Q3 2020 Financial Results

NATIONAL VISION®

November 5, 2020

OUR MISSION

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

Disclaimer

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934. These statements include, but are not limited to, statements contained under “Fourth Quarter and Fiscal 2020 Outlook” as well as other statements related to our current beliefs and expectations regarding the performance of our industry, the Company's strategic direction, market position, prospects and future results. You can identify these forward-looking statements by the use of words such as “outlook,” “guidance,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “could,” “seeks,” “projects,” “predicts,” “intends,” “plans,” “estimates,” “anticipates” or the negative version of these words or other comparable words. Caution should be taken not to place undue reliance on any forward-looking statement as such statements speak only as of the date when made. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

Forward-looking statements are not guarantees and are subject to various risks and uncertainties, which may cause actual results to differ materially from those implied in the forward-looking statements. Such factors include, but are not limited to, the scale, scope and duration of the novel coronavirus, or 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 resurgence, and evolving federal, state, and local governmental actions, including the impact of such behavior on in-store traffic and sales; 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, and to open and operate new stores, and to successfully enter new markets in a timely and cost-effective manner; operational disruptions if a significant percentage of our workforce is unable to work or we experience labor shortages, including because of illness or travel or government restrictions in connection with the pandemic; the impact on our business of civil unrest, implementation of curfews and protests in certain locations, and related store closures or damage; our ability to recruit and retain vision care professionals for our stores in general and in light of the pandemic; our ability to develop and maintain 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; 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 successfully compete in the highly competitive optical retail industry; any failure, inadequacy, interruption, security failure or breach of our information technology systems; 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 consumer spending affecting consumer purchases; our ability to manage our inventory balances and inventory shrinkage; 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 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; risks 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 significant debt service obligations; an increase in interest rates as well as changes in benchmark rates and uncertainty related to the foregoing; restrictions in our credit agreement that limits our flexibility in operating our business; potential dilution to existing stockholders upon the conversion of our convertible notes; and risks related to owning our common stock, including our ability to comply with requirements to design and implement and maintain effective internal controls. Additional information about these and other factors that could cause National Vision’s results to differ materially from those described in the forward-looking statements can be found in filings by National Vision with the Securities and Exchange Commission ("SEC"), including our Annual Report on Form 10-K, our Form 8-K filed on March 19, 2020, our Quarterly Reports on Form 10-Q filed on May 7, 2020, August 6, 2020, and November 5, 2020, and subsequent filings with the SEC, which are accessible on the SEC’s website at *www.sec.gov*. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this presentation and in our filings with the SEC.

Non-GAAP Financial Measures

Included in this presentation are certain non-GAAP financial measures designed to supplement, and not substitute, the financial information presented in accordance with generally accepted accounting principles in the United States of America ("GAAP") because management believes such measures are useful to investors. Additional information about these measures and a reconciliation to the nearest GAAP financial measures is provided in the appendix to this presentation and detailed in National Vision’s press release for the third quarter of 2020, which is available at www.nationalvision.com/investors, together with this presentation.

Agenda

Topic	Presenter
Third Quarter 2020 Highlights	Reade Fahs, CEO
Third Quarter 2020 Financial Update	Patrick Moore, CFO
Moments of Mission	Reade Fahs, CEO
Q&A	

