



Q2 2022 Financial Results

August 11, 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 contained under “Fiscal 2022 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 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 August 11, 2022, and subsequently filed reports, 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 second quarter of 2022, which is available at www.nationalvision.com/investors, together with this presentation.

Agenda

Topic

Presenter

Second Quarter 2022 Highlights

Reade Fahs, CEO

Second Quarter 2022 Financial Update

Patrick Moore, COO/CFO

Moment of Mission

Reade Fahs, CEO

Q&A



Reade Fahs
CEO



Patrick Moore
COO / CFO

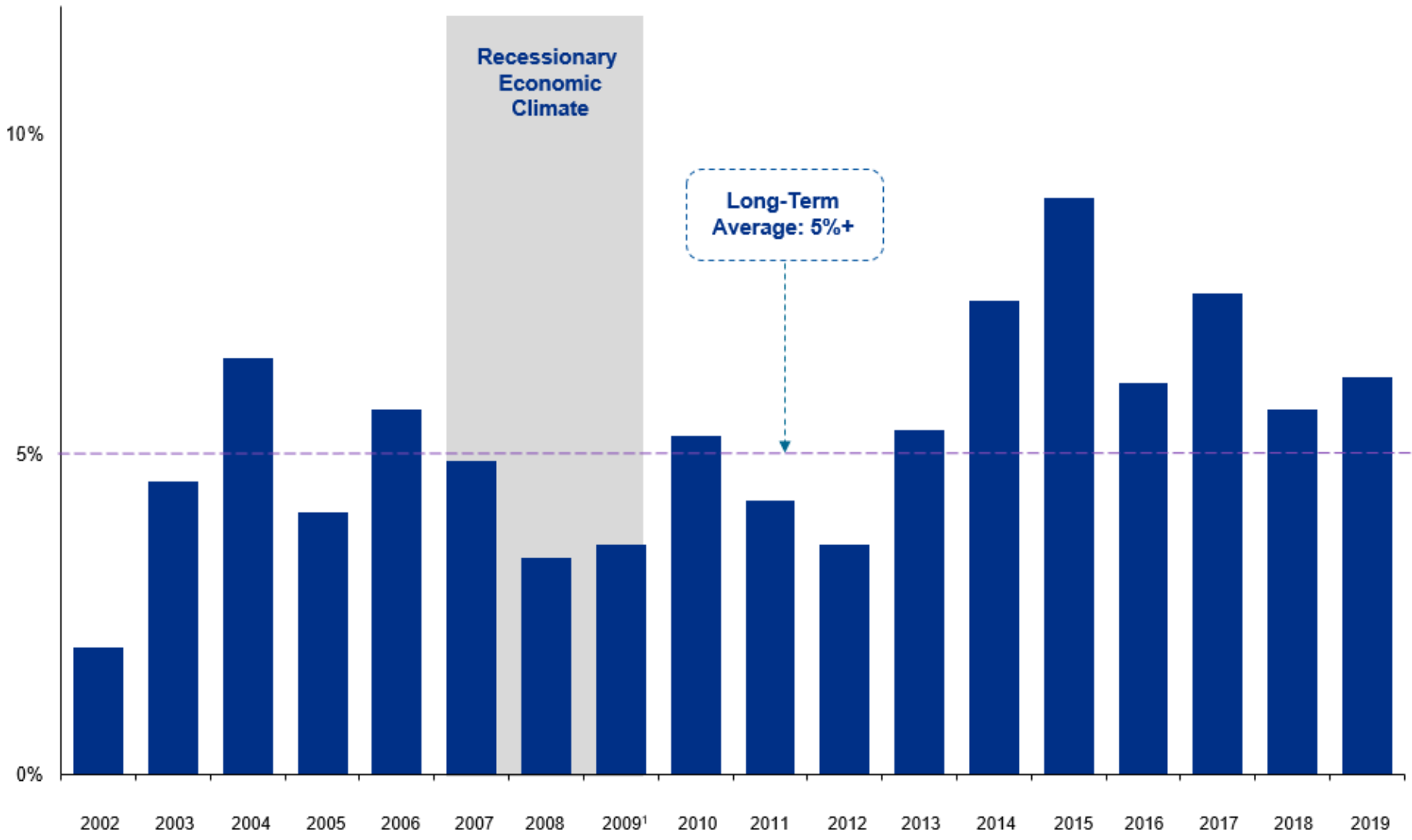
Q2 Highlights

	Amount	Change vs Q2 2021	Change vs Q2 2019
Net Revenue	\$509.6 million	(7.3)%	+ 18.7%
Adjusted Operating Income¹	\$27.8 million	(57.6)%	(4.5)%
Adjusted Diluted EPS¹	\$0.21	(57.0)%	+ 13.0%

- Adjusted Comparable Store Sales Growth¹: (12.4)% (compared to record +76.7% in Q2 21)
- Q2 challenges:
 - Macro headwinds, constraints to exam capacity, and record comp comparison
- Opened 22 new stores and ended the quarter with 1,314 stores
 - Opened 1,300th store; Operate over 1,000 stores in growth brands
- Cash balance of \$254 million
- Repurchased \$73 million in common stock
 - \$50 million remaining in share repurchase authorization
- Signed amendment that extends current lens supply agreement with EssilorLuxottica for three years (July)

¹-Non-GAAP financial measures; see Appendix for reconciliation to GAAP financial measures of total comparable store sales growth of (11.0)% in 2022 and 99.1% in 2021; net income of \$9.7 million in 2022, \$37.6 million in 2021 and \$10.3 million in 2019; and diluted EPS of \$0.12 in 2022, \$0.42 in 2021 and \$0.13 in 2019.

