MANAGEMENT'S DISCUSSION AND ANALYSIS

First quarter ended April 1, 2017

NEWLOOK
VISION GROUP INC.

For the quarters ended April 1, 2017 and March 26, 2016
Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

HIGHLIGHTS

Highlights for the first quarter of 2017 compared to the first quarter of 2016 are as follows:

	2017	2016
Revenues	**$51,043**	**$44,590**
Variance	*14.5%*	
Variance in comparable store sales orders[(a)]	*1.9%*	
Adjusted EBITDA[(b)]	**$7,871**	**$7,270**
Variance	*8.3%*	
% of revenues	*15.4%*	*16.3%*
Per share (basic)	$0.58	$0.54
Variance	*7.4%*	
Per share (diluted)	$0.57	$0.53
Variance	*7.5%*	
Net earnings attributed to shareholders	**$1,284**	**$1,839**
Variance	*(30.2%)*	
Net earnings per share		
Basic	$0.09	$0.14
Variance	*(35.7%)*	
Diluted	$0.09	$0.13
Variance	*(30.8%)*	
Adjusted net earnings attributed to shareholders[(b)]	**$2,424**	**$2,245**
Variance	*8.0%*	
Per share (basic)	$0.18	$0.17
Variance	*5.9%*	
Per share (diluted)	$0.17	$0.16
Variance	*6.3%*	
Cash flows from operating activities, before income taxes paid and changes in working capital items[(b)]	**$7,094**	**$6,726**
Per share (basic)	$0.52	$0.50
Variance	*4.0%*	
Per share (diluted)	$0.51	$0.49
Variance	*4.1%*	
Capital expenditures[(c)]	$11,225	$18,935
Net debt increase in the period[(d)]	$8,099	$17,493
Cash dividend per share[(e)]	$0.15	$0.15
Total dividends[(e)]	$2,037	$2,028
At end of period		
Number of stores[(f)]	227	207

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

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

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

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

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

f) The increase in the number of stores in the last quarter reflects the acquisition of 6 stores, described in Note 7 to the financial statements, as well as one store opening.

BACKGROUND

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

This MD&A provides prospective data, comments and analysis wherever appropriate to assist readers in viewing the business from corporate management's point of view. The purpose of this MD&A is to provide a better understanding of our activities and should be read in conjunction with the condensed interim consolidated financial statements for the quarter ended April 1, 2017 and the audited consolidated financial statements for the year ended December 31, 2016.

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

FIRST QUARTER OVERVIEW

During the quarter, the Group acquired 6 stores, three of which are located in Toronto, two in Vancouver and one in New Brunswick.

Other highlights for the quarter are summarized as follows:

- Revenues increased by 14.5% over last year to $51 million. This relates mainly to the existing stores as the impact of the stores acquired during the first quarter of 2017 is only partly reflected.
- Comparable store sales orders were up 1.9% over last year. This marks the 11th consecutive quarter of comparable store sales growth.
- Adjusted EBITDA reached $7.9 million, an increase of 8.3% over last year and increased 7.5% on a per share (diluted) basis to $0.57.
- Cash flows from operating activities, before income taxes paid and changes in working capital items were $7.1 million, an increase of 5.5% over last year and increased 4.1% on a per share (diluted) basis to $0.51.
- Adjusted net earnings attributed to shareholders, defined as net earnings adjusted to remove the impact of acquisition-related costs and equity-based compensation, for the first quarter were $2.4 million (or $0.17 per diluted share) compared to $2.2 million last year (or $0.16 per diluted share). Adjusted net earnings per share for the quarter compared to the first quarter of 2016 were up 6.3% (diluted).
- Net earnings attributable to shareholders was $1.3 million, compared to $1.8 million last year, the decrease being attributable to a slightly lower EBITDA, impacted by higher acquisition costs and equity-based compensation, as well as higher financial expenses and depreciation, partially offset by lower income taxes. The prior year income taxes reflected a special tax settlement. Consequently, net earnings per share, on a diluted basis, were $0.09 compared to $0.13 last year, a decrease of 30.8%.

- As a result of scheduled payments, offset by additional borrowings for acquisitions, the net debt increased by $8.1 million during the quarter. The net debt to adjusted EBITDA ratio increased to 2.40, compared to 2.19 at the end of 2016.
- The financial performance of the Group allowed it to maintain its quarterly payments of dividends to shareholders of $0.15 per share.

The Group also continued its strong efforts in searching for other growth opportunities in Canada.

