UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended April 3, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-38257

National Vision Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**46-4841717**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2435 Commerce Ave	
Building 2200	**30096**
Duluth, Georgia	(Zip Code)
(Address of principal executive offices)	

(770) 822-3600

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	EYE	NASDAQ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 30, 2021
Common stock, $0.01 par value	81,423,974

NATIONAL VISION HOLDINGS, INC. AND SUBSIDIARIES

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this "Form 10-Q") 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, as amended (the "Exchange Act"), which are subject to the "safe harbor" created by those sections. All statements, other than statements of historical facts included in this Form 10-Q, including statements concerning our plans, objectives, goals, beliefs, business strategies, future events, business conditions, results of operations, financial position, business outlook, business trends and other information, may be forward-looking statements.

Words such as "believes," "expects," "may," "will," "should," "seeks," "intends," "plans," "estimates," or "anticipates," and variations of such words or similar expressions are intended to identify forward-looking statements. The forward-looking statements are not historical facts or guarantees of future performance and are based upon our current expectations, beliefs, estimates and projections, and various assumptions, many of which, by their nature, are inherently uncertain and beyond our control. Our expectations, beliefs, and projections are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that management's expectations, beliefs and projections will result or be achieved and actual results may vary materially from what is expressed in or indicated by the forward-looking statements.

There are a number of risks, uncertainties and other important factors, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking statements contained in this Form 10-Q. Such risks, uncertainties and other important factors that could cause actual results to differ include, among others, the risks, uncertainties and factors set forth in Part II, Item 1A - "Risk Factors" in this Form 10-Q and Part I, Item 1A - "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended January 2, 2021 (the "2020 Annual Report on Form 10-K"), as filed with the Securities and Exchange Commission (the "SEC"), as such risk factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC's website at www.sec.gov, and also include the following:

- the COVID-19 pandemic and its resurgence, and the impact of evolving federal, state, and local governmental actions in response thereto;
- customer behavior in response to the continuing pandemic and its more recent outbreaks of variants;
- our ability to keep our reopened stores open in a safe and cost-effective manner, or at all, in light of the continuing COVID-19 pandemic and its resurgence;
- 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;
- our growth strategy straining our existing resources and causing the performance of our existing stores to suffer;
- the impact of wage rate increases, inflation, cost increases and increases in raw material prices and energy prices;
- our ability to successfully 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;
- overall decline in the health of the economy and other factors impacting consumer spending;
- 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;
- 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.

We caution you that the risks, uncertainties and other factors referenced above may not contain all of the risks, uncertainties and other factors that are important to you. In addition, we cannot assure you that we will realize the results, benefits or developments that we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our business in the way expected. There can be no assurance that (i) we have correctly measured or identified all of the factors affecting our business or the extent of these factors' likely impact, (ii) the available information with respect to these factors on which such analysis is based is complete or accurate, (iii) such analysis is correct or (iv) our strategy, which is based in part on this analysis, will be successful. All forward-looking statements in this Form 10-Q apply only as of the date of this Form 10-Q or as of the date they were made and, except as required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

All references to "we," "us," "our," or the "Company" in this Form 10-Q mean National Vision Holdings, Inc. and its subsidiaries, unless the context otherwise requires. References to "eye care practitioners" in this Form 10-Q mean optometrists and ophthalmologists and references to "vision care professionals" mean optometrists (including optometrists employed by us or by professional corporations owned by eye care practitioners with which we have arrangements) and opticians.

Website Disclosure

We use our website www.nationalvision.com as a channel of distribution of Company information. Financial and other important information regarding the Company is routinely accessible through and posted on our website. Accordingly, investors should monitor our website, in addition to following our press releases, SEC filings and public conference calls and webcasts. In addition, you may automatically receive e-mail alerts and other information about National Vision Holdings, Inc. when you enroll your e-mail address by visiting the "Email Alerts" page of the Investor Resources section of our website at www.nationalvision.com/investors. The contents of our website are not, however, a part of this Form 10-Q.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

National Vision Holdings, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
As of April 3, 2021 and January 2, 2021
In Thousands, Except Par Value
(Unaudited)

ASSETS	As of April 3, 2021	As of January 2, 2021
Current assets:		
Cash and cash equivalents	$ 453,792	$ 373,903
Accounts receivable, net	60,036	57,989
Inventories	119,525	111,274
Prepaid expenses and other current assets	23,597	23,484
Total current assets	656,950	566,650
Property and equipment, net	336,214	341,293
Other assets:		
Goodwill	777,613	777,613
Trademarks and trade names	240,547	240,547
Other intangible assets, net	47,638	49,511
Right of use assets	343,580	340,141
Other assets	17,303	17,743
Total non-current assets	1,762,895	1,766,848
Total assets	$ 2,419,845	$ 2,333,498
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 79,807	$ 64,861
Other payables and accrued expenses	98,796	110,309
Unearned revenue	47,498	32,657
Deferred revenue	65,617	58,899
Current maturities of long-term debt and finance lease obligations	4,165	3,598
Current operating lease obligations	63,945	58,356
Total current liabilities	359,828	328,680
Long-term debt and finance lease obligations, less current portion and debt discount	733,731	651,763
Non-current operating lease obligations	325,618	327,371
Other non-current liabilities:		
Deferred revenue	22,242	20,828
Other liabilities	14,542	17,415
Deferred income taxes, net	76,352	80,939
Total other non-current liabilities	113,136	119,182
Commitments and contingencies (See Note 9)		
Stockholders' equity:		
Common stock, $0.01 par value; 200,000 shares authorized; 82,357 and 82,183 shares issued as of April 3, 2021 and January 2, 2021, respectively; 81,385 and 81,239 shares outstanding as of April 3, 2021 and January 2, 2021, respectively	823	821
Additional paid-in capital	728,339	795,697
Accumulated other comprehensive loss	(5,296)	(4,400)
Retained earnings	193,583	142,880
Treasury stock, at cost; 972 and 944 shares as of April 3, 2021 and January 2, 2021, respectively	(29,917)	(28,496)
Total stockholders' equity	887,532	906,502
Total liabilities and stockholders' equity	$ 2,419,845	$ 2,333,498

The accompanying notes are an integral part of these condensed consolidated financial statements.

National Vision Holdings, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations and Comprehensive Income
For the Three Months Ended April 3, 2021 and March 28, 2020
In Thousands, Except Earnings Per Share
(Unaudited)

	Three Months Ended	
	April 3, 2021	March 28, 2020
Revenue:		
Net product sales	$ 443,067	$ 392,841
Net sales of services and plans	91,113	76,863
Total net revenue	534,180	469,704
Costs applicable to revenue (exclusive of depreciation and amortization):		
Products	159,691	156,370
Services and plans	64,999	62,184
Total costs applicable to revenue	224,690	218,554
Operating expenses:		
Selling, general and administrative expenses	223,593	193,741
Depreciation and amortization	23,555	24,810
Asset impairment	959	11,355
Litigation settlement	—	4,395
Other expense (income), net	(65)	(66)
Total operating expenses	248,042	234,235
Income from operations	61,448	16,915
Interest expense, net	6,330	7,455
Earnings before income taxes	55,118	9,460
Income tax provision (benefit)	11,686	(282)
Net income	$ 43,432	$ 9,742
Earnings per share:		
Basic	$ 0.53	$ 0.12
Diluted	$ 0.48	$ 0.12
Weighted average shares outstanding:		
Basic	81,333	80,129
Diluted	96,025	82,242
Comprehensive income:		
Net income	$ 43,432	$ 9,742
Unrealized gain (loss) on hedge instruments	1,650	(8,858)
Tax provision (benefit) of unrealized gain (loss) on hedge instruments	2,546	(2,256)
Comprehensive income (loss)	$ 42,536	$ 3,140

The accompanying notes are an integral part of these condensed consolidated financial statements.

National Vision Holdings, Inc. and Subsidiaries
Condensed Consolidated Statements of Stockholders' Equity
For the Three Months Ended April 3, 2021 and March 28, 2020
In Thousands
(Unaudited)

	Three Months Ended April 3, 2021						
	Common Stock						
	Shares	Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Total Stockholders' Equity
Balances at January 2, 2021	81,239	$ 821	$ 795,697	$ (4,400)	$ 142,880	$ (28,496)	$ 906,502
Cumulative effect of change in accounting principle	—	—	(71,385)	—	7,271	—	(64,114)
Balances at January 3, 2021 - as adjusted	81,239	821	724,312	(4,400)	150,151	(28,496)	842,388
Issuance of common stock	174	2	1,056	—	—	—	1,058
Stock based compensation	—	—	2,971	—	—	—	2,971
Purchase of treasury stock	(28)	—	—	—	—	(1,421)	(1,421)
Unrealized gain (loss) on hedge instruments, net of tax	—	—	—	(896)	—	—	(896)
Net income	—	—	—	—	43,432	—	43,432
Balances at April 3, 2021	81,385	$ 823	$ 728,339	$ (5,296)	$ 193,583	$ (29,917)	$ 887,532

	Three Months Ended March 28, 2020						
	Common Stock						
	Shares	Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Total Stockholders' Equity
Balances at December 28, 2019	79,678	$ 805	$ 700,121	$ (3,814)	$ 107,132	$ (27,807)	$ 776,437
Cumulative effect of change in accounting principle	—	—	—	—	(529)	—	(529)
Balances at December 29, 2019 - as adjusted	79,678	805	700,121	(3,814)	106,603	(27,807)	775,908
Issuance of common stock	602	6	5,114	—	—	—	5,120
Stock based compensation	—	—	2,066	—	—	—	2,066
Purchase of treasury stock	(2)	—	—	—	—	(74)	(74)
Unrealized gain (loss) on hedge instruments, net of tax	—	—	—	(6,602)	—	—	(6,602)
Net income	—	—	—	—	9,742	—	9,742
Balances at March 28, 2020	80,278	$ 811	$ 707,301	$ (10,416)	$ 116,345	$ (27,881)	$ 786,160

The accompanying notes are an integral part of these condensed consolidated financial statements.

National Vision Holdings, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
For the Three Months Ended April 3, 2021 and March 28, 2020
In Thousands
(Unaudited)

	Three Months Ended	
	April 3, 2021	March 28, 2020
Cash flows from operating activities:		
Net income	$ 43,432	$ 9,742
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	23,555	24,810
Amortization of debt discount and deferred financing costs	762	217
Asset impairment	959	11,355
Deferred income tax expense (benefit)	11,686	(282)
Stock based compensation expense	2,988	2,093
Losses (gains) on change in fair value of derivatives	(2,252)	—
Inventory adjustments	177	1,695
Other	594	2,099
Changes in operating assets and liabilities:		
Accounts receivable	(2,698)	16,431
Inventories	(8,428)	(4,511)
Operating lease right of use assets and lease liabilities	(484)	7,525
Other assets	(235)	3,524
Accounts payable	14,946	19,171
Deferred and unearned revenue	22,973	(19,006)
Other liabilities	(10,323)	11,197
Net cash provided by operating activities	97,652	86,060
Cash flows from investing activities:		
Purchase of property and equipment	(16,382)	(13,053)
Other	8	199
Net cash used for investing activities	(16,374)	(12,854)
Cash flows from financing activities:		
Borrowings on long-term debt, net of discounts	—	146,269
Repayments on long-term debt	—	—
Proceeds from exercise of stock options	1,868	5,120
Purchase of treasury stock	(1,421)	(74)
Payments of debt issuance costs	—	—
Payments on finance lease obligations	(1,536)	(714)
Net cash provided by (used for) financing activities	(1,089)	150,601
Net change in cash, cash equivalents and restricted cash	80,189	223,807
Cash, cash equivalents and restricted cash, beginning of year	375,159	40,307
Cash, cash equivalents and restricted cash, end of period	$ 455,348	$ 264,114
Supplemental cash flow disclosure information:		
Cash paid for interest	$ 5,706	$ 7,065
Capital expenditures accrued at the end of the period	$ 9,247	$ 12,176

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. Description of Business and Basis of Presentation

Nature of Operations

National Vision Holdings, Inc. ("NVHI," the "Company," "we," "our," or "us") is a holding company whose operating subsidiaries include its indirect wholly owned subsidiary, National Vision, Inc. ("NVI") and NVI's wholly owned subsidiaries. We are a leading value retailer of eyeglasses and contact lenses in the United States. We operated 1,230 and 1,205 retail optical locations in the United States and its territories as of April 3, 2021 and January 2, 2021, respectively, through our five store brands, including America's Best Contacts and Eyeglasses ("America's Best"), Eyeglass World, Vista Optical locations on select U.S. Army/Air Force military bases ("Military") and within select Fred Meyer stores, and our management & services arrangement with Walmart ("Legacy").

Basis of Presentation

We prepare our unaudited interim condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and, therefore, do not include all information and disclosures required by U.S. GAAP for complete consolidated financial statements. The condensed consolidated balance sheet as of January 2, 2021 has been derived from the audited consolidated balance sheet for the fiscal year then ended. These condensed consolidated financial statements reflect all normal and recurring adjustments which are, in the opinion of management, necessary to present fairly the Company's consolidated results of the interim period. Certain prior year amounts in the Condensed Consolidated Statements of Cash Flows have been reclassified to conform to the current presentation.

