MANAGEMENT'S DISCUSSION AND ANALYSIS

SECOND QUARTER | ended June 30, 2018

NEWLOOK
VISION GROUP INC.

Management's Discussion and Analysis

For the periods ended June 30, 2018 and July 1, 2017
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 26 weeks ended June 30, 2018 ("Q2 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 condensed interim consolidated financial statements for the quarter ended June 30, 2018 and the audited consolidated financial statements for the year ended December 30, 2017.

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 audited consolidated financial statements for the year ended December 30, 2017.

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.

For the periods ended June 30, 2018 and July 1, 2017
Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

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.

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 June 30, 2018.

	Quebec	British Columbia	Ontario	New Brunswick	Nova Scotia	Alberta	Newfoundland & Labrador	Prince Edward Island	Saskatchewan	Total
# Stores	206	47	38	25	22	16	13	7	2	**376**

The acquisition of Iris the Visual Group consists of 148 stores across Canada, comprising 56 corporate, 72 jointly owned and 20 franchise locations.

For the periods ended June 30, 2018 and July 1, 2017
Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

HIGHLIGHTS

Highlights for the second quarters and the 26-week periods ended June 30, 2018 and July 1, 2017 are as follows:

	13 weeks		26 weeks	
	June 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
Revenues	**$77,244**	**$55,389**	**$147,021**	**$106,432**
Variance %	*39.5%*		*38.1%*	
Variance in comparable store sales orders[(a)]	*2.6%*		*2.1%*	
Adjusted EBITDA[(b)]	**$15,307**	**$10,913**	**$26,652**	**$18,785**
Variance %	*40.3%*		*41.9%*	
% of revenues	*19.8%*	*19.7%*	*18.1%*	*17.6 %*
Per share (diluted)	$0.98	$0.79	$1.71	$1.35
Variance %	*24.1%*		*26.7%*	
Net earnings attributed to shareholders	**$4,003**	**$2,625**	**$6,230**	**$3,909**
Variance %	*52.5%*		*59.4%*	
% of revenues	*5.2%*	*4.7%*	*4.2%*	*3.7 %*
Adjusted EBITDA attributed to shareholders[(b)]	**$15,267**	**$10,879**	**$26,738**	**$18,706**
Per share (diluted)	$0.98	$0.78	$1.71	$1.35
Variance %	*25.6%*		*26.7%*	
Net earnings per share				
Per share (diluted)	$0.26	$0.19	$0.40	$0.28
Variance %	*36.8%*		*42.9%*	
Adjusted net earnings attributed to shareholders[(b)]	**$9,302**	**$6,977**	**$16,201**	**$11,565**
Variance %	*33.3%*		*40.1%*	
% of revenues	*12.0%*	*12.6%*	*11.0%*	*10.9 %*
Per share (diluted)	$0.60	$0.50	$1.04	$0.83
Variance %	*20.0%*		*25.3%*	
Free cash flow[(b)(f)]	**$6,979**	**$3,788**	**$11,698**	**$5,069**
Variance %	*84.2%*		*130.8%*	
Per share (diluted)	$0.45	$0.27	$0.75	$0.37
Variance %	*66.7%*		*102.7%*	
Adjusted cash flows from operating activities[(b)(g)]	**$14,593**	**$10,781**	**$25,329**	**$18,568**
Variance %	*35.4%*		*36.4%*	
Per share (diluted)	$0.93	$0.78	$1.62	$1.34
Variance %	*19.2%*		*20.9%*	
Total debt[(c)]			$164,940	$95,234
Cash dividend per share[(d)]	$0.15	$0.15	$0.30	$0.30
Number of stores[(e)]			**376**	**227**

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 EBITDA attributed to shareholders, Free cash flow, Adjusted net earnings attributed to shareholders 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) Combined contractual and voluntary long-term debt repayments were $3.9 million and $8.2 million in the quarter and year-to-date periods, respectively.