DESCRIPTION OF ACTIVITIES

The Group is a leading provider of eye care products and services in Eastern Canada. As of April 1, 2017, the Group had three main banners: New Look Eyewear, Vogue Optical, and Greiche & Scaff. The Group's network consists of 227 corporately-owned eye care stores. Stores are located in Québec (121), Ontario (26), New Brunswick (24), Nova Scotia (22), Newfoundland and Labrador (13), Prince Edward Island (6), Saskatchewan (2), and British Columbia (13). The Group operates a lens processing laboratory and a distribution centre in Ville St-Laurent, Québec, and a lens processing laboratory in Charlottetown, Prince Edward Island.

APPROVAL OF FINANCIAL STATEMENTS

The Group’s condensed consolidated financial statements for the period ended April 1, 2017 have been approved by the Board of Directors on May 11, 2017.

ACCOUNTING POLICIES

The condensed interim consolidated financial statements of the Group for the period ended April 1, 2017 are consistent with the policies and methods of computation outlined in the audited 2016 consolidated financial statements, prepared on the basis of International Financial Reporting Standards.

Major reform to lease accounting

The IASB has published IFRS 16 "Leases", to replace IAS 17 and related interpretations, completing its long-running project on lease accounting. IFRS 16 will require lessees to account for leases on balance sheet by recognizing a right-of-use and a lease liability. Exemptions for short-term leases and leases of low value assets will be permitted. The new standard will be effective for annual periods beginning on or after January 1, 2019. In the case of New Look Vision which has a year-end on the last Saturday of December, this means that the new standard will be compulsory for its 2020 fiscal year. Early application is permitted provided IFRS 15 "Revenue from Contracts with Customers", 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 lease commitments totalling $69.9 million.

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RESULTS ANALYSIS

Revenues

Revenues for the first quarter of 2017 were $51.0 million, an increase of 14.5% over the first quarter of last year. The increase was attributable to the existing comparable stores, stores acquired in fiscal 2016 which were not counted as comparable stores during the quarter but contributed to sales growth, and the addition of 6 newly acquired stores during the first fiscal quarter of 2017.

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 1.9% in the first quarter ended April 1, 2017 as compared to the first quarter of last year. Comparable stores are defined as stores which have been operating for at least 12 months.

Additionally, comparable store sales are measured against the comparable period in the prior year. Because of the 53rd week in fiscal year 2016, fiscal year 2017 commenced January 1, 2017, compared to fiscal year 2016 commencing December 27, 2015, a shift of one week. Therefore, to accurately compute the comparable store sales growth for the first quarter of 2017, the first 13 weeks of 2017 (January 1, 2017 to April 1, 2017) are compared to weeks 2 to 14 of fiscal year 2016 (January 3, 2016 to April 2, 2016).

Operating expenses

Operating expenses for the first quarters ended April 1, 2017 and March 26, 2016 are summarized as follows:

	2017 $	2016 $
Revenues	51,043	44,590
Materials consumed	11,264	9,691
% of revenues	*22.1%*	*21.7%*
Employee remuneration		
Salaries and social security costs	17,700	15,175
% of revenues	*34.7%*	*34.0%*
Equity-based compensation	540	160
Acquisition-related costs	693	337
Other operating expenses (excluding acquisition-related costs)	14,226	12,544
% of revenues	*27.9%*	*28.1%*
Total operating expenses	**44,423**	**37,907**
% of revenues	*87.0%*	*85.0%*

Materials consumed

Materials consumed are comprised of frames, lenses and production supplies. The cost of materials includes foreign exchange gains and losses related to the purchase of these materials. The cost of materials consumed improved since the fourth quarter of 2016, yet increased by 40 basis points of revenues in the first quarter ended April 1, 2017 when compared to the same period last year. The increase of the ratio is due to the recent acquisition of banners with initial higher product cost ratios.

Employee remuneration

Salaries and social security cost expense includes salaries, bonuses, directors' fees and social security costs for all employees and directors. The majority of the expense relates to store based remuneration, including opticians. The increase of 70 basis points for the first quarter, as a percentage of revenues, is primarily due to system implementations costs and staffing upgrades at the corporate level.

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Equity-based compensation for a period represents the fair value of New Look Vision stock options granted and vested in that period. As part of its strategic plan to take advantage of the consolidation of the Canadian retail optical industry and to position the Company as a predominant national player, in June 2016, the Company awarded a significant one-time option grant (514,000 options) to its senior management team in order to better harmonize the longer term objectives of the Company, its shareholders and the senior management team. This resulted in increased equity-based compensation expense in the first quarter of 2017 as compared to that of 2016.