Certain information and disclosures normally included in our annual consolidated financial statements have been condensed or omitted; however, we believe that the disclosures included herein are sufficient for a fair presentation of the information presented. These condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements and the notes thereto for the fiscal year ended January 2, 2021 included in the 2020 Annual Report on Form 10-K. The Company's significant accounting policies are set forth in Note 1 within those consolidated financial statements. We use the same accounting policies in preparing interim condensed consolidated financial information and annual consolidated financial statements. There were no changes to our significant accounting policies during the three months ended April 3, 2021, except for the adoption of Accounting Standards Update ("ASU") No. 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity* ("ASU 2020-06"). See "Adoption of New Accounting Pronouncements" below for further discussion.

The condensed consolidated financial statements include our accounts and those of our subsidiaries, all of which are wholly-owned. All intercompany balances and transactions have been eliminated in consolidation.

Fiscal Year

Our fiscal year consists of 52 or 53 weeks ending on the Saturday closest to December 31. Fiscal year 2021 contains 52 weeks and will end on January 1, 2022. All three month periods presented herein contain 13 weeks. All references to years and quarters relate to fiscal periods rather than calendar periods.

Seasonality

The consolidated results of operations for the three months ended April 3, 2021 and March 28, 2020, are not necessarily indicative of the results to be expected for the full fiscal year due to seasonality and uncertainty of general economic conditions that may impact our key end markets. Historically, our business has realized a higher portion of net revenue, income from operations, and cash flows from operations in the first half of the year, and a lower portion of net revenue, income from operations, and cash flows from operations in the fourth fiscal quarter. The first half seasonality is attributable primarily to the timing of our customers' personal income tax refunds and annual health insurance program start/reset periods. Seasonality related to fourth quarter holiday spending by retail customers generally does not impact our business. Our quarterly consolidated results generally may also be affected by the timing of new store openings, store closings, and certain holidays.

The COVID-19 pandemic resulted in the temporary closure of our stores for a portion of the first half of fiscal year 2020 and caused changes in fiscal year 2020 seasonality. COVID-19 may continue to cause changes to the seasonality we have historically experienced in fiscal year 2021 and beyond.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

Our income tax provision for the three months ended April 3, 2021 reflected our statutory federal and state rate of 25.5%, combined with a benefit of $2.1 million for the stranded tax effect associated with our interest rate swaps that matured in the first quarter of 2021. In comparison, the income tax benefit for the three months ended March 28, 2020 reflected our statutory federal and state rate of 25.5% combined with a benefit of $2.7 million resulting from stock option exercises.

Adoption of New Accounting Pronouncements

Convertible Instruments and Contracts in an Entity's Own Equity. In August 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-06. This new guidance simplifies and adds disclosure requirements for the accounting and measurement of convertible instruments and the settlement assessment for contracts in an entity's own equity. The guidance also requires the application of the if-converted method to calculate the impact of convertible instruments on diluted earnings per share. ASU 2020-06 is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2021. The company early adopted the guidance in the first quarter of 2021 using the modified retrospective approach and recognized a cumulative effect of the change of $7.3 million as an adjustment to the opening balance of retained earnings. Upon adoption of ASU 2020-06 the Company eliminated the equity components related to its convertible debt and increased the related liability components by $82.9 million. In addition, as a result of the adoption, our deferred tax liabilities decreased by $18.8 million and additional paid-in capital decreased by $71.4 million. The adoption did not have an impact on the calculated weighted average shares outstanding used in the calculation of diluted EPS since the Company was using the if-converted method prior to the adoption of ASU 2020-06. Refer to Note 11. "Earnings per Share" for more information.

The following table summarizes the impact of adoption on the Company's condensed consolidated statement of operations for the three months ended April 3, 2021:

In thousands (except earnings per share)	With ASU 2020-06 Adoption		Without ASU 2020-06 Adoption		Impact of Adoption	
Income from operations	$	61,448	$	61,448	$	—
Interest expense, net		6,330		10,136		(3,806)
Earnings before income taxes		55,118		51,312		3,806
Income tax provision		11,686		10,866		820
Net income	$	43,432	$	40,446	$	2,986
Earnings per share:						
Basic	$	0.53	$	0.50	$	0.04
Diluted	$	0.48	$	0.48	$	—

Impact of adoption on basic earnings per share is calculated using impact on net income divided by basic weighted average shares outstanding during the period.

Future Adoption of Accounting Pronouncements

Reference Rate Reform. In March 2020, the FASB issued ASU No. 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("ASU 2020-04"). This guidance provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions that may be affected by the cessation of the London Inter-bank Offered Rate ("LIBOR.") An entity may elect to apply the amendments for contract modifications as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020 through December 31, 2022. A substantial portion of our debt is subject to interest payments that are indexed to LIBOR; additionally, we are party to an interest rate derivative based on LIBOR. We are currently evaluating the effect of this guidance and have not applied the provisions of this guidance during the current fiscal year.

The FASB issued other accounting guidance during the period that is not currently applicable or expected to have a material impact on the Company's condensed consolidated financial statements, and therefore, is not described above.

2. Details of Certain Balance Sheet Accounts

In thousands	As of April 3, 2021		As of January 2, 2021	
Accounts receivable, net:				
Trade receivables	$	30,885	$	28,405
Credit card receivables		22,968		21,557
Other receivables		6,569		8,460
Allowance for credit losses		(386)		(433)
	$	60,036	$	57,989

In thousands	As of April 3, 2021		As of January 2, 2021	
Inventories:				
Raw materials and work in process (1)	$	56,081	$	55,473
Finished goods		63,444		55,801
	$	119,525	$	111,274

(1) Due to the immaterial amount of estimated work in process and the short lead times for the conversion of raw materials to finished goods, the Company does not separately present raw materials and work in process.

In thousands	As of April 3, 2021	As of January 2, 2021
Other payables and accrued expenses:		
Associate compensation and benefits [(1)]	$ 38,125	$ 51,081
Advertising	1,966	2,173
Self-insurance liabilities	8,979	8,650
Reserves for customer returns and remakes	9,786	8,084
Capital expenditures	9,247	8,455
Legacy management & services agreement	6,109	5,386
Fair value of derivative liabilities	4,086	5,116
Supplies and other store support expenses	2,170	3,461
Litigation settlements	1,114	1,107
Lease concessions	1,251	3,142
Other	15,963	13,654
	$ 98,796	$ 110,309

(1) Includes the Coronavirus Aid, Relief, and Economic Security ("CARES") Act deferred employer payroll taxes in the amount of $0.0 million and $12.8 million as of April 3, 2021 and January 2, 2021, respectively.

In thousands	As of April 3, 2021	As of January 2, 2021
Other non-current liabilities:		
Fair value of derivative liabilities	$ 4,790	$ 7,663
Self-insurance liabilities	7,279	7,046
Other	2,473	2,706
	$ 14,542	$ 17,415

3. Fair Value Measurement

Recurring fair value measurements

Interest Rate Derivatives

We recognize as assets or liabilities at fair value the estimated amounts we would receive or pay upon a termination of interest rate derivatives prior to their scheduled expiration dates. The fair value is based on information that is model-driven and whose inputs were observable (Level 2 inputs). See Note 5. "Interest Rate Derivatives" for further details.

Nonrecurring fair value measurements

Tangible Long-lived and Right of Use ("ROU") Store Assets

We recognized impairments of $1.0 million during the three months ended April 3, 2021 related to our long-lived tangible store assets and ROU assets. The impairments were primarily driven by lower than projected customer sales volume in certain stores. The cash flows used in estimating fair value were discounted using a market rate of 7.5%. We consider market-based indications of prevailing rental rates for retail space, market participant discount rates, and lease incentives when estimating the fair values of ROU assets. A decrease in the estimated cash flows would lead to a lower fair value measurement, as would an increase in the discount rate. These non-recurring fair value measurements are classified as Level 3 measurements in the fair value hierarchy. The estimated remaining fair value of the assets impaired during the three months ended April 3, 2021 was $2.0 million. Substantially all of the remaining fair value of the impaired store assets in fiscal year 2021 represents the fair value of ROU assets.

Additional fair value information

Long-term Debt - 2025 Notes

The Company has $402.5 million in aggregate principal amount of 2.50% convertible senior notes due on May 15, 2025 (the "2025 Notes") issued and outstanding as of April 3, 2021. Refer to Note 4. "Long-term Debt" for more information on the 2025 Notes. The estimated fair value of the 2025 Notes was approximately $644.3 million and $655.3 million as of April 3, 2021 and January 2, 2021, respectively. The estimated fair value of the 2025 Notes is based on the prices the 2025 Notes have traded in the market as of April 3, 2021, as well as overall market conditions on the date of valuation, stated coupon rates, the number of coupon payments each year and the maturity date, and represents a Level 2 measurement in the fair value hierarchy.

4. Long-term Debt

Long-term debt consists of the following:

In thousands	As of April 3, 2021	As of January 2, 2021
2025 Notes, due May 15, 2025	$ 402,500	$ 402,500
Term loan, due July 18, 2024	317,375	317,375
Long-term debt before debt discount	719,875	719,875
Unamortized discount and issuance costs - 2025 Notes	(9,688)	(93,123)
Unamortized discount and issuance costs - term loan	(1,991)	(2,141)
Long-term debt less debt discount	708,196	624,611
Less current maturities	—	—
Long-term debt - non-current portion	708,196	624,611
Finance lease obligations	29,700	30,750
Less current maturities	(4,165)	(3,598)
Long-term debt and finance lease obligations, less current portion and debt discount	$ 733,731	$ 651,763

We were in compliance with all covenants related to our long-term debt as of April 3, 2021.

2025 Notes

The Company adopted ASU 2020-06 as of January 3, 2021. ASU 2020-06 eliminates the cash conversion and the beneficial conversion feature models. Under the new convertible debt framework, the Company eliminated the equity components and increased the debt balance. Refer to Note 1. "Description of Business and Basis of Presentation" for further discussion of the adoption of ASU 2020-06. As a result of adopting ASU 2020-06, our effective interest rate decreased from 9.1% as of January 2, 2021 to 3.2% starting in the first quarter of 2021. We recognized $2.5 million and $0.5 million in interest expense for the interest coupon and amortization of issuance costs, respectively, during the three months ended April 3, 2021. As of April 3, 2021, the remaining period for the unamortized debt issuance costs balance was approximately four years.

As of April 3, 2021, the 2025 Notes can be converted by holders. The conversion rate will be subject to adjustment upon the occurrence of certain specified events including, but not limited to: issuance of stock dividends, splits and combinations; distribution of rights, options and warrants; spin-offs and other distributed property; cash dividends or distributions; tender offers or exchange offers; and certain other corporate transactions.

5. Interest Rate Derivatives

We are party to an interest rate collar to offset the variability of cash flows in LIBOR-indexed debt interest payments. The aggregate notional amount of the interest rate collar was $375.0 million as of April 3, 2021. The fair value of our interest rate collar instrument was $8.9 million as of April 3, 2021 and is not designated as a cash flow hedge. The interest rate swaps we held at the end of fiscal year 2020 matured in the first quarter of 2021. The fair value of our interest rate derivative instruments was $12.8 million as of January 2, 2021, $1.5 million of which was designated as a cash flow hedge. See Note 3. "Fair Value Measurement" for further details.

Gains on the change in fair value of the interest rate collar of approximately $2.0 million were recorded in interest expense, net during the three months ended April 3, 2021. Interest expense, net related to our interest rate derivatives considered to be highly effective hedges for the three months ended April 3, 2021 was $1.5 million.

Cash flows related to derivatives qualifying as hedges are included in the same section of the Condensed Consolidated Statements of Cash Flows as the underlying assets and liabilities being hedged. Cash flows during the three months ended April 3, 2021 related to derivatives not qualifying as hedges were included in the operating section of the Condensed Consolidated Statements of Cash Flows and were immaterial. As of April 3, 2021, the Company expects to reclassify approximately $1.7 million of unrealized losses on derivative instruments, net of tax, from Accumulated other comprehensive loss ("AOCL") into earnings in the next 12 months as the derivative instruments mature. See Note 13. "Accumulated Other Comprehensive Loss" for further details.

6. Stock Incentive Plans

During the three months ended April 3, 2021, the Company granted 100,634 stock options, 102,100 performance-based restricted stock units ("PSUs") and 122,802 time-based restricted stock units ("RSUs") to eligible employees under the National Vision Holdings, Inc. 2017 Omnibus Incentive Plan (the "2017 Omnibus Incentive Plan"). The time-based options granted in fiscal 2021 vest in three equal annual installments, with one-third of the total options vesting on each of the first, second, and third anniversaries of the grant date, subject to continued employment through the applicable vesting date. The PSUs granted in fiscal 2021 are settled after the end of the performance period (i.e., cliff vesting), which begins on the first day of our 2021 fiscal year and ends on the last day of our 2023 fiscal year, and are based on the Company's achievement of certain performance targets. The RSUs granted in fiscal 2021 vest primarily in three equal installments.

During the three months ended April 3, 2021, the Company granted 2,112 restricted stock awards ("RSAs") to eligible members of the Company's Board of Directors under the 2017 Omnibus Incentive Plan. The awards vest one year from the grant date.

