Q4 and Fiscal Year 2019 Financial Results

February 26, 2020

NATIONAL VISION®

OUR MISSION

We help people by making quality eye care and eyewear more affordable and accessible.

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 contained under “Fiscal 2020 Outlook” as well as other 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 the forward-looking statements. Such factors include, but are not limited to, our ability to open and operate new stores in a timely and cost-effective manner and to successfully enter new markets; our ability to recruit and retain vision care professionals for our stores; our relationships with managed vision care companies, vision insurance providers and other third-party payors; our operating relationships with our host and legacy partners; state, local and federal vision care and healthcare laws and regulations; risks associated with managed vision care laws and regulations; our ability to maintain sufficient levels of cash flow from our operations to grow; the risk of loss or disruption in our distribution centers and optical laboratories; risks associated with vendors from whom our products are sourced; competition in the optical retail industry; risks associated with information technology systems and the security of personal information and payment card data collected by us and our vendors; our growth strategy’s impact on our existing resources and performance of our existing stores; our ability to manage costs; the success of our marketing, advertising and promotional efforts; risks associated with leasing substantial amounts of space; technological advances that may reduce demand for our products; our ability to retain senior management and attract new personnel; macroeconomic factors and other factors impacting consumer spending beyond the Company’s control; issues regarding inventory management; seasonal fluctuations in our business; our increasing reliance on third-party coverage and reimbursement; risks related to our e-commerce business; product liability, product recall or personal injury issues; legal regulatory risks, including adverse judgments or settlements from legal proceedings; we may incur losses arising from our investments in technological innovators in the optical retail industry; our ability to protect our intellectual property; risks related to our significant indebtedness and risks related to interest rates; risks related to our debt agreements, including restrictions that may limit our flexibility in operating our business; and risks related to 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 our Annual Report on Form 10-K and other subsequent filings by National Vision with the Securities and Exchange Commission (“SEC”), which are accessible on the SEC’s website at *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 fourth quarter of 2019, which is available at www.nationalvision.com/investors, together with this presentation.

Agenda

Topic	Presenter
2019 Highlights and Business Update	Reade Fahs, CEO
Fourth Quarter and Fiscal Year 2019 Financial Update Fiscal 2020 Outlook	Patrick Moore, CFO
Moments of Mission	Reade Fahs, CEO
Q&A	

Reade Fahs
CEO

Patrick Moore
CFO

Q4 Highlights

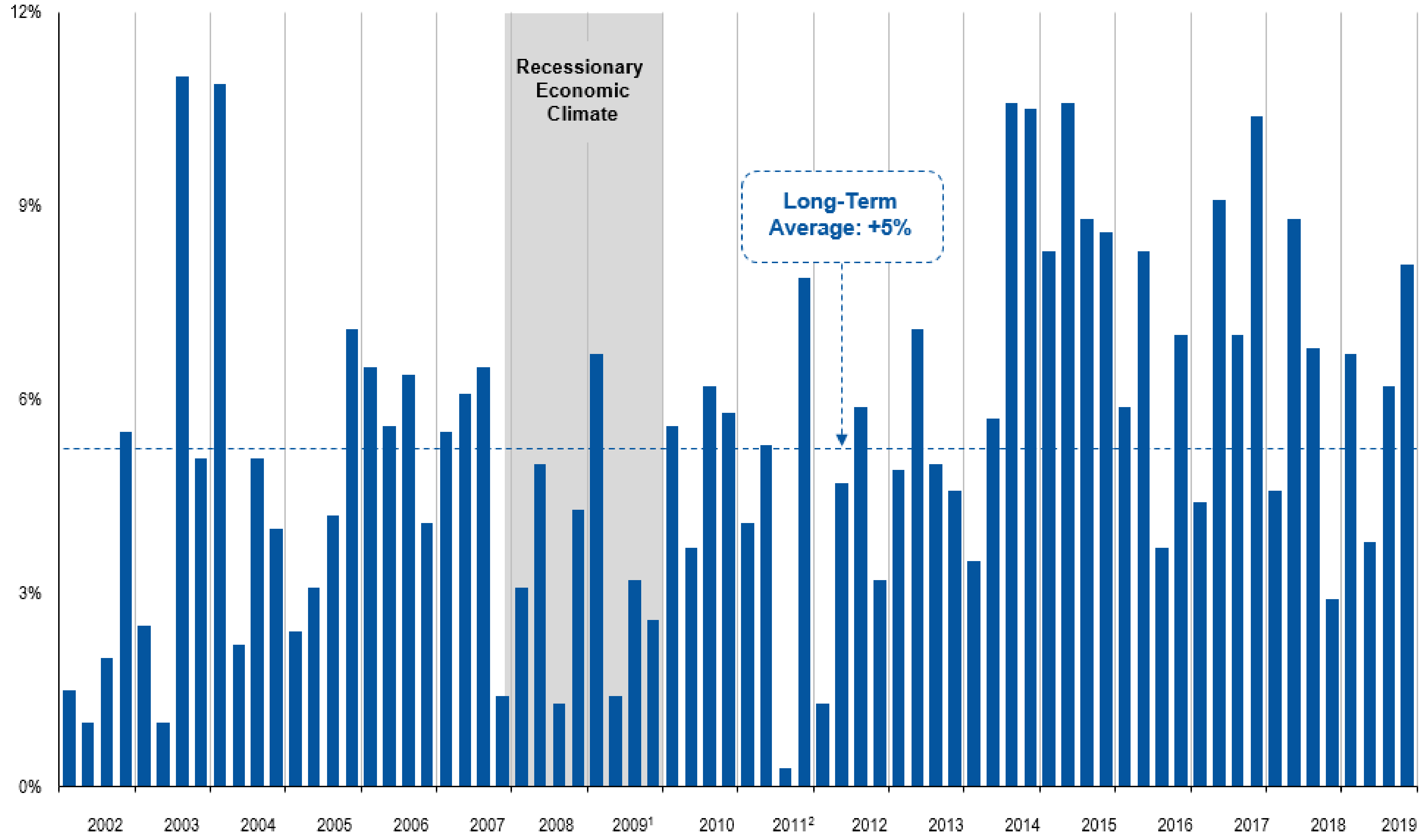
- Q4 revenue: $401.8M, 12.9% over Q4 2018
- Opened 8 new stores in Q4 and 75 new stores in the fiscal year; ended the year with 1,151 stores
- 72 consecutive quarters of positive comparable store sales growth
- Q4 Adjusted Comparable Store Sales Growth[1] of 8.1% driven primarily by an increase in customer transactions
- Our growth brands posted positive Adjusted Comparable Store Sales Growth (America's Best 9.0%, Eyeglass World 6.4%)
- Q4 Adjusted EBITDA[1]: $39.6M, 37.9% over Q4 2018
- Q4 Adjusted Net Income[1]: $8.7M, $7.6M above Q4 2018
- Q4 Adjusted Diluted EPS[1]: $0.11 versus $0.01 in Q4 2018
- Material weakness remediated
- NPS remains at or near record levels for our brands
- 5 more stores added to Walmart relationship and contract extension (January 2020)
- Privé Revaux national expansion in America's Best (January 2020)

1-Non-GAAP financial measure; see Appendix for reconciliation to GAAP financial measure.