Reade Fahs
CEO

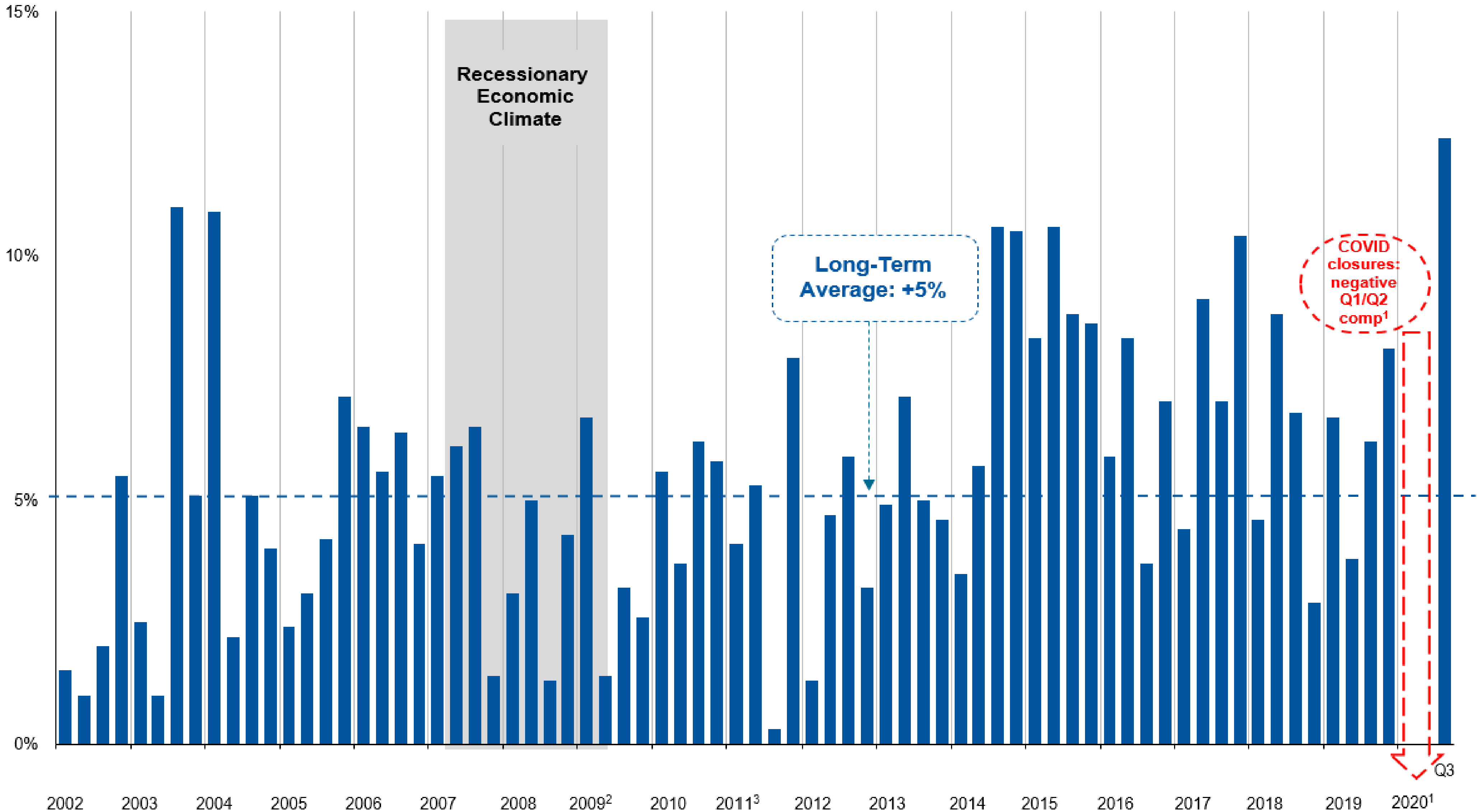
Patrick Moore
CFO

Q3 Highlights

- Net Revenue: $485.4 million, +12.4% above Q3 2019
- Opened 18 new stores
- Opened our 1,200th store and ended the quarter with 1,201 stores
- Adjusted Comparable Store Sales Growth[1] of 12.4%
    - Best reported quarterly comp increase in CEO's 18-year tenure
- Adjusted Operating Income[1]: $67.7 million, +160% above Q3 2019
- Adjusted Diluted EPS[1]: $0.54, +226% above Q3 2019
- Record quarterly profit as a public company (on GAAP and non-GAAP basis)
- Extended Walmart contract for three years into 2024 with current economics
- Published first philanthropic impact report
- Board composition update
    - Addition of two independent directors - Naomi Kelman, Susan Somersille Johnson (Q4)
    - Independent Board Chair succession - Randy Peeler
- Reinstating 2020 Outlook

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

Long History of Consistent Comparable Store Sales Growth ('02 - '20)



1-Adjusted Comparable Store Sales Growth for Q1 and Q2 2020 was -10.3% and -36.5%, respectively, due to COVID-19 related store closures; See Appendix for reconciliation of specific Q1 and Q2 2020 non-GAAP financial measures to GAAP financial measures
2-2009 comparable store sales exclude sales from the Eyeglass World stores for the first six month "transition" period following our acquisition of Eyeglass World
3-Comparable store sales growth in the third quarter of fiscal year 2011 was impacted by the near U.S. federal government debt default/shutdown and the subsequent adverse impact on the consumer environment

Multiple Drivers to Continue Our Growth Following COVID-19

Grow Store Base Across Our Owned Brands

Continue to Drive Comparable Store Sales Growth

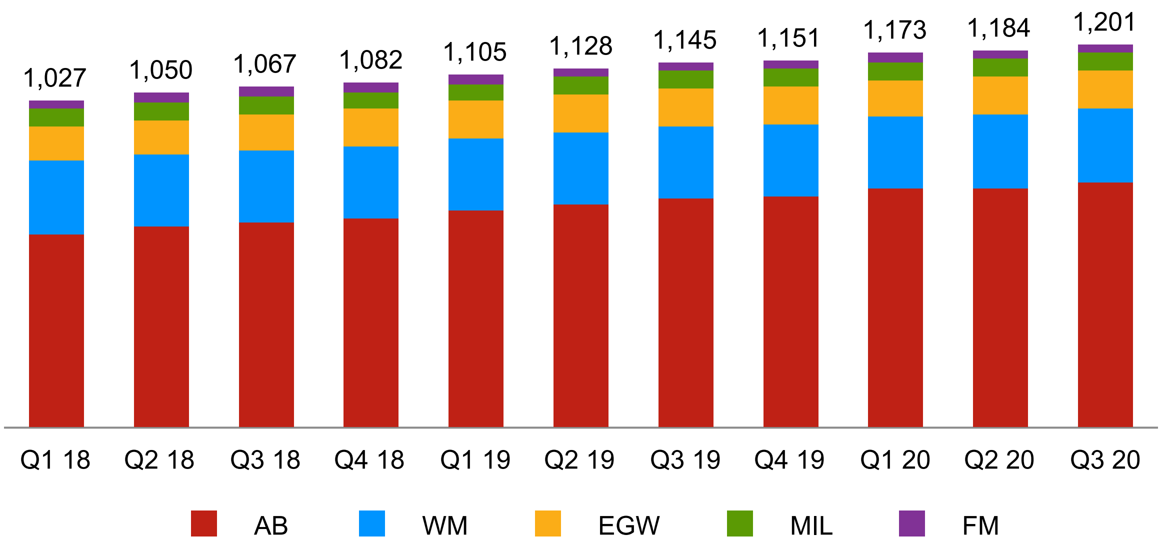
Improve Operating Productivity

Leverage Technology

Third Quarter 2020 Financial Update

Revenue Drivers

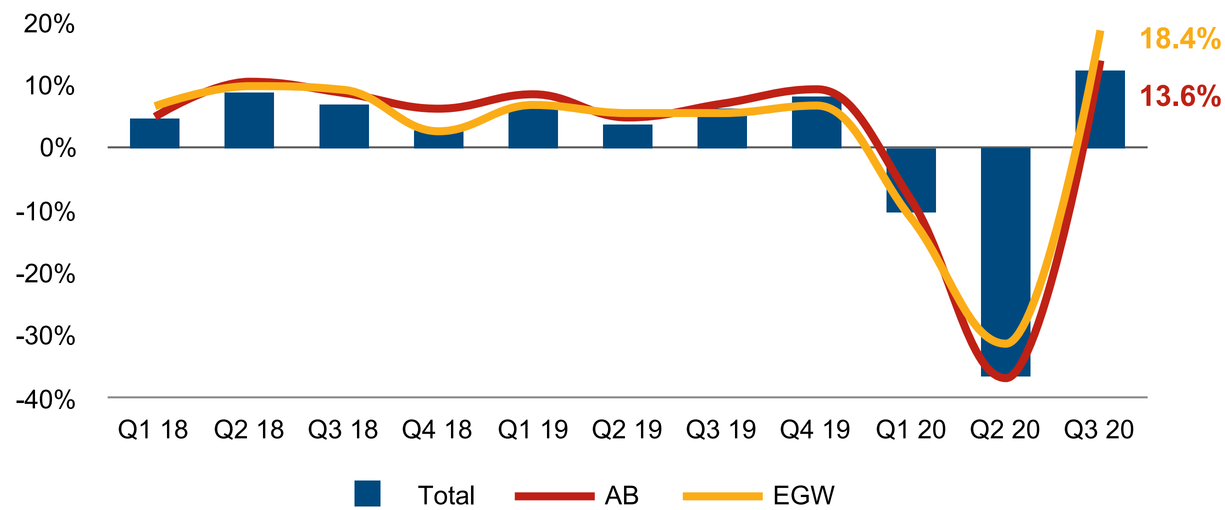
Total Store Count Growth[1]