7. Revenue From Contracts With Customers

The majority of our revenues are recognized either at the point of sale or upon delivery and customer acceptance, paid for at the time of sale in cash, credit card, or on account with managed care payors having terms generally between 14 and 120 days, with most paying within 90 days. For sales of in-store non-prescription eyewear and related accessories, and paid eye exams, we recognize revenue at the point of sale. Our point in time revenues include 1) retail sales of prescription and non-prescription eyewear, contact lenses and related accessories to retail customers (including those covered by managed care), 2) eye exams and 3) wholesale sales of inventory in which our customer is another retail entity. Revenues recognized over time primarily include product protection plans, eye care club memberships and management fees earned from our legacy partner.

The following disaggregation of revenues depicts our revenue based on the timing of revenue recognition:

	Three Months Ended	
In thousands	April 3, 2021	March 28, 2020
Revenues recognized at a point in time	$ 493,438	$ 434,179
Revenues recognized over time	40,742	35,525
Total net revenue	$ 534,180	$ 469,704

Refer to Note 10. "Segment Reporting" for the Company's disaggregation of net revenue by reportable segment and product type. As the reportable segments are aligned by similar economic factors, trends and customers, the reportable segment disaggregation view best depicts how the nature, amount and uncertainty of revenue and cash flows are affected by economic factors.

Contract Assets and Liabilities

The Company's contract assets and contract liabilities primarily result from timing differences between the performance of our obligations and the customer's payment.

Accounts Receivable

Credit loss expense recognized on our receivables, which is presented in SG&A expenses in the Company's condensed consolidated statements of operations, were $0.1 million for the three months ended April 3, 2021 as compared to $0.4 million for the three months ended March 28, 2020.

Unsatisfied Performance Obligations (Contract Liabilities)

Our deferred revenue balance as of April 3, 2021 was $87.9 million. We expect future revenue recognition of this balance of $56.4 million, $22.5 million, $8.3 million, $0.6 million, and $0.1 million in fiscal years 2021, 2022, 2023, 2024, and 2025, respectively. We recognized $20.2 million of previously deferred revenues during the three months ended April 3, 2021 and $28.0 million during the three months ended March 28, 2020.

8. Leases

Our lease costs for the three months ended April 3, 2021 and March 28, 2020 were as follows:

	Three Months Ended	
In thousands	April 3, 2021	March 28, 2020
Operating lease cost		
Fixed lease cost [(a)]	$ 20,651	$ 19,312
Variable lease cost [(b)]	7,403	6,810
Sublease income[(c)]	(910)	(591)
Finance lease cost		
Amortization of finance lease assets	1,123	1,156
Interest expense, net:		
Interest on finance lease liabilities	780	872
Net lease cost	$ 29,047	$ 27,559

(a) Includes short-term leases, which are immaterial.

(b) Includes costs for insurance, real estate taxes and common area maintenance expenses, which are variable, as are lease costs above minimum thresholds for Fred Meyer stores and lease costs for Military stores.

(c) Income from sub-leasing of stores includes rental income from leasing space to ophthalmologists and optometrists who are independent contractors.

Lease Term and Discount Rate	As of April 3, 2021	As of January 2, 2021
Weighted average remaining lease term (months)		
Operating leases	78	77
Finance leases	78	79
Weighted average discount rate [(a)]		
Operating leases	4.8 %	4.7 %
Finance leases [(b)]	12.2 %	12.3 %

(a) The discount rate used to determine the lease assets and lease liabilities was derived upon considering (i) incremental borrowing rates on our term loan and revolving credit facility; (ii) fixed rates on interest rate swaps; (iii) LIBOR margins for issuers of similar credit rating; and (iv) effect of collateralization. As a majority of our leases are five-year and 10-year leases, we determined a lease discount rate for such tenors and determined this discount rate is reasonable for leases that were entered into during the period.

(b) The discount rate on finance leases is higher than operating leases because the present value of minimum lease payments was higher than the fair value of leased properties for certain leases entered into prior to adoption of ASC 842. The discount rate differential for those leases is not material to our results of operations.

In thousands

Other Information		Three Months Ended April 3, 2021		Three Months Ended March 28, 2020
Operating cash outflows - operating leases	$	21,914	$	15,269
Right of use assets acquired under finance leases	$	—	$	1,244
Right of use assets acquired under operating leases	$	23,726	$	17,658

The following table summarizes the maturity of our lease liabilities as of April 3, 2021:

In thousands

Fiscal Year		Operating Leases [(a)]		Finance Leases [(b)]
2021	$	59,803	$	5,447
2022		74,503		6,635
2023		73,434		6,252
2024		63,682		4,753
2025		58,538		4,913
Thereafter		124,480		11,420
Total lease liabilities		454,440		39,420
Less: Interest		64,877		9,720
Present value of lease liabilities[(c)]	$	389,563	$	29,700

(a) Operating lease payments include $56.6 million related to options to extend lease terms that are reasonably certain of being exercised.
(b) Finance lease payments include $1.7 million related to options to extend lease terms that are reasonably certain of being exercised.
(c) The present value of lease liabilities excludes $24.3 million of legally binding minimum lease payments for leases signed but not yet commenced.

9. Commitments and Contingencies

Legal Proceedings

From time to time, the Company is involved in various legal proceedings incidental to its business. Because of the nature and inherent uncertainties of litigation, we cannot predict with certainty the ultimate resolution of these actions and, should the outcome of these actions be unfavorable, the Company's business, financial position, results of operations or cash flows could be materially and adversely affected.

The Company reviews the status of its legal proceedings and records a provision for a liability when it is considered probable that both a liability has been incurred and the amount of the loss can be reasonably estimated. This review is updated periodically as additional information becomes available. If either or both of the criteria are not met, we reassess whether there is at least a reasonable possibility that a loss, or additional losses, may be incurred. If there is a reasonable possibility that a loss may be incurred, we disclose the estimate of the amount of the loss or range of losses, or that an estimate of loss cannot be made. The Company expenses its legal fees as incurred.

We are currently and may in the future become subject to various claims and pending or threatened lawsuits in the ordinary course of our business.

Our subsidiary, FirstSight Vision Services, Inc. ("FirstSight"), is a defendant in a purported class action in the U.S. District Court for the Southern District of California that alleges that FirstSight participated in arrangements that caused the illegal delivery of eye examinations and that FirstSight thereby violated, among other laws, the corporate practice of optometry and the unfair competition and false advertising laws of California. The lawsuit was filed in 2013 and FirstSight was added as a defendant in 2016. In March 2017, the court granted the motion to dismiss previously filed by FirstSight and dismissed the complaint with prejudice. The plaintiffs filed an appeal with the U.S. Court of Appeals for the Ninth Circuit in April 2017. In July 2018, the U.S. Court of Appeals for the Ninth Circuit vacated in part, and reversed in part, the district court's dismissal and remanded for further proceedings. In October 2018, the plaintiffs filed a second amended complaint with the district court, and, in November 2018, FirstSight filed a motion to dismiss. On March 23, 2020, the district court granted FirstSight's motion to dismiss the second amended complaint. On April 24, 2020, the plaintiffs filed a third amended complaint. FirstSight filed a motion to dismiss the third amended complaint on May 8, 2020. On February 4, 2021, the district court granted FirstSight's motion in part and denied it in part. FirstSight's answer to the remaining claims was filed February 18, 2021. We believe that the claims alleged are without merit and intend to continue to defend the litigation vigorously.

In November 2019, the Company agreed to enter into a pre-litigation settlement with six former associates who asserted, on behalf of themselves and a proposed class, violations of the Fair Labor Standards Act and of California wage and hour laws. In order to avoid the burden, expense and uncertainty of litigation, and without admitting liability, the Company agreed to a settlement with the named claimants and all participating class members for a maximum settlement amount of $895,000. This settlement was submitted by the parties for approval through arbitration and an order granting preliminary approval of the settlement was issued by the arbitrator on February 27, 2021.

10. Segment Reporting

The Company provides its principal products and services through two reportable segments: Owned & Host and Legacy. The “Corporate/Other” category includes the results of operations of our other operating segments, AC Lens and FirstSight, as well as corporate overhead support. The “Reconciliations” category represents other adjustments to reportable segment results necessary for the presentation of consolidated financial results in accordance with U.S. GAAP for the two reportable segments. Beginning in the first quarter of 2021, incremental expenses related to the COVID-19 pandemic were allocated to the reportable segments but were included in the Corporate/Other category in 2020. The change in unearned revenue recognized in net product sales in the Reconciliations category during the three months ended April 3, 2021 compared to the three months ended March 28, 2020 is due to stronger sales at the end of the first quarter of 2021 and lower sales in the first quarter of 2020 due to the impact of store closures.

Our reportable segment profit measure is earnings before interest, tax, depreciation and amortization (“EBITDA”), or net revenue, less costs applicable to revenue, less SG&A expenses. Depreciation and amortization, asset impairment, litigation settlement and other corporate costs that are not allocated to the reportable segments, including interest expense are excluded from segment EBITDA. There are no revenue transactions between our reportable segments. There are no differences between the measurement of our reportable segments' assets and consolidated assets. There have been no changes from prior periods in the measurement methods used to determine reportable segment profit or loss, and there have been no asymmetrical allocations to segments.

The following is a summary of certain financial data for each of our segments. Reportable segment information is presented on the same basis as our consolidated financial statements, except for net revenue and associated costs applicable to revenue, which are presented on a cash basis, including point of sales for managed care payors and excluding the effects of unearned and deferred revenue, consistent with what the Chief Operating Decision Maker (“CODM”) regularly reviews.

Asset information is not included in the following summary since the CODM does not regularly review such information for the reportable segments.

	Three Months Ended April 3, 2021				
In thousands	Owned & Host	Legacy	Corporate/Other	Reconciliations	Total
Net product sales	$ 369,370	$ 27,420	$ 61,218	$ (14,941)	$ 443,067
Net sales of services and plans	83,077	16,162	—	(8,126)	91,113
Total net revenue	452,447	43,582	61,218	(23,067)	534,180
Costs of products	97,104	12,859	53,026	(3,298)	159,691
Costs of services and plans	58,804	6,195	—	—	64,999
Total costs applicable to revenue	155,908	19,054	53,026	(3,298)	224,690
SG&A	149,963	14,293	59,337	—	223,593
Asset impairment	—	—	959	—	959
Other expense (income), net	—	—	(65)	—	(65)
EBITDA	$ 146,576	$ 10,235	$ (52,039)	$ (19,769)	
Depreciation and amortization					23,555
Interest expense, net					6,330
Earnings before income taxes					$ 55,118

	Three Months Ended March 28, 2020				
In thousands	Owned & Host	Legacy	Corporate/Other	Reconciliations	Total
Net product sales	$ 281,914	$ 24,418	$ 66,571	$ 19,938	$ 392,841
Net sales of services and plans	65,313	12,039	—	(489)	76,863
Total net revenue	347,227	36,457	66,571	19,449	469,704
Costs of products	81,917	11,404	57,907	5,142	156,370
Costs of services and plans	55,594	6,590	—	—	62,184
Total costs applicable to revenue	137,511	17,994	57,907	5,142	218,554
SG&A	134,714	13,631	45,396	—	193,741
Asset impairment	—	—	11,355	—	11,355
Litigation settlement	—	—	4,395	—	4,395
Other expense (income), net	—	—	(66)	—	(66)
EBITDA	$ 75,002	$ 4,832	$ (52,416)	$ 14,307	
Depreciation and amortization					24,810
Interest expense, net					7,455
Earnings before income taxes					$ 9,460

11. Earnings Per Share

Diluted EPS related to the 2025 Notes is calculated using the if-converted method; the number of dilutive shares is based on the initial conversion rate associated with the 2025 Notes. A reconciliation of the numerators and denominators of the basic and diluted EPS calculations is as follows:

	Three Months Ended	
In thousands, except EPS	April 3, 2021	March 28, 2020
Net income	$ 43,432	$ 9,742
After-tax interest expense for 2025 Notes	2,332	—
Numerator for diluted EPS	$ 45,764	$ 9,742
Weighted average shares outstanding for basic EPS	81,333	80,129
Effect of dilutive securities:		
Stock options	1,397	2,020
Restricted stock	383	93
2025 Notes	12,912	—
Weighted average shares outstanding for diluted EPS	96,025	82,242
Basic EPS	$ 0.53	$ 0.12
Diluted EPS	$ 0.48	$ 0.12
Anti-dilutive options and RSUs outstanding excluded from EPS	38	394

12. Restricted Cash

The following table provides a reconciliation of cash and cash equivalents reported within the condensed consolidated balance sheets to the total of cash, cash equivalents and restricted cash shown in the condensed consolidated statement of cash flows:

	Three Months Ended	
In thousands	April 3, 2021	March 28, 2020
Cash and cash equivalents	$ 453,792	$ 263,154
Restricted cash included in other assets	1,556	960
Total cash, cash equivalents and restricted cash	$ 455,348	$ 264,114

13. Accumulated Other Comprehensive Loss

Changes in the fair value of the Company's cash flow hedge derivative instruments from their inception are recorded in AOCL if the instruments are deemed to be highly effective as cash flow hedges. The following table presents the changes in AOCL, net of tax during the three months ended April 3, 2021 and March 28, 2020, respectively:

	Three Months Ended	
In thousands	April 3, 2021	March 28, 2020
Cash flow hedging activity:		
Balance at beginning of period	$ (4,400)	$ (3,814)
Other comprehensive income (loss) before reclassification	(10)	(10,681)
Tax effect of other comprehensive income (loss) before reclassification	3	2,721
Amount reclassified from AOCL into interest expense	1,660	1,823
Tax effect of amount reclassified from AOCL into interest expense	(424)	(465)
Stranded tax effect of matured interest rate swaps	(2,125)	—
Net current period other comprehensive income (loss), net of tax	(896)	(6,602)
Balance at end of period	$ (5,296)	$ (10,416)

See Note 5. "Interest Rate Derivatives" for a description of the Company's use of cash flow hedging derivatives.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following contains management's discussion and analysis of our financial condition and results of operations and should be read together with the unaudited condensed consolidated financial statements and the related notes thereto included elsewhere in this Form 10-Q (this "Form 10-Q") and the audited consolidated financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on January 2, 2021 (the "2020 Annual Report on Form 10-K"). This discussion contains forward-looking statements that reflect our plans, estimates and beliefs and involve numerous risks and uncertainties, including, but not limited to, those described in the "Risk Factors" section of the 2020 Annual Report on Form 10-K and in the "Risk Factors" section of this Form 10-Q, as such risk factors may be updated from time to time in our periodic filings with the SEC. Actual results may differ materially from those contained in any forward-looking statements. You should carefully read "Special Note Regarding Forward-Looking Statements" in this Form 10-Q.