2019 Reflections

- New centralized lab opened in Plano, TX
- Management team evolution progressing well
- End of 14-year tenure of private equity ownership
- Significant balance sheet improvements:
    - Refinanced existing debt
    - Voluntary prepayment of $25M of debt
    - Repurchased $25M of stock
- Addition of independent board member (Heather Cianfrocco)
- Successful Holiday Giveback Initiative and roll-out of Eyeglass World philanthropic program

72 Consecutive Quarters of Positive Comparable Store Sales Growth



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

2-Comparable store sales growth in the third quarter of fiscal year 2011 was impacted by the near U.S. federal government debt default/shutdown and the subsequent adverse impact on the consumer environment

We Have Multiple Drivers to Continue Our Growth

Grow Store Base Across Our Owned Brands

Continue to Drive Comparable Store Sales Growth

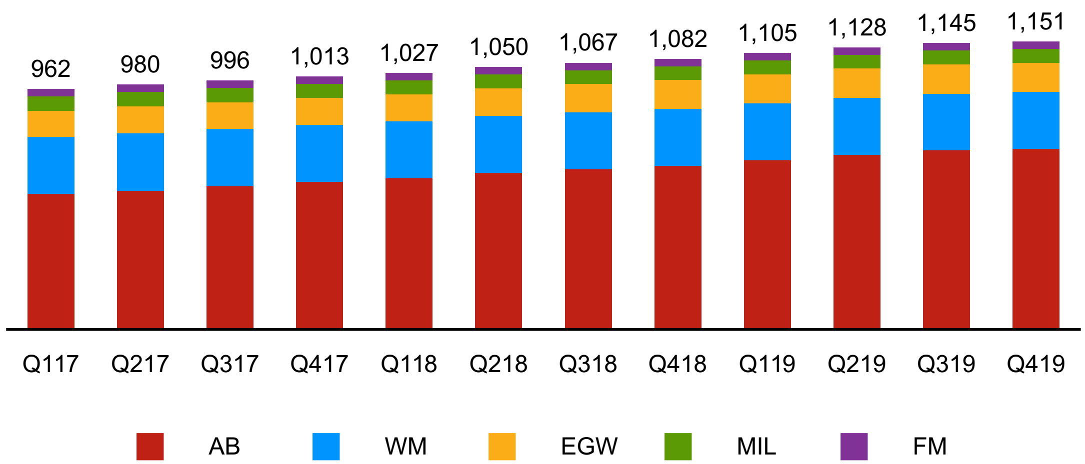
Improve Operating Productivity

Leverage Technology

Fourth Quarter and Fiscal Year 2019 Financial Update

Revenue Drivers

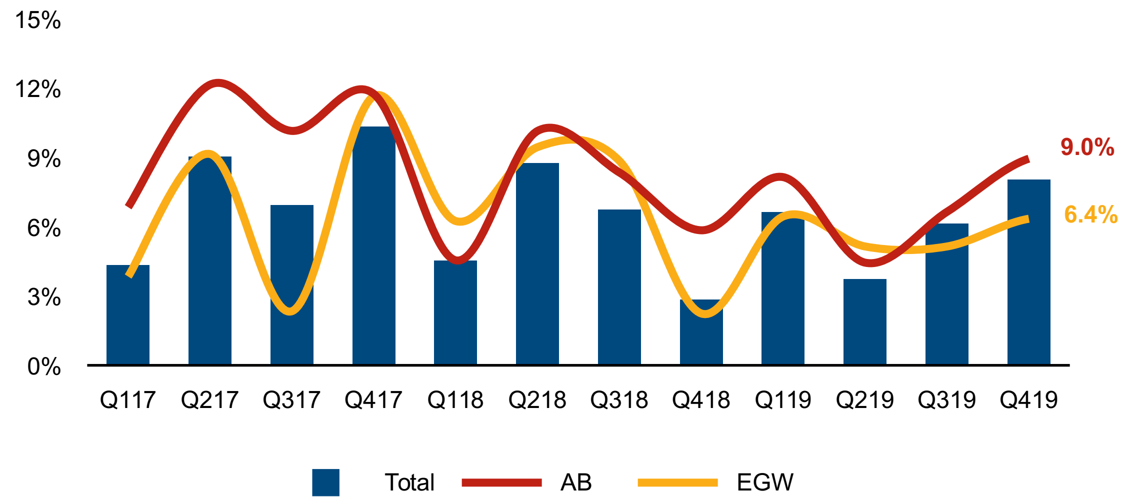
Total Store Count Growth



Commentary

- 6 net new stores in Q4 (8 new stores and 2 closed stores)
- 69 net new stores in FY 2019 (75 new stores and 6 closings)
- Focused store growth on America's Best (8 new stores in the quarter and 71 in FY 2019) and Eyeglass World (4 new stores in FY 2019)

Adjusted Comparable Store Sales Growth[1]



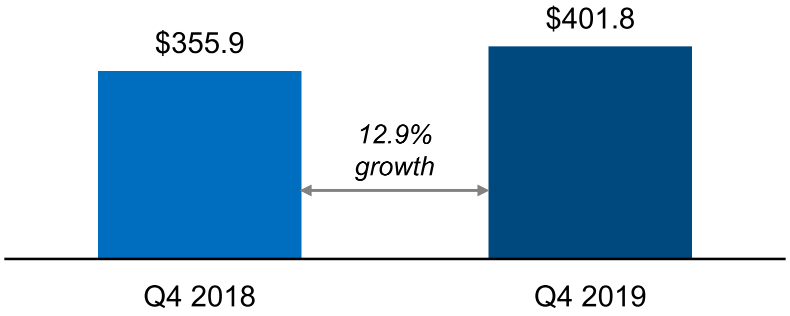
Commentary

- America's Best and Eyeglass World drove favorable comparable store sales growth results for the quarter
- Adjusted Comparable Store Sales Growth[1] primarily driven by increases in customer transactions for the quarter
- Eyeglass comp growth was driven by customer transactions for the quarter

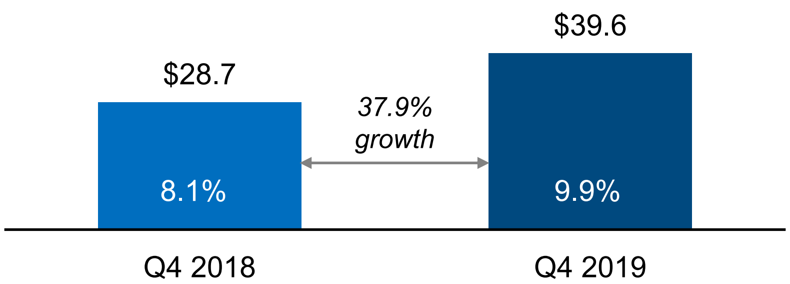
1-Non-GAAP financial measure; see Appendix for reconciliation to GAAP financial measure.