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 acquisitions of 152 stores, three openings, and six closures.

f) Free cash flow is defined as cash flows related to operating activities, less acquisitions of property, plant and equipment.

g) Adjusted cash flows from operating activities is defined as cash flows related to operating activities before income taxes paid, changes in working capital items, acquisition-related costs, and other non-comparable costs.

SECOND QUARTER OVERVIEW

Highlights for the quarter are summarized as follows:

- Revenues increased by 39.5% over last year to $77.2 million. This results mainly from the impact of the acquisition of Iris, as well as comparable store sales growth.
- Comparable store sales orders were up by 2.6% compared to the second quarter of last year. This marks the 16th consecutive quarter of comparable store sales growth.
- Adjusted EBITDA reached $15.3 million, an increase of 40.3% over last year and increased 24.1% on a per share (diluted) basis to $0.98.
- Adjusted cash flows from operating activities were $14.6 million, an increase of 35.4%, over last year and an increase of 19.2% on a per share (diluted) basis to $0.93.
- Adjusted net earnings attributed to shareholders (defined as net earnings adjusted to remove the impact of acquisition-related costs, equity-based compensation and other non-comparable costs) were $9.3 million compared to $7.0 million for the same quarter last year. Adjusted net earnings per share (diluted) were $0.60, an increase of 20.0% over the same quarter last year.
- Net earnings attributable to shareholders reached $4.0 million, compared to $2.6 million last year, the increase being attributable to higher EBITDA, offset partially by higher depreciation, financial expenses, and income taxes. Net earnings per share (on a diluted basis) were $0.26 compared to $0.19 last year, an increase of 36.8%.
- The financial performance of the Group allowed it to maintain its quarterly payments of dividends 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 developed working relationships 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.

ACCOUNTING POLICIES

The condensed interim consolidated financial statements of the Group for the period ended June 30, 2018 are consistent with the policies and methods of computation outlined in the 2017 audited 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, as at June 30, 2018, the Group had lease commitments totalling $90.9 million.

RESULTS ANALYSIS

Revenues

Revenues for the second quarter of 2018 were $77.2 million, an increase of 39.5% over the second quarter of last year. The increase was attributable to the addition of Iris (acquired October 2017) and comparable stores sales growth.

The cumulative 26-week period ended June 30, 2018 also benefited from the same growth factors described above, which resulted in revenues reaching $147.0 million, up 38.1% to the corresponding period in 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 2.6% in the second quarter ended June 30, 2018 as compared to the second quarter of last year, and have increased by 2.1% through the first 26 weeks of the year. Comparable stores are defined as stores which have been operating for at least 12 months.

For the periods ended June 30, 2018 and July 1, 2017
Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

Operating expenses

Operating expenses for the second quarters and 26-week periods ended June 30, 2018 and July 1, 2017 are summarized as follows:

	13 weeks		26 weeks	
	June 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
	$	$	$	$
Revenues	77,244	55,389	147,021	106,432
Materials consumed	17,428	12,536	32,420	23,800
% of revenues	*22.6%*	*22.6%*	*22.1%*	*22.4%*
Employee remuneration				
Salaries and social security costs (excluding other non-comparable costs)	24,690	17,726	49,200	35,426
% of revenues	*32.0%*	*32.0%*	*33.5%*	*33.3%*
Equity-based compensation	440	337	646	877
Acquisition-related costs	622	1,365	1,180	2,058
Other non-comparable costs[(a)]	613	305	613	305
Other operating expenses (excluding acquisition-related costs and other non-comparable costs)	20,494	14,321	39,842	28,547
% of revenues	*26.5%*	*25.9%*	*27.1%*	*26.8%*
Total operating expenses	**64,287**	**46,590**	**123,901**	**91,013**
% of revenues	*83.2%*	*84.1%*	*84.3%*	*85.5%*

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 were flat as a percentage of revenues in the second quarter when compared to the same period last year. The impact of newly acquired banners offsets the benefit from purchasing and manufacturing synergies in the quarter. On a year-to-date basis, materials consumed have decreased by 30 basis points which reflect purchasing and manufacturing synergies being achieved across the group.

