WARBY PARKER

SECOND QUARTER 2022 EARNINGS REPORT

Speakers:

DAVE GILBOA | Co-Founder & Co-CEO

NEIL BLUMENTHAL | Co-Founder & Co-CEO

STEVE MILLER | SVP & Chief Financial Officer

FORWARD-LOOKING STATEMENTS / NON-GAAP FINANCIAL MEASURES

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements may relate to, but are not limited to, expectations of future operating results or financial performance, including expectations regarding achieving profitability and our GAAP and non-GAAP guidance for the quarter ending September 30, 2022, and the year ending December 31, 2022; expectations regarding the number of new store openings during the year ending December 31, 2022; management's plans, priorities, initiatives, and strategies; and expectations regarding growth of our business. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. In some cases, you can identify forward-looking statements because they contain words such as "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "toward," "will," or "would," or the negative of these words or other similar terms or expressions. You should not put undue reliance on any forward-looking statements. Forward-looking statements are based on information available at the time those statements are made and are based on current expectations, estimates, forecasts, and projections as well as the beliefs and assumptions of management as of that time with respect to future events. These statements are subject to risks and uncertainties, many of which involve factors or circumstances that are beyond our control, that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Additional information regarding these and other risks and uncertainties is included in our Annual Report on Form 10-K for the year ended December 31, 2021. Forward-looking statements should not be read as a guarantee of future performance or results. Except as required by law, we do not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments, or otherwise.

In addition, this presentation contains certain "non-GAAP financial terms." The non-GAAP measures are presented for supplemental informational purposes only. Reconciliations to the most directly comparable financial measure calculated and presented in accordance with GAAP are provided in the appendix to this presentation. Although we provide forecasts for certain non-GAAP financial measures, we are not able to forecast the most directly comparable measures calculated and presented in accordance with GAAP without unreasonable efforts due to the uncertainty and potential variability of the reconciling items.



SINCE OUR FOUNDING, WE'VE PIONEERED IDEAS, DESIGNED PRODUCTS, AND DEVELOPED TECHNOLOGIES THAT **HELP PEOPLE SEE.**

COMPANY OVERVIEW

1. Our sales represent just 1% of the $44 billion U.S. eyewear market
2. We maintain a best-in-class NPS of 80+, with low unaided brand awareness of less than 15%
3. We helped pioneer the vertically integrated, direct-to-consumer model
4. Warby Parker has 178 stores out of 41,000 optical shops in the U.S.
5. We are evolving from a glasses-only product offering into a holistic vision care company
6. Our ultimate objective is vision for all, which is why for every pair of glasses or sunglasses sold, a pair of glasses is distributed to someone in need



SECOND QUARTER 2022: FINANCIAL HIGHLIGHTS

$150M NET REVENUE	**13.7%** NET REVENUE GROWTH	**2.26M** ACTIVE CUSTOMERS	**$254** AVERAGE REVENUE PER CUSTOMER[1]
80 NET PROMOTER SCORE	**178** STORES	**$5.9M** ADJUSTED EBITDA[2]	**4.0%** ADJUSTED EBITDA MARGIN[2]

[1] Defined as net revenue for the trailing twelve-month period divided by the number of Active Customers as of the end of that same period.
[2] Non-GAAP financial term. See appendix for reconciliation of non-GAAP measures.



Cherry Hill Mall (Cherry Hill, NJ)



Annapolis (Annapolis, MD)



NET REVENUE PERFORMANCE

Q2 Net Revenue ($M)



	Q2'20	Q2'21	Q2'22
Revenue Growth %	(24%)	96%	14%
3-Year CAGR %	10%	26%	19%
Active Customers (M)	1.73	2.08	2.26
Avg. Revenue per Customer (LTM)	$211	$235	$254
Store Count	118	145	178

June YTD Net Revenue ($M)



	June YTD'20	June YTD'21	June YTD'22
Revenue Growth %	(3%)	53%	12%
3-Year CAGR %	19%	26%	18%

Key Takeaways

Q2 2022 Highlights

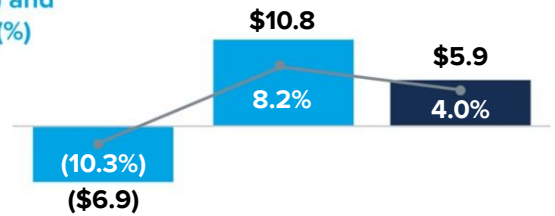
- Q2'22 net revenue growth of 14% vs. Q1'21 and up 19% on a 3-year CAGR basis vs. Q2'19
- Active Customers as of Q2'22 at 2.26M, an increase of 180K active customers, or 9%, y/y vs. Q2'21
- Opened 9 new stores in Q2'22, ending the quarter with 178 stores