Commentary

- 17 net new stores in the quarter (17 new AB stores, 1 new EGW and 1 closed WM store)
- 56 net new stores in the last 12 months (65 new stores and 9 closed stores)
- Focused store growth on America's Best (58 in the last 12 months) and Eyeglass World (2 in the last 12 months)

Adjusted Comparable Store Sales Growth[2]



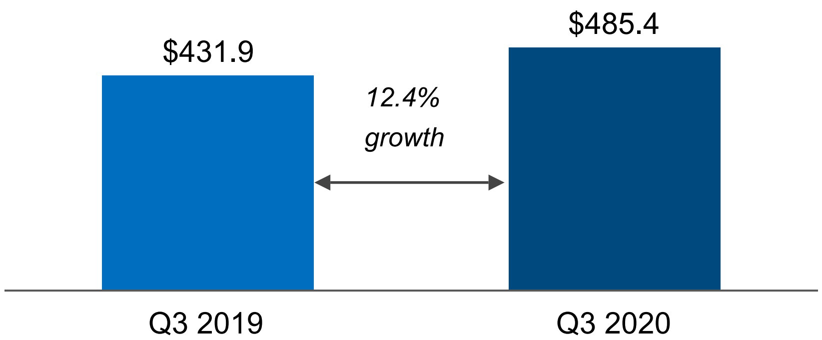
Commentary

- Eyeglass World and America's Best drove favorable comparable store sales growth for the quarter
- Adjusted Comparable Store Sales Growth[1] driven by an increase in average ticket
- Positive comps in eyeglass and contact lens categories
- Eyeglass comps driven by increases in customer transactions and average ticket

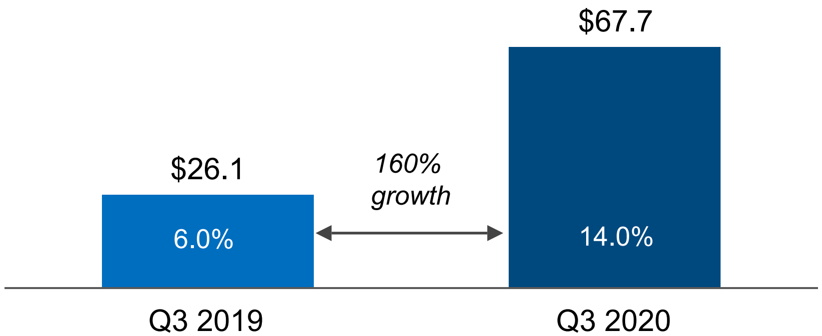
1-Q2 2020 store count updated to 1,184 stores from previously reported number.
2-Non-GAAP financial measure; see Appendix for reconciliation to GAAP financial measure.

Q3 2020 Results

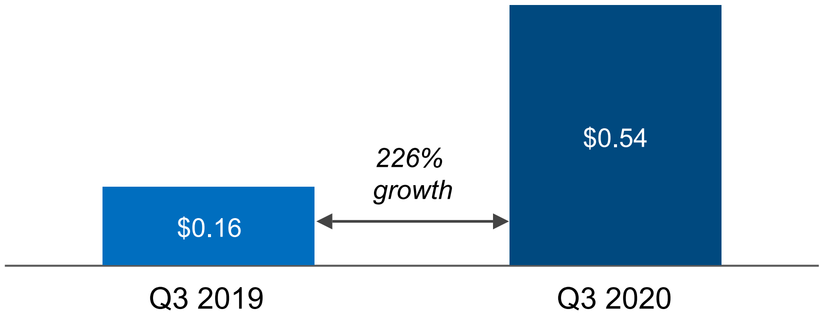
Net Revenue ($M)



Adjusted Operating Income[1] ($M)



Adjusted Diluted EPS[1]



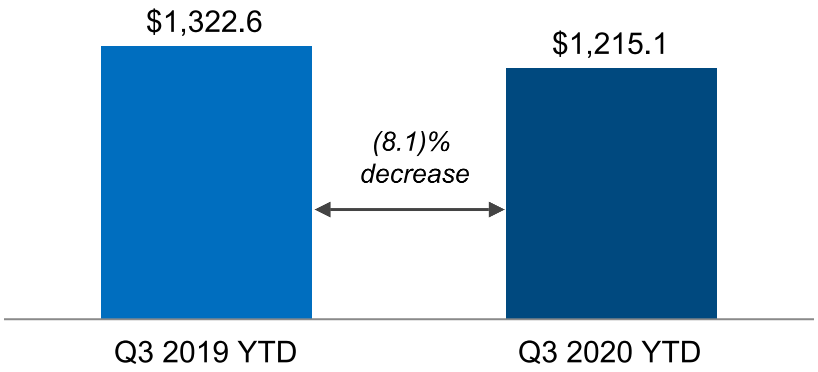
Commentary

- Net revenue increased 12.4% year-over-year
  - Timing of unearned revenue - immaterial impact to net revenue and profitability
- Costs applicable to revenue as a percentage of net revenue decreased 390 bps year-over-year primarily due to:
  - Increased eyeglass mix, higher eyeglass margin and lower optometrist costs
- Adjusted SG&A Percent of Net Revenue[1] decreased 350 bps year-over-year primarily due to:
  - Lower advertising partially offset by incremental COVID-related expenses of $4.7 million
- Adjusted EBITDA[1] increased 89.3% to $88.1 million; Adjusted EBITDA Margin[1] increased 740 basis points year-over-year due to factors noted above
- Adjusted Operating Income[1] increased 160% to $67.7 million. Adjusted Operating Margin[1] increased 800 basis points year-over-year due to factors noted above and lower D&A growth
- Diluted EPS increased 2,782% to $0.42; Adjusted Diluted EPS[1] increased 226% to $0.54