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

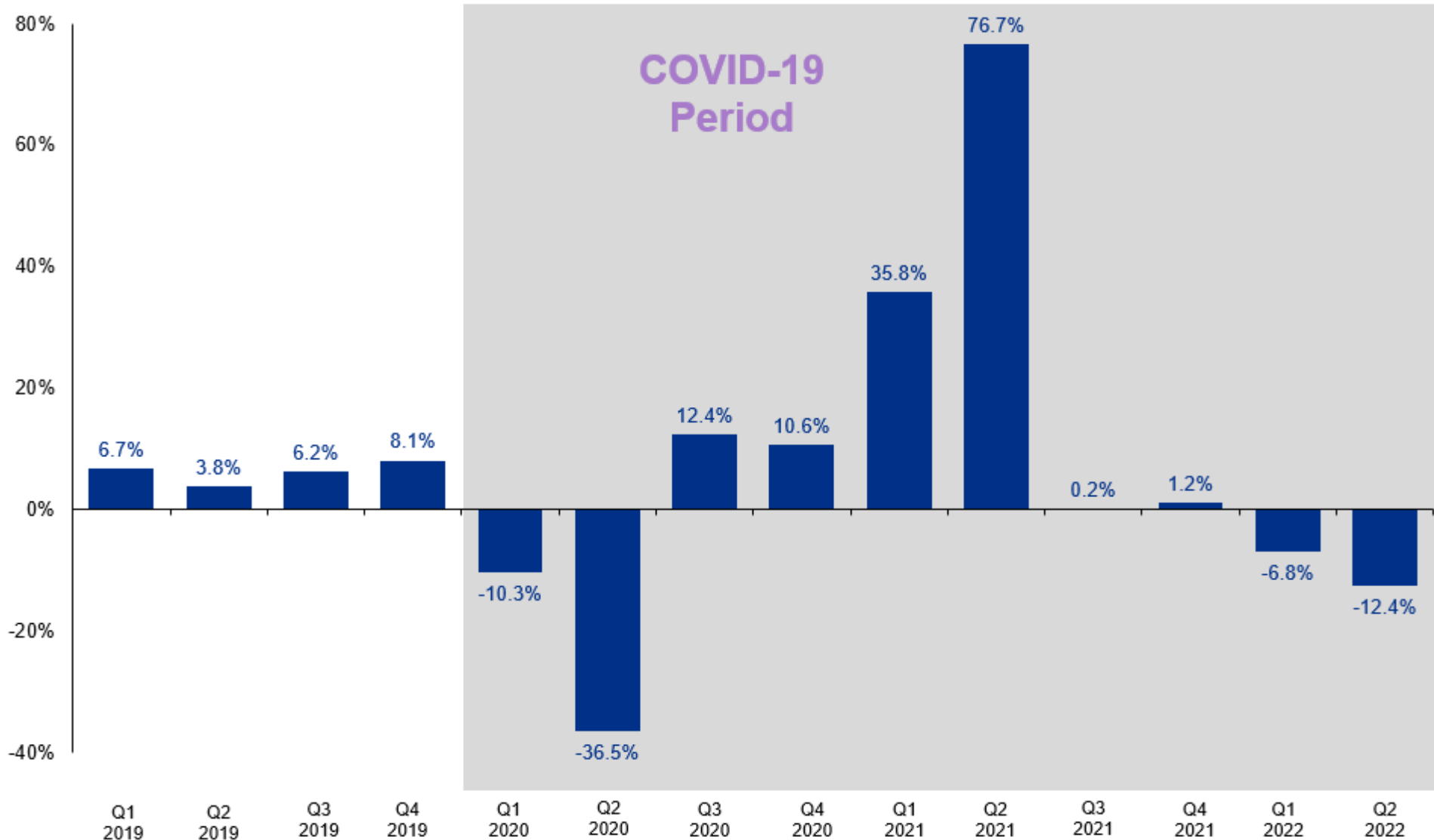


1-2009 comparable store sales exclude sales from the Eyeglass World stores for the first six month "transition" period following our acquisition of Eyeglass World