Q4 2019 Results

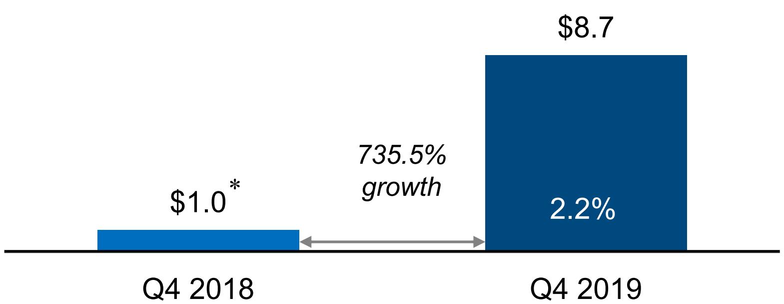
Net Revenue ($M)



Adjusted EBITDA[1] ($M)



Adjusted Net Income[1] ($M)



** Q4 2018 Adjusted Net Income was 0.3% of Net Revenue.*

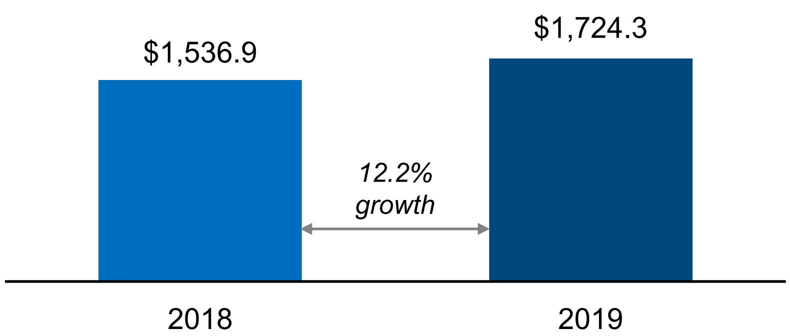
Commentary

- Net revenue increased 12.9% year-over-year; Adjusted Comparable Store Sales Growth[1] increased 8.1%. Net revenue growth impacted by:
  - Unearned revenue +1.5%
- Adjusted EBITDA[1] increased 37.9% year-over-year (impacted +14.6% by margin on unearned revenue). Adjusted EBITDA Margin[1] increased 180 bps year-over-year due to:
  - Higher eyeglass margin, store payroll leverage, and the net change in margin on unearned revenue
- Costs applicable to revenue as a percentage of net revenue decreased from 48.7% in Q4 2018 to 46.7% in Q4 2019 primarily due to:
  - Higher eyeglass margin, increase in reimbursed eye exam sales and lower growth in optometrist-related costs
- Adjusted SG&A Percent of Net Revenue[1] decreased 30 bps year-over-year primarily due to:
  - Store payroll leverage, partially offset by higher performance-based incentive compensation
- Adjusted Net Income[1] increased 735.5% year-over-year to $8.7M
  - Margin on unearned revenue impacted year-over-year growth by +298.7%
- Diluted EPS increased 120.2% to $0.05; Adjusted Diluted EPS[1] increased 692.0% to $0.11

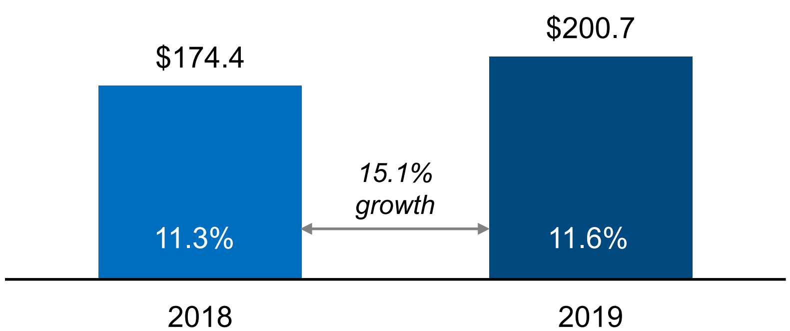
1-Non-GAAP financial measures; see Appendix for reconciliation to GAAP financial measures.

Fiscal Year 2019 Results

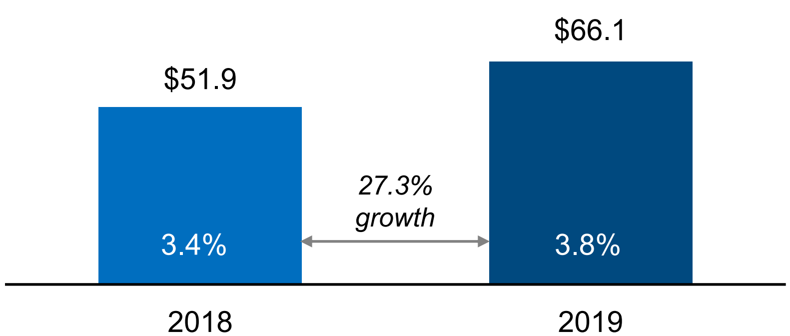
Net Revenue ($M)



Adjusted EBITDA[1] ($M)



Adjusted Net Income[1] ($M)



Commentary

- Net revenue increased 12.2% year-over-year; Adjusted Comparable Store Sales Growth[1] increased 6.2%. Net revenue growth impacted by:
  - AC Lens contact lens distribution business growth +1.6%
  - Unearned revenue +0.1%
- Adjusted EBITDA[1] increased 15.1% year-over-year (impacted -0.5% by margin on unearned revenue). Adjusted EBITDA Margin[1] increased 30 bps year-over-year
- Costs applicable to revenue as a percentage of net revenue increased from 46.4% in FY 2018 to 46.8% in FY 2019 impacted by:
  - AC Lens contact lens distribution growth
  - Additionally, a higher mix of exam sales and improved eyeglass margin were partially offset by higher optometrist costs
- Adjusted SG&A Percent of Net Revenue[1] decreased 80 bps year-over-year impacted by:
  - AC Lens contact lens distribution business growth and store payroll leverage
- Adjusted Net Income[1] grew 27.3% year-over-year to $66.1M
  - Margin on unearned revenue impacted year-over-year growth by -1.3%
- Diluted EPS increased 34.2% to $0.40; Adjusted Diluted EPS[1] increased 23.2% to $0.81

1-Non-GAAP financial measures; see Appendix for reconciliation to GAAP financial measures.

Capital Structure and Cash Flow

Year-end 2019 Capital Structure ($M)

	Debt Amount	Less: Deferred Financing Costs	Amounts per Balance Sheet	% of Total	Coupon	Maturity
Term Loan	$ 392.4	$ (4.0)	$ 388.4	68%	L + 150	7/18/2024
Revolving Credit Facility[1]	148.0	—	148.0	26%	L + 150	7/18/2024
Other debt[2]	33.3	—	33.3	6%		
Total debt	$ 573.7	$ (4.0)	$ 569.7	100%		
Cash and cash equivalents			39.3			
Net debt			$ 530.4			

Commentary

- Net debt to TTM Adjusted EBITDA[3] 2.6x
- $148M outstanding under our revolving credit facility plus $5.7M in outstanding letters of credit
- Voluntary paydown of $25M of outstanding borrowings on the Term Loan

Cash Flow ($M)

	Fiscal Year		
	2019	2018	Variance
Net cash provided by operating activities	$ 165.1	$ 106.6	$ 58.5
Net cash used for investing activities	(100.6)	(104.2)	3.6
Net cash (used for) provided by financing activities	(42.1)	10.4	(52.5)
Net change in cash, cash equivalents and restricted cash	$ 22.4	$ 12.8	$ 9.6

Commentary

- $58.5M increase in operating cash flow primarily related to increased net income, decreased purchases of inventory and decreases in prepaid assets
- $3.6M decrease in net cash used for investing activities driven by reduced capital expenditures
- $52.5M decrease in net cash provided by financing activities driven primarily by increased $25M in share repurchases and $25M in debt repayments

Note: Some of the totals in the table above do not foot due to rounding differences
1-$300M facility; $146.3M available
2-Finance lease debt
3-Non-GAAP financial measure; see Appendix for reconciliation to GAAP financial measure

New Non-GAAP Measures Framework in 2020

- Introducing new non-GAAP measures
  - Adjusted Operating Income
  - Adjusted Operating Margin
  - See Appendix (slide 25) for a reconciliation of Adjusted Operating Income to Operating Income for quarterly and fiscal year 2018 and 2019 periods.