Year-to-date 2022 Highlights

- June YTD'22 net revenue of $303M representing growth of 12% vs. YTD'21 and up 18% on a 3-year CAGR basis vs. YTD'19
- Opened 17 new stores YTD through 6/30/2022

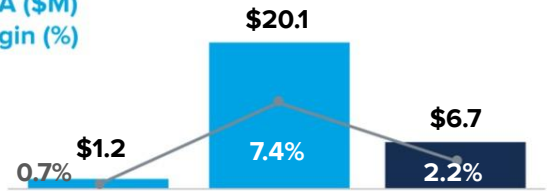
ADJUSTED EBITDA PERFORMANCE

Q2 Adjusted EBITDA ($M) and Adjusted EBITDA Margin (%)



% of Revenue	Q2'20	Q2'21	Q2'22
Adj. Gross Margin % [1]	53.9%	59.3%	57.9%
Adj. SG&A %[1]	71.0%	55.0%	59.2%

June YTD Adjusted EBITDA ($M) and Adjusted EBITDA Margin (%)



% of Revenue	June YTD'20	June YTD'21	June YTD'22
Adj. Gross Margin % [1]	58.1%	59.8%	58.3%
Adj. SG&A %[1]	62.6%	56.0%	61.0%

Key Takeaways

Q2 2022 Highlights

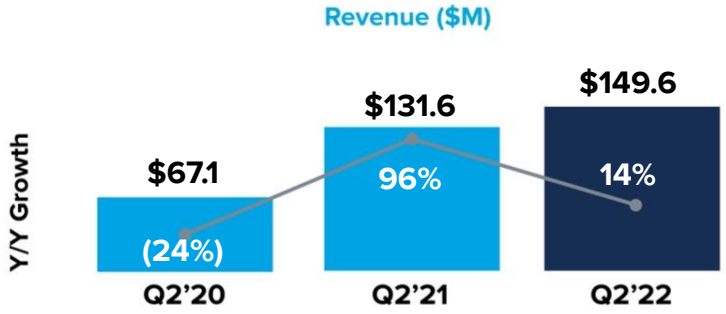
- Adjusted EBITDA margin[1] of 4.0%, down 4.2 pts from Q2'21
- Adjusted gross margin[1] was 57.9% compared to 59.3% in Q2'21, primarily driven by increased penetration of contacts reflecting strategy to grow contact lens offering
- Adjusted SG&A[1] at 59.2% of revenue driven by headcount growth in retail and investments in corporate overhead to support initiatives and operating as a public company

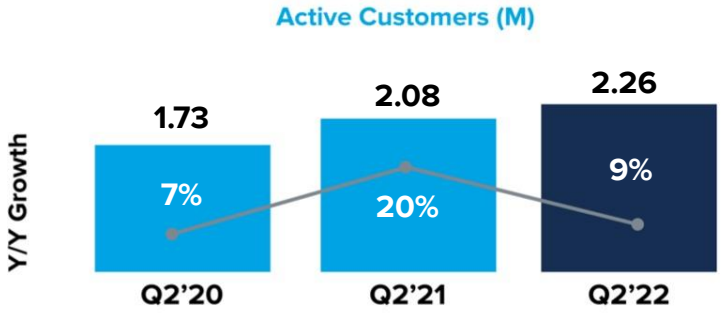
Year-to-date 2022 Highlights

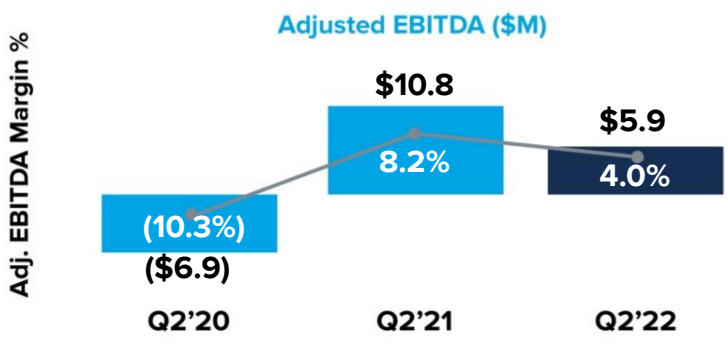
- Adjusted EBITDA margin[1] of 2.2%, down 5.2 pts from June YTD'21
- Adjusted gross margin[1] was 58.3% compared to 59.8% in June YTD'21
- Adjusted SG&A[1] as a percent of revenue of 61.0% compared to 56.0% in June YTD'21