Overview

We are one of the largest and fastest growing optical retailers in the United States and a leader in the attractive value segment of the U.S. optical retail industry. We believe that vision is central to quality of life and that people deserve to see their best to live their best, regardless of their budget. Our mission is to make quality eye care and eyewear affordable and accessible to all Americans. We achieve this by providing eye exams, eyeglasses and contact lenses to value seeking and lower income consumers. We deliver exceptional value and convenience to our customers, with an opening price point that strives to be among the lowest in the industry, enabled by our low-cost operating platform. We reach our customers through a diverse portfolio of 1,230 retail stores across five brands and 19 consumer websites as of April 3, 2021.

COVID-19

We remain focused on our strategy to provide our customers and patients reliable and quality low cost eye care and eyewear by prioritizing the health and safety of our associates, customers and patients. We have taken a variety of measures, as described in Part I. Item 1A. "Risk Factors" and Part II. Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's 2020 Annual Report on Form 10-K, which had a significant impact on our operations and performance of fiscal year 2020 and continue to have a significant impact on our operations and performance of fiscal year 2021. Please also refer to those Items for further discussion regarding the potential future impacts of COVID-19 and related economic conditions on us. We continue to monitor the evolving situation as there remain many uncertainties regarding the pandemic and more recent outbreaks of variants, including its anticipated duration, and, related healthcare authority guidelines. We will continue to evaluate additional measures that we may elect to take as a response to the pandemic, including, where appropriate, future action to reduce store hours and patient appointments or temporarily close stores. There can be no assurance whether or when any such measures will be adopted. Our net revenue in the current fiscal period increased compared to prior fiscal period due in part to strong customer pent-up demand, including the likely effects of our stores being temporarily closed to the public in fiscal year 2020 and government stimulus as a result of COVID-19.

The disclosures contained in this Form 10-Q are made only as of the date hereof, and we undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as required by law. For further information, please see "Forward-Looking Statements."

Brand and Segment Information

Our operations consist of two reportable segments:

- Owned & Host - As of April 3, 2021, our owned brands consisted of 796 America's Best Contacts and Eyeglasses retail stores and 121 Eyeglass World retail stores. In America's Best stores, vision care services are provided by optometrists employed by us or by independent professional corporations or similar entities. America's Best stores are primarily located in high-traffic strip centers next to value-focused retailers. Eyeglass World locations primarily feature eye care services provided by independent optometrists and optometrists employed by independent professional corporations or similar entities and on-site optical laboratories that enable stores to quickly fulfill many customer orders and make repairs on site. Eyeglass World stores are primarily located in freestanding or in-line locations near high-foot-traffic shopping centers. Our host brands consisted of 54 Vista Optical locations on select military bases and 29 Vista Optical locations within select Fred Meyer stores as of April 3, 2021. We have strong, long-standing relationships with our host partners and have maintained each partnership for over 21 years. These brands provide eye exams primarily by independent optometrists. All brands utilize our centralized laboratories. This segment also includes sales from our America's Best, Eyeglass World, and Military omni-channel websites.

- Legacy - We manage the operations of, and supply inventory and laboratory processing services to, 230 Vision Centers in Walmart retail locations as of April 3, 2021. This strategic relationship with Walmart is in its 31st year. Pursuant to a January 2020 amendment to our management & services agreement with Walmart, we added five additional Vision Centers in Walmart stores in fiscal year 2020. On July 17, 2020, NVI and Walmart extended the current term and economics of the management & services agreement by three years to February 23, 2024. Under the management & services agreement, our responsibilities include ordering and maintaining merchandise inventory; arranging the provision of optometry services; providing managers and staff at each location; training personnel; providing sales receipts to customers; maintaining necessary insurance; obtaining and holding required licenses, permits and accreditations; owning and maintaining store furniture, fixtures and equipment; and developing annual operating budgets and reporting. We earn management fees as a result of providing such services and therefore we record revenue related to sales of products and product protection plans to our legacy partner's customers on a net basis. Our management & services agreement also allows our legacy partner to collect penalties if the Vision Centers do not generate a requisite amount of revenues. No such penalties have been assessed under our current arrangement, which began in 2012. We also sell to our legacy partner merchandise that is stocked in retail locations we manage pursuant to a separate supplier agreement, and provide centralized laboratory services for the finished eyeglasses for our legacy partner's customers in stores that we manage. We lease space from Walmart within or adjacent to each of the locations we manage and use this space for vision care services provided by independent optometrists or optometrists employed by us or by independent professional corporations or similar entities. During the three months ended April 3, 2021, sales associated with this arrangement represented 8.2% of consolidated net revenue. This exposes us to concentration of customer risk.

Our consolidated results also include the following activity recorded in our Corporate/Other category:

- Our e-commerce platform of 15 dedicated websites managed by AC Lens. Our e-commerce business consists of six proprietary branded websites, including aclens.com, discountglasses.com and discountcontactlenses.com, and nine third-party websites with established retailers, such as Walmart, Sam's Club and Giant Eagle as well as mid-sized vision insurance providers. AC Lens handles site management, customer relationship management and order fulfillment and also sells a wide variety of contact lenses, eyeglasses and eye care accessories.
- AC Lens also distributes contact lenses wholesale to Walmart and Sam's Club. We incur costs at a higher percentage of sales than other product categories. AC Lens sales associated with Walmart and Sam's Club contact lenses distribution arrangements represented 6.5% of consolidated net revenue.
- Managed care business conducted by FirstSight, our wholly-owned subsidiary that is licensed as a single-service health plan under California law, which arranges for the provision of optometric services at the offices next to certain Walmart stores throughout California, and also issues individual vision plans in connection with our America's Best operations in California.
- Unallocated corporate overhead expenses, which are a component of selling, general and administrative expenses and are comprised of various home office expenses such as payroll, occupancy costs, and consulting and professional fees. Corporate overhead expenses also include field services for our five retail brands.

Reportable segment information is presented on the same basis as our condensed consolidated financial statements, except reportable segment sales which are presented on a cash basis including point of sales for managed care payors and excluding the effects of unearned and deferred revenue, consistent with what our CODM regularly reviews. Reconciliations of segment results to consolidated results include financial information necessary to adjust reportable segment revenues to a consolidated basis in accordance with U.S. GAAP, specifically the change in unearned and deferred revenues during the period. There are no revenue transactions between reportable segments, and there are no other items in the reconciliations other than the effects of unearned and deferred revenue. See Note 10. "Segment Reporting" in our condensed consolidated financial statements included in Part I. Item 1. of this Form 10-Q.

Deferred revenue represents the timing difference of when we collect the cash from the customer and when services related to product protection plans and eye care club memberships are performed. Increases or decreases in deferred revenue during the reporting period represent cash collections in excess of or below the recognition of previous deferrals. Unearned revenue represents the timing difference of when we collect cash from the customer and delivery/customer acceptance, and includes sales of prescription eyewear during approximately the last seven to 10 days of the reporting period.

Trends and Other Factors Affecting Our Business

Various trends and other factors will affect or have affected our operating results, including:

Impact of COVID-19

The COVID-19 pandemic has had far-reaching impacts, directly and indirectly, on our operations. We continue to monitor the evolving situation as there remain many uncertainties regarding the pandemic and more recent outbreaks of variants, including anticipated duration, related healthcare authority guidelines and efficacy of vaccination initiatives, potential impacts on our lab network and potential disruptions of product deliveries. To date, we have been able to meet customer demand with operations at our laboratories. We could experience further material impacts as a result of COVID-19, including, but not limited to, charges from additional asset impairments, deferred tax valuation allowances and further changes in the effectiveness of our hedging instrument. We will continue to evaluate additional measures that we may elect to take as a response to the pandemic, including, where appropriate, future action to reduce store hours and patient appointments or temporarily close stores. There can be no assurance whether or when any such measures will be adopted. For a discussion of significant risks that have the potential to cause our actual results to differ materially from our expectations, refer to Part I. Item 1A. "Risk Factors," included in our 2020 Annual Report on Form 10-K.

Comparable store sales growth

Comparable store sales growth is a key driver of our business. The comparable store sales growth and Adjusted Comparable Store Sales Growth benefited in the current period from the effect of our stores being temporarily closed to the public in the prior year due to the COVID-19 pandemic. The impact of the COVID-19 pandemic on our comparable store sales growth remains uncertain and affects and relevant risk exposures may be exacerbated by the immediate and ongoing threat of the COVID-19 pandemic.

Interim results and seasonality

Historically, our business has realized a higher portion of net revenue, operating income, and cash flows from operations in the first half of the fiscal year, and a lower portion of net revenue, operating income, and cash flows from operations in the fourth fiscal quarter. This seasonality, and our interim results were impacted during fiscal year 2020 because our stores were temporarily closed to the public for a portion of the first half of the year due to the COVID-19 pandemic. Our net revenue in the current fiscal period is higher compared to the sales prior to the pandemic due to new store openings and strong customer pent-up demand, including the likely effects of our stores being temporarily closed to the public in fiscal year 2020 and government stimulus.

Other factors

We remain committed to our long-term vision and continue to position ourselves to make progress against our key initiatives while balancing the near-term challenges and uncertainty presented by the COVID-19 pandemic. We believe the following factors may continue to influence our short-term and long-term results:

- New store openings;
- Managed care and insurance;
- Vision care professional recruitment and coverage;
- Overall economic trends;
- Consumer preferences and demand;
- Infrastructure and investment;
- Pricing strategy;
- Our ability to source and distribute products effectively
- Inflation;
- Competition; and
- Consolidation in the industry

How We Assess the Performance of Our Business

We consider a variety of financial and operating measures in assessing the performance of our business. The key measures we use to determine how our consolidated business and operating segments are performing are net revenue, costs applicable to revenue, and selling, general, and administrative expenses. In addition, we also review store growth, Adjusted Comparable Store Sales Growth, Adjusted Operating Income, Adjusted Operating Margin, Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted Diluted EPS.

Net Revenue

We report as net revenue amounts generated in transactions with retail customers who are the end users of our products, services, and plans. Net product sales include sales of prescription and non-prescription eyewear, contact lenses, and related accessories as well as eye exam services associated with our America's Best brand's signature offer of two pairs of eyeglasses and a free eye exam for one low price ("two-pair offer") to retail customers and sales of inventory in which our customer is another retail entity. Net sales of services and plans include sales of eye exams, eye care club memberships, product protection plans (i.e., warranties), and single service eye care plans in California. Net sales of services and plans also include fees we earn for managing certain Vision Centers located in Walmart stores and for laboratory services provided to Walmart.

Costs Applicable to Revenue

Costs applicable to revenue include both costs of net product sales and costs of net sales of services and plans. Costs of net product sales include (i) costs to procure non-prescription eyewear, contact lenses, and accessories, which we purchase and sell in finished form, (ii) costs to manufacture finished prescription eyeglasses, including direct materials, labor, and overhead, and (iii) remake costs, warehousing and distribution expenses, and internal transfer costs. Costs of services and plans include costs associated with product protection plan programs, eye care club memberships, single service eye care plans in California, eye care practitioner and eye exam technician payroll, taxes and benefits and optometric service costs. Customer tastes and preferences, product mix, changes in technology, significant increases or slowdowns in production, and other factors impact costs applicable to revenue. The components of our costs applicable to revenue may not be comparable to other retailers.

Selling, General and Administrative

Selling, general and administrative expenses, or SG&A, include store associate (including optician) payroll, taxes and benefits, occupancy, advertising and promotion, field services, corporate support and other costs associated with the provision of vision care services. SG&A generally fluctuates consistently with revenue due to the variable store, field office and corporate support costs; however, some fixed costs slightly improve as a percentage of net revenue as our net revenues grow over time.