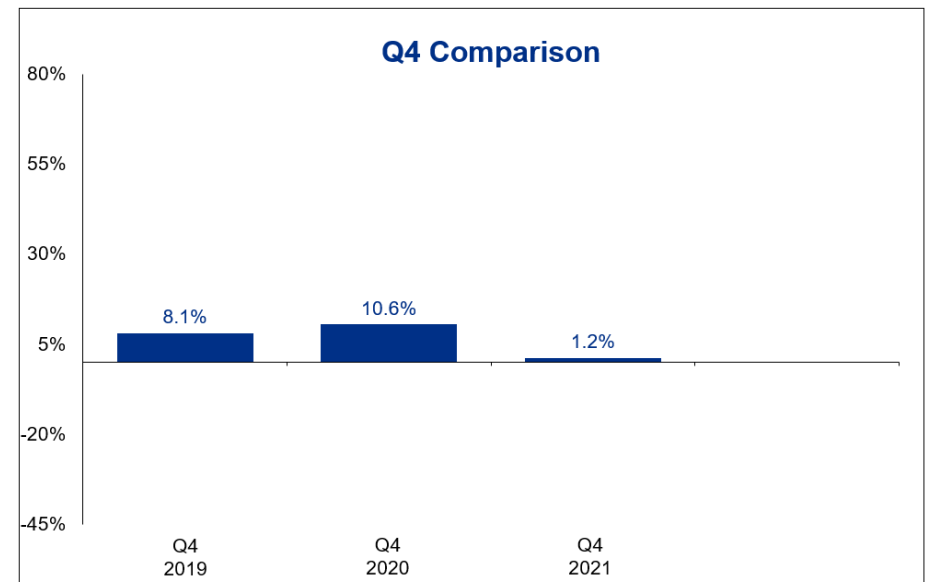
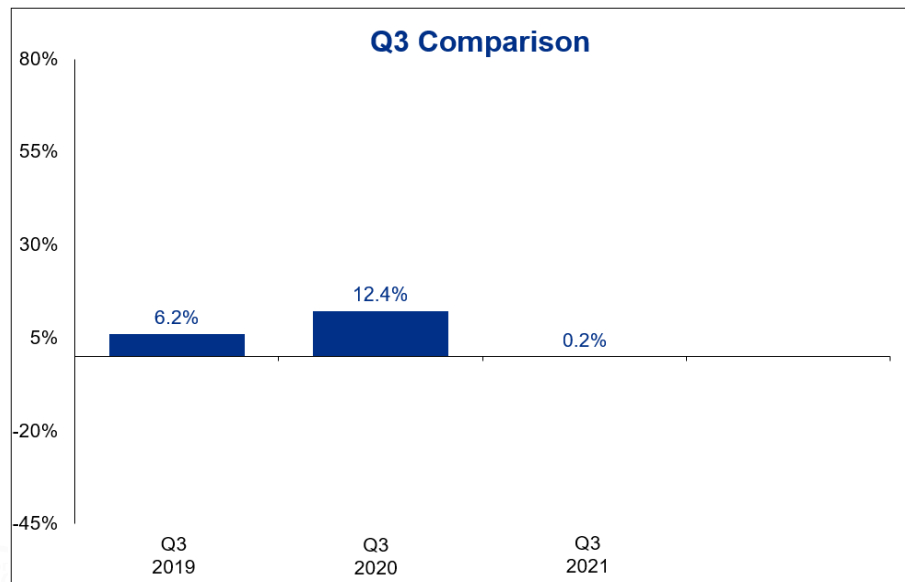
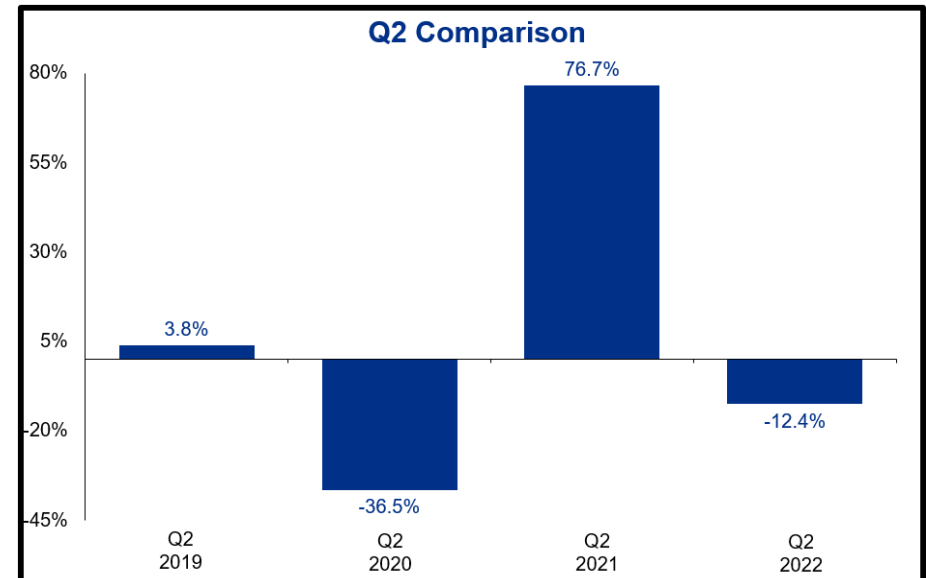
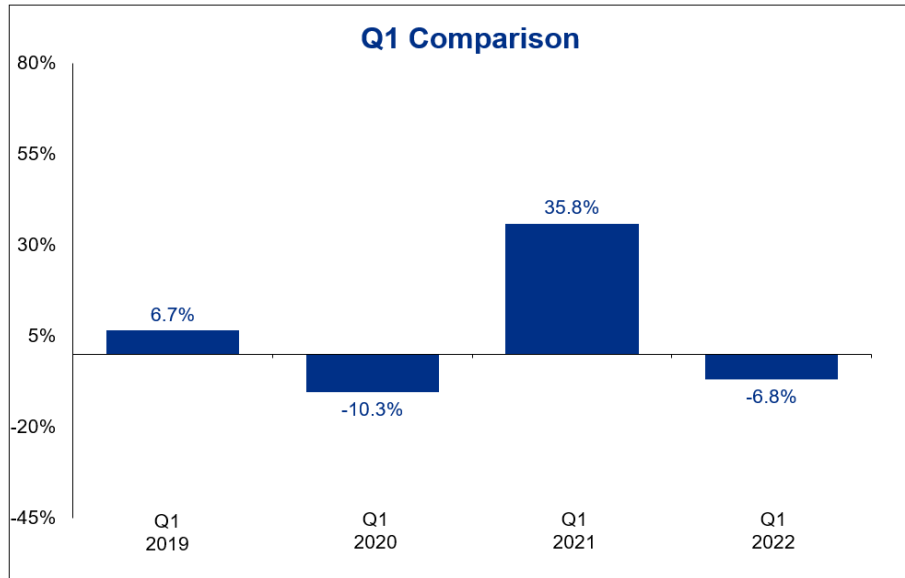
COVID Disrupted the Optical Purchase Cycle...

Adjusted Comparable Store Sales Growth¹



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 and (11.0)% for Q2 2022.

...Adding Volatility to Quarterly Adjusted Comparable Store Sales Growth¹



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 and (11.0)% for Q2 2022.

