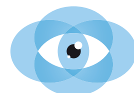
ANNUAL REPORT

Year ended December 31, 2016



NEWLOOK VISION GROUP INC.

(Formerly New Look Eyewear Inc.)

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Annual General Meeting of Shareholders
May 12, 2017 at 10 a.m. (Montréal time)
The Ritz-Carlton, *Salon Or*
1228 Sherbrooke Street West
Montréal, Québec

Chairman's Message

For the year ended December 31, 2016

National Strategy Continues to Unfold in 2016

New Look Vision Group`s national strategy continued to unfold in 2016 with the net acquisition of 27 additional locations, including 15 in south western Ontario and 10 in British Columbia. The group is now the largest retail optical group in Canada with 220 locations. It has a leading position in Quebec, the Maritimes, Ontario and a beachhead in British Columbia, Canada's third largest market. Its success is predicated on its three established and dynamic banners: New Look Eyewear, Vogue Optical and Greiche & Scaff.

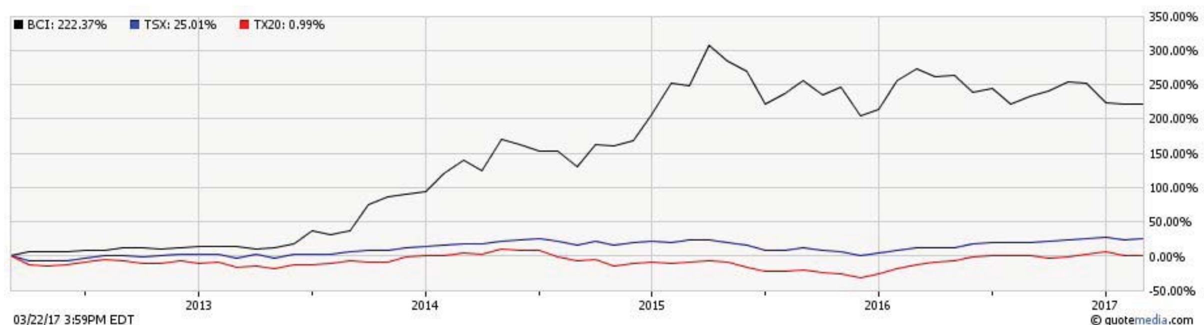
Highlights of 2016

Set out below are summary highlights of 2016. Further details are set out in the annual message of the President, Antoine Amiel:

- The Company acquired iVision (15 locations in south western Ontario) in February and Visions Optical (10 locations in British Columbia) in December, further unfolding its national strategy and making it the largest retail optical corporate chain in Canada.
- Revenues for 2016 increased by 13.7% from last year to reach a record high of $199 million.
- Comparable store sales orders for the year were strong at 4.1% over last year.
- Adjusted EBITDA[(a)] reached a record high of $35.4 million, a 5.5% increase over last year, including the impact of a 53rd week in 2016 and significant infrastructure and other expenses incurred to build the platform necessary to roll out the national strategy.
- The Company made investments totalling $40.2 million related to acquisitions, store openings and refurbishments, optical and laboratory equipment and information technology.
- Cash flows from operating activities before income taxes paid and changes in working capital items[(a)] were strong at $33.4 million, an increase of $1.2 million over last year.
- Net earnings attributable to shareholders, reached $11.2 million, an increase of 22% over last year. Net earnings per share fully diluted reached $0.81 compared to $0.67 last year.
- Adjusted net earnings[(a)] attributable to shareholders for 2016 were $13.9 million ($1.01 per share fully diluted) as compared to $13.3 million last year ($0.96 per share fully diluted).
- In 2016 the Company completed the successful implementation of its new POS system in the New Look Eyewear banner and in 2017 will begin rolling it out across the other banners.
- The strong financial and operating performance of the Company in 2016 allowed it to maintain its quarterly payments of dividends to shareholders of $0.15 per share.

Trading Performance

From January 1st through December 31st, 2016 the Company's shares traded in the range of $24.60 to $32.90 per share and closed at $30.00. New Look Vision's solid results since it started to unfold its national strategy allowed its shares to significantly outperform both the TSX Composite Index and the TSX Smallcap Index over the past five years.



For the year ended December 31, 2016

Management Developments in 2016

As part of its strategic plan to take advantage of the consolidation of the Canadian retail optical industry and to position the group as a predominant national player, in June 2016 the company awarded a significant one-time option grant (514,000 options) to its senior management team led by Antoine Amiel in order to better harmonize the longer term objectives of the Company, its shareholders and senior management team.

In 2016, we welcomed Pierre Freiji on board as general manager of the Greiche & Scaff banner. Pierre is a very experienced retail optical executive and entrepreneur in the Quebec market and is quickly making a strong contribution.

Outlook

The Company believes that the recent acquisitions, including iVision (February 2016) and Visions Optical (December 2016), greatly strengthen the leadership of New Look Vision Group in the eye care industry across Canada. Our current priorities and development plans have not changed from last year and continue to include the following objectives:

- To continue to explore acquisitions and development right across Canada;
- To continue to leverage the three primary trade names, New Look Eyewear, Greiche & Scaff and Vogue Optical, which have long and solid reputations in their respective markets;
- To continue to expand the New Look Eyewear, Greiche & Scaff and Vogue Optical store networks in their respective target markets, through new store openings and the acquisition of individual optical practices;
- To continue to develop the Company's presence in the premium brand sector;
- To improve liquidity and the balance sheet through a planned program of annual repayment of acquisition debt;
- To increase our market position by an expansion and continual modernization of our state-of-the-art laboratories, aggressive marketing, availability of opticians, optometrists, and well-trained personnel;
- To continue to improve the efficiency of our operations by significant investments in a new point-of-sales system;
- To continue to improve our web-related platform for eye exam appointments, contact lens sales orders and greater information to the public through our Internet window display and newsletter on eyewear fashion trends.

Management Team and Board Members

Congratulations are in order for Antoine Amiel and the senior management team at the New Look Vision Group Inc. level: Derrick Giannoumis, Mario Pageau, Martin Galerneau and Franca Russo; and at the operating units, Martial Gagné, France Reimnitz, Caroline Rouleau and Marie-Josée Mercier at New Look Eyewear; John MacLeod, Juanita Leary and Regan Lewis at Vogue Optical; and Martial Gagné and Pierre Freiji at Greiche & Scaff.

A special thanks to members of the Board of Directors for their continuing support, guidance and advice. The past year has been very busy for the Board and Board Committees in support of the high level of activity in the group.

We are confident that New Look Vision Group will continue to unfold its national strategy successfully in 2017 and beyond.

W. John Bennett
Chairman of the Board
New Look Vision Group Inc.

a) EBITDA, adjusted EBITDA, adjusted net earnings, and cash flows from operating activities before income taxes paid and changes in working capital items are not recognized measures under IFRS and may not be comparable to similar measures used by other entities. Investors should be cautioned that these measures should not be construed as an alternative to net earnings or cash flows as determined under IFRS. Refer to the sections EBITDA and adjusted EBITDA, Net earnings and adjusted net earnings, and Operating acitivies in the Management's and Discussion and Analysis for more details.

President's Message

For the year ended December 31, 2016

Overview

We endeavour to be Canadians' destination of choice for eye care and eyewear. In 2016 we moved closer to our strategic goal by expanding further westward, on reaching British Columbia, reaching a run rate of $200 million of revenues and becoming the largest optical retailer in Canada. All our networks continued to benefit from group synergies and our permanent focus on retail operations and supply chain. The last quarter of the year was our 10th consecutive quarter of comparable store sales growth.

Profitable growth

Over the last five years, New Look Vision Group has grown from a 70 store, single banner, retailer operating primarily in Quebec to become the largest Canadian optical retailer, dominating the Quebec and Maritime markets and with strategic footholds in Ottawa, South Western Ontario and British Columbia, operating a network of 220 stores under three principal banners. The company has more than trebled in size but there is still ample room to grow both organically and externally.

Our organic growth is driven by demographics and product innovation

Over 90% of the people over the age of 55 need vision correction. We have successfully leveraged the ageing of the population by increasing the availability of eye care, improving the performance of our lenses and the desirability of frames. Younger generations need vision correction earlier and in larger numbers than their forebears. This reflects the impact of digital lifestyles where long exposure to screens of all sizes are detrimental to eyesight and eye health. In response we have brought to market lenses designed to alleviate strain, thin films engineered to protect, the latest frame styles and the supporting professional services. Both ageing of the population and increased exposure to dynamic displays are trends forecasted to last beyond the foreseeable future.

Our external growth is driven by the consolidation of a very fragmented retail market.

Over 60% of the approximately 5,500 Canadian optical retail stores are independently owned and operated. We have been the lead consolidator since 2012 and it is our intention to continue on that path where opportunities remain, at sensible valuations. We generate accretion by leveraging our buying power, vertically integrated supply chain and shared central services. Best retail practices are developed as we learn with every acquisition, sharing their expertise as well as drawing on ours.

We see growth, whether organic or external, only worth undertaking if profitable. In spite of having integrated business divisions less profitable than our existing businesses we have maintained a consolidated adjusted EBITDA[(a)] margin above 17% of revenues. We have built a track record for financial discipline and carefully chosen acquisitions, delivering sustained profitability and substantial value for our shareholders.

Strong results

In 2016 we delivered our 6th straight year of record earnings. Our adjusted EBITDA increased to $35.4 million, up 5.5% over Fiscal 2015. Our adjusted EBITDA per share (on a diluted basis) reached $2.56, up 4.9% over Fiscal 2015 and 74.1% over Fiscal 2013, the year we launched our strategic growth plan. Our sustained profitability reflects our relentless operational focus, activation of synergies and on-going cost reduction programs. The fourth quarter of 2016 saw a modest growth in EBITDA stemming in part from an increase in salary expenses, in stores as part of the deployment of a group wide point of sale system and in our shared service center in preparation for further consolidation of central services. Those are investments in our people skills and in our infrastructure from which we will generate near term synergies and with which we will support long term growth.

Strong balance sheet

After acquiring 32 stores over the course of 2016, our Net Debt to Adjusted EBITDA ratio sits at a comfortable level of 2.2, up from 1.7 at the end of 2015. Our strong balance sheet and consistently improving results provides us with the flexibility to continue along the path of consolidating Canada's fragmented optical retail market.

Furthermore, during the fourth quarter of 2016 we amended our credit facilities with both our syndicate and subordinated lender. To fund our acquisition in British Columbia and to be prepared for future opportunities we refinanced our term facility and increased the limit on our revolving facility. As part of this process we were able to secure better pricing, due in part to a positive relationship with our lenders and our proven ability to deleverage.

Our values

Optical retail operates at the cross roads of health care and retail. We facilitate access to health care through our partnerships with 313 optometrists operating within our locations. Our 529 licensed opticians provide optical expertise and our sales associates fashion guidance. We feel very fortunate that our mission, providing superior vision, has a profound and practical impact on our customers' life and protect their long term health. This good fortune comes with a heightened sense of responsibility to our people and to society.

People, technical and retail skills are the driving forces behind our ability to deliver superior vision and customer care. We provide continuous education programs across the spectrum of tasks and positions. Our executive teams, across all divisions, have been promoted from within, faithful to our belief that internal promotion fosters legitimacy and quest for excellence. Our decentralized business unit organization, which empowers local management teams, ensures that we remain relevant to local markets.

In 2016, we upgraded our main lens processing facility with a new generation of production and water treatment equipment. The improved productivity has already reduced our power consumption and the new water treatment plant has enabled us to treat and re-use our entire water supply thereby operating in a closed circuit. Those are the latest initiatives to reduce our environmental footprint and come on top of on-going programs aimed at improving power efficiency of store lighting, re-using shipping material, digitalizing documentation.

We are active members of the communities we operate in. We are involved with local and provincial charities. Our support comes in the form of donations, sponsorship and volunteer hours. Among others we support the Eye Disease Foundation, the Children's Wish Foundation, Superwalk for Parkinsons, CNIB Dining in the Dark, Ride For Sight, Fondation Maman Dion. We have a long running partnership with the Lion's Club to use the frames we collect for the benefit of those in need, in Canada and overseas. In the professional field we support optician and optometrist schools.

Outlook

New Look Vision Group will continue, in 2017, on the same path of profitable organic growth and disciplined consolidation of the Canadian optical retail sector.

Acknowledgments

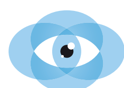
Most importantly I want to recognize the efforts of our 1,821 employees, across our three networks and two manufacturing / distributions centers for their passion and dedication make the New Look Vision Group a successful professional family, customer and community focused, welcoming to new members.

Lastly I wish to express my gratitude to the members of the Board for their guidance and to our shareholders for their trust.

Antoine Amiel
President
New Look Vision Group Inc.

a) *Adjusted EBITDA is not a recognized measure under IFRS and may not be comparable to similar measures used by other entities. Investors should be cautioned that this measure should not be construed as an alternative to net earnings or cash flows as determined under IFRS. Refer to the section EBITDA and adjusted EBITDA in the Management's and Discussion and Analysis for more details.*

Year ended December 31, 2016



NEWLOOK
VISION GROUP INC.

(Formerly New Look Eyewear Inc.)

HIGHLIGHTS

Highlights for the fourth quarter of 2016 compared to the fourth quarter of 2015 and the year ended December 31, 2016 compared to the 2015 and 2014 fiscal years:

	2016 14 weeks	2015 13 weeks	2016 53 weeks	2015 52 weeks	2014 52 weeks
Revenues	**$54,489**	**$44,614**	**$198,536**	**$174,555**	**$140,245**
Variance	*22.1 %*		*13.7%*	*24.5%*	
Variance in comparable store sales orders[a]	*4.6 %*	*4.3%*	*4.1%*	*4.8%*	*1.7%*
Adjusted EBITDA[b]	**$9,769**	**$9,665**	**$35,376**	**$33,526**	**$27,030**
Variance	*1.1 %*		*5.5%*	*24.0%*	
% of revenues	*17.9 %*	*21.7%*	*17.8%*	*19.2%*	*19.3%*
Per share (basic)	$0.72	$0.72	$2.61	$2.51	$2.11
Variance	*— %*		*4.0%*	*19.0%*	
Per share (diluted)	$0.71	$0.70	$2.56	$2.44	$2.05
Variance	*1.4%*		*4.9%*	*19.0%*	
Net earnings attributed to shareholders	**$3,186**	**$3,755**	**$11,172**	**$9,157**	**$7,774**
Variance	*(15.2%)*		*22.0%*	*17.8%*	
Net earnings per share					
Basic	$0.23	$0.28	$0.83	$0.68	$0.61
Variance	*(17.9%)*		*22.1%*	*11.5%*	
Diluted	$0.23	$0.27	$0.81	$0.67	$0.59
Variance	*(14.8%)*		*20.9%*	*13.6%*	
Adjusted net earnings attributed to shareholders[b]	**$4,259**	**$4,345**	**$13,947**	**$13,267**	**$9,855**
Variance	*(2.0%)*		*5.1%*	*34.6%*	
Per share (basic)	$0.31	$0.32	$1.03	$0.99	$0.77
Variance	*(3.1%)*		*4.0%*	*28.6%*	
Per share (diluted)	$0.31	$0.32	$1.01	$0.96	$0.75
Variance	*(3.1%)*		*5.2%*	*28.0%*	
Cash flows from operating activities, before income taxes paid and changes in working capital items[b]	**$9,232**	**$9,046**	**$33,424**	**$32,201**	**$24,339**
Per share (basic)	$0.68	$0.67	$2.47	$2.41	$1.90
Variance	*1.5%*		*2.5%*	*26.8%*	
Per share (diluted)	$0.67	$0.66	$2.41	$2.34	$1.85
Variance	*1.5%*		*3.0%*	*26.5%*	
Capital expenditures[c]	$10,178	$3,755	$40,187	$9,292	$23,733
Net debt increase (decrease) in the period[d]	$6,867	($2,530)	$27,149	($12,319)	$2,920
Cash dividend per share[e]	$0.15	$0.15	$0.60	$0.60	$0.60
Total dividends[e]	$2,035	$2,014	$8,127	$8,037	$7,704
At end of period					
Total assets[h]			192,816	161,959	161,312
Non-current liabilities[i]			90,677	64,198	68,624
Net debt[f]			80,373	53,224	65,543
Number of stores[f]			220	193	192

a) Comparable stores are stores which have been operating for at least 12 months. Revenues are recognized at time of delivery of goods to customers, however management measures the comparable store performance on the basis of sales orders, whether delivered or not.

b) EBITDA, adjusted EBITDA, adjusted net earnings, and cash flows from operating activities before income taxes paid and changes in working capital items are not recognized measures under IFRS and may not be comparable to similar measures used by other entities. Refer to the sections *EBITDA and adjusted EBITDA, Net Earnings and adjusted net earnings,* and *Operating activities* for the definitions and reconciliations.

c) Capital expenditures include amounts financed through debt assumptions, balances of purchase price, issuance of shares and non-controlling interests.

d) Net debt refers to the total of the long-term debt, including the short-term portion and borrowings under the revolving facility, and dividends payable, in excess of cash.

e) The amounts of dividends shown in the table above refer to amounts declared in the periods.

f) The increase in the number of stores in the last twelve months reflects the acquisition of 32 stores, described in Note 7 to the financial statements, as well as six scheduled closures and one store opening.