- Emphasizing Adjusted Operating Income and Adjusted Diluted EPS measures in fiscal year 2020
  - Continuing to provide Adjusted EBITDA measure

- Presenting new definitions of certain non-GAAP measures (the "2020 Definitions") with fewer adjustments
  - No longer adjusting for new store pre-opening expense and non-cash rent

- See Appendix (slides 26, 27 and 28) for reconciliations of Adjusted EBITDA, Adjusted Net Income and Adjusted Diluted EPS under the 2020 Definitions for quarterly and fiscal year 2018 and 2019 periods.

Fiscal 2020 Outlook

	Fiscal 2020 Outlook
New Stores	~ 75 New Stores
Adjusted Comparable Store Sales Growth[1]	3 - 5%
Net Revenue	$1.875 - $1.905 billion
Adjusted EBITDA[2]	$210 - $215 million
Adjusted Operating Income	$120 - $125 million
Adjusted Diluted EPS	$0.80 - $0.85
Depreciation and Amortization[3]	$97 - $98 million
Interest	$29 - $30 million
Tax Rate[4]	~26.0%
Capital Expenditures	$100 - $105 million

The fiscal 2020 outlook information provided above is for the 53 weeks ending January 2, 2021. The Company estimates the 53rd week of fiscal 2020 will contribute approximately $35 million to net revenue, with an approximately break-even impact to Adjusted Diluted EPS due to the net change in margin on unearned revenue.

(1) For the 52 weeks ending December 26, 2020
(2) As noted above, Adjusted EBITDA is presented using the 2020 Definition and no longer excludes new store pre-opening expense and non-cash rent. In fiscal 2019, new store pre-opening expense and non-cash rent were $3.3 million and $3.2 million, respectively, resulting in 2019 Adjusted EBITDA that would have been $194.1 million if modified to conform to the 2020 Definition of Adjusted EBITDA. Please refer to Exhibit 99.2 in the Company's Form 8-K filing today for supplemental tables providing reconciliations of Adjusted EBITDA to Net Income for the quarterly and fiscal year 2018 and 2019 periods using the 2020 Definitions.
(3) Includes amortization of acquisition intangibles of approximately $7.4 million, which is excluded in the definition of Adjusted Operating Income
(4) Excluding the impact of stock option exercises

The fiscal 2020 outlook information provided above includes Adjusted EBITDA, Adjusted Operating Income and Adjusted Diluted EPS guidance, which are non-GAAP financial measures management uses in measuring performance. The Company is not able to reconcile these forward-looking non-GAAP measures to GAAP without unreasonable efforts because it is not possible to predict with a reasonable degree of certainty the actual impact of certain items and unanticipated events, including taxes and non-recurring items, which would be included in GAAP results. The impact of such items and unanticipated events could be potentially significant.

The fiscal 2020 outlook is forward-looking, subject to significant business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management, and based upon assumptions with respect to future decisions, which are subject to change. Actual results may vary and those variations may be material. As such, the Company's results may not fall within the ranges contained in its fiscal 2020 outlook. The Company uses these forward looking metrics internally to assess and benchmark its results and strategic plans.

Adjusted EBITDA Comparison

Dollars in millions	**Fiscal 2019 Actual Results**	**Fiscal 2020 Outlook**		
Adjusted EBITDA - 2019 Definition	$200.7			
Adjusted EBITDA - 2020 Definition	$194.1	$210	-	$215
Year-over-year growth		8.2%	-	10.8%

See slide 26 for a reconciliation from Net Income to Adjusted EBITDA under the current definition and the 2020 Definition.

Moments of Mission

Dr. Frank Ptak - America's Best
Fort Worth, Texas

Q&A

Appendix

Q4 and FY 2019 Consolidated Financial Results

Dollars and shares in thousands	Three Months Ended December 28, 2019 (Unaudited)	Three Months Ended December 29, 2018 (Unaudited)	Fiscal Year 2019	Fiscal Year 2018
Revenue:				
Net product sales	$ 329,654	$ 292,115	$ 1,426,136	$ 1,269,612
Net sales of services and plans	72,109	63,807	298,195	267,242
Total net revenue	401,763	355,922	1,724,331	1,536,854
Costs applicable to revenue (exclusive of depreciation and amortization):				
Products	130,175	121,846	574,351	511,406
Services and plans	57,367	51,624	232,168	202,165
Total costs applicable to revenue	187,542	173,470	806,519	713,571
Operating expenses:				
Selling, general and administrative expenses	178,044	166,132	744,488	687,476
Depreciation and amortization	23,674	19,556	87,244	74,339
Asset impairment	1,506	15,493	8,894	17,630
Other expense, net	2,636	658	3,611	1,487
Total operating expenses	205,860	201,839	844,237	780,932
Income (loss) from operations	8,361	(19,387)	73,575	42,351
Interest expense, net	7,397	9,139	33,300	37,283
Debt issuance costs	—	200	—	200
Loss on extinguishment of debt	—	—	9,786	—
Earnings (loss) before income taxes	964	(28,726)	30,489	4,868
Income tax provision (benefit)	(2,956)	(10,286)	(2,309)	(18,785)
Net income (loss)	$ 3,920	$ (18,440)	$ 32,798	$ 23,653
Earnings per share - basic	$ 0.05	$ (0.24)	$ 0.42	$ 0.31
Earnings per share - diluted	$ 0.05	$ (0.24)	$ 0.40	$ 0.30
Weighted average shares outstanding - basic	79,271	77,526	78,608	75,899
Weighted average shares outstanding - diluted	81,785	77,526	81,683	79,041

Reconciliation of Adjusted Comparable Store Sales Growth (Unaudited)

	Comparable store sales growth[a]				
	Three Months Ended December 28, 2019	Three Months Ended December 29, 2018	Fiscal Year 2019	Fiscal Year 2018	2020 Outlook
Owned & Host segment					
America's Best	9.0%	5.9%	7.1%	7.2%	
Eyeglass World	6.4%	2.3%	5.8%	6.8%	
Military	9.9%	(19.4)%	1.4%	(5.7)%	
Fred Meyer	1.1%	(13.5)%	(4.4)%	(2.2)%	
Legacy segment[b]	5.1%	(5.6)%	3.1%	0.6%	
Total comparable store sales growth	10.1%	4.3%	6.5%	6.7%	3.5 - 5.5%
Adjusted Comparable Store Sales Growth [c]	8.1%	2.9%	6.2%	5.7%	3 - 5%

(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 16. "Segment Reporting" in our consolidated financial statements, with the exception of the Legacy segment, which is adjusted as noted in (c) (ii) below.