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





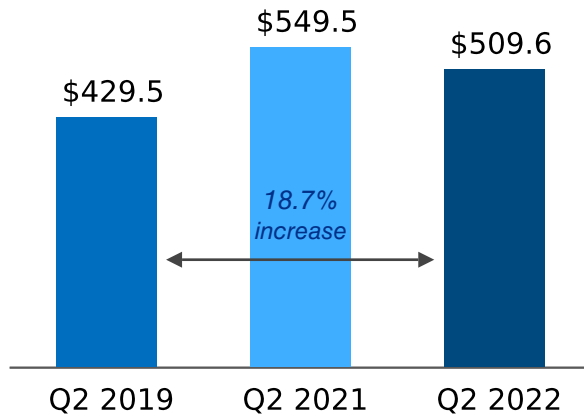
Second Quarter 2022 Financial Update

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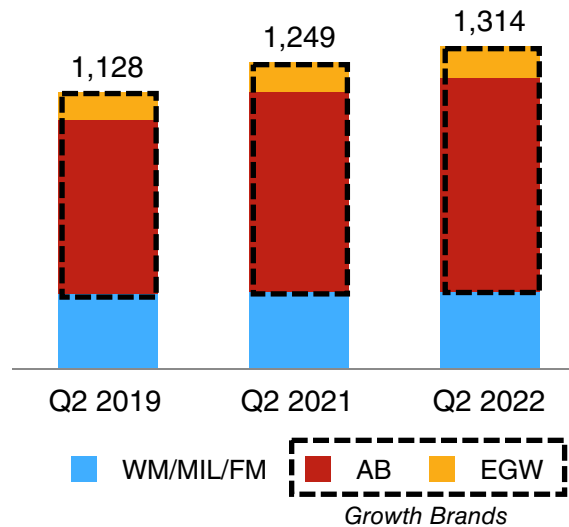
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Revenue Drivers

Net Revenue (\$M)



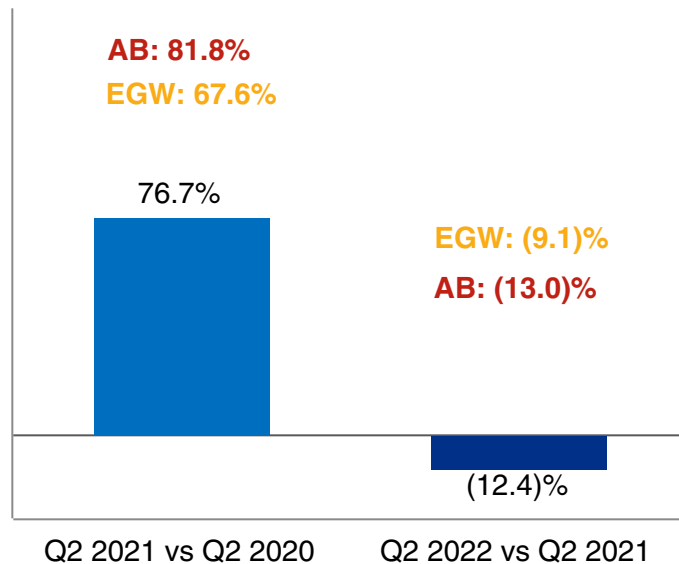
Total Store Count



Commentary

- Net revenue decreased 7.3% over Q2 2021 primarily due to:
 - Impact from macro-economic headwinds and constraints to exam capacity
 - Net revenue was positively impacted by timing of unearned revenue by 0.2%
- 5.2% increase in store count over Q2 2021
 - Opened 20 AB and 2 EGW stores
- 6.9% increase in store count at growth brands over Q2 2021

Adjusted Comparable Store Sales Growth¹



Commentary

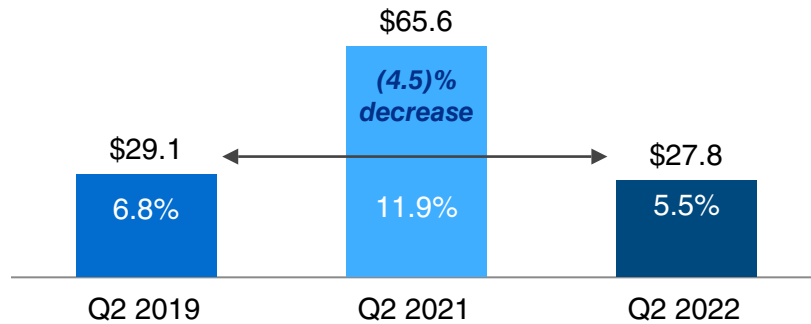
- Adjusted Comparable Store Sales Growth¹ of (12.4)% below Q2 2021
 - Impact from macro-economic headwinds and constraints to exam capacity
 - Comps driven primarily by decrease in transactions as well as a slight decrease in average ticket
 - Average ticket generally stabilized

¹-Non-GAAP financial measure; see Appendix for reconciliation to GAAP financial measure Q2 2022 total comparable store sales growth over 2021 of (11.0)%; Q2 2021 total comparable store sales growth over 2020 of 99.1%.

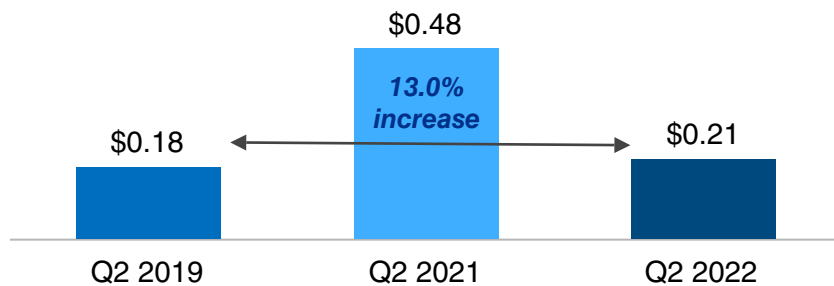
Q2 2022 Results

Commentary

Adjusted Operating Income¹ (\$M)



