



# THIRD QUARTER 2024 FINANCIAL RESULTS

NOVEMBER 6, 2024

NASDAQ: EYE

# DISCLAIMER

## Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934. These statements include, but are not limited to, statements contained under "Fiscal 2024 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 including remote medicine and optometrist recruiting and retention initiatives, 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. The fiscal 2024 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 2024 outlook. The Company uses these forward-looking measures internally to assess and benchmark its results and strategic plans.

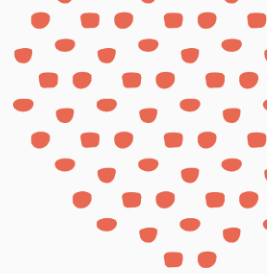
Forward-looking statements are not guarantees and are subject to various risks and uncertainties, which may cause actual results to differ materially from those implied in forward-looking statements. Such factors include, but are not limited to, the termination of our partnership with Walmart, including the transition period and other wind down activities, will have an impact on our business, revenues, profitability and cash flows, which impact could be material; market volatility, an overall decline in the health of the economy and other factors impacting consumer spending, including inflation, uncertainty in financial markets, recessionary conditions, escalated interest rates, the timing and issuance of tax refunds, governmental instability, war and natural disasters, may affect consumer purchases, which could reduce demand for our products and materially harm our sales, profitability and financial condition; failure to recruit and retain vision care professionals for in-store roles or to provide remote care offerings could adversely affect our business, financial condition and results of operations; the optical retail industry is highly competitive, and if we do not compete successfully, our business may be adversely impacted; if we fail to open and operate new stores (including as a result of store conversions) in a timely and cost-effective manner or fail to successfully enter new markets, our financial performance could be materially and adversely affected; if the performance of our Host brands declines or we are unable to maintain or extend our operating relationships with our Host partners, our business, profitability and cash flows may be adversely affected and we may be required to incur impairment charges; we are a low-cost provider and our business model relies on the low-cost of inputs and factors such as wage rate increases, inflation, cost increases, increases in the price of raw materials and energy prices could have a material adverse effect on our business, financial condition and results of operations; we require significant capital to fund our expanding business, including updating our Enterprise Resource Planning ("ERP") and Customer Relationship Management ("CRM"), and other technological, systems and capabilities; our ability to successfully implement transformation initiatives (including store fleet optimization); our growth strategy could strain our existing resources and cause the performance of our existing stores to suffer; our success depends upon our marketing, advertising and promotional efforts and if we are unable to implement them successfully or efficiently, or if our competitors are more effective than we are, we may experience a material adverse effect on our business, financial condition and results of operations; we are subject to risks associated with leasing substantial amounts of space, including future increases in occupancy costs; certain technological advances, greater availability of, or increased consumer preferences for, vision correction alternatives to prescription eyeglasses or contact lenses, or future drug development for the correction of vision-related problems may reduce the demand for our products and adversely impact our business and profitability; if we fail to retain our existing senior management team or attract qualified new personnel such failure could have a material adverse effect on our business, financial condition and results of operations; our profitability and cash flows may be negatively affected if we are not successful in managing our inventory balances and inventory shrinkage; our operating results and inventory levels fluctuate on a seasonal basis; our e-commerce and omni-channel business faces distinct risks, and our failure to successfully manage those risks could have a negative impact on our profitability; we depend on our distribution centers and/or optical laboratories; we may incur losses arising from our investments in technological innovators in the optical retail industry, including artificial intelligence, which would negatively affect our financial results; environmental, social and governance ("ESG") issues, including those related to climate change, could have a material adverse effect on our business, financial condition and results of operations; changing climate and weather patterns leading to severe weather and disasters may cause significant business interruptions and expenditures; future operational success depends on our ability to develop, maintain and extend relationships with managed vision care companies, vision insurance providers and other third-party payors; we face risks associated with vendors from whom our products are sourced and are dependent on a limited number of suppliers; we rely heavily on our information technology systems, as well as those of our vendors, for our business to effectively operate and to safeguard confidential information; any significant failure, inadequacy, interruption or security breach could adversely affect our business, financial condition and operations; we rely on third-party coverage and reimbursement, including government programs, for an increasing portion of our revenues, the future reduction of which could adversely affect our results of operations; we are subject to extensive state, local and federal vision care and healthcare laws and regulations and failure to adhere to such laws and regulations would adversely affect our business; we are subject to managed vision care laws and regulations; we are subject to rapidly changing and increasingly stringent laws, regulations, contractual obligations, and industry standards relating to privacy, data security and data protection which could subject us to liabilities that adversely affect our business, operations and financial performance; we could be adversely affected by product liability, product recall or personal injury issues; failure to comply with laws, regulations and enforcement activities or changes in statutory, regulatory, accounting and other legal requirements could potentially impact our operating and financial results; adverse judgments or settlements resulting from legal proceedings relating to our business operations could materially adversely affect our business, financial condition and results of operations; we may not be able to adequately protect our intellectual property, which could harm the value of our brand and adversely affect our business; we have a significant amount of indebtedness which could adversely affect our business and financial position, including limiting our business flexibility and preventing us from meeting our debt obligations; a change in interest rates may adversely affect our business; our credit agreement contains restrictions that limit our flexibility in operating our business; conversion of the 2025 Notes could dilute the ownership interest of existing stockholders or may otherwise depress the price of our common stock; and risks related to owning our common stock, including our ability to comply with requirements to design and implement and maintain effective internal controls. Additional information about these and other factors that could cause National Vision's results to differ materially from those described in the forward-looking statements can be found in filings by National Vision with the Securities and Exchange Commission ("SEC"), including our latest Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q, which are accessible on the SEC's website at [www.sec.gov](http://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

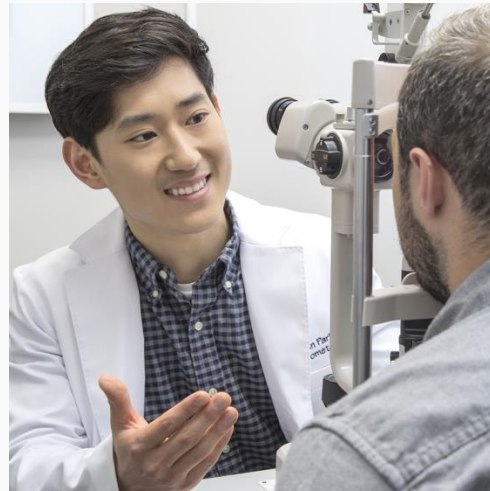
Included in this presentation are certain non-GAAP financial measures designed to supplement, and not substitute, the financial information presented in accordance with generally accepted accounting principles in the United States of America ("GAAP") because management believes such measures are useful 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 regarding financial results for the third quarter of 2024, which is available at [www.nationalvision.com/investors](http://www.nationalvision.com/investors), together with this presentation.