(b) As a result of changes in applicable California law, certain optometrists employed by FirstSight Vision Services Inc. ("FirstSight") were transferred to a professional corporation that contracts directly with our Legacy segment in the fourth quarter of 2018. Incremental eye exam revenue as a result of these changes in operations at FirstSight drove a favorable impact to comparable store sales growth in the Legacy segment of approximately 140 basis points for the three months ended December 28, 2019, and an approximate favorable impact of 180 basis points and 120 basis points for the fiscal year 2019 and fiscal year 2018, respectively.

(c) The differences between total comparable store sales growth based on consolidated net revenue and Adjusted Comparable Store Sales Growth are: (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 a decrease of 1.9% and 1.1% from total comparable store sales growth based on consolidated net revenue for the three months ended December 28, 2019 and December 29, 2018, respectively, and a decrease of 0.1% and 0.8% from total comparable store sales growth based on consolidated net revenue for fiscal year 2019 and fiscal year 2018, respectively, (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), resulting in a decrease of 0.1% and 0.3% from total comparable store sales growth based on consolidated net revenue for the three months ended December 28, 2019 and December 29, 2018, respectively, and a decrease of 0.2% from total comparable store sales growth based on consolidated net revenue for each of the fiscal years 2019 and 2018, and (iii) with respect to the Company's fiscal 2020 outlook, Adjusted Comparable Store Sales Growth includes an estimated 0.5% impact for the effect of deferred and unearned income as if such revenues were earned at the point of sale and retail sales to the Legacy partner's customers (rather than the revenues recognized consistent with the management & services agreement).

Reconciliation of Adjusted EBITDA to Net Income (Unaudited)

Dollars in thousands	Three Months Ended December 28, 2019		Three Months Ended December 29, 2018		Fiscal Year 2019		Fiscal Year 2018	
Net income (loss)	$ 3,920	1.0 %	$ (18,440)	(5.2)%	$ 32,798	1.9 %	$ 23,653	1.5 %
Interest expense	7,397	1.8 %	9,139	2.6 %	33,300	1.9 %	37,283	2.4 %
Income tax provision (benefit)	(2,956)	(0.7)%	(10,286)	(2.9)%	(2,309)	(0.1)%	(18,785)	(1.2)%
Depreciation and amortization	23,674	5.9 %	19,556	5.5 %	87,244	5.1 %	74,339	4.8 %
EBITDA	32,035	8.0 %	(31)	— %	151,033	8.8 %	116,490	7.6 %
Stock compensation expense [(a)]	1,830	0.5 %	7,190	2.0 %	12,670	0.7 %	20,939	1.4 %
Debt issuance costs [(b)]	—	— %	200	0.1 %	—	— %	200	— %
Loss on extinguishment of debt [(c)]	—	— %	—	— %	9,786	0.6 %	—	— %
Asset impairment [(d)]	1,506	0.4 %	15,493	4.4 %	8,894	0.5 %	17,630	1.1 %
New store pre-opening expenses [(e)]	473	0.1 %	487	0.1 %	3,334	0.2 %	2,229	0.1 %
Non-cash rent [(f)]	823	0.2 %	867	0.2 %	3,208	0.2 %	2,801	0.2 %
Secondary offering expenses [(g)]	—	— %	609	0.2 %	401	— %	2,451	0.2 %
Management realignment expenses [(h)]	—	— %	—	— %	2,155	0.1 %	—	— %
Long-term incentive plan [(i)]	941	0.2 %	2,429	0.7 %	2,830	0.2 %	7,040	0.5 %
Other [(j)]	1,999	0.5 %	1,473	0.4 %	6,370	0.4 %	4,585	0.3 %
Adjusted EBITDA / Adjusted EBITDA Margin	$ 39,607	9.9 %	$ 28,717	8.1 %	$ 200,681	11.6 %	$ 174,365	11.3 %

Note: Percentages reflect line item as a percentage of net revenue; certain percentage totals above do not foot due to rounding

Reconciliation of Adjusted Net Income to Net Income (Unaudited)

Dollars in thousands	Three Months Ended December 28, 2019	Three Months Ended December 29, 2018	Fiscal Year 2019	Fiscal Year 2018
Net income (loss)	$ 3,920	$ (18,440)	$ 32,798	$ 23,653
Stock compensation expense [(a)]	1,830	7,190	12,670	20,939
Debt issuance costs [(b)]	—	200	—	200
Loss on extinguishment of debt [(c)]	—	—	9,786	—
Asset impairment [(d)]	1,506	15,493	8,894	17,630
New store pre-opening expenses [(e)]	473	487	3,334	2,229
Non-cash rent [(f)]	823	867	3,208	2,801
Secondary offering expenses [(g)]	—	609	401	2,451
Management realignment expenses [(h)]	—	—	2,155	—
Long-term incentive plan [(i)]	941	2,429	2,830	7,040
Other [(j)]	1,999	1,473	6,370	4,585
Amortization of acquisition intangibles and deferred financing costs [(k)]	2,069	2,412	8,694	9,253
Tax benefit of stock option exercises [(l)]	(2,406)	(7,578)	(10,089)	(25,544)
Tax effect of total adjustments [(m)]	(2,466)	(4,102)	(14,933)	(13,309)
Adjusted Net Income	$ 8,689	$ 1,040	$ 66,118	$ 51,928

Reconciliation of Adjusted Diluted EPS to Diluted EPS (Unaudited)

Shares in thousands	Three Months Ended December 28, 2019	Three Months Ended December 29, 2018	Fiscal Year 2019	Fiscal Year 2018
Diluted EPS	$ 0.05	$ (0.24)	$ 0.40	$ 0.30
Stock compensation expense [a]	0.02	0.09	0.16	0.26
Debt issuance costs [b]	0.00	—	0.00	—
Loss on extinguishment of debt [c]	0.00	—	0.12	—
Asset impairment [d]	0.02	0.20	0.11	0.22
New store pre-opening expenses [e]	0.01	0.01	0.04	0.03
Non-cash rent [f]	0.01	0.01	0.04	0.04
Secondary offering expenses [g]	—	0.01	—	0.03
Management realignment expenses [h]	—	—	0.03	—
Long-term incentive plan [i]	0.01	0.03	0.03	0.09
Other [j]	0.02	0.02	0.08	0.06
Amortization of acquisition intangibles and deferred financing costs [k]	0.03	0.03	0.11	0.12
Tax benefit of stock option exercises [l]	(0.03)	(0.10)	(0.12)	(0.32)
Tax effect of total adjustments [m]	(0.03)	(0.05)	(0.18)	(0.17)
Adjusted Diluted EPS	$ 0.11	$ 0.01	$ 0.81	$ 0.66
Weighted average diluted shares outstanding	81,785	77,526	81,683	79,041

Note: Certain totals above do not foot due to rounding

Reconciliation of Adjusted SG&A to SG&A (Unaudited)

