing 46.2% voting control.

On April 10, 2015, as part of the IPO, subsidiaries of Fairfax converted non-voting preferred shares in conjunction with a cashless warrant exercise into Multiple Voting Shares of the Company. As a result of the conversion, and subsequent purchases of subordinate voting shares, Fairfax holds 40.7% of the total issued and outstanding shares, representing 52.6% voting control.

Fairfax and Cara Holdings Limited together hold 76.3% of the total issued and outstanding shares and have 98.8% of the voting control attached to all the shares.

Prior to the IPO, and during the 13 and 39 weeks ended September 27, 2015, the Company declared $nil and $3.0 million in dividends on common shares to Cara Holdings Limited, respectively. During the same periods, the Company paid $3.0 million and $14.0 million, respectively, in dividends to Cara Holdings Limited, of which $11.0 million were declared in previous periods. No dividends on common shares were declared or paid in the 13 and 39 weeks ended September 30, 2014.

Prior to the IPO, subsidiaries of Fairfax owned subordinated debentures and warrants bearing interest at 9.0% per annum. During the 13 weeks ended September 27, 2015, the Company incurred interest of $nil (September 30, 2014 - $0.6 million) and $0.6 million for 39 weeks ended September 27, 2015 (September 30, 2014 - $1.7 million) which has been included in interest expense. Additionally, subsidiaries of Fairfax owned Class A and Class B preferred shares. For the 13 and 39 weeks ended September 27, 2015, the Company approved a payment of interest on the preferred shares in the amount of $nil and $2.9 million, respectively, (for the 13 and 39 weeks ended September 30, 2014 - $2.9 million and $8.1 million, respectively), which has been included in interest expense.

During the 13 and 39 weeks ended September 27, 2015, the Company declared a dividend of $0.0917 per share of Subordinate and Multiple Voting stock totaling $4.5 million, of which Fairfax and Cara Holdings received $1.8 million and $1.6 million, respectively. No dividends on Subordinate and Multiple Voting Shares were declared or paid in the 13 and 39 weeks ended September 30, 2014.

Fairfax and the Company are parties to a Shared Services and Purchasing Agreement. Under this agreement, Fairfax is authorized to enter into negotiations on behalf of the Company (and Fairfax associated restaurants) to source shared services and purchasing arrangements for any aspect of Cara's operations, including food and beverages, information technology, payment processing, marketing and advertising or other logistics. There were no transactions during the 13 and 39 weeks ended September 27, 2015 and September 30, 2014.

The Company's policy is to conduct all transactions and settle all balances with related parties on market terms and conditions.

Insurance Provider

Some of Cara's insurance policies are held by a company that is a subsidiary of Fairfax. Fairfax also holds multiple voting common shares. The insurance transactions are on market terms and conditions.

Future Accounting Changes

New standards and amendments to existing standards have been issued and may be applicable to the company for its annual periods beginning on or after December 30, 2014. See note 3 of the Company's condensed consolidated interim financial statements for the 13 and 39 weeks ended September 27, 2015 for a summary of new accounting standards adopted during 2015 and note 4 for a summary of future accounting standards not yet adopted.

Controls and Procedures

There were no changes in the Company's internal controls over financial reporting during the 13 and 39 weeks ended September 27, 2015 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Critical Accounting Judgments and Estimates

The preparation of the condensed consolidated interim financial statements requires management to make various judgments and estimates in applying the Company's accounting policies that affect the reported amounts and disclosures made in Cara's financial statements and accompanying notes.

Management continually evaluates the estimates and assumptions it uses. These judgments and estimates are based on management's historical experience, knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and assumptions described in this section depend upon subjective or complex judgment that may be uncertain and changes in these estimates and assumptions could materially impact Cara's financial statements. The following are the accounting policies that are subject to judgments and estimates.

Accounts receivable and long-term franchise receivables

Management reviews accounts receivables and long-term franchise receivables at each balance sheet date utilizing judgments to determine whether a triggering event has occurred requiring an impairment test to be completed.

Management determines the net realizable value of its accounts receivables and long-term franchise receivables by reviewing expected future cash flows. The process of determining the net realizable value requires management to make estimates regarding projected future cash flows.