New Store Openings

The total number of new stores per year and the timing of store openings has, and will continue to have, an impact on our results. In an effort to conserve cash early in the COVID-19 pandemic, we temporarily paused new store openings during a portion of the fiscal year 2020. We expect to open approximately 75 stores in the current year. We will continue to monitor and determine our plans for future new store openings based on based on health, safety and economic conditions.

Adjusted Comparable Store Sales Growth

We measure Adjusted Comparable Store Sales Growth as the increase or decrease in sales recorded by the comparable store base in any reporting period, compared to sales recorded by the comparable store base in the prior reporting period, which we calculate as follows: (i) sales are recorded on a cash basis (i.e., when the order is placed and paid for or submitted to a managed care payor, compared to when the order is delivered), utilizing cash basis point of sale information from stores; (ii) stores are added to the calculation during the 13th full fiscal month following the store's opening; (iii) closed stores are removed from the calculation for time periods that are not comparable; (iv) sales from partial months of operation are excluded when stores do not open or close on the first day of the month; and (v) when applicable, we adjust for the effect of the 53rd week. Quarterly, year-to-date and annual adjusted comparable store sales are aggregated using only sales from all whole months of operation included in both the current reporting period and the prior reporting period. When a partial month is excluded from the calculation, the corresponding month in the subsequent period is also excluded from the calculation. There may be variations in the way in which some of our competitors and other retailers calculate comparable store sales. As a result, our adjusted comparable store sales may not be comparable to similar data made available by other retailers. We did not revise our calculation of Adjusted Comparable Store Sales Growth for the temporary closure of our stores to the public as a result of the COVID-19 pandemic.

Adjusted Comparable Store Sales Growth is a non-GAAP financial measure, which we believe is useful because it provides timely and accurate information relating to the two core metrics of retail sales: number of transactions and value of transactions. We use Adjusted Comparable Store Sales Growth as the basis for key operating decisions, such as allocation of advertising to particular markets and implementation of special marketing programs. Accordingly, we believe that Adjusted Comparable Store Sales Growth provides timely and accurate information relating to the operational health and overall performance of each brand. We also believe that, for the same reasons, investors find our calculation of Adjusted Comparable Stores Sales Growth to be meaningful.

Adjusted Operating Income, Adjusted Operating Margin, Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted Diluted EPS (collectively, the "Company Non-GAAP Measures")

The Company Non-GAAP Measures are key measures used by management to assess our financial performance. The Company Non-GAAP Measures are also frequently used by analysts, investors and other interested parties. We use the Company Non-GAAP Measures to supplement U.S. GAAP measures of performance to evaluate the effectiveness of our business strategies, to make budgeting decisions, to establish discretionary annual incentive compensation and to compare our performance against that of other peer companies using similar measures. See "Non-GAAP Financial Measures" for definitions of the Company Non-GAAP Measures and for additional information.

Results of Operations

The following table summarizes key components of our results of operations for the periods indicated, both in dollars and as a percentage of our net revenue.

	Three Months Ended	
In thousands, except earnings per share, percentage and store data	April 3, 2021	March 28, 2020
Revenue:		
Net product sales	$ 443,067	$ 392,841
Net sales of services and plans	91,113	76,863
Total net revenue	534,180	469,704
Costs applicable to revenue (exclusive of depreciation and amortization):		
Products	159,691	156,370
Services and plans	64,999	62,184
Total costs applicable to revenue	224,690	218,554
Operating expenses:		
Selling, general and administrative expenses	223,593	193,741
Depreciation and amortization	23,555	24,810
Asset impairment	959	11,355
Litigation settlement	—	4,395
Other expense (income), net	(65)	(66)
Total operating expenses	248,042	234,235
Income from operations	61,448	16,915
Interest expense, net	6,330	7,455
Earnings before income taxes	55,118	9,460
Income tax provision (benefit)	11,686	(282)
Net income	$ 43,432	$ 9,742
Operating data:		
Number of stores open at end of period	1,230	1,173
New stores opened during the period	25	23
Adjusted Operating Income	$ 67,668	$ 38,063
Diluted EPS	$ 0.48	$ 0.12
Adjusted Diluted EPS	$ 0.48	$ 0.28
Adjusted EBITDA	$ 89,350	$ 61,022

Percentage of net revenue:		
Total costs applicable to revenue	42.1 %	46.5 %
Selling, general and administrative	41.9 %	41.2 %
Total operating expenses	46.4 %	49.9 %
Income from operations	11.5 %	3.6 %
Net income	8.1 %	2.1 %
Adjusted Operating Income	12.7 %	8.1 %
Adjusted EBITDA	16.7 %	13.0 %

Three Months Ended April 3, 2021 compared to Three Months Ended March 28, 2020

As a result of the COVID-19 pandemic, our retail stores were temporarily closed to the public beginning on March 19, 2020. We began reopening our stores to the public on April 27, 2020, and on June 8, 2020, we announced the successful completion of the reopening process. Comparisons of current year results to prior year results reflect the abnormal effect of the store closures.

Net revenue

The following presents, by segment and by brand, comparable store sales growth, stores open at the end of the period and net revenue for the three months ended April 3, 2021 compared to the three months ended March 28, 2020.

	Comparable store sales growth[1]		Stores open at end of period		Net revenue[2]					
In thousands, except percentage and store data	Three Months Ended April 3, 2021	Three Months Ended March 28, 2020	April 3, 2021	March 28, 2020	Three Months Ended April 3, 2021			Three Months Ended March 28, 2020		
Owned & Host segment										
America’s Best	35.3 %	(9.3)%	796	747	$	382,356	71.6 %	$	294,170	62.6 %
Eyeglass World	48.3 %	(12.1)%	121	117		60,775	11.4 %		44,486	9.5 %
Military	19.4 %	(12.1)%	54	54		6,239	1.2 %		5,642	1.2 %
Fred Meyer	17.0 %	(16.0)%	29	29		3,077	0.5 %		2,929	0.6 %
Owned & Host segment total			1,000	947	$	452,447	84.7 %	$	347,227	73.9 %
Legacy segment	29.8 %	(14.0)%	230	226		43,582	8.2 %		36,457	7.8 %
Corporate/Other	—	—	—	—		61,218	11.5 %		66,571	14.2 %
Reconciliations	—	—	—	—		(23,067)	(4.4)%		19,449	4.1 %
Total	18.2 %	(2.9)%	1,230	1,173	$	534,180	100.0 %	$	469,704	100.0 %
Adjusted Comparable Store Sales Growth[3]	35.8 %	(10.3)%								

(1) We calculate total comparable store sales 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 CODM 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. of this Form 10-Q, with the exception of the Legacy segment, which is adjusted as noted in clause (ii) of footnote (3) below.

(2) Percentages reflect line item as a percentage of net revenue, adjusted for rounding.

(3) 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 an increase of 13.8% and a decrease of 7.5% from total comparable store sales growth based on consolidated net revenue for the three months ended April 3, 2021 and March 28, 2020, 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 an increase of 3.8% and an increase of 0.1% from total comparable store sales growth based on consolidated net revenue for the three months ended April 3, 2021 and March 28, 2020, respectively.

Total net revenue of $534.2 million for the three months ended April 3, 2021 increased $64.5 million, or 13.7%, from $469.7 million for the three months ended March 28, 2020. This increase was primarily driven by comparable store sales growth driven by strong customer pent-up demand, including the effect of our stores being temporarily closed to the public in the first quarter of 2020 and government stimulus, new store growth and maturation, partially offset by timing of unearned revenue and lower wholesale fulfillment.

In the three months ended April 3, 2021, we opened 23 new America’s Best stores and two Eyeglass World stores; Overall, store count grew 4.9% from March 28, 2020 to April 3, 2021 (49, four and four net new America’s Best, Eyeglass World and Legacy stores, respectively, were added during the same period).

Comparable store sales growth and Adjusted Comparable Store Sales Growth for the three months ended April 3, 2021 were 18.2% and 35.8%, respectively. The increases in comparable store sales growth and Adjusted Comparable Store Sales Growth were primarily driven by strong customer pent-up demand, including the effect of our stores being temporarily closed to the public in the first quarter of 2020 and government stimulus.

Net product sales comprised 82.9% and 83.6% of total net revenue for the three months ended April 3, 2021 and March 28, 2020, respectively. Net product sales increased $50.2 million, or 12.8%, in the three months ended April 3, 2021 compared to the three months ended March 28, 2020, primarily due to increased eyeglass sales and to a lesser extent increased contact lens sales. Net sales of services and plans increased $14.3 million, or 18.5%, primarily driven by eye exam revenue.

Owned & Host segment net revenue. Net revenue increased $105.2 million, or 30.3%, driven primarily by comparable store sales growth and new store openings.

Legacy segment net revenue. Net revenue increased $7.1 million, or 19.5%, driven by increases in fees from our Legacy partner and stronger customer demand.

Corporate/Other segment net revenue. Net revenue decreased $5.4 million, or 8.0%, due to lower wholesale fulfillment.

Net revenue reconciliations. The impact of reconciliations decreased net revenue by $42.5 million in the three months ended April 3, 2021 compared to the three months ended March 28, 2020. Reconciliations include an increase in unearned revenue of $14.9 million for the three months ended April 3, 2021 compared to a decrease in unearned revenue of $19.9 million for the three months ended March 28, 2020, and an increase in deferred revenue of $8.1 million compared to an increase of $0.5 million, for the three months ended April 3, 2021 and March 28, 2020, respectively. The increase in unearned revenue compared to the prior period is due to stronger sales at the end of the first quarter of 2021 and lower sales in the first quarter of 2020 due to the impact of store closures. The increase in deferred revenue is due to higher sales of warranties and club memberships.

Costs applicable to revenue

Costs applicable to revenue of $224.7 million for the three months ended April 3, 2021 increased $6.1 million, or 2.8%, from $218.6 million for the three months ended March 28, 2020. As a percentage of net revenue, costs applicable to revenue decreased from 46.5% for the three months ended March 28, 2020 to 42.1% for the three months ended April 3, 2021. This decrease as a percentage of net revenue was primarily driven by increased eyeglass mix, higher eyeglass margin, lower growth in optometrist costs and negative margin impacts from the temporary closure of our stores in the prior year not recurring in the current period.

Costs of products as a percentage of net product sales decreased from 39.8% for the three months ended March 28, 2020 to 36.0% for the three months ended April 3, 2021, primarily driven by increased eyeglass mix, higher eyeglass margin and impact of the temporary store closures in fiscal year 2020.

Owned & Host segment costs of products. Costs of products as a percentage of net product sales decreased from 29.1% for the three months ended March 28, 2020 to 26.3% for the three months ended April 3, 2021 driven by increased eyeglass mix, higher eyeglass margin and impact of the temporary store closures in fiscal year 2020.

Legacy segment costs of products. Costs of products as a percentage of net product sales increased from 46.7% for the three months ended March 28, 2020 to 46.9% for the three months ended April 3, 2021. The increase was primarily driven by a higher mix of non-managed care customer transactions. Decreases in managed care mix increase costs of products as a percentage of net product sales and have a corresponding positive impact on costs of services as a percentage of net sales of services and plans in our Legacy segment. Legacy segment managed care net product revenue is recorded in net product sales while revenue associated with servicing non-managed care customers is recorded in net sales of services and plans. Eyeglass and contact lens product costs for both managed care and non-managed care net revenue are recorded in costs of products.

Costs of services and plans as a percentage of net sales of services and plans decreased from 80.9% for the three months ended March 28, 2020 to 71.3% for the three months ended April 3, 2021. The decrease was primarily driven by higher eye exam sales, lower growth in optometrist cost and negative margin impacts from the temporary closure of our stores in the prior year not recurring in the current period.

Owned & Host segment costs of services and plans. Costs of services and plans as a percentage of net sales of services and plans decreased from 85.1% for the three months ended March 28, 2020 to 70.8% for the three months ended April 3, 2021. The decrease was primarily driven by higher eye exam sales, lower growth in optometrist costs and impact of the temporary store closures in fiscal year 2020.

Legacy segment costs of services and plans. Costs of services and plans as a percentage of net sales of services and plans decreased from 54.7% for the three months ended March 28, 2020 to 38.3% for the three months ended April 3, 2021. The decrease was primarily driven by lower growth in optometrist costs, higher management fees from our Legacy partner and higher eye exam sales.

Selling, general and administrative

SG&A of $223.6 million for the three months ended April 3, 2021 increased $29.9 million, or 15.4%, from the three months ended March 28, 2020. As a percentage of net revenue, SG&A increased from 41.2% for the three months ended March 28, 2020 to 41.9% for the three months ended April 3, 2021. The increase in SG&A as a percentage of net revenue was primarily driven by the increase in unearned revenue as well as higher performance-based incentive compensation, partially offset by leverage of store payroll and advertising expenses. SG&A for the three months ended April 3, 2021 and March 28, 2020 includes $0.4 million and $0.6 million, respectively, of incremental costs directly related to adapting the Company's operations during the COVID-19 pandemic.

Owned & Host SG&A. SG&A as a percentage of net revenue decreased from 38.8% for the three months ended March 28, 2020 to 33.1% for the three months ended April 3, 2021, driven primarily by payroll, advertising and occupancy leverage.

Legacy segment SG&A. SG&A as a percentage of net revenue decreased from 37.4% for the three months ended March 28, 2020 to 32.8% for the three months ended April 3, 2021 primarily driven by payroll leverage.

