



# Investor Presentation

November 2022



# Disclaimer

## Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934. These statements include, but are not limited to, statements related to our current beliefs and expectations regarding the performance of our industry, the Company’s strategic direction, market position, prospects and future results. You can identify these forward-looking statements by the use of words such as “outlook,” “guidance,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “could,” “seeks,” “projects,” “predicts,” “intends,” “plans,” “estimates,” “anticipates” or the negative version of these words or other comparable words. Caution should be taken not to place undue reliance on any forward-looking statement as such statements speak only as of the date when made. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

Forward-looking statements are not guarantees and are subject to various risks and uncertainties, which may cause actual results to differ materially from those implied in forward-looking statements. Such factors include, but are not limited to, the COVID-19 pandemic and its resurgence and variants, and the impact of evolving federal, state, and local governmental actions in response thereto, including risks stemming from vaccination and testing programs and mandates; customer behavior in response to the continuing pandemic and its more recent outbreaks of variants, including the impact of such behavior on in-store traffic and sales; overall decline in the health of the economy and other factors impacting consumer spending, including inflation, rising interest rates, and geopolitical instability; our ability to open and operate new stores in a timely and cost-effective manner, or keep stores safely open in light of the continuing COVID-19 pandemic, and to successfully enter new markets; our ability to recruit and retain vision care professionals for our stores in general and in light of the pandemic; our ability to develop, maintain and extend relationships with managed vision care companies, vision insurance providers and other third-party payors; our ability to maintain the performance of our Host and Legacy brands and our current operating relationships with our Host and Legacy partners; our ability to adhere to extensive state, local and federal vision care and healthcare laws and regulations; our compliance with managed vision care laws and regulations; our ability to maintain sufficient levels of cash flow from our operations to execute or sustain our growth strategy or obtain additional financing at satisfactory terms or at all; the loss of, or disruption in the operations of, one or more of our distribution centers and/or optical laboratories, resulting in the inability to fulfill customer orders and deliver our products in a timely manner; risks associated with vendors from whom our products are sourced, including our dependence on a limited number of suppliers; our ability to compete successfully; our ability to effectively operate our information technology systems and prevent interruption or security breach; the impact of wage rate increases, inflation, cost increases and increases in raw material prices and energy prices; our growth strategy straining our existing resources and causing the performance of our existing stores to suffer; our ability to successfully and efficiently implement our marketing, advertising and promotional efforts; risks associated with leasing substantial amounts of space, including future increases in occupancy costs; the impact of certain technological advances, and the greater availability of, or increased consumer preferences for, vision correction alternatives to prescription eyeglasses or contact lenses, and future drug development for the correction of vision-related problems; our ability to retain our existing senior management team and attract qualified new personnel; our ability to manage our inventory; seasonal fluctuations in our operating results and inventory levels; our reliance on third-party coverage and reimbursement, including government programs, for an increasing portion of our revenues; risks associated with our e-commerce and omni-channel business; product liability, product recall or personal injury issues; our failure to comply with, or changes in, laws, regulations, enforcement activities and other requirements; the impact of any adverse litigation judgments or settlements resulting from legal proceedings relating to our business operations; risk of losses arising from our investments in technological innovators in the optical retail industry; our ability to adequately protect our intellectual property; risks associated with environmental, social and governance issues, including climate change; our significant amount of indebtedness and our ability to generate sufficient cash flow to satisfy our debt obligations; a change in interest rates as well as changes in benchmark rates and uncertainty related to the foregoing; restrictions in our credit agreement that limits our flexibility in operating our business; potential dilution to existing stockholders upon the conversion of our convertible notes; and risks related to owning our common stock, including our ability to comply with requirements to design and implement and maintain effective internal controls. Additional information about these and other factors that could cause National Vision’s results to differ materially from those described in the forward-looking statements can be found in filings by National Vision with the Securities and Exchange Commission (“SEC”), including our latest Annual Report on Form 10-K, our Quarterly Report on Form 10-Q filed on November 10, 2022, and subsequently filed reports, which are accessible on the SEC’s website at [www.sec.gov](http://www.sec.gov). These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this presentation and in our filings with the SEC.

## Non-GAAP Financial Measures

Included in this presentation are certain non-GAAP financial measures designed to supplement, and not substitute, the financial information presented in accordance with generally accepted accounting principles in the United States of America (“GAAP”) because management believes such measures are useful to investors. Additional information about these measures and a reconciliation to the nearest GAAP financial measures is provided in the appendix to this presentation and detailed in National Vision’s press release for the third quarter of 2022, which is available at [www.nationalvision.com/investors](http://www.nationalvision.com/investors), together with this presentation.

# Our Mission

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Helping people by  
making quality eye care  
and eyewear more  
affordable and  
accessible



UDSTAR





# Investment Highlights

1

**Compelling Industry with Favorable Growth Trends and Barriers to Entry**

2

**Differentiated and Disruptive Value Proposition Gaining Market Share**

3

**Multiple Growth Drivers and Significant Whitespace Opportunity**

4

**Attractive Store-Level Economics Coupled with Consistent Predictability**

5

**Deeply Experienced Management Team of Optical Experts with Proven Track Record of Success**

6

**Culture of Philanthropy that Influences Optometrists, Associates and Customers**





## Company Overview

# Diverse Portfolio of Complementary Brands

- NVI is the second largest U.S. optical retail company with a diverse portfolio of 1,332 retail stores across five brands and 13 e-commerce websites
  - Offer eye exams, eyeglasses, and contact lenses to value seeking / lower income consumers
  - Ability to offer consumers a significant value proposition through bundled eyeglass, eye exam packages facilitated by employed optometrists
  - Low-cost provider of a “**medical necessity**”
- LTM Q3 2022 net revenue of **\$2.0BN** and Adjusted EBITDA<sup>1</sup> of **\$204M**
- Stable “Legacy/Host” brands that generate significant cash to reinvest in growth

