Q3 2019 Financial Results

November 7, 2019

NATIONAL VISION®

OUR MISSION

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

Disclaimer

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934. These statements include, but are not limited to, statements related to our expectations regarding the performance of our industry, growth strategy, goals and expectations concerning our market position, future operations, margins, profitability, capital expenditures, liquidity and capital resources and other financial and operating information. 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. Such forward-looking statements are subject to various risks and uncertainties, including our ability to open and operate new stores in a timely and cost-effective manner and to successfully enter new markets; our ability to recruit and retain vision care professionals for our stores; our relationships with managed vision care companies, vision insurance providers and other third-party payors; our operating relationships with our host and legacy partners; state, local and federal vision care and healthcare laws and regulations; our ability to maintain sufficient levels of cash flow from our operations to grow; the risk of loss or disruption in our distribution centers and optical laboratories; risks associated with vendors from whom our products are sourced; macroeconomic factors and other factors impacting consumer spending beyond the Company’s control; competition in the optical retail industry; our dependence on a limited number of suppliers; risks associated with information technology systems and the security of personal information and payment card data collected by us and our vendors; any failure, inadequacy, interruption, security failure or breach of our information technology systems; our growth strategy’s impact on our existing resources and performance of our existing stores; our ability to retain senior management and attract new personnel; our ability to manage costs; the success of our marketing, advertising and promotional efforts; risks associated with leasing substantial amounts of space; technological advances that may reduce the demand for our products, and future vision correction alternatives and drug development for the correction of vision-related problems; the impact product liability, product recall or personal injury issues; our compliance with managed vision care laws and regulations; our reliance on third-party reimbursements; our ability to manage our inventory balances and inventory shrinkage; risks associated with our e-commerce business; seasonal fluctuations in our operating results and inventory levels; risks of losses arising from our investments in technological innovators in the optical retail industry; our failure to comply with, or changes in, laws, regulations, enforcement activities and other requirements; impact of any adverse judgments or settlements resulting from legal proceedings; our ability to adequately protect our intellectual property; our leverage; restrictions in our credit agreement that limits our flexibility in operating our business; our ability to generate sufficient cash flow to satisfy our debt service obligations; our dependence on subsidiaries to fund all of our operations and expenses; risks associated with maintaining the requirements of being a public company; and risks related to our common stock, including our ability to comply with requirements to maintain effective internal controls. Additional factors that could cause National Vision’s results to differ materially from those described in the forward-looking statements can be found under the heading entitled Part I, Item 1A - “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 29, 2018 (the “2018 Annual Report”), as filed with the Securities and Exchange Commission (“SEC”), as such 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. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this release and in our filings with the SEC. 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.

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 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 2019, which is available at www.nationalvision.com/investors, together with this presentation.

Agenda

Topic	Presenter
Highlights and Business Update	Reade Fahs, CEO
Q3 Financial Update Fiscal 2019 Outlook	Patrick Moore, CFO
Moments of Mission	Reade Fahs, CEO
Q&A	

