WARBY PARKER

Q4 AND FULL-YEAR 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, delivering stakeholder value, growing market share, and our GAAP and non-GAAP guidance for the quarter ending March 31, 2023 and the year ending December 31, 2023; expectations regarding the number of new store openings during the year ending December 31, 2023; 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 SEC filings, including our Annual Report on Form 10-K for the year ended December 31, 2022. 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 less than 1% of the $76 billion U.S. eyewear market
2. We maintain a best-in-class NPS of 80[(1)], with low unaided brand awareness of less than 15%
3. We helped pioneer the vertically integrated, direct-to-consumer model
4. Warby Parker has 200 stores[(2)] out of 48,000 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



(1) Net Promoter Score is calculated on a trailing twelve-month basis weighted for the number of responses received.
(2) Includes 5 stores in Canada.

FULL-YEAR 2022: FINANCIAL HIGHLIGHTS

$598M NET REVENUE	**10.6%** NET REVENUE GROWTH	**2.28M** ACTIVE CUSTOMERS	**$263** AVERAGE REVENUE PER CUSTOMER[1]
80 NET PROMOTER SCORE[2]	**200** STORES	**$27.2M** ADJUSTED EBITDA[3]	**4.5%** ADJUSTED EBITDA MARGIN[3]

[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] Net Promoter Score is calculated on a trailing twelve-month basis weighted for the number of responses received.
[3] Non-GAAP financial term. See appendix for reconciliation of non-GAAP measures.











2022 MILESTONES AND ACCOMPLISHMENTS

Grew active customer base to **2.28 million**

Launched **20** collections

Opened **40 stores**, reaching 200 in fleet

Scaled eye exams to **150 locations**

Expanded **contacts** and **progressives** penetration

Celebrated **10M pairs of glasses distributed** through our Buy a Pair, Give a Pair program



Garden City Center (Cranston, RI)



One Loudoun (Ashburn, VA)

NET REVENUE PERFORMANCE

Q4 Net Revenue ($M)



	Q4'20	Q4'21	Q4'22
Revenue Growth %	20.5%	17.8%	10.2%
3-Year CAGR %	28.5%	23.4%	16.1%
Active Customers (M)	1.81	2.20	2.28
Avg. Revenue per Customer (LTM)	$218	$246	$263
Store Count	126	161	200

Full-Year Net Revenue ($M)



	FY 2020	FY 2021	FY 2022
Revenue Growth %	6.3%	37.4%	10.6%
3-Year CAGR %	23.3%	25.6%	17.3%

Key Takeaways

Q4 2022 Highlights

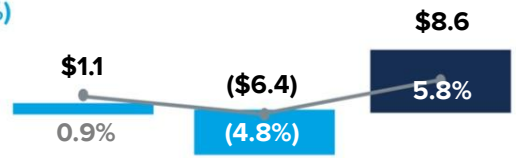
- Q4'22 net revenue growth of 10.2% vs. Q4'21 and up 16.1% on a 3-year CAGR basis vs. Q4'19
- Active Customers as of Q4'22 at 2.28M, an increase of 78K Active Customers, or 3.6%, y/y vs. Q4'21
- Opened 10 new stores in Q4'22, ending the quarter with 200 stores

FY 2022 Highlights

- FY 2022 net revenue of $598.1M, representing growth of 10.6% vs. FY 2021 and up 17.3% on a 3-year CAGR basis vs. FY 2019
- Opened 40 new stores through 12/31/2022

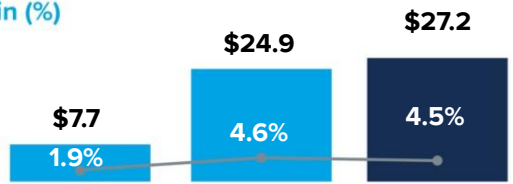
ADJUSTED EBITDA PERFORMANCE

Q4 Adjusted EBITDA ($M) and Adjusted EBITDA Margin (%)



% of Revenue	Q4'20	Q4'21	Q4'22
Adj. Gross Margin % [1]	57.8%	57.5%	55.2%
Adj. SG&A %[1]	61.3%	67.3%	55.6%