## Discontinued Operations

During the first nine months of fiscal 2024, the Company ceased its Walmart and AC Lens operations which met the accounting requirements for reporting each of the Legacy segment and the substantial majority of AC Lens operations as a discontinued operation. Accordingly, the condensed consolidated financial statement information presented herein reflects the results of the Legacy segment and AC Lens operations as discontinued operations for all periods presented. Unless otherwise noted, amounts and disclosures herein relate to the Company's continuing operations.



**WE HELP PEOPLE SEE THEIR BEST TO LIVE THEIR BEST.**  
**NATIONAL VISION'S BUSINESS HAS BEEN**  
**DRIVEN BY THIS BELIEF FOR OVER 30 YEARS.**



# Q3 2024 Highlights (Continuing Operations)

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**\$452M**  
Net Revenues

**+2.9%**  
Net Revenue  
Growth

**0.9%**  
Adj. Comp. Store  
Sales Growth<sup>1</sup>

**\$14M**  
Adj. Operating  
Income<sup>1</sup>

**\$0.12**  
Adj. Diluted EPS<sup>1</sup>

**1.8x**  
Net Debt/  
Adj. EBITDA<sup>1</sup>

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

# Strategic Initiatives Focused on Transformation

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## Actions focused on driving profitable growth and strengthening foundation:

- Optimizing store fleet for profitability and overall performance
- Implementing traffic-driving initiatives, including execution of promotions and new product introductions
- Continuing to expand exam capacity and efficiency through remote capabilities
- Implementing operational improvements to enhance the overall patient and customer experience





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2 PAIRS \$127<sup>95</sup>

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2 PAIRS \$79<sup>95</sup> FREE

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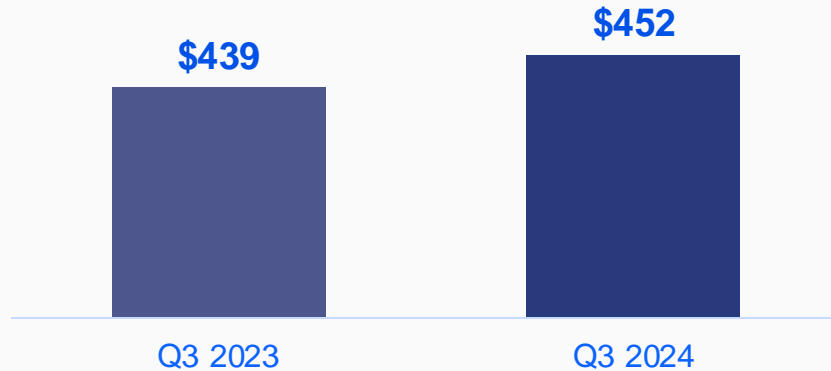
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# Q3 2024 Revenue Drivers (Continuing Operations)

## NET REVENUE (\$M)



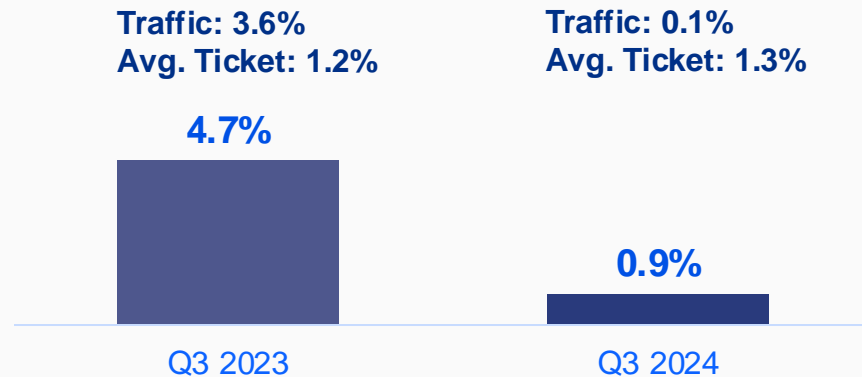
## Net Revenue

- Increased 2.9% primarily driven by growth from new store sales and Adjusted Comparable Store Sales Growth and the effect of unearned revenue, partially offset by converted and closed stores and lower e-commerce revenue

## Store count

- Opened 18 AB stores and closed 2 AB stores and 1 Military store
- Ended Q3 FY24 with 1,231 total stores

## ADJUSTED COMPARABLE STORE SALES GROWTH Y/Y (%)<sup>1</sup>



## Adjusted Comparable Store Sales Growth<sup>1</sup>

- Q3 adjusted comparable store sales growth driven by higher ticket and traffic

## Q3 Adjusted Comparable Stores Sales Growth<sup>1</sup> by Brand

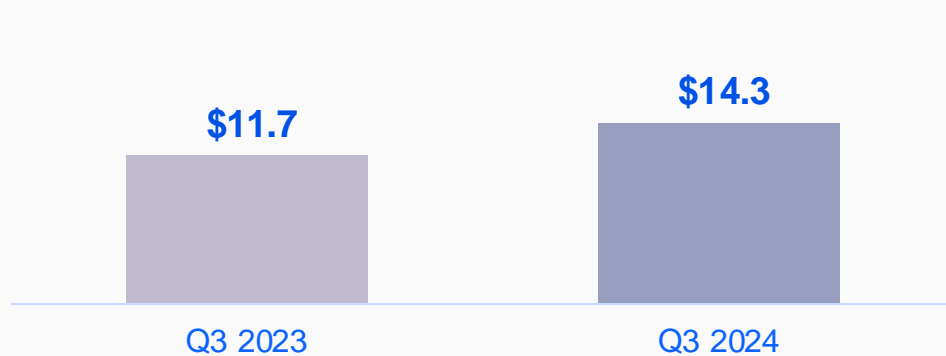
- America's Best: 1.2% compared to 5.7% in Q3 2023
- EGW: -0.9% compared to -1.2% in Q3 2023