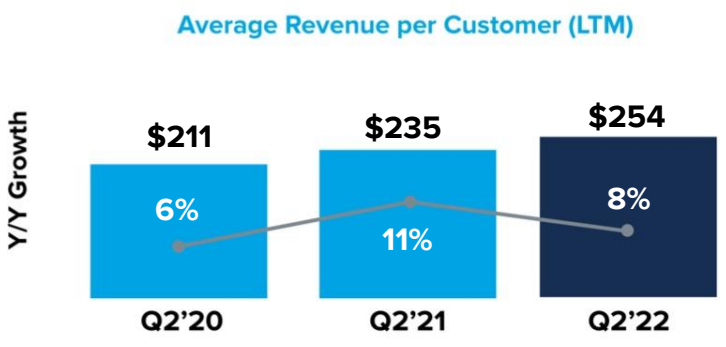
(1) Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Gross Margin, and Adjusted SG&A are non-GAAP measures. See the appendix for reconciliations to the nearest GAAP metrics

SECOND QUARTER FINANCIAL DETAILS



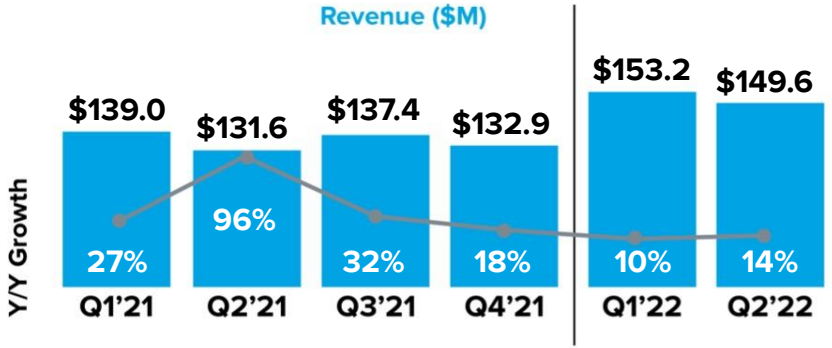


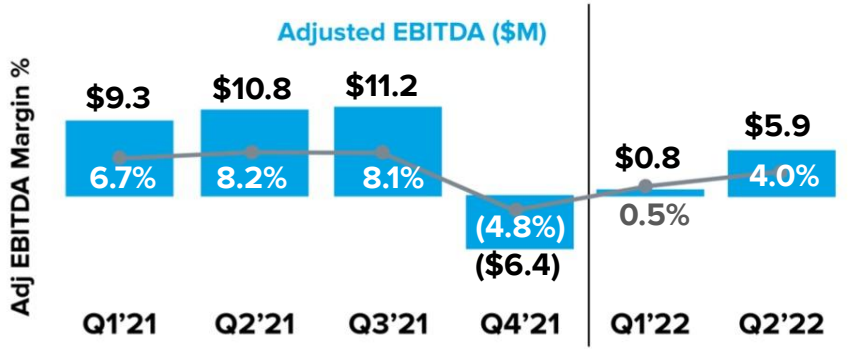




Adjusted EBITDA and Adjusted EBITDA Margin % are non-GAAP measures. See the appendix for reconciliations to the nearest GAAP metrics.

QUARTERLY FINANCIAL DETAILS





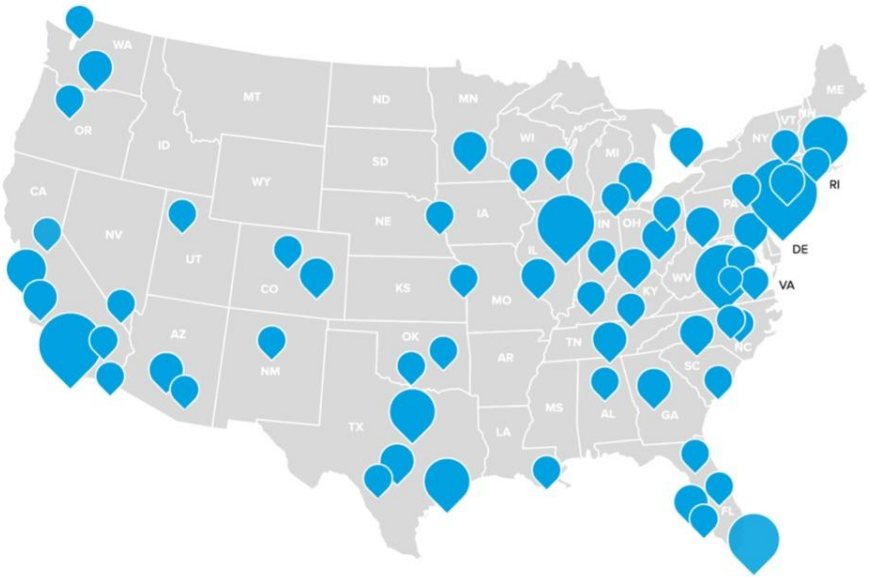




Reflects trailing 28-day productivity as of the week ended Sunday shown

Adjusted EBITDA and Adjusted EBITDA Margin % are non-GAAP measures. See the appendix for reconciliations to the nearest GAAP metrics.