Full-Year Adjusted EBITDA ($M) and Adjusted EBITDA Margin (%)



% of Revenue	FY 2020	FY 2021	FY 2022
Adj. Gross Margin % [1]	58.9%	59.0%	57.2%
Adj. SG&A %[1]	61.6%	58.4%	58.3%

Key Takeaways

Q4 2022 Highlights

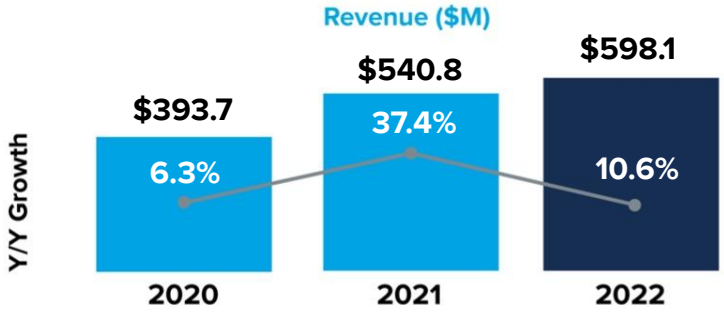
- Adjusted EBITDA margin[1] of 5.8%, up 10.6 pts from Q4'21
- Adjusted gross margin[1] was 55.2% compared to 57.5% in Q4'21, primarily driven by increased penetration of contacts reflecting strategy to grow contact lens offering
- Adjusted SG&A[1] at 55.6% of revenue, down 11.7 pts from Q4'21 largely due to pull back in marketing spend

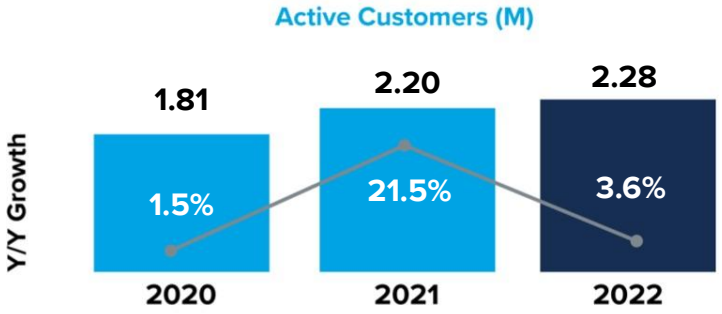
FY 2022 Highlights

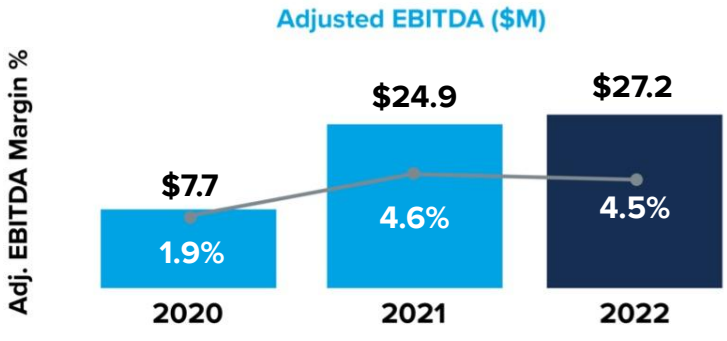
- Adjusted EBITDA margin[1] of 4.5%, down 0.1 pts from FY 2021
- Second half adjusted EBITDA margin[1] of 6.9% was 470 basis points higher than first half of 2.2%
- Adjusted gross margin[1] was 57.2% compared to 59.0% in FY 2021
- Adjusted SG&A[1] as a percent of revenue of 58.3% compared to 58.4% in FY 2021

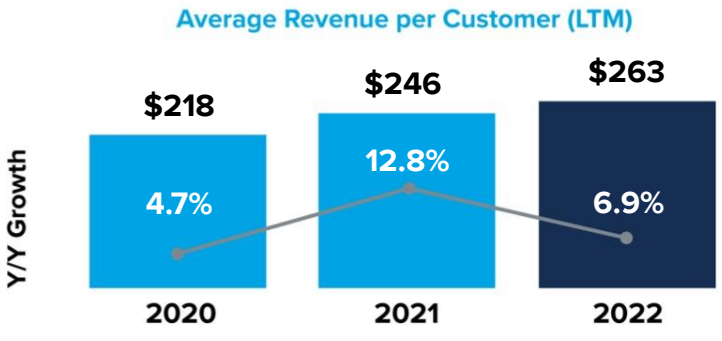
(1) Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Gross Margin, and Adjusted SG&A are non-GAAP measures. See the appendix for reconciliations to the nearest GAAP metrics