Reade Fahs
CEO

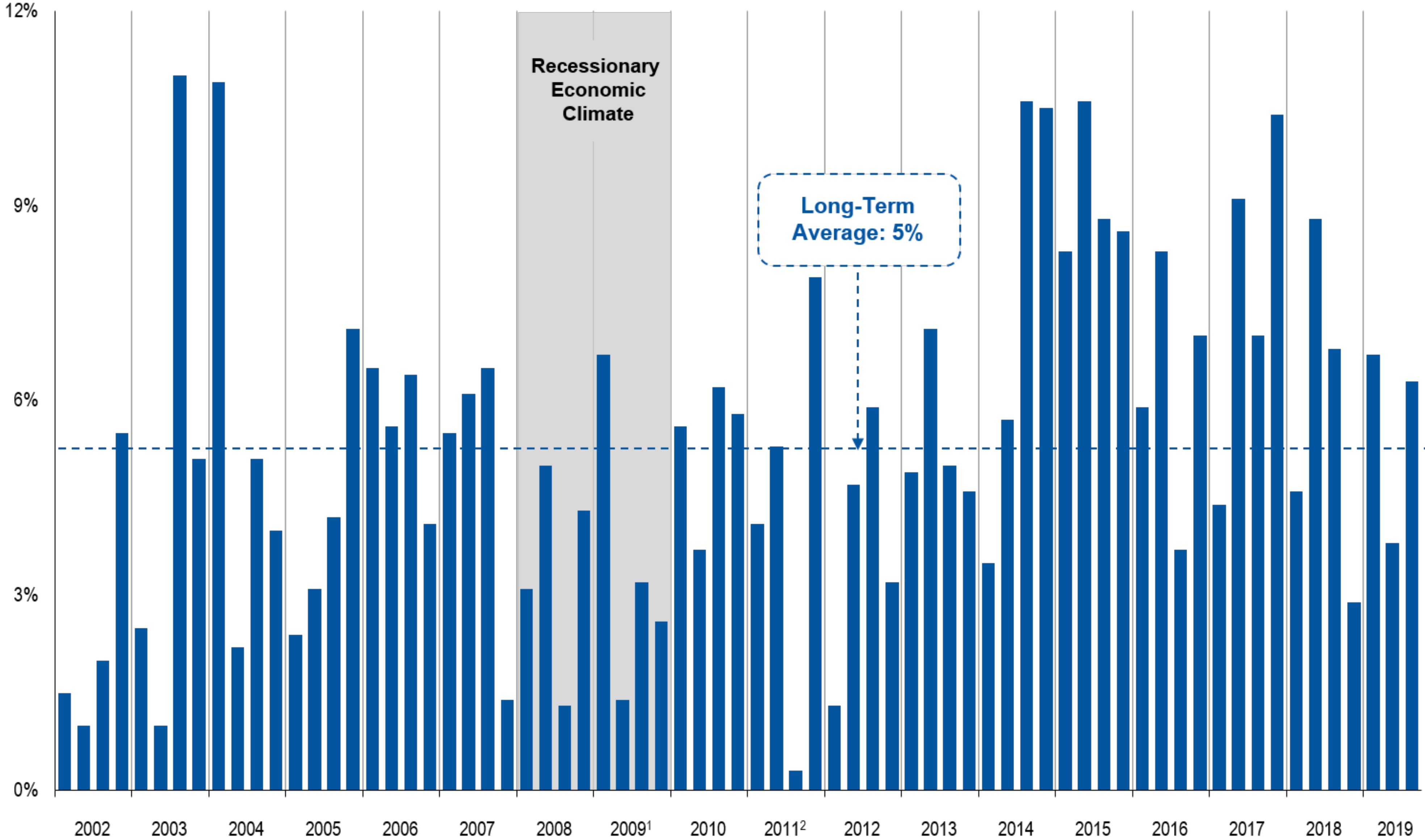
Patrick Moore
CFO

Highlights

- Adjusted comparable store sales growth[1] was 6.2% for the quarter (America's Best 6.7%, Legacy 5.7% and Eyeglass World 5.2%) and 5.6% for the year-to-date
- 71 consecutive quarters of positive comparable store sales growth
- Opened 17 new stores in Q3 and 67 new stores year-to-date; ended the quarter with 1,145 stores
- Q3 Net Revenue: $431.9M, 11.5% over Q3 2018
- Q3 Adjusted EBITDA[1]: $47.9M, 24.7% above Q3 2018
- Q3 Adjusted Net Income[1]: $14.5M, 65.8% above Q3 2018
- Overall NPS scores improved year-over-year with growth in America's Best, Eyeglass World and Military retail brands
- Refinanced credit agreement with lower borrowing costs
- KKR sold their remaining ownership in the Company
- Strong cash flow drove:
    - $25.0M stock repurchase concurrent with the secondary offering
    - $25.0M Term Loan pay down (October)
- Raising 2019 Outlook

1-For reconciliation of total comparable store sales growth to adjusted comparable store sales growth, reconciliation of Net Income to Adjusted EBITDA and Net Income to Adjusted Net Income, see Appendix

71 Consecutive Quarters of Positive Comparable Store Sales Growth



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

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

We Have Multiple Drivers to Continue Our Growth

Grow Store Base Across Our Owned Brands

Continue to Drive Comparable Store Sales Growth

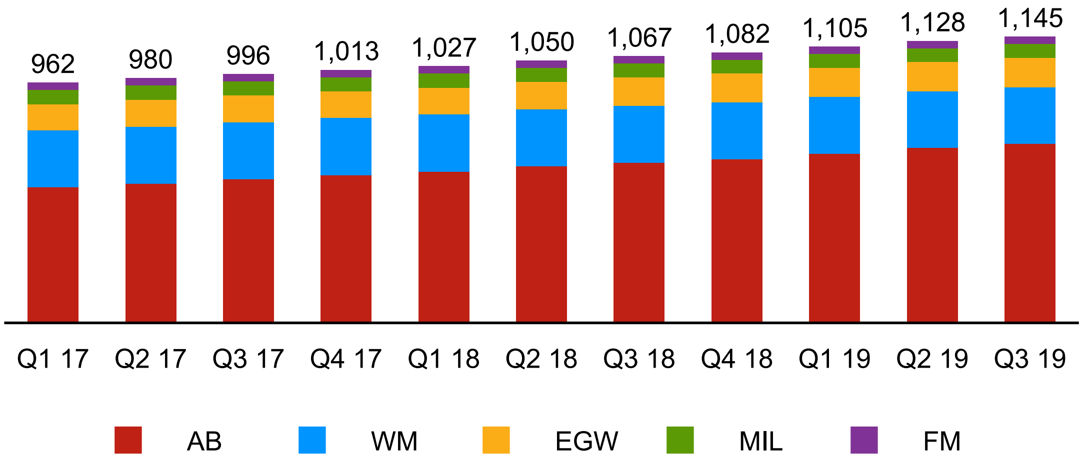
Improve Operating Productivity

Leverage Technology

Third Quarter and Year-to-Date Financial Update

Revenue Drivers

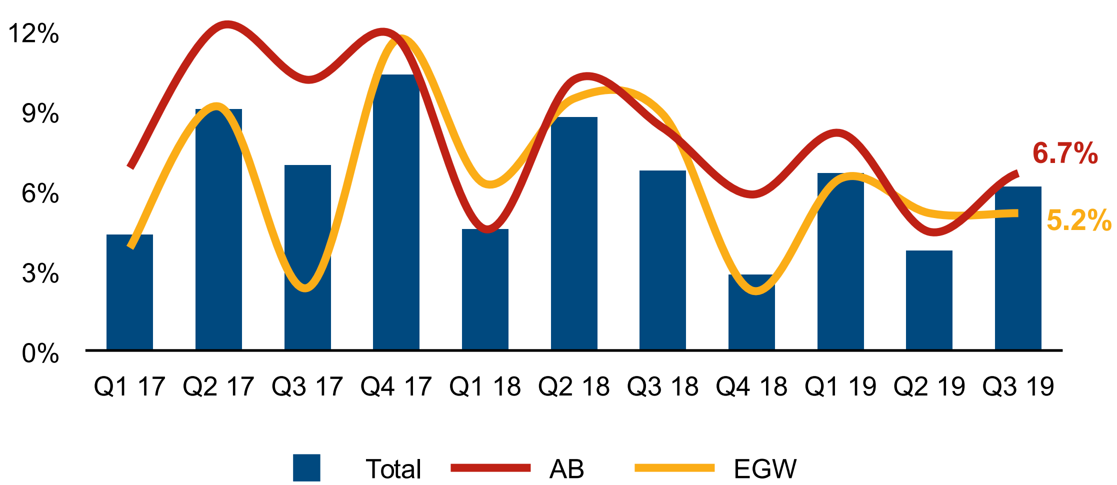
Total Store Count Growth



Commentary

- 17 net new stores in the quarter (17 new stores and no closed stores)
- 78 net new stores in the last 12 months (83 new stores and 5 closed stores)
- Focused store growth on America's Best (16 new stores in the quarter and 77 in the last 12 months) and Eyeglass World (1 new store in the quarter and 6 in the last 12 months)

