ANNUAL REPORT

Year ended December 30, 2017

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Annual General Meeting of Shareholders
May 10th, 2018 at 10 a.m. (Montréal time)
Club Mont-Royal, Princess Patricia Room
1175, Sherbrooke St. West
Montréal, Québec

Chairman's Message

A MARI USQUE AD MARE

With the acquisition of Iris, the Visual Group and other acquisitions completed in 2017, New Look Vision Group has become truly a national player with a presence in all significant markets across the country. This is a big step forward for our company, management group, employees and shareholders. New Look Vision is now the largest retail optical enterprise in Canada with 379 locations in nine provinces, vindicating our pan-Canadian growth strategy started in 2013 from our historical Quebec base.

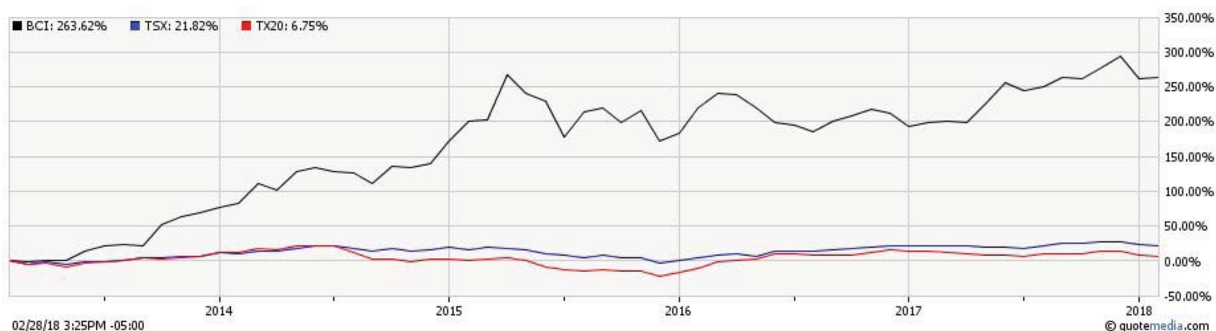
Highlights of 2017

Set out below are summary highlights of 2017. Further details are set out in the annual message of Antoine Amiel, President & CEO:

- The acquisition of Iris in October added 147 stores to our network including 50 in British Columbia and Alberta for the first time providing us with a significant presence in Western Canada. The other acquisitions completed during the year added an additional eleven locations nationally.
- Revenues for 2017 increased by 15.4% from last year to reach a record high of $229 million.
- Comparable store sales orders for the year were solid at 2.6% over last year.
- Adjusted EBITDA[(a)] reached a record high of $42 million, a 19.1% increase over last year, reflecting stronger operating performance from our core banners and the addition of Iris in the fourth quarter.
- The Company made investments totalling $141 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 $37.5 million, an increase of $4.1 million over last year.
- Adjusted net earnings[(a)] attributable to shareholders for 2017 were $25.0 million ($1.78 per share fully diluted) as compared to $22.4 million last year ($1.62 per share fully diluted).
- The Company continued to invest in its information technology platforms to drive efficiencies and automation, a key to ongoing success in the retail optical industry.
- The strong financial and operating performance of the Company in 2017 allowed it to maintain its quarterly payments of dividends to shareholders of $0.15 per share.

Trading Performance

From January 3rd through December 29th, 2017 the Company's shares traded in the range of $25.30 to $36.01 per share and closed at $35.20. New Look Vision's solid results since it started to unfold its national strategy have allowed its shares to significantly outperform both the TSX Composite Index and the TSX Smallcap Index over the past five years.



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 activities in the Management's and Discussion and Analysis for more details.*

Chairman's Message

For the year ended December 30, 2017

Management Developments in 2017

Subsequent to the acquisition of Iris in October 2017, New Look Vision made several key appointments as follows: Éric Babin was appointed as the new President of Iris, responsible for the overall operations of the company. Éric has been with Iris since 1998, most recently as Vice-President, Communications and Information Technologies and as a director. He has broad industry experience and is well acquainted with the Iris operations. At the same time, Dr. Sylvain Boucher O.D. joined the Iris board of directors as Co-Chairman. Sylvain is the President and CEO of Ergoresearch Ltd. (TSX-V: ERG), is an optometrist by training and was with the Iris group from 1996 through 2005. His duties at the time included operations and development.

Effective November 7, 2017, Mario Pageau was appointed Senior Vice-President, Opticians Network of New Look Vision and President of New Look Eyewear. Previously he was Senior Vice-President, Optical Products and Services. Mario, an optician by training, joined New Look Vision in 1987 and has a broad range of experience across all aspects of the optical industry, including retail and manufacturing. Subsequent to year-end, Pierre Freiji was appointed President of Greiche & Scaff.

In December 2017 the Company announced the appointment of Tania M. Clarke, CPA, CA, and CPA-US as Senior Vice President and Chief Financial Officer of the Company, to take effect on February 12th, 2018. Tania is an experienced senior financial executive with over 20 years of experience with both public and private companies in various industries principally in Canada.

Outlook

The Company believes that the recent acquisitions, including Iris, further strengthens the leadership of New Look Vision in the eye care industry across Canada. Our current priorities have not changed and continue to include the following objectives:

- Successfully integrate acquisitions and achieve operational synergies and economies of scale with newly acquired businesses;
- Improve liquidity and the balance sheet through a planned program of annual debt repayment;
- Increase market share by leveraging our state of the art manufacturing and distribution facilities, marketing, optometric facilities and to continually train personnel;
- Continuing to explore profitable growth opportunities across Canada;
- Leveraging the four primary banners, New Look Eyewear, Greiche & Scaff, Vogue Optical, and Iris, which have long and solid reputations in their respective markets;
- Expanding the New Look Eyewear, Greiche & Scaff, Vogue Optical, and Iris store networks in their respective target markets, through new store openings and the acquisition of individual optical stores;
- Improving the efficiency of our operations by significant investments in retail technology systems;
- Revitalizing 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.

Management Team and Board Members

Congratulations for the 2017 results are in order for Antoine Amiel and the senior management team at the New Look Vision Group Inc. level: Mario Pageau, Martin Galerneau, France Reimnitz, Caroline Rouleau and Franca Russo; and at the operating units, Mario Pageau and Marie-Josée Mercier at New Look Eyewear; John MacLeod, Juanita Leary, Jamie Hearn and Regan Lewis at Vogue Optical; and Pierre Freiji at Greiche & Scaff. I also want to take this opportunity to welcome Sylvain Boucher, Eric Babin and their vice-presidents at Iris to our group.

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. Acquisitions including Iris, as well as the normal operating challenges required continued focus and commitment at this level.

I would also like to take this opportunity to personally recognize Martial Gagné, who stepped down as the banner President of New Look Eyewear and Greiche & Scaff in 2017. Martial's time with the company dates back to May 2001 when the Benvest group first got control and ownership of the original New Look Eyewear business. We wish him well in his future endeavours.

We are confident that New Look Vision Group will continue to unfold its national strategy successfully in 2018 and beyond.

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

President & CEO's Message

For the year ended December 30, 2017

Overview

We endeavour to be Canadians' destination of choice for eye care and eyewear, sharing our passion for vision, as we grow. In 2017 New Look Vision Group took a major step forward, acquiring Iris, expanding geographically and into the optometric retail segment. The additional 147 stores, increased presence in British Columbia, Ontario and Alberta as well as the optometry based integration platform, all strengthen New Look Vision Group's leadership position in the Canadian optical retail market. 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 14th 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 with a strong pan-Canadian presence operating 379 locations across nine provinces under four major banners. The company has more than quintupled in size and 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. Most of those independent stores are optometrists owned and Iris, the most respected optometry based store network in Canada, is the best suited platform to integrate them. 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 and financial base

In 2017 we delivered our 7th straight year of improved adjusted earnings. Revenues have increased on a per share (diluted) basis by 12.3% to $16.10 as compared to $14.34 in 2016. Our adjusted EBITDA increased to $42.1 million, up 19.1% over Fiscal 2016. Our adjusted EBITDA per share (on a diluted basis) reached $2.96, up 15.6% over Fiscal 2016 and 101.4% over Fiscal 2013 the year we launched our strategic growth plan. Our sustained profitability reflects our relentless focus on store operations, synergies and on-going cost reduction programs. The fourth quarter of 2017 saw growth in adjusted EBITDA of 28.3% driven by both the inclusion of Iris (for 10 of the 13 weeks) and the other banners' strong performances.

After acquiring 159 stores in 2017, our Net Debt to Adjusted EBITDA ratio sits at a sustainable level of 3.69, up from 2.2 at the end of 2016. Our strong balance sheet, credit facilities and consistently improving results provides us with the flexibility to continue along the path of consolidating Canada's fragmented optical retail market.

President & CEO's Message

For the year ended December 30, 2017

Our values

Optical retail operates at the cross roads of health care and retail. We facilitate access to health care through our partnerships with 606 optometrists operating within our locations. Our 741 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, which are the cradle of an outstanding customer experience. 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.

We are active members of the communities we operate in. We are involved with local, provincial and international charities. Our support comes in the form of donations, sponsorship and volunteer hours. Among others, we support and actively participate in Iris Mundial, 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 2018, 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 2600 employees, across our four 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 & Chief Executive Officer
New Look Vision Group Inc.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended December 30, 2017

NEWLOOK
VISION GROUP INC.

Management's Discussion and Analysis

For the periods ended December 30, 2017 and December 31, 2016
Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

BACKGROUND

This Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations 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"), as at and for the 13 and 52 weeks ended December 30, 2017 ("Q4 2017" and "fiscal 2017"). This MD&A should be read in conjunction with the Company's consolidated financial statements for the 52 weeks ended December 30, 2017 and the accompanying notes thereto. The consolidated results from operations for the 13 and 52 weeks ended December 30, 2017 are compared to the 14 and 53 weeks ended December 31, 2016. The year-end of the Company is the last Saturday of December. Iris, The Visual Group (Iris), with 147 stores, was acquired on October 24, 2017 and results of this acquisition, for 10 weeks, are included in the results for the fourth quarter and year end for Fiscal 2017.

This MD&A is dated March 20, 2018. The consolidated financial statements and this MD&A were reviewed by the Company's audit and risk committee and were approved by the board of directors of the Company ("Board of Directors") on March 20, 2018.

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 years ended December 30, 2017 and 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.

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.

COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

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. Full details of accounting policies are found in the financial statements.

Non IFRS measures

The Company uses non-IFRS measures to complement IFRS measures, to provide investors with supplemental information of its operating performance and to provide further understanding of the Company's results of operations from management's perspective. The Company also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Non-IFRS measures should not be considered in isolation nor as a substitute for an analysis of the Company's financial information reported under IFRS. These measures are identified and defined as they appear in this document.