FULL-YEAR 2022 FINANCIAL DETAILS





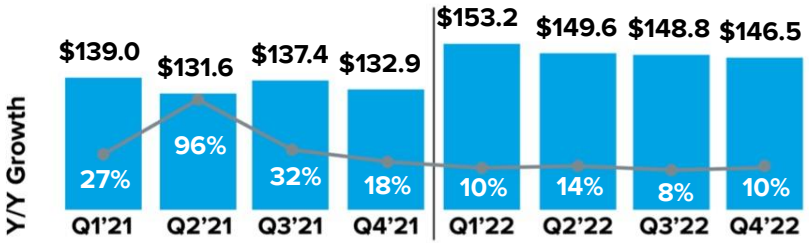




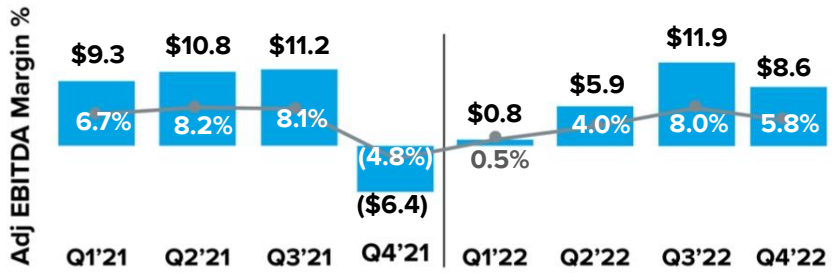
Adjusted EBITDA and Adjusted EBITDA Margin % are non-GAAP measures. See the appendix for reconciliations to the nearest GAAP metrics.

QUARTERLY FINANCIAL DETAILS

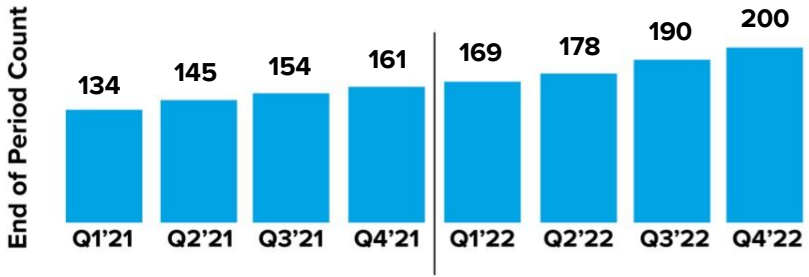
Revenue ($M)



Adjusted EBITDA ($M)