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

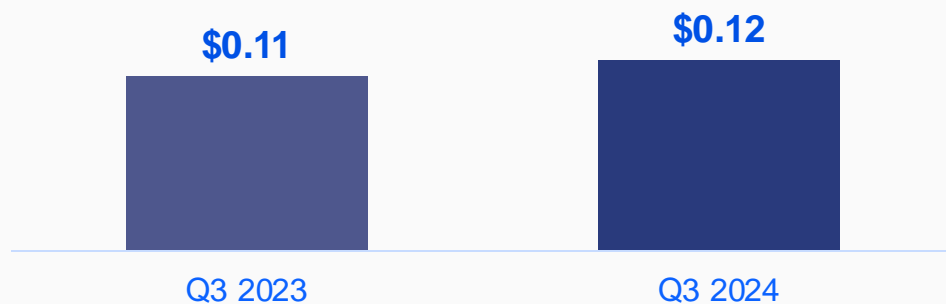
2 - The difference between Traffic and Ticket and Adjusted Comparable Store Sales Growth is attributable to managed care reserve adjustments in the period

# Q3 2024 Results (Continuing Operations)

## ADJUSTED OPERATING INCOME (\$M)<sup>1</sup>



## ADJUSTED DILUTED EARNINGS PER SHARE<sup>1</sup>



Costs applicable to revenue as percentage of net revenue increased 20 bps to 42.1% vs. Q3 2023:

- Gross margin decrease of ~20 bps driven primarily by increased optometrist-related costs, partially offset by higher exam revenue
- Exam revenues aided by pricing actions and growth in exam count

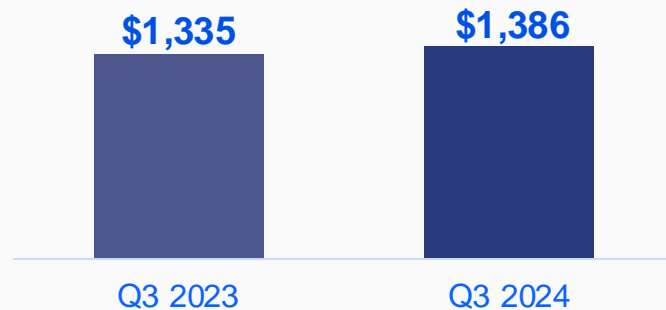
Adjusted SG&A Percent of Net Revenue<sup>1</sup> decreased 60 bps to 49.8% vs. Q3 2023:

- ~80 basis-point decrease in performance-based incentive compensation and ~60 basis-point decrease in other operating expenses, partially offset by a ~80 basis-point increase in higher payroll and occupancy expense

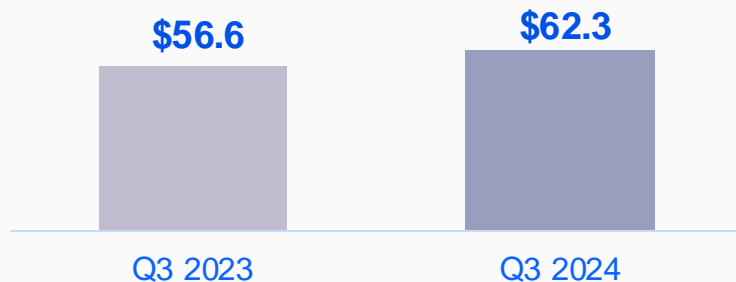
1- Non-GAAP financial measure; see Appendix for reconciliation to GAAP financial measures

# Q3 2024 YTD Results (Continuing Operations)

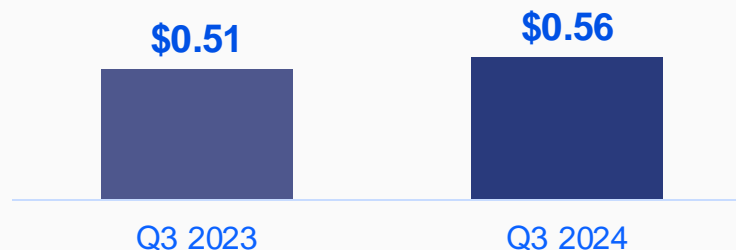
## NET REVENUE (\$M)



## ADJUSTED OPERATING INCOME (\$M)<sup>1</sup>



## ADJUSTED DILUTED EARNINGS PER SHARE<sup>1</sup>



### Net Revenue

- Increased 3.8% compared with the same period of 2023
- Driven by new stores and 1.2% in Adjusted Comparable Store Sales Growth<sup>1</sup> and the effect of unearned revenue, partially offset by converted and closed stores and lower e-commerce revenue

### Store count

- Opened 49 new stores, and converted 20 Eyeglass World stores to America's Best stores and closed 4 America's Best, 1 Eyeglass World, and 1 Military
- Ended Q3 FY24 with 1,231 total stores

### Adjusted Operating Income<sup>1</sup>

- Increased 9.9% compared with the same period of 2023
- Adjusted Operating Margin<sup>1</sup> was 4.5% compared with 4.2% for the same period in 2023.