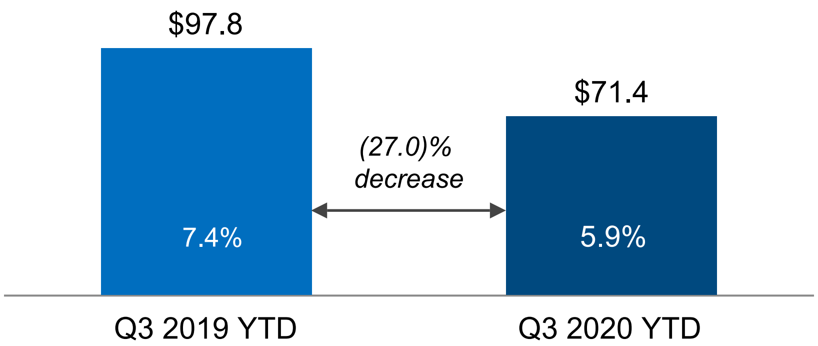
1-Non-GAAP financial measures; see Appendix for reconciliation to GAAP financial measures.

Q3 2020 Year-to-Date Results

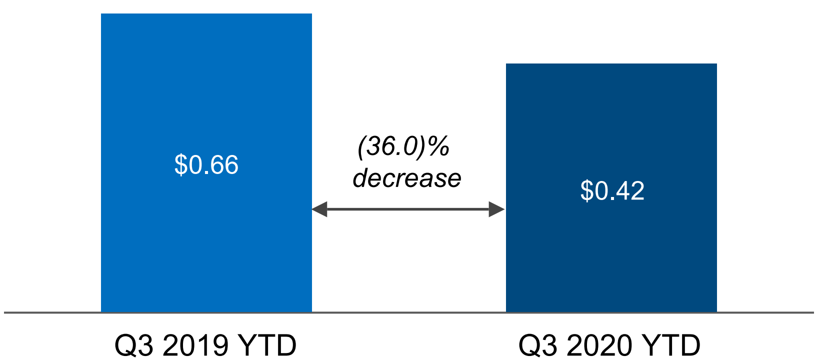
Net Revenue ($M)



Adjusted Operating Income[1] ($M)



Adjusted Diluted EPS[1]



Commentary

- Net revenue decreased 8.1% year-over-year; Net revenue growth was impacted by:
  - COVID-19 related store closures
  - Timing of unearned revenue reduced revenue growth by (1.1)%
- Costs applicable to revenue as a percentage of net revenue increased 10 bps year-over-year primarily due to:
  - Optometrist costs incurred during the temporary closure of stores due to COVID-19 as well as increased contact lens mix that was partially offset by higher eyeglass margin
- Adjusted SG&A Percent of Net Revenue[1] increased 60 bps year-over-year primarily due to:
  - Store and corporate payroll and occupancy expenses, partially offset by lower advertising investment
  - Incremental COVID-related expense of $7.8 million
- Adjusted EBITDA[1] decreased to $134.8 million; Adjusted EBITDA Margin[1] decreased 70 basis points year-over-year due to factors noted above
- Adjusted Operating Income[1] decreased to $71.4 million. Adjusted Operating Margin[1] decreased 150 basis points year-over-year due to factors noted above and D&A growth
  - Margin on unearned revenue impacted both Adjusted EBITDA and Adjusted Operating Income by $(11.7) million
- Diluted EPS decreased 96% to $0.01; Adjusted Diluted EPS[1] decreased 36% to $0.42
  - Margin on unearned revenue reduced Adjusted Diluted EPS[1] by $(0.11)

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

Capital Structure and Cash Flow

Q3 2020 Capital Structure ($M)

	Debt Amount	Less: Conversion feature	Less: Deferred Financing Costs	Amounts per Balance Sheet	% of Total	Coupon	Maturity
First Lien - Term Loan	$ 317.4	$ —	$ (2.3)	$ 315.1	48 %	L + 225	7/18/2024
First Lien - Revolving credit facility[1]	—	—	—	—	— %	L + 225	7/18/2024
Convertible senior notes	402.5	(89.2)	(8.3)	305.0	47 %	2.50 %	5/15/2025
Other debt[2]	31.6	—	—	31.6	5 %		
Total debt	$ 751.5	$ (89.2)	$ (10.6)	$ 651.7	100 %		
Cash and cash equivalents				377.0			
Net debt				$ 274.7			

Commentary

- Net debt to TTM Adjusted EBITDA[3] 1.6x
- No borrowings outstanding under our revolving credit facility ($5.7M in outstanding letters of credit)
- No debt maturities until 2024

Cash Flow ($M)

	Nine Months Ended September 26, 2020	Nine Months Ended September 28, 2019	Variance
Net cash provided by operating activities	$ 203.7	$ 170.9	32.8
Net cash used for investing activities	(40.5)	(75.9)	35.4
Net cash provided by (used for) financing activities	174.9	(17.7)	192.6
Net change in cash, cash equivalents and restricted cash	$ 338.1	$ 77.3	$ 260.8

Commentary

- $32.8M increase in operating cash flow due to improvement in working capital
- $35.4M decrease in net cash used for investing activities primarily due to reduced store openings
- $192.6M increase in net cash provided by financing activities due to convertible senior note issuance, partially offset by paydown of long-term debt and revolver

Note: Some of the totals in the table above do not foot due to rounding differences
1- $300.0M facility; $294.3M available
2- Finance lease obligations
3- Non-GAAP financial measure; see Appendix for reconciliation to GAAP financial measure.