EXPANDING RETAIL FOOTPRINT WITH SIGNIFICANT WHITE SPACE FOR NEW STORES



178 open retail stores
175 U.S. and **3** Canada
65 markets
38 states/provinces
126 cities
40 target new retail stores in 2022
Store presence in **47** of the **50** most populous markets in the U.S.
Location types: ~40% street, ~35% outdoor center, ~25% indoor center



As of 6/30/2022

Note: Data above is as of 6/30/2022. Markets defined as CBSAs (core-based statistical areas).



Alderwood (Lynnwood, WA)



Optical lab in Sloatsburg, NY

FY 2022 OUTLOOK

$584–595M
NET REVENUE

8–10%
NET REVENUE GROWTH

$22–26M
ADJUSTED EBITDA

3.8–4.4%
ADJUSTED EBITDA MARGIN

Q3 2022 OUTLOOK

4–6%
NET REVENUE GROWTH




EYE EXAMS


ACUVUE
oasys
1-Day
1-DAY ACUVUE MOIST
1-DAY ACUVUE MOIST
MULTIFOCAL



Lakeside Shopping Center (Metairie, LA)

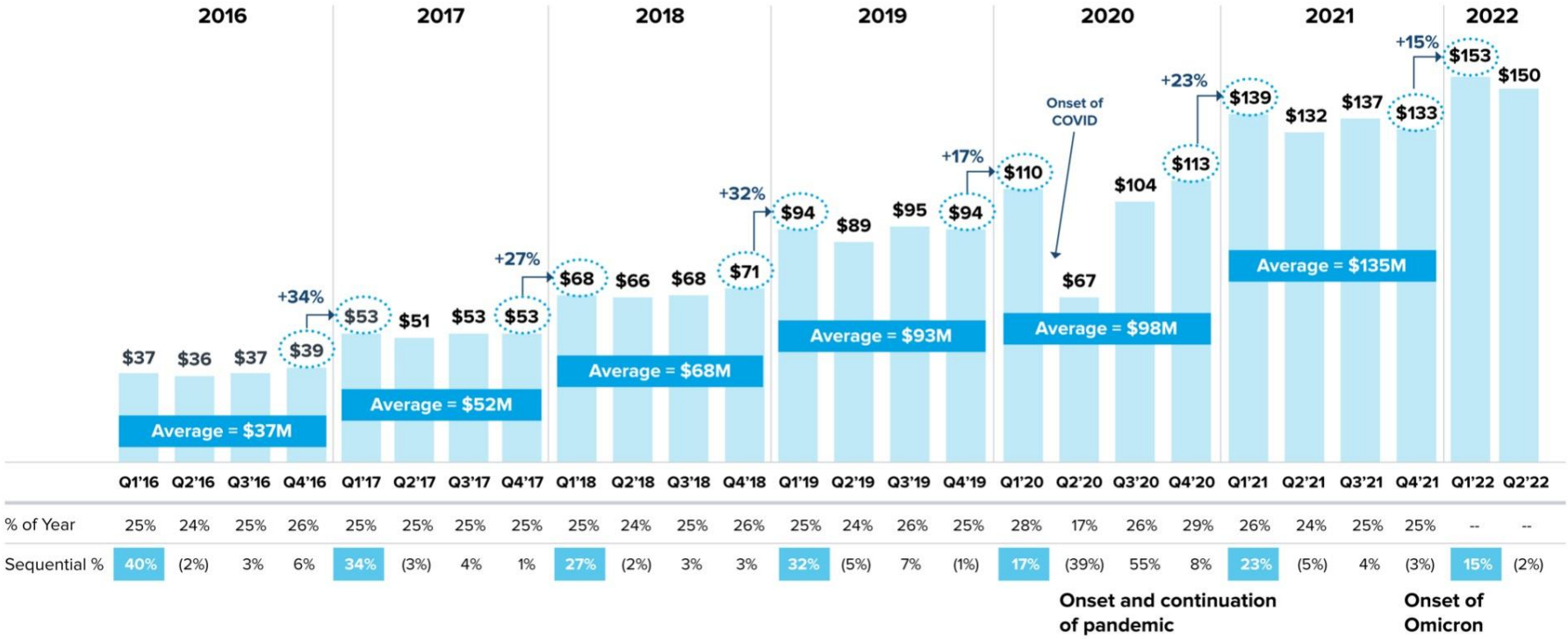


Fashion Island (Newport Beach, CA)