**Adjusted Diluted EPS<sup>1</sup> was \$0.56 compared to \$0.51 in the same period of 2023**

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

# Q3 2024 Capital Structure (Continuing Operations)

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## Strong Balance Sheet & Liquidity Position

- **Reduced net debt by over \$100 million**
  - Repurchased ~\$218 million aggregate principal amount of 2025 Notes for an aggregate cash purchase price of ~\$215 million. Funded with \$115 million of incremental term loans and \$100 million of cash
- **Liquidity of \$375 million**, including cash balance of \$81 million and revolving credit facility available capacity

## Capital Expenditures

- **\$63 million YTD** primarily focused on new store openings and investments in existing stores and technology

# 2024 Capital Allocation Priorities

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## Invest in Growth

Expecting capital expenditures of \$100 - \$105 million for new store openings and investments in technology

## Debt Structure

Reduced debt by over \$100 million

Sufficient available liquidity to settle 2025 Notes at maturity

## Return Capital to Shareholders

\$50 million remaining in share repurchase authorization as of September 28, 2024

**Healthy balance sheet enables robust and disciplined capital plan designed for continued growth and balanced with opportunistically returning capital to shareholders**



# Outlook

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# Fiscal 2024 Outlook

## Reaffirms Key Metrics | Updates Capital Expenditures Outlook

	Continuing Operations Fiscal 2024 Outlook	
<b>New Stores</b>	65 - 70	
<b>Adjusted Comparable Store Sales Growth<sup>1</sup></b>	0.5% - 1.5%	
<b>Net Revenue (billions)</b>	\$1.820 - \$1.840	
<b>Adjusted Operating Income (millions)</b>	\$57 - \$62	
<b>Adjusted Diluted EPS<sup>2</sup></b>	\$0.45 - \$0.50	
<b>Depreciation and Amortization<sup>3</sup> (millions)</b>	\$94 - \$99	
<b>Interest<sup>4</sup> (millions)</b>	\$7 - \$9	
<b>Tax Rate<sup>5</sup></b>	26% to 28%	
	Prior Capital Expenditures Outlook (as of August 7, 2024)	Current Capital Expenditures Outlook
<b>Capital Expenditures (millions)</b>	\$110 - \$115	\$100 - \$105

1 - Refer to the Reconciliation of Adjusted Comparable Stores Sales Growth to Total Comparable Store Sales Growth within the Appendix

2 - Assumes approximately 79 million shares, and does not include 2.7 million shares attributable to the 2025 Notes as the Company anticipates them to be anti-dilutive to earnings per share for fiscal year 2024

3 - Includes amortization of acquisition intangibles of approximately \$1.3 million for continuing operations, which is excluded in the definition of Adjusted Operating Income

4 - Before the impact of gains or losses on change in fair value of derivatives and charges related to amortization of debt discounts and deferred financing costs

5 - Excluding the impact of vesting of restricted stock units and stock option exercises

The fiscal 2024 outlook information provided in the table above includes Adjusted Operating Income and Adjusted Diluted EPS guidance, which are non-GAAP financial measures management uses in measuring performance. The Company is not able to reconcile these forward-looking non-GAAP measures to comparable GAAP measures 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.

# Appendix

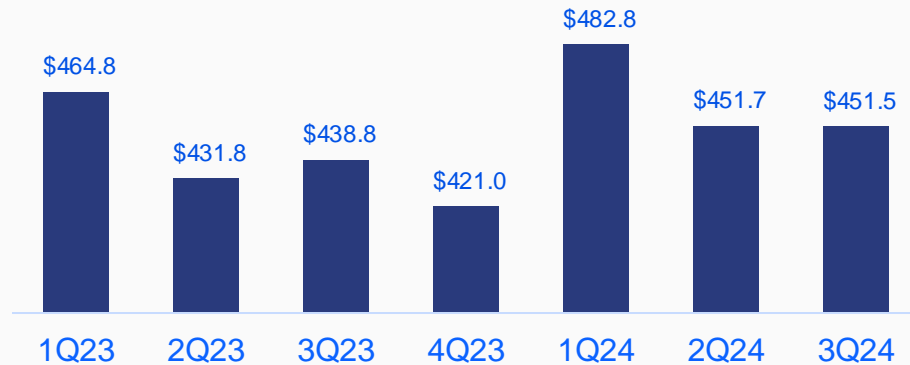
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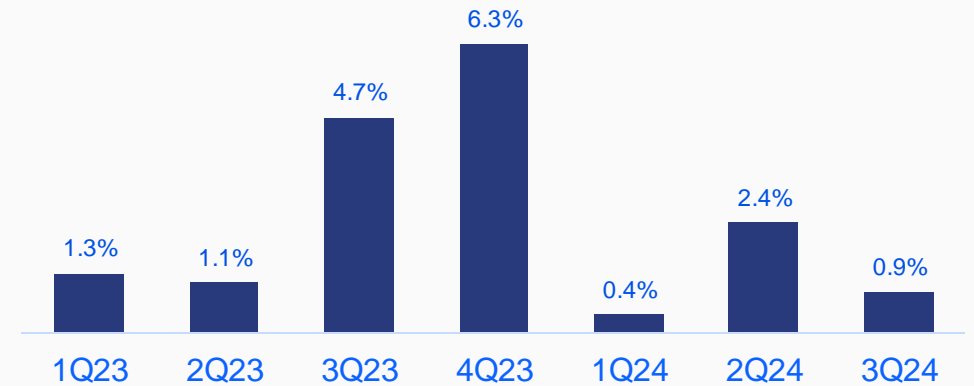


# Quarterly Financial Historical Overview (Continuing Operations) (Preliminary and Unaudited)

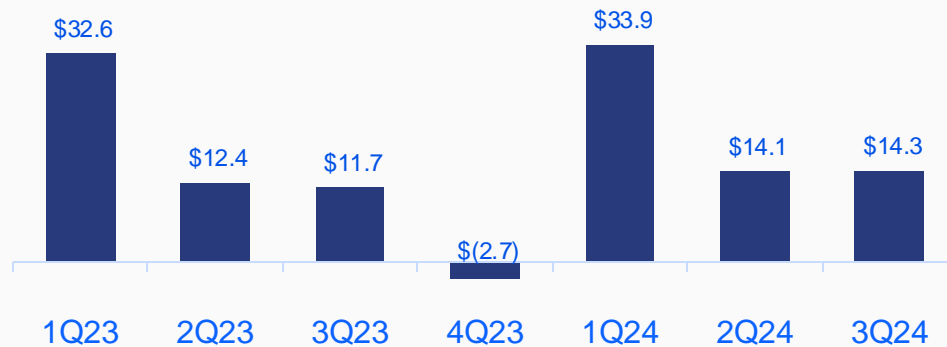
NET REVENUE (\$M)