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 second quarter, salaries were flat as a percentage of revenues and increased 20 basis points in the year-to-date period, which reflects recent acquisitions operating at a higher cost ratio, as well as the impact of rising minimum wages in certain jurisdictions which directly impact store wages.

The increase in equity-based compensation in the second quarter compared to the same period last year is due to amortization of newly issued grants. The decrease in equity-based compensation on a year-to-date basis is due to the fact that fewer options vested in 2018, in comparison to the corresponding period of 2017.

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.

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

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 60 basis points in the second quarter to 26.5% from 25.9% for the same period last year. This variation is primarily due to integration related projects, cost control programs in stores and at the corporate level. For the 26-week period ended June 30, 2018, other operating expenses increased 30 basis points.

EBITDA and adjusted EBITDA

The Group defines EBITDA, adjusted EBITDA and adjusted EBITDA attributed to shareholders as per the tables 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, adjusted EBITDA and adjusted EBITDA attributed to shareholders should not be construed as an alternative to net earnings or cash flows as determined under IFRS. The reconciling items between net earnings, EBITDA, adjusted EBITDA and adjusted EBITDA attributed to shareholders are as follows:

	13 weeks		26 weeks	
	June 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
	$	$	$	$
Net earnings	4,147	2,644	6,445	3,956
Depreciation, amortization and loss on disposal	5,285	3,374	10,663	6,413
Financial expenses, net of interest revenue	2,280	909	4,085	2,288
Income taxes	1,921	1,872	3,062	2,762
EBITDA	**13,633**	**8,799**	**24,255**	**15,419**
Equity-based compensation[(a)]	440	337	646	877
Net loss (gain) from changes in fair value of foreign exchange contracts	(1)	107	(42)	126
Acquisition-related costs[(b)]	622	1,365	1,180	2,058
Other non-comparable costs[(c)]	613	305	613	305
Adjusted EBITDA	**15,307**	**10,913**	**26,652**	**18,785**
Variance in $	*4,394*		*7,867*	
Variance in %	*40.3%*		*41.9%*	
% of revenues	*19.8%*	*19.7%*	*18.1%*	*17.6%*
Per share (basic)	0.99	0.80	1.72	1.38
Per share (diluted)	0.98	0.79	1.71	1.35

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 by 10 basis points to 19.8% reflects higher operating expenses, partially offset by the increase in revenues. The amount of adjusted EBITDA in the quarter increased by $4.4 million or 40.3% compared to last year.

The increase in the adjusted EBITDA ratio in the year-to-date period reflects higher revenues and an improvement in the materials consumed ratio, partially offset by higher employee remuneration and other operating expenses as a percentage of revenue.

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

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

	13 weeks		26 weeks	
	June 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
	$	$	$	$
Adjusted EBITDA	15,307	10,913	26,652	18,785
Income from investments in joint ventures and associates	(676)	—	(1,135)	—
EBITDA from investments in joint ventures and associates	1,056	—	1,987	—
EBITDA attributed to non-controlling interest	(420)	(34)	(766)	(79)
Adjusted EBITDA attributed to shareholders	**15,267**	**10,879**	**26,738**	**18,706**

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:

	13 weeks		26 weeks	
	June 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
	$	$	$	$
Depreciation of property, plant and equipment, net of amortization of deferred investment tax credits	3,029	2,248	6,118	4,371
Amortization of other intangible assets	2,256	1,085	4,545	2,001
Impairment and loss on disposal of long-term assets	—	41	—	41
Depreciation, amortization and loss on disposal of assets	**5,285**	**3,374**	**10,663**	**6,413**

The increases in depreciation of property, plant and equipment and amortization of intangible assets for both the second quarter and year-to-date period 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 2017.