Store Count

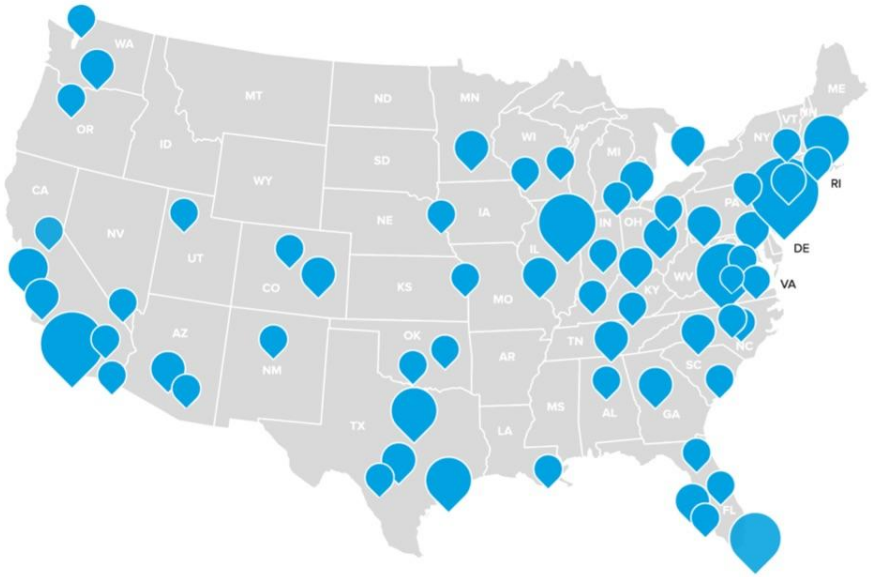


Retail Productivity



Adjusted EBITDA and Adjusted EBITDA Margin % are non-GAAP measures. See the appendix for reconciliations to the nearest GAAP metrics.
**Reflects quarterly productivity based on calendar periods*

EXPANDING RETAIL FOOTPRINT WITH SIGNIFICANT WHITE SPACE FOR NEW STORES



200 open retail stores
195 U.S. and **5** Canada
66 markets
39 states/provinces
142 cities
40 new retail stores in 2022
Store presence in **47** of the **50** most populous markets in the U.S.
Location types: ~37% street, ~37% outdoor center, ~26% indoor center



As of 12/31/2022

Note: Data above is as of 12/31/2022. Markets defined as CBSAs (core-based statistical areas).



Andersonville (Chicago, IL)



Union Square (New York, NY) *Exterior*



Union Square (New York, NY) Interior



Hyde Park Village (Tampa, FL)



Optical lab in Sloatsburg, NY



Optical lab in Las Vegas, NV

2023 STRATEGIC PRIORITIES

SCALING OUR OMNICHANNEL EXPERIENCE

Open 40 stores to end the year with 240

Maintain highly productive store economics

Continue to focus on innovation in our category-leading ecommerce experience and digital tools

EXPANDING OUR CORE GLASSES BUSINESS

Launch nearly 20 collections

Introduce new sizes, shapes, widths, and lens offerings across price points

Deepen penetration of progressives customers

EVOLVING INTO A HOLISTIC VISION CARE COMPANY

Scale contacts business

Grow eye exam business, ending the year offering exams at 190+ locations

Enhance in-person and telehealth vision care experiences

Unlock new insurance opportunities

DRIVING BRAND AWARENESS

Amplify reach by utilizing strategic mix of organic and paid initiatives

Drive awareness and growth across demographics

Launch unique collaborations and campaigns

FY 2023 OUTLOOK

$645–660M
NET REVENUE

~$51.5M
ADJUSTED EBITDA

8–10%
NET REVENUE GROWTH

~7.9%
ADJUSTED EBITDA MARGIN



Q1 2023 OUTLOOK

7–9%
NET REVENUE GROWTH

8.0–9.0%
ADJUSTED EBITDA MARGIN



Village Pointe (Omaha, NE)


WARBY PARKER WARBY PARKER
WARBY PARKER WARBY PARKER
WARBY PARKER WARBY PARKER
WARBY PARKER WARBY PARKER
NICE TO SEE YOU
WARBY PARKER


EYE EXAMS


BAUSCH+LOMB
ULTRA
SCOUT
by WARBY PARKER
ACUVUE
oasys
with HydraLuxe
DAILIES
AquaComfort PLUS
ONE-DAY CONTACT LENSES
90 LENSES
Alcon
GLASSES PRESCRIPTION
Biofinity
toric
CooperVision
Virtual Vision Test



One Loudoun (Ashburn, VA)