Strong Financial Position / Reinstating Financial Outlook

Substantial Liquidity at Q3 end: $671 million

- $377 million in cash on hand
- $294 million in availability under $300M revolving credit facility

Capital Expenditures

- 2020 Capex: $75 to $80 million
- Expect to open ~57 new stores in 2020

Reinstating financial outlook for Q4 and fiscal 2020

- Assumes no material deterioration due to COVID-19 impacts
- Expect comps to normalize as pent-up demand moderates
- 53rd week impact: ~$35 million in net revenue, ~breakeven impact to Adjusted Diluted EPS
- Expect more normalized advertising investment in Q4

Financial Outlook

	For the 14 weeks ending January 2, 2021	For the 53 weeks ending January 2, 2021
New Stores	~5	~57
Adjusted Comparable Store Sales Growth[1]	5% - 9%	(6.4%) - (7.4%)
Net Revenue	$460 - $475 million	$1.675 - $1.690 billion
Adjusted EBITDA	$42 - $47 million	$176.5 - $181.5 million
Adjusted Operating Income	$20 - $25 million	$91 - $96 million
Adjusted Diluted EPS	$0.10 - $0.14	$0.53 - $0.57
Depreciation and Amortization[2]		~$93 million
Interest[3]		~$32.5 million
Tax Rate[4]		~26%
Capital Expenditures		$75 - $80 million
Incremental COVID-19 Expenses		~$9 million

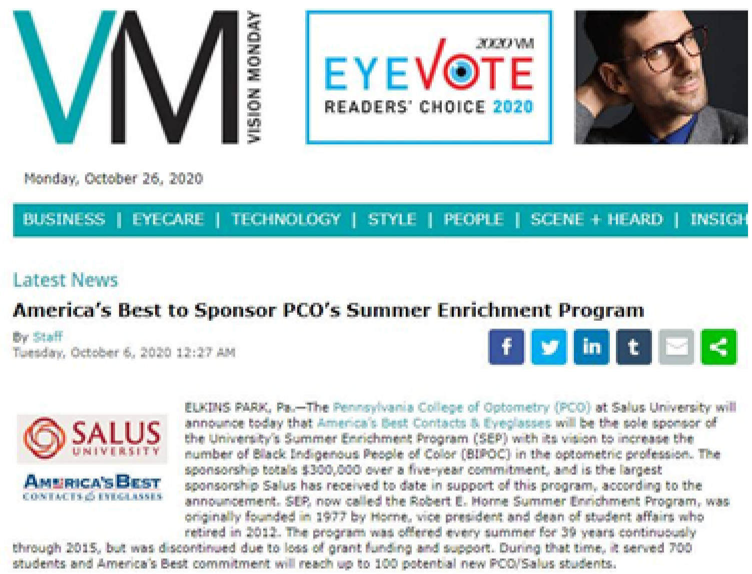
1 - For the 13 weeks and 52 weeks ending December 26, 2020, respectively
2 - Includes amortization of acquisition intangibles of approximately $1.9 million and $7.4 million for the 14 weeks and 53 weeks ending January 2, 2021 respectively
3 - Before the impact of gains or losses related to hedge ineffectiveness and charges related to amortization of debt discounts and deferred financing costs
4 - Excluding the impact of stock option exercises

Moments of Mission - Our ESG Journey

- **Our Commitment to Giving Back**
  - Published First Philanthropic Impact Report - "A World Worth Seeing": https://www.nationalvision.com/our-impact/
  - Details social impact in core areas

- **Our Commitment to Diversity**
  - Board Composition
  - DE&I Initiatives
  - Commitment to sponsor the Pennsylvania College of Optometry Summer Enrichment Program (5 years, $300,000)

- **Our Commitment to Governance Best Practices**
  - Commitment to sunset our classified board and supermajority voting provisions in 2021



Q&A

Appendix

New Non-GAAP Measures Framework in 2020

- Introduced new non-GAAP measures
  - Adjusted Operating Income
  - Adjusted Operating Margin
  - See Form 8-K filed on February 26, 2020 for supplemental tables that provide reconciliations from Adjusted EBITDA, Adjusted Operating Income and Adjusted Diluted EPS to Net Income for the quarterly and fiscal year 2018 and 2019 periods.
- Presented new definitions of certain non-GAAP measures
  - No longer adjusting for new store pre-opening expenses and non-cash rent
  - The presentation of Adjusted EBITDA and Adjusted Diluted EPS for the three and nine months ended September 28, 2019 has been recast to reflect these changes.
  - New store pre-opening expenses totaled $0.8 million for each of the three months ended September 26, 2020 and September 28, 2019; $2.0 million and $2.9 million for the nine months ended September 26, 2020 and September 28, 2019, respectively; and non-cash rent totaled $0.6 million and $0.5 million for the three months ended September 26, 2020 and September 28, 2019, respectively; and $2.1 million and $2.4 million for the nine months ended September 26, 2020 and September 28, 2019, respectively.
- Continuing to provide Adjusted EBITDA measure

Q3 2020 Consolidated Financial Results (Unaudited)