DESCRIPTION OF BUSINESS

New Look Vision Group is a leading provider of eye care products and services across Canada. The Group has retail sales of optical products which can be grouped into four principal categories: (i) prescription eyewear and non-prescription eyewear, (ii) contact lenses, (iii) sunglasses, protective eyewear and reading glasses, and (iv) accessories, such as cleaning products for eyeglasses and contact lenses. Certain prescription lenses are processed at its laboratories, located in Charlottetown, Prince Edward Island and Ville St-Laurent, Québec. Sales are made to independent optometrists practicing within or adjacent to the majority of its stores. Licensed opticians practice within New Look Vision stores and resell to consumers.

New Look Vision’s retail activities are mainly conducted under the “New Look Eyewear,” “Greiche & Scaff,” “Iris” and "Vogue Optical” trade names (retail banners) and having the following provincial market distribution as of December 30, 2017.

	Quebec	British Columbia	Ontario	New Brunswick	Nova Scotia	Alberta	Newfoundland & Labrador	Prince Edward Island	Saskatchewan	Total
# Stores	208	47	39	25	22	16	13	7	2	**379**

The acquisition of Iris the Visual Group, which was completed on October 24, 2017, has added a network of 147 stores across Canada, comprising 53 corporate, 74 jointly owned and 20 franchise locations.

HIGHLIGHTS

Highlights for the fourth quarter of 2017 compared to the fourth quarter of 2016 and the year ended December 30, 2017 compared to the 2016 and 2015 fiscal years:

	2017 13 weeks	2016 14 weeks	2017 52 weeks	2016 53 weeks	2015 52 weeks
Revenues	**$67,509**	**$54,489**	**$229,151**	**$198,536**	**$174,555**
Variance	*23.9%*		*15.4 %*	*13.7%*	
Variance in comparable store sales orders[a]	*2.8%*	*4.6%*	*2.6 %*	*4.1%*	
Adjusted EBITDA[b]	**$12,532**	**$9,769**	**$42,121**	**$35,376**	**$33,526**
Variance	*28.3%*		*19.1 %*	*5.5%*	
% of revenues	*18.6%*	*17.9%*	*18.4 %*	*17.8%*	*19.2%*
Per share (diluted)	$0.82	$0.71	$2.96	$2.56	$2.44
Variance	*15.5%*		*15.6 %*	*4.9%*	
Net earnings attributed to shareholders	**$2,759**	**$3,186**	**$10,060**	**$11,172**	**$9,157**
Variance	*(13.4%)*		*(10.0%)*	*22.0%*	
% of revenues	*4.1%*	*5.8%*	*4.4 %*	*5.6%*	*5.2%*
Net earnings per share					
Diluted	$0.18	$0.23	$0.71	$0.81	$0.67
Variance	*(21.7%)*		*(12.3%)*	*20.9%*	
Adjusted net earnings attributed to shareholders[b]	**$7,257**	**$6,561**	**$25,382**	**$22,411**	**$21,248**
Variance	*10.6%*		*13.3 %*	*5.5%*	
% of revenues	*10.7%*	*12.0%*	*11.1 %*	*11.3%*	*12.2%*
Per share (diluted)	$0.48	$0.47	$1.78	$1.62	$1.54
Variance	*2.1%*		*9.9 %*	*5.2%*	
Cash flows from operating activities, before income taxes paid and changes in working capital items[b]	**$11,408**	**$9,232**	**$37,504**	**$33,424**	**$32,201**
Variance	*23.6%*		*12.2 %*	*3.8%*	
Per share (diluted)	$0.75	$0.67	$2.63	$2.41	$2.34
Variance	*11.9%*		*9.1%*	*3.0%*	
Adjusted cash flows from operating activities[b]	**$12,189**	**$9,740**	**$41,456**	**$35,007**	**$33,098**
Variance	*25.1%*		*18.4 %*	*5.8%*	
Per share (diluted)	$0.80	$0.70	$2.91	$2.53	$2.41
Variance	*14.3%*		*15.0%*	*5.0%*	
Net debt increase (decrease) in the period	$66,479	$6,867	$75,184	$27,149	($12,319)
Net debt[c]			155,557	80,373	53,224
Cash dividend per share[d]	$0.15	$0.15	$0.60	$0.60	$0.60
Number of stores[e]			**379**	**220**	**193**

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, Cash flows from operating activities, before income taxes paid and changes in working capital items, adjusted net earnings and adjusted cash flows from operating activities 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) 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.

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

e) The increase in the number of stores in the last twelve months reflects the acquisition of Iris and 11 other stores, described in Note 7 to the financial statements, as well as three store openings and two scheduled closures.

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 have allowed the Company to improve its already strong market position.

In the fourth quarter of 2017 the company acquired Iris the Visual Group, for $120 million on a cash-free and debt-free basis. The acquisition was financed through an increase in the Company's secured term facility, a new junior unsecured debt facility and a private placement of $50 million of common share equity. Iris has a network of 147 locations across Canada further reinforcing the Company's position as the preeminent national optical retailer.

As shown in the Highlights table on the preceding page, the Company recorded an increase in comparable store sales of 2.8% as well as in total revenues of 23.9% in the fourth quarter of 2017 (13 weeks) in comparison to 2016 (14 weeks). This marks the 14th consecutive quarter of comparable store sales growth. The total sales growth mainly reflects the addition of the Iris stores acquired during the fourth quarter, improvement in the core businesses, as well as other acquisitions during the year.

Adjusted EBITDA for the period increased by $2.8 million or 28.3% over the same period last year principally due to the addition of Iris, as well as improved performance from existing stores. As a percentage of revenues adjusted EBITDA in the fourth quarter increased 70 basis points to 18.6%. The improvement can be attributed to synergies being achieved with particular impact on the materials consumed ratio.

Adjusted net earnings attributed to shareholders for the quarter increased by 10.6% to $7.3 million. This increase is primarily due to higher adjusted EBITDA, partially offset by higher financing expenses and income taxes.

The full year 2017 highlights are:

- New Look Vision remains focused on its profitable growth strategy in Canada as evidenced by solid operating results during 2017 including the acquisition of Iris, a key player in the Canadian optical retail industry.
- Annual revenues increased by 15.4% to reach a record $229 million. This increase reflects the acquisition of Iris in the fourth quarter, an increase in comparable store sales of 2.6%, and other acquisitions made during the year.
- Adjusted EBITDA increased 19.1% over the previous year to a record $42 million and increased 15.6% on a per share (diluted) basis to $2.96. Additionally, as a percentage of revenues adjusted EBITDA improved 60 basis points to 18.4% for the year.
- Net earnings attributable to shareholders was $10.1 million, a decrease of 10.0% over last year. Net earnings per share (diluted) decreased by $0.10 to $0.71.
- Adjusted net earnings attributable to shareholders increased by 13.3% to $25.4 million or 9.9% on a per share (diluted) basis. The increase is attributable to a higher adjusted EBITDA.
- Cash flows from operations (before income taxes and changes in working capital items) increased by $4.1 million or 12.2% over last year.
- The Company incurred significantly higher acquisition-related costs, mainly related to Iris, of $3.6 million in the year compared to $1.6 million in 2016, as well as higher depreciation, financial expenses, non-comparable costs, and taxes, which all offset lower equity-based compensation.
- The Group maintained its quarterly dividend payment to shareholders of $0.15 per share.

OUTLOOK

Our current priorities and development plans include the following objectives:

- Successfully integrate acquisitions;
- Achieve operational synergies and economies of scale with newly acquired businesses;
- Improve liquidity and the balance sheet through a planned program of annual debt repayment;
- Increase market share by leveraging our state of the art manufacturing and distribution facilities, marketing, optometric facilities and to continually train personnel

As well, to continue:

- Exploring profitable growth opportunities across Canada;
- Sharing best practices between the banners by benchmarking activities and identifying areas from which the group can maximize Results and cash flows;
- Leveraging the four primary banners, New Look Eyewear, Greiche & Scaff, Vogue Optical, and Iris, which have long and solid reputations in their respective markets;
- Expanding the New Look Eyewear, Greiche & Scaff, Vogue Optical, and Iris store networks in their respective target markets, through new store openings and the acquisition of individual optical stores;
- Improving the efficiency of our operations by significant investments in data analytics, retail, distribution, and manufacturing technology systems;
- Revitalizing 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.

In recent years, New Look Vision has experimented certain hearing protection and listening products and services initiatives in its retail network. To-date these initiatives have not yet been commercially successful. However, two stores, one in Québec and one in New Brunswick, have direct relationship with audiologists and New Look Vision intends to monitor closely this business segment in order to evaluate the benefits of further investing therein in 2018 and beyond.

RESULTS ANALYSIS

Revenues

Revenues for the fourth quarter of 2017 were $67.5 million, an increase of 23.9% over the fourth quarter of last year. The increase was attributable to comparable stores sales growth, non-comparable stores acquired or opened in fiscal 2016 and the addition of Iris and 11 other stores acquired during 2017.

The cumulative 52-week period ended December 30, 2017 benefited from the same growth factors described above, which resulted in revenues reaching $229.2 million, up 15.4% to the corresponding period in 2016.

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 2.8% in the fourth quarter compared to the fourth quarter of last year and 2.6% for the year ended December 30, 2017. Comparable stores are defined as stores which have been operating for at least 12 months.

Operating expenses

Operating expenses for the fourth quarter and 52 week period and 53 week period ended December 30, 2017 and December 31, 2016, respectively, are summarized as follows:

	2017 13 weeks $	2016 14 weeks $	2017 52 weeks $	2016 53 weeks $
Revenues	67,509	54,489	229,151	198,536
Materials consumed	14,521	12,375	50,923	44,888
% of revenues	*21.5%*	*22.7%*	*22.2%*	*22.6%*
Employee remuneration				
Compensation (excluding other non-comparable costs)	22,414	18,099	75,354	65,270
% of revenues	*33.2%*	*33.2%*	*32.9%*	*32.9%*
Equity-based compensation	134	546	1,244	1,462
Acquisition-related costs	781	508	3,647	1,583
Other non-comparable costs[(a)]			305	
Other operating expenses (excluding acquisition-related costs and other non-comparable costs)	18,371	14,214	61,281	53,003
% of revenues	*27.2%*	*26.1%*	*26.7%*	*26.7%*
Total operating expenses	**56,221**	**45,743**	**192,755**	**166,206**
% of revenues	*83.3%*	*83.9%*	*84.1%*	*83.7%*

a) Other non-comparable costs include one time expenses connected with personnel transition costs and related matters.