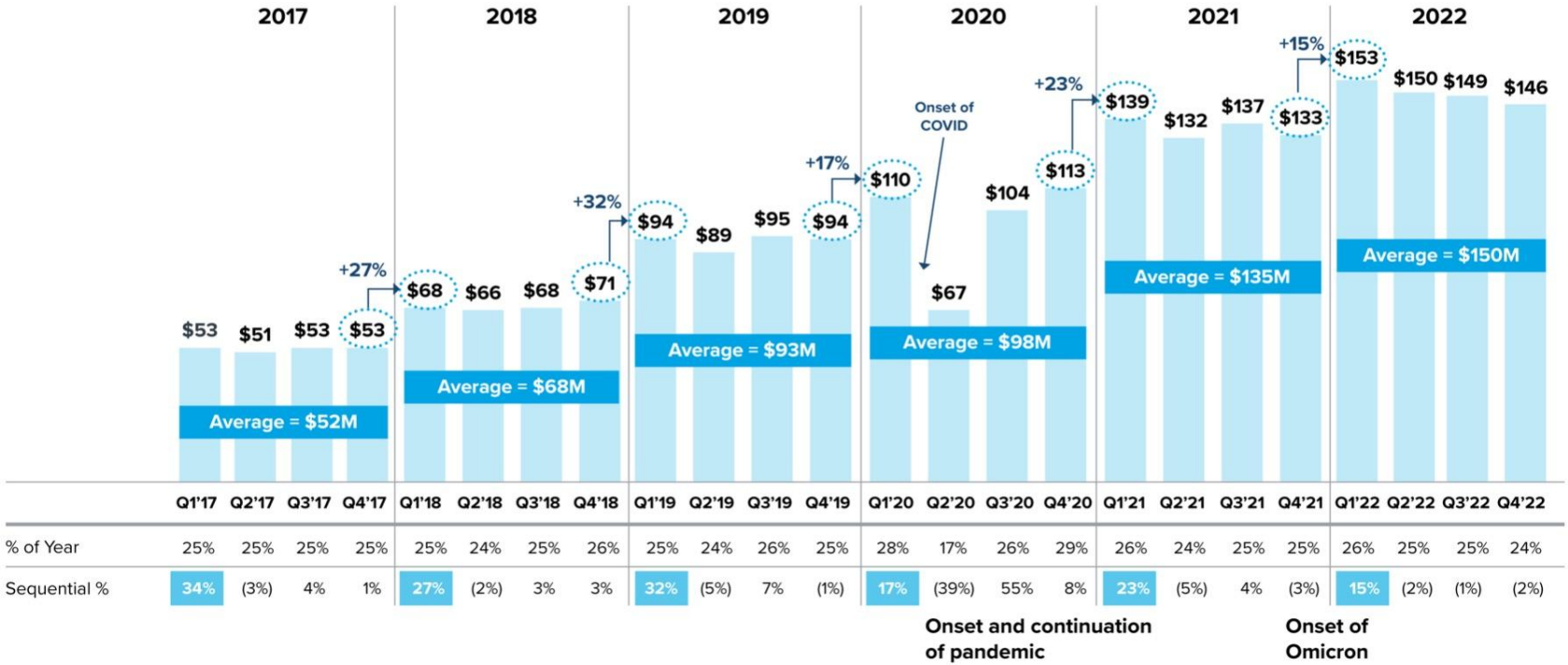


Morningside Heights (New York, NY)