Adjusted Comparable Store Sales Growth[1]



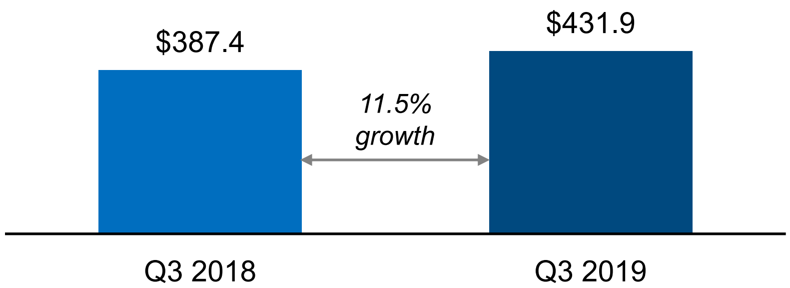
Commentary

- America's Best, Legacy and Eyeglass World drove favorable comparable store sales growth results for the quarter
- Adjusted comparable store sales growth driven by increases in average ticket and customer transactions for the quarter
- Eyeglass growth was primarily driven by customer transactions in the quarter

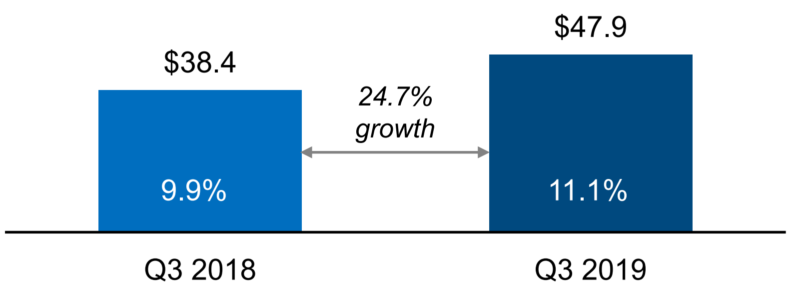
1-For reconciliation of total comparable store sales growth to adjusted comparable store sales growth, see Appendix

Q3 2019 Results

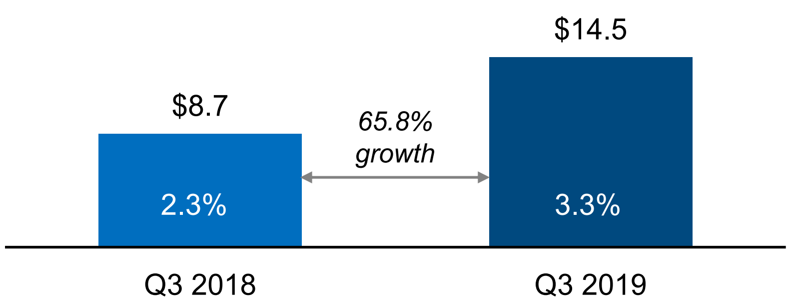
Net Revenue (in $MM)



Adjusted EBITDA[1] (in $MM)



Adjusted Net Income[1] (in $MM)



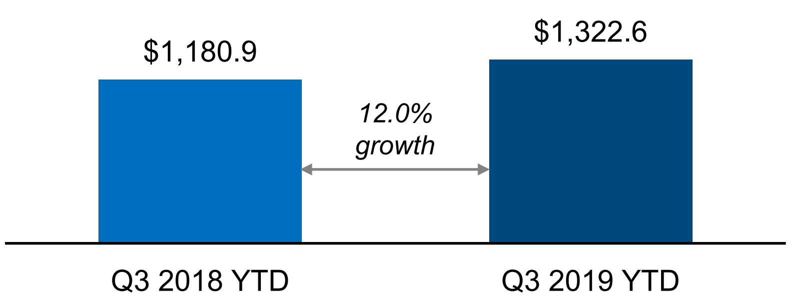
Commentary

- Net revenue grew 11.5% year-over-year; adjusted comparable store sales[1] grew 6.2%. Net revenue growth was impacted by:
  - AC Lens contact lens distribution business growth +160 bps
  - Unearned revenue -80 bps
- Adjusted EBITDA[1] grew 24.7% year-over-year (impacted -650 bps by margin on unearned revenue). As a percentage of net revenue, Adjusted EBITDA grew 120 bps year-over-year impacted by:
  - Improved eyeglass margin, leverage of payroll and advertising expenses, partially offset by AC Lens contact lens distribution growth and the net change in margin on unearned revenue
- Costs applicable to revenue as a percentage of net revenue increased from 47.1% in Q3 2018 to 47.3% in Q3 2019 impacted by:
  - AC Lens contact lens distribution business growth -70 bps
  - Improved eyeglass margin and increased eye exam sales, partially offset by higher optometrist costs
- Adjusted SG&A Percent of Net Revenue[1] improved 140 bps year-over-year impacted by:
  - AC Lens contact lens distribution business growth, store payroll and advertising leverage
- Adjusted Net Income[1] grew 65.8% year-over-year to $14.5 million
  - Margin on unearned revenue impacted year-over-year growth by -2,100 bps
- Diluted EPS was $0.01; Adjusted Diluted EPS[1] grew 62.0%