Dollars in thousands	**Three Months Ended December 28, 2019**		**Three Months Ended December 29, 2018**		**Fiscal Year 2019**		**Fiscal Year 2018**	
SG&A	$ 178,044	44.3%	$ 166,132	46.7%	$ 744,488	43.2%	$ 687,476	44.7%
Stock compensation expense [a]	1,830	0.5%	7,190	2.0%	12,670	0.7%	20,939	1.4%
New store pre-opening expenses [e]	473	0.1%	487	0.1%	3,334	0.2%	2,229	0.1%
Non-cash rent [f]	823	0.2%	867	0.2%	3,208	0.2%	2,801	0.2%
Secondary offering expenses [g]	—	—%	609	0.2%	401	—%	2,451	0.2%
Management realignment expenses [h]	—	—%	—	—%	2,155	0.1%	—	—%
Long-term incentive plan [i]	941	0.2%	2,429	0.7%	2,830	0.2%	7,040	0.5%
Other [n]	1,432	0.4%	784	0.2%	4,565	0.3%	2,591	0.2%
Adjusted SG&A/ Adjusted SG&A Percent of Net Revenue	$ 172,545	42.9%	$ 153,766	43.2%	$ 715,325	41.5%	$ 649,425	42.3%

Note: Percentages reflect line item as a percentage of net revenue

Reconciliation of Adjusted Operating Income to Operating Income (new non-GAAP measure) (Unaudited)

Dollars in thousands	Three Months Ended Mar 31, 2018		Three Months Ended Jun 30, 2018		Three Months Ended Sep 29, 2018		Three Months Ended Dec 29, 2018		Fiscal Year 2018		Three Months Ended Mar 30, 2019		Three Months Ended Jun 29, 2019		Three Months Ended Sep 28, 2019		Three Months Ended Dec 28, 2019		Fiscal Year 2019	
Operating income (loss)	**$38,848**	**9.5%**	**$24,973**	**6.5%**	**$ (2,083)**	**(0.5)%**	**$(19,387)**	**(5.4)%**	**$42,351**	**2.8%**	**$32,400**	**7.0%**	**$21,702**	**5.1%**	**$11,112**	**2.6%**	**$8,361**	**2.1%**	**$73,575**	**4.3%**
Stock compensation expense [a]	1,596	0.4%	1,524	0.4%	10,629	2.7 %	7,190	2.0 %	20,939	1.4%	2,976	0.6%	1,741	0.4%	6,123	1.4%	1,830	0.5%	12,670	0.7%
Asset impairment [d]	—	—%	—	—%	2,137	0.6 %	15,493	4.4 %	17,630	1.1%	2,082	0.5%	1,790	0.4%	3,516	0.8%	1,506	0.4%	8,894	0.5%
Secondary offering expenses [g]	963	0.2%	177	—%	702	0.2 %	609	0.2 %	2,451	0.2%	—	—%	—	—%	401	0.1%	—	—%	401	—%
Management realignment expenses [h]	—	—%	—	—%	—	— %	—	— %	—	—%	2,155	0.5%	—	—%	—	—%	—	—%	2,155	0.1%
Long-term incentive plan [i]	—	—%	—	—%	4,611	1.2 %	2,429	0.7 %	7,040	0.5%	—	—%	781	0.2%	1,108	0.3%	941	0.2%	2,830	0.2%
Other [j]	459	0.1%	726	0.2%	1,927	0.5 %	1,473	0.4 %	4,585	0.3%	1,192	0.3%	1,223	0.3%	1,956	0.5%	1,999	0.5%	6,370	0.4%
Amortization of acquisition intangibles [o]	1,851	0.5%	1,851	0.5%	1,851	0.5 %	1,852	0.5 %	7,405	0.5%	1,851	0.4%	1,851	0.4%	1,851	0.4%	1,852	0.5%	7,405	0.4%
Adjusted Operating Income / Adjusted Operating Margin	**$43,717**	**10.7%**	**$29,251**	**7.6%**	**$19,774**	**5.1 %**	**$ 9,659**	**2.7 %**	**$102,401**	**6.7%**	**$42,656**	**9.2%**	**$29,088**	**6.8%**	**$26,067**	**6.0%**	**$16,489**	**4.1%**	**$114,300**	**6.6%**

Reconciliation of Adjusted EBITDA to Net Income (2019 Definition and 2020 Definition) (Unaudited)

Dollars in thousands	Three Months Ended Mar 31, 2018	Three Months Ended Jun 30, 2018	Three Months Ended Sep 29, 2018	Three Months Ended Dec 29, 2018	Fiscal Year 2018	Three Months Ended Mar 30, 2019	Three Months Ended Jun 29, 2019	Three Months Ended Sep 28, 2019	Three Months Ended Dec 28, 2019	Fiscal Year 2019
Net income (loss)	**$ 24,455**	**$ 12,467**	**$ 5,171**	**$ (18,440)**	**$ 23,653**	**$ 17,429**	**$ 10,257**	**$ 1,192**	**$ 3,920**	**$ 32,798**
Interest expense	9,313	9,424	9,407	9,139	37,283	9,061	8,968	7,873	7,397	33,300
Income tax provision (benefit)	5,080	3,082	(16,661)	(10,286)	(18,785)	5,910	2,477	(7,739)	(2,956)	(2,309)
Depreciation and amortization	17,862	17,577	19,344	19,556	74,339	20,415	20,819	22,336	23,674	87,244
EBITDA	56,710	42,550	17,261	(31)	116,490	52,815	42,521	23,662	32,035	151,033
Stock compensation expense [a]	1,596	1,524	10,629	7,190	20,939	2,976	1,741	6,123	1,830	12,670
Debt issuance costs [b]	—	—	—	200	200	—	—	—	—	—
Loss on extinguishment of debt [c]	—	—	—	—	—	—	—	9,786	—	9,786
Asset impairment [d]	—	—	2,137	15,493	17,630	2,082	1,790	3,516	1,506	8,894
New store pre-opening expenses [e]	474	756	512	487	2,229	885	1,128	848	473	3,334
Non-cash rent [f]	528	745	661	867	2,801	1,198	650	537	823	3,208
Secondary offering expenses [g]	963	177	702	609	2,451	—	—	401	—	401
Management realignment expenses [h]	—	—	—	—	—	2,155	—	—	—	2,155
Long-term incentive plan [i]	—	—	4,611	2,429	7,040	—	781	1,108	941	2,830
Other [j]	459	726	1,927	1,473	4,585	1,192	1,223	1,956	1,999	6,370
Adjusted EBITDA - 2019 Definition	**$ 60,730**	**$ 46,478**	**$ 38,440**	**$ 28,717**	**$ 174,365**	**$ 63,303**	**$ 49,834**	**$ 47,937**	**$ 39,607**	**$ 200,681**
No longer adjusting for:										
New store pre-opening expenses [e]	(474)	(756)	(512)	(487)	(2,229)	(885)	(1,128)	(848)	(473)	(3,334)
Non-cash rent [f]	(528)	(745)	(661)	(867)	(2,801)	(1,198)	(650)	(537)	(823)	(3,208)
Adjusted EBITDA - 2020 Definition	**$ 59,728**	**$ 44,977**	**$ 37,267**	**$ 27,363**	**$ 169,335**	**$ 61,220**	**$ 48,056**	**$ 46,552**	**$ 38,311**	**$ 194,139**