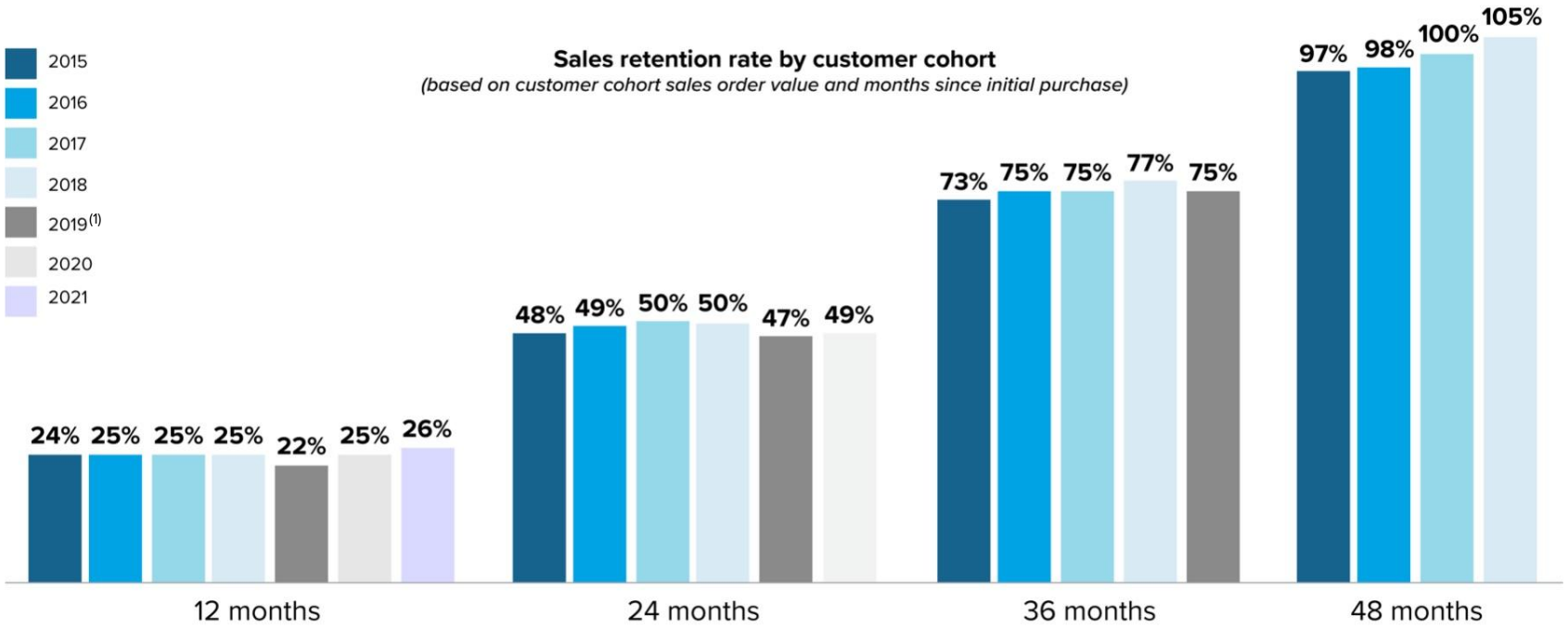
SUPPLEMENTAL DETAILS

NET REVENUE BY QUARTER (2016 - 2022)

Net revenue in bars ($M)



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) 2019 cohort was impacted by onset and continuation of COVID pandemic in 2020 and 2021, which is reflected in that cohort's retention rate after 12 and 24 months.

FUTURE GROWTH OPPORTUNITIES LEAD TO HIGHER, "STICKIER" CUSTOMER VALUE OVER TIME

Customers who **purchase holistic offering (glasses, contacts, and exams) have a cumulative average value[1] that is 2x higher after one year** than customers who just purchase glasses (and 1.5x higher at initial purchase)



Source: Company data. Holistic Vision Customers in 2021 cohort represent just 0.8% of all 2021 cohort customers.
[1] Average value per customer represents sales including refunds; equal to cumulative customer sales order value divided by total unique customers in each product and service grouping

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", and "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 asset impairment costs, stock-based compensation expense and related employer payroll taxes, amortization of cloud-based software implementation costs, non-cash charitable donations, and non-recurring costs such as restructuring costs, major system implementation costs, and 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, amortization of cloud-based software implementation costs, non-cash charitable donations, and non-recurring costs such as restructuring costs, major system implementation costs, and 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 adjusted 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, amortization of cloud-based software implementation costs, non-cash charitable donations, and non-recurring costs such as restructuring costs, major system implementation costs, and direct listing or other transaction costs, and as further adjusted for estimated income tax on such adjusted items.

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 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.

Customer Acquisition Cost is defined as acquisition costs for a given period divided by the 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.

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.

RECONCILIATION OF ADJUSTED EBITDA TO NET INCOME

All numbers in thousands, unaudited	Three Months Ended December 31		Year Ended December 31	
	2022	2021	2022	2021
Net loss	($20,251)	($45,902)	($110,393)	($144,271)
Adjusted to exclude the following:				
Interest and other income, net	(1,382)	(105)	(1,307)	347
Provision for income taxes	(77)	112	497	263
Depreciation and amortization expense	8,919	6,370	31,864	21,643
Asset impairment charges	138	180	1,647	317
Stock-based compensation expense[1]	20,052	32,946	98,655	110,543
Non-cash charitable donation[2]	500	-	3,770	7,757
Transaction costs[3]	-	-	-	28,262
Amortization of cloud-based software implementation costs[4]	151	-	247	-
ERP implementation costs[5]	518	-	687	-
Restructuring costs[6]	-	-	1,535	-
Adjusted EBITDA	$8,568	($6,399)	$27,202	$24,861
Adjusted EBITDA margin	5.8%	(4.8%)	4.5%	4.6%

(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 twelve months ended December 31, 2022, the amount includes $0.2 million and $0.6 million of employer payroll costs, respectively, associated with releases of RSUs and option exercises. For the three and twelve months ended December 31, 2021, the amount includes $1.8 million and $3.4 million of employer payroll costs, respectively, associated with releases of RSUs and option exercises.