Financial expenses

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

	13 weeks		26 weeks	
	June 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
	$	$	$	$
Interest on long-term debt[a]	2,073	919	4,248	1,957
Amortization of deferred costs related to the issuance of debt	243	271	470	379
Change in fair value of interest rate swap	(62)	(336)	(676)	(161)
Other financing expenses	96	68	183	132
Financial expenses	2,350	922	4,225	2,307
Interest revenue	70	13	140	19
Financial expenses, net of interest revenue	**2,280**	**909**	**4,085**	**2,288**
[a] Actual settlement cost of interest rate swap included in the interest on long-term debt above	37	71	67	132

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

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

Interest on long-term debt was significantly higher in the quarter and for the 26-week period, as compared to last year. This is mainly due to the increased level of debt to finance recent acquisitions.

As of June 30, 2018, the long-term debt essentially comprised an outstanding balance of $22.1 million under the revolving facility, a balance of $90.3 million under the acquisition term facility, and $50.0 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 for the year-to-date period may be summarized as follows:

	2018	2017
	$	$
Current	3,185	3,226
Deferred	(123)	(464)
Total	**3,062**	**2,762**
Estimated effective tax rate on earnings before income taxes	32.2%	41.1%
Combined federal and provincial statutory rate	28.9%	28.5%

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, certain business acquisition-related costs, and to the following expected settlement.

Settlement agreement 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. In July 2018, a similar agreement has been reached with a provincial tax authority. Payments totalling $0.5 million were made against the provincial settlement in the first quarter. The income tax provision on the balance sheet at the end of the second quarter includes $0.2 million for this settlement, which was actually paid in July 2018. A favorable adjustment of $0.1 million was recorded in the second quarter to reflect a reduction in accrued interest related to this matter.

Net earnings and adjusted net earnings

Net earnings for the second quarter and year-to-date period ended June 30, 2018 can be compared to the corresponding periods of 2017 as follows:

	13 weeks		26 weeks	
	June 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
	$	$	$	$
Net earnings attributed to shareholders	4,003	2,625	6,230	3,909
Variance in $	*1,378*		*2,321*	
Variance in %	*52.5%*		*59.4%*	
% of revenues	*5.2%*	*4.7%*	*4.2%*	*3.7%*
Per share amount				
Diluted	0.26	0.19	0.40	0.28
Weighted average number of common shares used in diluted earnings per share	15,612,357	13,885,499	15,617,506	13,876,963
Variation %	*12.4%*		*12.5%*	

Net earnings attributed to shareholders for the second quarter and 26-week period ended June 30, 2018 increased compared to last year due to higher EBITDA, as described above, offset by higher depreciation, financial expenses and income taxes.

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 depreciation, amortization and loss on disposal of assets, acquisition-related costs, equity-based compensation, other non-comparable costs and related income taxes, which may vary substantially from quarter to quarter:

	13 weeks		26 weeks	
	June 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
	$	$	$	$
Net earnings attributed to shareholders	**4,003**	**2,625**	**6,230**	**3,909**
Depreciation, amortization and loss on disposal of assets	5,285	3,374	10,663	6,413
Acquisition-related costs	622	1,365	1,180	2,058
Equity-based compensation	440	337	646	877
Other non-comparable costs[(a)]	613	305	613	305
Related income taxes	(1,661)	(1,029)	(3,131)	(1,997)
Adjusted net earnings attributed to shareholders	**9,302**	**6,977**	**16,201**	**11,565**
Variance in $	*2,325*		*4,636*	
Variance in %	*33.3%*		*40.1%*	
% of revenues	*12.0%*	*12.6%*	*11.0%*	*10.9%*
Per share amount				
Basic	0.60	0.51	1.05	0.85
Diluted	0.60	0.50	1.04	0.83

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

Adjusted net earnings per share (diluted) increased by 20.0% to $0.60 in the second quarter and by 25.3% to $1.04 on a year-to-date basis. The driving factor behind the increase in adjusted net earnings per diluted share in both the quarter and the year-to-date period is higher EBITDA offset partially by higher depreciation, financial expenses and income taxes.

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.