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. Materials consumed decreased by 120 basis points of revenues in the fourth quarter when compared to the same period last year, and by 40 basis points of revenues for the 52-week period ended December 30, 2017 when compared to the same period last year. The decrease of the ratio since the third quarter reflects cost synergies being achieved.

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. For the fourth quarter and year-to-date period, salaries were flat to last year as a percentage of revenues due to revenue growth and cost controls at the store level offsetting system implementations costs and staffing upgrades at the corporate level.

The significant decrease in equity-based compensation in the fourth quarter is due to the fact that fewer tranches continued to vest in this quarter of 2017, in comparison to the corresponding period of 2016. Equity-based compensation in 2016 was high due to a one-time grant of 514,000 options. The same is true for the decrease seen in the total year period.

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 2017 relate mainly to the acquisition of Iris, as well as the acquisition of 11 other stores completed this year.

Other operating expenses (excluding acquisition-related costs and other non-comparable 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.

Other operating expenses, as a percentage of revenues, increased by 110 basis points in the fourth quarter to 27.2% from 26.1% for the same period last year. This variation is primarily due to newly acquired banners which operate with higher occupancy cost to revenue ratios.

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:

	2017 13 weeks $	2016 14 weeks $	2017 52 weeks $	2016 53 weeks $
Net earnings	2,810	3,176	10,170	11,212
Depreciation, amortization and loss on disposal	4,736	3,202	14,610	11,772
Financial expenses, net of interest revenue	2,272	1,045	5,945	4,005
Income taxes	1,934	1,324	6,137	5,341
EBITDA	**11,752**	**8,747**	**36,862**	**32,330**
Equity-based compensation[(a)]	134	546	1,244	1,462
Net loss (gain) from changes in fair value of foreign exchange contracts	(135)	(32)	63	1
Acquisition-related costs[(b)]	781	508	3,647	1,583
Other non-comparable costs[(c)]			305	
Adjusted EBITDA	**12,532**	**9,769**	**42,121**	**35,376**
Variance in $	*2,763*		*6,745*	
Variance in %	*28.3%*		*19.1%*	
% of revenues	*18.6%*	*17.9%*	*18.4%*	*17.8%*
Per share (basic)	0.83	0.72	3.01	2.61
Per share (diluted)	0.82	0.71	2.96	2.56

a) Equity-based compensation represents the fair value of New Look Vision stock options vested in that period.

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

c) Other non-comparable costs include one-time expenses connected with personnel transition costs and related matters.

The increase in the adjusted EBITDA ratio for the quarter reflects the increase in revenues, supplemented by lower materials consumed, as a percentage of revenues. As a result, adjusted EBITDA increased by $2.8 million in the quarter and $6.8 million in the 52-week period compared to last year.

The following table represents the adjusted EBITDA available to New Look Vision shareholders, which takes into consideration the investments in joint ventures and associates.

	2017 13 weeks $	2016 14 weeks $	2017 52 weeks $	2016 53 weeks $
Adjusted EBITDA	12,532	9,769	42,121	35,376
Income from investments measured using the equity method	(465)		(465)	
EBITDA from investments measured using the equity method	675		675	
EBITDA attributed to non controlling interest	(251)	(20)	(351)	(87)
Adjusted EBITDA attributed to shareholders	**12,491**	**9,749**	**41,980**	**35,289**

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:

	2017 13 weeks $	2016 14 weeks $	2017 52 weeks $	2016 53 weeks $
Depreciation of property, plant and equipment, net of amortization of deferred investment tax credits	2,722	2,229	9,451	8,093
Amortization of other intangible assets	2,052	965	5,156	3,652
Impairment and loss on disposal of long-term assets	(38)	8	3	27
Depreciation, amortization and loss on disposal of assets	**4,736**	**3,202**	**14,610**	**11,772**

The increases in depreciation of property, plant and equipment and amortization of intangible assets are in line with increased capital investments in stores, manufacturing and distribution facilities, computer equipment and software, and the acquisitions made since the beginning of 2016.

Financial expenses

The following table provides the main elements of financial expenses along with interest revenues.

	2017 13 weeks $	2016 14 weeks $	2017 52 weeks $	2016 53 weeks $
Interest on long-term debt[a]	1,122	419	2,389	1,804
Other interest	84	78	153	133
Total interest expense	1,206	497	2,542	1,937
Amortization of deferred costs related to the issuance of debt	1,170	641	3,449	2,362
Change in fair value of interest rate swap	(94)	(156)	(153)	(366)
Other financing expenses	167	54	314	92
Financial expenses	2,449	1,036	6,152	4,025
Interest revenue	177	(8)	207	20
Financial expenses, net of interest revenue	**2,272**	**1,044**	**5,945**	**4,005**
a) Actual settlement cost of interest rate swap included in the interest on long-term debt above	13	63	214	263

The revolving facility is used for both daily operations and investment purposes. Borrowings under this facility are treated as long-term debt.

The combined interest on long-term debt and amortization of related deferred costs was higher in both the quarter and year-to-date periods, as compared to last year. This is mainly due to the increased level of debt to finance recent acquisitions.

As of December 30, 2017, the long-term debt essentially comprised an outstanding balance of $24.3 million under the revolving facility, a balance of $95.0 million under the acquisition term facility, and $50 million of subordinated loans.

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.

Income taxes

The income tax expense is composed of:

	2017 52 weeks $	2016 53 weeks $
Current income tax		
In relation with the current activities	5,684	4,230
In relation with adjustments recognized in the period for current tax of prior periods	592	186
Total current income tax	6,276	4,416
Deferred income tax		
Origination and reversal of temporary differences	(54)	532
Utilization of unused tax losses and tax credits	(85)	393
Total deferred income tax	(139)	925
Total income tax expense	**6,137**	**5,341**
Estimated effective tax rate of earnings before income taxes	37.6%	32.3%
Combined federal and provincial statutory rate	28.8%	28.1%

The difference between the estimated effective tax rate and the combined federal and provincial statutory rate is mainly attributable to non-deductible expenses and prior year adjustments. Non-deductible expenses are essentially comprised of equity-based compensation and certain business acquisition costs. Prior period adjustments in 2017 include $0.20 million in relation with the expected tax settlement mentioned hereafter.

Settlement agreement expected with a provincial tax authority. 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 underway with a provincial tax authority. The income tax provision on the balance sheet contains an amount of $0.77 million for this purpose.

Net earnings and adjusted net earnings

Net earnings for the fourth quarter and the year ended December 30, 2017 can be compared to the corresponding periods of 2017 as follows:

	2017 13 weeks $	2016 14 weeks $	2017 52 weeks $	2016 53 weeks $
Net earnings attributed to shareholders	2,759	3,186	10,060	11,172
Variance in $	*(427)*		*(1,112)*	
Variance in %	*(13.4%)*		*(10.0%)*	
% of revenues	*4.1%*	*5.8%*	*4.4 %*	*5.6%*
Per share amount				
Basic	0.18	0.23	0.72	0.83
Diluted	0.18	0.23	0.71	0.81
Weighted average number of common shares used in basic earnings per share	15,018,588	13,564,881	13,977,218	13,528,772
Variation	*10.7%*		*3.3%*	
Weighted average number of common shares used in diluted earnings per share	15,193,998	13,855,907	14,236,838	13,842,821
Variation	*9.7 %*		*2.8 %*	

Net earnings attributed to shareholders for the quarter and year-ended December 30, 2017 decreased compared to last year due to higher depreciation, financial expenses and income taxes, which offset a higher EBITDA as a result of higher revenues, lower equity-based compensation, and controlled expense growth.

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, equity-based compensation, and other non-comparable costs, which may vary substantially from quarter to quarter:

	2017 13 weeks $	2016 14 weeks $	2017 52 weeks $	2016 53 weeks $
Net earnings attributed to shareholders	**2,759**	**3,186**	**10,060**	**11,172**
Depreciation, amortization and loss on disposal of assets	4,736	3,202	14,610	11,772
Acquisition-related costs	781	508	3,647	1,583
Equity-based compensation	134	546	1,244	1,462
Other non-comparable costs[(a)]			305	
Related income taxes	(1,153)	(881)	(4,484)	(3,578)
Adjusted net earnings attributed to shareholders	**7,257**	**6,561**	**25,382**	**22,411**
Variance in $	*696*		*2,971*	
Variance in %	*10.6%*		*13.3%*	
% of revenues	*10.7%*	*12.0%*	*11.1%*	*11.3%*
Per share amount				
Basic	0.48	0.48	1.82	1.66
Diluted	0.48	0.47	1.78	1.62

a) Other non-comparable costs include one time expenses connected with personnel transition costs and related matters.

Adjusted earnings per share increased by 2.1% to $0.48 in the fourth quarter. The driving factor of the increase in adjusted earnings per share is the higher adjusted EBITDA in the quarter partially offset by higher financial expenses and income taxes. On a year-to-date basis, adjusted net earnings per share (diluted) increased to $1.78 in 2017 from $1.62 in 2016 due to the same factors as the quarter.

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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	13 weeks	14 weeks	13 weeks	13 weeks	13 weeks	13 weeks	13 weeks	13 weeks	52 weeks	53 weeks
	$	$	$	$	$	$	$	$	$	$
Revenues	**67,509**	**54,489**	**55,210**	**48,951**	**55,389**	**50,506**	**51,043**	**44,590**	**229,151**	**198,536**
As a % of the four-quarter revenues	*29.5%*	*27.4%*	*24.1%*	*24.7%*	*24.2%*	*25.4%*	*22.3%*	*22.5%*	*100%*	*100%*
Adjusted EBITDA[b]	**12,532**	**9,769**	**10,804**	**7,965**	**10,913**	**10,372**	**7,871**	**7,270**	**42,120**	**35,376**
As a % of revenues	*18.6%*	*17.9%*	*19.6%*	*16.3%*	*19.7%*	*20.5%*	*15.4%*	*16.3%*	*18.4%*	*17.8%*
Per share (basic)[a]	0.83	0.72	0.79	0.59	0.80	0.77	0.58	0.54	3.01	2.61
Per share (diluted)[a]	0.82	0.71	0.77	0.58	0.79	0.75	0.57	0.53	2.96	2.56
Net earnings attributed to shareholders	**2,759**	**3,186**	**3,392**	**2,053**	**2,625**	**4,093**	**1,284**	**1,839**	**10,060**	**11,171**
Per share (basic)[a]	0.18	0.23	0.25	0.15	0.19	0.30	0.09	0.14	0.72	0.83
Per share (diluted)[a]	0.18	0.23	0.24	0.15	0.19	0.30	0.09	0.13	0.71	0.81
Adjusted net earnings attributed to shareholders[b][c]	**7,257**	**6,561**	**6,560**	**4,916**	**6,977**	**6,676**	**4,588**	**4,257**	**25,382**	**22,411**
Per share (basic)[a]	0.48	0.48	0.48	0.36	0.51	0.49	0.34	0.32	1.82	1.66
Per share (diluted)[a]	0.48	0.47	0.47	0.36	0.50	0.48	0.33	0.31	1.78	1.62
Cash flows from operating activities, before income taxes paid and changes in working capital items[b]	**11,408**	**9,232**	**9,891**	**7,688**	**9,111**	**9,768**	**7,094**	**6,736**	**37,504**	**33,424**
Per share (basic)[a]	0.76	0.68	0.72	0.57	0.67	0.72	0.52	0.50	2.68	2.47
Per share (diluted)[a]	0.75	0.67	0.71	0.56	0.66	0.70	0.51	0.49	2.63	2.41
Adjusted cash flows from operating activities[b]	**12,189**	**9,740**	**10,698**	**7,923**	**10,781**	**10,282**	**7,787**	**7,063**	**41,455**	**35,008**
Per share (basic)[a]	0.81	0.72	0.78	0.58	0.79	0.76	0.57	0.52	2.97	2.59
Per share (diluted)[a]	0.80	0.70	0.77	0.57	0.78	0.74	0.56	0.51	2.91	2.53
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) Adjusted EBITDA, adjusted net earnings, cash flows from operating activities, before income taxes paid and changes in working capital items, and adjusted cash flows from operating activities 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.