SUPPLEMENTAL DETAILS

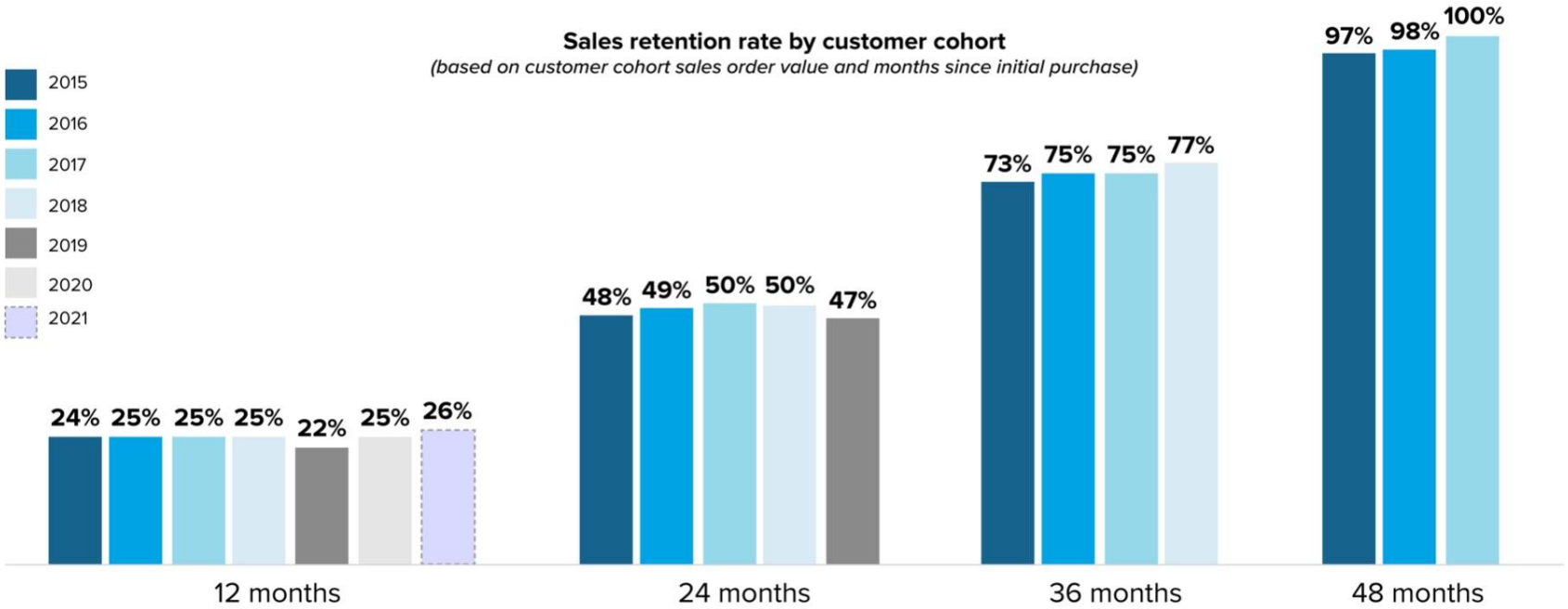
NET REVENUE BY QUARTER (2016 - Q2 2022)

Net revenue in bars ($M)



Figures presented may not be recalculated due to rounding
Quarterly net revenue figures are unaudited

COMPELLING AND CONSISTENT SALES RETENTION RATES



Source: Company data
Note: Sales retention based on customer cohort sales order value and months since initial purchase.
(1) 2021 cohort reflects the Q1 2021 and Q2 2021 new customer cohorts only, as these cohorts were the only cohorts from 2021 with a full 12 months of retention data available as of 6/30/2022.

APPENDIX

NON-GAAP FINANCIAL MEASURES AND KEY OPERATING METRICS

Included in this presentation are certain financial measures that are not calculated in accordance with U.S. generally accepted accounting principles ("GAAP") and which are designed to supplement, and not substitute, the Company's financial information presented in accordance with GAAP. The non-GAAP measures as defined by the Company may not be comparable to similar non-GAAP measures presented by other companies. The presentation of such measures, which may include adjustments to exclude unusual or non-recurring items, should not be construed as an inference that the Company's future results will be unaffected by other unusual or nonrecurring items. The Company uses "adjusted EBITDA", "adjusted EBITDA margin", "adjusted net income", "adjusted COGS", "adjusted SG&A", "adjusted earnings per share" to provide useful supplemental measures that assist in evaluating its ability to generate earnings, provide consistency and comparability with its past financial performance and facilitate period-to-period comparisons of its core operating results as well as the results of its peer companies.

The Company calculates "adjusted EBITDA" as net income (loss) before interest and other income, taxes, and depreciation and amortization as further adjusted for stock-based compensation expense and related employer payroll taxes, non-cash charitable donations, and non-recurring costs such as direct listing or other transaction costs. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by net revenue.