For the periods ended June 30, 2018 and July 1, 2017
Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

SUMMARY OF QUARTERLY RESULTS

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

	2nd Quarter		1st Quarter		4th Quarter		3rd Quarter		4 Quarters	
	2018	2017	2018	2017	2017	2016	2017	2016	2018	2017
Weeks	13	13	13	13	13	14	13	13	52	53
	$	$	$	$	$	$	$	$	$	$
Revenues	**77,244**	**55,389**	**69,777**	**51,043**	**67,509**	**54,489**	**55,210**	**48,951**	**269,740**	**209,872**
As a % of the four-quarter revenues	*28.6%*	*26.4%*	*25.9%*	*24.3%*	*25.0%*	*26.0%*	*20.5%*	*23.3%*	*100%*	*100%*
Adjusted EBITDA(b)	**15,307**	**10,913**	**11,345**	**7,871**	**12,532**	**9,769**	**10,804**	**7,965**	**49,988**	**36,518**
As a % of revenues	*19.8%*	*19.7%*	*16.3%*	*15.4%*	*18.6%*	*17.9%*	*19.6%*	*16.3%*	*18.5%*	*17.4%*
Per share (diluted)(a)	0.98	0.79	0.73	0.57	0.82	0.71	0.77	0.58	3.31	2.63
Net earnings attributed to shareholders	**4,003**	**2,625**	**2,227**	**1,284**	**2,759**	**3,186**	**3,392**	**2,053**	**12,381**	**9,148**
Per share (diluted)(a)	0.26	0.19	0.14	0.09	0.18	0.23	0.24	0.15	0.82	0.66
Adjusted net earnings attributed to shareholders(b)(c)	**9,302**	**6,977**	**6,899**	**4,588**	**7,257**	**6,561**	**6,560**	**4,916**	**30,018**	**23,042**
Per share (diluted)(a)	0.60	0.50	0.44	0.33	0.48	0.47	0.47	0.36	1.99	1.66
Free cash flow(b)	**6,979**	**3,788**	**4,719**	**1,281**	**8,157**	**2,652**	**8,703**	**3,417**	**28,558**	**11,138**
Per share (diluted)(a)	0.45	0.27	0.30	0.09	0.54	0.19	0.62	0.25	1.89	0.80
Adjusted cash flows from operating activities(b)(d)	**14,593**	**10,781**	**10,736**	**7,787**	**12,189**	**9,740**	**10,698**	**7,923**	**48,216**	**36,231**
Per share (diluted)(a)	0.93	0.78	0.69	0.56	0.80	0.70	0.77	0.57	3.19	2.61
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, Free cash flow, 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.

d) Adjusted cash flows from operating activities is defined as cash flows related to operating activities before income taxes paid, changes in working capital items, and acquisition-related costs.

The increases in revenues and adjusted EBITDA over the last eight quarters reflect the acquisitions completed in 2016 and 2017, which include 169 stores across Quebec (86), British Columbia (46), Ontario (17), Alberta (16), New Brunswick (3) and Prince Edward Island (1), as well as the improving performance of comparable stores. There were no acquisitions in 2018 to date.

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 second quarters and 26-week periods ended June 30, 2018 and July 1, 2017, respectively. Amounts in parentheses represent use of cash.

	13 weeks		26 weeks	
	June 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
	$	$	$	$
Operating activities	9,144	7,363	17,898	12,692
Investing activities	(4,419)	(4,916)	(8,504)	(15,731)
Financing activities	(7,556)	(1,703)	(14,188)	1,336
Net increase (decrease) in cash	(2,831)	744	(4,794)	(1,703)
Cash, beginning of period	11,684	4,147	13,647	6,594
Cash, end of period	8,853	4,891	8,853	4,891

Cash flows related to operating activities increased in the second quarter of 2018, compared to that of 2017. This increase is primarily driven by higher EBITDA, which is due to the addition of Iris and increased performance from comparable stores, which offset unfavorable changes in working capital and higher income taxes paid. Cash flows related to operating activities also increased on a year-to-date basis due to the same reasons as the quarter.