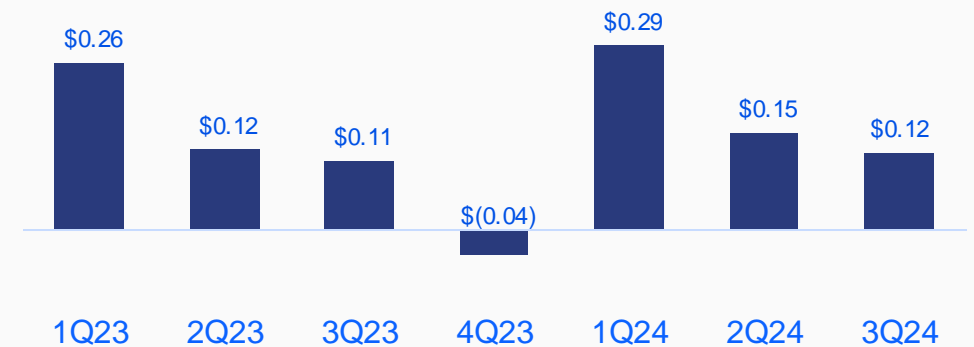
ADJUSTED COMPARABLE STORE SALES GROWTH (%)<sup>1</sup>



ADJUSTED OPERATING INCOME (\$M)<sup>1</sup>



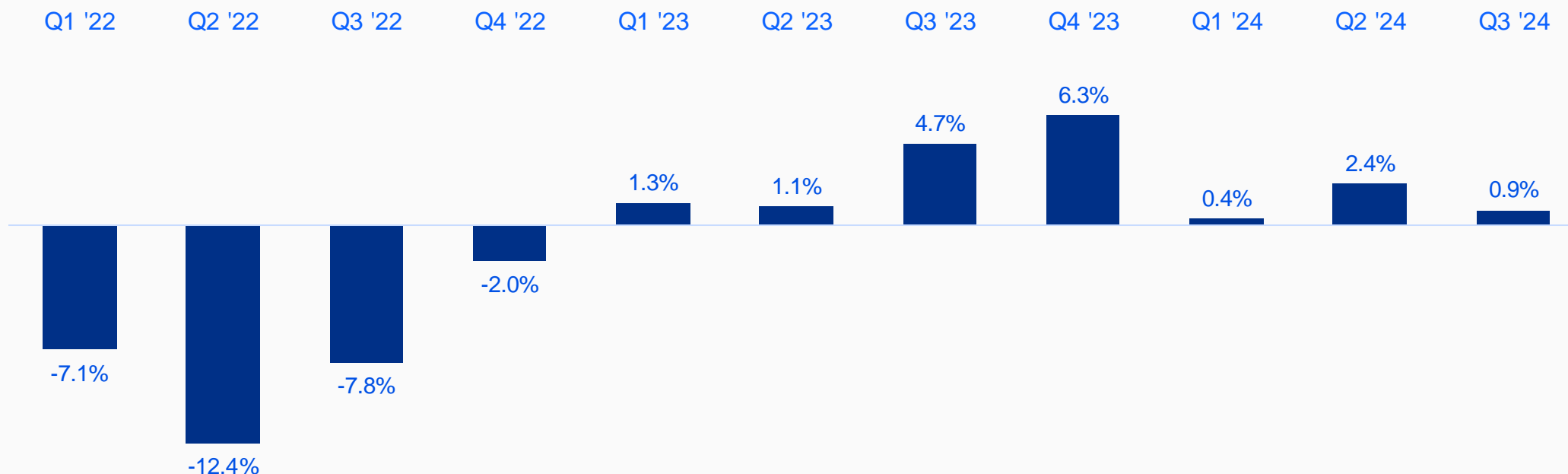
ADJUSTED DILUTED EARNINGS PER SHARE<sup>1</sup>



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

# Historical Adjusted Comparable Store Sales Growth & Drivers

ADJUSTED COMPARABLE STORE SALES GROWTH Y/Y (%)<sup>1</sup>



	Q1 '22	Q2 '22	Q3 '22	Q4 '22	Q1 '23	Q2 '23	Q3 '23	Q4 '23	Q1 '24	Q2 '24	Q3 '24
Traffic <sup>2</sup>	-6.5%	-9.9%	-7.4%	-3.0%	1.0%	0.3%	3.6%	5.9%	-0.6%	1.9%	0.1%
Ticket <sup>2</sup>	-0.6%	-2.4%	0.0%	1.4%	0.7%	1.3%	1.2%	0.7%	1.2%	0.4%	1.3%

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

2 - The difference between Traffic and Ticket and Adjusted Comparable Store Sales Growth is attributable to managed care reserve adjustments in the period

# Capital Structure and Cash Flow

<b><u>Q3 2024 Capital Structure (\$M)</u></b>	<b>Debt Amount</b>	<b>Less: Deferred Financing Costs</b>	<b>Amounts per Balance Sheet</b>	<b>% of Total</b>	<b>Coupon</b>	<b>Maturity</b>
First Lien - Term A Loans	\$ 257.5	\$ (1.7)	\$ 255.8	72 %	Term SOFR + 1.50%	6/13/2028
First Lien - Revolving Loans <sup>1</sup>	—	—	—	— %	Term SOFR + 1.50%	6/13/2028
Convertible senior notes	84.8	(0.3)	84.4	24 %	2.50%	5/15/2025
Other debt <sup>2</sup>	13.6	—	13.6	4 %		
<b>Total debt</b>	<b>\$ 355.9</b>	<b>\$ (2.0)</b>	<b>\$ 353.8</b>	<b>100 %</b>		
Cash and cash equivalents			81.2			
<b>Net debt</b>			<b>\$ 272.6</b>			

## **Cash Flow (\$M)**

	<b>Nine Months Ended</b>	
	<b>September 28, 2024</b>	<b>September 30, 2023</b>
Net cash provided by operating activities	\$ 103.4	\$ 153.3
Net cash used for investing activities	(62.4)	(82.6)
Net cash used for financing activities	(109.4)	(34.2)
<b>Net change in cash, cash equivalents and restricted cash</b>	<b>\$ (68.4)</b>	<b>\$ 36.5</b>