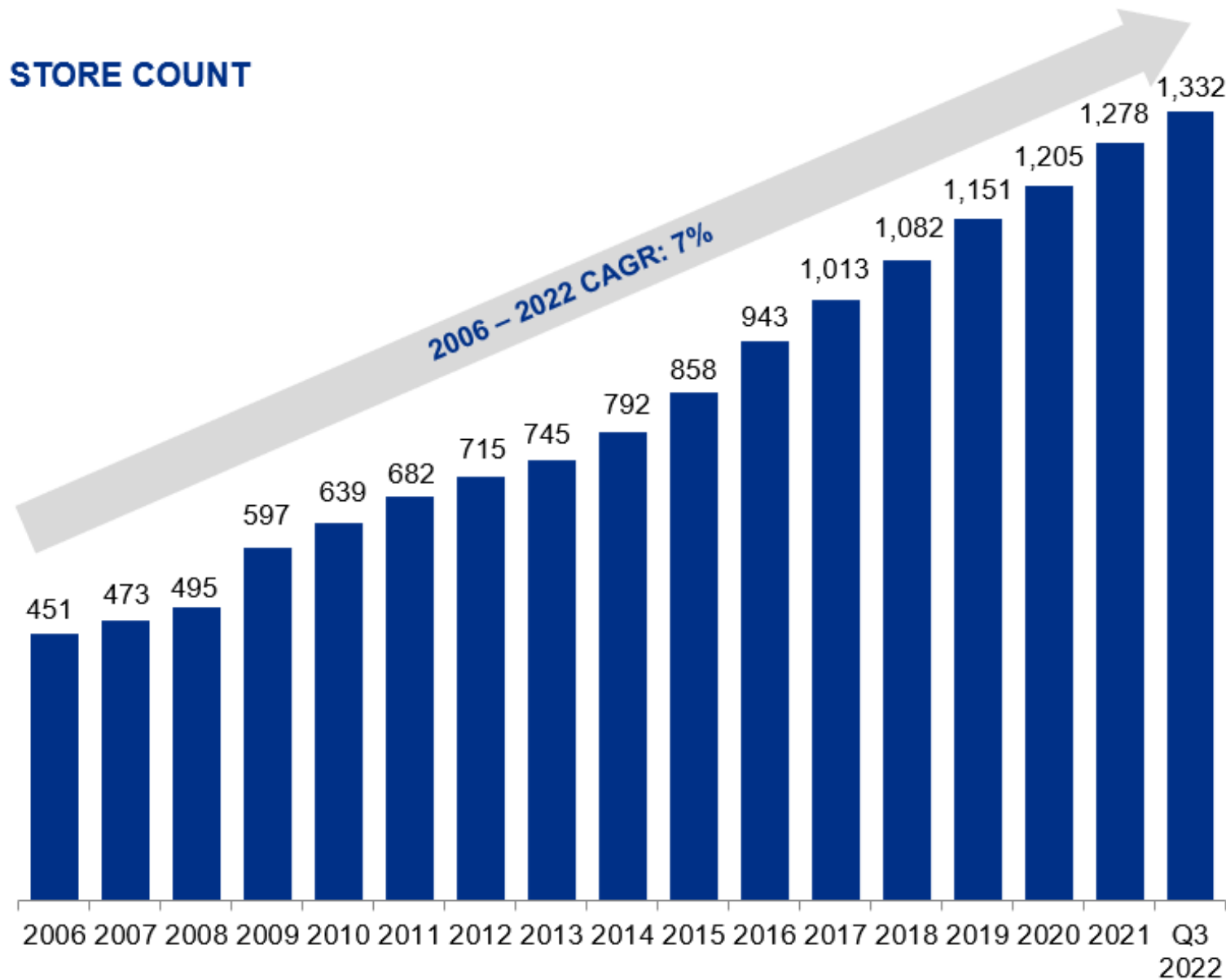


Note: Store and website count as of October 1, 2022

1- Non-GAAP financial measure; see Appendix for reconciliation to GAAP financial measure of LTM Q3 2022 net income of \$58 million.

# We Have a Long History of Consistent Unit Expansion

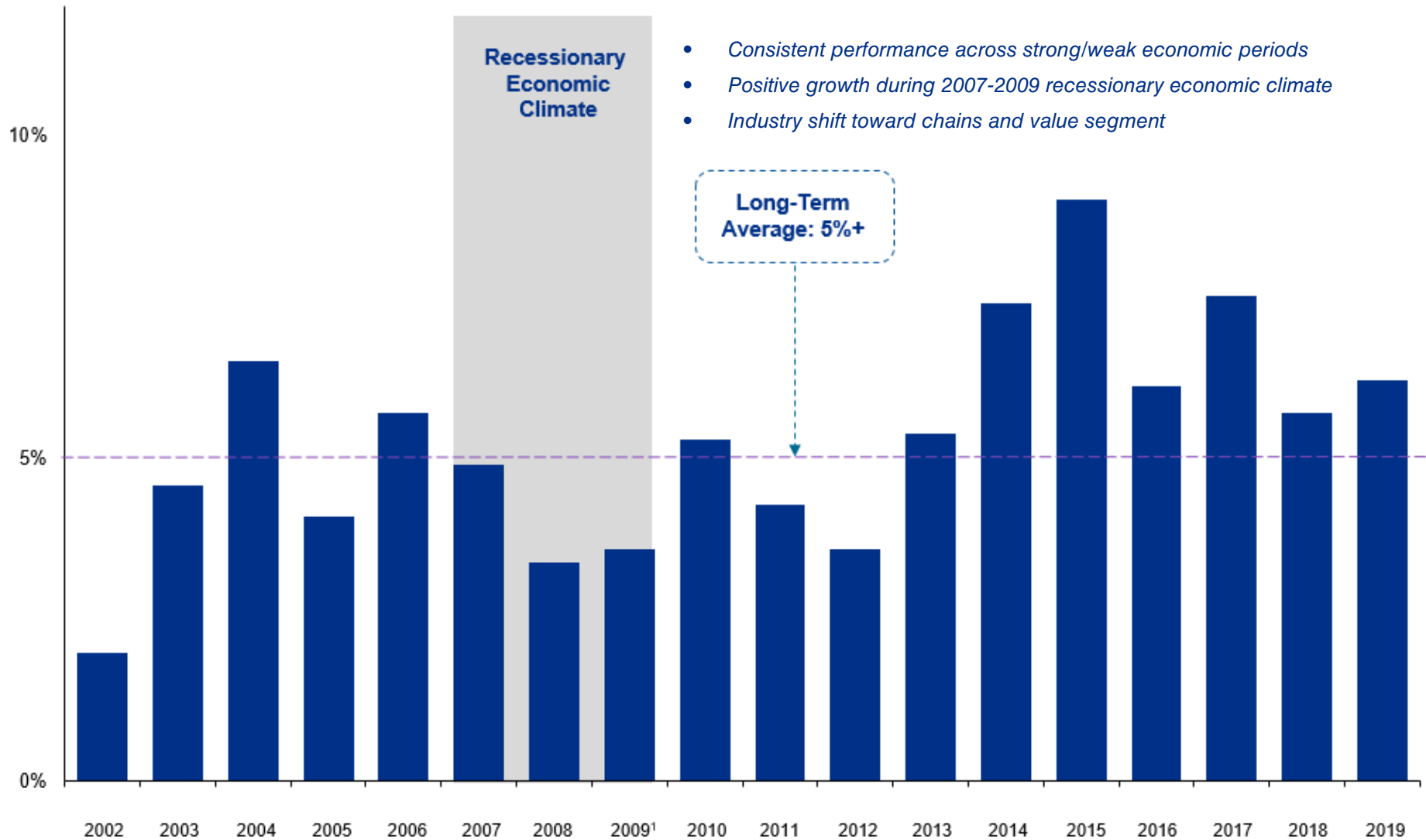
## STORE COUNT



- Opened over **900 new stores** since 2006
- 5 year rolling average **new store success rate of +97%<sup>1</sup>**
- **Steadily grown net revenue from \$245MM in 2002 (when new management team formed) to \$2.0BN (LTM Q3 2022)**

1- Defined as the percentage of stores opened in the last five years that are still open as of October 1, 2022.

# Long History of Consistent Comparable Store Sales Growth ('02 - '19)



- Consistent performance across strong/weak economic periods
- Positive growth during 2007-2009 recessionary economic climate
- Industry shift toward chains and value segment

Long-Term  
Average: 5%+

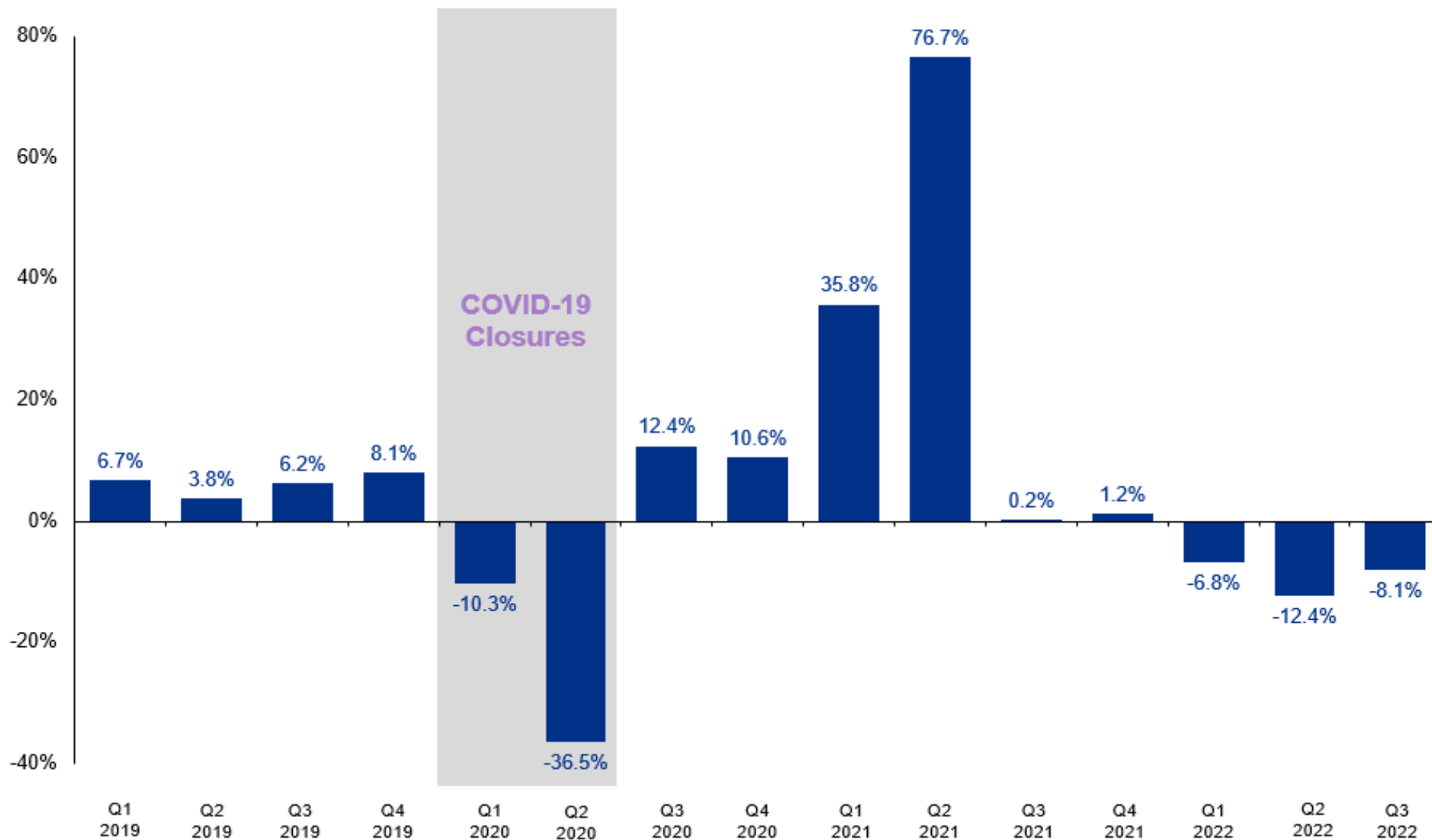
1-2009 comparable store sales exclude sales from the Eyeglass World stores for the first six month "transition" period following our acquisition of Eyeglass World.