Dollars and shares in thousands, except Earnings Per Share	Three Months Ended September 26, 2020	Three Months Ended September 28, 2019	Nine Months Ended September 26, 2020	Nine Months Ended September 28, 2019
Revenue:				
Net product sales	$ 403,336	$ 355,789	$ 1,005,884	$ 1,096,482
Net sales of services and plans	82,017	76,113	209,180	226,086
Total net revenue	485,353	431,902	1,215,064	1,322,568
Costs applicable to revenue (exclusive of depreciation and amortization):				
Products	148,274	144,518	402,279	444,177
Services and plans	62,535	59,984	167,864	174,801
Total costs applicable to revenue	210,809	204,502	570,143	618,978
Operating expenses:				
Selling, general and administrative expenses	190,518	190,290	520,841	566,444
Depreciation and amortization	22,236	22,336	68,970	63,570
Asset impairment	7,150	3,516	20,916	7,387
Litigation settlement	—	—	4,395	—
Other expense (income), net	(154)	146	(312)	975
Total operating expenses	219,750	216,288	614,810	638,376
Income from operations	54,794	11,112	30,111	65,214
Interest expense, net	12,475	7,873	35,432	25,902
Debt issuance costs	—	—	136	—
Loss on extinguishment of debt	—	9,786	—	9,786
Earnings (loss) before income taxes	42,319	(6,547)	(5,457)	29,526
Income tax provision (benefit)	7,030	(7,739)	(6,655)	647
Net income	$ 35,289	$ 1,192	$ 1,198	$ 28,879
Earnings (loss) per share - basic	$ 0.44	$ 0.02	$ 0.01	$ 0.37
Earnings (loss) per share - diluted	$ 0.42	$ 0.01	$ 0.01	$ 0.35
Weighted average shares outstanding - basic	80,676	78,474	80,376	78,387
Weighted average shares outstanding - diluted	83,795	81,561	82,718	81,510

Reconciliation of Adjusted Comparable Stores Sales Growth (Unaudited)

	Comparable store sales growth[a]					
	Three Months Ended September 26, 2020	Three Months Ended September 28, 2019	Nine Months Ended September 26, 2020	Nine Months Ended September 28, 2019	Q4 Outlook	Fiscal 2020 Outlook
Owned & Host segment						
America's Best	13.6%	6.7%	(10.4)%	6.5%		
Eyeglass World	18.4%	5.2%	(8.6)%	5.7%		
Military	(4.6)%	2.5%	(20.2)%	(0.7)%		
Fred Meyer	(7.8)%	(2.8)%	(24.6)%	(6.1)%		
Legacy segment	3.3%	5.7%	(15.4)%	2.5%		
Total comparable store sales growth	11.6%	5.7%	(11.7)%	5.5%	5.5 - 9.5%	(6.6) - (7.6%)
Adjusted Comparable Store Sales Growth[b]	12.4%	6.2%	(11.1)%	5.6%	5 - 9%	(6.4) - (7.4%)

Additional Comparable Store Sales Growth information for First Six Months of 2020	***Three Months Ended March 28, 2020***	***Three Months Ended June 27, 2020***
Total comparable store sales growth	(2.9)%	(44.7)%
Adjusted Comparable Store Sales Growth[b]	(10.3)%	(36.5)%

(a) Total comparable store sales is calculated based on consolidated net revenue excluding the impact of (i) Corporate/Other segment net revenue, (ii) sales from stores opened less than 13 months, (iii) stores closed in the periods presented, (iv) sales from partial months of operation when stores do not open or close on the first day of the month and (v) if applicable, the impact of a 53rd week in a fiscal year. Brand-level comparable store sales growth is calculated based on cash basis revenues consistent with what the Chief Operating Decision Maker reviews, and consistent with reportable segment revenues presented in Note 11. "Segment Reporting" in our unaudited condensed consolidated financial statements included in Part I. Item 1. in our Quarterly Report on Form 10-Q for the period ended September 26, 2020, with the exception of the Legacy segment, which is adjusted as noted in clause (b) (ii) below.

(b) The differences between total comparable store sales growth based on consolidated net revenue and Adjusted Comparable Store Sales Growth are: (i) Adjusted Comparable Store Sales Growth includes the effect of deferred and unearned revenue as if such revenues were earned at the point of sale, resulting in the following changes from total comparable store sales growth based on consolidated net revenue: a decrease of 7.5%, an increase of 8.1%, an increase of 0.9%, and an increase of 0.6% for the three months ended March 28, 2020, June 27, 2020, September 26, 2020, and September 28, 2019, respectively, an increase of 0.5% and an increase of 0.3% for the nine months ended September 26, 2020 and September 28, 2019 and (ii) Adjusted Comparable Store Sales Growth includes retail sales to the Legacy partner's customers (rather than the revenues recognized consistent with the management & services agreement with the legacy partner), resulting in the following changes from total comparable store sales growth based on consolidated net revenue: an increase of 0.1%, an increase of 0.1%, a decrease of 0.1%, and a decrease of 0.1% for the three months ended March 28, 2020, June 27, 2020, September 26, 2020, and September 28, 2019, respectively, an increase of 0.1% and a decrease of 0.2% for the nine months ended September 26, 2020 and September 28, 2019, respectively.

Reconciliation of Adjusted Operating Income to Net Income (Unaudited)

Dollars in thousands	Three Months Ended September 26, 2020		Three Months Ended September 28, 2019		Nine Months Ended September 26, 2020		Nine Months Ended September 28, 2019	
Net income	$ 35,289	7.3 %	$ 1,192	0.3 %	$ 1,198	0.1 %	$ 28,879	2.2%
Interest expense	12,475	2.6 %	7,873	1.8 %	35,432	2.9 %	25,902	2.0%
Income tax provision (benefit)	7,030	1.4 %	(7,739)	(1.8)%	(6,655)	(0.5)%	647	—%
Stock compensation expense [a]	2,890	0.6 %	6,123	1.4 %	8,335	0.7 %	10,840	0.8%
Loss on extinguishment of debt [b]	—	— %	9,786	2.3 %	—	— %	9,786	0.7%
Asset impairment [c]	7,150	1.5 %	3,516	0.8 %	20,916	1.7 %	7,387	0.6%
Litigation settlement [d]	—	— %	—	— %	4,395	0.4 %	—	—%
Secondary offering expenses [e]	—	— %	401	0.1 %	26	— %	406	—%
Management realignment expenses [f]	—	— %	—	— %	—	— %	2,155	0.2%
Long-term incentive plan [g]	—	— %	1,108	0.3 %	—	— %	1,830	0.1%
Amortization of acquisition intangibles [h]	1,851	0.4 %	1,851	0.4 %	5,554	0.5 %	5,553	0.4%
Other [k]	1,057	0.2 %	1,956	0.5 %	2,180	0.2 %	4,423	0.3%
Adjusted Operating Income / Adjusted Operating Margin	$ 67,742	14.0 %	$ 26,067	6.0 %	$ 71,381	5.9 %	$ 97,808	7.4%