Adjusted Diluted EPS¹



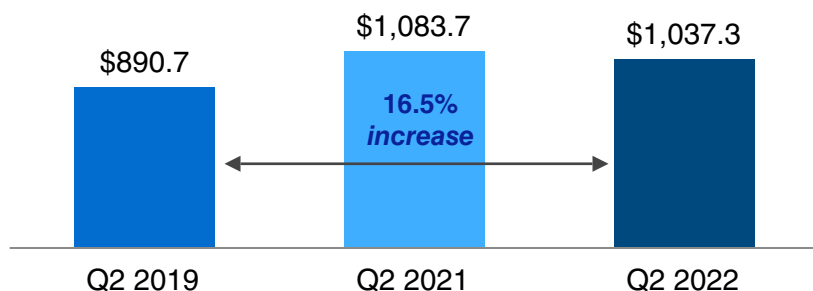
- Costs applicable to revenue as a percentage of net revenue increased 310 bps to 46.0% compared to the second quarter of 2021 primarily due to:
 - Deleveraging of optometrist-related costs, reduced eyeglass mix, and lower eyeglass margin
- Adjusted SG&A Percent of Net Revenue¹ increased 280 bps to 43.9% compared to the second quarter of 2021 primarily due to:
 - Deleveraging of store payroll and occupancy expense, partially offset by lower performance-based incentive compensation and lower advertising
- Adjusted Operating Income¹ decreased 57.6% to \$27.8 million compared to the second quarter of 2021. Adjusted Operating Margin¹ decreased 640 basis points to 5.5% compared to the second quarter of 2021 due to factors noted above and D&A growth
- Adjusted Diluted EPS¹ decreased 57.0% to \$0.21 compared to the second quarter of 2021

1-Non-GAAP financial measures; see Appendix for reconciliation to GAAP financial measures of SG&A percent of net revenue of, 42.6% for Q2 2021 and 44.7% for Q2 2022, net income of \$10.3 million for Q2 2019, net income of \$37.6 million for Q2 2021 and net income of \$9.7 million for Q2 2022, operating margin of 2.4% for Q2 2019, 6.8% for Q2 2021 and 1.9% for Q2 2022 and diluted EPS of \$0.13 for Q2 2019, \$0.42 for Q2 2021 and \$0.12 for Q2 2022.

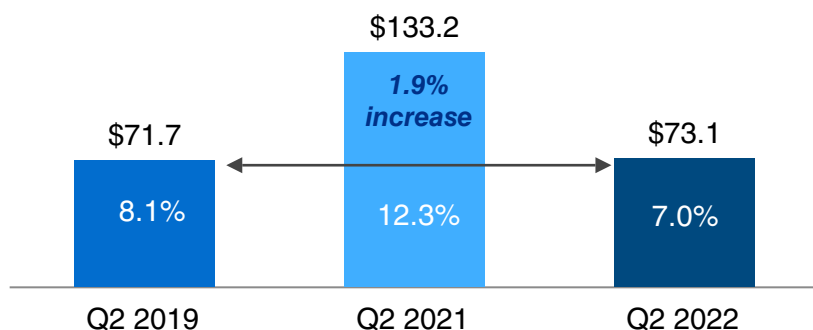


Q2 2022 Year-to-Date Results

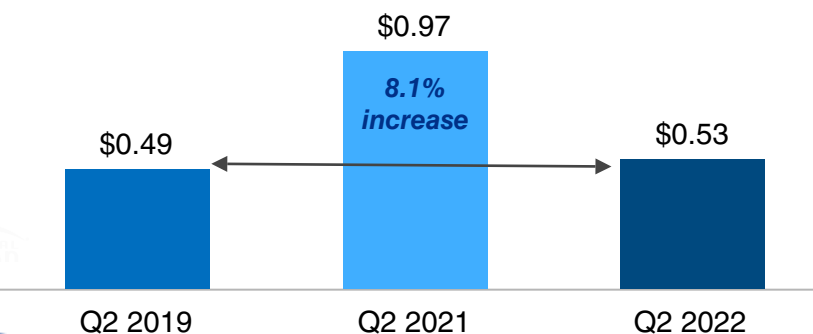
Net Revenue (\$M)



Adjusted Operating Income¹ (\$M)



Adjusted Diluted EPS¹



Commentary

- Net revenue decreased 4.3% compared to the same period in 2021 primarily due to:
 - Impact from macro-economic headwinds, constraints to exam capacity, and Omicron surge
 - Net revenue was positively impacted by the timing of unearned revenue by 0.2%
- Costs applicable to revenue as a percentage of net revenue increased 290 bps to 45.4% compared to the same period in 2021 primarily due to:
 - Deleveraging of optometrist-related costs, reduced eyeglass mix, and lower eyeglass margin
- Adjusted SG&A Percent of Net Revenue¹ increased 190 bps to 43.1% compared to the same period in 2021 primarily due to:
 - Deleveraging of store payroll and occupancy expense, partially offset by lower performance-based incentive compensation
- Adjusted Operating Income¹ decreased 45.2% to \$73.1 million compared to the same period in 2021. Adjusted Operating Margin¹ decreased 530 basis points to 7.0% compared to the same period in 2021 due to factors noted above and higher D&A growth
- Adjusted Diluted EPS¹ decreased 45.0% to \$0.53 compared to the same period in 2021

¹-Non-GAAP financial measures; see Appendix for reconciliation to GAAP financial measures of SG&A percent of net revenue of, 42.2% for Q2 2021 YTD and 44.0% for Q2 2022 YTD, net income of \$27.7 million for Q2 2019 YTD, net income of \$81.0 million for Q2 2021 YTD and net income of \$39.9 million for Q2 2022 YTD, operating margin of 3.1% for Q2 2019 YTD, 7.5% for Q2 2021 YTD and 3.8% for Q2 2022 YTD and diluted EPS of \$0.34 for Q2 2019 YTD, \$0.89 for Q2 2021 YTD and \$0.47 for Q2 2022 YTD.