The Company calculates "adjusted net income" as net income (loss) adjusted for stock-based compensation expense and related employer payroll taxes, non-cash charitable donations, and non-recurring costs such as direct listing or other transaction costs, and as further adjusted for estimated income tax on such adjusted items. The Company calculates "adjusted earnings per share" as adjusted net income divided by diluted shares outstanding.

The Company calculates "adjusted COGS" as cost of goods sold adjusted for stock-based compensation expense and related employer payroll taxes. The Company calculates adjusted gross profit as net revenue minus adjusted COGS.

The Company calculates "adjusted SG&A" as SG&A adjusted for stock-based compensation expense and related employer payroll taxes, non-cash charitable donations, and non-recurring costs such as direct listing or other transaction costs.

The Company has also included in this presentation the following metrics which are operational and business metrics that are important to understanding Company performance:

Active Customers is defined as unique customer accounts that have made at least one purchase in the preceding 12-month period. The Company calculates "net revenues per active customer" as the sum of the total net revenues in the preceding 12-month period divided by the current period Active Customers.

Average Order Value ("AOV") is defined as the sum of the total net revenues in a given period divided by the total orders placed in that period. Total orders are the summation of all completed individual purchase transactions in a given period.

Four-Wall Margin is a measure that applies to a subset of our retail stores that have been open for 12 months or more and were also open each month during the measurement period (other than for temporary closures in the ordinary course of business, such as for inclement weather and ordinary course repairs). For this subset of retail stores, Four-Wall Margin is an average of each retail store's sales less cost of sales including occupancy, store labor and store operating expenses, divided by average sales per retail store.

Sales Retention Rate is defined as the sales order value attributable to a given customer cohort as a percentage of the total sales order value attributable to the same customer cohort during the initial measurement period. The initial measurement period represents the initial purchase for each customer in a given customer cohort.

Customer Acquisition Cost ("CAC") is defined as acquisition costs for a given period divided by number of Active Customers during that same period. Acquisition costs is defined as total media spend plus Home Try-On costs in a given period. Home Try-On costs include customer shipping, consumable, and product fulfillment costs related to the program.

Average Revenue Per Customer is defined as net revenue for a given period divided by the number of Active Customers as of the end of that same period.

Average Sales Per Square Foot is a measure that applies to a subset of our retail stores that have been open for 12 months or more and were also open each month during the measurement period (other than for temporary closures in the ordinary course of business, such as for inclement weather). For this subset of retail stores, Average Sales Per Square Foot is an average of each retail store's sales divided by selling square feet per retail store. Selling square feet refers to the square feet within our retail stores that are used to generate sales and excludes storage space and other non-sales generating square feet.

Annualized Revenue Per Store is defined as total retail revenue in a given period divided by the average stores open in that period, multiplied by 4 (if quarterly figure) or 12 (if monthly figure).

RECONCILIATION OF ADJUSTED EBITDA TO NET INCOME

All numbers in thousands, unaudited	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Net loss	($32,166)	($10,307)	($66,299)	($7,295)
Adjusted to exclude the following:				
Interest and other income, net	38	440	(108)	306
Provision for income taxes	47	1,059	586	1,202
Depreciation and amortization expense	7,880	5,118	15,017	9,823
Stock-based compensation expense[1]	26,867	10,409	54,244	11,670
Non-cash charitable donation[2]	3,270	-	3,270	-
Transaction costs[3]	-	4,091	-	4,369
Adjusted EBITDA	$5,936	$10,810	$6,710	$20,075
Adjusted EBITDA margin	4.0%	8.2%	2.2%	7.4%

(1) Represents expenses related to the Company's equity-based compensation programs and related employer payroll taxes, which may vary significantly from period to period depending upon various factors including the timing, number, and the valuation of awards granted, vesting of awards including the satisfaction of performance conditions, and the impact of repurchases of awards from employees. For the three and six months ended June 30, 2022, the amount includes $0.1 million and $0.3 million of employer payroll costs associated with releases of RSUs and option exercises, respectively.

(2) Represents charitable expense recorded in connection with the donation of 178,572 shares of Class A common stock to the Warby Parker Impact Foundation in May 2022.

(3) Represents (i) costs directly attributable to the preparation for our Direct Listing and (ii) expenses incurred in connection with the cash tender offer completed in June 2021.