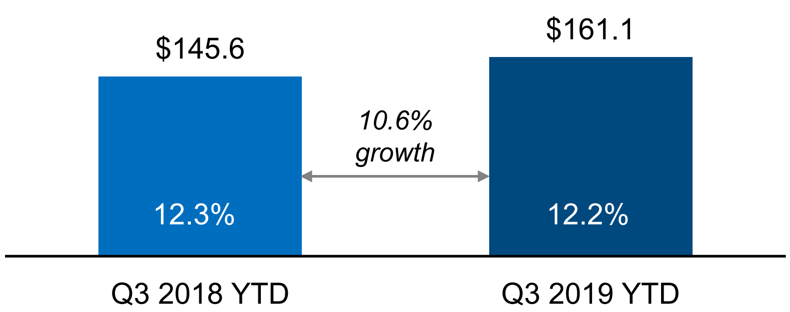
1-For reconciliation of total comparable store sales growth to adjusted comparable store sales growth, Net Income to Adjusted EBITDA, SG&A to Adjusted SG&A, Net Income to Adjusted Net Income and Diluted EPS to Adjusted Diluted EPS, see Appendix

Q3 2019 Year-to-Date Results

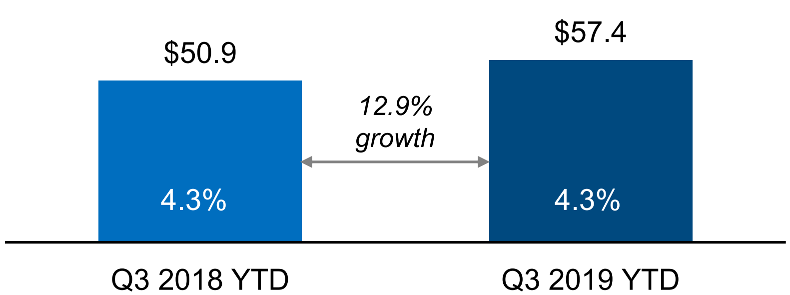
Net Revenue (in $MM)



Adjusted EBITDA[1] (in $MM)



Adjusted Net Income[1] (in $MM)



Commentary

- Net revenue grew 12.0% year-over-year; adjusted comparable store sales[1] grew 5.6%. Net revenue growth was impacted by:
  - AC Lens contact lens distribution business growth +230 bps
  - Unearned revenue -60 bps
- Adjusted EBITDA[1] grew 10.6% year-over-year (impacted -350 bps by margin on unearned revenue). Adjusted EBITDA margin declined 10 bps year-over-year
- Costs applicable to revenue as a percentage of net revenue increased from 45.7% in Q3 2018 to 46.8% in Q3 2019
  - AC Lens contact lens distribution business growth -100 bps
- Adjusted SG&A Percent of Net Revenue[1] improved 90 bps year-over-year impacted by:
  - AC Lens contact lens distribution business leverage and store payroll leverage
- Adjusted Net Income[1] grew 12.9% year-over-year to $57.4M
  - Margin on unearned revenue impacted year-over-year growth by -740 bps
- Diluted EPS was $0.35; Adjusted Diluted EPS[1] grew 8.8%

1-For reconciliation of total comparable store sales growth to adjusted comparable store sales growth, Net Income to Adjusted EBITDA, SG&A to Adjusted SG&A, Net Income to Adjusted Net Income and Diluted EPS to Adjusted Diluted EPS, see Appendix

Capital Structure and Cash Flow

Q3 2019 Capital Structure

Dollars in millions	Debt Amount	Less: Deferred Financing Costs	Amounts per Balance Sheet	% of Total	Coupon	Maturity
First Lien - Term Loan	$ 420.0	$ (2.8)	$ 417.2	70%	L + 150	7/18/2024
First Lien - Revolving credit facility[1]	148.0	—	148.0	25%	L + 150	7/18/2024
Other debt[2]	32.8	—	32.8	5%		
Total debt	$ 600.8	$ (2.8)	$ 598.0	100%		
Cash and cash equivalents			94.1			
Net debt			$ 503.9			

Commentary

- Net debt to TTM Adjusted EBITDA[3] 2.6x
- $148M outstanding under our revolving credit facility plus $5.5M in outstanding letters of credit
- Paid down $25.0M of outstanding borrowings on the Term Loan (October)

Cash Flow

	Nine Months Ended		
Dollars in millions	September 28, 2019	September 29, 2018	Variance
Net cash provided by operating activities	$ 170.9	$ 116.0	$ 55.0
Net cash used for investing activities	(75.9)	(78.7)	2.8
Net cash provided by (used for) financing activities	(17.7)	7.6	(25.3)
Net change in cash, cash equivalents and restricted cash	$ 77.3	$ 44.9	$ 32.5