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

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

2- Finance lease obligations

# Consolidated Financial Results (Unaudited)

	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
<i>Dollars and shares in thousands, except Earnings (Loss) Per Share</i>				
<b>Revenue:</b>				
Net product sales	\$ 363,156	\$ 354,566	\$ 1,113,206	\$ 1,086,899
Net sales of services and plans	88,359	84,254	272,836	248,519
Total net revenue	451,515	438,820	1,386,042	1,335,418
<b>Costs applicable to revenue (exclusive of depreciation and amortization):</b>				
Products	106,392	105,850	330,809	323,286
Services and plans	83,537	77,979	248,246	226,992
Total costs applicable to revenue	189,929	183,829	579,055	550,278
<b>Operating expenses:</b>				
Selling, general and administrative expenses	233,991	227,515	705,472	679,115
Depreciation and amortization	22,690	22,476	68,603	66,521
Asset impairment	13,726	1,452	17,701	2,699
Other expense (income), net	—	1	(1)	(103)
Total operating expenses	270,407	251,444	791,775	748,232
Income (loss) from operations	(8,821)	3,547	15,212	36,908
Interest expense, net	4,108	3,722	11,560	10,425
Gain on extinguishment of debt	(859)	—	(859)	—
Earnings (loss) from continuing operations before income taxes	(12,070)	(175)	4,511	26,483
Income tax provision (benefit)	(3,630)	191	2,239	8,198
Income (loss) from continuing operations, net of tax	(8,440)	(366)	2,272	18,285
Loss from discontinued operations, net of tax	(28)	(73,432)	(2,180)	(68,199)
Net income (loss)	\$ (8,468)	\$ (73,798)	\$ 92	\$ (49,914)
<b>Basic earnings (loss) per share:</b>				
Continuing operations	\$ (0.11)	\$ (0.00)	\$ 0.03	\$ 0.23
Discontinued operations	\$ (0.00)	\$ (0.94)	\$ (0.03)	\$ (0.87)
Total	\$ (0.11)	\$ (0.94)	\$ 0.00	\$ (0.64)
<b>Diluted earnings (loss) per share:</b>				
Continuing operations	\$ (0.11)	\$ (0.00)	\$ 0.03	\$ 0.23
Discontinued operations	\$ (0.00)	\$ (0.94)	\$ (0.03)	\$ (0.87)
Total	\$ (0.11)	\$ (0.94)	\$ 0.00	\$ (0.63)
Weighted average shares outstanding - basic	78,655	78,163	78,538	78,328
Weighted average shares outstanding - diluted	78,655	78,163	78,747	78,646

Note: Diluted EPS related to the 2025 Notes is calculated using the if-converted method. The 2025 Notes were anti-dilutive for all periods disclosed above and excluded from the computation of the weighted average shares for diluted EPS.

# Reconciliation of Adjusted Operating Income (Loss) from Continuing Operations to Net Income (Loss) (Preliminary and Unaudited)

<i>Dollars in thousands</i>	Three Months Ended						Nine Months Ended		
	April 1, 2023	July 1, 2023	September 30, 2023	December 30, 2023	March 30, 2024	June 29, 2024	September 28, 2024	September 30, 2023	September 28, 2024
<b>Total net revenue from continuing operations</b>	\$464,812	\$431,786	\$438,820	\$420,953	\$482,794	\$451,733	\$451,515	\$1,335,418	\$1,386,042
<b>Net income (loss)</b>	18,270	5,614	(73,798)	(15,987)	11,685	(3,125)	(8,468)	(49,914)	92
Income (loss) from discontinued operations, net of tax	3,256	1,977	(73,432)	(1,248)	(68)	(2,084)	(28)	(68,199)	(2,180)
<b>Income (loss) from continuing operations, net of tax</b>	15,014	3,637	(366)	(14,739)	11,753	(1,041)	(8,440)	18,285	2,272
Interest expense, net	4,867	1,836	3,722	3,914	4,256	3,196	4,108	10,425	11,560
Income tax provision (benefit)	7,919	88	191	(2,192)	7,433	(1,564)	(3,630)	8,198	2,239
Stock-based compensation expense <sup>(a)</sup>	4,049	5,172	5,099	4,883	2,414	4,750	4,615	14,320	11,779
(Gain) loss on extinguishment of debt <sup>(b)</sup>	—	—	—	599	—	—	(859)	—	(859)
Asset impairment <sup>(c)</sup>	354	893	1,452	—	456	3,519	13,726	2,699	17,701
Litigation settlement <sup>(d)</sup>	—	—	—	—	4,450	—	—	—	4,450
ERP and CRM Implementation expenses <sup>(g)</sup>	—	—	173	311	516	2,141	1,804	173	4,461
Other <sup>(h)</sup>	362	743	1,429	4,484	2,616	3,072	2,970	2,534	8,658
<b>Adjusted Operating Income (Loss) from continuing operations</b>	<b>\$ 32,565</b>	<b>\$ 12,369</b>	<b>\$ 11,700</b>	<b>\$ (2,740)</b>	<b>\$ 33,894</b>	<b>\$ 14,073</b>	<b>\$ 14,294</b>	<b>\$ 56,634</b>	<b>\$ 62,261</b>
<b>Income (loss) from continuing operations, net of tax margin</b>	3.2 %	0.8 %	(0.1)%	(3.5)%	2.4 %	(0.2)%	(1.9)%	1.4 %	0.2 %
<b>Adjusted Operating Margin from continuing operations</b>	7.0 %	2.9 %	2.7 %	(0.7)%	7.0 %	3.1 %	3.2 %	4.2 %	4.5 %