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

Reconciliation of Adjusted EBITDA to Net Income (Unaudited)

Dollars in thousands	Three Months Ended September 26, 2020		Three Months Ended September 28, 2019		Nine Months Ended September 26, 2020		Nine Months Ended September 28, 2019		Twelve Months Ended September 26, 2020
Net income	$ 35,289	7.3 %	$ 1,192	0.3 %	$ 1,198	0.1 %	$ 28,879	2.2 %	$ 5,117
Interest expense	12,475	2.6 %	7,873	1.8 %	35,432	2.9 %	25,902	2.0 %	42,830
Income tax provision (benefit)	7,030	1.4 %	(7,739)	(1.8)%	(6,655)	(0.5)%	647	— %	(9,611)
Depreciation and amortization	22,236	4.6 %	22,336	5.2 %	68,970	5.7 %	63,570	4.8 %	92,644
EBITDA	77,030	15.9 %	23,662	5.5 %	98,945	8.1 %	118,998	9.0 %	130,980
Stock compensation expense [a]	2,890	0.6 %	6,123	1.4 %	8,335	0.7 %	10,840	0.8 %	10,165
Loss on extinguisment of debt [b]	—	— %	9,786	2.3 %	—	— %	9,786	0.7 %	—
Asset impairment [c]	7,150	1.5 %	3,516	0.8 %	20,916	1.7 %	7,387	0.6 %	22,423
Litigation settlement [d]	—	— %	—	— %	4,395	0.4 %	—	— %	4,395
Secondary offering expenses [e]	—	— %	401	0.1 %	26	— %	406	— %	21
Management realignment expenses [f]	—	— %	—	— %	—	— %	2,155	0.2 %	—
Long-term incentive plan [g]	—	— %	1,108	0.3 %	—	— %	1,830	0.1 %	1,000
Other [k]	1,057	0.2 %	1,956	0.5 %	2,180	0.2 %	4,423	0.3 %	4,127
Adjusted EBITDA / Adjusted EBITDA Margin	$ 88,127	18.2 %	$ 46,552	10.8 %	$ 134,797	11.1 %	$ 155,825	11.8 %	$ 173,111

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

Reconciliation of Adjusted Diluted EPS to Diluted EPS (Unaudited)

Shares in thousands	Three Months Ended September 26, 2020	Three Months Ended September 28, 2019	Nine Months Ended September 26, 2020	Nine Months Ended September 28, 2019
Diluted EPS	$ 0.42	$ 0.01	$ 0.01	$ 0.35
Stock compensation expense [a]	0.03	0.08	0.10	0.13
Loss on extinguishment of debt [b]	—	0.12	—	0.12
Asset impairment [c]	0.09	0.04	0.25	0.09
Litigation settlement [d]	—	—	0.05	—
Secondary offering expenses [e]	—	—	—	—
Management realignment expenses [f]	—	—	—	0.03
Long-term incentive plan [g]	—	0.01	—	0.02
Amortization of acquisition intangibles [h]	0.02	0.02	0.07	0.07
Amortization of debt discount and deferred financing costs [i]	0.05	—	0.09	0.01
Losses (gains) on change in fair value of derivatives [j]	—	—	0.06	—
Other [k]	0.01	0.02	0.03	0.05
Tax benefit of stock option exercises [l]	(0.04)	(0.08)	(0.07)	(0.09)
Tax effect of total adjustments [m]	(0.05)	(0.08)	(0.16)	(0.14)
Adjusted Diluted EPS	$ 0.54	$ 0.16	$ 0.42	$ 0.66
Weighted average diluted shares outstanding	83,795	81,561	82,718	81,510

Note: Certain totals above do not foot due to rounding

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

Dollars in thousands	Three Months Ended September 26, 2020		Three Months Ended September 28, 2019		Nine Months Ended September 26, 2020		Nine Months Ended September 28, 2019	
SG&A	$ 190,518	39.3 %	$ 190,290	44.1 %	$ 520,841	42.9 %	$ 566,444	42.8 %
Stock compensation expense [a]	2,890	0.6 %	6,123	1.4 %	8,335	0.7 %	10,840	0.8 %
Secondary offering expenses [e]	—	— %	401	0.1 %	26	— %	406	— %
Management realignment expenses [f]	—	— %	—	— %	—	— %	2,155	0.2 %
Long-term incentive plan [g]	—	— %	1,108	0.3 %	—	— %	1,830	0.1 %
Other [n]	1,057	0.2 %	1,727	0.4 %	2,180	0.2 %	3,187	0.2 %
Adjusted SG&A/ Adjusted SG&A Percent of Net Revenue	$ 186,571	38.4 %	$ 180,931	41.9 %	$ 510,300	42.0 %	$ 548,026	41.4 %

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

Reconciliation of Non-GAAP to GAAP Financial Measures Footnotes

In the first quarter of 2020, we introduced Adjusted Operating Income and Adjusted Operating Margin as measures of performance we will use in connection with Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted Diluted EPS. Further, consistent with our presentation of Adjusted Operating Income, we no longer exclude new store pre-opening expenses and non-cash rent from our presentation of Adjusted EBITDA and Adjusted Diluted EPS. See our Form 8-K filed with the SEC on February 26, 2020 for more information.