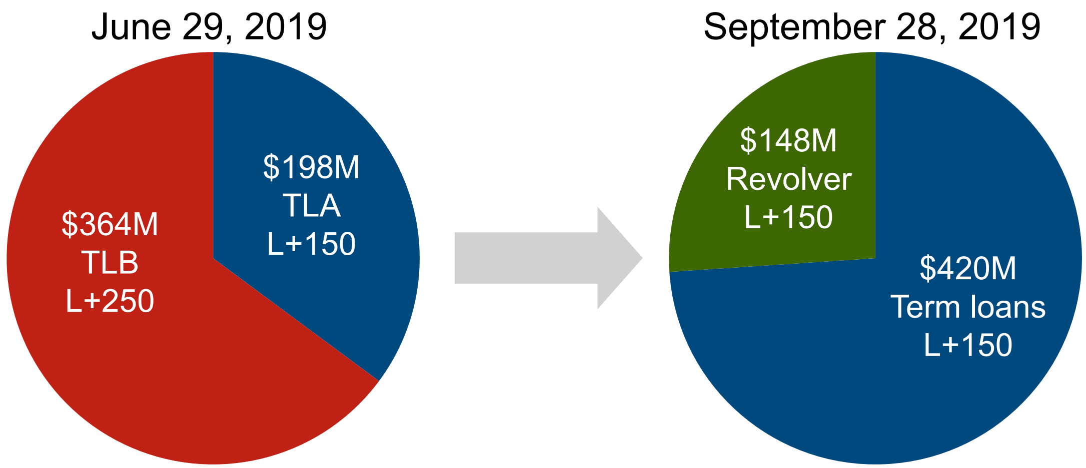
Commentary

- $55.0M increase in net cash provided by operating activities driven primarily by payroll and incentive-related liabilities, other assets, timing of inventory purchases and store growth
- $2.8M decrease in net cash used for investing activities driven primarily by decreased capital expenditures year-over-year
- $25.3M increase in net cash used for financing activities driven primarily by $25M stock repurchase in 2019

Note: Some of the totals in the table above do not foot due to rounding differences
1-$300.0M facility; $146.5M available
2-Includes finance lease debt and original issue discount
3-For reconciliation of Net Income to Adjusted EBITDA, see Appendix

Recent Changes to Capital Structure

Credit Agreement Debt Balance[1]



On July 18, 2019, we amended our credit agreement:

- New first lien term loans of $420M
- New revolving credit facility with $300M capacity; $148M drawn as of closing
- Repaid all previously outstanding first lien loans
- Initial new applicable margins at L+150 (previous term loan A at L+150, previous term loan B at L+250)

1-Excluding deferred financing costs

Fiscal 2019 Outlook

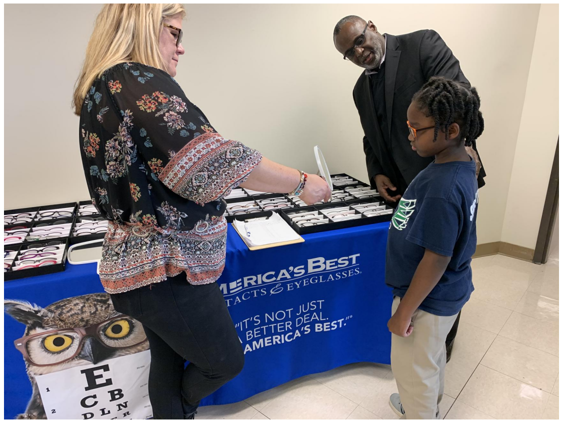
	Updated Fiscal 2019 Outlook	Prior Fiscal 2019 Outlook
New Stores	~75 New Stores	~75 New Stores
Adjusted Comparable Store Sales Growth	5 - 5.5%	3 - 5%
Net Revenue[1]	$1.705 - $1.712 billion	$1.675 - $1.705 billion
Adjusted EBITDA	$189 - $192 million	$186 - $191 million
Adjusted Net Income	$56.5 - $58.5 million	$53.5 - $56.5 million
Depreciation and Amortization	$87 - $88 million	$88 - $90 million
Interest[2]	$34 - $35 million	$34 - $35 million
Tax Rate[3]	~26.0%	~26.0%
Capital Expenditures	$102 - $105 million	$100 - $105 million

1-Includes approximately $27 million in incremental net revenue from AC Lens contact lens distribution business growth
2-Updated for debt refinancing in second quarter 2019 earnings release
3-Excluding the impact of stock option exercises

The fiscal 2019 outlook information provided above includes Adjusted EBITDA and Adjusted Net Income guidance, which are non-GAAP financial measures management uses in measuring performance. The Company is not able to reconcile these forward-looking non-GAAP measures to GAAP without unreasonable efforts because it is not possible to predict with a reasonable degree of certainty the actual impact of certain items and unanticipated events, including taxes and non-recurring items, which would be included in GAAP results. The impact of such items and unanticipated events could be potentially significant.

The fiscal 2019 outlook is forward-looking, subject to significant business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management, and based upon assumptions with respect to future decisions, which are subject to change. Actual results may vary and those variations may be material. As such, the Company’s results may not fall within the ranges contained in its fiscal 2019 outlook. The Company uses these forward looking metrics internally to assess and benchmark its results and strategic plans.

Moments of Mission - Bringing Eye Care to Kids in Need



Providing free vision screenings, eye exams and glasses to all students and first 200 family members in Atlanta, GA

Partnered with Essilor, Transitions and Essilor Vision Foundation to provide eye exams and free glasses to elementary and middle school kids in need in Dallas, TX

Advancing our mission of helping every person get access to affordable and quality eye care and eyewear

Q&A

Appendix

Q3 2019 Consolidated Financial Results (Unaudited)