Capital Structure and Cash Flow Highlights

- Significant liquidity with historically low leverage ratio
 - \$548M of liquidity at end of Q2, including a cash balance of \$254M
 - Net debt to TTM Adjusted EBITDA¹: 1.3x
 - No borrowings outstanding under our revolving credit facility
 - No debt maturities until 2024
- Floating rate debt fully hedged
 - Interest rate collar: Caps exposure to LIBOR at 1.8%
 - Potential to generate positive cash flow in a rising rate environment
- Share repurchase
 - 2.6M shares for \$73M in Q2 2022 funded by excess cash balances
 - \$50M remaining under current share repurchase authorization
- Capital expenditures
 - \$56M YTD primarily focused on store growth as well as investments in remote medicine and information technology

1-Non-GAAP financial measure; see Appendix for reconciliation to GAAP financial measure of TTM net income of \$87.1 million
See appendix for additional Capital Structure and Cash Flow Detail

2022 Considerations

- Assumes no material deterioration to the Company's business due to dynamic market conditions
- Wider ranges reflect scenarios for consumer demand amidst forecasting uncertainty
- **Net revenue**
 - 2nd half comp: Negative mid single digits
- **Costs applicable to revenue¹**: +325-350 basis points
 - Deleveraging of fixed costs
 - Assumes benefit of pricing actions and average ticket normalization
- **Adjusted SG&A^{1,2}**: +125-150 basis points
 - Deleveraging from lower revenue outlook; Wage investments
 - Includes alignment of costs with lower revenues
- **Other factors affecting Adjusted Operating Income²**
 - Remote medicine dilution: ~(\$3) million
 - Unearned revenue timing: ~(\$9) million
 - Advertising: Expect to leverage as % of net revenue

1- Expressed as a percentage of net revenue

2 -Non-GAAP measure

Fiscal 2022 Outlook

	Updated Fiscal 2022 Outlook	Prior Fiscal 2022 Outlook
New Stores	At least 80	At least 80
Adjusted Comparable Store Sales Growth	(8%) - (6.5%)	(7%) - (4%)
Net Revenue	\$1.99 - \$2.02 billion	\$2.01 - \$2.07 billion
Adjusted Operating Income	\$85 - \$100 million	\$85 - \$105 million
Adjusted Diluted EPS ¹	\$0.65 - \$0.77	\$0.65 - \$0.80
Depreciation and Amortization ²	~\$103 million	~\$103 million
Interest ³	\$17 - \$18 million	~\$18 million
Tax Rate ⁴	26% - 27%	~26%
Capital Expenditures	\$110 - \$115 million	\$110 - \$115 million

1 - Assumes 80.1 million shares, and does not include 12.9 million shares attributable to the 2025 Notes as they are anticipated to be anti-dilutive to earnings per share for fiscal year 2022

2 - Includes amortization of acquisition intangibles of approximately \$7.5 million, which is excluded in the definition of Adjusted Operating Income

3 - Before the impact of gains or losses related to hedge ineffectiveness and charges related to amortization of debt discounts and deferred financing costs

4 - Excluding the impact of stock option exercises

Q2 2022

Moment of Mission

- Patient complained of blurry vision
- Thought she simply needed new glasses
- Remote exam at her local America's Best was affordable and quickly available (when an exam with in-store OD was not available)
- Dr. John Jett saw a medical condition on the retinal image
- Recommended an immediate trip to the ER



Dr. John Jett performing a remote exam at an America's Best

Within two hours, the patient was air-lifted for emergency brain surgery, where surgeons removed a 2.5" tumor. She is currently recovering.



Q&A

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Appendix



Q2 2022 Consolidated Financial Results (Unaudited)

Dollars and shares in thousands, except Earnings Per Share	Three Months Ended			Six Months Ended		
	July 2, 2022	July 3, 2021	June 29, 2019	July 2, 2022	July 3, 2021	June 29, 2019
Revenue:						
Net product sales	\$ 421,600	\$ 458,206	\$ 357,533	\$ 854,853	\$ 901,273	\$ 740,693
Net sales of services and plans	87,955	91,283	71,918	182,413	182,396	149,973
Total net revenue	509,555	549,489	429,451	1,037,266	1,083,669	890,666
Costs applicable to revenue (exclusive of depreciation and amortization):						
Products	163,361	167,028	145,654	327,580	326,719	299,658
Services and plans	71,206	68,918	56,852	143,024	133,917	114,817
Total costs applicable to revenue	234,567	235,946	202,506	470,604	460,636	414,475
Operating expenses:						
Selling, general and administrative expenses	227,829	234,235	182,278	456,383	457,828	376,154
Depreciation and amortization	25,245	24,025	20,819	50,396	47,580	41,234
Asset impairment	3,509	519	1,790	3,915	1,478	3,872
Other expense (income), net	34	(65)	356	265	(130)	829
Total operating expenses	256,617	258,714	205,243	510,959	506,756	422,089
Income from operations	18,371	54,829	21,702	55,703	116,277	54,102
Interest expense (income), net	3,963	10,188	8,968	(181)	16,518	18,029
Earnings before income taxes	14,408	44,641	12,734	55,884	99,759	36,073
Income tax provision	4,674	7,040	2,477	16,003	18,726	8,387
Net income	\$ 9,734	\$ 37,601	\$ 10,257	\$ 39,881	\$ 81,033	\$ 27,686
Earnings per share - basic	\$ 0.12	\$ 0.46	\$ 0.13	\$ 0.49	\$ 0.99	\$ 0.35
Earnings per share - diluted	\$ 0.12	\$ 0.42	\$ 0.13	\$ 0.47	\$ 0.89	\$ 0.34
Weighted average shares outstanding - basic	80,061	81,601	78,318	80,744	81,457	78,262
Weighted average shares outstanding - diluted	80,403	96,082	81,424	94,109	96,044	81,437

The 2025 Notes were antidilutive for the three months ended July 2, 2022 and, therefore, excluded from the computation of the weighted average shares for diluted EPS.