The use of cash for investing activities for the second quarter, compared to the same period last year decreased slightly due to normal variations in investments in property, plant, and equipment in the quarter, offsetting higher payments made in relation to business acquisitions mainly in the form of price adjustments, as well as higher payments for loans and advances.

The use of cash for investing activities on a year-to-date basis compared to the same period last year decreased substantially as no business acquisitions have occurred thus far in 2018.

The use of cash for financing activities has greatly increased in the second quarter and on a year-to-date basis due to the Company paying down its revolving debt this year, compared to drawing upon it last year to fund business acquisitions, and due to greater repayments of long-term debt and higher interest and finance fees paid in relation to higher debt levels. Additionally, the Company paid out more dividends in the quarter and on a year-to-date basis due to a higher number of outstanding shares compared to last year.

Overall, the quarter ended with a net decrease in cash, as the Company shifted its focus to deleveraging with its increased cash flows related to operating activities. On a year-to-date basis more cash has been used than last year for the reasons described above.

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

Operating activities

The cash flows related to the operating activities for the second quarters and 26-week periods ended June 30, 2018 and July 1, 2017 are as follows. Amounts in parentheses represent use of cash.

	13 weeks		26 weeks	
	June 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
	$	$	$	$
Earnings before income taxes	6,068	4,516	9,507	6,718
Adjustments:				
Depreciation, amortization and loss on disposal	5,285	3,374	10,663	6,413
Amortization of deferred lease inducements and variation of deferred rent	(39)	(37)	(89)	(103)
Equity-based compensation expense	440	337	646	877
Financial expenses	2,350	922	4,225	2,307
Interest revenue	(70)	(13)	(140)	(19)
Other	—	12	(141)	12
Income from investments in joint ventures and associates	(676)	—	(1,135)	—
Income taxes paid	(1,294)	(663)	(4,125)	(2,381)
Cash flows related to operating activities, before changes in working capital items	**12,064**	**8,448**	**19,411**	**13,824**
Changes in working capital items	(2,920)	(1,085)	(1,513)	(1,132)
Cash flows related to operating activities	**9,144**	**7,363**	**17,898**	**12,692**

As demonstrated above, cash flows related to operating activities increased in the second quarter of 2018, compared to that of 2017 as well as on a year-to-date basis. The increase for both the quarter and year-to-date period is primarily driven by higher EBITDA, which offsets unfavorable changes in working capital items and higher income taxes paid.

Free cash flow

	13 weeks		26 weeks	
	June 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
	$	$	$	$
Cash flows related to operating activities	9,144	7,363	17,898	12,692
Acquisitions of property, plant and equipment	(2,165)	(3,575)	(6,200)	(7,623)
Free cash flow	**6,979**	**3,788**	**11,698**	**5,069**

Free cash flow is 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 provides insight on operating cash flows available after considering capital investments. Investors should be cautioned that free cash flow should not be considered as an alternative to cash flows related to operating activities as determined under IFRS.

Free cash flow has increased in both the quarter and year-to-date periods, by $3.2 million and $6.6 million, respectively, indicating a favourable trend in cash flows from operations, after considering capital investments.

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

Adjusted cash flows from operating activities

	13 weeks		26 weeks	
	June 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
	$	$	$	$
Cash flows related to operating activities	9,144	7,363	17,898	12,692
Income taxes paid	1,294	663	4,125	2,381
Changes in working capital items	2,920	1,085	1,513	1,132
Acquisition-related costs	622	1,365	1,180	2,058
Other non-comparable costs[a]	613	305	613	305
Adjusted cash flows from operating activities	**14,593**	**10,781**	**25,329**	**18,568**

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

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 related to operating activities as determined under IFRS.

The above table indicates an increase in the second quarter of 2018 and the 26 week period 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 $3.8 million, and on a year-to-date basis they have increased $6.8 million.