Reconciliation of Adjusted Net Income to Net Income (2019 Definition and 2020 Definition) (Unaudited)

Dollars in thousands	Three Months Ended Mar 31, 2018	Three Months Ended Jun 30, 2018	Three Months Ended Sep 29, 2018	Three Months Ended Dec 29, 2018	Fiscal Year 2018	Three Months Ended Mar 30, 2019	Three Months Ended Jun 29, 2019	Three Months Ended Sep 28, 2019	Three Months Ended Dec 28, 2019	Fiscal Year 2019
Net income (loss)	**$ 24,455**	**$ 12,467**	**$ 5,171**	**$ (18,440)**	**$ 23,653**	**$ 17,429**	**$ 10,257**	**$ 1,192**	**$ 3,920**	**$ 32,798**
Stock compensation expense [a]	1,596	1,524	10,629	7,190	20,939	2,976	1,741	6,123	1,830	12,670
Debt issuance costs [b]	—	—	—	200	200	—	—	—	—	—
Loss on extinguishment of debt [c]	—	—	—	—	—	—	—	9,786	—	9,786
Asset impairment [d]	—	—	2,137	15,493	17,630	2,082	1,790	3,516	1,506	8,894
New store pre-opening expenses [e]	474	756	512	487	2,229	885	1,128	848	473	3,334
Non-cash rent [f]	528	745	661	867	2,801	1,198	650	537	823	3,208
Secondary offering expenses [g]	963	177	702	609	2,451	—	—	401	—	401
Management realignment expenses [h]	—	—	—	—	—	2,155	—	—	—	2,155
Long-term incentive plan [i]	—	—	4,611	2,429	7,040	—	781	1,108	941	2,830
Other [j]	459	726	1,927	1,473	4,585	1,192	1,223	1,956	1,999	6,370
Amortization of acquisition intangibles and deferred financing costs [k]	2,281	2,281	2,279	2,412	9,253	2,258	2,336	2,031	2,069	8,694
Tax benefit of stock option exercises [l]	(2,695)	(1,371)	(13,900)	(7,578)	(25,544)	(230)	(1,150)	(6,303)	(2,406)	(10,089)
Tax effect of total adjustments [m]	(1,613)	(1,589)	(6,005)	(4,102)	(13,309)	(3,263)	(2,470)	(6,734)	(2,466)	(14,933)
Adjusted Net Income - 2019 Definition	**$ 26,448**	**$ 15,716**	**$ 8,724**	**$ 1,040**	**$ 51,928**	**$ 26,682**	**$ 16,286**	**$ 14,461**	**$ 8,689**	**$ 66,118**
No longer adjusting for:										
New store pre-opening expenses [e]	(474)	(756)	(512)	(487)	(2,229)	(885)	(1,128)	(848)	(473)	(3,334)
Non-cash rent [f]	(528)	(745)	(661)	(867)	(2,801)	(1,198)	(650)	(537)	(823)	(3,208)
Associated tax effect	257	384	300	347	1,288	533	455	355	332	1,675
Adjusted Net Income - 2020 Definition	**$ 25,703**	**$ 14,599**	**$ 7,851**	**$ 33**	**$ 48,186**	**$ 25,132**	**$ 14,963**	**$ 13,431**	**$ 7,725**	**$ 61,251**

Reconciliation of Adjusted Diluted EPS to Diluted EPS (2019 Definition and 2020 Definition) (Unaudited)

	Three Months Ended Mar 31, 2018	Three Months Ended Jun 30, 2018	Three Months Ended Sep 29, 2018	Three Months Ended Dec 29, 2018	Fiscal Year 2018	Three Months Ended Mar 30, 2019	Three Months Ended Jun 29, 2019	Three Months Ended Sep 28, 2019	Three Months Ended Dec 28, 2019	Fiscal Year 2019
Diluted EPS	**$ 0.31**	**$ 0.16**	**$ 0.06**	**$ (0.24)**	**$ 0.30**	**$ 0.21**	**$ 0.13**	**$ 0.01**	**$ 0.05**	**$ 0.40**
Stock compensation expense [a]	0.02	0.02	0.13	0.09	0.26	0.04	0.02	0.08	0.02	0.16
Debt issuance costs [b]	—	—	—	—	—	—	—	—	—	—
Loss on extinguishment of debt [c]	—	—	—	—	—	—	—	0.12	—	0.12
Asset impairment [d]	—	—	0.03	0.20	0.22	0.03	0.02	0.04	0.02	0.11
New store pre-opening expenses [e]	0.01	0.01	0.01	0.01	0.03	0.01	0.01	0.01	0.01	0.04
Non-cash rent [f]	0.01	0.01	0.01	0.01	0.04	0.01	0.01	0.01	0.01	0.04
Secondary offering expenses [g]	0.01	—	0.01	0.01	0.03	—	—	—	—	—
Management realignment expenses [h]	—	—	—	—	—	0.03	—	—	—	0.03
Long-term incentive plan [i]	—	—	0.06	0.03	0.09	—	0.01	0.01	0.01	0.03
Other [j]	0.01	0.01	0.02	0.02	0.06	0.01	0.02	0.02	0.02	0.08
Amortization of acquisition intangibles and deferred financing costs [k]	0.03	0.03	0.03	0.03	0.12	0.03	0.03	0.02	0.03	0.11
Tax benefit of stock option exercises [l]	(0.03)	(0.02)	(0.17)	(0.10)	(0.32)	—	(0.01)	(0.08)	(0.03)	(0.12)
Tax effect of total adjustments [m]	(0.02)	(0.02)	(0.08)	(0.05)	(0.17)	(0.04)	(0.03)	(0.08)	(0.03)	(0.18)
Adjusted Diluted EPS - 2019 Definition	**$ 0.34**	**$ 0.20**	**$ 0.11**	**$ 0.01**	**$ 0.66**	**$ 0.33**	**$ 0.20**	**$ 0.18**	**$ 0.11**	**$ 0.81**
No longer adjusting for:										
New store pre-opening expenses [e]	(0.01)	(0.01)	(0.01)	(0.01)	(0.03)	(0.01)	(0.01)	(0.01)	(0.01)	(0.04)
Non-cash rent [f]	(0.01)	(0.01)	(0.01)	(0.01)	(0.04)	(0.01)	(0.01)	(0.01)	(0.01)	(0.04)
Associated tax effect	0.01	0.01	0.01	0.01	0.02	—	—	—	—	0.02
Adjusted Diluted EPS - 2020 Definition	**$ 0.33**	**$ 0.19**	**$ 0.10**	**$ —**	**$ 0.61**	**$ 0.31**	**$ 0.18**	**$ 0.16**	**$ 0.09**	**$ 0.75**
Weighted average diluted shares outstanding (thousands)	**77,837**	**77,858**	**79,710**	**77,526**	**79,041**	**81,466**	**81,424**	**81,561**	**81,785**	**81,683**

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

Reconciliation of Adjusted Operating Income, Adjusted EBITDA, Adjusted Net Income, Adjusted Diluted EPS and Adjusted SG&A 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) Fees associated with the issuance of the new term loans.