SUPPLEMENTAL FINANCIAL INFORMATION

	AS REPORTED			AS REPORTED		
	Three Months Ended June 30			Six Months Ended June 30		
Unaudited, in thousands	2022	2021	2022 vs. 2021	2022	2021	2022 vs. 2021
Net Revenue	$149,624	$131,560	13.7%	$302,842	$270,553	11.9%
Gross Profit	$86,347	$78,053	10.6%	$175,993	$161,834	8.7%
% of Revenue	57.7%	59.3%	(162 bps)	58.1%	59.8%	(171 bps)
Total SG&A	$118,428	$86,861	36.3%	$241,814	$167,621	44.3%
% of Revenue	79.2%	66.0%	1,313 bps	79.8%	62.0%	1,789 bps
Net (Loss) Income	($32,166)	($10,307)	212.1%	($66,299)	($7,295)	808.8%
% of Revenue	(21.5%)	(7.8%)	(1,366 bps)	(21.9%)	(2.7%)	(1,920 bps)

	ADJUSTED			ADJUSTED		
	Three Months Ended June 30			Six Months Ended June 30		
Unaudited, in thousands	2022	2021	2022 vs. 2021	2022	2021	2022 vs. 2021
Net Revenue	$149,624	$131,560	13.7%	$302,842	$270,533	11.9%
Adjusted Gross Profit	$86,582	$78,053	10.9%	$176,463	$161,834	9.0%
% of Revenue	57.9%	59.3%	(146 bps)	58.3%	59.8%	(155 bps)
Adjusted SG&A	$88,526	$72,361	22.3%	$184,770	$151,582	21.9%
% of Revenue	59.2%	55.0%	416 bps	61.0%	56.0%	498 bps
Adjusted Net (Loss) Income	($1,389)	$3,680	(137.7%)	($5,744)	$6,968	(182.4%)
% of Revenue	(0.9%)	2.8%	(372 bps)	(1.9%)	2.6%	(447 bps)
Adjusted EBITDA	$5,936	$10,810	(45.1%)	$6,710	$20,075	(66.6%)

SUPPLEMENTAL FINANCIAL INFORMATION

	REPORTED		ADJUSTED		REPORTED		ADJUSTED	
	Three Months Ended June 30		Three Months Ended June 30		Six Months Ended June 30		Six Months Ended June 30	
All numbers in millions, unaudited	2022	2021	2022	2021	2022	2021	2022	2021
Cost of goods sold	$63,227	$53,507	$63,042	$53,507	$126,849	$108,699	$126,379	$108,699
% of Revenue	42.3%	40.7%	42.1%	40.7%	41.9%	40.2%	41.7%	40.2%
Gross profit	$86,347	$78,053	$86,582	$78,053	$175,993	$161,834	$176,463	$161,834
% of Revenue	57.7%	59.3%	57.9%	59.3%	58.1%	59.8%	58.3%	59.8%
Selling, general, and administrative	$118,428	$86,861	$88,526	$72,361	$241,814	$167,621	$184,770	$151,582
% of Revenue	79.2%	66.0%	59.2%	55.0%	79.8%	62.0%	61.0%	56.0%
Net (loss) income	($32,166)	($10,307)	($1,389)	$3,680	($66,299)	($7,295)	($5,744)	$6,968
% of Revenue	(21.5%)	(7.8%)	(0.9%)	2.8%	(21.9%)	(2.7%)	(1.9%)	2.6%

RECONCILIATION OF ADJUSTED EBITDA TO NET INCOME

	Three Months Ended																	
Unaudited, in thousands	3/31/2018	6/30/2018	9/30/2018	12/31/2018	3/31/2019	6/30/2019	9/30/2019	12/31/2019	3/31/2020	6/30/2020	9/30/2020	12/31/2020	3/31/2021	6/30/2021	9/30/2021	12/31/2021	3/31/2022	6/30/2022
Net (loss) income	($15,865)	$2,141	($253)	($8,900)	$6,425	$4,050	$1,383	($11,856)	$2,778	($12,786)	($41,612)	($4,301)	$3,011	($10,307)	($91,073)	($45,902)	($34,133)	($32,166)
Adjusted to exclude the following:																		
Interest and other income, net	(79)	(329)	(536)	(429)	(613)	(889)	(58)	(379)	49	496	81	(529)	(134)	440	146	(105)	(146)	38
Provision for income taxes	59	59	59	62	998	410	154	(1,288)	189	93	196	(287)	144	1,059	(1,052)	112	539	47
Depreciation and amortization expense	2,595	2,701	2,855	3,596	3,187	3,539	4,261	4,043	4,418	4,558	4,395	5,007	4,704	5,118	5,587	6,550	7,137	7,880
Stock-based compensation expense[1]	18,762	950	386	801	2,604	862	615	4,418	649	723	42,377	1,164	1,261	10,409	65,928	32,946	27,377	26,867
Non-cash charitable donation[2]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,757	-	-	3,270
Transaction costs[3]	-	-	-	-	-	-	-	-	-	-	-	-	278	4,091	23,893	-	-	-
Adjusted EBITDA	$5,472	$5,522	$2,511	($4,870)	$12,601	$7,972	$6,355	($5,062)	$8,083	($6,916)	$5,437	$1,054	$9,264	$10,810	$11,186	($6,399)	$774	$5,936
Adjusted EBITDA margin	8.1%	8.3%	3.7%	(6.9%)	13.5%	9.0%	6.7%	(5.4%)	7.4%	(10.3%)	5.2%	0.9%	6.7%	8.2%	8.1%	(4.8%)	0.5%	4.0%