Capital Structure and Cash Flow

<u>Q2 2022 Capital Structure (\$M)</u>	Debt Amount	Less: Deferred Financing Costs	Amounts per Balance Sheet	% of Total	Coupon	Maturity
First Lien - Term Loan	\$ 150.0	\$ (0.8)	\$ 149.2	26 %	L + 125	7/18/2024
First Lien - Revolving Credit Facility ¹	—	—	—	— %	L + 125	7/18/2024
Convertible senior notes	402.5	(6.9)	395.6	70 %	2.50 %	5/15/2025
Other debt ²	24.0	—	24.0	4 %		
Total debt	\$ 576.5	\$ (7.7)	\$ 568.8	100 %		
Cash and cash equivalents			254.4			
Net debt			\$ 314.4			

Cash Flow (\$M)

	Six Months Ended		
	July 2, 2022	July 3, 2021	June 29, 2019
Net cash provided by operating activities	\$ 88.0	\$ 189.8	\$ 119.3
Net cash used for investing activities	(55.7)	(38.8)	(51.8)
Net cash used for financing activities	(83.6)	(116.5)	(1.6)
Net change in cash, cash equivalents and restricted cash	\$ (51.3)	\$ 34.5	\$ 65.9

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

1-\$300.0M facility; \$293.6M available

2-Finance lease obligations



Reconciliation of Adjusted Comparable Stores Sales Growth (Unaudited)

Comparable store sales growth^(a)

	Three Months Ended July 2, 2022	Three Months Ended July 3, 2021	Six Months Ended July 2, 2022	Six Months Ended July 3, 2021	2022 Outlook ^(b)
Owned & Host segment					
America's Best	(13.0)%	81.8 %	(10.1)%	54.9 %	
Eyeglass World	(9.1)%	67.6 %	(7.6)%	57.1 %	
Military	(6.1)%	65.0 %	(5.1)%	38.1 %	
Fred Meyer	(9.8)%	61.1 %	(4.3)%	36.1 %	
Legacy segment	(12.9)%	58.2 %	(8.6)%	42.6 %	
Total comparable store sales growth	(11.0)%	99.1 %	(8.0)%	48.9 %	(7.5%) - (6%)
Adjusted Comparable Store Sales Growth ^(b)	(12.4)%	76.7 %	(9.6)%	53.3 %	(8%) - (6.5%)

	2019				2020				2021				2022	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
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)%
Adjustments for effects of: ^(b)														
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)%
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)%

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 July 2, 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 1.4% and an increase of 4.4% for the six months ended July 2, 2022 and July 3, 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 0.2% for the six months ended July 2, 2022; (iii) with respect to the Company's 2022 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 Operating Income to Net Income (Unaudited)

<i>Dollars in thousands</i>	Three Months Ended			Six Months Ended		
	July 2, 2022	July 3, 2021	June 29, 2019	July 2, 2022	July 3, 2021	June 29, 2019
Net income	\$ 9,734	\$ 37,601	\$ 10,257	\$ 39,881	\$ 81,033	\$ 27,686
Interest expense (income)	3,963	10,188	8,968	(181)	16,518	18,029
Income tax provision	4,674	7,040	2,477	16,003	18,726	8,387
Stock compensation expense ^(a)	3,638	7,213	1,741	7,372	10,201	4,717
Asset impairment ^(b)	3,509	519	1,790	3,915	1,478	3,872
Management realignment expenses ^(d)	—	—	—	—	—	2,155
Long-term incentive plan ^(e)	—	—	781	—	—	722
Amortization of acquisition intangibles ^(f)	1,872	1,871	1,851	3,744	3,744	3,702
Other ⁽ⁱ⁾	390	1,149	1,223	2,350	1,549	2,467
Adjusted Operating Income	\$ 27,780	\$ 65,581	\$ 29,088	\$ 73,084	\$ 133,249	\$ 71,737
Net income margin	1.9 %	6.8 %	2.4 %	3.8 %	7.5 %	3.1 %
Adjusted Operating Margin	5.5 %	11.9 %	6.8 %	7.0 %	12.3 %	8.1 %

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

Reconciliation of Adjusted EBITDA to Net Income (Unaudited)

	Three Months Ended			Six Months Ended			Twelve Months Ended July 2, 2022
	July 2, 2022	July 3, 2021	June 29, 2019	July 2, 2022	July 3, 2021	June 29, 2019	
<i>Dollars in thousands</i>							
Net income	\$ 9,734	\$ 37,601	\$ 10,257	\$ 39,881	\$ 81,033	\$ 27,686	\$ 87,092
Interest expense (income)	3,963	10,188	8,968	(181)	16,518	18,029	8,913
Income tax provision	4,674	7,040	2,477	16,003	18,726	8,387	18,358
Depreciation and amortization	25,245	24,025	20,819	50,396	47,580	41,234	99,905
EBITDA	43,616	78,854	42,521	106,099	163,857	95,336	214,268
Stock compensation expense ^(a)	3,638	7,213	1,741	7,372	10,201	4,717	12,057
Asset impairment ^(b)	3,509	519	1,790	3,915	1,478	3,872	6,864
Litigation settlement ^(c)	—	—	—	—	—	—	1,500
Management realignment expenses ^(d)	—	—	—	—	—	2,155	—
Long-term incentive plan ^(e)	—	—	781	—	—	722	—
Other ⁽ⁱ⁾	390	1,149	1,223	2,350	1,549	2,467	2,312
Adjusted EBITDA	\$ 51,153	\$ 87,735	\$ 48,056	\$ 119,736	\$ 177,085	\$ 109,269	\$ 237,001
Net income margin	1.9 %	6.8 %	2.4 %	3.8 %	7.5 %	3.1 %	
Adjusted EBITDA Margin	10.0 %	16.0 %	11.2 %	11.5 %	16.3 %	12.3 %	
Net debt/Net income							3.6x
Net debt/Adjusted EBITDA							1.3x