Dollars in thousands	Three Months Ended September 28, 2019	Three Months Ended September 29, 2018	Nine Months Ended September 28, 2019	Nine Months Ended September 29, 2018
Revenue:				
Net product sales	$ 355,789	$ 319,312	$ 1,096,482	$ 977,497
Net sales of services and plans	76,113	68,113	226,086	203,435
Total net revenue	431,902	387,425	1,322,568	1,180,932
Costs applicable to revenue (exclusive of depreciation and amortization):				
Products	144,518	130,951	444,177	389,560
Services and plans	59,984	51,637	174,801	150,541
Total costs applicable to revenue	204,502	182,588	618,978	540,101
Operating expenses:				
Selling, general and administrative	190,290	185,028	566,444	521,344
Depreciation and amortization	22,336	19,344	63,570	54,783
Asset impairment	3,516	2,137	7,387	2,137
Other expense, net	146	411	975	829
Total operating expenses	216,288	206,920	638,376	579,093
Income (loss) from operations	11,112	(2,083)	65,214	61,738
Interest expense, net	7,873	9,407	25,902	28,144
Loss on extinguishment of debt	9,786	—	9,786	—
Earnings (loss) before income taxes	(6,547)	(11,490)	29,526	33,594
Income tax provision (benefit)	(7,739)	(16,661)	647	(8,499)
Net income	$ 1,192	$ 5,171	$ 28,879	$ 42,093
Earnings per share - basic	$ 0.02	$ 0.07	$ 0.37	$ 0.56
Earnings per share - diluted	$ 0.01	$ 0.06	$ 0.35	$ 0.54
Weighted average shares outstanding - basic	78,474	76,118	78,387	75,361
Weighted average shares outstanding - diluted	81,561	79,710	81,510	78,571

Reconciliation of Total Comparable Store Sales Growth to Adjusted Comparable Store Sales Growth

	Comparable store sales growth[a]				
	Three Months Ended September 28, 2019	Three Months Ended September 29, 2018	Nine Months Ended September 28, 2019	Nine Months Ended September 29, 2018	2019 Outlook
Owned & Host segment					
America's Best	6.7%	8.4%	6.5%	7.6%	
Eyeglass World	5.2%	8.9%	5.7%	8.2%	
Military	2.5%	(2.4)%	(0.7)%	(1.5)%	
Fred Meyer	(2.8)%	(5.7)%	(6.1)%	1.9%	
Legacy segment[b]	5.7%	—%	2.5%	2.5%	
Total comparable store sales growth	5.7%	7.0%	5.5%	7.4%	5 - 5.5%
Adjusted comparable store sales growth[c]	6.2%	6.8%	5.6%	6.6%	5 - 5.5%

(a) 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. in our Quarterly Report on Form 10-Q for the period ended September 28, 2019, with the exception of the legacy segment, which is adjusted as noted in clause (c) (ii) below.

(b) As a result of changes in applicable California law, certain optometrists employed by FirstSight Vision Services Inc. ("FirstSight") were transferred to a professional corporation that contracts directly with our legacy segment in the fourth quarter of 2018, similar to optometrist transfers that occurred in the third quarter of 2017. Incremental eye exam revenue as a result of these changes in operations at FirstSight drove a favorable impact to comparable store sales growth in the Legacy segment of approximately 200 basis points for the three months ended September 28, 2019, and an approximate favorable impact of 190 basis points and 140 basis points for the nine months ended September 28, 2019 and September 29, 2018, respectively.

(c) 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 0.6% and a decrease of 0.1% from total comparable store sales growth based on consolidated net revenue for the three months ended September 28, 2019 and September 29, 2018, respectively, and an increase of 0.3% and a decrease of 0.7% from total comparable store sales growth based on consolidated net revenue for the nine months ended September 28, 2019 and September 29, 2018, 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 a decrease of 0.1% from total comparable store sales growth based on consolidated net revenue for each of the three months ended September 28, 2019 and September 29, 2018, and a decrease of 0.2% and 0.1% from total comparable store sales growth based on consolidated net revenue for the nine months ended September 28, 2019 and September 29, 2018, respectively.

Reconciliation of Net Income to Adjusted EBITDA

Dollars in thousands	Three Months Ended September 28, 2019		Three Months Ended September 29, 2018		Nine Months Ended September 28, 2019		Nine Months Ended September 29, 2018		Twelve Months Ended September 28, 2019
Net income	$ 1,192	0.3 %	$ 5,171	1.3 %	$ 28,879	2.2%	$ 42,093	3.6 %	$ 11,452
Interest expense	7,873	1.8 %	9,407	2.4 %	25,902	2.0%	28,144	2.4 %	35,040
Income tax provision (benefit)	(7,739)	(1.8)%	(16,661)	(4.3)%	647	—%	(8,499)	(0.7)%	(9,637)
Depreciation and amortization	22,336	5.2 %	19,344	5.0 %	63,570	4.8%	54,783	4.6 %	83,126
EBITDA	23,662	5.5 %	17,261	4.5 %	118,998	9.0%	116,521	9.9 %	119,981
Stock compensation expense [a]	6,123	1.4 %	10,629	2.7 %	10,840	0.8%	13,749	1.2 %	18,030
Loss on extinguishment of debt [b]	9,786	2.3 %	—	— %	9,786	2.3%	—	— %	9,786
Asset impairment [c]	3,516	0.8 %	2,137	0.6 %	7,387	0.6%	2,137	0.2 %	22,881
New store pre-opening expenses [d]	848	0.2 %	512	0.1 %	2,862	0.2%	1,742	0.1 %	3,350
Non-cash rent [e]	537	0.1 %	661	0.2 %	2,386	0.2%	1,934	0.2 %	3,253
Secondary offering expenses [f]	401	0.1 %	702	0.2 %	406	—%	1,842	0.2 %	1,015
Management realignment expenses [g]	—	— %	—	— %	2,155	0.2%	—	— %	2,155
Long-term incentive plan expense [h]	1,108	0.3 %	4,611	1.2 %	1,830	0.1%	4,611	0.4 %	4,259
Other [i]	1,956	0.5 %	1,927	0.5 %	4,423	0.3%	3,112	0.3 %	6,096
Adjusted EBITDA / Adjusted EBITDA margin	$ 47,937	11.1 %	$ 38,440	9.9 %	$ 161,073	12.2%	$ 145,648	12.3 %	$ 190,806