# COVID Disrupted the Optical Purchase Cycle

## Adjusted Comparable Store Sales Growth<sup>1</sup>



1 - Non-GAAP financial measure; see Appendix for reconciliation to GAAP financial measure of total comparable store sales growth of 6.2% for Q1 2019, 4.4% for Q2 2019, 5.7% for Q3 2019, 10.1% for Q4 2019, (2.9)% for Q1 2020, (44.7)% for Q2 2020, 11.6% for Q3 2020, 14.3% for Q4 2020, 18.2% for Q1 2021, 99.1% for Q2 2021, 3.4% for Q3 2021, 1.7% for Q4 2021, (4.9)% for Q1 2022, (11.0)% for Q2 2022 and (8.0)% for Q3 2022.

# How We are Breaking the Mold in an Industry Ripe for Disruption

## WHY ARE EYE EXAMS AND EYE CARE SO EXPENSIVE?



### 730-year old technology

Dominican Cardinal  
Hugh of Saint-Cher - 1306 AD, Pisa, Italy

- Protectionist laws / quirky legislation
- Economic inefficiency of “independents”
- Growth of “brands” and fashionability



## Social / Healthcare Implications

- Eyes are the window to hundreds of health concerns, including diabetes and hypertension
- Compounding impact of not catching vision issues early
- Road safety

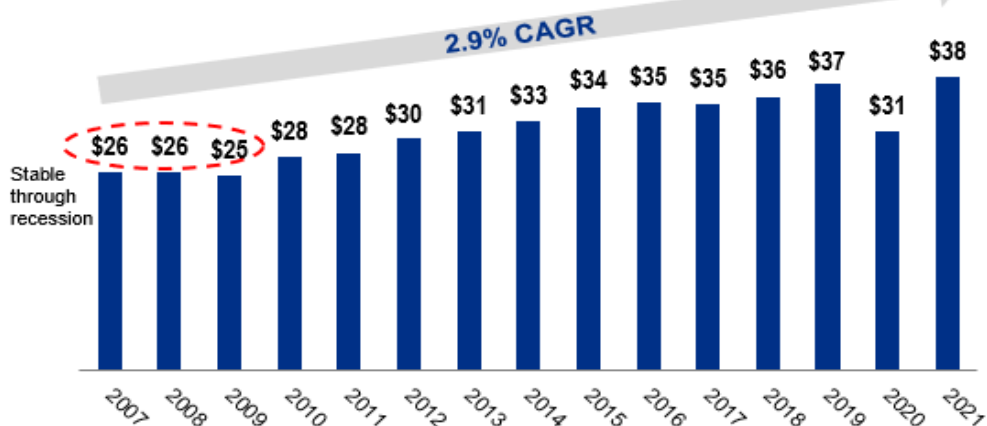
## HOW NATIONAL VISION IS BREAKING THE MOLD

- Employed optometrist model and value bundles (eyeglass / eye exam bundles)
- Low cost operating model and locations in strip centers (not high mall rents)
- Highly-efficient centralized laboratory network / custom manufacturing capabilities
- Economies of scale / negotiating leverage
- Private label frames and contact lenses
- “Sticky” customer base

# "A Rising Tide in a Rising Tide in a Rising Tide"

## HISTORICALLY RESILIENT AND GROWING INDUSTRY, ACROSS MARKET CYCLES; COVID IMPACT IN 2020

Size of U.S. optical retail market (in \$BN):



Source: Vision Monday

## TOP OPTICAL RETAILERS

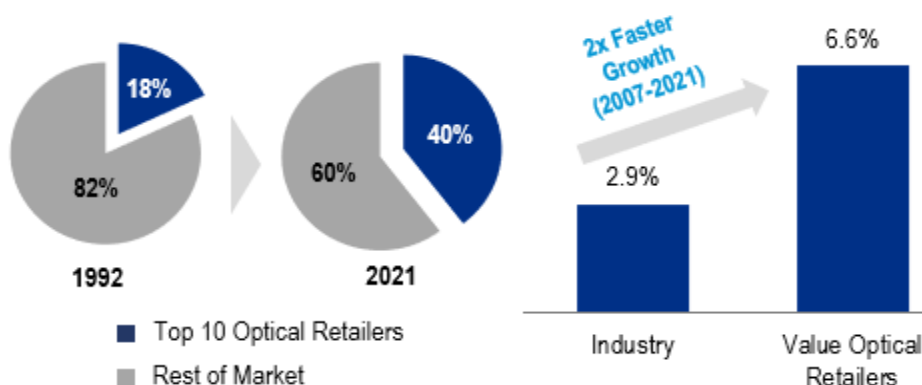
(2021 sales dollars in \$MM):

1. EssilorLuxottica <sup>(1)</sup>	\$5,234
2. National Vision	\$2,080
3. Walmart	\$1,748
4. EyeCare Partners LLC	\$1,566
5. Costco Optical	\$1,403
8. Warby Parker	\$534

(1) EssilorLuxottica represents a combination of Luxottica Retail (LensCrafters, Pearle Vision, and Target), Vision Source, Vision Associates and Grandvision USA Retail (For Eyes)