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

Reconciliation of Adjusted Diluted EPS to Diluted EPS (Unaudited)

Shares in thousands	Three Months Ended			Six Months Ended		
	July 2, 2022	July 3, 2021	June 29, 2019	July 2, 2022	July 3, 2021	June 29, 2019
Diluted EPS	\$ 0.12	\$ 0.42	\$ 0.13	\$ 0.47	\$ 0.89	\$ 0.34
Stock compensation expense ^(a)	0.05	0.08	0.02	0.08	0.11	0.06
Asset impairment ^(b)	0.04	0.01	0.02	0.04	0.02	0.05
Management realignment expenses ^(d)	—	—	—	—	—	0.03
Long-term incentive plan ^(e)	—	—	0.01	—	—	0.01
Amortization of acquisition intangibles ^(f)	0.02	0.02	0.02	0.04	0.04	0.05
Amortization of debt discount and deferred financing costs ^(g)	0.01	0.01	0.01	0.01	0.01	0.01
Losses (gains) on change in fair value of derivatives ^(h)	(0.01)	0.02	—	(0.11)	0.00	—
Other ^(m)	0.00	0.01	0.02	0.02	(0.01)	0.03
Tax benefit of stock option exercises ⁽ⁱ⁾	0.00	(0.04)	(0.01)	0.00	(0.05)	(0.02)
Tax effect of total adjustments ^(k)	(0.03)	(0.04)	(0.02)	(0.02)	(0.05)	(0.06)
Adjusted Diluted EPS	<u>\$ 0.21</u>	<u>\$ 0.48</u>	<u>\$ 0.18</u>	<u>\$ 0.53</u>	<u>\$ 0.97</u>	<u>\$ 0.49</u>
Weighted average diluted shares outstanding	80,403	96,082	81,424	94,109	96,044	81,437

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

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

<i>Dollars in thousands</i>	Three Months Ended			Six Months Ended		
	July 2, 2022	July 3, 2021	June 29, 2019	July 2, 2022	July 3, 2021	June 29, 2019
SG&A	\$ 227,829	\$ 234,235	\$ 182,278	\$ 456,383	\$ 457,828	\$ 376,154
Stock compensation expense ^(a)	3,638	7,213	1,741	7,372	10,201	4,717
Management realignment expenses ^(d)	—	—	—	—	—	2,155
Long-term incentive plan ^(e)	—	—	781	—	—	722
Other ^(f)	390	1,241	776	2,095	1,641	1,460
Adjusted SG&A	\$ 223,801	\$ 225,781	\$ 178,980	\$ 446,916	\$ 445,986	\$ 367,100
SG&A Percent of Net Revenue	44.7 %	42.6 %	42.4 %	44.0 %	42.2 %	42.2 %
Adjusted SG&A Percent of Net Revenue	43.9 %	41.1 %	41.7 %	43.1 %	41.2 %	41.2 %

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

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 property, equipment and lease related assets on closed or underperforming stores.
- (c) Expenses associated with settlement of certain litigation.
- (d) 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.
- (e) 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").
- (f) Amortization of the increase in carrying values of finite-lived intangible assets resulting from the application of purchase accounting to the KKR Acquisition.
- (g) Amortization of deferred financing costs and other non-cash charges related to our long-term debt. 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.
- (h) Reflects losses (gains) recognized in interest expense (income), net on change in fair value of de-designated hedges.
- (i) 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.
- (j) 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.
- (k) Represents the income tax effect of the total adjustments at our combined statutory federal and state income tax rates.
- (l) Reflects other expenses in (i) above, except for our share of losses on equity method investments of \$0.4 million for the three months ended June 29, 2019 and \$1.0 million for the six months ended June 29, 2019, respectively, and losses on other investments of \$0.3 million for the six months ended July 2, 2022, and other immaterial adjustments in 2021.
- (m) Reflects other expenses in (i) above, including the impact of stranded tax effect of \$(2.1) million for the six months ended July 3, 2021 associated with our interest rate swaps that matured in 2021, and \$0.1 million debt issuance costs for the three and six months ended July 3, 2021, respectively.

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 28)
- 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

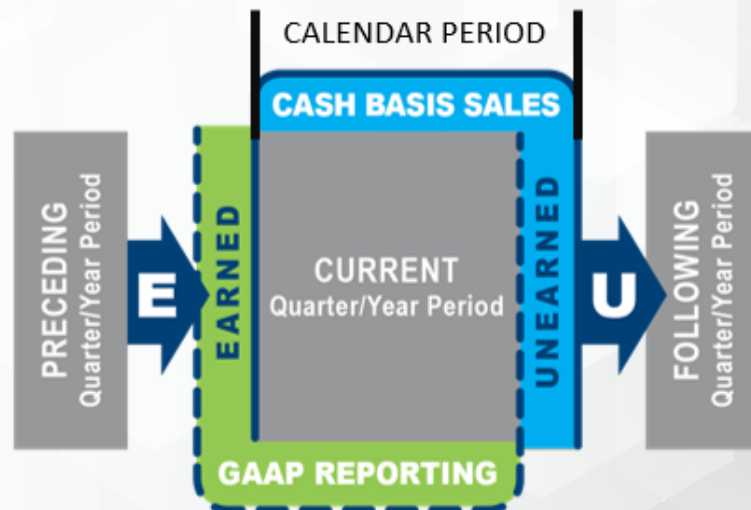
- Company provides total comparable store sales growth measured on GAAP revenue
- Adjusted measure has been lower than or equal to GAAP measure in 15 of last 20 quarters due to unearned revenue
- Total comparable store sales growth based on GAAP revenue was not calculated prior to 2017 IPO

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:

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”



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