c) Adjusted net earnings attributed to shareholders were revised in the fourth quarter of 2017, retrospectively to all quarters presented above, in order to add back equity-based compensation and depreciation, net of the related tax impact.

The increases in revenues and adjusted EBITDA over the last eight quarters reflect the acquisitions completed in 2016 and 2017, which include 190 stores across Quebec (93), British Columbia (46), Ontario (32), Alberta (16), New Brunswick (2) and Prince Edward Island (1), as well as the improving performance of comparable stores.

LIQUIDITY

The following table summarizes the cash flows for the fourth quarter and 52-week and 53-week periods ended December 30, 2017 and December 31, 2016, respectively. Amounts in parentheses represent use of cash.

	2017	2016	2017	2016
	13 weeks	14 weeks	52 weeks	53 weeks
	$	$	$	$
Operating activities	9,271	5,565	32,013	22,357
Investing activities	(118,255)	(10,354)	(141,199)	(38,165)
Financing activities	114,858	5,402	116,239	12,684
Net increase (decrease) in cash	5,874	613	7,053	(3,124)
Cash, beginning of period	7,773	5,981	6,594	9,718
Cash, end of period	13,647	6,594	13,647	6,594

Cash flows from operating activities increased in the fourth quarter of 2017, compared to that of 2016. This increase is primarily driven by higher EBITDA, which is due to the addition of Iris and other newly acquired stores, in addition to higher EBITDA in comparable stores, lower income taxes paid, and favorable changes in working capital items. For the 52 weeks ended December 30, 2017, cash flows from operating activities increased significantly due to the same factors impacting the quarter.

Cash flows from investing activities for both the fourth quarter and the year increased substantially due to the acquisition of Iris. Purchases of property, plan, and equipment not related to business acquisitions were also higher for the full-year period, although they were lower in the fourth quarter compared to last year due to timing of projects.

Cash flows from financing activities increased greatly in the fourth quarter and for the full year due to the company increasing its long-term debt, and due to cash raised by the issuance of shares. Both of these actions were undertaken in order to finance the acquisitions. The company also incurred higher interest and financing fees as a result of the transaction which are reflected in cash flows from financing activities.

Operating activities

The cash flows related to the operating activities for the fourth quarter and the years ended December 30, 2017 and December 31, 2016 are as follows. Amounts in parentheses represent use of cash.

	2017 13 weeks $	2016 14 weeks $	2017 52 weeks $	2016 53 weeks $
Earnings before income taxes	4,744	4,500	16,307	16,553
Adjustments:				
Depreciation, amortization and loss on disposal	4,736	3,202	14,610	11,772
Amortization of deferred lease inducements and variation of deferred rent	(57)	(73)	(200)	(393)
Equity-based compensation expense	134	546	1,244	1,462
Other	44	12	63	25
Financial expenses	2,449	1,037	6,152	4,025
Interest revenue	(177)	8	(207)	(20)
Income from investments in joint ventures and associates	(465)		(465)	
Cash flows from operating activities, before income taxes paid and changes in working capital items	11,408	9,232	37,504	33,424
Income taxes paid	(1,249)	(1,616)	(4,956)	(7,237)
Cash flows from operating activities, before changes in working capital items	10,159	7,616	32,548	26,187
Changes in working capital items	(888)	(2,051)	(535)	(3,830)
Cash flows from operating activities	**9,271**	**5,565**	**32,013**	**22,357**

As demonstrated above, cash flows from operating activities increased in the fourth quarter of 2017, compared to that of 2016. This increase is primarily driven by higher EBITDA, due to higher revenue and controlled expenses, lower income taxes paid, and favourable changes in working capital items.

For the 52 weeks ended December 30, 2017, cash flows from operating activities increased significantly for the same reasons as the fourth quarter.

	13 weeks 2017 $	14 weeks 2016 $	52 weeks 2017 $	53 weeks 2016 $
Cash flows from operating activities	9,271	5,565	32,013	22,357
Income taxes paid	1,249	1,616	4,956	7,237
Changes in working capital items	888	2,051	535	3,830
Acquisition-related costs	781	508	3,647	1,583
Other non-comparable costs			305	
Adjusted cash flows from operating activities	**12,189**	**9,740**	**41,456**	**35,007**

Adjusted cash flows from operating activities are not a recognized measure under IFRS and may not be comparable to similar measures used by other entities. New Look Vision believes that this disclosure provides useful information as it allows the comparison of net operating cash flows excluding acquisition-related costs and other non-comparable costs, which may vary significantly from quarter to quarter. Investors should be cautioned that adjusted cash flows from operating activities should not be considered as an alternative to cash flows from operating activities as determined under IFRS.

The above table indicates an increase for both the quarter and year ended December 30, 2017, when cash flows related to operating activities are adjusted to add back the cash impact of income taxes paid, changes in working capital items, acquisition-related costs, and other non-comparable costs, which vary significantly from quarter to quarter. For the quarter, adjusted cash flows from operating activities have increased by $2.4 million and, for the year-to-date period, this increase is $6.4 million.

Changes in working capital items

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

	13 weeks	14 weeks	52 weeks	53 weeks
	2017	2016	2017	2016
	$	$	$	$
Receivables	(341)	777	659	81
Inventory	858	2	(1,836)	(2,452)
Prepaid expenses	(54)	311	(378)	186
Accounts payable, accrued liabilities and provisions	(1,351)	(3,141)	1,020	(1,645)
Use of cash	**(888)**	**(2,051)**	**(535)**	**(3,830)**

The year-to-date increase in the generation of cash by accounts receivable, as compared to last year, is due to the timing of sales tax remittances, and the size and timing receipt of significant volume rebates from suppliers, offset by the normal impact of activity at Iris. The small increase in cash generated by accounts receivable last year represented normal variations between periods.

The usage of cash by receivables in the quarter is also caused by the timing of sales tax remittances and the receipt and size of supplier rebates, at December 2017 as compared to September 2017, partially offset by normal variability at acquired banners. The cash generated from the variation in accounts receivable in the fourth quarter last year was due to timing of receipts of cash from customers at period end, and the timing of the receipt of sales taxes.

The use of cash by inventory for the full year periods in both 2017 and 2016 reflects a build of inventory levels that commenced in early 2016. The build-up of inventory is needed to support higher sales driven by both acquired stores and growth in existing stores.

The generation of cash from inventory in the fourth quarter is due to a decline in inventory compared to the end of the third quarter, due to variations in sales, and the flow of inventory receipts in the fourth quarter. In the fourth quarter of 2016, cash generation by inventory was negligible reflecting a relatively flat level of inventory between the end of the third and fourth quarters of 2016.

The variations in the usage and generation of cash by prepaid expenses is primarily driven by the timing of payments of monthly occupancy costs for the company's network of stores in relation to the timing of the period end.

The increase in cash generated by accounts payable, accrued liabilities, and provisions for the full year period is due to due higher accruals for wages, and higher trade accounts payable due to timing as compared to December 2016, partially offset by normal operating variations at acquired banners. The usage of cash by accounts payable for the full year 2016 was also due to timing differences in payments to employees and suppliers, however in the opposite sense.

The usage of cash in the fourth quarter of 2017 reflects movement in accounts payable at newly acquired banners, without which the variation in cash due to accounts payable would be negligible.

The significant use of cash in the fourth quarter last year was due to the timing of payments made to employees and suppliers relative to the respective period ends of the third and fourth quarters.

All other changes in working capital in the above table reflect normal variations from quarter to quarter.

Contractual obligations

The contractual obligations of the Group as of December 30, 2017 are summarized in the following table:

				Payments due			
Contractual obligations	Total	2018	2019	2020	2021	2022	Thereafter
Long-term debt[(a)]	205,856	21,007	33,622	17,645	96,988	36,594	
Operating leases	97,357	22,524	18,913	15,298	11,764	8,786	20,072
Purchase obligations[(b)]	1,512	1,512					
Other obligations[(c)]	44,712	44,712					
Total	349,437	89,755	52,535	32,943	108,752	45,380	20,072

a) Amounts shown as payments due on the long-term debt reflect the repayment of debt including interest as of December 30, 2017. The repayment of the outstanding revolving facility was included in 2021 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, provisions and loans and advances due from related parties.

CAPITAL RESOURCES

Credit facilities and subordinated debts

The credit facilities were amended upon the acquisition of Iris on October 24, 2017. As at December 30, 2017, the key terms are as follows:

- A revolving facility with a maximum draw-down of $50 million (actual draw-downs of $24.3 million at December 30, 2017 and $11.8 million at the end of 2016) to finance day-to-day operations, capital expenditures, and business acquisitions. The use of this facility is treated as a long-term debt as no repayment is required until October 24, 2021 provided that certain financial ratios are respected.
- An acquisition term facility of an initial amount of $95 million, which was used to finance business acquisitions. The annual repayments on the acquisition term facility represent $9.5 million, subject to annual additional repayments under a "cash flow sweep" covenant, effective for the fiscal year ended 2018. No such additional repayment was required or made in 2017. As at December 30, 2017, the balance of the debt is $95.0 million ($60.0 million as at December 31, 2016) and any balance will be repayable on October 24, 2021.