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

# Reconciliation of Adjusted Diluted EPS from Continuing Operations to Diluted EPS (Preliminary and Unaudited)

	Three Months Ended							Nine Months Ended	
	April 1, 2023	July 1, 2023	September 30, 2023	December 30, 2023	March 30, 2024	June 29, 2024	September 28, 2024	September 30, 2023	September 28, 2024
<i>Shares in thousands, except per share amounts</i>									
<b>Diluted EPS</b>	\$ 0.22	\$ 0.07	\$ (0.94)	\$ (0.20)	\$ 0.15	\$ (0.04)	\$ (0.11)	\$ (0.63)	\$ 0.00
Diluted EPS from discontinued operations	0.04	0.03	(0.94)	(0.02)	(0.00)	(0.03)	0.00	(0.87)	(0.03)
<b>Diluted EPS from continuing operations</b>	<b>0.19</b>	<b>0.05</b>	<b>(0.00)</b>	<b>(0.19)</b>	<b>0.15</b>	<b>(0.01)</b>	<b>(0.11)</b>	<b>0.23</b>	<b>0.03</b>
Stock-based compensation expense <sup>(a)</sup>	0.04	0.07	0.07	0.06	0.03	0.06	0.06	0.18	0.15
(Gain) loss on extinguishment of debt <sup>(b)</sup>	—	—	—	0.01	—	—	(0.01)	—	(0.01)
Asset impairment <sup>(c)</sup>	0.00	0.01	0.02	—	0.01	0.04	0.17	0.03	0.22
Litigation settlement <sup>(d)</sup>	—	—	—	—	0.06	—	—	—	0.06
Amortization of debt discount and deferred financing costs <sup>(e)</sup>	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.03	0.02
Derivative fair value adjustments <sup>(f)</sup>	0.03	0.00	0.03	0.05	0.03	0.04	0.01	0.08	0.08
ERP and CRM implementation expenses <sup>(g)</sup>	—	—	0.00	0.00	0.01	0.03	0.02	0.00	0.06
Other <sup>(h)</sup>	0.00	0.01	0.02	0.06	0.03	0.04	0.04	0.03	0.11
Tax effect of total adjustments <sup>(i)</sup>	(0.01)	(0.03)	(0.04)	(0.04)	(0.03)	(0.05)	(0.07)	(0.08)	(0.16)
<b>Adjusted Diluted EPS from continuing operations</b>	<b>\$ 0.26</b>	<b>\$ 0.12</b>	<b>\$ 0.11</b>	<b>\$ (0.04)</b>	<b>\$ 0.29</b>	<b>\$ 0.15</b>	<b>\$ 0.12</b>	<b>\$ 0.51</b>	<b>\$ 0.56</b>
<b>Weighted average diluted shares outstanding</b>	<b>92,136</b>	<b>78,343</b>	<b>78,163</b>	<b>78,269</b>	<b>78,826</b>	<b>78,575</b>	<b>78,655</b>	<b>78,646</b>	<b>78,747</b>

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

# Reconciliation of Adjusted EBITDA from Continuing Operations to Net Loss (Preliminary and Unaudited)

<i>Dollars in thousands</i>	<u>Twelve Months Ended September 28, 2024</u>
<b>Total net revenue</b>	\$ 1,806,995
<b>Net loss</b>	(15,895)
Loss from discontinued operations, net of tax	(3,428)
<b>Loss from continuing operations, net of tax</b>	(12,467)
Interest expense, net	15,474
Income tax provision	47
Depreciation and amortization	91,956
<b>EBITDA from continuing operations</b>	95,010
Stock-based compensation expense <sup>(a)</sup>	16,662
(Gain) loss on extinguishment of debt <sup>(b)</sup>	(260)
Asset impairment <sup>(c)</sup>	17,701
Litigation settlement <sup>(d)</sup>	4,450
ERP and CRM implementation expenses <sup>(g)</sup>	4,772
Other <sup>(h)</sup>	11,617
<b>Adjusted EBITDA from continuing operations</b>	<u>\$ 149,952</u>
<b>Income (loss) from continuing operations, net of tax margin</b>	(0.7)%
<b>Adjusted EBITDA Margin from continuing operations</b>	8.3 %
<b>Net debt/Income (loss) from continuing operations, net of tax</b>	(21.9)x
<b>Net debt/Adjusted EBITDA from continuing operations</b>	1.8x

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

## Reconciliation of Adjusted SG&A from Continuing Operations to SG&A from Continuing Operations (Unaudited)

<i>Dollars in thousands</i>	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
<b>SG&amp;A from continuing operations</b>	\$ 233,991	\$ 227,515	\$ 705,472	\$ 679,115
Stock-based compensation expense <sup>(a)</sup>	4,615	5,099	11,779	14,320
Litigation settlement <sup>(d)</sup>	—	—	4,450	—
ERP and CRM implementation expenses <sup>(g)</sup>	1,804	173	4,461	173
Other <sup>(h)</sup>	2,532	1,048	7,457	1,394
<b>Adjusted SG&amp;A from continuing operations</b>	<b>\$ 225,040</b>	<b>\$ 221,195</b>	<b>\$ 677,325</b>	<b>\$ 663,228</b>
<b>SG&amp;A from continuing operations Percent of Net Revenue</b>	51.8 %	51.8 %	50.9 %	50.9 %
<b>Adjusted SG&amp;A from continuing operations Percent of Net Revenue</b>	49.8 %	50.4 %	48.9 %	49.7 %

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



# Reconciliation of non-GAAP to GAAP Financial Measures Footnotes

- a. Non-cash charges related to stock-based compensation programs, which vary from period to period depending on the timing of awards and performance vesting conditions.
- b. Reflects the extinguishment loss related to the repurchase of \$100 million of the 2025 Notes on November 14, 2023, and the extinguishment gain related to the repurchase of \$217.7 million of the 2025 Notes on August 12, 2024.
- c. Reflects write-off related to non-cash impairment of long-lived assets, primarily impairment of Fred Meyer contracts and relationships intangible asset of \$10.5 million for the three and nine months ended September 28, 2024, and impairment of property, equipment and lease-related assets on closed or underperforming stores and certain store closure decisions made as part of the Company's store optimization review in the current period.
- d. Expenses associated with settlement of certain litigation.
- e. Amortization of deferred financing costs and other non-cash charges related to our debt. We adjust for amortization of deferred financing costs related to the 2025 Notes only when adjustment for these costs is not required in the calculation of diluted earnings per share under U.S. GAAP.
- f. The adjustments for the derivative fair value (gains) and losses have the effect of adjusting the (gain) or loss for changes in the fair value of derivative instruments and amortization of AOCL for derivatives not designated as accounting hedges. This results in reflecting derivative (gains) and losses within Adjusted Diluted EPS during the period the derivative is settled.
- g. Costs related to the Company's ERP and CRM implementation.
- h. 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, Adjusted EBITDA, and Adjusted SG&A), which are primarily related to costs associated with the digitization of paper-based records of \$1.5 million and \$5.7 million for the three and nine months ended September 28, 2024, respectively, costs associated with the store fleet review of \$1.1 million for the three and nine months ended September 28, 2024, and other expenses and adjustments. Other adjustments for both Adjusted Operating Income and Adjusted Diluted EPS include amortization of the increase in carrying values of finite-lived intangible assets resulting from the application of purchase accounting following the acquisition of the Company by affiliates of KKR & Co. Inc. Adjusted Diluted EPS is also adjusted to include debt issuance costs. Other adjustments for Adjusted SG&A exclude gains and losses on other investments and optometrist-related store optimization costs.
- i. Represents the income tax effect of the total adjustments at our combined statutory federal and state income tax rates, including tax expense (benefit) from stock-based compensation.