See footnotes
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 Net Income to Adjusted Net Income

Dollars in thousands	Three Months Ended September 28, 2019	Three Months Ended September 29, 2018	Nine Months Ended September 28, 2019	Nine Months Ended September 29, 2018
Net income	$ 1,192	$ 5,171	$ 28,879	$ 42,093
Stock compensation expense (a)	6,123	10,629	10,840	13,749
Loss on extinguishment of debt (b)	9,786	—	9,786	—
Asset impairment (c)	3,516	2,137	7,387	2,137
New store pre-opening expenses (d)	848	512	2,862	1,742
Non-cash rent (e)	537	661	2,386	1,934
Secondary offering expenses (f)	401	702	406	1,842
Management realignment expenses (g)	—	—	2,155	—
Long-term incentive plan expense (h)	1,108	4,611	1,830	4,611
Other (i)	1,956	1,927	4,423	3,112
Amortization of acquisition intangibles and deferred financing costs (j)	2,031	2,279	6,625	6,840
Tax benefit of stock option exercises (k)	(6,303)	(13,900)	(7,683)	(17,966)
Tax effect of total adjustments (l)	(6,734)	(6,005)	(12,467)	(9,207)
Adjusted Net Income	$ 14,461	$ 8,724	$ 57,429	$ 50,887

See footnotes

Reconciliation of Diluted EPS to Adjusted Diluted EPS

Shares in thousands	Three Months Ended September 28, 2019	Three Months Ended September 29, 2018	Nine Months Ended September 28, 2019	Nine Months Ended September 29, 2018
Diluted EPS	$ 0.01	$ 0.06	$ 0.35	$ 0.54
Stock compensation expense [a]	0.08	0.13	0.13	0.17
Loss on extinguishment of debt [b]	0.12	—	0.12	—
Asset impairment [c]	0.04	0.03	0.09	0.03
New store pre-opening expenses [d]	0.01	0.01	0.04	0.02
Non-cash rent [e]	0.01	0.01	0.03	0.02
Secondary offering expenses [f]	—	0.01	—	0.02
Management realignment expenses [g]	—	—	0.03	—
Long-term incentive plan expense [h]	0.01	0.06	0.02	0.06
Other [i]	0.02	0.02	0.05	0.04
Amortization of acquisition intangibles and deferred financing costs [j]	0.02	0.03	0.08	0.09
Tax benefit of stock option exercises [k]	(0.08)	(0.17)	(0.09)	(0.23)
Tax effect of total adjustments [l]	(0.08)	(0.08)	(0.15)	(0.12)
Adjusted Diluted EPS	$ 0.18	$ 0.11	$ 0.70	$ 0.65
Weighted average diluted shares outstanding	81,561	79,710	81,510	78,571

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

Reconciliation of SG&A to Adjusted SG&A

Dollars in thousands	**Three Months Ended September 28, 2019**		**Three Months Ended September 29, 2018**		**Nine Months Ended September 28, 2019**		**Nine Months Ended September 29, 2018**	
SG&A	$ 190,290	44.1%	$ 185,028	47.8%	$ 566,444	42.8%	$ 521,344	44.1%
Stock compensation expense [a]	6,123	1.4%	10,629	2.7%	10,840	0.8%	13,749	1.2%
New store pre-opening expenses [d]	848	0.2%	512	0.1%	2,862	0.2%	1,742	0.1%
Non-cash rent [e]	537	0.1%	661	0.2%	2,386	0.2%	1,934	0.2%
Secondary offering expenses [f]	401	0.1%	702	0.2%	406	—%	1,842	0.2%
Management realignment expenses [g]	—	—%	—	—%	2,155	0.2%	—	—%
Long-term incentive plan expense [h]	1,108	0.3%	4,611	1.2%	1,830	0.3%	4,611	0.4%
Other [m]	1,727	0.4%	1,278	0.3%	3,187	0.2%	1,856	0.2%
Adjusted SG&A/ Adjusted SG&A Percent of Net Revenue	$ 179,546	41.6%	$ 166,635	43.0%	$ 542,778	41.0%	$ 495,610	42.0%