(c) For fiscal year 2019, reflects write-off of deferred financing fees related to the extinguishment of debt.

(d) Reflects write-off of property and equipment and lease-related assets on closed or underperforming stores; additionally reflects non-cash charges related to impairment of long-lived assets, primarily goodwill in our Military and Fred Meyer brands for the three months ended December 29, 2018 and fiscal year 2018.

(e) Pre-opening expenses, which include marketing and advertising, labor and occupancy expenses incurred prior to opening a new store, are generally higher than comparable expenses incurred once such store is open and generating revenue.

(f) Consists of the non-cash portion of rent expense, which reflects the extent to which our straight-line rent expense recognized under GAAP exceeds or is less than our cash rent payments.

(g) Expenses related to our secondary public offerings during fiscal years 2018 and 2019.

(h) Expenses related to a non-recurring management realignment described in our Form 8-K filed with the SEC on January 10, 2019.

(i) Expenses pursuant to a long-term incentive plan for non-executive employees who were not participants in the management equity plan for fiscal year 2019. This plan was effective in 2014 following the acquisition of the Company by affiliates of KKR & Co. Inc. (the "KKR Acquisition"). During the third quarter of fiscal year 2018, $4.6 million cash payout was triggered as a result of the second secondary offering of common stock by KKR and other selling shareholders. The remaining $2.4 million relates to the third secondary offering and is accrued but not paid as of fiscal year end 2018.

(j) Other adjustments include the following amounts that management believes are not representative of our operating performance (amounts in brackets represent reductions in Adjusted EBITDA and Adjusted Net Income) including our share of losses on equity method investments of $0.6 million and $0.3 million for the three months ended December 28, 2019 and December 29, 2018, and $1.8 million and $1.3 million for fiscal years 2019 and 2018, respectively; the amortization impact of the KKR Acquisition-related adjustments (e.g., fair value of leasehold interests) of $0.2 million, $0.1 million, $0.5 million and $0.4 million for the three months ended December 28, 2019 and December 29, 2018 and fiscal years 2019 and 2018, respectively; differences between the timing of expense versus cash payments related to contributions to charitable organizations of $(0.2) million for three months ended December 29, 2018 and $(1.0) million for the fiscal year 2018; costs of severance and relocation of $0.6 million, $0.1 million, $2.3 million and $1.0 million for the three months ended December 28, 2019 and December 29, 2018 and fiscal years 2019 and 2018, respectively; excess payroll taxes related to stock option exercises of $0.2 million and $0.6 million for the three months ended December 28, 2019 and December 29, 2018, respectively and $0.8 million and $1.8 million for fiscal year 2019 and 2018, respectively; and other expenses and adjustments totaling $0.4 million and $0.6 million for the three months ended December 28, 2019 and December 29, 2018, respectively and $1.0 million and $1.1 million for fiscal years 2019 and 2018, respectively. Refer to our Form 8-K's filed with the SEC on May 9, 2019, August 6, 2019 and November 7, 2019 for information on adjustments recognized in the other periods presented.

(k) Amortization of the increase in carrying values of finite-lived intangible assets resulting from the application of purchase accounting to the KKR Acquisition of $1.9 million for each of the three months ended December 28, 2019 and December 29, 2018 and $7.4 million for each of the fiscal years 2019 and 2018; and Amortization of debt discounts associated with the March 2014 term loan borrowings in connection with the KKR Acquisition and, to a lesser extent, amortization of debt discounts associated with the May 2015 and February 2017 incremental First Lien - Term Loan B and the November 2017 First Lien - Term Loan B refinancing, aggregating to $0.2 million and $0.5 million of additional expense for the three months ended December 28, 2019 and December 29, 2018, respectively and $1.3 million and $1.9 million of additional expense for fiscal years 2019 and 2018, respectively. Refer to our Form 8-K's filed with the SEC on May 9, 2019, August 6, 2019 and November 7, 2019 for information on adjustments recognized in the other periods presented.

(l) Tax benefit associated with accounting guidance adopted at the beginning of fiscal year 2017 (ASU 2016-09, Compensation - Stock Compensation), requiring excess tax benefits related to stock option exercises 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 other expenses in (j) above, except for our share of losses on equity method investments of $0.6 million and $0.3 million for the three months ended December 28, 2019 and December 29, 2018 and $1.8 million and $1.3 million for fiscal year 2019 and 2018, respectively; and facility opening expenses of $0.4 million for the three months ended December 29, 2018 and $0.7 million for fiscal year 2018, respectively, which are non-SG&A expenses.

(o) Amortization of the increase in carrying values of finite-lived intangible assets resulting from the application of purchase accounting to the KKR Acquisition.

Adjusted Comparable Store Sales Growth Primer

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 31)
- 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 11 of last 14 quarters due to unearned revenue
- Total comparable store sales growth based on GAAP revenue was not calculated prior to 2017 IPO

Total comparable store sales growth versus Adjusted Comparable Store Sales Growth

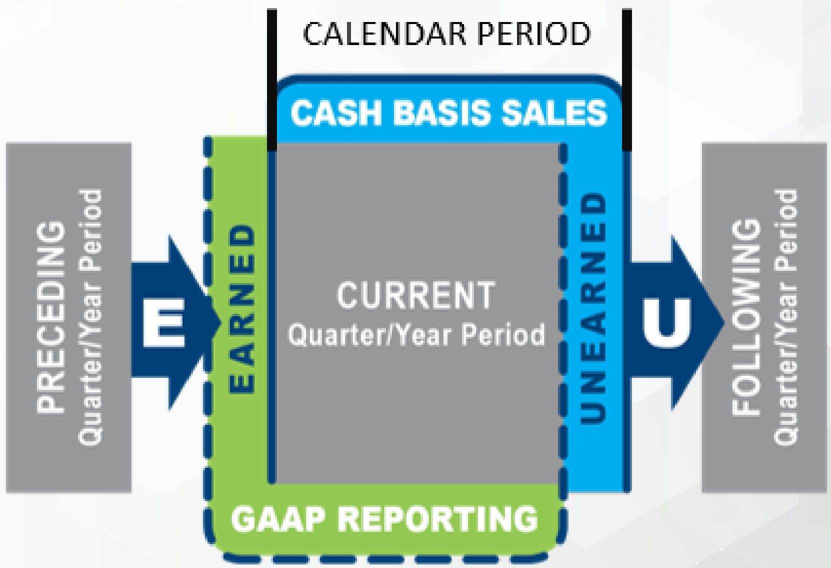
	2016		2017				2018				2019			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total comparable store sales growth (GAAP)	5.2%	7.0%	5.7%	8.5%	8.3%	11.5%	4.6%	10.4%	7.0%	4.3%	6.2%	4.4%	5.7%	10.1%
Adjusted Comparable Store Sales Growth* (non-GAAP)	3.7%	7.0%	4.4%	9.1%	7.0%	10.4%	4.6%	8.8%	6.8%	2.9%	6.7%	3.8%	6.2%	8.1%

*See Appendix for reconciliation to GAAP measure

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:

Q1 negative (E<U)	**Q2** positive (E>U)
Q3 pos./neg. (E><U)	**Q4** 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"

Check out some of our latest commercials: National Vision Commercials