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 6 stores completed thus far in the year, as well as acquisitions in progress.

Other operating expenses (excluding acquisition-related costs)

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

Other operating expenses, as a percentage of revenues, decreased by 20 basis points in the first quarter to 27.9% from 28.1% for the same period last year. This variation is primarily due to the growth in sales outpacing the growth of expenses, driven by expense reduction programs across the Group and synergies being achieved.

Management has established a policy hedging forecasted US dollar purchases through the use of forward exchange contracts. As of April 1, 2017, the Company has entered into contracts to purchase US dollars between $800,000 and $1,600,000, depending on the spot rate at the time of purchase, at a rate between 1.2800 and 1.3750 CAD.

EBITDA and adjusted EBITDA

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

	2017	2016
	$	$
Net earnings	1,312	1,864
Depreciation, amortization and loss on disposal	3,039	2,799
Financial expenses, net of interest revenues	1,379	947
Income taxes	890	1,073
EBITDA	**6,620**	**6,683**
Equity-based compensation [(a)]	540	160
Net loss from changes in fair value of foreign exchange contracts	18	90
Acquisition-related costs [(b)]	693	337
Adjusted EBITDA	**7,871**	**7,270**
Variance in $	*601*	
Variance in %	*8.3%*	
% of revenues	*15.4%*	*16.3%*
Per share (basic)	0.58	0.54
Per share (diluted)	0.57	0.53

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

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

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

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

Depreciation and amortization

The depreciation and amortization expenses varied as follows:

	2017	2016
	$	$
Depreciation of property, plant and equipment, net of amortization of deferred investment tax credits	2,123	1,885
Amortization of other intangible assets	916	887
Impairment and loss on disposal of intangible assets		27
Depreciation, amortization and loss on disposal of intangible assets	**3,039**	**2,799**

The increases in depreciation of property, plant and equipment and amortization of intangible assets are in line with the business acquisitions made since the beginning of 2016.

Financial expenses

The following table provides the main elements of financial expenses along with interest revenues for the first quarter ended April 1, 2017 compared with the corresponding period of 2016:

	2017	2016
	$	$
Interest on long-term debt[(a)]	506	477
Interest related to an income tax settlement	4	
Other interest	(4)	19
Total interest expense	506	496
Amortization of deferred costs related to the issuance of debt	640	501
Change in fair value of interest rate swap	175	(72)
Other financing expenses	64	32
Financial expenses	1,385	957
Interest revenue	6	10
Financial expenses, net of interest revenue	**1,379**	**947**
a) Actual settlement cost of interest rate swap included in the interest on long-term debt above	61	66

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 than last year, which corresponds with the increased level of the debt.

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The average financing cost which, when taking into account actual settlements under an interest rate swap and the amortization of deferred issuance costs, was 4.5% as of April 1, 2017 compared to 5.5% a year ago. As of April 1, 2017, the long-term debt essentially comprised an outstanding balance of $19.9 million under the revolving facility, a balance of $57.8 million under the acquisition term facility, and a $15 million subordinated loan from a capital development fund.

In order to mitigate the risk of an increase in interest rates, New Look Vision is required to maintain an interest rate swap to fix the interest rate on 50% of the outstanding acquisition term facility balance.

Income taxes

The income tax expense for the first quarter may be summarized as follows:

	2017 $	2016 $
Current	1,089	1,128
Deferred	(199)	(55)
Total	890	1,073
Estimated effective tax rate of earnings before income taxes	40.4%	36.5%
Combined federal and provincial statutory rate	28.1%	27.6%

The difference between the estimated effective tax rate and the combined federal and provincial statutory rate is attributable to non-deductible expenses, which are mainly comprised of equity-based compensation and certain business acquisition costs.

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 expected with a provincial tax authority. The income tax provision on the balance sheet contains an amount of $0.9 million for this purpose.