The subordinated debts, as at December 30, 2017 are as follows:

- A subordinated debt of $35 million, as negotiated to finance the acquisition of Iris The Visual Group and entered into on October 24, 2017. The applicable rate thereon is 5.5% and maturity is October 24, 2022.
- A subordinated debt of $15 million ($15 million at the end of 2016) to finance day-to-day operations and for investment purposes, including to finance capital expenditures and acquisitions, maturing in February 2019. The applicable interest rate thereon is 6.75%.

As of December 30, 2017, the credit facilities and subordinated debt used and available were as follows:

	$
Revolving facility	
Credit granted	50,000
Credit Outstanding at December 30, 2017	24,300
Balance available at December 30, 2017	25,700
Acquisition term facility	
Credit granted	95,000
Credit Outstanding at December 30, 2017	95,000
Total subordinated debts	
Credit granted	50,000
Credit Outstanding at December 30, 2017	50,000

The Company also had $13.6 million in cash at the end of the fiscal year, including an amount of $0.25 million, 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.

OUTSTANDING SHARES AND OPTIONS

As of February 28, 2018, New Look Vision had 15,475,028 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, 2018:

- 1,616,000 shares issued under a private placement to finance the acquisition of Iris;
- 239,589 shares issued pursuant to the exercise of 375,392 stock options under the cashless feature, at an average price of $12.32 per share;
- 39,959 shares issued pursuant to the dividend reinvestment plan.
- 403 shares issued in payment of services.

As of February 28, 2018, there were 744,833 options outstanding to purchase the same number of New Look Vision Class A common shares for a weighted average exercise price of $27.46. 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, 2018, the balances of shares reserved by the TSX for issuance upon exercise of options or payment for services totaled 1,187,065.

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 2017 and 2016. 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 20, 2018, New Look Vision declared a dividend of $0.15 per Class A common share payable on March 29, 2018 to shareholders of record on March 27, 2018. 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 2017 were as follows:

Date of Issuance	Number of shares issued	Issuance price per share	Total
		$	$
March 31, 2017	12,002	$25.43	$305
June 30, 2017	10,527	$29.20	$307
September 30, 2017	9,776	$31.34	$306
December 30, 2017	7,654	$33.67	$258
Total amount	39,959	$29.45	$1,177

COMMITMENTS AND CONTINGENCIES

The company is a defendant in litigation matters arising in the course of ordinary business. Claims considered likely to result in settlements have been provided for.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 judgement. 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.

Provisions

The Company records provisions as liabilities to cover expected future payments related to product warranties and onerous contracts. 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.

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.

FINANCIAL INSTRUMENT RISK MANAGEMENT

The Company's financial instruments are classified as follows:

	2017 $	2016 $
Financial assets (liabilities) at fair value through profit and loss		
Forward exchange contracts, included in receivables (payables)	(42)	21
Interest rate swap	(189)	(342)
Total	**(231)**	**(321)**
Loans and receivables		
Cash	13,647	6,594
Trade accounts receivable	5,564	2,346
Receivables from joint ventures	77	
Receivables from associates	38	
Loans and advances[a]	10,844	946
Total loans and receivables	**30,170**	**9,886**
Financial liabilities at amortized cost		
Customers' deposits	5,731	4,746
Trade and other payables	24,870	11,195
Loans and advances from related parties	3,887	
Long-term debt including current portion	169,204	86,967
Total financial liabilities	**203,692**	**102,908**

Details of financial instrument risk management objectives and policies are described under Note 26 to the consolidated financial statements for 2017. 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 $95 million, bears interest at a floating rate through bankers' acceptances. This risk is mitigated by the fact that stamping fees, currently at 3.25%, 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,
  - 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 related to franchise operations
- Risks related to jointly-owned stores and partners
- 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.

FUTURE ACCOUNTING CHANGES

New standards, amendments and interpretations to existing standards have been issued and may be applicable to the Company for its annual periods beginning after December 30, 2017.

IFRS 9 Financial instruments ("IFRS 9")

IFRS 9, "Financial Instruments" establishes principles for the financial reporting classification of financial assets and financial liabilities. This standard also incorporates a new hedging model which increases the scope of hedged items eligible for hedge accounting and removes the requirement for quantitative thresholds when calculating hedge effectiveness, allowing flexibility in how an economic relationship is demonstrated. This new standard also increases required disclosures about an entity's risk management strategy, cash flows from hedging activities and the impact of hedge accounting on the consolidated financial statements.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9.

This standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company is currently assessing the impact of the adoption of this standard on its consolidated financial statements.

IFRS 15, Revenue from contracts with customers ("IFRS 15")

In May 2014, the IASB issued IFRS 15 which establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes the following standards: IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue - Barter Transactions Involving Advertising Service.

The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 also includes a cohesive set of disclosure requirements that would result in an entity providing comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

On April 12, 2016, the IASB issued Clarifications to IFRS 15, Revenue from Contracts with Customers. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgemental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The clarifications to IFRS 15 provide additional guidance with respect to the five-step analysis, transition, and the application of the Standard to licenses of intellectual property.

This standard is effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted. The Company is currently assessing the impact of the adoption of this standard on its consolidated financial statements.

IFRS 16 Leases ("IFRS 16")

On January 13, 2016 the IASB issued IFRS 16 Leases. IFRS 16 will replace IAS 17 Leases ("IAS 17"). This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided.

The new standard is effective for annual periods beginning on or after January 1, 2019 with earlier application permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial adoption of IFRS 16. The Company is currently assessing the impact of the adoption of this standard on its consolidated financial statements.

Classification and measurement of share-based payment transactions (Amendments to IFRS 2)

On June 20, 2016, the IASB issued amendments to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions.

The amendments provide requirements on the accounting for: the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The amendments apply for annual periods beginning on or after January 1, 2018 and can be applied prospectively. The extent of the impact of adoption of the standard has not yet been determined.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures should be designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its certifying officers, namely the President and the Chief Financial Officer ("CFO"), as appropriate to allow timely decisions regarding required disclosure.

As of December 30, 2017, an evaluation of the design of the Company's disclosure controls and procedures, as defined under National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings, was carried out under the supervision of the President, both in his capacity as President of the Company and acting in the capacity of CFO and with the participation of the Company's management. Based on that evaluation disclosure controls and procedures as described below, the President, both in his capacity as President of the Company and acting in the capacity of CFO concluded that as of December 30, 2017, the Company's disclosure controls were effective.

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 chief executive officer and 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 CFO, has evaluated the effectiveness as at December 30, 2017 of New Look Vision's DC&P and ICFR, and has concluded that they are effective. Changes in ICFR during the period beginning on October 1, 2017 and ended December 30, 2017 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.

March 20, 2018

CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 30, 2017

Management's Responsibility for Financial Statements

For the years ended December 30, 2017 and December 31, 2016

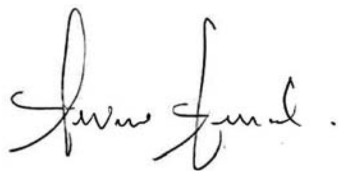
The consolidated financial statements of New Look Vision Group Inc. ("New Look Vision") and the other financial information included in the annual report are the responsibility of the management and have been approved by the Board of Directors of New Look Vision. The consolidated financial statements 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.

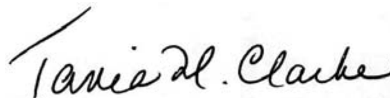
New Look Vision has maintained internal control systems designed to ensure that financial information is relevant and accurate and that assets are protected.

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.





ANTOINE AMIEL
President and Chief Executive Officer
New Look Vision Group Inc.

TANIA M. CLARKE, CPA, CA, CPA-US
Senior Vice-President and
Chief Financial Officer
New Look Vision Group Inc.

March 20th, 2018

Raymond Chabot
Grant Thornton

Independent Auditor's Report

Raymond Chabot
Grant Thornton LLP
Suite 2000
National Bank Tower
600 De La Gauchetière Street West
Montréal, Quebec H3B 4L8

T 514-878-2691

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 30, 2017 and December 31, 2016 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 30, 2017 and December 31, 2016 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 20, 2018

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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 30, 2017 and December 31, 2016
In thousands of Canadian dollars, except per share amounts

	2017 52 weeks $	2016 53 weeks $
Revenues	**229,151**	**198,536**
Materials consumed	50,923	44,888
Employee remuneration expenses (Note 3.1)	76,728	66,732
Other operating expenses (Note 3.2)	65,103	54,586
Earnings before depreciation, amortization, loss on disposal, financial expenses, and income from investments measured using the equity method	**36,397**	**32,330**
Depreciation, amortization and loss on disposal (Note 3.3)	14,610	11,772
Financial expenses, net of interest revenue (Note 4)	5,945	4,005
Income from investments in joint ventures and associates (Note 21)	(465)	
Earnings before income taxes	**16,307**	**16,553**
Income taxes (Note 17)		
Current	6,276	4,416
Deferred	(139)	925
Total income taxes	6,137	5,341
Net earnings and comprehensive income	**10,170**	**11,212**
Net earnings and comprehensive income attributed to:		
Non-controlling interest	110	40
Shareholders of New Look Vision	10,060	11,172
	10,170	**11,212**
Net earnings per share (Note 5)		
Basic	0.72	0.83
Diluted	0.71	0.81

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

Consolidated Statements of Cash Flows

For the years ended December 30, 2017 and December 31, 2016
In thousands of Canadian dollars

	2017 52 weeks $	2016 53 weeks $
OPERATING ACTIVITIES		
Earnings before income taxes	16,307	16,553
Adjustments:		
Depreciation, amortization and loss on disposal (Note 3.3)	14,610	11,772
Amortization of deferred lease inducements and variation of deferred rent	(200)	(393)
Equity-based compensation expense (Note 3.1)	1,244	1,462
Other	63	25
Financial expenses (Note 4)	6,152	4,025
Interest revenue (Note 4)	(207)	(20)
Income from investments in joint ventures and associates (Note 21)	(465)	
Income taxes paid	(4,956)	(7,237)
Cash flows related to operating activities before changes in working capital items	**32,548**	**26,187**
Changes in working capital items (Note 6)	(535)	(3,830)
Cash flows related to operating activities	**32,013**	**22,357**
INVESTING ACTIVITIES		
Business acquisitions (Note 7)	(132,288)	(28,169)
Cash acquired upon business combination	3,382	
Acquisitions of property, plant and equipment	(10,084)	(8,563)
Acquisitions of other intangible assets	(1,125)	(709)
Loans and advances disbursed	(1,589)	(283)
Reimbursement of loans and advances	1,172	
Interest received	141	30
Sale of property, plant and equipment	41	
Dividends received from investments in joint ventures and associates	93	
Payment of balances of purchase price	(942)	(471)
Cash flows related to investing activities	**(141,199)**	**(38,165)**
FINANCING ACTIVITIES		
Variation of borrowings under the revolving facility	12,487	11,814
Long-term borrowings	75,250	19,468
Repayment of borrowings on the acquisition term facility	(5,250)	(5,356)
Dividends paid, net of dividends reinvested	(7,492)	(8,686)
Interest and finance fees paid	(8,351)	(4,720)
Lease inducements	54	
Net proceeds from a private placement	48,747	
Cash received on exercise of options		164
Net variation of loans and advances from related parties	543	
Reimbursement of loans to purchase shares	251	
Cash flows related to financing activities	**116,239**	**12,684**
Net increase (decrease) in cash	7,053	(3,124)
Cash, beginning of period	6,594	9,718
Cash, end of period	**13,647**	**6,594**