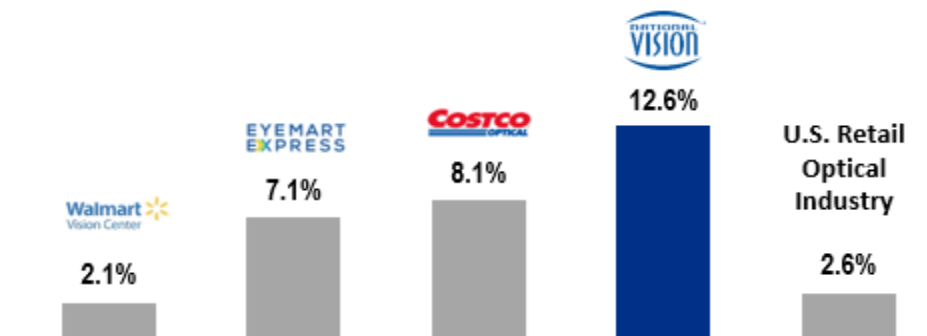
Source: Vision Monday

## LARGEST RETAILERS GAINING SHARE FROM INDEPENDENTS, VALUE SEGMENT GROWING FASTEST



Source: 20/20 Magazine (April 1993), Vision Monday

## NVI IS THE FASTEST GROWING U.S. VALUE OPTICAL CHAIN (2012-2021 sales CAGR)






Source: Vision Monday, Management Team

# Our Two Differentiated Growth Brands Catering to the Value Segment

**AMERICA'S BEST**  
CONTACTS & EYEGLASSES.

**EYEGLASS WORLD**

<b>Value Proposition</b>	<ul style="list-style-type: none"> <li>• Extreme value</li> <li>• Free eye exams</li> <li>• Private label</li> </ul> 	<ul style="list-style-type: none"> <li>• Value</li> <li>• Broad selection / designer brands</li> <li>• Convenience / same-day service</li> </ul>
<b>The Model</b>	<ul style="list-style-type: none"> <li>• Employed optometrists enable key signature bundled offerings (eye exam + glasses / contacts)</li> <li>• High margin private label eyeglasses and contact lenses</li> <li>• Latest eye exam technology</li> </ul>	<ul style="list-style-type: none"> <li>• Eyeglass superstore</li> <li>• Broader assortment of designer frames</li> <li>• Mostly independent optometrists</li> </ul>
<b>Cost Structure</b>	<ul style="list-style-type: none"> <li>• High-traffic strip centers</li> <li>• Highly efficient centralized labs (no labs in stores)</li> </ul>	<ul style="list-style-type: none"> <li>• “At the corner of main-and-main” near major shopping hubs</li> <li>• In-store labs that provide quick turnaround times</li> </ul>
<b>'21 Net Revenue Contribution</b>	 <p><b>68% of total</b></p>	 <p><b>11% of total</b></p>

# National Vision is Well-Positioned for Success in the Retail Environment of the Future

## “RETAIL 1.0”

Retailing of Products

“Bar-code” Distributors

Disintermediated by Online /  
Disruptors

High Prices and Moderate  
Margins

*Susceptible to disruption*



## “RETAIL 2.0”



Retailing of Services

*Eye exams; frame and lens selection and fitting;  
mass custom manufacturing*

**Experiential**

*In-store and online browsing and try-on*

**Proactively Integrating Online  
Disruption Into Our Model**

*Need for eye exams and precise measurements /  
near-perfect fit for proper function*

**Low Prices and Strong Margins**

**Greater Meaning**

***National Vision has established a scaled services platform  
not easily disintermediated by the internet***



# Experienced Team of Optical Experts

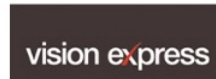
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## BEST IN CLASS MANAGEMENT TEAM

- Deeply experienced management team of optical experts
- Cohesive team averaging 9 years at National Vision
- Experienced management team averaging 19 years<sup>1</sup> of optical or retail experience
- Management team evolution progressing well
- Insights into customers and industry from prior experience
- Extensive optical network and reference points throughout the world

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### *Extensive Optical and Specialty Retail Experience*



1- Includes years with predecessor entities prior to NVI's acquisition thereof.

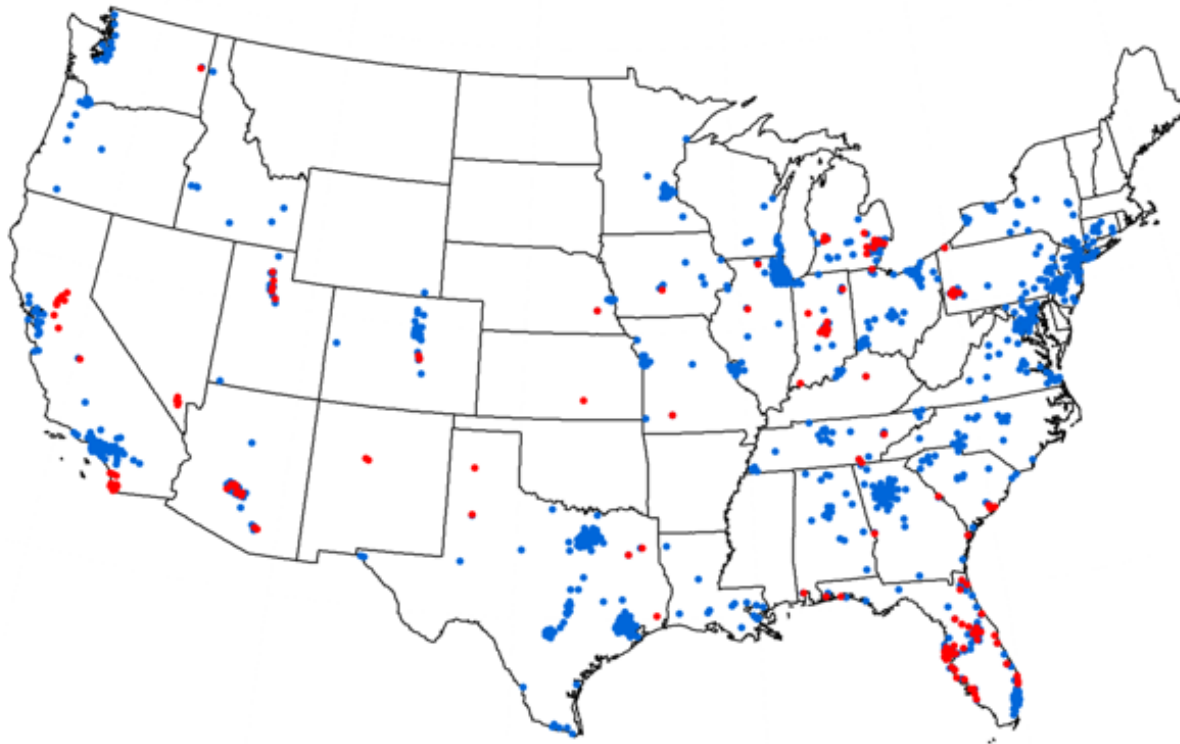


# Already at Scale, with Runway for Continued Growth

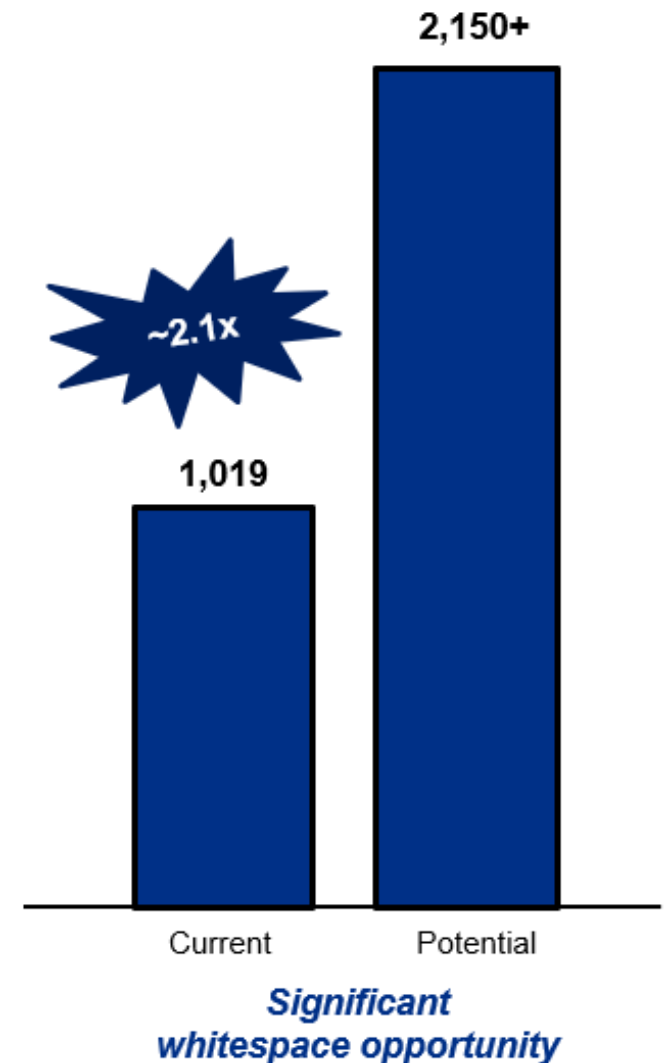
CURRENT STORE FOOTPRINT OF AMERICA'S BEST AND EYEGLASS WORLD...