Net earnings and adjusted net earnings

Net earnings for the first quarter ended April 1, 2017 can be compared to the corresponding period of 2016 as follows:

	2017 $	2016 $
Net earnings attributed to shareholders	1,284	1,839
Variance in $	*(555)*	
Variance in %	*(30.2%)*	
% of revenues	*2.5%*	*4.1%*
Per share amount		
Basic	0.09	0.14
Diluted	0.09	0.13
Weighted average number of shares - basic	13,579,209	13,461,137
Variation	*0.9%*	
Weighted average number of shares - diluted	13,868,187	13,803,254
Variation	*0.5 %*	

Net earnings for the quarter ended April 1, 2017 decreased compared to last year due to a lower EBITDA as a result of higher acquisition costs and equity-based compensation, in addition to higher financial expenses driven by increased borrowing to fund acquisitions, higher depreciation and amortization due to business acquisitions, and investments in existing stores and the laboratory, partially offset by a lower income tax expense.

Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

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

	2017	2016
	$	$
Net earnings attributed to shareholders	**1,284**	**1,839**
Net expenses related to an income tax settlement		
Acquisition-related costs	693	337
Equity-based compensation	540	160
Related income taxes	(93)	(91)
Adjusted net earnings attributed to shareholders	**2,424**	**2,245**
Variance in $	*179*	
Variance in %	*8.0%*	
% of revenues	*4.7%*	*5.0%*
Per share amount		
Basic	0.18	0.17
Diluted	0.17	0.16

Adjusted net earnings per share (diluted) increased to $0.17 in 2017 from $0.16 in 2016.

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.

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SUMMARY OF QUARTERLY RESULTS

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

	1st Quarter		4th Quarter		3rd Quarter		2nd Quarter		4 Quarters	
	2017	2016	2016	2015	2016	2015	2016	2015	2017	2016
	13 weeks	13 weeks	14 weeks	13 weeks	13 weeks	13 weeks	13 weeks	13 weeks	53 weeks	52 weeks
	$	$	$	$	$	$	$	$	$	$
Revenues	51,043	44,590	54,489	44,614	48,951	41,379	50,506	46,777	204,989	177,360
As a % of the four-quarter revenues	*24.9%*	*25.1%*	*26.6%*	*25.2%*	*23.9%*	*23.3%*	*24.6%*	*26.4%*	*100%*	*100%*
Adjusted EBITDA[c]	7,871	7,270	9,769	9,665	7,965	7,079	10,372	10,080	35,977	34,094
As a % of revenues	*15.4%*	*16.3%*	*17.9%*	*21.7%*	*16.3%*	*17.1%*	*20.5%*	*21.5%*	*17.6%*	*19.2%*
Per share (basic)[a]	0.58	0.54	0.72	0.72	0.59	0.53	0.77	0.75	2.65	2.52
Per share (diluted)[a]	0.57	0.53	0.71	0.70	0.58	0.51	0.75	0.73	2.60	2.46
Net earnings (net loss) attributed to shareholders[b]	1,284	1,839	3,186	3,755	2,053	(641)	4,093	4,412	10,616	9,365
Per share (basic)[a]	0.09	0.14	0.23	0.28	0.15	(0.05)	0.30	0.33	0.78	0.69
Per share (diluted)[a]	0.09	0.13	0.23	0.27	0.15	(0.05)	0.30	0.32	0.77	0.68
Adjusted net earnings attributed to shareholders[c][d]	2,424	2,245	4,259	4,345	2,832	2,280	4,610	4,691	14,125	13,561
Per share (basic)[a]	0.18	0.17	0.31	0.32	0.21	0.17	0.34	0.35	1.04	1.00
Per share (diluted)[a]	0.17	0.16	0.31	0.32	0.20	0.17	0.33	0.34	1.02	0.98
Cash flows from operating activities, before income taxes paid and changes in working capital items[c]	7,094	6,726	9,232	9,046	7,688	6,839	9,768	9,665	33,782	32,276
Per share (basic)[a]	0.52	0.50	0.68	0.67	0.57	0.51	0.72	0.72	2.49	2.39
Per share (diluted)[a]	0.51	0.49	0.67	0.66	0.56	0.50	0.70	0.70	2.44	2.33
Dividend per share	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.60	0.60

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

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

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

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

The increases in revenues and adjusted EBITDA over the last eight quarters reflect the acquisitions completed in 2016, which include iVision, stores in Montreal, British Columbia, and New Brunswick. It also includes the most recent acquisitions in Toronto, Vancouver, and New Brunswick, and the improving performance of comparable stores.

Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

LIQUIDITY

The following table summarizes the cash flows for the first quarters ended April 1, 2017 and March 26, 2016.