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

Consolidated Balance Sheets

In thousands of Canadian dollars

	December 30, 2017 $	December 31, 2016 $
ASSETS		
Current assets		
Cash	13,647	6,594
Receivables (Note 8)	7,857	3,448
Income taxes receivable	1,313	
Loans and advances (Note 9)	7,587	343
Inventory	29,442	17,966
Prepaid expenses	1,911	825
Total current assets	**61,757**	**29,176**
Loans and advances (Note 9)	3,257	603
Deferred tax assets (Note 17.2)	1,613	
Property, plant and equipment (Note 10)	55,444	44,561
Investments in joint ventures and associates (Note 21)	15,633	
Goodwill (Note 11)	114,575	67,478
Other intangible assets (Note 12)	132,481	50,998
Total assets	**384,760**	**192,816**
LIABILITIES		
Current liabilities		
Accounts payable, accrued liabilities and provisions (Note 13)	40,825	23,099
Provision for investments	1,609	
Loans and advances from related parties (Note 14)	3,887	
Income taxes payable (Note 17)	1,913	231
Instalments on long-term debt (Note 15)	9,043	7,078
Total current liabilities	**57,277**	**30,408**
Long-term debt (Note 15)	160,161	79,888
Other non-current liabilities (Note 16)	2,069	1,965
Deferred tax liabilities (Note 17.2)	24,625	8,824
Total liabilities	**244,132**	**121,085**
EQUITY		
Class A common shares	115,132	64,098
Contributed surplus	3,504	2,836
Retained earnings	5,642	4,054
Equity attributable to the shareholders of New Look Vision	**124,278**	**70,988**
Non-controlling interest	16,350	743
Total equity	**140,628**	**71,731**
Total liabilities and equity	**384,760**	**192,816**

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

On behalf of the Board of Directors

W. John Bennett
Chairman of the Board

Paul S. Echenberg
Chairman of the Audit Committee

Consolidated Statements of Changes in Equity

For the years ended December 30, 2017 and December 31, 2016
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 31, 2016	13,579,077	64,098	2,836	4,054	**70,988**	743	**71,731**
Net earnings				10,060	**10,060**	110	**10,170**
Equity-based compensation			1,244		**1,244**		**1,244**
Shares issued by New Look Vision:							
Private placement							
Gross Proceeds	1,616,000	49,999			**49,999**		**49,999**
Issuance fees		(1,252)			**(1,252)**		**(1,252)**
Net proceeds from a private placement		48,747			**48,747**		**48,747**
Reduction in taxes related to the issuance fees		270			**270**		**270**
Pursuant to the exercise of options:							
Under the cashless exercise feature	239,589	576	(576)		**—**		**—**
Pursuant to the dividend reinvestment plan	39,959	1,177			**1,177**		**1,177**
Reimbursement of loans to purchase shares		251			**251**		**251**
In payment of services	403	13			**13**		**13**
Non-controlling interest in a business acquisition (Note 7.1)					**—**	15,696	**15,696**
Dividends declared				(8,472)	**(8,472)**	(199)	**(8,671)**
Balance as at December 30, 2017	**15,475,028**	**115,132**	**3,504**	**5,642**	**124,278**	**16,350**	**140,628**

	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:							
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					**—**	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**

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

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. As at December 30, 2017, the Group operates four main banners: New Look Eyewear, Greiche & Scaff, Vogue Optical, and Iris The Visual Group.

2. 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 30, 2017. They were approved and authorized for issue by the board of directors on March 20, 2018.

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 and investments in joint ventures and associates, which are measured using the equity method.

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 subsidiaries are Vogue Optical Group Inc. and Iris The Visual Group which operate the Vogue Optical and Iris banners, respectively. 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 2017 fiscal year consisted of 52 weeks of operation, whereas 2016 consisted of 53 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 related costs are expensed as incurred.

2.6 Investments

Investments for which the Company has significant influence or joint control are accounted for using the equity method. The carrying amount of the investments in associates and joint ventures is increased or decreased to recognize the Group's share of the profit or loss of the associate or joint venture, adjusted when necessary to ensure consistency with the accounting policies of the Group. The carrying amount is decreased for the Group's share of dividends paid by the joint venture or associate.

Unrealized gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealized losses are eliminated, the underlying asset is also tested for impairment.

2.7 Segment reporting

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

2.8 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.

2.9 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.

2.10 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.

2.11 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.

2.12 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.

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. Forfeited options, for which the vesting period was in progress, are adjusted through earnings and 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.

2.13 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.

2.14 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.

2.15 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	Cash	
	Trade accounts receivable[c]	
	Receivables from joint ventures and associates[c]	
	Loans and advances[d]	2
	Trade and other payables[e]	
	Loans and advances from related party	
	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.

2.16 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.

2.17 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.

2.18 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.

2.19 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.

2.20 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.

2.21 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.

2.22 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 13.

2.23 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.

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.

2.24 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 the Statement of Changes in Equity, in 2016, certain loans to purchase New Look Vision shares were 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.

2.25 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 2.20, 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, Iris and certain others have an indefinite useful life and are thus not amortized, is justified in Note 2.19.

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

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.

2.26 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 2.17 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 2.19 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. See note 13 for further details.

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 2.20, 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.

2.27 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. The standard will be applicable to the Group's financial statements as of fiscal 2019.

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. The standard will be applicable to the Group's financial statements as of fiscal 2019.

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 $97 million.

3. UNDERLYING COMPONENTS IN CONSOLIDATED EARNINGS

	2017 52 weeks $	2016 53 weeks $
3.1 Employee remuneration expenses		
Salaries and social security costs	75,484	65,270
Equity-based compensation	1,244	1,462
	76,728	**66,732**
3.2 Amounts included in other operating expenses		
Write-down of inventories	195	255
Acquisition-related costs	3,647	1,583
3.3 Depreciation, amortization and loss on disposal of assets		
Depreciation of property, plant and equipment, net of amortization of deferred investment tax credits	9,451	8,093
Amortization of other intangible assets	5,156	3,652
Impairment and loss on disposal of long-term assets	3	27
	14,610	**11,772**

4. FINANCIAL EXPENSES, NET OF INTEREST REVENUE

	2017 52 weeks $	2,016 53 weeks $
Interest on long-term debt	2,389	1,804
Other interest	153	133
Total Interest Expense	2,542	1,937
Amortization of deferred costs related to the issuance of debt	3,449	2,362
Change in fair value of interest rate swap	(153)	(366)
Other financing expenses	314	92
Financial expenses	6,152	4,025
Interest revenue	207	20
Financial expenses, net of interest revenue	5,945	4,005

5. NET EARNINGS PER SHARE

	2017 52 weeks $	2016 53 weeks $
Net earnings attributed to shareholders of New Look Vision	$10,060	$11,172
Weighted average number of common shares used in basic earnings per share	13,977,218	13,528,772
Dilutive effect of stock options	259,620	314,049
Weighted average number of common shares used in diluted earnings per share	14,236,838	13,842,821
Net earnings per share		
Basic	$0.72	$0.83
Diluted	$0.71	$0.81
Out-of-the-money options to purchase New Look Vision shares for the period		736,500

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

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

	2017 52 weeks $	2016 53 weeks $
Receivables	659	81
Inventory	(1,836)	(2,452)
Prepaid expenses	(378)	186
Accounts payable, accrued liabilities and provisions	1,020	(1,645)
Use of cash	(535)	(3,830)

7. BUSINESS ACQUISITIONS

7.1 Acquisition of Iris The Visual Group

On October 24, 2017, New Look Vision acquired 100% of the voting shares of Iris the Visual Group (Iris), with a network of 147 locations. The business will continue to be operated under the Iris name, as a division of New Look Vision. The acquisition was made to enhance the Company's position in the retail optical industry across Canada. The preliminary purchase price allocation has been established as follows:

Recognized amounts of identifiable net assets	$
Current assets	25,625
Current liabilities	(24,487)
Property, plant and equipment	7,782
Intangible assets	81,470
Investments in joint ventures and associates	15,261
Other non-current assets	5,033
Non-current liabilities	(17,996)
Identifiable net assets	92,688
Goodwill[(a)]	42,652
Total net assets acquired	135,340
Initial purchase price	120,000
Estimated price adjustment	(355)
Non-controlling interest[(b)]	15,696
Net consideration paid in cash[(c)]	119,645

The purchase price for the shares of Iris is $120 million on a cash-free and debt-free basis, subject to customary price adjustments. The purchase price allocation is subject to change should new information become available.

a) Goodwill is attributed to the workforce, the practice of optometrists within the premises of the stores, know-how and the expected synergies from combining activities of the business acquired. The associated goodwill is not amortizable for tax purposes.

b) The value of non-controlling interest was established at fair value, which was determined by an income approach.

c) $7.5 million was deposited in an escrow account, which can only be distributed by the escrow agent upon joint and written notice from New Look Vision and the agent representing the former shareholders of Iris The Visual Group.

Since the acquisition date to December 30, 2017, Iris has realized revenues of $12.6 million. It was impracticable to determine pro forma revenues and net earnings of the Group as though the business acquisition occurred at the beginning of the financial year due to numerous investment entities of the business acquired.

7.2 Other Acquisitions in 2017

In 2017, the Group acquired 11 other retail optical stores. The acquisitions were made to enhance the Group's position in the optical business in Canada. The combined preliminary purchase price allocation was established as follows:

Recognized amounts of identifiable net assets	**$**
Net working capital	1,508
Property, plant and equipment	2,739
Intangible assets	4,094
Deferred tax liabilities	(433)
Identifiable net assets	**7,908**
Goodwill[a]	**3,739**
Total net assets acquired	**11,647**
Amount paid in cash[b]	11,392
Balances payable[c]	255
Total consideration	**11,647**

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 $2.9 million of goodwill will be amortizable for tax purposes.
b) Approximately $454 thousand was paid into a third party escrow account, which can only be accessed jointly by New Look Vision and the seller.
c) The balances payable are guaranteed by restricted bank accounts for the same amounts.