BACKGROUND

Management's Discussion and Analysis ("MD&A") relates to the financial condition, results of operations and cash flows of New Look Vision Group Inc. ("New Look Vision" or the "Company") and its subsidiaries, which include entities over which New Look Vision has the power to govern the financial and operating policies so as to affect the amount of its return without owning shares of these entities (New Look Vision and its subsidiaries are together referred to as the "Group").

This MD&A provides prospective data, comments and analysis wherever appropriate to assist readers in viewing the business from corporate management's point of view. The purpose of this MD&A is to provide a better understanding of our activities and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2016.

Except where otherwise indicated, all financial information reflected herein is expressed in thousands of Canadian dollars and is determined on the basis of International Financial Reporting Standards (IFRS). Additional information relating to the Group can be found on the website www.newlookvision.ca. The Group's continuous disclosure materials, including the annual and quarterly MD&A, annual and quarterly financial statements, annual information forms, proxy solicitation and information circulars and various press releases are also available through the SEDAR system at www.sedar.com.

OVERVIEW

The Company has successfully positioned itself as a leader in the Canadian retail optical business and is poised to grow revenues and EBITDA for the foreseeable future. Improved operating performance as well as the successful integration of recent significant acquisitions, Vogue Optical (December 2013), Greiche & Scaff (October 2014), iVision (February 2016), and Visions One Hour Optical (December 2016) have allowed the Company to improve its already strong market position. It is now the largest prescription optical retailer in Canada with 220 stores operating principally under the New Look Eyewear, Greiche & Scaff and Vogue Optical banners as at December 31, 2016.

As shown in the Highlights table on the preceding page, the Company recorded a strong increase in comparable store sales of 4.6% as well as in total revenues of 22.1% in the fourth quarter of 2016 (14 weeks) in comparison to 2015 (13 weeks). Same store sales growth was driven principally by more aggressive marketing and promotional activities while total sales growth also reflected the addition of 32 stores over the same period last year. Adjusted EBITDA however for the period increased only marginally (1.1%) over the same period last year. Principal reasons for this flat performance included aggressive promotional activities impacting the cost of goods sold, as well as costs associated with building the Company's long term business, including ongoing systems deployments and central services. The Company is experiencing higher costs through its rapid growth and expects the costs to be more in line with historical ratios during the course of 2017.

It should be noted that 2016 had one additional week, a 53rd week recorded in the fourth quarter which adversely impacted profitability. Excluding the 53rd week, fourth quarter adjusted EBITDA would have reached $9.9 million or 18.9% of revenues instead of 17.9%

as reported. The 53rd week impacted Q4 salaries and social security costs as a percentage of revenues by 60 basis points and other operating expenses (excluding acquisition-related costs) by 30 basis points.

Adjusted net earnings per share for the quarter compared to the fourth quarter of 2015 were down 3.1% (diluted), reflecting the marginal improvement in Adjusted EBITDA.

During the fourth quarter, the Company announced the acquisition of the retail optical assets and business forming part of Visions One Hour Optical Ltd. carrying on business principally under the Visions Optical banner in local communities across British Columbia at 10 retail locations.

The full year 2016 highlights are:

- New Look Vision remains focused on its profitable growth strategy in Canada as evidenced by solid operating results during 2016 and by the acquisition of 32 stores throughout the period. The acquisitions completed during the year have allowed the company to successfully expand its retail network across the country.
- As part of its strategic plan to take advantage of the consolidation of the Canadian retail optical industry and to position the Company as a predominant national player, in June 2016, the Company awarded a significant one-time option grant (514,000 options) to its senior management team in order to better harmonize the longer term objectives of the Company, its shareholders and the senior management team.
- Annual revenues increased by 13.7% over last year to reach a record $199 million, reflecting both a strong comparable store sales growth of 4.1% and the acquisition of 32 stores throughout the period.
- Adjusted EBITDA increased 5.5% over the previous year to a record $35 million and increased 4.9% on a per share (diluted) basis to $2.56.
- Adjusted EBITDA was adversely impacted by the 53rd week compared to 52 weeks in the previous year.
- Cash flows from operations (before income taxes and changes in working capital items) increased by $1.22 million or 3.8% over last year.
- Net earnings attributable to shareholders reached $11.2 million, an increase of 22.0% over last year. Net earnings per share, basic and diluted, increased by $0.15 and $0.14 to $0.83 and $0.81, respectively.
- Adjusted Net Earnings attributable to shareholders increased 5.1% to $13.9 million or 5.2% on a per share (diluted) basis. The company recognized a significantly higher equity-based compensation expenses of $1.5 million in 2016 as compared to $0.6 million in 2015.
- The Group maintained its quarterly dividend payment to shareholders of $0.15 per share.

DESCRIPTION OF ACTIVITIES

The Group is a leading provider of eye care products and services in Eastern Canada. As of December 31, 2016, the Group had three main banners: New Look Eyewear, Vogue Optical, and Greiche & Scaff. The Group's network consists of 220 corporately-owned eye care stores. Stores are located in Québec (120), Ontario (23), New Brunswick (23), Nova Scotia (22), Newfoundland and Labrador (13), Prince Edward Island (6), Saskatchewan (2), and British Columbia (11). The Group operates a lens processing laboratory and a distribution centre in Ville St-Laurent, Québec, and a lens processing laboratory in Charlottetown, Prince Edward Island.

APPROVAL OF FINANCIAL STATEMENTS

The Group’s condensed consolidated financial statements for the period ended December 31, 2016 have been approved by the Board of Directors.

ACCOUNTING POLICIES

Compliance with the International Financial Reporting Standards (IFRS)

The Company presents its financial statements on the basis of IFRS issued by the International Accounting Standards Board (IASB). The use of IFRS is compulsory for public companies such as New Look Vision.

Year-end

The year-end of the Company is the last Saturday of December. The 2016 fiscal year had 53 weeks of operation, whereas 2015 had 52 weeks.

Critical accounting estimates

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates. These estimates are established on the basis of previous years and management's best judgment. Management continually reviews estimates. Actual results may differ from those estimates. The following paragraphs establish the main estimates used in preparing the consolidated financial statements of the Company.

Allowance for obsolescence

Although the Company continuously endeavours to increase the inventory turnover to reduce the risk of obsolescence and improve cash flows, management estimates an allowance for obsolescence regarding slow moving inventories. Such estimates are based on historical experience of inventories liquidated, donated to charities or destroyed.

Useful life of property, plant, equipment and intangible assets

For the purpose of calculating the depreciation and the amortization of property, plant, equipment and intangible assets, estimates of the duration of their useful lives must be carried out. Factors such as risks of obsolescence caused by new technologies and the Company's objective of using state-of-the-art equipment and presenting fashionable stores are taken into account.

Allocation of purchase price of a business

When acquiring a business, management allocates the purchase price to underlying assets and liabilities, as required by IFRS. With this respect, management identifies intangible assets or liabilities such as customer relationships, contractual agreements, tradenames and below-market or above-market leases. These assets and liabilities are valued based on assumptions regarding forecast revenues, operating costs and discounting rates. Intangible assets, other than tradenames, are amortized over the estimated period of benefits arising from their use.

Financial instruments

The carrying value of the non-interest bearing balances of purchase price and the carrying value of a non-interest bearing loan were determined by discounting their nominal value using rates varying from 5 to 8%.

The Company uses two derivatives: forward exchange contracts and an interest rate swap. Both are valued at fair value on the balance sheet and the variation in fair value is reflected in earnings. The Company does not use hedge accounting.

Provisions

The Company recorded provisions as liabilities to cover expected future payments related to product warranties, asset retirement obligations on termination of leases, onerous contracts and restructuring. The latter two relate to the acquisition of the Greiche & Scaff business in 2014. Amounts are based on historical data, past experience and management's best knowledge of current events and actions that the Company may undertake in the future.

Fair value of equity-based compensation

Equity-based compensation, such as stock options granted to employees, is recognized as an expense even if no cash disbursement is required. Stock options granted are measured at fair value at grant date using the method known as the Black-Scholes option pricing model. This model takes into account factors such as expected duration of the option, expected volatility of the underlying security, and expected dividends. The determination of these factors is based on historical experience, financial performance of the Company, development plans of the Company, and the economic environment.

Asset impairment tests

Accounting standards require making impairment tests on long-lived assets such as property, plant and equipment, intangible assets and goodwill. The tests involve making assumptions as to discounted future cash flows arising from these assets. Historical data and

development plans are the prime source of information used in these circumstances. As per the conclusions of the tests, an impairment expense of $45,000 was required in 2016 (nil in 2015).

Income taxes and tax credits

The calculation of the income tax expense and tax credits related to R&D, training or investments requires judgement in determining the activities or expenses giving rise to a deduction or credit. Similar judgement is required in determining the right to use tax losses or credits carried over from past reorganizations. The effects of tax assessments differing from the Company's calculations could be material.

IFRSs issued but not yet effective

The International Accounting Standards Board (IASB) has published revised standards, amendments or interpretations that were not yet effective as of December 31, 2016. By far, the most relevant one concerns lease accounting. Two other changes might also have an impact on the Group's consolidated financial statements.

Major reforms to lease accounting

The IASB has published IFRS 16 "Leases", to replace IAS 17 and related interpretations, completing its long-running project on lease accounting. IFRS 16 will require lessees to account for leases on balance sheet by recognizing a right-of-use and a lease liability. Exemptions for short-term leases and leases of low value assets will be permitted. The new standard will be effective for annual periods beginning on or after January 1, 2019. In the case of New Look Vision which has a year-end on the last Saturday of December, this means that the new standard will be compulsory for its 2020 fiscal year. Early application is permitted provided IFRS 15 "Revenue from Contracts with Customers", described below, is applied.

The quantitative impact of IFRS 16 has yet to be assessed, however the Group has adequate time to prepare for the transition and is in the process of:

- Assessing the requirements and qualitative impacts under the transitional provisions of both the full retrospective approach and modified retrospective cumulative catch up approach.
- Evaluating agreements to determine whether the definition of a lease is met under IFRS 16.
- Reviewing the capabilities of current IT systems in place as they apply to the informational requirements and assessing whether additional applications or systems will be required.

As a general indicator of the quantitative impact, the Group currently shows as commitments for leases an amount of $70 million.

Two other relevant changes

Classification and measurement of financial assets (IFRS 9). The new standard introduces changes in the classification and measurement of financial assets as currently outlined under IAS 39.The revised standard will apply to the financial years beginning on or after January 1, 2018. The quantitative impact has yet to be determined, however the Group anticipates that its financial assets will require review, with reference to their classification and measurement based on their contractual cash flows as stipulated under IFRS 9.

Revenue from Contracts with Customers (IFRS 15). The new standard establishes a control-based revenue recognition and provides additional guidance in many areas not covered in detail under existing IFRSs. It will apply to annual reporting periods beginning on or after January 1, 2018, earlier application being permitted. At this time, management does not foresee significant impact, if any, of IFRS 15 on the Company's consolidated financial statements.

RESULTS ANALYSIS

Revenues

Revenues for the fourth quarter of 2016 were $54.5 million, an increase of 22.1% over the fourth quarter of last year. The increase was attributable to significant same store sales growth, the net addition of 27 stores, and the additional week in the 2016 fourth fiscal quarter.

The cumulative 53-week period ended December 31, 2016 also benefited from the stores added since the beginning of 2015, which resulted in revenues reaching $199 million, up 13.7% over the corresponding period of 2015. Revenues recorded in the 53rd week were $2.5 million, $1.3 million or 34% lower than the full year average excluding the 53rd week.

Revenues are recognized when goods are delivered to customers, however, management measures the performance of comparable stores on the basis of sales orders, regardless of delivery. Comparable store sales have increased by 4.6% in the fourth quarter and 4.1% for the year-ended December 31, 2016 compared to last year. Comparable stores are defined as stores which have been operating for at least 12 months.

Operating expenses

Operating expenses for the fourth quarter and the 53-week period ended December 31, 2016 are summarized as follows:

	2016 14 weeks $	2015 13 weeks $	2016 53 weeks $	2015 52 weeks $
Revenues	54,489	44,614	198,536	174,555
Materials consumed	12,375	9,099	44,888	37,185
% of revenues	*22.7%*	*20.4%*	*22.6%*	*21.3%*
Employee remuneration				
Salaries and social security costs	18,099	14,352	65,270	56,903
% of revenues	*33.2%*	*32.2%*	*32.9%*	*32.6%*
Equity-based compensation	546	178	1,462	627
Acquisition-related costs	508	482	1,583	897
Other operating expenses (excluding acquisition-related costs)	14,214	11,537	53,003	46,999
% of revenues	*26.1%*	*25.9%*	*26.7%*	*26.9%*
Total operating expenses	**45,743**	**35,648**	**166,206**	**142,611**
% of revenues	*83.9%*	*79.9%*	*83.7%*	*81.7%*

Materials consumed

Materials consumed are comprised of frames, lenses and production supplies. The cost of materials includes foreign exchange gains and losses related to the purchase of these materials. The cost of materials consumed increased by 230 basis points of revenues in the fourth quarter, and by 130 basis points in the 53-week period ended December 31, 2016. The increase of the ratio is due to aggressive marketing and promotional activities in existing banners and the recent acquisition of banners with initial higher product cost ratios.

Employee remuneration

Salaries and social security cost expense includes salaries, bonuses, directors' fees and social security costs for all employees and directors. The majority of the expense relates to store based remuneration, including opticians. The increase of 100 basis points for the fourth quarter, as a percentage of revenues, is primarily due to the 53rd week, as well as system implementations costs and staffing upgrades at the corporate level.

Equity-based compensation for a period represents the fair value of New Look Vision stock options granted and vested in that period. As part of its strategic plan to take advantage of the consolidation of the Canadian retail optical industry and to position the Company as a predominant national player, in June 2016, the Company awarded a significant one-time option grant (514,000 options) to its senior management team in order to better harmonize the longer term objectives of the Company, its shareholders and the senior management team.

Acquisition-related costs

Acquisition-related costs are composed of professional fees specifically incurred in the business acquisition process, whether an acquisition is completed or not. The figures for 2016 relate mainly to the acquisition of 32 stores completed in the year, as well as acquisitions in progress.

Other operating expenses (excluding acquisition-related costs)

Other operating expenses include stores, manufacturing and distribution facilities and head office occupancy costs, as well as selling, general and administration expenses. They also include foreign exchange gains and losses related to these expenses and gains or losses arising from the change in value of foreign exchange contracts. Depreciation and amortization are presented separately.

Other operating expenses, as a percentage of revenues, increased in the fourth quarter to 26.1% from 25.9% for the same period last year. This variation is primarily due to the impact of the 53rd week, newly acquired businesses with stores located in malls with higher occupancy costs, and partly offset by expense reduction programs across the group.

Management has established a policy hedging forecasted US dollar purchases through the use of forward exchange contracts. As of December 31, 2016, the Company has entered into contracts to purchase US dollars between $680,000 and $1,360,000, depending on the spot rate at the time of purchase, at a rate between 1.2700 and 1.3175 CAD.

EBITDA and adjusted EBITDA

The Group defines EBITDA and adjusted EBITDA as per the table below. It should be noted that these performance measures are not defined under IFRS and may not be comparable to similar measures used by other entities. The Group believes that these measures are useful financial metrics as they assist in determining the ability to generate cash from operations. Investors should be cautioned that EBITDA and adjusted EBITDA should not be construed as an alternative to net earnings or cash flows as determined under IFRS. The reconciling items between net earnings, EBITDA and adjusted EBITDA are as follows:

	2016 14 weeks $	2015 13 weeks $	2016 53 weeks $	2015 52 weeks $
Net earnings	3,176	3,741	11,212	9,201
Depreciation, amortization and loss on disposal	3,202	2,773	11,772	11,024
Financial expenses, net of interest revenues	1,045	919	4,005	4,419
Income taxes	1,324	1,533	5,341	7,300
EBITDA	**8,747**	**8,966**	**32,330**	**31,944**
Equity-based compensation [(a)]	546	178	1,462	627
Net loss (gain) from changes in fair value of foreign exchange contracts	(32)	39	1	58
Acquisition-related costs [(b)]	508	482	1,583	897
Adjusted EBITDA	**9,769**	**9,665**	**35,376**	**33,526**
Variance in $	*104*		*1,850*	
Variance in %	*1.1%*		*5.5%*	
% of revenues	*17.9%*	*21.7%*	*17.8%*	*19.2%*
Per share (basic)	0.72	0.72	2.61	2.51
Per share (diluted)	0.71	0.70	2.56	2.44

a) Equity-based compensation has increased due to an increase in the number of options granted, as well as an increase in the weighted average fair value of options ($6.46 in 2016, as compared to $5.43 in 2015).

b) Acquisition-related costs are mainly comprised of legal and other fees related to the business acquisitions, whether completed or in-progress.