Impairment of non-financial assets

Management is required to use judgment in determining the grouping of assets to identify their cash generating units ("CGUs") for the purposes of testing fixed assets for impairment. Judgment is further required to determine appropriate groupings of CGUs, for the level at which goodwill and intangible assets are tested for impairment. In addition, judgment is used to determine whether a triggering event has occurred requiring an impairment test to be completed.

In determining the net recoverable amount of a CGU, various estimates are employed. The Company determines the fair value less costs to sell a particular CGU using estimates such as projected future sales, earnings, capital investments and discount rates. Projected future sales and earnings are consistent with strategic plans provided to the Company's Board. Discount rates are based on an estimate of the Company's weighted average cost of capital taking into account external industry information reflecting the risk associated with the specific cash flows.

Leases

In classifying a lease as either financial or operating, management has to make certain assumptions in estimating the present value of future lease payments and the estimated useful lives of the related assets. These assumptions include the allocation of values between land and building, and discount rates.

Income and other taxes

The calculation of current and deferred income taxes requires management to make certain judgments regarding the tax rules in jurisdictions where the Company performs activities. Application of judgments is required regarding classification of transactions and in assessing probable outcomes of claimed deductions including expectations of future operating results, the timing and reversal of temporary differences, likelihood of utilizing deferred tax assets and possible audits of income tax and other tax filings to the applicable tax authorities.

Employee future benefits

Accounting for the costs of defined benefit pension plans is based on a number of assumptions including estimates of rates of compensation increase and retirement ages of plan members. The discount rate used to value the accrued benefit plan obligation is based on high quality corporate bonds in the same currency in which the benefits are expected to be paid and with terms to maturities that, on average, match the terms of the defined benefit obligations. Other key assumptions for pension obligations are based on actuarial determined data and current market conditions.

Gift cards

Management is required to make certain assumptions on the likelihood of gift card redemptions based on historical redemption patterns. The impact of these assumptions results in the recognition of income from gift card purchases that are expected to not be redeemed.

Provisions

Management reviews provisions at each balance sheet date utilizing judgments to determine the probability that an expense and outflow will result from the legal or constructive obligation and an estimate of the associated obligation. Due to the judgmental nature of these items, future settlements may differ from amounts recognized.

Stock-based compensation

The accounting for equity-settled stock-based compensation requires management to make an estimate of the fair value, including non-market conditions, of the stock options based on the enterprise value of the Company at the time of the particular option grant as well as estimates around forfeitures of vested options.

Non-IFRS Measures

This MD&A makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. The Company uses non-IFRS measures including "System Sales", "SRS Growth", "Operating EBITDA", "Operating EBITDA Margin", and "Operating EBITDA Margin on System Sales" to provide investors with supplemental measures of its operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. The Company also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. The Company's management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets, and to determine components of management compensation.

"System Sales" represents top-line sales received from restaurant guests at both corporate and franchise restaurants including take-out and delivery customer orders. System Sales includes sales from both established restaurants as well as new restaurants. Management believes System Sales provides meaningful information to investors regarding the size of Cara's restaurant network, the total market share of the Company's brands and the overall financial performance of its brands and restaurant owner base, which ultimately impacts Cara's consolidated financial performance.

"System Sales Growth" is a metric used in the restaurant industry to compare System Sales over a certain period of time, such as a fiscal quarter, for the current period against System Sales in the same period in the previous year.

"SRS Growth" is a metric used in the restaurant industry to compare sales earned in established locations over a certain period of time, such as a fiscal quarter, for the current period against sales in the same period in the previous year. SRS Growth helps explain what portion of sales growth can be attributed to growth in established locations and what portion can be attributed to the opening of net new restaurants. Cara defines SRS Growth as the percentage increase or decrease in sales during a period of restaurants open for at least 24 complete fiscal months relative to the sales of those restaurants during the same period in the prior year. Cara's SRS Growth results exclude its United States operations which are comprised of four restaurants.