(a) Non-cash charges related to stock-based compensation programs, which vary from period to period depending on the timing of awards and performance vesting conditions.
(b) Reflects write-off of deferred financing fees related to the extinguishment of debt.
(c) Reflects write-off of property, equipment and lease related assets on closed or underperforming stores.
(d) Expenses associated with settlement of litigation. See Note 10. “Commitments and Contingencies” for further details.
(e) Expenses related to our secondary public offerings.
(f) Expenses related to a non-recurring management realignment described in the Current Report on Form 8-K filed with the SEC on January 10, 2019.
(g) Expenses pursuant to a long-term incentive plan for non-executive employees who were not participants in the management equity plan for fiscal year 2019. This plan was effective in 2014 following the KKR Acquisition.
(h) Amortization of the increase in carrying values of finite-lived intangible assets resulting from the application of purchase accounting to the KKR Acquisition.
(i) Amortization of debt discount is associated with the amortization of the conversion feature related to the convertible notes and amortization of deferred financing costs related to the convertible note, term loan and revolving credit facility borrowings. Amortization of debt discount and deferred financing costs in aggregate total $4.5 million and $0.2 million for the three months ended September 26, 2020 and September 28, 2019, respectively, and $7.2 million and $1.1 million for the nine months ended September 26, 2020 and September 28, 2019, respectively.
(j) Reflects $0.3 million of gains recognized in interest expense on change in fair value of de-designated hedges for the three months ended September 26, 2020 and $4.6 million of losses for the nine months ended September 26, 2020.
(k) Other adjustments include amounts that management believes are not representative of our operating performance (amounts in brackets represent reductions in Adjusted Operating Income, Adjusted Diluted EPS and Adjusted EBITDA), including our share of losses on equity method investments of $0.2 million for the three months ended September 28, 2019 and $1.2 million for the nine months ended September 28, 2019, and $0.6 million for the twelve months ended September 26, 2020; 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 September 26, 2020 and September 28, 2019, $0.4 million and $0.3 million for the nine months ended September 26, 2020 and September 28, 2019, respectively, and $0.5 million for the twelve months ended September 26, 2020; costs of severance and relocation of $0.6 million and $1.0 million for the three months ended September 26, 2020 and September 28, 2019, respectively, $1.1 million and $1.8 million for the nine months ended September 26, 2020 and September 28, 2019, respectively, and $1.7 million for the twelve months ended September 26, 2020; excess payroll taxes related to stock option exercises of $0.2 million and $0.5 million for the three months ended September 26, 2020 and September 28, 2019, respectively, $0.6 million for each of the nine months ended September 26, 2020 and September 28, 2019, respectively, and $0.7 million for the twelve months ended September 26, 2020; incremental costs directly related to adapting the Company’s operations during the COVID-19 pandemic of $0.6 million for the nine months ended September 26, 2020, and $0.6 million for the twelve months ended September 26, 2020; and other expenses and adjustments totaling $0.1 million and $0.2 million for the three months ended September 26, 2020 and September 28, 2019, respectively, and $(0.5) million and $0.5 million for the nine months ended September 26, 2020 and September 28, 2019, respectively.
(l) Tax benefit associated with accounting guidance requiring excess tax benefits related to stock option exercises to be recorded in earnings as discrete items in the reporting period in which they occur.
(m) Represents the income tax effect of the total adjustments at our combined statutory federal and state income tax rates.
(n) Reflects other expenses in (k) above, except for our share of losses on equity method investments of $0.2 million for the three months ended September 28, 2019 and $1.2 million for the nine months ended September 28, 2019.

Adjusted Comparable Store Sales Growth Primer

What is Adjusted Comparable Store Sales Growth?

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

Why use Adjusted Comparable Store Sales Growth?

- Provides a clear view of the Company's current operating performance
- Shifts in unearned revenue are difficult to predict and related to short-term customer behavior (see slide 26)
- Used by management to assess business performance and is the basis for store-level business performance
- Consistently applied methodology

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

- Company provides total comparable store sales growth measured on GAAP revenue
- Adjusted measure has been lower than or equal to GAAP measure in 9 of last 14 quarters due to unearned revenue
- Total comparable store sales growth based on GAAP revenue was not calculated prior to 2017 IPO

Total comparable store sales growth versus Adjusted Comparable Store Sales Growth

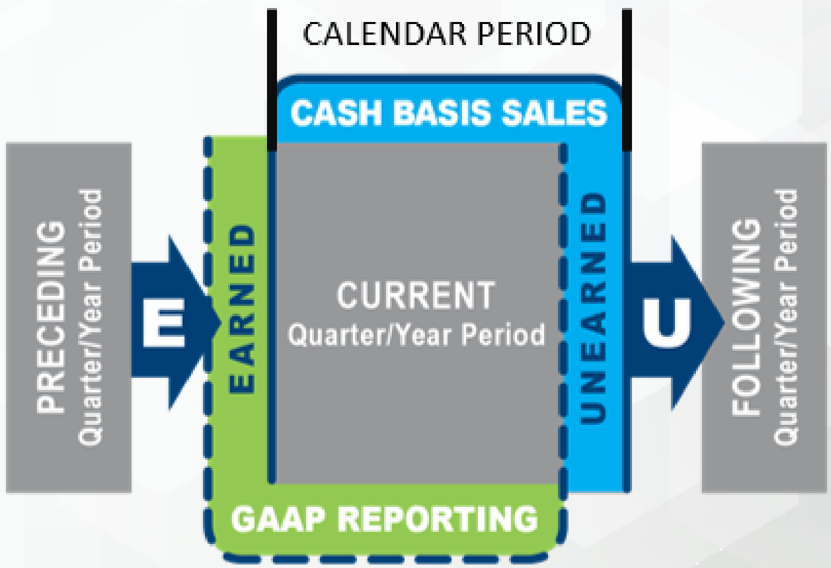
	2017			2018				2019				2020		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Total comparable store sales growth (GAAP)	8.5%	8.3%	11.5%	4.6%	10.4%	7.0%	4.3%	6.2%	4.4%	5.7%	10.1%	(2.9)%	(44.7)%	11.6%
Adjusted Comparable Store Sales Growth* (non-GAAP)	9.1%	7.0%	10.4%	4.6%	8.8%	6.8%	2.9%	6.7%	3.8%	6.2%	8.1%	(10.3)%	(36.5)%	12.4%

*See Appendix for reconciliation to GAAP measure for 2020

Unearned Revenue Primer

PURCHASE JOURNEY

UNEARNED REVENUE ACCOUNTING



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

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

- For a company with growing revenues, unearned revenue should also grow to some degree each year.

"It's a short-term timing difference between quarters"

Check out some of our latest commercials: National Vision Commercials