The decrease in the adjusted EBITDA ratio for the quarter and the year reflects the increase in revenues, offset by higher operating expenses as a percentage of revenues.

Refer to *Summary of Quarterly Results* for comparisons of adjusted EBITDA on a quarterly basis.

Depreciation and amortization

The depreciation and amortization expenses varied as follows:

	2016 14 weeks $	2015 13 weeks $	2016 53 weeks $	2015 52 weeks $
Depreciation of property, plant and equipment, net of amortization of deferred investment tax credits	2,229	1,959	8,093	7,750
Amortization of other intangible assets	965	823	3,652	3,202
Impairment and loss (gain) on disposal of intangible assets	8	(9)	27	72
Depreciation, amortization and loss on disposal	**3,202**	**2,773**	**11,772**	**11,024**

The increases in depreciation of property, plant and equipment and amortization of intangible assets is in line with the business acquisitions made since the beginning of 2015.

Financial expenses

The following table provides the main elements of financial expenses along with interest revenues for the fourth quarter and the year-to-date period ended December 31, 2016 compared with the corresponding periods of 2015:

	2016 14 weeks $	2015 13 weeks $	2016 53 weeks $	2015 52 weeks $
Interest on long-term debt[(a)]	961	801	3,769	3,359
Interest related to an income tax settlement	67	31	67	249
Other interest	12	10	66	52
Total interest expense	1,040	842	3,902	3,660
Amortization of deferred costs related to the issuance of debt	99	119	397	427
Change in fair value of interest rate swap	(156)	(52)	(366)	317
Other financing expenses	54	20	92	69
Financial expenses	1,037	929	4,025	4,473
Interest revenue	(8)	10	20	54
Financial expenses, net of interest revenue	**1,045**	**919**	**4,005**	**4,419**
a) Actual settlement cost of interest rate swap included in the interest on long-term debt above	63	72	263	251

Beginning in 2016, the revolving facility is used for both daily operations and investment purposes. Borrowings under this facility are treated as long-term debt.

The interest on long-term debt was higher than last year, which corresponds with the level of the debt.

The average financing cost which, when taking into account actual settlements under an interest rate swap and the amortization of deferred issuance costs, was 4.9% as of December 31, 2016 compared to 6.0% a year ago. As of December 31, 2016, the long-term debt essentially comprised an outstanding balance of $11.8 million under the revolving facility, a balance of $60 million under the acquisition term facility, and a $15 million subordinated loan from a capital development fund.

In order to mitigate the risk of an increase in interest rates, New Look Vision is required to maintain an interest rate swap to fix the interest rate on 50% of the outstanding acquisition term facility balance. Under the credit facility agreement, as amended to increase the total drawings on November 25, 2016, New Look Vision was granted three months to amend its swap coverage accordingly, which was done subsequent to year-end.

The reduction of financing expenses is essentially due to a favourable change in the fair value of the interest rate swaps: gain of $366,000 this year compared to a loss of $317,000 last year.

Income taxes

The income tax expense is composed of :

	2016 53 weeks $	2015 52 weeks $
Current income tax		
In relation with the current activities	4,416	4,478
In relation with a special tax settlement		2,589
Total current income tax	4,416	7,067
Deferred income tax		
In relation with the current activities	925	244
In relation with a special tax settlement		(11)
Total deferred income tax	925	233
Total income tax expense	**5,341**	**7,300**
Total income tax expense related with the current activities	5,341	4,722
Estimated effective tax rate of earnings before income taxes	32.3%	28.6%
Combined federal and provincial statutory rate	28.1%	27.6%

The difference between the estimated effective tax rate and the combined federal and provincial statutory rate is attributable to non-deductible expenses and prior year adjustments (which have no relation with the special tax settlements described below). Non-deductible expenses are essentially comprised of equity-based compensation and certain business acquisition costs.

Special tax settlement in 2015. In 2015 the Company reached an agreement with the Canada Revenue Agency regarding the use of tax attributes in relation to the conversion from a trust structure into a corporation in March 2010. A similar agreement is expected with a provincial tax authority. The income tax provision on the balance sheet contains an amount of $0.9 million for this purpose.

Net earnings and adjusted net earnings

Net earnings for the fourth quarter and the year ended December 31, 2016 can be compared to the corresponding periods of 2015 as follows:

	2016 14 weeks $	2015 13 weeks $	2016 53 weeks $	2015 52 weeks $
Net earnings attributed to shareholders	3,186	3,755	11,172	9,157
Variance in $	*(569)*		*2,015*	
Variance in %	*(15.2%)*		*22.0%*	
% of revenues	*5.8%*	*8.4%*	*5.6%*	*5.2%*
Per share amount				
Basic	0.23	0.28	0.83	0.68
Diluted	0.23	0.27	0.81	0.67
Weighted average number of shares (basic)	13,564,881	13,419,003	13,528,772	13,376,141
Variation	*1.1%*		*1.1%*	
Weighted average number of shares (diluted)	13,855,907	13,776,472	13,842,821	13,759,817
Variation	*0.6 %*		*0.6%*	

Net earnings for the year increased compared to last year due to a higher EBITDA, lower financial expenses (including a favourable variation of the fair value of an interest rate swap), and a lower income tax expense. Net earnings for the quarter decreased compared to last year due to a lower EBITDA, higher depreciation and amortization, and higher financial expenses, offset by lower income taxes.

Management believes that the following adjustments to net earnings provide useful information as they allow the comparison of the net results before acquisition-related costs and equity-based compensation, which may vary substantially from quarter to quarter:

	2016 14 weeks $	2015 13 weeks $	2016 53 weeks $	2015 52 weeks $
Net earnings attributed to shareholders	**3,186**	**3,755**	**11,172**	**9,157**
Net expenses related to an income tax settlement		59		2,827
Acquisition-related costs	508	482	1,583	897
Equity-based compensation	546	178	1,462	627
Related income taxes	19	(129)	(270)	(241)
Adjusted net earnings attributed to shareholders	**4,259**	**4,345**	**13,947**	**13,267**
Variance in $	*(86)*		*680*	
Variance in %	*(2.0%)*		*5.1%*	
% of revenues	*7.8 %*	*9.7%*	*7.0%*	*7.6%*
Per share amount				
Basic	0.31	0.32	1.03	0.99
Diluted	0.31	0.32	1.01	0.96

Adjusted net earnings per share (diluted) increased to $1.01 in 2016 from $0.96 in 2015.

Adjusted net earnings calculated above are not a recognized measure under IFRS and are therefore unlikely to be comparable to similar measures used by other entities. Investors should be cautioned that adjusted net earnings should not be considered as an alternative to net earnings or cash flows as determined under IFRS.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes unaudited consolidated quarterly results for each of the eight most recently completed quarters.

	December		September		June		March		4 Quarters	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	14 weeks	13 weeks	13 weeks	13 weeks	13 weeks	13 weeks	13 weeks	13 weeks	53 weeks	52 weeks
	$	$	$	$	$	$	$	$	$	$
Revenues	54,489	44,614	48,951	41,379	50,506	46,777	44,590	41,785	198,536	174,555
As a % of the four-quarter revenues	*27.4%*	*25.6%*	*24.7%*	*23.7%*	*25.4%*	*26.8%*	*22.5%*	*23.9%*	*100%*	*100%*
Adjusted EBITDA[c]	9,769	9,665	7,965	7,079	10,372	10,080	7,270	6,702	35,376	33,526
As a % of revenues	*17.9%*	*21.7%*	*16.3%*	*17.1%*	*20.5%*	*21.5%*	*16.3%*	*16.0%*	*17.8%*	*19.2%*
Per share (basic)[a]	0.72	0.72	0.59	0.53	0.77	0.75	0.54	0.50	2.61	2.51
Per share (diluted)[a]	0.71	0.70	0.58	0.51	0.75	0.73	0.53	0.49	2.56	2.44
Net earnings (net loss) attributed to shareholders[b] [d]	3,186	3,755	2,053	(641)	4,093	4,412	1,839	1,631	11,172	9,157
Per share (basic)[a]	0.23	0.28	0.15	(0.05)	0.30	0.33	0.14	0.12	0.83	0.68
Per share (diluted)[a]	0.23	0.27	0.15	(0.05)	0.30	0.32	0.13	0.12	0.81	0.67
Adjusted net earnings attributed to shareholders [c]	4,259	4,345	2,832	2,280	4,610	4,691	2,245	1,951	13,947	13,267
Per share (basic)[a]	0.31	0.32	0.21	0.17	0.34	0.35	0.17	0.15	1.03	0.99
Per share (diluted)[a]	0.31	0.32	0.20	0.17	0.33	0.34	0.16	0.14	1.01	0.96
Cash flows from operating activities, before income taxes paid and changes in working capital items[c]	9,232	9,046	7,688	6,839	9,768	9,665	6,736	6,651	33,424	32,201
Per share (basic)[a]	0.68	0.67	0.57	0.51	0.72	0.72	0.50	0.50	2.47	2.41
Per share (diluted)[a]	0.67	0.66	0.56	0.50	0.70	0.70	0.49	0.48	2.41	2.34
Dividend per share	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.60	0.60

a) Amounts per share for four quarters may not correspond to the total of quarterly amounts, as a distinct calculation is made for each quarter or four-quarter period.

b) The net loss for the quarter ended in September 2015 reflects the recording of a tax settlement estimated at $2.8 million.

c) Adjusted EBITDA, adjusted net earnings, and cash flows from operating activities, before income taxes paid and changes in working capital items are not recognized measures under IFRS and are therefore unlikely to be comparable to similar measures used by other entities. Investors should be cautioned that these measures should not be considered as an alternative to net earnings or cash flows as determined under IFRS.

d) Adjusted net earnings attributed to shareholders were revised in the fourth quarter of 2016, retrospectively to all quarters presented above, in order to add back equity-based compensation.

The increases in revenues and adjusted EBITDA over the last eight quarters reflect the acquisition of Greiche & Scaff in October 2014, the iVision transaction in February 2016, as well as the most recent acquisitions in Montreal and New Brunswick, and the improving performance of comparable stores.

LIQUIDITY

The following table summarizes the cash flows for the fourth quarters and the years ended December 31, 2016 and December 26, 2015.

	Dec. 31, 2016	Dec. 26, 2015	Dec. 31, 2016	Dec. 26, 2015
	14 weeks	13 weeks	53 weeks	52 weeks
	$	$	$	$
Operating activities	5,565	9,187	22,357	30,452
Investing activities	(10,354)	(4,080)	(38,165)	(7,795)
Financing activities	5,402	(4,096)	12,684	(17,010)
Net increase (decrease) in cash	613	1,011	(3,124)	5,647
Cash, beginning of period	5,981	8,707	9,718	4,071
Cash, end of period	6,594	9,718	6,594	9,718

Operating activities

The cash flows related to the operating activities for the fourth quarters and the years ended December 31, 2016 and December 26, 2015 are as follows. Amounts in parentheses represent use of cash.

	2016	2015	2016	2015
	14 weeks	13 weeks	53 weeks	52 weeks
	$	$	$	$
Earnings before income taxes	4,500	5,274	16,553	16,501
Adjustments:				
Depreciation, amortization and loss on disposal	3,202	2,773	11,772	11,024
Amortization of deferred lease inducements and variation of deferred rent	(73)	(121)	(393)	(433)
Equity-based compensation expense	546	178	1,462	627
Other	12	13	25	9
Financial expenses	1,037	929	4,025	4,473
Interest revenue	8		(20)	
Cash flows from operating activities, before income taxes paid and changes in working capital items	9,232	9,046	33,424	32,201
Income taxes paid	(1,616)	(2,092)	(7,237)	(4,476)
Cash flows from operating activities, before changes in working capital items	7,616	6,954	26,187	27,725
Changes in working capital items	(2,051)	2,233	(3,830)	2,727
Cash flows from operating activities	**5,565**	**9,187**	**22,357**	**30,452**

The above table shows that cash generated from operating activities before income taxes paid and changes in working capital items increased compared to last year. The significant increase in income taxes paid in 2016 compared to last year reflects the payments of balances owed for prior years along with instalments for 2016.

Cash was also generated (or used) by the variation of the following working capital items:

	2016 14 weeks $	2015 13 weeks $	2016 53 weeks $	2015 52 weeks $
Receivables	777	(185)	81	554
Inventory	2	455	(2,452)	(349)
Prepaid expenses	311	151	186	330
Accounts payable, accrued liabilities and provisions	(3,141)	1,812	(1,645)	2,192
Source (use) of cash	**(2,051)**	**2,233**	**(3,830)**	**2,727**

Changes in working capital in the above table reflect normal variations from quarter to quarter, as well as impacts from business acquisitions. Inventory increased in 2016 due to late inclusion of inventory from newly acquired units. Actual inventory turnover ratios increased from 2.7 in 2015 to 2.8 in 2016.

The use of cash by accounts payable, accrued liabilities, and provisions in the above table is $1.6 million for 2016, compared to a corresponding increase of $0.3 million on the balance sheet. The difference is due to the isolation of the impact from accounts payable, accrued liabilities, and provisions acquired through business combinations.

Investing activities

The cash flows related to the investing activities and the non-cash consideration for capital expenditures for the fourth quarters and fiscal years 2016 and 2015 are as follows. Amounts in parentheses represent use of cash.

	2016 14 weeks $	2015 13 weeks $	2016 53 weeks $	2015 52 weeks $
Business acquisitions	(6,655)	(1,356)	(28,169)	(1,356)
Business purchase price adjustments received				1,285
Acquisitions of property, plant and equipment	(2,913)	(2,131)	(8,563)	(6,082)
Acquisitions of other intangible assets	(81)	(146)	(709)	(677)
Advances	(282)	(132)	(283)	(358)
Interest received	8		30	
Payment of balances of purchase price	(431)	(315)	(471)	(607)
Cash flows related to investing activities	**(10,354)**	**(4,080)**	**(38,165)**	**(7,795)**
Cash flows not related to capital expenditures	(274)	(132)	(253)	927
Cash flows related to capital expenditures	**(10,080)**	**(3,948)**	**(37,912)**	**(8,722)**
Other consideration			(1,329)	(860)
Balances payable	(782)	(122)	(1,417)	(317)
Balance paid for business acquisition of a prior quarter	684	315	471	607
Capital expenditures[(a)]	**(10,178)**	**(3,755)**	**(40,187)**	**(9,292)**

a) Capital expenditures correspond to business acquisitions and acquisitions of long-term assets, whether they are paid cash or financed through balances of purchase price, assumption of long-term debt, New Look Vision shares or non-controlling interest.

Business acquisitions

In 2016, the Group acquired 32 stores, located in southwestern Ontario, Quebec, British Columbia, and New Brunswick for a total consideration of $30.3 million, including cash payments of $28.2 million.

Purchase of property, plant and equipment, and intangibles

Investments in property, plant and equipment made in the fourth quarter of 2016 related largely to the addition of state-of-the-art laboratory equipment, as well as leasehold improvements. Investments also related to store renovations, ongoing updates and additions to optical equipment and sophisticated software aimed at improving operational and management efficiencies.

Financing activities

The cash flows related to the financing activities for the fourth quarters and the fiscal years of 2016 and 2015 are as follows. Amounts in parentheses represent use of cash.

	2016 14 weeks $	2015 13 weeks $	2016 53 weeks $	2015 52 weeks $
Variation of borrowings under the revolving facility	(7,536)		11,814	
Long-term borrowings	19,468		19,468	
Repayment of borrowings under the acquisition term facility	(1,212)	(1,320)	(5,356)	(6,862)
Dividends paid, net of dividends reinvested	(3,474)	(1,732)	(8,686)	(6,955)
Interest & finance fees paid	(1,844)	(1,084)	(4,720)	(3,696)
Lease inducements		40		169
Cash received on exercise of options			164	334
Cash flows related to financing activities	**5,402**	**(4,096)**	**12,684**	**(17,010)**

Borrowings under the revolving facility

Beginning in 2016, the revolving facility is used for both daily operations and investment purposes.

Repayment of borrowings under the acquisition term facility

The long-term borrowings under the acquisition-term facility were repaid as scheduled.