"EBITDA" is defined as net earnings (loss) from continuing operations before: (i) net interest expense and other financing charges; (ii) loss (gain) on derivative; (iii) write-off of financing fees; (iv) income taxes; (v) depreciation of property, plant and equipment; (vi) amortization of other assets; and (vii) impairment of assets, net of reversals.

"Operating EBITDA" is defined as net earnings (loss) from continuing operations before: (i) net interest expense and other financing charges; (ii) gain (loss) on derivative; (iii) write-off of financing fees; (iv) income taxes; (v) depreciation of property, plant and equipment; (vi) amortization of other assets; (vii) impairment of assets, net of reversals; (viii) losses on early buyout / cancellation of equipment rental contracts; (ix) restructuring; (x) conversion fees; (xi) net (gain) / loss on disposal of property, plant and equipment; (xii) stock based compensation; (xiii) change in onerous contract provision; and (xiv) lease costs and tenant inducement amortization.

"Operating EBITDA Margin" is defined as Operating EBITDA divided by total gross revenue from continuing operations.

"Operating EBITDA Margin on System Sales" is defined as Operating EBITDA divided by System Sales.

Forward-Looking Information

Certain statements in this MD&A may constitute "forward-looking" statements within the meaning of applicable Canadian securities legislation which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or the industry in which they operate, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this MD&A, such statements use words such as "may", "will", "expect", "believe", "plan" and other similar terminology. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this MD&A. These forward-looking statements involve a number of risks and uncertainties, including those related to: (a) the Company's ability to maintain profitability and manage its growth including SRS Growth, System Sales Growth, increases in net income, Operating EBITDA and Operating EBITDA Margin on System Sales (b) competition in the industry in which the Company operates; (c) the general state of the economy; (d) integration of acquisitions by the Company; (e) risk of future legal proceedings against the Company. These risk factors and others are discussed in detail under the heading "Risk Factors" in the Company's long form prospectus dated March 31, 2015. New risk factors may arise from time to time and it is not possible for management of the Company to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the Company to be materially different from those contained in forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this MD&A.

Risks and Uncertainties

The financial performance of the Company is subject to a number of factors that affect the commercial food service industry generally and the full-service restaurant and limited-service restaurant segments of this industry in particular. The Canadian Restaurant industry is intensely competitive with respect to price, value proposition, service, location and food quality. There are many well-established competitors, including those with substantially greater financial and other resources than the Company. Competitors include national and regional chains, as well as numerous individually owned restaurants. Recently, competition has increased in the mid-price, full-service, casual dining segment of this industry in which many of the Company's restaurants operate. Some of the Company's competitors have been in existence for longer than the Company and may be better established in markets where the Company's restaurants are located or may be located. If the Company is unable to successfully compete in the segments of the Canadian Restaurant industry in which it operates, the financial condition and results of operations of the Company may be adversely affected.

The Canadian Restaurant Industry business is also affected by changes in demographic trends, traffic patterns, and the type, number and locations of competing restaurants. In addition, factors such as inflation, increased food, labour and benefit costs, and the availability of experienced management and hourly employees may adversely affect the restaurant industry in general and the Company in particular. Changing consumer preferences and discretionary spending patterns and factors affecting the availability of certain foodstuffs could force the Company to modify its restaurant content and menu and could result in a reduction of revenue. Even if the Company is able to successfully compete with other restaurant companies, it may be forced to make changes in one or more of its concepts in order to respond to changes in consumer tastes or dining patterns. If the Company changes a restaurant concept, it may lose additional customers who do not prefer the new concept and menu, and it may not be able to attract a sufficient new customer base to produce the revenue needed to make the restaurant profitable. Similarly, the Company may have different or additional competitors for its intended customers as a result of such a concept change and may not be able to successfully compete against such competitors. The Company's success also depends on numerous other factors affecting discretionary consumer spending, including general economic conditions, disposable consumer income, consumer confidence and consumer concerns over food safety, the genetic origin of food products, public health issues and related matters. Adverse changes in these factors could reduce guest traffic or impose practical limits on pricing, either of which could reduce revenue and operating income, which would adversely affect the Company.

Please refer to the Company's prospectus available on SEDAR at www.sedar.com for a more comprehensive list.