Depreciation and amortization

Depreciation and amortization expense of $23.6 million for the three months ended April 3, 2021 decreased $1.3 million, or 5.1%, from $24.8 million for the three months ended March 28, 2020 as a result of a temporary pause on new store investments for a portion of 2020 due to the COVID-19 pandemic.

Asset impairment

We recognized $1.0 million for impairment of tangible long-lived assets and ROU assets associated with our retail stores during the three months ended April 3, 2021 compared to $11.4 million recognized during the three months ended March 28, 2020. The store asset impairment charge is primarily related to our Owned & Host segment and is driven by lower than projected customer sales volume in certain stores, and other entity-specific assumptions. We considered multiple factors including, but not limited to: forecasted scenarios related to store performance and the likelihood that these scenarios would be ultimately realized; and the remaining useful lives of the assets. Asset impairment expenses were recognized in Corporate/Other.

Interest expense, net

Interest expense, net, of $6.3 million for the three months ended April 3, 2021 decreased $1.1 million, or 15.1%, from $7.5 million for the three months ended March 28, 2020. The decrease was primarily driven by gains related to changes in fair value of derivatives due to ineffectiveness of $2.3 million and by a reduction in our term loan and revolving credit facility utilization partially offset by interest payments and amortization related to the 2025 Notes of $3.0 million.

Income tax provision

Our income tax provision for the three months ended April 3, 2021 reflected our statutory federal and state rate of 25.5%, combined with a benefit of $2.1 million for the stranded tax effect associated with our interest rate swaps that matured in the first quarter of 2021. In comparison, the income tax benefit for the three months ended March 28, 2020 reflected our statutory federal and state rate of 25.5% combined with a benefit of $2.7 million resulting from stock option exercises.

Non-GAAP Financial Measures

Adjusted Operating Income, Adjusted Operating Margin, EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted Diluted EPS

We define Adjusted Operating Income as net income, plus interest expense and income tax provision (benefit), further adjusted to exclude stock compensation expense, asset impairment, litigation settlement, amortization of acquisition intangibles, and other expenses. We define Adjusted Operating Margin as Adjusted Operating Income as a percentage of net revenue. We define EBITDA as net income, plus interest expense, income tax provision (benefit) and depreciation and amortization. We define Adjusted EBITDA as net income, plus interest expense, income tax provision (benefit) and depreciation and amortization, further adjusted to exclude stock compensation expense, asset impairment, litigation settlement, and other expenses. We define Adjusted EBITDA Margin as Adjusted EBITDA as a percentage of net revenue. We define Adjusted Diluted EPS as diluted earnings per share, adjusted for the per share impact of stock compensation expense, asset impairment, litigation settlement, amortization of acquisition intangibles, amortization of debt discounts and deferred financing costs of our term loan borrowings, amortization of costs related to our 2025 Notes, losses (gains) on change in fair value of derivatives, other expenses, and tax benefit of stock option exercises, less the tax effect of these adjustments. We adjust for amortization of costs related to the 2025 Notes only when adjustment for these costs is not required in the calculation of diluted earnings per share according to U.S. GAAP.

EBITDA and the Company Non-GAAP Measures can vary substantially in size from one period to the next, and certain types of expenses are non-recurring in nature and consequently may not have been incurred in any of the periods presented below.

EBITDA and the Company Non-GAAP Measures have been presented as supplemental measures of financial performance that are not required by, or presented in accordance with U.S. GAAP, because we believe they assist investors and analysts in comparing our operating performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. Management believes EBITDA, and the Company Non-GAAP Measures are useful to investors in highlighting trends in our operating performance, while other measures can differ significantly depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which we operate and capital investments. We also use EBITDA and the Company Non-GAAP Measures to supplement U.S. GAAP measures of performance in the evaluation of the effectiveness of our business strategies, to make budgeting decisions, to establish discretionary annual incentive compensation and to compare our performance against that of other peer companies using similar measures. Management supplements U.S. GAAP results with Non-GAAP financial measures to provide a more complete understanding of the factors and trends affecting the business than U.S. GAAP results alone.

EBITDA and the Company Non-GAAP Measures are not recognized terms under U.S. GAAP and should not be considered as an alternative to net income or income from operations as a measure of financial performance or cash flows provided by operating activities as a measure of liquidity, or any other performance measure derived in accordance with U.S. GAAP. Additionally, these measures are not intended to be a measure of free cash flow available for management's discretionary use as they do not consider certain cash requirements such as interest payments, tax payments and debt service requirements. In evaluating EBITDA and the Company Non-GAAP Measures, we may incur expenses in the future that are the same as or similar to some of the adjustments in this presentation. Our presentation of EBITDA and the Company Non-GAAP Measures should not be construed to imply that our future results will be unaffected by any such adjustments. Management compensates for these limitations by primarily relying on our U.S. GAAP results in addition to using EBITDA and the Company Non-GAAP Measures.

The presentations of these measures have limitations as analytical tools and should not be considered in isolation, or as a substitute for analysis of our results as reported under U.S. GAAP. Some of these limitations are:

- they do not reflect costs or cash outlays for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- EBITDA, Adjusted EBITDA and Adjusted Operating Income do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;
- EBITDA, Adjusted EBITDA and Adjusted Operating Income do not reflect period to period changes in taxes, income tax expense or the cash necessary to pay income taxes;
- they do not reflect the impact of earnings or charges resulting from matters we consider not to be indicative of our ongoing operations;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect cash requirements for such replacements; and
- other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures.

Because of these limitations, EBITDA and the Company Non-GAAP Measures should not be considered as measures of discretionary cash available to invest in business growth or to reduce indebtedness.

The following table reconciles our Adjusted Operating Income, Adjusted Operating Margin, EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin to net income; and Adjusted Diluted EPS for the periods presented:

In thousands	Three Months Ended April 3, 2021			Three Months Ended March 28, 2020		
Net income	$	43,432	8.1 %	$	9,742	2.1 %
Interest expense		6,330	1.2 %		7,455	1.6 %
Income tax provision (benefit)		11,686	2.2 %		(282)	(0.1)%
Stock compensation expense [a]		2,988	0.6 %		2,093	0.4 %
Asset impairment [b]		959	0.2 %		11,355	2.4 %
Litigation settlement [c]		—	— %		4,395	0.9 %
Amortization of acquisition intangibles [d]		1,873	0.4 %		1,851	0.4 %
Other [g]		400	0.1 %		1,454	0.3 %
Adjusted Operating Income / Adjusted Operating Margin	$	67,668	12.7 %	$	38,063	8.1 %

Note: Percentages reflect line item as a percentage of net revenue, adjusted for rounding
Some of the percentage totals in the table above do not foot due to rounding differences

In thousands	Three Months Ended April 3, 2021			Three Months Ended March 28, 2020		
Net income	$	43,432	8.1 %	$	9,742	2.1 %
Interest expense		6,330	1.2 %		7,455	1.6 %
Income tax provision (benefit)		11,686	2.2 %		(282)	(0.1)%
Depreciation and amortization		23,555	4.4 %		24,810	5.3 %
EBITDA		85,003	15.9 %		41,725	8.9 %
Stock compensation expense [a]		2,988	0.6 %		2,093	0.4 %
Asset impairment [b]		959	0.2 %		11,355	2.4 %
Litigation settlement [c]		—	— %		4,395	0.9 %
Other [g]		400	0.1 %		1,454	0.3 %
Adjusted EBITDA / Adjusted EBITDA Margin	$	89,350	16.7 %	$	61,022	13.0 %

Note: Percentages reflect line item as a percentage of net revenue, adjusted for rounding
Some of the percentage totals in the table above do not foot due to rounding differences

In thousands, except per share amounts	Three Months Ended April 3, 2021		Three Months Ended March 28, 2020	
Diluted EPS	$	0.48	$	0.12
Stock compensation expense [a]		0.03		0.03
Asset impairment [b]		0.01		0.14
Litigation settlement [c]		—		0.05
Amortization of acquisition intangibles [d]		0.02		0.02
Amortization of debt discount and deferred financing costs [e]		—		—
Losses (gains) on change in fair value of derivatives [f]		(0.02)		—
Other [j]		(0.02)		0.02
Tax benefit of stock option exercises [h]		—		(0.03)
Tax effect of total adjustments [i]		(0.01)		(0.07)
Adjusted Diluted EPS	$	0.48	$	0.28
Weighted average diluted shares outstanding		96,025		82,242

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

(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 litigation.
(d) Amortization of the increase in carrying values of finite-lived intangible assets resulting from the application of purchase accounting to the KKR Acquisition.
(e) Amortization of deferred financing costs and other non-cash charges related to our long-term debt. We adjust for amortization of costs related to the 2025 Notes only when adjustment for these costs is not required in the calculation of diluted earnings per share according to U.S. GAAP. Amortization of debt discount and deferred financing costs in aggregate total $0.3 million and $0.2 million for the three months ended April 3, 2021 and March 28, 2020, respectively.
(f) Reflects losses (gains) recognized in interest expense on change in fair value of de-designated hedges of $(2.3) million for the three months ended April 3, 2021.
(g) 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), including the amortization impact of adjustments related to the KKR Acquisition, (e.g., fair value of leasehold interests) of $0.1 million for each of the three months ended April 3, 2021 and March 28, 2020; costs of severance and relocation of $0.2 million and $0.3 million for the three months ended April 3, 2021 and March 28, 2020, respectively; excess payroll taxes related to stock option exercises of $0.3 million for the three months ended March 28, 2020; incremental costs directly related to adapting the Company's operations during the COVID-19 pandemic of $0.6 million for the three months ended March 28, 2020; and other expenses and adjustments totaling $0.1 million and $0.2 million for the three months ended April 3, 2021 and March 28, 2020, respectively.
(h) 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.
(i) Represents the income tax effect of the total adjustments at our combined statutory federal and state income tax rates.
(j) Reflects other expenses in (g) above, including the impact of stranded tax effect of $2.1 million for the three months ended April 3, 2021 associated with our interest rate swaps that matured in the first quarter of 2021.

Liquidity and Capital Resources

As described in Part II, Item 8. "Financial Statements and Supplementary Data", Note 4. "Long-term Debt", of our 2020 Annual Report on Form 10-K, on May 5, 2020, we entered into a credit agreement amendment with the lenders under our credit facility in order to prevent the effects of the COVID-19 pandemic, including the temporary closure of our stores, from creating uncertainty relative to our ability to comply with certain financial covenants and allow the Company to focus on prudent management of the business over the quarters ahead. In addition, on May 12, 2020, we completed the issuance of the 2025 Notes and we used the net proceeds of this offering to repay the full amount outstanding under our revolving credit facility and part of our outstanding borrowings on our Term Loan. Our primary cash needs are for inventory, payroll, store rent, advertising, capital expenditures associated with new stores and updating existing stores, as well as information technology and infrastructure, including our corporate office, distribution centers, and laboratories. When appropriate, the Company may utilize excess liquidity towards debt service requirements, including voluntary debt prepayments, or required interest and principal payments, if any, as well as repurchases of common stock, based on excess cash flows. We continue to prioritize cash conservation and prudent use of cash, while safely conducting normal operations. The most significant components of our operating assets and liabilities are inventories, accounts receivable, prepaid expenses and other assets, accounts payable, deferred and unearned revenue and other payables and accrued expenses. While we have historically exercised prudence in our use of cash, the COVID-19 pandemic has required us to closely monitor various items related to cash flow including, but not limited to, cash receipts, cash disbursements, payment terms and alternative sources of funding. We continue to be focused on these items in addition to other key measures we use to determine how our consolidated business and operating segments are performing. We believe that cash on hand, cash expected to be generated from operations and the availability of borrowings under our revolving credit facility will be sufficient to fund our working capital requirements, liquidity obligations, anticipated capital expenditures, and payments due under our existing debt for at least the next 12 months. Depending on our liquidity levels, conditions in the capital markets and other factors, we may from time to time consider the refinancing or issuance of debt, issuance of equity or other securities, the proceeds of which could provide additional liquidity for our operations, as well as modifications to our term loan where possible. The Company is exploring whether to seek an amendment to its credit facility to, among other things, reduce required interest payments. Such an amendment would be dependent on a number of factors, including conditions in the capital markets, and it is not certain whether or when such an amendment would be implemented. However, our ability to maintain sufficient liquidity may be affected by numerous factors, many of which are outside our control. We primarily fund our working capital needs using cash provided by operations.

As of April 3, 2021, we had $453.8 million in cash and cash equivalents and $293.6 million of availability under our revolving credit facility, which includes $6.4 million in outstanding letters of credit.

As of April 3, 2021, we have outstanding $402.5 million aggregate principal of the 2025 Notes. The 2025 Notes are senior unsecured obligations, and interest on the 2025 Notes is paid semi-annually. As of April 3, 2021, the 2025 Notes can be converted by holders. Upon conversion of the 2025 Notes we can choose to settle in cash, shares or a combination. Based on the initial conversion rate, the 2025 Notes are convertible into 12.9 million shares of our common stock and we reserved for the possible issuance of 16.5 million shares, which is the maximum amount that could be issued upon conversion. See Note 11. "Earnings Per Share" for the treatment of earnings per share in relation to the 2025 Notes.