Dividends paid

The amount of dividends paid is net of dividends reinvested in shares under the dividend reinvestment plan. A dividend of $0.15 per share was paid in each of the quarters of 2016 and 2015. Dividends paid were financed through the cash generated from operating activities. Refer to the section *Dividends* for more details on this topic.

Interest paid

Amounts paid as interest and financing fees are commented on in the section *Financial expenses.*

Cash received on exercise of options

Refer to the section *Outstanding shares and options* for information on options exercised in 2016.

Contractual obligations

The contractual obligations of the Group as of December 31, 2016 are summarized in the following table:

		Payments due					
Contractual obligations	Total	2017	2018	2019	2020	2021	Thereafter
Long-term debt[(a)]	86,967	7,077	20,896	5,973	53,019	2	
Operating leases	70,159	15,443	13,642	11,076	9,018	6,227	14,753
Purchase obligations[(b)]	1,094	1,094					
Other obligations[(c)]	23,099	23,099					
Total	181,319	46,713	34,538	17,049	62,037	6,229	14,753

a) Amounts shown as payments due on the long-term debt reflects the amortized cost of debt as of December 31, 2016. The repayment of the outstanding revolving facility was included in 2020 as no capital repayments are required until this time.

b) Purchase obligations relate to commitments for capital expenditures.

c) Other obligations relate to accounts payable, accrued liabilities and provisions.

CAPITAL RESOURCES

Credit facilities and subordinated debt

The credit facilities, as amended in 2016, are as follows:

- A revolving facility with a maximum draw-down of $50 million ($13 million at the end of 2015) to finance day-to-day operations and for investment purposes, including to finance capital expenditures and acquisitions. The use of this facility is treated as a long-term debt as no repayment is required until November 25, 2020 as long as certain financial ratios, similar to the financial guidelines described in the next section, are respected.
- An acquisition term facility of $60 million, which was used to finance business acquisitions.
- The annual repayments on the acquisition term facility represent $6 million, subject to annual additional repayments under a "cash flow sweep" covenant. No such additional repayment was required or made in 2016. The current balance of the debt is $60 million and any balance will be repayable on November 25, 2020.

The subordinated debt, as amended in 2016, is as follow:

- A subordinated debt of $15 million ($15 million at the end of 2015) to finance day-to-day operations and for investment purposes, including to finance capital expenditures and acquisitions.
- Subsequent to an amendment signed on November 25, 2016, the applicable interest rate thereon was decreased to 6.75% from 8%, effective January 1, 2017.

As of December 31, 2016, the credit facilities and subordinated debt used and available were as follows:

	$
Revolving facility	
Credit granted	50,000
Credit used at December 31, 2016	11,814
Balance available at December 31, 2016	38,186
Acquisition term facility	
Credit granted	60,000
Credit used at December 31, 2016	60,000
Subordinated debt	
Credit granted	15,000
Credit used at December 31, 2016	15,000

The Company also had $6.6 million in cash at the end of the fiscal year, including an amount of $833,000, the use of which is restricted to guarantee business purchase price balances in the same amount. The Company was in compliance with all covenants governing the credit facilities.

Capacity to meet obligations

Management determines the capacity of the Group to meet its obligations, including compliance on loan covenant ratios, by an analysis of past and forecast cash flows, revolving facility usage, maintenance and growth committed capital expenditures, scheduled repayments of debt, income tax payable and dividends payable in cash. The following shows a summary of important revised guidelines used by management with respect to the capital management and the resulting performance.

	Guidelines	December 31, 2016	December 26, 2015
Net debt[(a)] to adjusted EBITDA[(b)]	Maximum of 3.00	2.19	1.67
Adjusted net debt[(c)] to EBITDAR[(d)]	Maximum of 4.50	3.94	3.41
Fixed charge coverage ratio[(e)]	Minimum of 1.10	1.34	1.88

a) Net debt refers to the total of long-term debt, including the short-term portion and borrowings under the revolving facility, and dividends payable, in excess of cash.

b) The calculation of adjusted EBITDA, illustrated in the section Adjusted EBITDA, covers a period of four quarters. Pro forma data are included when necessary.

c) Adjusted net debt corresponds to the net debt plus eight times the rent expenses for the last four quarters. Pro forma data are included when necessary.

d) EBITDAR, defined as adjusted EBITDA plus rent expenses, covers a period of four quarters.

e) The fixed charge coverage ratio is defined for a period of four quarters as the ratio of (i) EBITDA, adjusted to add-back equity-based compensation, less maintenance capital expenditures, taxes and dividends paid in cash to (ii) fixed charges. For this calculation, fixed charges are composed of scheduled repayments of debt and interest paid during the period. Furthermore, this calculation allows for adjustments to EBITDA to normalize dividends and taxes paid.

The net debt to adjusted EBITDA ratio and the adjusted net debt to EBITDAR ratio increased as a consequence of additional debt and additional rent. However, they are well below the maximum guidelines. The fixed charge coverage ratio decreased, however is well above the minimum guideline.

DIVIDENDS

Dividends declared

In line with a long-standing practice, New Look Vision declared a dividend of $0.15 per Class A common shares in each of the quarters of 2016 and 2015. The dividends declared are usually designated as "eligible dividends" for tax purposes, that is dividends entitling shareholders who are individuals residing in Canada to a higher dividend tax credit. Information on the tax status of dividends is available on www.newlookvision.ca in the *Investors* section.

On March 15, 2017, New Look Vision declared a dividend of $0.15 per Class A common share payable on March 31, 2017 to shareholders of record on March 24, 2017. The dividend has been designated as an eligible dividend.

The decision to declare a dividend is made quarterly when the financial statements for a quarter or a financial year are made available to the Board of Directors. Although there is no guarantee that a dividend will be declared in the future, New Look Vision and its predecessor, Benvest New Look Income Fund, have regularly paid a dividend or distribution since 2005.

Dividend reinvestment plan

A dividend reinvestment plan allows shareholders to elect to reinvest their cash dividends into New Look Vision shares, without any brokerage commissions, fees and transaction costs. Subject to further consideration, shares are issued from treasury at 95% of the weighted average trading price for the five trading days preceding the dividend payment date.

Class A common shares issued under the dividend reinvestment plan in the quarters occurred since last year up to date were as follows:

Date of Issuance	Number of shares issued	Issuance price per share	Total
		$	$
December 31, 2015	10,370	$28.07	$291
March 31, 2016	10,487	$28.81	$302
June 30, 2016	10,372	$29.03	$301
September 30, 2016	11,858	$25.65	$304
December 30, 2016	10,737	$28.40	$305
Total amount	53,824	$27.93	$1,503

RELATED PARTY TRANSACTIONS

The Group's related parties include directors and key management. Key management is composed of the president, the vice-chairman (as this position existed up to June 2015), and the vice presidents of the Group.

During 2016, the Company extended the maturity of a loan previously made to a company controlled by the President of New Look Vision, for a principal amount of $200,000 at 5% interest to August 1, 2017 (previously August 1, 2016). All loans to this company were issued specifically for funding the purchase of New Look Vision shares and are guaranteed by New Look Vision shares having an approximate fair value of $1.1 million.

During 2016, the Company also granted an extension up to the end of 2017 to a company controlled by the President of New Look Eyewear and Greiche & Scaff for the repayment of the balance of $251,000 of previous loans, which are guaranteed by New Look Vision shares having an approximate fair value of $1.7 million. The loans were issued specifically for funding the purchase of New Look Vision shares .

Stock options are essentially granted to key management and directors. See the next section for more details on options granted and exercised.

OUTSTANDING SHARES AND OPTIONS

As of February 28, 2017, New Look Vision had 13,579,077 Class A common shares outstanding, which are the only shares outstanding. This number includes the following transactions that occurred since last year up to February 28, 2017:

- 72,934 shares issued pursuant to the exercise of 96,768 stock options at an average price of $8.71 per share:
  - 86,500 stock options were settled by the issuance of 62,666 shares under the cashless exercise method;
  - 10,268 shares issued pursuant to the exercise of the same number of options for a total of $164,000;
- 53,824 shares issued pursuant to the dividend reinvestment plan;
- 31,604 shares issued as partial payment of a business for a total value of $900,000 ($28.48 per share).

In 2016, New Look Vision granted 514,000 options to purchase the same number of the Company's shares at an exercise price of $30.97 per share. These options, which will expire in seven years, will vest as follows: one third after one year, one third after two years and one third after three years. Management estimated the fair value of these options at $6.46 each.

As of February 28, 2017, there were 1,230,225 options outstanding to purchase the same number of New Look Vision Class A common shares for a weighted average exercise price of $23.28. The exercise price reflects the market value of the shares for the five business days preceding the grant date. All outstanding options will expire from five to seven years after the grant date. As of February 28, 2017, the balances of shares reserved by the TSX for issuance upon exercise of options or payment for services totaled 1,427,057.

FINANCIAL INSTRUMENT RISK MANAGEMENT

The Company's financial instruments are classified as follows:

	2016	2015
	$	$
Financial assets (liabilities) at fair value through profit and loss		
Forward exchange contracts, included in receivables	21	22
Interest rate swap	(342)	(708)
Total	**(321)**	**(686)**
Loans and receivables		
Cash	6,594	9,718
Trade accounts receivable	2,346	2,018
Loans and advances	946	639
Total loans and receivables	**9,886**	**12,375**
Financial liabilities at amortized cost		
Customers' deposits	4,746	4,324
Trade and other payables	11,195	10,703
Dividends payable		2,013
Long-term debt including current portion	86,967	60,929
Total financial liabilities	**102,908**	**77,969**

Details of financial instrument risk management objectives and policies are described under Note 26 to the consolidated financial statements for 2016. Other comments follow:

Exchange risk related to assets and liabilities denominated in foreign currencies is limited as the amounts involved are short-term accounts payable and relatively small amounts of cash in US dollars. Regarding purchases of goods in foreign currencies, the Group is subject to the fluctuations of the US dollar and euro vis-à-vis the Canadian dollar. The Group may not always be in a position to adjust the sales price reflecting a variation in costs. Management has established a policy hedging forecasted US dollar purchases through the use of forward exchange contracts.

Interest rate risk arises from the fact that the balance outstanding under the acquisition term facility, currently $58.4 million, bears interest at a floating rate through bankers' acceptances. This risk is mitigated by the fact that stamping fees, currently at 2.375%, actually correspond to a fixed component of financing costs. Moreover, the Company has concluded an agreement to swap the variable component of the financing cost to fixed interest on 50% of the term facility balance.

The credit risk related to the accounts receivable is almost non-existent due to the policy of requiring down payments on accepting sales orders and payment of any balance at time of delivery of goods. Credit risk related to the main loans is limited by guarantees on assets.

OTHER RISK FACTORS

Readers should refer to the risk factors included in the Annual Information Form available on New Look Vision's website at www.newlookvision.ca and on SEDAR at www.sedar.com. The information includes:

- Risks relating to the business such as:
  - Reliance on the availability of optometrists and other professionals,
  - Competition, including e-commerce,
  - Violation of confidential health information,
  - Impact of laser surgery,
  - Technological changes and obsolescence regarding lens manufacturing processes,
  - Dependence on computer-assisted production equipment and information technology systems,
  - Difficulty of integrating acquired businesses,
  - Foreign sourcing, and
  - Non-compliance with laws and regulations regarding optometrists and opticians.
- Risks relating to the higher level of debt.
- Risks relating to New Look Vision shares such as:
  - Unpredictability and volatility of the trading value of the shares,
  - No guarantee of dividends,
  - Leverage and restrictive covenants.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for the design of disclosure controls and procedures (DC&P) (as defined in National Instrument 52-109) in order to provide reasonable assurance that material information relating to the Company is made known to management, including its chief financial officer and its president, and that information required to be disclosed under securities legislation is recorded and reported on a timely basis. Management is also responsible for the design of internal control over financial reporting (ICFR) (as defined in National Instrument 52-109) within the Group in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

New Look Vision's management, under the supervision of the President and the Chief Financial Officer, has evaluated the effectiveness as at December 31, 2016 of New Look Vision's DC&P and ICFR, and has concluded that they are effective. Changes in ICFR during the period beginning on September 25, 2016 and ended December 31, 2016 included the ongoing improved procedures related to the consolidation of the financial data of the corporate division and the operating units. Otherwise, there were no material changes in ICFR that have materially affected, or are reasonably expected to materially affect the internal control over financial reporting.

OUTLOOK

Our current priorities and development plans include the following objectives:

- To successfully integrate all 32 stores acquired in 2016.
- To continue exploring profitable growth opportunities across Canada;
- To continue sharing best practices between the banners by benchmarking activities and identifying areas from which the group can maximize results and cash flows;
- To continue leveraging the three primary banners, New Look Eyewear, Greiche & Scaff and Vogue Optical, which have long and solid reputations in their respective markets;
- To continue expanding the New Look Eyewear, Greiche & Scaff and Vogue Optical store networks in their respective target markets, through new store openings and the acquisition of individual optical stores;
- To improve liquidity and the balance sheet through a planned program of annual debt repayment;
- To increase our market share by leveraging our state of the art manufacturing and distribution facilities, aggressive marketing, optometric facilities and to continuously train personnel;
- To continue improving the efficiency of our operations by significant investments in retail technology systems;
- To continue improving our web-related platform for eye examination appointments, contact lens sales orders and greater information to the public through our website and newsletter on eyewear fashion trends.

Certain major international optical chains have been successfully expanding the range of products and services in their retail optical store network by introducing hearing care and listening products and services. Following the acquisition of certain hearing care distribution rights and assets in 2010 pursuant to reorganization with Sonomax, New Look Vision launched certain in-store initiatives with respect to hearing care and listening products and services. To-date these initiatives have not yet been commercially successful in a meaningful fashion, as the Company has primarily focused over the last years on large business acquisitions such as Vogue Optical, Greiche & Scaff and iVision. Nevertheless, New Look Vision maintains its intent to support and continue to develop these initiatives in 2017 and beyond.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

All statements other than statements of historical fact contained in this MD&A are forward-looking statements, including, without limitation, statements regarding the future financial position, business strategy, projected costs and plans and objectives of, or involving New Look Vision. Readers can identify many of these statements by looking for words such as “believe”, “expects”, “will”, “intends”, “projects”, “anticipates”, “estimates”, “plans”, “may”, “would” or similar words or the negative thereof. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will be achieved. Forward-looking statements are subject to risks, uncertainties and assumptions. Although management of New Look Vision believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Some of the factors which could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include: pending and proposed legislative or regulatory developments, competition from established competitors and new market entrants, technological change, interest rate fluctuations, general economic conditions, acceptance and demand for new products and services, and fluctuations in operating results, as well as other risks included in New Look Vision’s current Annual Information Form (AIF) which can be found at www.sedar.com. The forward-looking statements included in this MD&A are made as of the date hereof, and New Look Vision undertakes no obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise, except as provided by law.

March 15, 2017

Year ended December 31, 2016

(Formerly New Look Eyewear Inc.)

Management's Responsibility for Financial Statements

For the years ended December 31, 2016 and December 26, 2015

The consolidated financial statements of New Look Vision Group Inc. ("New Look Vision") and the other financial information included in the annual report are the responsibility of the management and have been approved by the Board of Directors of New Look Vision. The consolidated financial statements have been prepared by management in accordance with International Financial Accounting Standards and include amounts that are based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

New Look Vision has maintained internal control systems designed to ensure that financial information is relevant and accurate and that assets are protected.

Management recognizes its responsibility for conducting New Look Vision's affairs in a manner to comply with the requirements of applicable laws and of established financial standards and principles and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the financial reporting process for the preparation of financial statements and other financial information through its Audit Committee, whose members are exclusively non-management directors. This committee's role is to review the financial statements and recommend approval to the Board of Directors and to review internal control and information protection systems and all other matters relating to New Look Vision's accounting and finances. In order to do so, the Audit Committee meets periodically with the external auditor to review its audit plan and to discuss the results of its examination. This committee is also responsible for recommending the appointment of the external auditor.

New Look Vision's external auditor, Raymond Chabot Grant Thornton LLP, appointed by the shareholders at the annual general meeting, has audited the financial statements and his report on the financial statements follows.

(signed by) Antoine Amiel

ANTOINE AMIEL
President
New Look Vision Group Inc.

March 15th, 2017

(signed by) Derrick Giannoumis

DERRICK GIANNOUMIS
Senior Vice-President
and Chief Financial Officer
New Look Vision Group Inc.

March 15th, 2017

Raymond Chabot Grant Thornton

Independent Auditor's Report

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To the Shareholders of
New Look Vision Group Inc.