From the acquisition dates to December 30, 2017, the acquired stores realized revenues of $6.7 million. It was impracticable 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.

7.3 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 one of the Group's banners.

The combined purchase price allocation at December 31, 2016 has been revised in 2017.

Recognized amounts of identifiable net assets	Revised December 30, 2017	Initial December 31, 2016
	$	$
Net working capital	985	840
Property, plant and equipment	3,787	4,219
Intangible assets	11,435	11,481
Long-term liabilities	(184)	(184)
Deferred tax liabilities	(1,525)	(1,669)
Identifiable net assets	**14,498**	**14,687**
Goodwill[(a)]	**16,350**	**15,644**
Total net assets acquired	**30,848**	**30,331**
Amount paid in cash	29,420	28,169
Balances payable[(b)]	99	833
31,604 shares of New Look Vision	900	900
Non-controlling interests[(c)]	429	429
Total consideration	**30,848**	**30,331**

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 $8.9 million of goodwill will be amortizable for tax purposes.

b) The balances payable consist of holdbacks, guaranteed by restricted bank accounts.

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.

8. RECEIVABLES

	2017	2016
	$	$
Trade accounts	5,564	2,346
Sales taxes	2,178	1,081
Receivable from joint ventures	77	
Receivable from associates	38	
Foreign exchange contracts		21
	7,857	3,448

9. LOANS AND ADVANCES

	2017	2016
	$	$
Loans to an entity related to a key management member, 5% interest, repayable from August 1, 2018 to January 10, 2021[(a)]	828	350
Loan to a holder of a non-controlling interest, bearing interest at prime rate plus 1%, currently 4.2% (3.7% as at December 31, 2016) without repayment terms	30	30
Advances to franchises, joint ventures, and associates, bearing interest between 3% to 5% and with no specific terms of repayment	1,633	
Advances to joint ventures and associates bearing 4.11% interest repayable from February 1, 2018 to February 1, 2024	2,325	
Advances to joint ventures and shareholders without interest and with no specific terms of repayment	4,700	
Various professional loans, with 4% to 5% interest, repayable over the next 3 years	151	
Various professional loans, without interest, repayable over the next 3 years	1,177	566
	10,844	946
Amounts due within one year	7,587	343
	3,257	603

a) The loans are guaranteed by New Look Vision shares having an approximate value of $1.8 million.

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 31, 2016	1,462	3,968	37,361	3,813	10,911	42,429	27	99,971
Reclassification			(226)	(31)	(144)	(40)		(441)
Acquisitions through business combinations	240	754	4,568	461	2,306	2,192		10,521
Other acquisitions		18	3,283	277	2,101	4,300	440	10,419
Disposals			(153)	(8)	(37)	(298)		(496)
Balance as at December 30, 2017	1,702	4,740	44,833	4,512	15,137	48,583	467	119,974
Accumulated depreciation								
Balance as at December 31, 2016		704	20,355	2,591	2,874	28,886		55,410
Reclassification			(6)	(1)	10	(12)		(9)
Depreciation		205	3,977	616	1,194	3,508		9,500
Disposals			(108)	(7)	(16)	(240)		(371)
Balance as at December 30, 2017	—	909	24,218	3,199	4,062	32,142	—	64,530
Net carrying amount as at December 30, 2017	**1,702**	**3,831**	**20,615**	**1,313**	**11,075**	**16,441**	**467**	**55,444**
Leased assets included in net carrying amount						103		103

	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	32,110	3,300	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		498	16,937	2,019	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

11. GOODWILL

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

	2017	2016
	$	$
Balance at beginning of year	67,478	51,834
Acquired though business acquisitions	46,391	15,644
Adjustment to previous year business acquisition	706	
Balance, end of year	114,575	67,478

Impairment tests of goodwill

Goodwill was tested for impairment on December 30, 2017 and December 31, 2016. 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:

	2017	2016
	$	$
New Look Eyewear	11,902	11,119
Vogue Optical	47,250	46,973
Greiche & Scaff	6,352	5,462
Iris	42,856	
Others	6,215	3,924
Balance, end of year	114,575	67,478

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 9.2% at December 30, 2017 and 8.4% at December 31, 2016. 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 31, 2016	20,842	537	3,858	30,214	6,323	61,774
Reclassification			(46)	(4)		(50)
Acquisitions through business combinations	15,852		299	49,457	19,956	85,564
Other acquisitions			852	273		1,125
Disposals				(372)		(372)
Balance as at December 30, 2017	36,694	537	4,963	79,568	26,279	148,041
Accumulated amortization						
Balance as at December 31, 2016	321	462	2,373	4,500	3,120	10,776
Amortization	203	52	576	2,524	1,801	5,156
Disposals				(372)		(372)
Balance as at December 30, 2017	524	514	2,949	6,652	4,921	15,560
Net carrying amount as at December 30, 2017	**36,170**	**23**	**2,014**	**72,916**	**21,358**	**132,481**

	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**

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, Greiche & Scaff, and Iris tradenames are not amortized as management considers that they have an indefinite useful life. Consequently, they were tested for impairment on December 30, 2017 and December 31, 2016. The tests indicated that an impairment charge was not necessary.

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

	2017	2016
	$	$
New Look Eyewear	2,500	2,500
Vogue Optical	9,700	9,700
Greiche & Scaff	6,300	6,300
Iris	14,890	
Others	1,080	1,080
	34,470	19,580

13. ACCOUNTS PAYABLE, ACCRUED LIABILITIES AND PROVISIONS

	2017	2016
	$	$
Trade and other payables	24,870	11,195
Salaries and accrued benefits	9,099	6,066
Customers' deposits	5,731	4,746
Provision	1,125	1,092
	40,825	23,099

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

The above provision figures for 2017 reconciles as follows:

	Product warranties	Lease Termination	Onerous contracts[a]	Total
Carrying amount at December 31, 2016	1,007		85	1,092
Business acquisitions		52		52
Additional provision	4,422		(42)	4,380
Amount utilized	(4,358)	(8)	(33)	(4,399)
Carrying amount at December 30, 2017	1,071	44	10	1,125

a) The onerous contracts provision covers one lease in which the unavoidable costs of meeting the obligations exceed the expected cash inflows.

14. LOANS AND ADVANCES FROM RELATED PARTIES

	2017
	$
Advances from joint ventures and associates, bearing 5% interest and with no specific terms of repayment	1,594
Advances from joint ventures and professionals, without interest with no specific terms of repayment	2,293
	3,887

15. LONG-TERM DEBT

15.1 Outstanding long-term debt

	December 30, 2017	December 31, 2016
	$	$
Revolving facility, effective rates between 4.944% and 5.45% (3.39% and 4.075% as of December 31, 2016)[(a)]	24,300	11,814
Acquisition term facility, effective rates between 4.944% and 5.45% (3.39% and 4.075% as of December 31, 2016)[(a)]	95,000	60,000
Subordinated debt to a development capital fund, repayable upon maturity in February 2019, nominal rate of 6.75%[(b)] (8% as of December 31, 2016)[(a)]	15,000	15,000
Subordinated debt to a development capital fund, repayable upon maturity in October 2022, nominal rate of 5.5%	35,000	
Balances of purchase price, interest varying from 0% to 8%, guaranteed by deposits totalling $98, with repayments up to 2019[(c)]	3,454	1,223
Other	524	380
Total debt	173,278	88,416
Deferred costs related to the issuance of debt[(a)]	(4,074)	(1,450)
	169,204	86,967
Instalments due within one year	9,043	7,078
	160,161	**79,888**

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. Further details regarding the credit facilities are outlined in Note 15.2.

b) In 2017, the maturity was extended from December 2018 to February 2019.

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

15.2 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. Use of this facility is treated as a long-term debt as repayment is not required until maturity.
- An acquisition term facility with an initial draw-down of $95 million, which financed business acquisitions, reimbursement of previous debt balances, and general corporate activities.

Additional details regarding the credit facilities are as follows:

- The facilities are available by way of prime rate basis loans, US base rate loans, Libor loans, bankers' acceptances, and letters of credit and both mature on October 24, 2021.
- Interest rates range as follows:
    - Prime rate basis loans: prime, plus a margin varying from 0.625% to 2.75%.
    - Stamping fees on bankers' acceptances: 1.625% to 3.75%.
    - Standby charges applied to the unused balance of the revolving facility: 0.366% to 0.844%.
- Repayments on the acquisition term facility represent $2.4 million per quarter until the full repayment of the balance at maturity.
- Under a cash flow sweep covenant, effective as of the 2018 fiscal year end, New Look Vision may be required to repay additional amounts before the maturity of its revolver and acquisition term facility.
- New Look Vision must respect certain financial covenants. These covenants were met as at and for the years ended, December 30, 2017 and December 31, 2016.

15.3 Reconciliation of liabilities arising from financing activities

	Long-term borrowings	Loans and advances from related parties	Total
	$	$	$
Balance at December 31, 2016	86,966		**86,966**
Cash flows:			
Repayment	(5,250)		**(5,250)**
Long-term borrowings	75,250		**75,250**
Variation of borrowings under the revolving facility	12,487		**12,487**
Deferred finance fees and transaction costs	(6,074)		**(6,074)**
Cash flows - Investing:			
Business acquisitions	(734)		**(734)**
Payment of balances of purchase price	(942)		**(942)**
Net variation of Loans and advances from companies		543	**543**
Non-cash:			
Assumed upon business acquisition	3,852	4,812	**8,664**
Purchase price adjustment	19		**19**
Holdback on business acquisition	155		**155**
Amortization of deferred finance fees	3,450		**3,450**
Other	25	(1,467)	**(1,442)**
Balance at December 30, 2017	**169,204**	**3,888**	**173,092**

16. OTHER NON-CURRENT LIABILITIES

	2017	2016
	$	$
Interest rate swap	189	342
Deferred lease inducements	752	543
Provision for straight-line rent	556	626
Deferred investment tax credits	572	454
	2,069	**1,965**

17. INCOME TAXES

17.1 Income tax expense

The income tax expense comprises:

	2017 $	2016 $
Current tax expense:		
In relation with the current activities	5,684	4,230
In relation with adjustments recognized in the period for current tax of prior periods	592	186
Total current tax expense	6,276	4,416
Deferred tax expense:		
Origination and reversal of temporary differences	(54)	532
Utilization of unused tax losses and tax credits	(85)	393
Total deferred tax expense	(139)	925
Total income taxes	6,137	5,341

The principal items which resulted in differences between the Group's effective income tax rate (37.6% in 2017 and 32.3% in 2016) and the combined statutory rate are detailed as follows:

	2017 52 weeks $	2016 53 weeks $
Earnings before income taxes	16,307	16,553
Current statutory income tax rate	28.8%	28.1%
Income tax expense at statutory rate	4,689	4,649
Increase in taxes resulting from:		
Permanent differences	1,193	654
Changes in tax rates	(112)	(58)
Adjustments for prior years	460	221
Other	(93)	(125)
Income tax expense	6,137	5,341

17.2 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 31, 2016	Business acquisitions	Recognized in earnings	Reduction of share issuance costs	Balance as at Dec 30, 2017
	$	$	$	$	$
Unused tax losses, tax credits and deferred expenses	228	5,562	86	216	6,092
Temporary differences[a]:					
Property, plant and equipment	(3,332)	(212)	(228)		(3,772)
Other assets	(4,817)	(20,557)	987		(24,387)
Cumulative amortization of goodwill[b]	(1,861)		(605)		(2,466)
Provisions	413	312	89		814
Liabilities	545	350	(188)		707
	(8,824)	(14,545)	141	216	(23,012)

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 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.