...SUPPORTED BY STRONG FUTURE STORE POTENTIAL

Brand	# of Stores	# of States
 America's Best	883	32
 Eyeglass World	136	23



Note: Store count as of October 1, 2022





## Growth Strategies

# We Have Multiple Drivers to Continue Our Growth



**Grow Store Base Across Our Owned Brands**



**Continue to Drive Comparable Store Sales Growth**



**Improve Operating Productivity**



**Leverage Technology**

UBVPSA



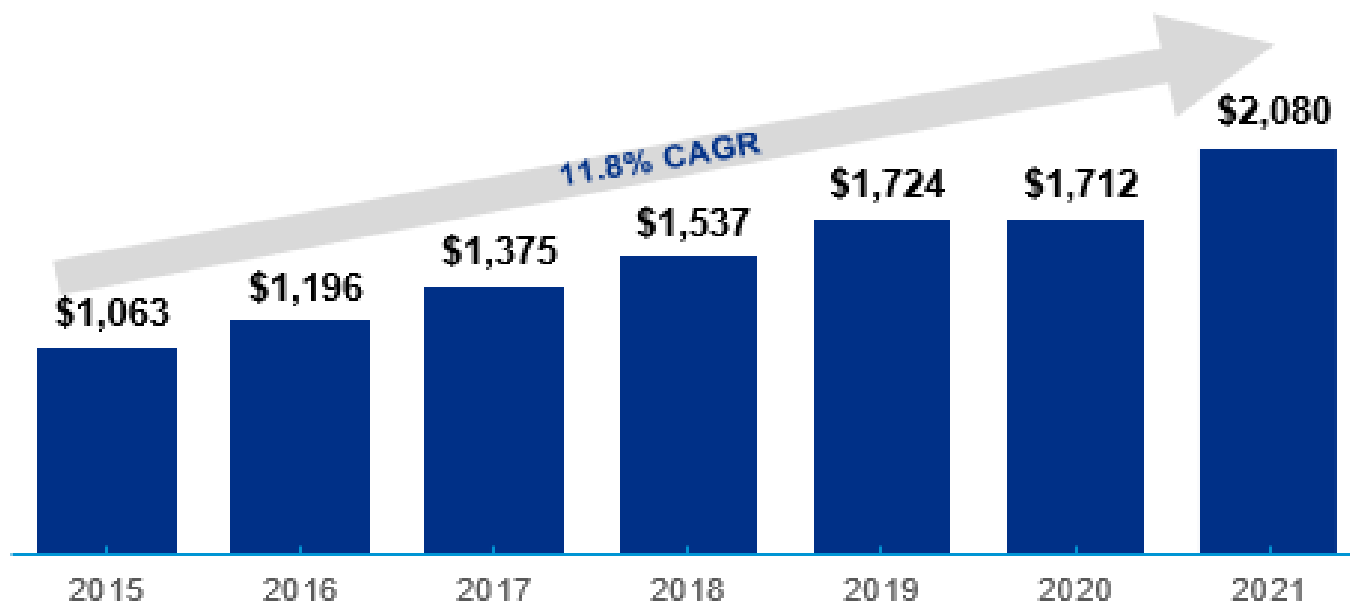
## Financial Review



# Proven Track Record to Deliver Consistent Financial Performance

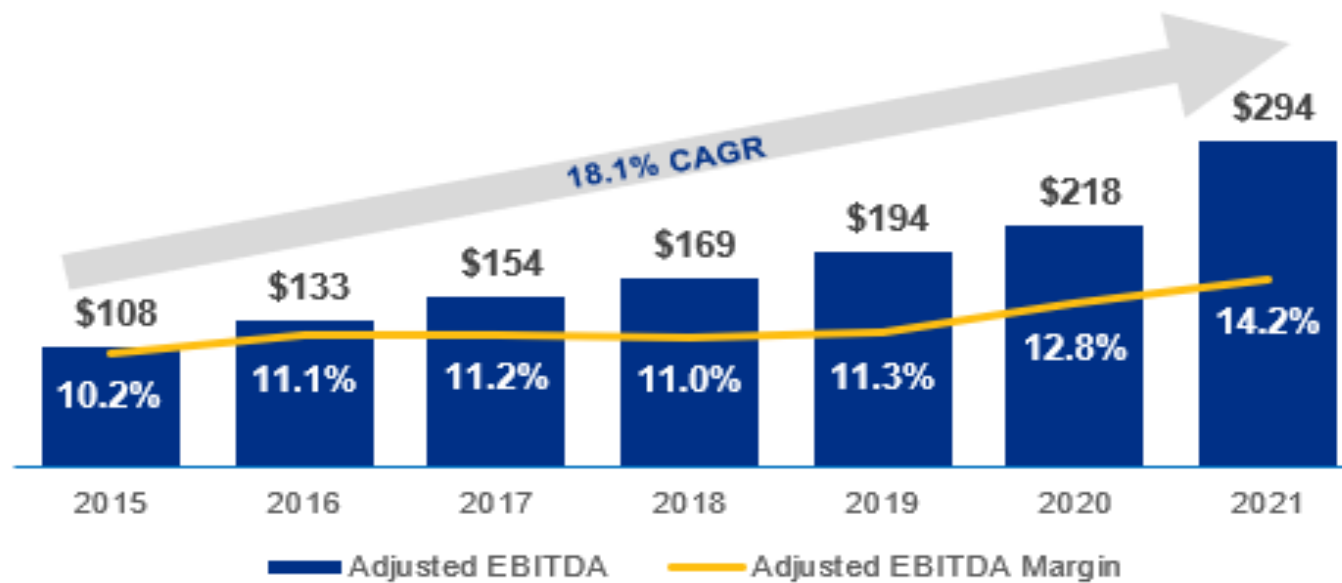
## NET REVENUE

(Net Revenue in \$MM)



## ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN<sup>(1)</sup>

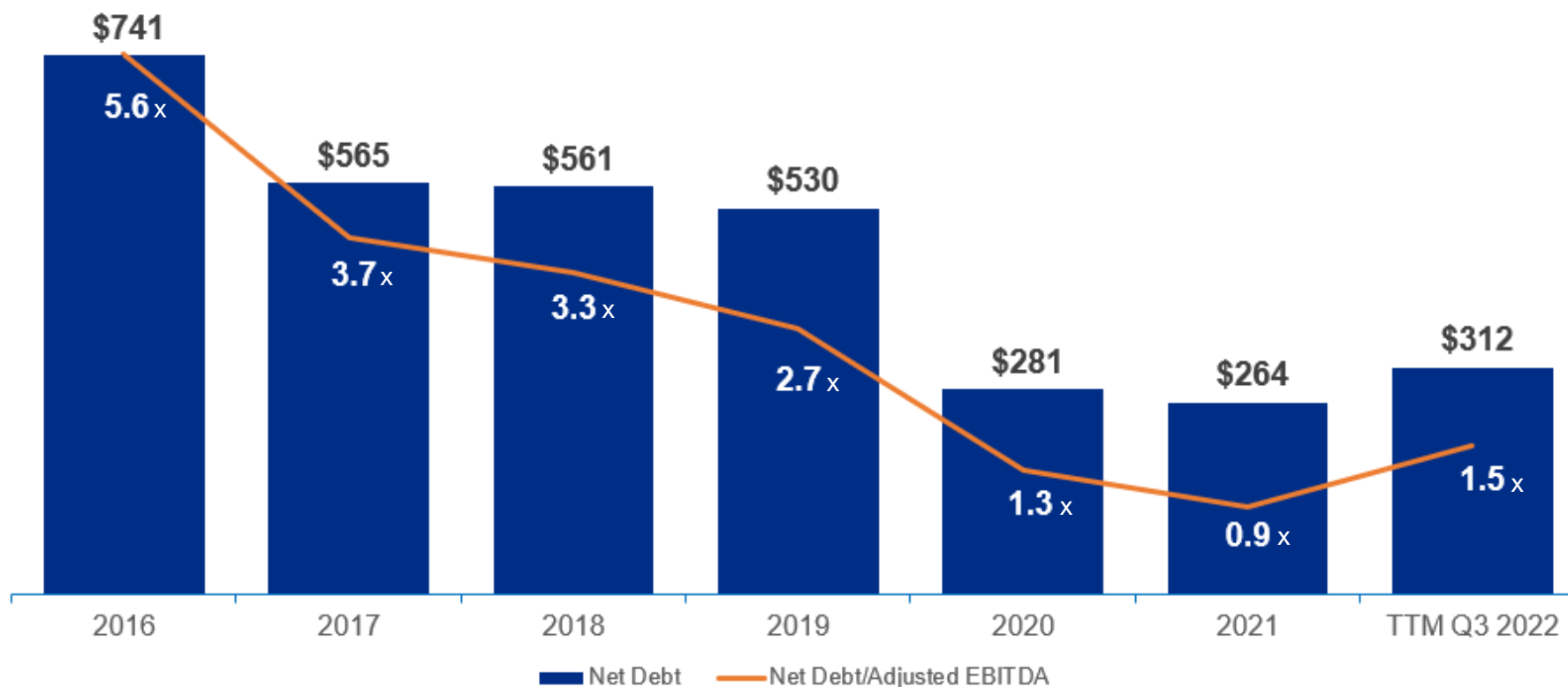
(Adjusted EBITDA in \$MM)



1-Non-GAAP financial measures; see Appendix for reconciliation to GAAP financial measures of net income for 2015-2021.