We have audited the accompanying consolidated financial statements of New Look Vision Group Inc., which comprise the consolidated balance sheets as at December 31, 2016 and December 26, 2015 and the consolidated statements of earnings and comprehensive income, the consolidated statements of cash flows and the consolidated statements of changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of New Look Vision Group Inc. as at December 31, 2016 and December 26, 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Raymond Chabot Grant Thornton LLP[1]

Montréal
March 15, 2017

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[1] CPA auditor, CA public accountancy permit no. A120795

Consolidated Statements of Earnings and Comprehensive Income

For the years ended December 31, 2016 and December 26, 2015
In thousands of Canadian dollars, except per share amounts

	2016 53 weeks $	2015 52 weeks $
Revenues	**198,536**	**174,555**
Materials consumed	44,888	37,185
Employee remuneration expenses (Note 3.1)	66,732	57,530
Other operating expenses (Note 3.2)	54,586	47,896
Earnings before depreciation, amortization, loss on disposal and financial expenses	**32,330**	**31,944**
Depreciation, amortization and loss on disposal (Note 3.3)	11,772	11,024
Financial expenses, net of interest revenue (Note 4)	4,005	4,419
Earnings before income taxes	**16,553**	**16,501**
Income taxes (Note 17)		
Current	4,416	7,067
Deferred	925	233
Total income taxes	5,341	7,300
Net earnings and comprehensive income	**11,212**	**9,201**
Net earnings and comprehensive income attributed to:		
Non-controlling interest	40	44
Shareholders of New Look Vision	11,172	9,157
	11,212	**9,201**
Net earnings per share (Note 5)		
Basic	0.83	0.68
Diluted	0.81	0.67

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 31, 2016 and December 26, 2015
In thousands of Canadian dollars

	2016 53 weeks $	2015 52 weeks $
OPERATING ACTIVITIES		
Earnings before income taxes	16,553	16,501
Adjustments:		
Depreciation, amortization and loss on disposal (Note 3.3)	11,772	11,024
Amortization of deferred lease inducements and variation of deferred rent	(393)	(433)
Equity-based compensation expense	1,462	627
Other	25	9
Financial expenses (Note 4)	4,025	4,473
Interest revenue (Note 4)	(20)	
Income taxes paid	(7,237)	(4,476)
Cash flows related to operating activities before changes in working capital items	**26,187**	**27,725**
Changes in working capital items (Note 6)	(3,830)	2,727
Cash flows related to operating activities	**22,357**	**30,452**
INVESTING ACTIVITIES		
Business acquisitions (Note 7)	(28,169)	(1,356)
Business purchase price adjustments received		1,285
Acquisitions of property, plant and equipment	(8,563)	(6,082)
Acquisitions of other intangible assets	(709)	(677)
Loans and Advances	(283)	(358)
Interest received	30	
Payment of balances of purchase price	(471)	(607)
Cash flows related to investing activities	**(38,165)**	**(7,795)**
FINANCING ACTIVITIES		
Variation of borrowings under the revolving facility	11,814	
Long-term borrowings	19,468	
Repayment of borrowings on the acquisition term facility	(5,356)	(6,862)
Dividends paid, net of dividends reinvested	(8,686)	(6,955)
Interest & finance fees paid	(4,720)	(3,696)
Lease inducements		169
Cash received on exercise of options	164	334
Cash flows related to financing activities	**12,684**	**(17,010)**
Net increase (decrease) in cash	(3,124)	5,647
Cash, beginning of period	9,718	4,071
Cash, end of period	**6,594**	**9,718**

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Balance Sheets

In thousands of Canadian dollars

	December 31, 2016 $	December 26, 2015 $
ASSETS		
Current assets		
Cash	6,594	9,718
Receivables (Note 8)	3,448	2,997
Loans and advances (Note 9)	343	260
Inventory	17,966	14,060
Prepaid expenses	825	893
Total current assets	**29,176**	**27,928**
Loans and advances (Note 9)	603	379
Property, plant and equipment (Note 10)	44,561	39,331
Goodwill (Note 11)	67,478	51,834
Other intangible assets (Note 12)	50,998	42,487
Total assets	**192,816**	**161,959**
LIABILITIES		
Current liabilities		
Accounts payable, accrued liabilities and provisions (Note 14)	23,099	22,798
Income taxes payable (Note 17)	231	3,309
Dividends payable		2,013
Instalments on long-term debt (Note 15)	7,078	5,429
Total current liabilities	**30,408**	**33,549**
Long-term debt (Note 15)	79,888	55,500
Other non-current liabilities (Note 16)	1,965	2,469
Deferred tax liabilities (Note 17.3)	8,824	6,229
Total liabilities	**121,085**	**97,747**
EQUITY		
Class A common shares (Note 19)	64,098	61,413
Contributed surplus	2,836	1,467
Retained earnings	4,054	1,009
Equity attributable to the shareholders of New Look Vision	**70,988**	**63,889**
Non-controlling interest	743	323
Total equity	**71,731**	**64,212**
Total liabilities and equity	**192,816**	**161,959**

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board of Directors

(Signed by) W. John Bennett
W. John Bennett
Chairman of the Board

(Signed by) Paul S. Echenberg
Paul S. Echenberg
Chairman of the Audit Committee

Consolidated Statements of Changes in Equity

For the years ended December 31, 2016 and December 26, 2015
In thousands of Canadian dollars, except the number of shares

	Class A common shares		Contributed surplus	Retained earnings	Equity attributable to: Shareholders of New Look Vision	Equity attributable to: Non-controlling interest	Total equity
	Number	$	$	$	$	$	$
Balance as at December 26, 2015	13,419,892	61,413	1,467	1,009	**63,889**	323	**64,212**
Net earnings				11,172	**11,172**	40	**11,212**
Equity-based compensation			1,462		**1,462**		**1,462**
Shares issued by New Look Vision (Note 19):							
As partial payment of a business acquisition	31,604	900			**900**		**900**
Pursuant to the exercise of options:							
In consideration of cash	10,268	164			**164**		**164**
Under the cashless exercise feature	62,666				**—**		**—**
Transfer from contributed surplus		93	(93)		**—**		**—**
Pursuant to the dividend reinvestment plan	53,824	1,503			**1,503**		**1,503**
In payment of services	823	25			**25**		**25**
Non-controlling interest in a business acquisition (Note 7)					**—**	429	**429**
Dividends declared				(8,127)	**(8,127)**	(49)	**(8,176)**
Balance as at December 31, 2016	**13,579,077**	**64,098**	**2,836**	**4,054**	**70,988**	**743**	**71,731**

	Class A common shares		Contributed surplus	Retained earnings	Equity attributable to: Shareholders of New Look Vision	Equity attributable to: Non-controlling interest	Total equity
	Number	$	$	$	$	$	$
Balance as at December 27, 2014	13,283,817	59,787	982	591	**61,360**	695	**62,055**
Net earnings				9,157	**9,157**	44	**9,201**
Equity-based compensation			627		**627**		**627**
Shares issued by New Look Vision (Note 19):							
Pursuant to the exercise of options:							
In consideration of cash	29,534	334			**334**		**334**
Under the cashless exercise feature	62,709				**—**		**—**
Transfer from contributed surplus		142	(142)		**—**		**—**
Pursuant to the dividend reinvestment plan	43,004	1,125			**1,125**		**1,125**
In payment of services	828	25			**25**		**25**
Dividends declared				(8,037)	**(8,037)**	(64)	**(8,101)**
Purchase of an interest (Note 21)				(702)	**(702)**	(352)	**(1,054)**
Balance as at December 26, 2015	**13,419,892**	**61,413**	**1,467**	**1,009**	**63,889**	**323**	**64,212**

The carrying value of Class A common shares as at December 31, 2016 and December 26, 2015 is net of related party loans of $251,000.

The accompanying notes are an integral part of the consolidated financial statements.

For the years ended December 31, 2016 and December 26, 2015
Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

1. GOVERNING STATUTES AND ACTIVITIES

New Look Vision Group Inc. / Groupe Vision New Look Inc. ("New Look Vision" or the "Company"), incorporated under the Canada Business Corporations Act, is involved in the eye care industry in Canada. Its head office is located at 1 Place Ville-Marie, Montréal, Québec, Canada and its shares are listed on the Toronto Stock Exchange (TSX:BCI). Before June 2015, the Company's name was New Look Eyewear Inc. / Lunetterie New Look inc.

In these financial statements, a reference to the "Group" means New Look Vision and its subsidiaries. The Group operates three main banners: New Look Eyewear / Lunetterie New Look, Greiche & Scaff and Vogue Optical.

SIGNIFICANT ACCOUNTING POLICIES

2.1 Compliance with International Financial Reporting Standards (IFRS)

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are in effect as at December 31, 2016. They were approved and authorized for issue by the board of directors on March 15, 2017.

2.2 Measurement basis

The consolidated financial statements have been prepared using the historical cost basis except for derivative financial instruments, which are measured at fair value.

2.3 Principles of consolidation

The consolidated financial statements include the accounts of New Look Vision and its subsidiaries, which include entities over which New Look Vision is exposed to, or has rights, to variable returns from its involvement with the entities and has the ability to use its power to affect the amount of its return without owning shares of these entities. The non-controlling interest presented in the consolidated financial statements refers to the share of net earnings and net assets not held by New Look Vision. The major wholly-owned subsidiary is Vogue Optical Group Inc. which operates the Vogue Optical banner. The New Look Eyewear and Greiche & Scaff banners are operated as divisions of New Look Vision. All inter-entity and inter-division transactions and balances have been eliminated.

Earnings of businesses acquired during the year are recognized from the effective date of acquisition.

2.4 Year-end

The year-end of New Look Vision and its subsidiaries is the last Saturday of December. The 2016 fiscal year consisted of 53 weeks of operation, whereas 2015 consisted of 52 weeks.

2.5 Business acquisitions

Business acquisitions are accounted for using the acquisition method. Under this method, the Company measures the identifiable assets acquired and the liabilities assumed, including contingent liabilities, at their acquisition-date fair values, regardless of whether the assets and liabilities were previously recognized in the acquiree's financial statements.

Goodwill is recognized to the extent the fair value of consideration transferred and the recognized amount of any non-controlling interest in the acquiree exceed the acquisition-date fair value of the identifiable assets net of liabilities assumed; a negative amount would be recognized in earnings.

Acquisition costs are expensed as incurred.

2.6 Segment reporting

Management assesses performance of the Group as a single segment being eye care retail activities.

2.7 Revenue recognition

Sales of goods are the only significant source of revenue. Revenue represents cash received or receivable from the customer, net of sales taxes, rebates and discounts. Revenue is recognized when goods are delivered to the customers.

2.8 Operating leases

Total rents under operating leases are charged to expenses on a straight-line basis over the lease term. Any difference between the rent expense and the rent payable is reflected as deferred rent on the balance sheet. Lease term includes free rent periods as well as the construction period prior to the commencement of the lease.

2.9 Lease inducements

Lease inducements applicable to lease contracts are deferred and amortized as a reduction of operating costs over the lease term using the straight line method.

2.10 Tax credits

Tax credits related to research and development, and training are recognized to earnings when there is reasonable assurance that the entity claiming the tax credits will comply with the conditions attaching to them and that the credits will be received.

Tax credits related to the acquisition of long-term assets are recorded as deferred liabilities and recognized in earnings over the life of a depreciable asset as a reduction to depreciation expense.

2.11 Equity-based compensation

Equity-based compensation, such as options to acquire New Look Vision shares granted to key employees, officers and directors, is part of the employee remuneration expense. Options to acquire shares are measured at fair value at the grant date using the Black-Scholes option pricing model. Certain loans made by New Look Vision to allow the purchase of its shares are treated as option grants and their repayments as exercises of options.

The fair value of the options determined at the grant date is expensed over the vesting period, based on the Company's estimate of options that will eventually vest, with a corresponding increase in contributed surplus. At the end of each reporting period, the Company revises its estimate of the number of options expected to vest. The impact of the revision of the original estimates, if any, is recognized in earnings such that cumulative expenses reflects the revised estimate, with a corresponding adjustment to the contributed surplus. Balances in contributed surplus are transferred to share capital when the options are exercised. Proceeds from the exercise of options are credited to share capital. Loans treated as option grants are deducted from the share capital and reimbursements of such loans increase it.

2.12 Foreign currency translation

The consolidated financial statements are presented in Canadian dollars which is also the functional currency. Monetary assets and liabilities in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. Non-monetary assets are translated at rates in effect at transaction dates. Current expenses in foreign currencies are translated at rates in effect at transaction dates. Exchange gains and losses are included in earnings.

2.13 Net earnings per share

Basic net earnings per share for a period are computed by dividing the net earnings attributed to shareholders of New Look Vision by the weighted average number of Class A shares outstanding in the period.

Diluted earnings per share for a period are calculated assuming that all dilutive stock options are exercised and that the proceeds obtained on the exercise of these options would be used to re-purchase shares at the average market price during the period. Out-of-the-money options during a period, that is options with a strike price that is higher than the average market price in the period, are not included in the computation of diluted earnings per share.

2.14 Financial instruments

Financial instruments are measured as follows:

		Level of fair value hierarchy[g]
At fair value through profit and loss	Interest rate swaps[a]	2
	Foreign exchange contracts[b]	2
At amortized cost	Trade accounts receivable[c]	
	Loans and advances[d]	2
	Trade and other payables[e]	
	Customers' deposits[e]	
	Long-term debt[f]	2

a) The fair value of interest rate swaps is currently presented as other non-current liabilities and the change in fair value is presented with the financing expenses. The fair value is determined by the bank issuing the swap.

b) The fair value of foreign exchange contracts is either presented with the receivables or accounts payable, depending on market conditions, and the change in fair value is presented with the other operating expenses. The fair value is determined by the bank issuing the contracts.

c) The amortized cost of receivables, less any provision for bad debt, reflects their initial fair value. Discounting is omitted when determining the initial fair value.

d) Long-term loans and advances are initially measured at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method, less a provision for impairment when applicable. Discounting is taken into account when measuring the initial fair value.

e) Practically, the amortized cost of trade and other accounts payable and customers' deposits reflects their initial fair value. Discounting is omitted when determining the initial fair value.

f) Long-term debt is initially measured at fair value less transaction costs. It is subsequently measured at amortized cost using the effective interest method. Discounting is taken into account when measuring the initial fair value.

g) The levels of fair value hierarchy are: 1. Unadjusted quoted prices in active markets; 2. Prices based on observable market data, either directly or indirectly; 3. Prices based on unobservable data.

2.15 Inventory valuation

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the first-in-first-out method. Cost includes the purchase price, import duties and transport. Trade discounts, rebates and other similar items are deducted in determining the cost. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

2.16 Property, plant and equipment

Property, plant and equipment are carried at acquisition cost less accumulated depreciation and impairment losses. When property, plant and equipment are acquired in a business combination, the cost corresponds to the fair value at the acquisition date. Costs less residual value of property, plant and equipment are depreciated over their estimated useful lives. The following table shows the method and maximum periods in use:

	Method	Period
Computer equipment	Straight line	5 years
Optical equipment	Straight line	10 to 15 years
Other equipment, tools and signs	Straight line	4 to 10 years
Leasehold improvements	Straight line	Lease term including periods under option, maximum 10 years
Building		
Main structure	Straight line	40 years
Other components	Straight line	7 to 13 years
Land		No depreciation

Depreciation methods, useful lives and residual values are reviewed annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the assets and are recognized in earnings. Any write-off and loss on disposal are included with depreciation, amortization and loss on property, plant and equipment in the statements of earnings and comprehensive income.

2.17 Goodwill

Goodwill represents the future economic benefits arising from the net assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is not amortized and is carried at cost less accumulated impairment losses. Goodwill is subject to impairment testing described below.

2.18 Other intangible assets

Other intangible assets include tradenames, application software, lease contracts acquired under favourable conditions, customer relationships, and contractual agreements (including non-competition agreements). Except for the tradenames with indefinite useful lives as described below, they are accounted for at cost less accumulated amortization and impairment losses. When an intangible asset is acquired in a business combination, the cost corresponds to the fair value at the acquisition date. The value allocated to a depreciable intangible asset is amortized on a straight-line basis over the estimated duration of the benefits expected from the asset, that is: a) in the case of a lease contract, its duration; b) an application software, 10 years; c) customer relationships, from 5 to 20 years; d) a contractual agreement, its duration; e) amortizable tradenames, from 5 to 15 years. Residual value, amortization methods and useful lives are reviewed at least annually. In addition, the other intangible assets are subject to impairment testing as described below.

Tradenames with an indefinite useful life

Tradenames with indefinite useful lives are recorded at cost and are not amortized. They are subject to asset impairment testing as described below. Management considers that the recognized tradenames are closely linked to the Group's well-established divisions and operations and, as such, have indefinite useful lives. The useful life is reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment.

2.19 Non-financial asset impairment

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant, equipment and other intangible assets, excluding tradenames with indefinite useful lives, to determine whether there is an indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash generating unit is the lowest level for which there are separately identifiable cash flows.