18. DIVIDENDS

18.1 Dividends Declared

New Look Vision declared dividends of $0.15 per Class A common share in each of the four quarters of 2017 and 2016.

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 2017 totaled $1.2 million ($1.5 million in 2016). Amounts of dividends declared in a period differ from the amounts paid in that period due to timing differences.

18.2 Dividend reinvestment plan (DRIP)

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%. Shares reserved by the Toronto Stock Exchange for the DRIP was 35,517 after the dividend paid on December 31, 2017.

See Statement of Changes in Equity for shares issued under the DRIP in 2017 and 2016.

19. SHARE CAPITAL

19.1 Authorized share capital as at December 30, 2017 and December 31, 2016

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 30, 2017 and December 31, 2016

The only shares outstanding as at December 30, 2017 and December 31, 2016 are the Class A common shares, the continuities of which are presented in the consolidated statements of changes in equity.

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 30, 2017, 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 993,109 as of December 30, 2017 (1,232,698 as of December 31, 2016).

20.1 Outstanding stock options

Changes in the number of options outstanding were as follows:

	2017	2016
Number of options		
Outstanding at beginning of year	1,230,225	812,993
Granted		514,000
Exercised	(375,392)	(96,768)
Expired and vested	(45,000)	
Forfeited	(65,000)	
Outstanding at end of year	744,833	1,230,225
Exercisable at end of year	418,834	608,723
Weighted average exercise price	**$**	**$**
Outstanding at beginning of year	23.28	16.68
Granted		30.97
Exercised	12.32	8.71
Expired and vested	34.43	
Forfeited	30.97	
Outstanding at end of year	27.46	23.28
Exercisable at end of year	24.79	15.49
Weighted average market value of New Look Vision shares at exercise date	**33.81**	**28.60**

Options exercised in 2017 included 375,392 options for which the intrinsic value was settled by the issuance of 239,589 shares under the cashless exercise feature. 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.

The following table summarizes information about options outstanding and exercisable as at December 30, 2017:

	Options outstanding			Options exercisable	
Range of exercise price $	Number	Weighted average remaining contractual life (years)	Weighted average exercise price	Number	Weighted average exercise price
9.67 to 9.77	76,000	0.44	9.76	76,000	9.76
15.53 to 20.58	68,000	1.24	18.72	68,000	18.72
29.69 to 30.04	162,500	3.80	29.91	129,166	29.87
30.97 to 30.97	438,333	5.48	30.97	145,668	30.97
9.67 to 30.97	744,833	4.21	27.46	418,834	24.79

The per-share average market value in 2017 was $31.82 ($29.56 in 2016) and the per-share market value at the end of 2017 was $35.20 ($30.00 at end of 2016).

The equity-based compensation expense of $1.2 million recorded in 2017 ($1.5 million in 2016) relates to the vesting of options accrued in the period.

20.2 Stock options granted in 2016

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

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

The weighted average fair value of options granted in 2016 was estimated at $6.46 per option.

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.

21. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The following is summarized financial information for the Company's interest in joint ventures and associates which are measured using the equity method:

	Joint ventures	Associates	Total
Carrying amount	14,017	1,616	15,633
Company's share of profit	419	46	465

At December 31 2017, the Company had 37 joint ventures and 9 associates.

22. RELATED PARTY TRANSACTIONS

The Company's related parties include the directors, key management, subsidiaries, joint-ventures and associates. Key management is composed of the CEO and President, CFO and the vice presidents of New Look Vision.

22.1 Transactions with joint ventures and associates

The Company carried out the following transactions with joint ventures and associates:

	2017		
	Joint Ventures	Associates	Total
	$	$	$
Revenues	397	44	441
Expenses	24	2	26
Total	421	46	467

Following the acquisition of Iris on October 24, 2017, the Group became party to additional related party relationships, resulting in the above-noted transactions. These transactions were concluded in the normal course of business and were measured at the exchange amount.

23. REMUNERATION OF KEY MANAGEMENT AND DIRECTORS

Remuneration of key management and directors is summarized as follows:

	2017	2016
	52 weeks	53 weeks
	$	$
Short-term remuneration, termination payments and related social security costs	3,109	2,772
Equity-based compensation	1,244	1,457
	4,353	4,229

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:

	$
2018	22,524
2019	18,913
2020	15,298
2021	11,764
2022	8,786
Thereafter	20,072
	97,357

The Group also entered into agreements to purchase equipment in the amount of $1.5 million.

In addition, the Company has guaranteed the leases of its joint ventures in the amount of $1.1 million between the years of 2018 to 2025.

Furthermore, the Company has contractual obligations to pay marketing royalties of 5% on the monthly net sales of Iris, depending on the store, to a not-for-profit company with common directors.

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:

	2017	2016
	$	$
Financial assets (liabilities) at fair value through profit and loss		
Forward exchange contracts, included in receivables (payables)	(42)	21
Interest rate swap	(189)	(342)
Total	**(231)**	**(321)**
Loans and receivables		
Cash	13,647	6,594
Trade accounts receivable	5,564	2,346
Receivables from joint ventures	77	
Receivables from associates	38	
Loans and advances[(a)]	10,844	946
Total loans and receivables	**30,170**	**9,886**
Financial liabilities at amortized cost		
Customers' deposits	5,731	4,746
Trade and other payables	24,870	11,195
Loans and advances from related parties[(a)]	3,887	
Long-term debt including current portion[(b)]	169,204	86,967
Total financial liabilities	**203,692**	**102,908**

a) 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.

b) 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 debts to a development capital fund	Discounting future cash flows at the rate of 6.75% (8% in 2016) and 5.5%, the actual nominal rates on the debt.	Management believes that the rates of 6.75% (8% in 2016) and 5.5% reflect the market conditions for subordinated debts, with their respective characteristics
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:

	2017	2016
	$	$
Cash in US dollars	414	109
Accounts payable in US dollars	(519)	(944)
Accounts payable in euros	(9)	(66)
Net liabilities in currencies	(114)	(901)
Unfavourable impact of 10% strengthening of the currencies on earnings before income taxes	(11)	(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 30, 2017, the Company will purchase, depending on the spot rate at the time of purchase, from US $0.63 million to US $1.3 million at rates between 1.25 CAD and 1.2885 CAD.

As of December 30, 2017 the estimated fair value of the above forward exchange contracts represented a liability of $41,656 (an asset of $21,000 as of December 31, 2016) included with the payables.

Interest rate risk

As at December 30, 2017, 55% (68% as at December 31, 2016) 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 October 24, 2017, New Look Vision was granted three months to amend its swap coverage accordingly. As at December 30, 2017, the interest rate swap, issued in two tranches, was fixed at a rate of 1.69% and 2.01% on a notional amount of $46.31 million ($20.44 million at December 31, 2016), or 48.75% of the acquisition term facility outstanding. The fair value of the swap agreement represented a liability of $0.19 million as at December 30, 2017 ($0.34 million at December 31, 2016).

A 100 basis point increase in interest rates would have resulted in an increase in interest payments of $1.0 million in 2017 ($0.77 million in 2016) and a decrease in net earnings and equity of $0.71 million ($0.56 million in 2016).

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 2017 and 2016 were not significant.

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:

	Long-term debt	Loans and advances	Accounts payable, accrued liabilities and dividends payable	Total
2018	21,007	3,887	40,825	65,719
2019	33,622			33,622
2020	17,645			17,645
2021	96,988			96,988
2022	36,594			36,594
	205,856	3,887	40,825	250,568

This analysis reflects the conditions prevailing at the end 2017.

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.

29. EVENTS AFTER THE REPORTING PERIOD

29.1 Dividends

On March 20, 2018, the Board of Directors declared a dividend of $0.15 per Class A common shares to shareholders of record on March 27, 2018. The dividend is payable on March 29, 2018 and no liability in this respect is recognized in the financial statements for 2017.

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Year ended December 30, 2017

NEWLOOK
VISION GROUP INC.

ANNUAL REPORT

Year ended December 30, 2017

New Look Vision Group Inc. Board of Directors

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

Antoine Amiel
President and Chief Executive Officer
New Look Vision Group Inc.

Richard Cherney
Secretary
New Look Vision Group Inc.
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
Director
New Look Vision Group Inc.

C. Emmett Pearson
Director
New Look Vision Group Inc.

New Look Vision Group Inc. Executive Officers

Antoine Amiel
President and Chief Executive Officer
New Look Vision Group Inc.

Tania M. Clarke, CPA, CA, CPA-US
Senior Vice-President
and Chief Financial Officer
New Look Vision Group Inc.

Mario Pageau
Senior Vice-President
Opticians Network
New Look Vision Group Inc.

New Look Eyewear Executive Officer

Mario Pageau
President
New Look Eyewear

Vogue Optical Group Inc. Executive Officers

John MacLeod
President
Vogue Optical Group Inc.

Juanita Leary
Vice-President
Director of Operations
Vogue Optical Group Inc.

IRIS The Visual Group Executive Officers

Dr. Sylvain Boucher
Optometrist
Co-Chairman
IRIS The Visual Group

Éric Babin
President
IRIS The Visual Group

Greiche & Scaff Executive Officer

Pierre Freiji
President
Greiche & Scaff

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NEWLOOK eyewear

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As of February 28, 2018, New Look Vision had 15,475,028 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 Canada, having a network of 379 stores, mainly under the New Look Eyewear, Vogue Optical, Greiche & Scaff, and Iris banners and laboratory facilities using state-of-the-art technologies.

NEWLOOK VISION GROUP INC.