# Balance Sheet and Leverage Metric Improvements

NET DEBT<sup>(1)</sup> AND NET DEBT/ADJUSTED EBITDA<sup>(2)</sup> (Net Debt in \$MM)



- \$550M of liquidity at end of Q3, including cash balance of \$256 million
- Floating rate debt more than fully hedged
- Repurchased \$150M in common stock since 11/21

1-Net debt consists of long-term debt and finance lease obligations, including current maturities, less cash and cash equivalents.  
2-Non-GAAP financial measures; see Appendix for reconciliation to GAAP financial measures of net income for 2016-2021.

# Q3 2022 Highlights

	Amount	Change vs Q3 2021	Change vs Q3 2019
<b>Net Revenue</b>	\$499.2 million	(3.6)%	+ 15.6%
<b>Adjusted Operating Income<sup>1</sup></b>	\$21.5 million	(60.8)%	(17.7)%
<b>Adjusted Diluted EPS<sup>1</sup></b>	\$0.15	(59.8)%	(6.1)%

- Q3 factors:
  - Macro headwinds, constraints to exam capacity
- Adjusted Comparable Store Sales Growth<sup>1</sup>: (8.1)% (compared to +0.2% in Q3 21)
  - Hurricane Ian impact: ~(40 bps)
- Opened 18 new stores and ended the quarter with 1,332 stores
  - Opened record 7 Eyeglass World stores
- Remote medicine currently enabled in ~300 stores
- Signed amendment that extends current lens supply agreement with EssilorLuxottica for three years
- Released 2021 Sustainability report (October)

<sup>1</sup>-Non-GAAP financial measures; see Appendix for reconciliation to GAAP financial measures of total comparable store sales growth of (8.0)% in 2022 and 3.4% in 2021; net income of \$11.5 million in 2022, \$41.0 million in 2021 and \$1.2 million in 2019; and diluted EPS of \$0.15 in 2022, \$0.45 in 2021 and \$0.01 in 2019.

# Moment of Mission

## 2021 Sustainability Report: "A World Worth Seeing"



Check out our Sustainability Report:  
[2021 Sustainability Report](#)

**MSCI ESG rating raised to AA: Considered a leader in our industry**

**MSCI**  
ESG RATINGS



CCC	B	BB	BBB	A	AA	AAA
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# Appendix



# Q3 2022 Consolidated Financial Results (Unaudited)

	Three Months Ended			Nine Months Ended		
	October 1, 2022	October 2, 2021	September 28, 2019	October 1, 2022	October 2, 2021	September 28, 2019
<i>Dollars and shares in thousands, except Earnings Per Share</i>						
<b>Revenue:</b>						
Net product sales	\$ 410,701	\$ 425,594	\$ 355,789	\$ 1,265,554	\$ 1,326,867	\$ 1,096,482
Net sales of services and plans	88,506	92,411	76,113	270,919	274,807	226,086
Total net revenue	499,207	518,005	431,902	1,536,473	1,601,674	1,322,568
<b>Costs applicable to revenue (exclusive of depreciation and amortization):</b>						
Products	160,645	158,371	144,518	488,225	485,090	444,177
Services and plans	72,155	68,087	59,984	215,179	202,004	174,801
Total costs applicable to revenue	232,800	226,458	204,502	703,404	687,094	618,978
<b>Operating expenses:</b>						
Selling, general and administrative expenses	225,028	218,214	190,290	681,411	676,042	566,444
Depreciation and amortization	24,852	25,059	22,336	75,248	72,639	63,570
Asset impairment	1,263	—	3,516	5,178	1,478	7,387
Other expense (income), net	(95)	(2,437)	146	170	(2,567)	975
Total operating expenses	251,048	240,836	216,288	762,007	747,592	638,376
Income from operations	15,359	50,711	11,112	71,062	166,988	65,214
Interest expense (income), net	(1,977)	5,743	7,873	(2,158)	22,261	25,902
Loss on extinguishment of debt	—	—	9,786	—	—	9,786
Earnings (loss) before income taxes	17,336	44,968	(6,547)	73,220	144,727	29,526
Income tax provision (benefit)	5,834	3,976	(7,739)	21,837	22,702	647
Net income	\$ 11,502	\$ 40,992	\$ 1,192	\$ 51,383	\$ 122,025	\$ 28,879
Earnings per share - basic	\$ 0.15	\$ 0.50	\$ 0.02	\$ 0.64	\$ 1.49	\$ 0.37
Earnings per share - diluted	\$ 0.15	\$ 0.45	\$ 0.01	\$ 0.63	\$ 1.34	\$ 0.35
Weighted average shares outstanding - basic	78,910	82,290	78,474	80,133	81,729	78,387
Weighted average shares outstanding - diluted	79,304	96,508	81,561	93,477	96,193	81,510

The 2025 Notes were antidilutive for the three months ended October 1, 2022 and, therefore, excluded from the computation of the weighted average shares for diluted EPS

# Reconciliation of Adjusted EBITDA to Net Income (Unaudited)

<i>Dollars in thousands</i>	2015	2016	2017	2018	2019	2020	2021
<b>Net revenue</b>	\$ 1,062,528	\$ 1,196,195	\$ 1,375,308	\$ 1,536,854	\$ 1,724,331	\$ 1,711,760	\$ 2,079,525
<b>Net income</b>	2,871	13,343	43,138	23,653	32,798	36,277	128,244
Interest expense	39,292	39,092	60,063	37,483	33,300	48,327	25,612
Income tax provision (benefit)	1,300	11,634	(38,910)	(18,785)	(2,309)	2,403	21,081
Depreciation and amortization	44,349	52,677	61,974	74,339	87,244	91,585	97,089
<b>EBITDA</b>	87,812	116,746	126,265	116,690	151,033	178,592	272,026
Stock compensation expense <sup>(a)</sup>	6,635	4,293	5,152	20,939	12,670	10,740	14,886
Loss on extinguishment of debt <sup>(b)</sup>	—	—	—	—	9,786	—	—
Asset impairment <sup>(c)</sup>	7,716	7,132	4,117	17,630	8,894	22,004	4,427
Litigation settlement <sup>(d)</sup>	—	—	7,000	—	—	4,395	1,500
Secondary offering expenses <sup>(e)</sup>	—	—	—	2,451	401	—	—
Management realignment expenses <sup>(f)</sup>	—	—	—	—	2,155	—	—
Long-term incentive plan <sup>(g)</sup>	—	—	—	7,040	2,830	—	—
Non-cash inventory write-offs <sup>(n)</sup>	—	—	2,271	—	—	—	—
Management fees <sup>(o)</sup>	1,649	1,126	5,263	—	—	—	—
Other <sup>(k)</sup>	4,644	3,520	3,924	4,585	6,370	2,576	1,511
<b>Adjusted EBITDA</b>	<u>\$ 108,456</u>	<u>\$ 132,817</u>	<u>\$ 153,992</u>	<u>\$ 169,335</u>	<u>\$ 194,139</u>	<u>\$ 218,307</u>	<u>\$ 294,350</u>
<b>Net income margin</b>	0.3 %	1.1 %	3.1 %	1.5 %	1.9 %	2.1 %	6.2 %
<b>Adjusted EBITDA Margin</b>	10.2 %	11.1 %	11.2 %	11.0 %	11.3 %	12.8 %	14.2 %
<b>Net debt/Net income</b>		55.5x	13.1x	23.7x	16.2x	7.8x	2.1x
<b>Net debt/Adjusted EBITDA</b>		5.6x	3.7x	3.3x	2.7x	1.3x	0.9x

Note: Fiscal year 2020 includes 53 weeks. Fiscal years 2015 - 2019 and 2021 include 52 weeks.  
Percentages reflect line item as a percentage of net revenue, adjusted for rounding.