The tradenames with an indefinite useful life, are tested for impairment at least annually and more frequently whenever there is an indication that the asset may be impaired.

For the purpose of impairment testing, goodwill acquired in business combinations is allocated to those cash generating units expected to benefit from the synergies of these combinations which represents the lowest level within the Company at which management monitors goodwill. Management has established that this level corresponds to the banners under which stores are operated. These groups of cash generating units are tested for impairment annually, or more frequently when there is indication that goodwill may be impaired.

An impairment loss is recognized when the carrying amount of an asset exceeds the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value-in-use. The value-in-use corresponds to the estimated future cash flows that are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

An impairment loss for a cash-generating unit is first allocated to reduce the carrying amount of goodwill to nil and then pro-rata to the carrying amount of the other assets in the cash-generating unit. Except for goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount. See Notes 11 and 12 for impairment testing of tradenames and goodwill.

2.20 Employee remuneration

Accounts payable, accrued liabilities, and provisions include accrued salaries and benefits, such as vacations, measured at the undiscounted amount that the Group expects to pay.

2.21 Provisions

Provisions reflect present obligations, of uncertain timing or amount, arising as a result of a past event. They are recognized when it is probable that an outflow of economic resources will occur and related amounts can be estimated reliably. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date. Discounting is omitted when its effect is immaterial.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. See details in Note 14.

2.22 Income taxes

Tax expense recognized in net earnings comprises the sum of current and deferred taxes.

Current income tax liabilities or assets comprise those obligations to, or claims from, tax authorities relating to the current or prior periods, that are unpaid or receivable at the balance sheet date. Current tax is payable on taxable income, which differs from earnings in the financial statements. Calculation of current tax is based on rates and tax laws that have been enacted or substantively enacted at the balance sheet date. See Note 17.2 regarding a tax settlement with the Canada Revenue Agency and an expected similar settlement with a provincial tax authority.

Deferred income tax assets and liabilities are determined according to temporary differences between the carrying amount of assets and liabilities and their tax bases, carried-forward tax losses and deferred tax credits. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax assets and liabilities are calculated, without discounting, at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The effect of a change in tax rates on deferred income tax assets or liabilities is recognized in earnings in the period in which the change occurs.

Deferred tax assets are recognized to the extent that it is probable that the underlying deductible temporary difference, tax loss or tax credit will be utilized to reduce future income taxes. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities of an entity of the Group are offset only when the entity has a right and intention to set off current tax assets and liabilities from the same taxation authority.

2.23 Equity

The carrying value of Class A common shares represents the amounts received on the issue of these shares and the amounts transferred from contributed surplus on the exercise of options. Issuance costs of shares are deducted from their carrying value. As mentioned in Note 22, certain loans to purchase New Look Vision shares are treated as option grants and deducted from share capital.

Contributed surplus includes discounts on re-purchase of shares and amounts corresponding to equity-based compensation expenses previously recorded, net of amounts transferred to share capital on the exercise of options.

Retained earnings include all current and prior period retained profits or losses.

2.24 Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimates, that management has made in the process of applying the accounting policies of the Group that have the most significant effect on financial statements.

Allocation of goodwill to specific banners. As mentioned in Note 2.19, for the purpose of impairment testing, goodwill must be allocated to cash-generating units expected to benefit from the synergies of business combinations. Under this requirement, management has determined that the most representative level of cash-generating units is the banner level, although management also recognizes that the Group as a whole also benefits from the synergies of any business acquisition. Management's determination could result in the impairment of the goodwill of a banner while the recoverable amounts of the other banners would excess the impairment amount.

Determination as to whether tradenames have an indefinite useful life. Management's determination that the tradenames New Look Eyewear, Vogue Optical, Greiche & Scaff and certain others have an indefinite useful life and are thus not amortized, is justified in Note 2.18.

Consolidation of entities without owning shares. The Company consolidates the activities, assets and liabilities of a company without owning shares of this entity. Management has determined that by virtue of agreements with this entity, the Company is exposed to variable returns from its involvement and has the ability to affect those returns through its power over the entity.

Determination of impairment indicators. Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses are a subjective process involving judgement and a number of estimates and assumptions in many cases. Management has currently determined that the contribution of stores or certain groups of stores is the best impairment indicator.

2.25 Estimate uncertainty

The following are the assumptions concerning the future, and other major sources of estimate uncertainty, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful life of property, plant and equipment. The estimate of the useful life of property, plant and equipment is based on historical experience and assumptions related to obsolescence caused by new technologies and the Company's objectives of using state-of-the-art equipment and of maintaining fashionable stores. Note 2.16 shows the current estimation of useful lives.

Useful life of intangible assets. The estimate of the useful life of application software is based on historical experience, the annual maintenance and updating services, and the reputation of the supplier. The estimate of the useful life of customer relationships acquired is based on an analysis of sales experience of the seller and the Company's estimated capacity to reach such customers. The estimate of the useful life contracts, such as non-competition agreements, is based on the duration of the contracts. Note 2.18 shows the current estimates of useful lives.

Business acquisitions. On initial recognition, the assets and liabilities of an acquired business are included in the balance sheet at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates, which in turn are based on assumptions about the behavior of market participants.

Provisions. Current provisions relate to product warranties, lease termination, onerous contracts, store closures and restructuring. The amounts of provisions were estimated based on historical data and past experience. More details are provided in Note 14.

Assumptions in applying the Black-Scholes method for the determination of equity-based compensation related to options granted. The method requires assumptions regarding expected values such as: duration of the options, percentage of the options which will not be exercised, volatility of New Look Vision shares, and dividends. These values are based on information known to management at the time the options are granted. It includes historical experience, financial performance of the Company, development plans of the Company, and economic environment.

Asset impairment. Asset impairment tests, described in Note 2.19, require measuring the recoverable amount of certain assets. For this purpose, management has to make assumptions such as discounted future cash flows derived from the use of assets. Historical data and development plans are the prime sources of information used in these circumstances.

Allowance for inventory obsolescence. The Company estimates an allowance for obsolescence based on the ability to sell the inventories and historical experience.

Income taxes. The calculation of income tax expense and, consequently, the deferred income tax asset or liability requires determining factors such as the deductibility of expenses, the restrictions in deductibility if any, the rate of depreciation when applicable, and the possibility to use carried-forward tax losses based on the entity's ability to generate future taxable income. For the purpose of these calculations, management exercises judgement by making interpretations and using past experience and the services of tax experts. The effects of tax assessments differing from an entity's calculations could be material. See Note 17.2 for a provision regarding an expected tax settlement with a provincial tax authority.

2.26 IFRSs issued but not yet effective

At the date of authorization of these financial statements, certain new standards, interpretations and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Group. Information of those expected to be relevant to the Group's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Company's consolidated financial statements.

IFRS 9, *Financial instruments*

IFRS 9 represents the completion of replacement of IAS 39 "Financial Instruments: Recognition and Measurement". The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new "expected credit loss" model for the impairment of financial assets. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. The quantitative impact has yet to be determined, however the Group anticipates that its financial assets will require review, with reference to their classification and measurement based on their contractual cash flows as stipulated under IFRS 9.

IFRS 15, *Revenue from Contracts with Customers*

IFRS 15 presents new requirements for the recognition of revenues, replacing IAS 18, *Revenue,* IAS 11, *Construction Contracts,* and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. IFRS 15 is effective for reporting periods beginning on or after January 1, 2018. At this time, management does not foresee a significant impact on the Company's consolidated financial statements as a result of implementing this standard.

IFRS 16, *Leases*

The IASB has published IFRS 16 "Leases", to replace IAS 17 and related interpretations, completing its long-running project on lease accounting. IFRS 16 will require lessees to account for leases on balance sheet by recognizing a right-of-use and a lease liability. Exemptions for short-term leases and leases of low value assets will be permitted. The new standard will be effective for annual periods beginning on or after January 1, 2019. In the case of New Look Vision which has a year-end on the last Saturday of December, this means that the new standard will be compulsory for its 2020 fiscal year. Early application is permitted provided IFRS 15 "Revenue from Contracts with Customers", described below, is applied.

The quantitative impact of IFRS 16 has yet to be assessed, however the Group has adequate time to prepare for the transition and is in the process of:

- Assessing the requirements and qualitative impacts under the transitional provisions of both the "full retrospective approach" and "modified retrospective cumulative catch-up approach."
- Evaluating agreements to determine whether the definition of a lease is met under IFRS 16.
- Reviewing the capabilities of current IT systems in place as they apply to the informational requirements and assessing whether additional applications or systems will be required.

As a general indicator of the quantitative impact, the Group currently shows as commitments for leases an amount of $70 million.

3. UNDERLYING COMPONENTS IN CONSOLIDATED EARNINGS

	2016 53 weeks $	2015 52 weeks $
3.1 Employee remuneration expenses		
Salaries and social security costs	65,270	56,903
Equity-based compensation	1,462	627
	66,732	**57,530**
3.2 Amounts included in operating expenses		
Write-down of inventories	255	241
Acquisition-related costs	1,583	897
3.3 Depreciation, amortization and loss on disposal		
Depreciation of property, plant and equipment, net of amortization of deferred investment tax credits	8,093	7,750
Amortization of other intangible assets	3,652	3,202
Impairment and loss on disposal of intangible assets	27	72
	11,772	**11,024**

4. FINANCIAL EXPENSES, NET OF INTEREST REVENUE

	2016 53 weeks $	2015 52 weeks $
Interest on long-term debt	3,769	3,359
Interest related to an income tax settlement (Note 17.2)	67	249
Other interest	66	52
Total Interest Expense	3,902	3,660
Amortization of deferred costs related to the issuance of debt	397	427
Change in fair value of interest rate swap	(366)	317
Other financing expenses	92	69
Financial expenses	4,025	4,473
Interest revenue	20	54
Financial expenses, net of interest revenue	4,005	4,419

5. NET EARNINGS PER SHARE

	2016 53 weeks	2015 52 weeks
Net earnings attributed to shareholders of New Look Vision	$11,172	$9,157
Weighted average number of common shares used in basic earnings per share	13,528,772	13,376,141
Dilutive effect of stock options	314,049	383,676
Weighted average number of common shares used in diluted earnings per share	13,842,821	13,759,817
Net earnings per share		
Basic	$0.83	$0.68
Diluted	$0.81	$0.67
Out-of-the-money options to purchase New Look Vision shares for the period[a]	736,500	222,500

a) Out-of-the-money options to purchase New Look Vision shares for a period are options with a strike price that is higher than the market price of New Look Vision shares in that period. These shares are not included in the computation of diluted earnings per share.

6. UNDERLYING COMPONENTS IN CONSOLIDATED CASH FLOWS

6.1 Changes in working capital items

The changes in working capital items related to operating activities are detailed as follows:

	2016 $	2015 $
Receivables	81	554
Inventory	(2,452)	(349)
Prepaid expenses	186	330
Accounts payable, accrued liabilities and provisions	(1,645)	2,192
Source (use) of cash	(3,830)	2,727

6.2 Business purchase price adjustments received

The business purchase price adjustments received in 2015 relate primarily to the Greiche & Scaff acquisition in 2014. The amounts received were recorded as receivable in 2014.

7. BUSINESS ACQUISITIONS

7.1. Acquisitions in 2016

In 2016, the Group acquired 32 retail optical stores located in southwestern Ontario, Montreal, New Brunswick and British Columbia. The acquisitions were made to enhance the Group's position in the optical business in Canada. Almost all of the acquired stores have been converted or are in the process of being converted to either the Vogue Optical banner, the Greiche & Scaff banner or the New Look Eyewear banner. The combined purchase price allocation was established as follows:

Recognized amounts of identifiable net assets	$
Net working capital	840
Property, plant and equipment	4,219
Intangible assets	11,481
Long-term liabilities	(184)
Deferred tax liabilities	(1,669)
Identifiable net assets	**14,687**
Goodwill[(a)]	**15,644**
Total net assets acquired	**30,331**
Amount paid in cash	28,169
Balances payable[(b)]	833
31,604 shares of New Look Vision	900
Non-controlling interest[(c)]	429
Total consideration	**30,331**

The purchase price allocation is subject to change should new information become available.

a) Goodwill is attributed to the workforce, the locations of the stores, the relationships with optometrists, know-how and expected synergies from combining activities of the businesses acquired with those of the Group. Management estimates that $8.7 million of goodwill will be amortizable for tax purposes.
b) The balances payable are guaranteed by restricted bank accounts for the same amounts.
c) The non-controlling interests represent a 25% participation in a company operating one store and a 49% participation in a company operating another store. The carrying value of the non-controlling interests reflects the proportionate share of the fair value of the net assets acquired.

From the acquisition dates to December 31, 2016, the acquired stores realized revenues of $14 million. It was not practical to determine pro forma revenues and net earnings of the Group as though the business acquisitions occurred at the beginning of the financial year due to numerous year-ends and accounting systems of the businesses acquired.

The consideration paid in cash was financed from the credit facilities.

7.2 Acquisitions in 2015

In October 2015, the Group acquired the assets and business of an optical clinic, located in New Brunswick, which has continued to operate under its existing tradename. This acquisition contributed to enhance the Group's position in the retail optical industry in Eastern Canada. The details of this business acquisition are summarized as follows:

Recognized amounts of identifiable assets	$
Current assets	168
Property, plant and equipment	515
Intangible assets	501
Deferred tax liabilities	(97)
Identifiable net assets	**1,087**
Goodwill[(a)]	269
Total net assets acquired	1,356
Net amount paid in cash	1,356

a) Goodwill is attributed to the workforce, know-how and expected synergies from combining activities of the business acquired with those of the Group. Seventy-five percent of goodwill acquired is amortizable for tax purposes.

8. RECEIVABLES

	2016	2015
	$	$
Trade accounts	2,346	2,018
Sales taxes	1,081	957
Foreign exchange contracts	21	22
	3,448	2,997

9. LOANS AND ADVANCES

	2016	2015
	$	$
Loans to an entity related to a senior officer, 5% interest:		
$200 repayable on August 1, 2017 (initially August 1, 2015)[a]	200	200
$150 repayable on November 13, 2018[a]	150	150
Loan to a holder of a non-controlling interest, bearing interest at prime rate plus 1%, currently 3.7% (3.7% as at December 26, 2015) without repayment terms	30	30
Various professional loans, without interest, repayable over the next 3 years	566	259
	946	639
Amounts due within one year	343	260
	603	379

a) The loans are guaranteed by New Look Vision shares having an approximate value of $1.1 million.

Certain loans to officers amounting to $251,000 are presented as a reduction of share capital as further outlined in Note 22.

10. PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Leasehold improvements	Computer equipment	Optical equipment	Other equipment, tools and signs	Deposit to acquire equipment	Total
	$	$	$	$	$	$	$	$
Gross carrying amount								
Balance as at December 26, 2015	1,462	3,909	32,109	3,301	12,532	33,363	27	86,703
Reclassification			(172)	(22)	(3,753)	3,947		—
Acquisitions through business combinations			2,313	85	922	899		4,219
Other acquisitions		59	3,171	449	1,210	4,259		9,148
Disposals			(60)			(39)		(99)
Balance as at December 31, 2016	1,462	3,968	37,361	3,813	10,911	42,429	27	99,971
Accumulated depreciation								
Balance as at December 26, 2015		499	16,937	2,020	3,514	24,402		47,372
Reclassification					(1,403)	1,403		—
Depreciation		205	3,465	571	763	3,113		8,117
Disposals			(47)			(32)		(79)
Balance as at December 31, 2016	—	704	20,355	2,591	2,874	28,886	—	55,410
Net carrying amount as at December 31, 2016	**1,462**	**3,264**	**17,006**	**1,222**	**8,037**	**13,543**	**27**	**44,561**
Leased assets included in net carrying amount						268		268

	Land	Building	Leasehold improvements	Computer equipment	Optical equipment	Other equipment, tools and signs	Deposit to acquire equipment	Total
	$	$	$	$	$	$	$	$
Gross carrying amount								
Balance as at December 27, 2014	1,462	3,798	29,782	2,504	10,871	33,398	15	81,830
Acquisitions through business combinations			165	15		335		515
Other acquisitions		111	2,483	782	1,661	1,033	12	6,082
Disposals			(321)			(1,403)		(1,724)
Balance as at December 26, 2015	1,462	3,909	32,109	3,301	12,532	33,363	27	86,703
Accumulated depreciation								
Balance as at December 27, 2014		307	14,072	1,607	2,259	23,025		41,270
Depreciation		192	3,173	413	1,255	2,721		7,754
Disposals			(308)			(1,344)		(1,652)
Balance as at December 26, 2015	—	499	16,937	2,020	3,514	24,402	—	47,372
Net carrying amount as at December 26, 2015	**1,462**	**3,410**	**15,172**	**1,281**	**9,018**	**8,961**	**27**	**39,331**
Leased assets included in net carrying amount						45		45

11. GOODWILL

The change in the carrying amount of goodwill resulted from the business acquisitions:

	2016	2015
	$	$
Balance at beginning of year	51,834	51,565
Acquired though business acquisitions	15,644	269
Balance, end of year	67,478	51,834

Impairment tests of goodwill

Goodwill was tested for impairment on December 31, 2016 and December 26, 2015. The tests showed that an impairment was not necessary.