# Reconciliation of Adjusted Comparable Stores Sales Growth from Continuing Operations (Unaudited)

	Comparable store sales growth from continuing operations <sup>(a)</sup>										
	Three Months Ended September 28, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 28, 2024	Nine Months Ended September 30, 2023	2024 Outlook <sup>(b)</sup>						
<b>Owned &amp; Host segment</b>											
America's Best	1.2 %	5.7 %	1.7 %	3.0 %							
Eyeglass World	(0.9)%	(1.2)%	(2.3)%	(1.7)%							
Military	(0.6)%	3.8 %	(0.7)%	2.3 %							
Fred Meyer	(7.3)%	(3.7)%	(5.3)%	(5.9)%							
<b>Total comparable store sales growth from continuing operations</b>	1.4 %	4.1 %	1.7 %	2.4 %	1.0% - 2.0%						
Adjustments for effect of: <sup>(b)</sup>											
Unearned & deferred revenue	(0.5)%	0.6 %	(0.5)%	(0.1)%							
<b>Adjusted Comparable Store Sales Growth from continuing operations</b>	<u>0.9 %</u>	<u>4.7 %</u>	<u>1.2 %</u>	<u>2.3 %</u>	0.5% - 1.5%						
	<b>2022</b>			<b>2023</b>				<b>2024</b>			
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>
Total comparable store sales growth	(5.0)%	(10.8)%	(7.7)%	(5.5)%	3.4 %	(0.2)%	4.1 %	6.6 %	1.4 %	2.2 %	1.4 %
Adjustments for effects of: <sup>(b)</sup>											
Unearned & deferred revenue	(2.1)%	(1.6)%	(0.1)%	3.5 %	(2.1)%	1.3 %	0.6 %	(0.3)%	(1.0)%	0.2 %	(0.5)%
<b>Adjusted Comparable Store Sales Growth</b>	<u>(7.1)%</u>	<u>(12.4)%</u>	<u>(7.8)%</u>	<u>(2.0)%</u>	<u>1.3 %</u>	<u>1.1 %</u>	<u>4.7 %</u>	<u>6.3 %</u>	<u>0.4 %</u>	<u>2.4 %</u>	<u>0.9 %</u>

- a. Total comparable store sales from continuing operations is calculated based on consolidated net revenue from continuing operations 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 12. "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, 2024.
- b. Adjusted Comparable Store Sales Growth from continuing operations includes the effect of deferred and unearned revenue as if such revenues were earned at the point of sale, resulting in the changes from total comparable store sales growth from continuing operations based on consolidated net revenue from continuing operations; with respect to the Company's 2024 Outlook, Adjusted Comparable Store Sales Growth includes an estimated 0.5% decrease for the effect of deferred and unearned revenue as if such revenues were earned at the point of sale.

# Adjusted Comparable Store Sales Growth Primer

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## What is Adjusted Comparable Store Sales Growth?

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

## Why use Adjusted Comparable Store Sales Growth?

- Provides a clear view of the Company's current operating performance
- Shifts in unearned revenue are difficult to predict and related to short-term customer behavior (see slide 28)
- Used by management to assess business performance and is the basis for store-level business performance
- Consistently applied methodology

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

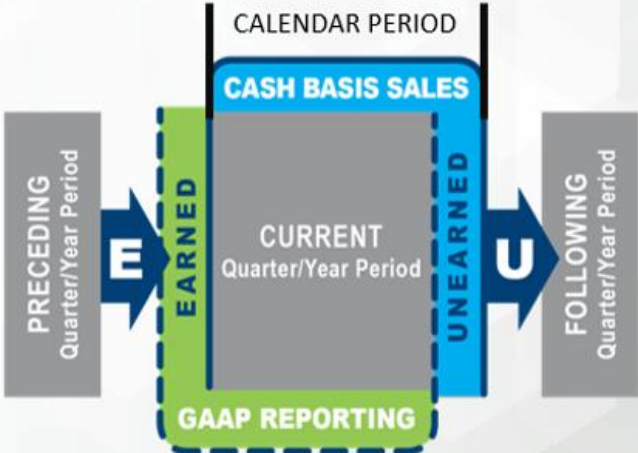
- Company provides total comparable store sales growth measured on GAAP revenue
- Adjusted measure has been lower than or equal to GAAP measure in 7 of last 11 quarters due to unearned revenue
- Total comparable store sales growth based on GAAP revenue was not calculated prior to 2017 IPO

# Unearned Revenue Primer

## PURCHASE JOURNEY



## UNEARNED REVENUE ACCOUNTING



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

**Illustrative Unearned Revenue Primer**

Quarter	Revenue Last 7-10 Days of Current Qtr.	Current Qtr. Deferral	Prior Qtr. Recognition	Current Qtr. Revenue Impact
Q4	\$ 75			
Q1	\$ 100	\$ (100)	\$ 75	\$ (25)
Q2	\$ 50	\$ (50)	\$ 100	\$ 50
Q3	\$ 25	\$ (25)	\$ 50	\$ 25
Q4	\$ 75	\$ (75)	\$ 25	\$ (50)

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

***“It’s a short-term timing difference between quarters”***



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