# Reconciliation of Adjusted EBITDA to Net Income (Unaudited)

	Three Months Ended			Nine Months Ended			Twelve Months Ended October 1, 2022
	October 1, 2022	October 2, 2021	September 28, 2019	October 1, 2022	October 2, 2021	September 28, 2019	
<i>Dollars in thousands</i>							
<b>Net income</b>	\$ 11,502	\$ 40,992	\$ 1,192	\$ 51,383	\$ 122,025	\$ 28,879	\$ 57,602
Interest expense (income)	(1,977)	5,743	7,873	(2,158)	22,261	25,902	1,193
Income tax provision (benefit)	5,834	3,976	(7,739)	21,837	22,702	647	20,216
Depreciation and amortization	24,852	25,059	22,336	75,248	72,639	63,570	99,698
<b>EBITDA</b>	<b>40,211</b>	<b>75,770</b>	<b>23,662</b>	<b>146,310</b>	<b>239,627</b>	<b>118,998</b>	<b>178,709</b>
Stock compensation expense <sup>(a)</sup>	3,168	3,665	6,123	10,540	13,866	10,840	11,560
Loss on extinguishment of debt <sup>(b)</sup>	—	—	9,786	—	—	9,786	—
Asset impairment <sup>(c)</sup>	1,263	—	3,516	5,178	1,478	7,387	8,127
Litigation settlement <sup>(d)</sup>	—	—	—	—	—	—	1,500
Secondary offering expenses <sup>(e)</sup>	—	—	401	—	—	406	—
Management realignment expenses <sup>(f)</sup>	—	—	—	—	—	2,155	—
Long-term incentive plan <sup>(g)</sup>	—	—	1,108	—	—	1,830	—
Other <sup>(k)</sup>	(199)	(1,512)	1,956	2,151	37	4,423	3,625
<b>Adjusted EBITDA</b>	<b>\$ 44,443</b>	<b>\$ 77,923</b>	<b>\$ 46,552</b>	<b>\$ 164,179</b>	<b>\$ 255,008</b>	<b>\$ 155,825</b>	<b>\$ 203,521</b>
<b>Net income margin</b>	2.3 %	7.9 %	0.3 %	3.3 %	7.6 %	2.2 %	
<b>Adjusted EBITDA Margin</b>	8.9 %	15.0 %	10.8 %	10.7 %	15.9 %	11.8 %	
<b>Net debt/Net income</b>							5.4x
<b>Net debt/Adjusted EBITDA</b>							1.5x

Note: Percentages reflect line item as a percentage of net revenue, adjusted for rounding.

# Reconciliation of Adjusted Operating Income to Net Income (Unaudited)

<i>Dollars in thousands</i>	Three Months Ended			Nine Months Ended		
	October 1, 2022	October 2, 2021	September 28, 2019	October 1, 2022	October 2, 2021	September 28, 2019
<b>Net income</b>	\$ 11,502	\$ 40,992	\$ 1,192	\$ 51,383	\$ 122,025	\$ 28,879
Interest expense (income)	(1,977)	5,743	7,873	(2,158)	22,261	25,902
Income tax provision (benefit)	5,834	3,976	(7,739)	21,837	22,702	647
Stock compensation expense <sup>(a)</sup>	3,168	3,665	6,123	10,540	13,866	10,840
Loss on extinguishment of debt <sup>(b)</sup>	—	—	9,786	—	—	9,786
Asset impairment <sup>(c)</sup>	1,263	—	3,516	5,178	1,478	7,387
Secondary offering expenses <sup>(e)</sup>	—	—	401	—	—	406
Management realignment expenses <sup>(f)</sup>	—	—	—	—	—	2,155
Long-term incentive plan <sup>(g)</sup>	—	—	1,108	—	—	1,830
Amortization of acquisition intangibles <sup>(h)</sup>	1,872	1,872	1,851	5,616	5,616	5,553
Other <sup>(k)</sup>	(199)	(1,512)	1,956	2,151	37	4,423
<b>Adjusted Operating Income</b>	<u>\$ 21,463</u>	<u>\$ 54,736</u>	<u>\$ 26,067</u>	<u>\$ 94,547</u>	<u>\$ 187,985</u>	<u>\$ 97,808</u>
<b>Net income margin</b>	2.3 %	7.9 %	0.3 %	3.3 %	7.6 %	2.2 %
<b>Adjusted Operating Margin</b>	4.3 %	10.6 %	6.0 %	6.2 %	11.7 %	7.4 %

Note: Percentages reflect line item as a percentage of net revenue, adjusted for rounding.

# Reconciliation of Adjusted Diluted EPS to Diluted EPS (Unaudited)

	Three Months Ended			Nine Months Ended		
	October 1, 2022	October 2, 2021	September 28, 2019	October 1, 2022	October 2, 2021	September 28, 2019
<i>Shares in thousands</i>						
<b>Diluted EPS</b>	\$ 0.15	\$ 0.45	\$ 0.01	\$ 0.63	\$ 1.34	\$ 0.35
Stock compensation expense <sup>(a)</sup>	0.04	0.04	0.08	0.11	0.14	0.13
Loss on extinguishment of debt <sup>(b)</sup>	—	—	0.12	—	—	0.12
Asset impairment <sup>(c)</sup>	0.02	—	0.04	0.06	0.02	0.09
Secondary offering expenses <sup>(e)</sup>	—	—	0.00	—	—	0.00
Management realignment expenses <sup>(f)</sup>	—	—	—	—	—	0.03
Long-term incentive plan <sup>(g)</sup>	—	—	0.01	—	—	0.02
Amortization of acquisition intangibles <sup>(h)</sup>	0.02	0.02	0.02	0.06	0.06	0.07
Amortization of debt discount and deferred financing costs <sup>(i)</sup>	0.01	0.00	0.00	0.01	0.02	0.01
Losses (gains) on change in fair value of derivatives <sup>(j)</sup>	(0.08)	(0.01)	—	(0.18)	0.00	—
Other <sup>(k)</sup>	0.00	(0.02)	0.02	0.02	(0.02)	0.05
Tax benefit of stock option exercises <sup>(l)</sup>	0.00	(0.09)	(0.08)	0.00	(0.14)	(0.09)
Tax effect of total adjustments <sup>(m)</sup>	0.00	(0.01)	(0.08)	(0.02)	(0.06)	(0.14)
<b>Adjusted Diluted EPS</b>	<u>\$ 0.15</u>	<u>\$ 0.38</u>	<u>\$ 0.16</u>	<u>\$ 0.69</u>	<u>\$ 1.35</u>	<u>\$ 0.66</u>
<b>Weighted average diluted shares outstanding</b>	79,304	96,508	81,561	93,477	96,193	81,510

Note: Some of the totals in the table above do not foot due to rounding differences.



# Reconciliation of Non-GAAP to GAAP Financial Measures Footnotes

- (a) Non-cash charges related to stock-based compensation programs, which vary from period to period depending on the timing of awards and performance vesting conditions.
- (b) Reflects write-off of deferred financing fees related to the extinguishment of debt.
- (c) Reflects write-off of primarily property, equipment and lease related assets on closed or underperforming stores.
- (d) Expenses associated with settlement of certain litigation.
- (e) Expenses related to our secondary public offerings.
- (f) Expenses related to a non-recurring management realignment described in the Current Report on Form 8-K filed with the SEC on January 10, 2019.
- (g) Expenses pursuant to a long-term incentive plan for non-executive associates who were not participants in the management equity plan.
- (h) Amortization of the increase in carrying values of finite-lived intangible assets resulting from the application of purchase accounting following the acquisition of the Company by affiliates of KKR & Co. Inc.
- (i) Amortization of deferred financing costs and other non-cash charges related to our long-term debt, including amortization of the conversion feature related to the 2025 Notes. We adjust for amortization of deferred financing costs related to the 2025 Notes only when adjustment for these costs is not required in the calculation of diluted earnings per share under U.S. GAAP.
- (j) Reflects losses (gains) recognized in interest expense (income), net on change in fair value of de-designated hedges.
- (k) Other adjustments include amounts that management believes are not representative of our operating performance (amounts in brackets represent reductions in Adjusted Operating Income, Adjusted Diluted EPS and Adjusted EBITDA), which are primarily related to excess payroll taxes on stock option exercises, executive severance and relocation and other expenses and adjustments, including our share of losses (gains) on equity method investments and other investments. For Adjusted Diluted EPS, adjustment also includes the impact of stranded tax effect associated with our interest rate swaps that matured in 2021.
- (l) Tax benefit associated with accounting guidance requiring excess tax benefits related to stock option exercises to be recorded in earnings as discrete items in the reporting period in which they occur.
- (m) Represents the income tax effect of the total adjustments at our combined statutory federal and state income tax rates.
- (n) Reflects write-offs of inventory relating to the expiration of a specific type of contact lenses that could not be sold and required disposal.
- (o) Management fees paid to sponsors in accordance with our monitoring agreement and terminated upon consummation of the IPO in October 2017.