For the purpose of annual impairment testing, goodwill is allocated to the following store banners expected to benefit from the synergies of the business acquisitions:

	2016	2015
	$	$
New Look Eyewear	10,308	9,273
Vogue Optical	46,973	38,072
Greiche & Scaff	5,462	2,994
Others	4,735	1,495
Balance, end of year	67,478	51,834

The recoverable amounts were determined based on value-in-use calculations, covering three-year forecasts, followed by an extrapolation of expected cash flows for the remaining useful lives using an annual average growth rate of 2% and an average discount pre-tax rate of 8.4% at December 31, 2016 and 10% at December 26, 2015. The growth rate reflects the minimum expected long-term growth rate of the store banners.

12. OTHER INTANGIBLE ASSETS

	Tradenames	Leases[a]	Application software	Customer relationships	Contractual agreements[b]	Total
	$	$	$	$	$	$
Gross carrying amount						
Balance as at December 26, 2015	19,191	537	3,282	22,318	6,974	52,302
Acquisitions through business combinations	1,651		46	8,624	1,160	11,481
Other acquisitions			558	151		709
Disposals			(28)	(879)	(1,811)	(2,718)
Balance as at December 31, 2016	20,842	537	3,858	30,214	6,323	61,774
Accumulated amortization						
Balance as at December 26, 2015	142	409	1,742	3,695	3,827	9,815
Amortization	179	53	632	1,684	1,104	3,652
Disposals			(1)	(879)	(1,811)	(2,691)
Balance as at December 31, 2016	321	462	2,373	4,500	3,120	10,776
Net carrying amount as at December 31, 2016	**20,521**	**75**	**1,485**	**25,714**	**3,203**	**50,998**

	Tradenames	Leases[a]	Application software	Customer relationships	Contractual agreements[b]	Total
	$	$	$	$	$	$
Gross carrying amount						
Balance as at December 27, 2014	18,963	537	2,817	21,811	6,874	51,002
Reclassification	90				(90)	—
Acquisitions through business combinations	138			173	190	501
Other acquisitions			465	334		799
Balance as at December 26, 2015	19,191	537	3,282	22,318	6,974	52,302
Accumulated amortization						
Balance as at December 27, 2014	66	357	1,137	2,314	2,739	6,613
Amortization	76	52	605	1,381	1,088	3,202
Balance as at December 26, 2015	142	409	1,742	3,695	3,827	9,815
Net carrying amount as at December 26, 2015	**19,049**	**128**	**1,540**	**18,623**	**3,147**	**42,487**

a) Leases in the above tables are contracts acquired under favourable conditions.

b) Contractual agreements include non-competition agreements and other contractual agreements.

Impairment test of tradenames with an indefinite useful life

The New Look Eyewear, Vogue Optical and Greiche & Scaff tradenames are not amortized as management considers that they have an indefinite useful life. Consequently, they were tested for impairment on December 31, 2016 and December 26, 2015. The tests indicated that an impairment charge was not necessary.

The carrying value of the tradenames with indefinite useful lives are as follows:

	2016	2015
	$	$
New Look Eyewear	2,500	2,500
Vogue Optical	9,700	9,700
Greiche & Scaff	6,300	6,300
Others	1,080	
	19,580	18,500

13. CREDIT FACILITIES

The main elements of the credit facilities are the following:

- A revolving facility, with a maximum draw-down of $50 million, which finances working capital, capital expenditures, and general corporate activities. At the end of 2016, the amount drawn on this facility was $11.8 million ($0 at the end of 2015). Use of this facility is treated as a long-term debt as repayment is not required until maturity.
- An acquisition term facility of $60 million ($45.9 million at the end of 2015) which finances business acquisitions, reimbursement of previous debt balances, and general corporate activities.
- The facilities are available by way of prime rate basis loans, US base rate loans, Libor loans, bankers' acceptances, and letters of credit.

On November 25, 2016, the credit agreement was renegotiated to amend the following:

- The maturity date was extended from October 17, 2018 to November 25, 2020.
- The maximum amount available for drawings on the revolving facility was increased to $50 million from $30 million.
- Total drawings on the acquisition term facility increased to $60 million from the previously outstanding balance of $40.6 million (initial facility granted $52.75 million).
- Interest rates on prime rate basis loans decreased from prime, plus a margin varying from 1% to 2.25% to prime, plus a margin varying from 0.625% to 2.25%.
- The minimum on the initial range of stamping fees on bankers' acceptances decreased from 2% to 1.625%; the maximum remained constant at 3.25%.
- The minimum rate of standby charges applied to the unused balance of the revolving facility decreased from 0.45% to 0.366%; the maximum remained at 0.731%.

Additional details regarding the credit facilities are as follows:

- Repayments on the acquisition term facility represent $1.5 million per quarter until the full repayment of the balance at maturity.
- Under a cash flow sweep covenant, New Look Vision may be required to repay additional amounts before maturity.
- On December 31, 2016, prime rate basis loans were subject to a rate of prime plus a margin of 1.375% (1.75% on December 26, 2015).
- On December 31, 2016 the stamping fee rate was 2.375% (2.75% on December 26, 2015).
- New Look Vision must respect certain financial ratios, similar to those described in Note 28. These ratios were respected as at and for the years ended, December 31, 2016 and December 26, 2015.
- Approximately 95.7% of the Group's total assets are hypothecated in favour of the bank syndicate.

14. ACCOUNTS PAYABLE, ACCRUED LIABILITIES AND PROVISIONS

	2016	2015
	$	$
Trade and other payables	11,195	10,703
Salaries and accrued benefits	6,066	6,303
Customers' deposits	4,746	4,324
Provisions	1,092	1,468
	23,099	22,798

The above provision figures for 2016 reconcile as follows:

	Product warranties	Lease termination[a]	Onerous contracts[b]	Total
Carrying amount at December 26, 2015	970	214	284	1,468
Additional provision	2,948		58	3,006
Amount utilized	(2,911)	(214)	(257)	(3,382)
Carrying amount at December 31, 2016	1,007	—	85	1,092

a) The lease termination provision covers amounts for litigation settlements and asset removal costs expected to be incurred at the end of certain leases.

b) The onerous contracts provision covers two leases in which the unavoidable costs of meeting the obligations exceed the expected cash inflows.

All provisions are considered current. The Company is not eligible for any reimbursement by third parties.

15. LONG-TERM DEBT

	2016	2015
	$	$
Bankers' acceptances under the revolving facility, effective rate of 3.39%	6,600	
Prime rate basis loan under the revolving facility, effective rate of 4.075%	5,214	
Bankers' acceptances under the acquisition term facility, effective rate of 3.39% (3.70% as of December 26, 2015)[a]	58,400	45,700
Prime rate basis loan under the acquisition-term facility, effective rate of 4.075% (4.45% as of December 26, 2015)	1,600	189
Subordinated debt to a development capital fund, repayable upon maturity in 2018, nominal rate of 8%[b] (8% as of December 26, 2015)[a]	15,000	15,000
Balances of purchase price, interest varying from 0% to 5%, guaranteed by deposits totalling $833, with repayments up to 2018[c]	1,223	961
Other	380	47
Total debt	88,416	61,897
Deferred costs related to the issuance of debt[a]	(1,450)	(968)
	86,967	60,929
Instalments due within one year	7,078	5,429
	79,888	**55,500**

a) Transaction costs related to the acquisition term facility and the subordinated debt are included in the deferred costs presented above. They are amortized using the effective interest method.

b) On November 25, 2016, New Look Vision's subordinated debt agreement was amended to decrease the interest rate to 6.75%, effective January 1, 2017.

c) The deposits are included with the cash figure on the balance sheet.

16. OTHER NON-CURRENT LIABILITIES

	2016	2015
	$	$
Interest rate swap	342	708
Deferred lease inducements	543	712
Provision for straight-line rent	626	787
Deferred investment tax credits	454	199
Provision for leases acquired under unfavorable conditions		63
	1,965	**2,469**

17. INCOME TAXES

17.1 Income tax expense

The income tax expense comprises:

	2016	2015
	53 weeks	52 weeks
	$	$
Current tax expense:		
In relation with the current activities	4,416	4,478
In relation with a special tax settlement (Note 17.2)		2,589
Total current tax expense	4,416	7,067
Deferred tax expense:		
Origination and reversal of temporary differences	532	620
Utilization of unused tax losses and tax credits	393	(376)
In relation with a special tax settlement (Note 17.2)		(11)
Total deferred tax expense	925	233
Total income taxes	5,341	7,300

The principal items which resulted in differences between the Group's effective income tax rate and the combined statutory rate are detailed as follows:

	2016 53 weeks $	2015 52 weeks $
Earnings before income taxes	16,553	16,501
Current statutory income tax rate	28.1%	27.6%
Income tax expense at statutory rate	4,649	4,554
Increase in taxes resulting from:		
A special tax settlement (Note 17.2)		2.589
Non-deductible current expenses	654	287
Adjustments for prior years	221	26
Other	(183)	(156)
Income tax expense	5,341	7,300

17.2 Special tax settlement in 2015

In April 2014, New Look Vision received a letter from the Canada Revenue Agency (CRA) proposing to contest certain tax consequences arising in relation to its conversion from a trust structure into a corporation in March 2010. More specifically, the letter proposed to deny New Look Vision the use of certain tax attributes, principally operating losses, carried forward and used by it in 2010 and the following fiscal periods. The parties reached a settlement agreement under which the CRA will not challenge the use of the tax attributes for the 2010, 2011 and 2012 taxation years and the Company will relinquish the right to use the tax attributes for the 2013, 2014 and following taxation years. The Company recorded the following amounts in 2015, which include a provision for a similar settlement expected to be reached in 2017 with a provincial tax authority:

Amounts included in the statement of earnings	**$**
Current income tax expense	2,589
Interest expense	249
Deferred tax recovery	(11)
Net additional expenses	**2,827**

	$
Amounts paid in 2015: full settlement with the CRA	1,883
Amounts included in the balance sheet at December 26, 2015	
Provision for provincial income tax payable	855
Provision for accrued interest	100
Deferred tax liability	(11)
Total of payments in 2015 and net liabilities as of December 26, 2015	**2,827**

17.3 Deferred Tax Assets (Liabilities)

Deferred taxes arising from temporary differences and unused tax losses and tax credits are summarized as follows (negative balances represent deferred tax liabilities):

	Balance as at Dec 26, 2015	Business acquisitions	Recognized in earnings	Balance as at Dec 31, 2016
	$	$	$	
Unused tax losses, tax credits and deferred expenses	587	34	(393)	228
Temporary differences[a]:				
Property, plant and equipment	(2,133)	(374)	(825)	(3,332)
Other assets	(4,511)	(1,373)	1,067	(4,817)
Cumulative amortization of goodwill [b]	(1,179)		(682)	(1,861)
Provisions	486		(73)	413
Liabilities	521	43	(19)	545
	(6,229)	(1,670)	(925)	(8,824)

a) Temporary differences between carrying value and tax basis.

b) No deferred tax was recorded on the initial recognition of goodwill. However, a deferred tax liability is calculated on amortization of goodwill for tax purposes.

Deferred taxes for the comparative period are summarized as follows:

	Balance as at Dec. 27, 2014	Business acquisitions	Recognized in earnings	Balance as at Dec. 26, 2015
	$	$	$	$
Unused tax losses, tax credits and deferred expenses	211		376	587
Temporary differences[a]:				
Property, plant and equipment	(2,358)	(63)	288	(2,133)
Other assets	(4,296)	(34)	(181)	(4,511)
Cumulative amortization of goodwill [b]	(629)		(550)	(1,179)
Provisions	542		(56)	486
Liabilities	631		(110)	521
	(5,899)	(97)	(233)	(6,229)

a) Temporary differences between carrying value and tax basis.

b) No deferred tax was recorded on the initial recognition of goodwill. However, a deferred tax liability is calculated on amortization of goodwill for tax purposes.

18. DIVIDENDS

18.1 Dividends Declared

New Look Vision declared quarterly dividends of $0.15 per Class A common share in 2016 and 2015. Dividends totalling $48,750, were also declared to the holder of a non-controlling interest in 2016 ($64,000 in 2015).

Dividends shown as paid in the statements of cash flows are net of dividends reinvested in New Look Vision Class A common shares pursuant to the dividend reinvestment plan. The dividends reinvested in 2016 totaled $1,503,000 ($1,125,000 in 2015). Amounts of dividends declared in a period differ from the amounts paid in that period due to timing differences.

18.2 Dividend reinvestment plan

The DRIP provides Canadian resident shareholders with the opportunity to reinvest their cash dividends in New Look Vision Class A common shares without incurring brokerage commissions, service charges or brokerage fees. Shares acquired under the DRIP are, at the discretion of New Look Vision, either purchased on the open market or issued from treasury. The purchase price from the reinvestment of cash dividends is determined as follows:

- In the case of treasury shares, the weighted average trading price for the five trading days preceding the dividend payment date less a discount, if any, of up to 5% at New Look Vision's election;
- In the case of shares purchased on the open market, the average of actual price paid (excluding brokerage commissions, fees and transaction costs) during the five business days following the dividend payment date.

Since the inception of the plan, New Look Vision has issued shares from treasury with a discount of 5%.

See Notes 19.3 and 19.4 for shares issued under the DRIP in 2016 and 2015 respectively.

Shares reserved by the Toronto Stock Exchange for the DRIP was 75,476 after the dividend paid on December 31, 2016

19. SHARE CAPITAL

19.1 Authorized share capital as at December 31, 2016 and December 26, 2015

Class A common shares

Unlimited number, voting and participating.

First preferred shares

Unlimited number, issuable in series, whose designation, rights, privileges, restrictions and conditions attaching to each series shall be established at issue time.

Class A preferred shares

Unlimited number, non-voting, non-participating, redeemable and retractable.

19.2 Outstanding share capital as at December 31, 2016 and December 26, 2015

The only shares outstanding as at December 31, 2016 and December 26, 2015 are the Class A common shares, the continuities of which are presented in the consolidated statements of changes in equity.

19.3 Shares issued in 2016

	Number of shares issued	Average price per share	Variation in share capital
		$	$
As partial payment of a business acquisition	31,604	28.48	900
Pursuant to the exercise of options			
In consideration of cash	10,268	15.96	164
Under the cashless exercise feature	62,666		
Transfer from contributed surplus[(a)]			93
Pursuant to the dividend reinvestment plan (Note 18)	53,824	27.93	1,503
In payment of services	823	30.38	25
	159,185		2,685

a) The transfer from the contributed surplus corresponds to the equity-based compensation expense previously recorded and recognized in contributed surplus.

19.4 Shares issued in 2015

	Number of shares issued	Average price per share	Variation in share capital
		$	$
Pursuant to the exercise of options			
In consideration of cash	29,534	11.33	334
Under the cashless exercise feature	62,709		
Transfer from contributed surplus[a]			142
Pursuant to the dividend reinvestment plan (Note 18)	43,004	26.17	1,125
In payment of services	828	30.19	25
	136,075		1,626

a) The transfer from the contributed surplus corresponds to the equity-based compensation expense previously recorded and recognized in contributed surplus.

20. STOCK OPTION PLAN

Under its Stock Option Plan, New Look Vision may grant options to acquire its shares to key employees, officers and directors. The exercise price of each option reflects the average market price of the shares for the five business days preceding the grant date and an option's maximum term may not exceed ten years. Options vest according to a period established by the Board of Directors at the time the options are granted. As of December 31, 2016, the option terms varied from five to seven years and the vesting periods were either : a) one third at the grant date, an additional one third after one year and the balance at the end of the second year; or b) one third after one year, an additional one third at the end of the second year, and the balance at the end of the third year.

The option plan contains a "cashless exercise" feature allowing the settlement of the intrinsic value of an option (excess of fair value over the exercise price) by, at the discretion of the Company, a cash payment or the issuance of New Look Vision shares to the optionee.

The maximum number of shares issuable under the plan at any given time is 10% of shares issued and outstanding. The number of shares reserved by the TSX for issuance upon the exercise of options was 1,232,698 as of December 31, 2016 (1,305,632 as of December 26, 2015).