(1) Represents expenses related to the Company's equity-based compensation programs and related employer payroll taxes, which may vary significantly from period to period depending on various factors including the timing, number, and valuation of awards granted, vesting of awards including the satisfaction of performance conditions, and the impact of repurchases of awards from employees.
(2) Represents charitable expense recorded in connection with the donation of 178,572 shares of Series A common stock to the Warby Parker Impact Foundation in each of August 2021 and May 2022.
(3) Represents (i) costs directly attributable to the preparation for our Direct Listing and (ii) expenses incurred in connection with the cash tender offer completed in June 2021.

RECONCILIATION OF NON-GAAP MEASURES

The following table reflects a reconciliation of each non-GAAP, or adjusted, financial measure to its most directly comparable financial measure prepared in accordance with GAAP:

	Three Months Ended June 30			Six Months Ended June 30		
Unaudited, in thousands	2022	2021	2020	2022	2021	2020
Cost of goods sold	$63,277	$53,507	$30,948	$126,849	$108,699	$74,015
Adjusted to exclude the following:						
Stock-based compensation expense[1]	235	-	-	470	-	1
Adjusted cost of goods sold	$63,042	$53,507	$30,948	$126,379	$108,699	$74,014
Gross profit	$86,347	$78,053	$36,185	$175,993	$161,834	$102,775
Adjusted to exclude the following:						
Stock-based compensation expense[1]	235	-	-	470	-	1
Adjusted gross profit	$86,582	$78,053	$36,185	$176,463	$161,834	$102,776
Selling, general, and administrative expenses	$118,428	$86,861	$48,382	$241,814	$167,621	$111,956
Adjusted to exclude the following:						
Stock-based compensation expense[1]	26,632	10,409	723	53,774	11,670	1,372
Non-cash charitable donation[2]	3,270	-	-	3,270	-	-
Transaction costs[3]	-	4,091	-	-	4,369	-
Adjusted selling, general, and administrative expenses	$88,526	$72,361	$47,659	$184,770	$151,582	$110,584
Net loss	($32,166)	($10,307)	($12,786)	($66,299)	($7,295)	($10,007)
Provision for income taxes	47	1,059	93	586	1,202	281
Loss before income taxes	(32,119)	(9,248)	(12,693)	(65,713)	(6,093)	(9,726)
Adjusted to exclude the following:						
Stock-based compensation expense[1]	26,867	10,409	723	54,244	11,670	1,373
Non-cash charitable donation [2]	3,270	-	-	3,270	-	-
Transaction costs[3]	-	4,091	-	-	4,369	-
Adjusted provision for income taxes[4]	593	(1,572)	3,584	2,455	(2,978)	2,501
Adjusted net (loss) income	($1,389)	$3,680	($8,386)	($5,744)	$6,968	($5,852)
Deemed dividend upon redemption of redeemable convertible preferred stock	-	(8,524)	-	-	(13,137)	-
Adjusted net loss attributable to common stock	($1,389)	($4,844)	($8,386)	($5,744)	($6,169)	($5,852)
Adjusted weighted average shares - diluted	114,679,892	54,019,802	52,640,219	114,393,420	53,986,670	52,636,215
Adjusted diluted earnings per share	($0.01)	($0.09)	($0.16)	($0.05)	($0.11)	($0.11)

(1) Represents expenses related to the Company's equity-based compensation programs and related employer payroll taxes, which may vary significantly from period to period depending upon various factors including the timing, number, and the valuation of awards granted, vesting of awards including the satisfaction of performance conditions, and the impact of repurchases of awards from employees. For the three and six months ended June 30, 2022, the amount includes $0.1 million and $0.3 million, respectively of employer payroll costs associated with releases of RSUs and option exercises.
(2) Represents charitable expense recorded in connection with the donation of 178,572 shares of Class A common stock to the Warby Parker Impact Foundation in May 2022.
(3) Represents (i) costs directly attributable to the preparation for our Direct Listing and (ii) expenses incurred in connection with the cash tender offer completed in June 2021.
(4) The adjusted provision for income taxes is based on long-term estimated annual effective tax rates of 29.94%. The Company may adjust its adjusted tax rate as additional information becomes available or events occur which may materially affect this rate, including impacts from the rapidly evolving global tax environment, significant changes in our geographic mix, merger and acquisition activity, or changes in our business outlook.

THANK YOU