	Apr. 1, 2017	Mar. 26, 2016
	$	$
Operating activities	5,329	2,993
Investing activities	(10,815)	(16,769)
Financing activities	3,039	11,343
Net decrease in cash	(2,447)	(2,433)
Cash, beginning of period	6,594	9,718
Cash, end of period	4,147	7,285

Operating activities

The cash flows related to the operating activities for the first quarters ended April 1, 2017 and March 26, 2016 are as follows. Amounts in parentheses represent use of cash.

	2017	2016
	$	$
Earnings before income taxes	2,202	2,937
Adjustments:		
Depreciation, amortization and loss on disposal	3,039	2,799
Amortization of deferred lease inducements and variation of deferred rent	(66)	(117)
Equity-based compensation expense	540	160
Financial expenses	1,385	957
Interest revenue	(6)	(10)
Cash flows from operating activities, before income taxes paid and changes in working capital items	7,094	6,726
Income taxes paid	(1,718)	(2,718)
Cash flows from operating activities, before changes in working capital items	5,376	4,008
Changes in working capital items	(47)	(1,015)
Cash flows from operating activities	**5,329**	**2,993**

The above table shows that cash generated from operating activities before income taxes paid and changes in working capital items increased compared to last year. The increase in cash flows from operating activities is primarily driven by lower income taxes paid and changes in working capital items. The significant decrease in income taxes paid in 2017 compared to last year reflects the payments of balances owed for prior years in 2016.

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

	2017	2016
	$	$
Receivables	643	(399)
Inventory	(798)	(624)
Prepaid expenses	(2,480)	(294)
Accounts payable, accrued liabilities and provisions	2,588	302
Use of cash	**(47)**	**(1,015)**

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Changes in working capital in the above table reflect normal variations from quarter to quarter, as well as impacts from business acquisitions.

The increased use of cash for inventory is driven by the need to build inventory levels to support planned promotions, and reflects the inventory of newly acquired banners.

The significant increase in the use of cash from prepaid expenses is directly related to the timing of the end of the quarter in relation to the payments of monthly occupancy costs for the company's network of stores.

The change in accounts payable, accrued liabilities and provisions has increased significantly driven by a higher accrual for salaries due to the timing of the end of the quarter.

Investing activities

The cash flows related to the investing activities and the non-cash consideration for capital expenditures for the first quarters of 2017 and 2016 are as follows. Amounts in parentheses represent use of cash.

	2017 $	2016 $
Business acquisitions	(6,639)	(15,785)
Acquisitions of property, plant and equipment	(4,048)	(898)
Acquisitions of other intangible assets	(117)	(108)
Advances	12	17
Interest received	8	10
Payment of balances of purchase price	(31)	(5)
Cash flows related to investing activities	**(10,815)**	**(16,769)**
Cash flows not related to capital expenditures	20	27
Cash flows related to capital expenditures	**(10,835)**	**(16,796)**
Other consideration	(517)	(1,329)
Balances payable	(312)	(815)
Balance paid for business acquisition of a prior quarter	439	5
Capital expenditures[a]	**(11,225)**	**(18,935)**

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

Business acquisitions

In 2017, the Group acquired 6 stores, located in Toronto, Vancouver and New Brunswick for a total consideration of $6.4 million, including cash payments of $6.2 million.

Purchase of property, plant and equipment and intangibles

Investments in property, plant and equipment made in the first quarter of 2017 related largely to the addition of state-of-the-art laboratory equipment, as well as leasehold improvements. Investments also related to store renovations, ongoing updates and additions to optical equipment and sophisticated software aimed at improving operational and management efficiencies.

Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

Financing activities

The cash flows related to the financing activities for the first quarters of 2017 and 2016 are as follows. Amounts in parentheses represent use of cash.

	2017	2016
	$	$
Variation of borrowings under the revolving facility	8,118	15,300
Repayment of borrowings under the acquisition term facility	(2,250)	(1,331)
Dividends paid, net of dividends reinvested	(1,732)	(1,722)
Interest & finance fees paid	(1,097)	(920)
Cash received on exercise of options		16
Cash flows related to financing activities	**3,039**	**11,343**

Borrowings under the revolving facility

The revolving facility is used for both daily operations and investment purposes.

Repayment of borrowings under the acquisition term facility

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

Dividends paid

The amount of dividends paid is net of dividends reinvested in shares under the dividend reinvestment plan. A dividend of $0.15 per share was paid in each of the first quarters of 2017 and 2016. Dividends paid were financed through the cash generated from operating activities. Refer to the section *Dividends* for more details on this topic.

Interest and finance fees paid

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

Cash received on exercise of options

Refer to the section *Outstanding shares and options* for information on options exercised in 2017.