Changes in the number of options outstanding were as follows:

	2016	2015
Number of options		
Outstanding at beginning of year	812,993	723,469
Granted	514,000	232,500
Exercised	(96,768)	(124,642)
Expired		(18,334)
Outstanding at end of year	1,230,225	812,993
Exercisable at end of year	608,723	575,988
Weighted average exercise price	**$**	**$**
Outstanding at beginning of year	16.68	11.15
Granted	30.97	30.76
Exercised	8.71	9.87
Expired		23.25
Outstanding at end of year	23.28	16.68
Exercisable at end of year	15.49	12.16
Weighted average market value of New Look Vision shares at exercise date	**28.60**	**28.63**

Options exercised in 2016 included 86,500 options for which the intrinsic value was settled by the issuance of 62,666 shares under the cashless exercise feature. Options exercised in 2015 included 94,608 options for which the intrinsic value was settled by the issuance of 62,709 shares under the cashless exercise feature.

The following table summarizes information about options outstanding and exercisable as at December 31, 2016:

	Options outstanding			Options exercisable	
Range of exercise price $	Number	Weighted average remaining contractual life (years)	Weighted average exercise price	Number	Weighted average exercise price
7.40 to 9.77	339,225	0.79	9.25	339,225	9.25
15.53 to 15.54	90,000	2.04	15.53	90,000	15.53
20.58 to 29.69	142,000	2.84	25.55	116,165	24.63
30.04 to 34.43	659,000	6.16	31.07	63,333	32.12
7.40 to 34.43	1,230,225	3.99	23.28	608,723	15.49

The per-share average market value was $29.56 ($29.12 in 2015) and the per-share market value at the end of 2016 was $30.00 ($30.50 at end of 2015).

The fair value of options granted is estimated using a Black-Scholes option pricing model with the following weighted average assumptions:

	2016	2015
Exercise price	$30.97	$30.76
Expected life (years)	5.6	4.7
Expected volatility	27%	25%
Risk-free interest rate	1.04%	0.87%
Expected annual dividends	$0.60	$0.60

The weighted average fair value of options granted in 2016 was estimated at $6.46 per option ($5.43 for 2015).

The underlying expected volatility was determined by reference to historical data of the Company's shares over a period of time representing the expected life of the options granted.

The equity-based compensation expense of $1,462,000 recorded in 2016 ($627,000 in 2015) relates to the vesting of options accrued in the period.

21. PURCHASE OF AN INTEREST

On June 28, 2015, the Group acquired 100% of the voting shares of an entity operating a store. Prior to the acquisition, the equity in the net assets of that entity was presented as non-controlling interest. Consequently, the purchase of the shares was treated as follows in 2015:

Reduction in equity	$
Non-controlling interest	352
Retained earnings	702
Total reduction in equity	**1,054**
Consideration paid and contingent balance of purchase price	
Basic consideration paid[(a)]	860
Provision for future adjustments[(b)]	194
Total consideration	**1,054**

a) The basic consideration was settled by offsetting a loan due to the Group by the former shareholder in the amount of $860,000.

b) The share purchase agreement provides for price adjustments based on sales over the next three years. Future payments may differ significantly from the current estimates.

22. RELATED PARTY TRANSACTIONS

The Company's related parties include the directors and key management. Key management is composed of the vice chairman (as this position existed up to June 2015), the president and the vice presidents of New Look Vision, its subsidiaries, and divisions.

The maturity date of a loan of $200,000 made to an entity related to the President of New Look Vision was extended from August 1, 2016 (initially 2015) to August 1, 2017. This loan is guaranteed by New Look Vision shares having an approximate fair value of $1.1 million. Moreover, in 2015, New Look Vision granted an additional loan of $150,000 to the same entity under the conditions described in Note 9.

The maturity of loans totaling $251,000 made to an entity related to the President of New Look Eyewear and Greiche & Scaff were extended from December 2016 (initially 2015) to December 31, 2017. The loans are guaranteed by New Look Vision shares having an approximate fair value of $1.7 million.

Interest on loans to entities related to senior officers were received as scheduled in 2016 and 2015.

23. REMUNERATION OF KEY MANAGEMENT AND DIRECTORS

Remuneration of key management and directors is summarized as follows:

	2016 53 weeks $	2015 52 weeks $
Short-term remuneration, termination payments and related social security costs	2,772	3,142
Equity-based compensation	1,457	627
	4,229	3,769

24. COMMITMENTS

The Group has entered into long-term lease agreements expiring as late as 2031 which call for lease payments for the rental of buildings. Minimum lease payments required under such leases are as follows:

	$
2017	15,443
2018	13,642
2019	11,076
2020	9,018
2021	6,227
Thereafter	14,753
	70,159

The Group also entered into agreements to purchase equipment in the amount of $1.1 million.

25. CONTINGENCIES

The Group is contingently liable with respect to claims and litigations that arise in the normal course of business. Management is of the opinion that any liability in excess of a provision already recorded in the accounts, which may arise from such claims, would not have a material adverse effect on the financial statements of the Company.

26. FINANCIAL INSTRUMENTS

The following table provides the carrying value of each category of financial assets and liabilities and the related balance sheet item:

	2016	2015
	$	$
Financial assets (liabilities) at fair value through profit and loss		
Forward exchange contracts, included in receivables	21	22
Interest rate swap	(342)	(708)
Total	**(321)**	**(686)**
Loans and receivables		
Cash	6,594	9,718
Trade accounts receivable[(a)]	2,346	2,018
Loans and advances[(b)]	946	639
Total loans and receivables	**9,886**	**12,375**
Financial liabilities at amortized cost		
Customers' deposits[(a)]	4,746	4,324
Trade and other payables[(a)]	11,195	10,703
Dividends payable[(a)]		2,013
Long-term debt including current portion[(c)]	86,967	60,929
Total financial liabilities	**102,908**	**77,969**

a) The fair value of short-term financial assets and liabilities approximate their carrying amount given that they mature shortly.

b) The fair value of the loans and advances is determined by discounting future cash flows using current rates. The fair value of the loans approximates their carrying amount.

c) The fair value of long-term debt was determined as follows:

Debt	How estimated	Conclusion
Bankers'acceptances	Discounted value at the current rate	Fair value very close to carrying value as terms are very short
Prime rate basis loan	Face value	Fair value very close to carrying value as terms are very short
Subordinated debt to a development capital fund	Discounting future cash flows at the rate of 8% (8% in 2015), the actual nominal rate on the debt	Management believes that the rate of 8% (8% in 2015) reflects the market conditions for a subordinated debt
Balances of purchase price	Discounting future cash flows at the rate of 8%	Fair values essentially equivalent to the carrying values

27. FINANCIAL INSTRUMENT RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to various risks in relation to financial instruments including: foreign exchange risk, interest rate risk, credit risk and liquidity risk. Management is responsible for setting acceptable levels of risks and reviewing management activities as necessary.

The Group does not enter into financial instrument agreements, including derivative financial instruments, for speculative purposes.

Management has established objectives and policies regarding the following risks.

Exchange risk

The Group is exposed to foreign currency fluctuations with regards to the following assets and liabilities, expressed in Canadian dollars:

	2016	2015
	$	$
Cash in US dollars	109	41
Accounts payable in US dollars	(944)	(933)
Accounts payable in euros	(66)	(4)
Net liabilities in currencies	(901)	(896)
Unfavourable impact of 10% strengthening of the currencies on earnings before income taxes	(90)	(90)

Management has established a policy hedging forecasted purchases in US dollars through the use of forward exchange contracts. The percentage hedged is determined by prevailing market conditions.

The Group does not use hedge accounting. Accordingly, forward exchange contracts are recognized at their fair value on the balance sheet and changes in fair value are recognized in earnings. Under forward exchange contracts outstanding as of December 31, 2016, the Company will purchase, depending on the spot rate at the time of purchase, from US $680,000 to US $1,360,000 at rates between 1.27 CAD and 1.3175 CAD.

As of December 31, 2016 the estimated fair value of the above forward exchange contracts represented an asset of $21,000 ($22,000 as of December 26, 2015) included with the receivables.

Interest rate risk

As at December 31, 2016, 68% (74% as at December 26, 2015) of the long-term debt was composed of loans on the acquisition term facility described in Note 15. As these loans are currently in the form of prime rate basis loans and bankers' acceptances which are subject to variable interest, stamping and discount fees, the Company is exposed to cash flow risks resulting from fluctuations in these rates. Per the stipulations of the debt agreement, New Look Vision is required to maintain an interest rate swap to fix the interest rate on 50% of the outstanding acquisition term facility balance. Under the credit facility agreement, as amended to increase the total drawings on November 25, 2016, New Look Vision was granted three months to amend its swap coverage accordingly. As at December 31, 2016, the interest rate swap was fixed at a rate of 2.08% on a notional amount of $20,441,000 ($22,850,000 at December 26,

2015), or 34.1%% of the acquisition term facility outstanding. The fair value of the swap agreement represented a liability of $342,000 as at December 31, 2016 ($708,000 at December 26, 2015).

A 100 basis point increase in interest rates would have resulted in an increase in interest payments of $772,000 in 2016 ($459,000 in 2015) and a decrease in net earnings and equity of $555,000 ($335,000 in 2015).

Credit risk

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Generally, the carrying amount reported on the Group's balance sheet for its financial assets exposed to credit risk represents the maximum amount exposed to credit risk.

Credit risk associated with cash is substantially mitigated by ensuring that these financial assets are placed with major financial institutions that have been accorded investment grade ratings by a primary rating agency and qualify as credit worthy counterparties.

Credit risk with respect to trade receivables is limited due to the general policy of requiring down payments on accepting orders and payment of the balance of sale price on delivery of goods. Amounts past due at the end of 2016 and 2015 were not significant.

The price adjustments receivable at the end of 2014 in relation with the purchase of the Greiche & Scaff store were protected by amounts held in escrow and were actually received in 2015.

Credit risk with respect to loans to officers or related entities are limited by guarantees on assets, and credit risk associated with professional loans is mitigated by the nature of the business relation with the debtor.

Management considers all of the above financial assets for each of the reporting dates under review of good credit quality.

Liquidity risk

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and to ensure that the Group has financing sources such as its credit facilities for a sufficient authorized amount. The Group establishes budgets, cash estimates, and a cash management policy to ensure it has the necessary funds to fulfill its obligations for the foreseeable future.

The maturity analysis of financial liabilities, including estimated interest, is as follows:

	Revolving facility	Long-term debt	Interest rate swap agreement	Accounts payable, accrued liabilities and dividends payable	Total
2017	454	11,077	324	23,099	34,954
2018	454	23,911	288		24,653
2019	454	7,562	253		8,269
2020	12,267	41,978	118		54,363
2021		2			2
	13,629	84,530	983	23,099	122,241

This analysis reflects the following assumptions, based on conditions prevailing at the end 2016:

- A constant outstanding balance on the revolving facility of $5.9 million ($2.6 million of prime rate basis loans and $3.3 million of bankers' acceptances) and finance charges as follows:
  - Interest rate of 3.445% on the prime rate basis loans
  - Discount and stamping fees at a combined rate of 3.4% on the bankers' acceptances
- Use of the revolving facility to finance working capital expenditures only, not capital expenditures;

- Financing costs of 3.4% paid on the bankers' acceptances and 3.401% paid on prime rate basis loans held under acquisition term facility, capital repayments of $6.75 million in 2017 and $6 million annually thereafter on this debt, and repayment of the balance of $41.25 million in 2020;
- Additional disbursements related to the swapped interest rate;
- Regular payments of the 6.75% interest on the subordinated debt with full repayment in 2018.

28. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

a) To optimize the use of debt while maintaining a comfortable spread between the actual and required financial ratios in the credit facilities.
b) To use the cash flows generated by the operations to pay interest, pay down the debt, to continue to make maintenance and growth capital expenditures, and maintain the current dividend pay-out to the shareholders.

The Group's capital is composed of shareholders' equity and net debt. Net debt is the total of the long-term debt, including the short-term portion, the borrowings under the revolving facility and dividends payable, in excess of cash. The Group manages the capital structure by financing its growth using a combination of its credit facilities and cash flows from operations and issuances of treasury common shares.

The Group's capital structure is as follows:

	2016		2015	
	$	%	$	%
Net debt	80,372	53%	53,224	45%
Equity	71,731	47%	64,212	55%
Total capitalization	152,103	100%	117,436	100%

The guidelines with respect to the capital management approximate the requirements under the credit facilities. The resulting performance read as follows:

	Guidelines at end of 2015 & 2016	2016	2015
Net debt to adjusted EBITDA(a)	Maximum of 3.00	2.19	1.67
Adjusted net debt(b) / EBITDAR(c)	Maximum of 4.50	3.94	3.41
Fixed charge coverage ratio(d)	Minimum of 1.10	1.34	1.88

a) Adjusted EBITDA is net earnings before financial expenses, income taxes, depreciation and amortization for the last four quarters. It excludes any gain or loss on foreign currency, equity-based compensation, acquisition-related and restructuring costs. Pro forma data are included when necessary.
b) Adjusted net debt corresponds to the net debt plus eight times the rent expenses for the last four quarters. Pro forma data are included when necessary.
c) EBITDAR is defined as EBITDA plus rent expenses.
d) The fixed charge coverage ratio is defined for a period of four quarters as the ratio of (i) EBITDA, adjusted to add-back equity-based compensation, less maintenance capital expenditures, taxes and dividends paid in cash to (ii) fixed charges. For this calculation, fixed charges are composed of scheduled repayments of debt and interest paid during the period. Furthermore, this calculation allows for adjustments to EBITDA to normalize dividends and taxes paid.

New Look Vision has no commitments to issue shares except pursuant to the exercise of options, the dividend reinvestment plan, and a certain agreement for services ($25,000 per year).

29. EVENTS AFTER THE REPORTING PERIOD

29.1 Dividends

On March 15, 2017, the Board of Directors declared a dividend of $0.15 per Class A common shares to shareholders of record on March 24, 2017. The dividend is payable on March 31, 2017 and no liability in this respect is recognized in the financial statements for 2016.

29.2 Business acquisition

On January 31, 2017, the Group acquired three retail optical stores located in Toronto. The acquisition was made to enhance the Group's position in Ontario. The stores will continue to be operated under their previous tradename. At this time, the purchase price allocation has not been completed.

NEWLOOK
eyewear

Vogue Optical 2nd PAIR FREE POLICY

greiche & scaff
eye care professionals

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ANNUAL REPORT

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Chairman of the Board
New Look Vision Group Inc.

Antoine Amiel
President
New Look Vision Group Inc.

Richard Cherney
Secretary
New Look Vision Group Inc.
Managing Partner
Davies Ward Phillips & Vineberg

M. William Cleman
Management Consultant
Cleman Consulting Inc.

Paul S. Echenberg
President and
Chief Executive Officer
Schroders and
Associates Canada Inc.

Martial Gagné
President
New Look Eyewear /
Greiche & Scaff

C. Emmett Pearson
Director
New Look Vision Group Inc.

New Look Vision Group Inc. Executive Officers

Antoine Amiel
President
New Look Vision Group Inc.

Derrick Giannoumis
Senior Vice-President and
Chief Financial Officer
New Look Vision Group Inc.

Mario Pageau
Senior Vice-President
Optical Products and Services
New Look Vision Group Inc.

Martin Galerneau
Vice-President
Information Technology
New Look Vision Group Inc.

Franca Russo
Vice-President
Merchandising
New Look Vision Group Inc.

Greiche & Scaff Executive Officers

Martial Gagné
President
Greiche & Scaff

Pierre Freiji
Vice-President and General Manager
Greiche & Scaff

New Look Eyewear Executive Officers

Martial Gagné
President
New Look Eyewear

Marie-Josée Mercier
Vice-President
Sales and Operations
New Look Eyewear

France Reimnitz
Vice-President
Marketing and Merchandising
New Look Eyewear

Caroline Rouleau
Vice-President
Professional Services and
Human Resources
New Look Eyewear

Vogue Optical Group Inc. Executive Officers

John MacLeod
President
Vogue Optical Group Inc.

Juanita Leary
Vice-President
Sales and Marketing
Vogue Optical Group Inc.

Regan Lewis
Vice-President
Finance
Vogue Optical Group Inc.

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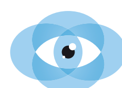
NEWLOOK eyewear

Vogue Optical 2nd PAIR FREE POLICY

greiche & scaff eye care professionals

As of February 28, 2017, New Look Vision had 13,579,077 Class A common shares outstanding, which are the only shares outstanding. New Look Vision Group Inc. is a leader in the eye care industry in Eastern Canada having a network of 220 corporate stores mainly under the New Look Eyewear, Vogue Optical and Greiche & Scaff banners and laboratory facilities using state-of-art technologies.



NEWLOOK VISION GROUP INC.

(Formerly New Look Eyewear Inc.)