As of April 3, 2021, we had $317.4 million of term loan outstanding under our credit agreement. We were in compliance with all covenants related to our long-term debt as of April 3, 2021. Our working capital requirements for inventory will increase as we continue to open additional stores.

The following table summarizes cash flows provided by (used for) operating activities, investing activities and financing activities for the periods indicated:

	Three Months Ended	
In thousands	April 3, 2021	March 28, 2020
Cash flows provided by (used for):		
Operating activities	$ 97,652	$ 86,060
Investing activities	(16,374)	(12,854)
Financing activities	(1,089)	150,601
Net increase in cash, cash equivalents and restricted cash	$ 80,189	$ 223,807

Net Cash Provided by Operating Activities

Cash flows provided by operating activities increased $11.6 million from $86.1 million during the three months ended March 28, 2020 to $97.7 million for the three months ended April 3, 2021. The increase in net cash provided by operating activities consisted of an increase in net income of $33.7 million, due primarily to growth in sales during the three months ended April 3, 2021, and a decrease of non-cash expense items of $3.5 million including a decrease in asset impairment charges of $10.4 million.

Changes in net working capital and other assets and liabilities used $18.6 million in cash compared to the three months ended March 28, 2020. Working capital was most significantly impacted by changes in accounts receivable, operating lease assets and liabilities, deferred and unearned revenue, and other liabilities. Increases in accounts receivable used $19.1 million in year-over-year cash, primarily reflective of year-over-year increases in credit card receivables due to increased sales during the three months ended April 3, 2021 compared to the same period of 2020. Increases in operating lease assets and liabilities used $8.0 million in year-over year cash, primarily due to timing of rent payments. Decreases in other liabilities during the three months ended April 3, 2021 used $21.5 million in year-over-year cash primarily due to decreases in compensation related accruals primarily due to payment of CARES Act deferred employer payroll taxes and payments of litigation settlements.

Offsetting these items were changes in deferred and unearned revenue, which contributed $42.0 million in year-over-year cash primarily due to a $34.4 million increase in year-over-year cash due to timing of unearned revenue.

Net Cash Used for Investing Activities

Net cash used for investing activities increased by $3.5 million, to $16.4 million, during the three months ended April 3, 2021 from $12.9 million during the three months ended March 28, 2020. The increase was primarily due to increased new store openings. We purchased $16.4 million in capital items in the three months ended April 3, 2021. Approximately 80% of our capital spend is related to our expected growth (i.e., new stores, optometric equipment, additional capacity in our optical laboratories and distribution centers, and our IT infrastructure, including omni-channel platform related investments).

Net Cash Provided By (Used For) Financing Activities

Net cash provided by (used for) financing activities decreased $151.7 million, from $150.6 million provision of cash during the three months ended March 28, 2020 to $1.1 million use of cash during the three months ended April 3, 2021. The decrease in cash provided by financing activities was primarily related to the reduction in our revolving credit facility utilization during the three months ended April 3, 2021 when compared to the three months ended March 28, 2020.

Off-balance Sheet Arrangements

We follow U.S. GAAP in making the determination as to whether or not to record an asset or liability related to our arrangements with third parties. Consistent with current accounting guidance, we do not record an asset or liability associated with long-term purchase, marketing and promotional commitments, or commitments to philanthropic endeavors. We have disclosed the amount of future commitments associated with these items in the 2020 Annual Report on form 10-K. We are not a party to any other material off-balance sheet arrangements.

Contractual Obligations

There were no material changes outside the ordinary course of business in our contractual obligations and commercial commitments from those reported in the 2020 Annual Report on Form 10-K.

Critical Accounting Policies and Estimates

Management has evaluated the accounting policies used in the preparation of the Company’s unaudited condensed consolidated financial statements and related notes and believes those policies to be reasonable and appropriate. Certain of these accounting policies require the application of significant judgment by management in selecting appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. These judgments are based on historical experience, trends in the industry, information provided by customers and information available from other outside sources, as appropriate. The most significant areas involving management judgments and estimates may be found in the 2020 Annual Report on Form 10-K, in the “Critical Accounting Policies and Estimates” section of “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” There have been no material changes to our critical accounting policies as compared to the critical accounting policies described in the 2020 Annual Report on Form 10-K, except for the adoption of ASU 2020-06. These changes are discussed in Note 1. “Description of Business and Basis of Presentation” to our unaudited condensed consolidated financial statements included in Part I. Item 1. of this Form 10-Q.

Adoption of New Accounting Pronouncements

The information set forth in Note 1. “Description of Business and Basis of Presentation” to our unaudited condensed consolidated financial statements under Part I. Item 1. under the heading “*Adoption of New Accounting Pronouncements*” of this Form 10-Q is incorporated herein by reference.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We have market risk exposure from changes in interest rates. When appropriate, we use derivative financial instruments to mitigate the risk from such exposure. A discussion of our accounting policies for derivative financial instruments is included in Note 3. “Fair Value Measurement” and Note 5. “Interest Rate Derivatives” to our unaudited condensed consolidated financial statements included in Part I. Item 1. of this Form 10-Q.

A portion of our debt bears interest at variable rates. If market interest rates increase, the interest rate on our variable rate debt will increase and will create higher debt service requirements, which would adversely affect our cash flow and could adversely impact our results of operations. Our interest rate collar is intended to mitigate some of the effects of increases in interest rates.

As of April 3, 2021, $317.4 million of term loan borrowings were subject to variable interest rates, with a weighted average borrowing rate of 3.9%. An increase to market rates of 1.0% as of April 3, 2021 would not result in a material impact to interest expense. Assuming a decrease to market rates of 1.0% as of April 3, 2021, the resulting impact to interest expense related to the interest rate derivative would be approximately $11 million. For more information about quantitative and qualitative disclosures about market risk, please see Item 7A. “Quantitative and Qualitative Disclosures About Market Risk” in Part II. of the 2020 Annual Report on Form 10-K.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer (“CEO”) and our Chief Financial Officer (“CFO”), as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

In accordance with Rule 13a-15(b) of the Exchange Act, the Company carried out an evaluation, under the supervision and with the participation of its management, including its CEO and CFO, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of April 3, 2021. Based on that evaluation, the CEO and the CFO have concluded that the Company's current disclosure controls and procedures are effective in ensuring that material information relating to the Company required to be disclosed in the Company's periodic filings with the SEC is made known to them in a timely manner.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as that term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act that occurred during the first quarter of fiscal year 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any material impact to our internal controls over financial reporting despite the fact that most corporate employees of the Company began working remotely due to the COVID-19 pandemic, though we will continue to assess the impact on the design and operating effectiveness of our internal controls.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

See Note 9. “Commitments and Contingencies” in our condensed consolidated financial statements included in Part I. Item 1. of this Form 10-Q for information regarding certain legal proceedings in which we are involved, which discussion is incorporated herein by reference.

Item 1A. Risk Factors

There have been no material changes to the principal risks that we believe are material to our business, results of operations, and financial condition from those disclosed in Part I. Item 1A. of our Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Index

Exhibit No.	Exhibit Description
3.1	Second Amended and Restated Certificate of Incorporation of National Vision Holdings, Inc. -incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on October 31, 2017.
3.2	Second Amended and Restated Bylaws of National Vision Holdings, Inc. -incorporated herein by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on October 31, 2017.
10.1	Form of Performance Stock Unit Agreement under the 2017 Omnibus Incentive Plan, as adopted February 2021.
31.1	Certification of Periodic Report by Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of Periodic Report by Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	The cover page of the Company's Quarterly report on Form 10-Q for the quarter ended April 3, 2021, formatted in Inline XBRL (included within the Exhibit 101 attachments)

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	National Vision Holdings, Inc.	
Dated: May 13, 2021	By:	/s/ L. Reade Fahs **Chief Executive Officer and Director** *(Principal Executive Officer)*
Dated: May 13, 2021	By:	/s/ Patrick R. Moore **Senior Vice President, Chief Financial Officer** *(Principal Financial Officer)*

PERFORMANCE STOCK UNIT GRANT NOTICE
UNDER THE
NATIONAL VISION HOLDINGS, INC.
2017 OMNIBUS INCENTIVE PLAN

National Vision Holdings, Inc. (the "Company"), pursuant to its 2017 Omnibus Incentive Plan, as it may be amended and restated from time to time (the "Plan"), hereby grants to the Participant set forth below the number of Performance Stock Units set forth below, which are Restricted Stock Units that are subject to the performance-vesting conditions described herein (the "Performance Stock Units" or "PSUs"). The Performance Stock Units are subject to all of the terms and conditions as set forth herein, in the Performance Stock Unit Agreement (attached hereto or previously provided to the Participant in connection with a prior grant), and in the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan.

Participant: [*Insert Participant Name*]

Date of Grant: [•], 2021

Target Number of Performance Stock Units: [*Insert Target No. of PSUs Granted*] (the "Target PSUs")

75% of the Target PSUs shall be subject to performance goals relating to Adjusted Operating Income (the "AOI PSUs"), and 25% of the Target PSUs shall be subject to performance goal relating to ROIC (the "ROIC PSUs").

Vesting Schedule: The Participant will have the right to earn between 0% and 200% of the AOI PSUs based on the Company's achievement of performance goals relating to Adjusted Operating Income, as set forth on Appendix A, over the Performance Period.

Similarly, the Participant will have the right to earn between 0% and 200% of the ROIC PSUs based on the Company's achievement of performance goals relating to ROIC, as set forth on Appendix B, over the Performance Period.

Performance Period: Fiscal year 2021 through fiscal year 2023.

Performance Conditions: The number of PSUs that become "Earned PSUs" shall be based on the achievement of the "Performance Conditions" set forth on Exhibit A and Exhibit B.

In fiscal years with 53 weeks, the Committee will adjust the Performance Conditions to a 52-week equivalent.

Calculation of Earned PSUs: All determinations with respect to whether and to the extent to which a Performance Condition has been achieved shall be made by the Committee in its sole discretion, and the applicable Performance Conditions shall not be achieved and the applicable PSUs shall not become Earned PSUs until the date that the Committee certifies in writing the extent to which such Performance Conditions have been met (such date, the "Determination Date").

Following the last day of the Performance Period, the Committee shall determine the number of Earned AOI PSUs and the number of Earned ROIC PSUs, as provided in Exhibit A and Exhibit B, respectively.

Any PSUs which do not become Earned PSUs based on actual performance during the Performance Period shall be forfeited as of the last day of the Performance Period.

Vesting of Earned PSUs: Any PSUs that become Earned PSUs shall become vested on the later of (i) the Determination Date for the applicable Performance Period and (ii) the third anniversary of the Date of Grant.

Notwithstanding the foregoing:

- In the event that the Participant undergoes a Termination as a result of such Participant's death or Disability, the PSUs shall become vested assuming achievement of a 100% payout ("Target Performance"), and settled in accordance with the Agreement within sixty (60) days following such Termination.

- In the event that prior to a Change in Control the Participant undergoes a Termination by the Service Recipient without Cause or by such Participant for Good Reason, subject to the Participant's compliance during the Performance Period with any restrictive covenant by which such Participant is bound, including, without limitation, any covenant not to compete or not to solicit, in any agreement with any member of the Company Group, with respect to any PSUs for which the Performance Period has not been completed, a prorated portion of the PSUs will remain outstanding and eligible to vest based on actual performance on the last day of the Performance Period, with such proration based on the number of days the

Participant was employed during the Performance Period relative to the total number of days of the Performance Period. Any PSUs that become Earned PSUs following the Determination Date shall become vested and settled in accordance with the Agreement within sixty (60) days following the Determination Date.

- In the event of a Change in Control, PSUs shall be converted into time-based vesting shares of Restricted Stock (the "Converted PSUs") determined based on the greater of (x) Target Performance and (y) actual performance on the date of the Change in Control. If (i) a successor entity does not assume, convert, or replace the Converted PSUs in connection with the Change in Control or (ii) on or within the twenty-four (24) months following the Change in Control the Participant undergoes a Termination by the Service Recipient without Cause or by such Participant for Good Reason, in each case, such Participant shall fully vest in such Converted PSUs.

[*Signatures to appear on following page*]

THE UNDERSIGNED PARTICIPANT ACKNOWLEDGES RECEIPT OF THIS PERFORMANCE STOCK UNIT GRANT NOTICE, THE PERFORMANCE STOCK UNIT AGREEMENT AND THE PLAN, AND, AS AN EXPRESS CONDITION TO THE GRANT OF PERFORMANCE STOCK UNITS HEREUNDER, AGREES TO BE BOUND BY THE TERMS OF THIS PERFORMANCE STOCK UNIT GRANT NOTICE, THE PERFORMANCE STOCK UNIT AGREEMENT AND THE PLAN.

NATIONAL VISION HOLDINGS, INC.

____
By:
Title:

PARTICIPANT[1]

____

1 To the extent that the Company has established, either itself or through a third-party plan administrator, the ability to accept this award electronically, such acceptance shall constitute the Participant’s signature hereof.