See footnotes

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

Reconciliation of GAAP to Non-GAAP Financial Measures Footnotes

(a) Non-cash charges related to stock-based compensation programs, which vary from period to period depending on the timing of awards and performance vesting conditions.
(b) Reflects write-off of deferred financing fees related to extinguishment of debt.
(c) Reflects write-off of property and equipment on closed or under-performing stores for the three and nine months ended September 28, 2019. Additionally, impairment of store assets, Military goodwill and Fred Meyer goodwill during the twelve months ended September 28, 2019.
(d) Pre-opening expenses, which include marketing and advertising, labor and occupancy expenses incurred prior to opening a new store, are generally higher than comparable expenses incurred once such store is open and generating revenue. We believe that such higher pre-opening expenses are specific in nature and are not indicative of ongoing core operating performance. We adjust for these costs to facilitate comparisons of store operating performance from period to period.
(e) Consists of the non-cash portion of rent expense, which reflects the extent to which our straight-line rent expense recognized under GAAP exceeds or is less than our cash rent payments.
(f) Expenses related to our secondary public offerings.
(g) 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.
(h) Expenses pursuant to a long-term incentive plan for non-executive employees who were not participants in the management equity plan. This plan was effective in 2014 following the acquisition of the Company by affiliates of KKR & Co. Inc. (the "KKR Acquisition").
(i) Other adjustments include amounts that management believes are not representative of our operating performance (amounts in brackets represent reductions in Adjusted EBITDA and Adjusted Net Income), including our share of losses on equity method investments of $0.2 million and $0.4 million for the three months ended September 28, 2019 and September 29, 2018, $1.2 million and $1.0 million for the nine months ended September 28, 2019 and September 29, 2018 and $1.6 million for the twelve months ended September 28, 2019, respectively; the amortization impact of the KKR Acquisition-related adjustments (e.g., fair value of leasehold interests) of $0.1 million and $0.2 million for the three months ended September 28, 2019 and September 29, 2018, $0.3 million for each of the nine months ended September 28, 2019 and September 29, 2018 and $0.4 million for the twelve months ended September 28, 2019, respectively; differences between the timing of expense versus cash payments related to contributions to charitable organizations of $(0.3) million and $(0.8) million for the three and nine months ended September 29, 2018, and $(0.3) million for the twelve months ended September 28, 2019, respectively; costs of severance and relocation of $1.0 million and $0.3 million for the three months ended September 28, 2019 and September 29, 2018, $1.8 million and $0.9 million for the nine months ended September 28, 2019 and September 29, 2018, $1.9 million for the twelve months ended September 28, 2019, respectively; excess payroll taxes related to stock option exercises of $0.5 million and $0.9 million for the three months ended September 28, 2019 and September 29, 2018, $0.6 million and $1.2 million for the nine months ended September 28, 2019 and September 29, 2018, and $1.2 million for the twelve months ended September 28, 2019, respectively; and other expenses and adjustments totaling $0.2 million and $0.4 million for the three months ended September 28, 2019 and September 29, 2018, $0.5 million for each of the nine months ended September 28, 2019 and September 29, 2018, and $1.2 million the twelve months ended September 28, 2019, respectively.
(j) Amortization of the increase in carrying values of definite-lived intangible assets resulting from the application of purchase accounting to the KKR Acquisition of $1.9 million for each of the three months ended September 28, 2019 and September 29, 2018 and $5.6 million for each of the nine months ended September 28, 2019 and September 29, 2018. Amortization of deferred financing costs is primarily associated with the March 2014 term loan borrowings in connection with the KKR Acquisition and, to a lesser extent, amortization of debt discounts associated with the May 2015 and February 2017 incremental First Lien - Term Loan B and the November 2017 First Lien - Term Loan B refinancing, aggregating to $0.2 million and $0.4 million for the three months ended September 28, 2019 and September 29, 2018 and $1.1 million and $1.3 million for the nine months ended September 28, 2019 and September 29, 2018.
(k) Tax benefit associated with accounting guidance adopted at the beginning of fiscal year 2017 (Accounting Standards Update 2016-09, *Compensation - Stock Compensation*), 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.
(l) Represents the income tax effect of the total adjustments at our combined statutory federal and state income tax rates.
(m) Reflects other expenses in (i) above, except for our share of losses on equity method investments of $0.2 million and $0.4 million for the three months ended September 28, 2019 and September 29, 2018 and $1.2 million and $1.0 million for the nine months ended September 28, 2019 and September 29, 2018, respectively and facility opening expenses of $0.3 million for each of the three and nine months ended September 29, 2018 which are non-SG&A expenses.

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 25)
- 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 metric has been lower than or equal to GAAP metric in 10 of last 13 quarters due to unearned revenue
- Total Comparable Store Sales Growth based on GAAP revenue was not calculated prior to 2017 IPO

TOTAL COMPARABLE STORE SALES GROWTH VERSUS ADJUSTED COMPARABLE STORE SALES GROWTH

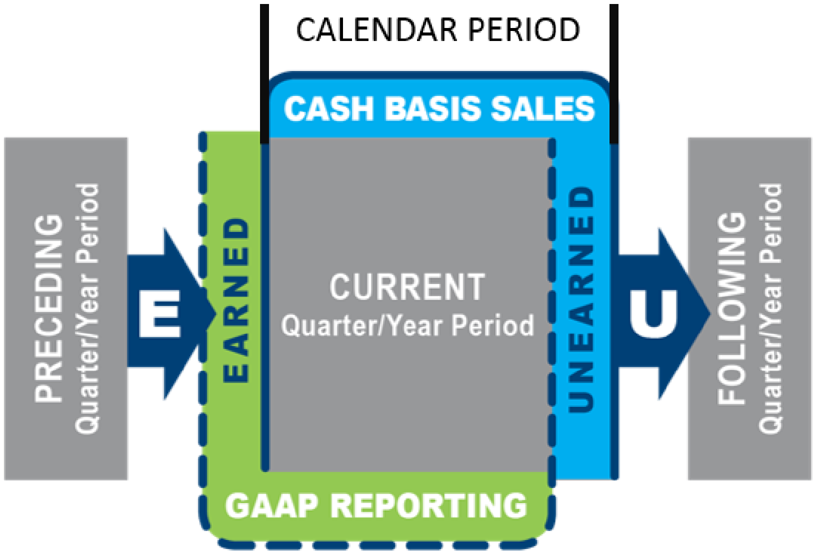
	2016		2017				2018				2019		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Total Comparable Store Sales Growth (GAAP)	5.2%	7.0%	5.7%	8.5%	8.3%	11.5%	4.6%	10.4%	7.0%	4.3%	6.2%	4.4%	5.7%
Adjusted Comparable Store Sales Growth	3.7%	7.0%	4.4%	9.1%	7.0%	10.4%	4.6%	8.8%	6.8%	2.9%	6.7%	3.8%	6.2%

*See Reconciliation for Total Comparable Store Sales Growth to Adjusted Comparable Store Sales Growth on slide 18

Unearned Revenue Primer

PURCHASE JOURNEY

UNEARNED REVENUE ACCOUNTING



- Customers generally pay for products and services at time of order. Eyeglasses are typically picked up 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