CAPITAL RESOURCES

Credit facilities and subordinated debt

The credit facilities, as amended in the last quarter of 2016, are as follows:

- A revolving facility with a maximum draw-down of $50 million ($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 November 25, 2020 as long as certain financial ratios, similar to the financial guidelines described in the next section, are respected.
- An acquisition term facility of an initial amount of $60 million, which was used to finance business acquisitions. The annual repayments on the acquisition term facility represent $6 million, subject to annual additional repayments under a "cash flow sweep" covenant. No such additional repayment was required or made in the first quarter of 2017. The current balance of the debt is $57.8 million and any balance will be repayable on November 25, 2020.

The subordinated debt, as amended in the last quarter of 2016, is as follow:

- 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.
- Subsequent to an amendment signed on November 25, 2016, the applicable interest rate thereon was decreased to 6.75% from 8%, effective January 1, 2017.

Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

As of April 1, 2017, the credit facilities and subordinated debt used and available were as follows:

	$
Revolving facility	
Credit granted	50,000
Credit Outstanding at April 1, 2017	19,932
Balance available at April 1, 2017	30,068
Acquisition term facility	
Credit granted	60,000
Credit Outstanding at April 1, 2017	57,750
Subordinated debt	
Credit granted	15,000
Credit Outstanding at April 1, 2017	15,000

The Company also had $4.1 million in cash at the end of the first fiscal quarter, including an amount of $580,500, the use of which is restricted to guarantee business purchase price balances in the same amount. The Company was in compliance with all covenants governing the credit facilities.

Capacity to meet obligations

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

	Guidelines	April 1, 2017	December 31, 2016
Net debt[a] to adjusted EBITDA[b]	Maximum of 3.00	2.40	2.19
Adjusted net debt[c] to EBITDAR[d]	Maximum of 4.50	4.09	3.94
Fixed charge coverage ratio[e]	Minimum of 1.10	1.23	1.34

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

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

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

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

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

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

Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

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 first 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 May 11, 2017, New Look Vision declared a dividend of $0.15 per Class A common share payable on June 30, 2017 to shareholders of record on June 22, 2017. The dividend has been designated as an eligible dividend.

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

Dividend reinvestment plan

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

Class A common shares issued under the dividend reinvestment plan in the first quarters of 2017 and 2016 were as follows:

	2017	2016
Number of shares issued in the period	12,002	10,370
Average issuance price per share	$25.43	$28.07
Total amount	$305	$291

OUTSTANDING SHARES AND OPTIONS

As of April 30, 2017, New Look Vision had 13,591,079 Class A common shares outstanding, which are the only shares outstanding. This number includes the sole share transactions that occurred in the first quarter of 2017, that is, the issuance of 12,002 shares pursuant to the dividend reinvestment plan.

As of April 30, 2017, there were 1,230,225 options outstanding to purchase the same number of New Look Vision Class A common shares for a weighted average exercise price of $23.28. The exercise price reflects the market value of the shares for the five business days preceding the grant date. All outstanding options will expire from five to seven years after the grant date. As of April 30, 2017, the balances of shares reserved by the TSX for issuance upon exercise of options or payment for services totaled 1,427,057.

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

Changes in ICFR during the period beginning on December 31, 2016 and ended April 1, 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 controls over financial reporting.

OUTLOOK

Our current priorities and development plans include the following objectives:

- To successfully integrate all 6 stores acquired in the first quarter of 2017 and the 32 stores acquired in 2016.
- To continue exploring profitable growth opportunities across Canada;
- To continue sharing best practices between the banners by benchmarking activities and identifying areas from which the group can maximize results and cash flows;
- To continue leveraging the three primary banners, New Look Eyewear, Greiche & Scaff and Vogue Optical, which have long and solid reputations in their respective markets;
- To continue expanding the New Look Eyewear, Greiche & Scaff and Vogue Optical store networks in their respective target markets, through new store openings and the acquisition of individual optical stores;
- To improve liquidity and the balance sheet through a planned program of annual debt repayment;
- To increase our market share by leveraging our state of the art manufacturing and distribution facilities, aggressive marketing, optometric facilities and to continuously train personnel;
- To continue improving the efficiency of our operations by significant investments in retail technology systems;
- To continue improving our web-related platform for eye examination appointments, contact lens sales orders and greater information to the public through our website and newsletter on eyewear fashion trends.

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

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

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

May 11, 2017