# Reconciliation of Adjusted Comparable Stores Sales Growth (Unaudited)

	Comparable store sales growth <sup>(a)</sup>			
	Three Months Ended October 1, 2022	Three Months Ended October 2, 2021	Nine Months Ended October 1, 2022	Nine Months Ended October 2, 2021
<b>Owned &amp; Host segment</b>				
America's Best	(7.8)%	0.0 %	(9.4)%	31.8 %
Eyeglass World	(7.8)%	1.7 %	(7.7)%	33.9 %
Military	(6.3)%	(0.6)%	(5.5)%	22.6 %
Fred Meyer	(7.6)%	(1.6)%	(5.4)%	21.2 %
<b>Legacy segment</b>	(10.7)%	0.0 %	(9.3)%	25.5 %
Total comparable store sales growth	(8.0)%	3.4 %	(8.0)%	30.3 %
Adjusted Comparable Store Sales Growth <sup>(b)</sup>	(8.1)%	0.2 %	(9.1)%	31.1 %

	2019				2020				2021				2022		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Total comparable store sales growth	6.2 %	4.4 %	5.7 %	10.1 %	(2.9)%	(44.7)%	11.6 %	14.3 %	18.2 %	99.1 %	3.4 %	1.7 %	(4.9)%	(11.0)%	(8.0)%
Adjustments for effects of: <sup>(b)</sup>															
Unearned & deferred revenue	0.8 %	(0.4)%	0.6 %	(1.9)%	(7.5)%	8.1 %	0.9 %	(3.3)%	13.8 %	(21.6)%	(3.0)%	(0.6)%	(1.8)%	(1.2)%	— %
Retail sales to Legacy partner's customers	(0.3)%	(0.2)%	(0.1)%	(0.1)%	0.1 %	0.1 %	(0.1)%	(0.4)%	3.8 %	(0.8)%	(0.2)%	0.1 %	(0.1)%	(0.2)%	(0.1)%
Adjusted Comparable Store Sales Growth	6.7 %	3.8 %	6.2 %	8.1 %	(10.3)%	(36.5)%	12.4 %	10.6 %	35.8 %	76.7 %	0.2 %	1.2 %	(6.8)%	(12.4)%	(8.1)%

Note: Q4 2021 and Q4 2019 include 13 weeks. Q4 2020 includes 14 weeks.

- (a) Total comparable store sales is calculated based on consolidated net revenue excluding the impact of (i) Corporate/Other segment net revenue, (ii) sales from stores opened less than 13 months, (iii) stores closed in the periods presented, (iv) sales from partial months of operation when stores do not open or close on the first day of the month and (v) if applicable, the impact of a 53rd week in a fiscal year. Brand-level comparable store sales growth is calculated based on cash basis revenues consistent with what the Chief Operating Decision Maker reviews, and consistent with reportable segment revenues presented in Note 10. "Segment Reporting" in our unaudited condensed consolidated financial statements included in Part I. Item 1. in our Quarterly Report on Form 10-Q for the period ended October 1, 2022, with the exception of the Legacy segment, which is adjusted as noted in clause (b) (ii) below.
- (b) There are two differences between total comparable store sales growth based on consolidated net revenue and Adjusted Comparable Store Sales Growth: (i) Adjusted Comparable Store Sales Growth includes the effect of deferred and unearned revenue as if such revenues were earned at the point of sale, resulting in the changes from total comparable store sales growth based on consolidated net revenue as shown in the table above; and a decrease of 1.0% and an increase of 0.9% for the nine months ended October 1, 2022 and October 2, 2021, respectively; and (ii) Adjusted Comparable Store Sales Growth includes retail sales to the Legacy partner's customers (rather than the revenues recognized consistent with the management & services agreement with the Legacy partner), resulting in the changes from total comparable store sales growth based on consolidated net revenue as shown in the table above, and a decrease of 0.1% and a decrease of 0.1% for the nine months ended October 1, 2022 and October 2, 2021, respectively.

# Adjusted Comparable Store Sales Primer

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## What is Adjusted Comparable Store Sales Growth?

- Calculated using net revenue **on a cash-basis**
- Excludes the impact of unearned and deferred revenue

## Why use Adjusted Comparable Store Sales Growth?

- Provides a clear view of the Company's current operating performance
- Shifts in unearned revenue are difficult to predict and related to short-term customer behavior (see slide 32)
- Used by management to assess business performance and is the basis for store-level business performance
- Consistently applied methodology

## Adjusted Comparable Store Sales Growth consistently lower than total comparable store sales growth

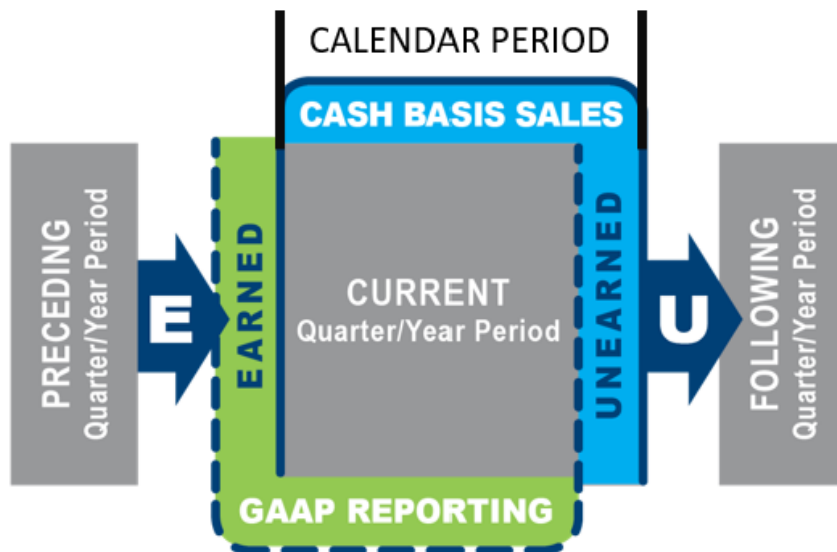
- Company provides total comparable store sales growth measured on GAAP revenue
- Adjusted measure has been lower than or equal to GAAP measure in 16 of last 21 quarters due to unearned revenue
- Total comparable store sales growth based on GAAP revenue was not calculated prior to 2017 IPO

# Unearned Revenue Primer

## PURCHASE JOURNEY



## UNEARNED REVENUE ACCOUNTING



- Customers generally pay for products and services at time of order. Eyeglasses are picked up approximately 7 to 10 days later.
- Unearned revenue represents **CASH BASIS SALES** during approximately the last week of a reporting period. **GAAP REPORTING** requires REVENUE RECOGNITION at time of PICKUP.
- The change in unearned revenue depends on relative magnitude of sales for last week of the preceding **E** and current **U** quarters, as well as customer purchase pick-up behavior.
  - The change in activity is then compared to the same periods in the prior year.
- Typical seasonal impact on income statement:
 

<b>Q1</b> negative ( $E < U$ )	<b>Q2</b> positive ( $E > U$ )
<b>Q3</b> pos./neg. ( $E > < U$ )	<b>Q4</b> negative ( $E < U$ )
- For a company with growing revenues, unearned revenue should also grow to some degree each year.

***“It’s a short-term timing difference between quarters”***



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