Changes in working capital items

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

	13 weeks		26 weeks	
	June 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
	$	$	$	$
Receivables	379	(284)	1,061	359
Inventory	(940)	(1,441)	(2,479)	(2,239)
Prepaid expenses	(616)	1,106	(1,530)	(1,374)
Accounts payable, accrued liabilities and provisions	(1,743)	(466)	1,435	2,122
Decrease in cash	**(2,920)**	**(1,085)**	**(1,513)**	**(1,132)**

The generation of cash from accounts receivable in the second quarter of 2018 compared to a decrease in the second quarter last year, and the year-to-date increase in the generation of cash by accounts receivable as compared to last year, are driven by activity at recently acquired banners not present in the same periods last year, as well as normal variations from quarter to quarter.

The decrease in the use of cash by inventory in the second quarter of 2018 compared the same period last year is due to less variation in inventory levels between period ends than last year, and movement at recently acquired banners that did not occur last year.

The use of cash by inventory on a year-to-date basis is comparable to last year because cash usage for inventory at recently acquired banners offsets a smaller growth in inventory than last year over the 26-week period at the Company's pre-existing banners.

The variations in the usage of cash by prepaid expenses is primarily driven by the activity at newly acquired banners and the timing of payments of monthly occupancy costs for the Company's network of stores in relation to the timing of the period end.

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

The use of cash in the quarter and generation of cash in the year-to-date period from accounts payable, accrued liabilities and provisions is a function of timing of payments.

CAPITAL RESOURCES

Credit facilities and subordinated debts

The credit facilities were amended upon the acquisition of Iris on October 24, 2017. As at June 30, 2018, the key terms are as follows:

- A revolving facility with a maximum draw-down of $50.0 million (actual draw-downs of $22.1 million at June 30, 2018 and $24.3 million at the end of 2017) 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 $95.0 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 to date in 2018. As at June 30, 2018 the balance of the debt is $90.3 million ($95.0 million as at December 30, 2017) and any balance will be repayable on October 24, 2021.

The subordinated debts, as at June 30, 2018 are as follows:

- A subordinated debt of $35.0 million ($35.0 million at the end of 2017), 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 $15.0 million ($15.0 million at the end of 2017) 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 June 30, 2018, the credit facilities and subordinated debt used and available were as follows:

	$
Revolving facility	
Credit granted	50,000
Credit Outstanding at June 30, 2018	22,125
Balance available at June 30, 2018	27,875
Acquisition term facility	
Credit granted	95,000
Credit Outstanding at June 30, 2018	90,250
Total subordinated debts	
Credit granted	50,000
Credit Outstanding at June 30, 2018	50,000

The Company also had $8.9 million in cash at the end of the period, including an amount of $0.1 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 July 30, 2018, New Look Vision had 15,550,347 Class A common shares outstanding, which are the only shares outstanding. This number includes the following transactions that occurred since the last year end up to July 30, 2018:

- 63,743 shares issued pursuant to the exercise of 84,000 stock options, at an average price of $10.79 per share:
    - 42,243 shares issued pursuant to the exercise of 62,500 stock options under the cashless exercise feature;
    - 21,500 shares issued pursuant to the exercise of the same number of options for a total of $0.23 million;

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

- 11,576 shares issued pursuant to the dividend reinvestment plan.

As of July 30, 2018, there were 735,500 options outstanding to purchase the same number of New Look Vision Class A common shares for a weighted average exercise price of $30.06. 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 July 30, 2018, the balances of shares reserved by the TSX for issuance upon exercise of options or payment for services totaled 1,698,580.

DIVIDENDS

Dividends declared

New Look Vision declared a dividend of $0.15 per Class A common shares in each of the second quarters of 2018 and 2017. 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 August 9, 2018, New Look Vision declared a dividend of $0.15 per Class A common share payable on September 28, 2018 to shareholders of record on September 21, 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 thus far in 2018 were as follows:

Date of Issuance	Number of shares issued	Issuance price per share	Total
		$	$
March 29, 2018	6,615	$33.13	$219
June 29, 2018	4,961	$31.68	$157
Total amount	11,576	$32.51	$376

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 chief executive officer, 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 April 1, 2018 and ended June 30, 2018 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.

August 9th, 2018