[*Signature Page to Performance Stock Unit Award*]

Exhibit A

PERFORMANCE GOALS

(ADJUSTED OPERATING INCOME)

The Participant may earn a percentage of the AOI PSUs based on the average of the Company's performance percentage scores against Performance Conditions relating to Adjusted Operating Income for each of the three fiscal years in the Performance Period, as provided in the following tables. In each case, the performance percentage score between performance levels will be determined to the nearest hundredth of a percentage point using linear interpolation.

For purposes of the AOI PSUs, "Adjusted Operating Income" means net income, plus interest expense and income tax provision (benefit), further adjusted to exclude: (i) stock compensation expense, debt issuance costs, loss on extinguishment of debt, asset impairment, secondary offering expenses, management realignment expenses, long-term incentive plan expenses, and other expenses and (ii) margin on unearned revenue.

The Performance Conditions for the first fiscal year in the Performance Period shall be based on achievement of specified annual Adjusted Operating Income goals, as provided in the following table:

Fiscal Year 2021

Degree of Performance Attainment	**Performance Percentage Score ("Payout")**
Maximum	200%
Target	100%
Threshold	50%
Less than Threshold	0%

The Performance Conditions for the second and third fiscal years in the Performance Period shall be based on achievement of goals related to growth in annual Adjusted Operating Income, as provided in the following table:

Fiscal Years 2022 and 2023

Degree of Performance Attainment	**Performance Percentage Score ("Payout")**
Maximum	200%
Target	100%
Threshold	50%
Less than Threshold	0%

As soon as practicable following the end of the first fiscal year, the Committee (or its designee) shall determine the Company's performance percentage score for such fiscal year and shall determine the actual AOI (the "Baseline AOI") as of the end of the first fiscal year. At the end of the second fiscal year in the Performance Period, the Committee shall determine (i) the actual AOI as of the end of the second fiscal year in the Performance Period (the "Actual AOI") and (ii) the percentage growth between the Baseline AOI and the Actual AOI for the second fiscal year as follows:

((Actual AOI for the second year – Baseline AOI) / (Baseline AOI))

As soon as practicable following the end of the second fiscal year, the Committee (or its designee) shall determine the Company's performance percentage score for such fiscal year.

For the third fiscal year in the Performance Period, the Committee shall make the same determination with respect to Actual AOI and percentage growth as set forth above; provided, however, that the percentage growth shall be determined between the Actual AOI as of the end of the second fiscal year in the Performance Period and the Actual AOI as of the end of the third fiscal year in the Performance Period.

In the case of any individual merger, acquisition, or divestiture for which the net assets acquired or disposed, on an annualized basis, generate an annual run rate AOI in excess of 2% of the Baseline AOI in the fiscal year such transaction closes (each, an "Excluded Transaction"), the AOI results attributable to such Excluded Transaction shall be excluded from the AOI results for the fiscal year in which such Excluded Transaction closes for purposes of calculating the annual AOI growth for such fiscal year. Notwithstanding the foregoing, for purposes of calculating the annual AOI growth for any fiscal year in the Performance Period after such Excluded Transaction closes, the AOI results attributable to such Excluded Transaction shall be included in the prior fiscal year AOI results, on an annualized basis.

Following the last day of the Performance Period, the Committee shall average the percentage performance scores achieved with respect to each fiscal year in the Performance Period to determine the actual Payout percentage for the AOI PSUs. The number of AOI PSUs that become "Earned PSUs" for the Performance Period shall be equal to (x) the number of Target AOI PSUs multiplied by (y) the applicable Payout percentage earned (calculated as set forth above), rounded up to the nearest whole unit.

Exhibit B

PERFORMANCE GOALS

(ROIC)

The Participant may earn a percentage of the ROIC PSUs based on the average of the Company's performance percentage scores against Performance Conditions relating to ROIC for each of the three fiscal years in the Performance Period, as provided in the following tables. In each case, the performance percentage score between performance levels will be determined to the nearest hundredth of a percentage point using linear interpolation.

For purposes of the ROIC PSUs, "ROIC" means (Annual Adjusted Operating Income excluding margin on unearned revenue plus annual rent expenses less taxes, divided by (trailing 13 month average adjusted net property, plant and equipment plus trailing 13 month average net working capital plus annual rent expense *6).

The Performance Conditions for the first fiscal year in the Performance Period shall be based on achievement of specified annual ROIC goals, as provided in the following table:

Fiscal Year 2021

Degree of Performance Attainment	**Performance Percentage Score ("Payout")**
Maximum	200%
Target	100%
Threshold	50%
Less than Threshold	0%

The Performance Conditions for the second and third fiscal years in the Performance Period shall be based on achievement of goals related to growth in annual Adjusted Operating Income, as provided in the following table:

Fiscal Years 2022 and 2023

Degree of Performance Attainment	**Performance Percentage Score ("Payout")**
Maximum	200%
Target	100%
Threshold	50%
Less than Threshold	0%

As soon as practicable following the end of the first fiscal year, the Committee (or its designee) shall determine the Company's performance percentage score for such fiscal year and shall determine the actual ROIC (the "Baseline ROIC") as of the end of the first fiscal year. At the end of the second fiscal year in the Performance Period, the Committee shall determine (i) the actual ROIC as of the end of the second fiscal year in the Performance Period (the "Actual ROIC") and (ii) the change in bps between the Baseline ROIC and the Actual ROIC for the second fiscal year as follows:

(Actual ROIC for the second year – Baseline ROIC) * 10,000

As soon as practicable following the end of the second fiscal year, the Committee (or its designee) shall determine the Company's performance percentage score for such fiscal year.

For the third fiscal year in the Performance Period, the Committee shall make the same determination with respect to Actual ROIC and change in bps as set forth above; provided, however, that the change in bps shall be determined between the Actual ROIC as of the end of the second fiscal year in the Performance Period and the Actual ROIC as of the end of the third fiscal year in the Performance Period.

In the case of any individual merger, acquisition, or divestiture for which the net assets acquired or disposed, on an annualized basis, generate an annual run rate ROIC in excess of 2% of the Baseline ROIC in the fiscal year such transaction closes (each, an "Excluded Transaction"), the ROIC results attributable to such Excluded Transaction shall be excluded from the ROIC results for the fiscal year in which such Excluded Transaction closes for purposes of calculating the annual ROIC growth for such fiscal year. Notwithstanding the foregoing, for purposes of calculating the annual ROIC growth for any fiscal year in the Performance Period after such Excluded Transaction closes, the ROIC results attributable to such Excluded Transaction shall be included in the prior fiscal year ROIC results, on an annualized basis.

Following the last day of the Performance Period, the Committee shall average the percentage performance scores achieved with respect to each fiscal year in the Performance Period to determine the actual Payout percentage for the ROIC PSUs. The number of ROIC PSUs that become "Earned PSUs" for the Performance Period shall be equal to (x) the number of Target ROIC PSUs multiplied by (y) the applicable Payout percentage earned (calculated as set forth above), rounded up to the nearest whole unit.

PERFORMANCE STOCK UNIT AGREEMENT
UNDER THE
NATIONAL VISION HOLDINGS, INC.
2017 OMNIBUS INCENTIVE PLAN

Pursuant to the Performance Stock Unit Grant Notice (the "Grant Notice") delivered to the Participant (as defined in the Grant Notice), and subject to the terms of this Performance Stock Unit Agreement (this "Performance Stock Unit Agreement") and the National Vision Holdings, Inc. 2017 Omnibus Incentive Plan, as it may be amended and restated from time to time (the "Plan"), National Vision Holdings, Inc. (the "Company") and the Participant agree as follows. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan.

1. **Grant of Performance Stock Units**. Subject to the terms and conditions set forth herein and in the Plan, the Company hereby grants to the Participant the number of Performance Stock Units provided in the Grant Notice (with each Performance Stock Unit representing the right to receive one share of Common Stock upon the vesting of such Performance Stock Unit). The Company may make one or more additional grants of Performance Stock Units to the Participant under this Performance Stock Unit Agreement by providing the Participant with a new Grant Notice, which may also include any terms and conditions differing from this Performance Stock Unit Agreement to the extent provided therein. The Company reserves all rights with respect to the granting of additional Performance Stock Units hereunder and makes no implied promise to grant additional Performance Stock Units.

2. **Vesting**. Subject to the conditions contained herein and in the Plan, the Performance Stock Units shall vest and the restrictions on such Performance Stock Units shall lapse as provided in the Grant Notice.

3. **Settlement of Performance Stock Units**. The provisions of Section 9(d)(ii) of the Plan are incorporated herein by reference and made a part hereof; *provided*, *however*, that in no event will settlement of a Performance Stock Unit occur more than thirty (30) days following the expiration of its Restricted Period.

4. **Definitions**.

(a) The term "Company" as used in this Performance Stock Unit Agreement with reference to employment shall include the Company and its Subsidiaries.

(b) The term "Good Reason" as used in this Performance Stock Unit Agreement shall mean, without the Participant's prior written consent, the occurrence of any one or more of the following that constitutes a material negative change to the Participant in the service relationship with the Company, or any of its Service Recipients, as applicable: (i) a reduction in the Participant's annual rate of base salary, (ii) the relocation of the principal place of the Participant's employment to a location more than fifty (50) miles away, or (iii) the significant diminution of the Participant's duties and responsibilities. The Participant must make a claim for Good Reason within ninety (90) days following the occurrence of the event giving rise to the claim and terminate employment no later than one hundred and fifty (150) days after the event giving rise to the claim first occurs, or the Participant waives the Participant's right to claim Good Reason as a result of the event. No Good Reason will exist if the Company cures any of the foregoing within thirty (30) days after the Participant claims Good Reason.

(c) Whenever the word "Participant" is used in any provision of this Performance Stock Unit Agreement under circumstances where the provision should logically be construed to apply to the executors, the administrators, or the person or persons to whom the Performance Stock Units may be transferred by will or by the laws of descent and distribution, the word "Participant" shall be deemed to include such person or persons.

5. **Non-Transferability**. The Performance Stock Units are not transferable by the Participant except to Permitted Transferees in accordance with Section 14(b) of the Plan. Except as otherwise provided herein, no assignment or transfer of the Performance Stock Units, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the Performance Stock Units shall terminate and become of no further effect.

6. **Rights as Stockholder**. The Participant or a Permitted Transferee of the Performance Stock Units shall have no rights as a stockholder with respect to any share of Common Stock underlying a Performance Stock Unit (including no rights with respect to voting or to receive any dividends or dividend equivalents) unless and until the Participant or the Permitted Transferee shall have become the holder of record or the beneficial owner of such Common Stock.

7. **Tax Withholding**. The provisions of Section 14(d) of the Plan are incorporated herein by reference and made a part hereof.

8. **Notice**. Every notice or other communication relating to this Performance Stock Unit Agreement between the Company and the Participant shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by such party in a notice mailed or delivered to the other party as herein provided; *provided* that, unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the Company at its principal executive office, to the attention of the General Counsel, and all notices or communications by the Company to the Participant may be given to the Participant personally or may be mailed to the Participant at the Participant's last known address, as reflected in the Company's records. Notwithstanding the above, all notices and communications between the Participant and any third-party plan administrator shall be mailed, delivered, transmitted or sent in accordance with the procedures established by such third-party plan administrator and communicated to the Participant from time to time.

9. **No Right to Continued Service**. This Performance Stock Unit Agreement does not confer upon the Participant any right to continue as an employee or service provider to the Company.

10. **Binding Effect**. This Performance Stock Unit Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

11. **Waiver and Amendments**. Except as otherwise set forth in Section 13 of the Plan, any waiver, alteration, amendment or modification of any of the terms of this Performance Stock Unit Agreement shall be valid only if made in writing and signed by the parties hereto; *provided*, *however*, that any such waiver, alteration, amendment or modification is consented to on the Company's behalf by the Committee. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

12. **Governing Law**. This Performance Stock Unit Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Notwithstanding anything contained in this Performance Stock Unit Agreement, the Grant Notice or the Plan to the contrary, if any suit or claim is instituted by the Participant or the Company relating to this Performance Stock Unit Agreement, the Grant Notice or the Plan, the Participant hereby submits to the exclusive jurisdiction of and venue in the courts of Delaware.

13. **Plan**. The terms and provisions of the Plan are incorporated herein by reference. In the event of a conflict or inconsistency between the terms and provisions of the Plan and the provisions of this Performance Stock Unit Agreement (including the Grant Notice), the Plan shall govern and control.

Exhibit 31.1

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, L. Reade Fahs, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended April 3, 2021 of National Vision Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2021

/s/ L. Reade Fahs
L. Reade Fahs
Chief Executive Officer and Director
(Principal Executive Officer)

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Patrick R. Moore, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended April 3, 2021 of National Vision Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2021

/s/ Patrick R. Moore
Patrick R. Moore
Senior Vice President, Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of National Vision Holdings, Inc. (the “Company”) on Form 10-Q for the quarterly period ended April 3, 2021 filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, L. Reade Fahs, Chief Executive Officer and Director of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

a. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

b. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: May 13, 2021

/s/ L. Reade Fahs
L. Reade Fahs
Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of National Vision Holdings, Inc. (the “Company”) on Form 10-Q for the quarterly period ended April 3, 2021 filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Patrick R. Moore, Senior Vice President, Chief Financial Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

a. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

b. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: May 13, 2021

/s/ Patrick R. Moore
Patrick R. Moore
Senior Vice President, Chief Financial Officer
(Principal Financial Officer)