(2) Represents charitable expense recorded in connection with the donation of 178,572 shares of Series A common stock in August 2021 and 178,572 shares of Class A common stock in May 2022 to the Warby Parker Impact Foundation, and a donation of 34,528 shares of Class A common stock to third-party charitable donor advised funds.

(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) Represents the amortization of costs capitalized in connection with the implementation of cloud-based software.

(5) Represents internal and external non-capitalized costs related to the implementation of our new Enterprise Resource Planning ("ERP") system which is expected to be live in 2023.

(6) Represents employee severance and related costs for our restructuring plan that was executed in August 2022.

SUPPLEMENTAL FINANCIAL INFORMATION

	AS REPORTED			AS REPORTED		
	Three Months Ended December 31			Year Ended December 31		
Unaudited, in thousands	2022	2021	2022 vs. 2021	2022	2021	2022 vs. 2021
Net Revenue	$146,493	$132,892	10.2%	$598,112	$540,798	10.6%
Gross Profit	$80,651	$76,251	5.8%	$341,062	$317,749	7.3%
% of Revenue	55.1%	57.4%	(232 bps)	57.0%	58.8%	(173 bps)
Total SG&A	$102,361	$122,146	(16.2%)	$452,265	$461,410	(2.0%)
% of Revenue	69.9%	91.9%	(2,204 bps)	75.6%	85.3%	(970 bps)
Net Loss	($20,251)	($45,902)	(55.9%)	($110,393)	($144,271)	(23.5%)
% of Revenue	(13.8%)	(34.5%)	2,072 bps	(18.5%)	(26.7%)	822 bps

	ADJUSTED			ADJUSTED		
	Three Months Ended December 31			Year Ended December 31		
Unaudited, in thousands	2022	2021	2022 vs. 2021	2022	2021	2022 vs. 2021
Net Revenue	$146,493	$132,892	10.2%	$598,112	$540,798	10.6%
Adjusted Gross Profit	$80,846	$76,474	5.7%	$341,967	$318,894	7.2%
% of Revenue	55.2%	57.5%	(236 bps)	57.2%	59.0%	(179 bps)
Adjusted SG&A	$81,486	$89,423	(8.9%)	$348,523	$315,993	10.3%
% of Revenue	55.6%	67.3%	(1,167 bps)	58.3%	58.4%	(16 bps)
Adjusted Net Income (Loss)	$523	($8,999)	(105.8%)	($3,703)	$1,789	(306.9%)
% of Revenue	0.4%	(6.8%)	713 bps	(0.6%)	0.3%	(95 bps)
Adjusted EBITDA	$8,568	($6,399)	(233.9%)	$27,202	$24,861	9.4%
% of Revenue	5.8%	(4.8%)	1,066 bps	4.5%	4.6%	(5 bps)

SUPPLEMENTAL FINANCIAL INFORMATION

All numbers in thousands, unaudited	REPORTED Three Months Ended December 31 2022	REPORTED Three Months Ended December 31 2021	ADJUSTED Three Months Ended December 31 2022	ADJUSTED Three Months Ended December 31 2021	REPORTED Year Ended December 31 2022	REPORTED Year Ended December 31 2021	ADJUSTED Year Ended December 31 2022	ADJUSTED Year Ended December 31 2021
Cost of goods sold	$65,842	$56,641	$65,647	$56,418	$257,050	$233,049	$256,145	$221,904
% of Revenue	44.9%	42.6%	44.8%	42.5%	43.0%	41.2%	42.8%	41.0%
Gross profit	$80,651	$76,251	$80,846	$76,474	$341,062	$317,749	$341,967	$318,894
% of Revenue	55.1%	57.4%	55.2%	57.5%	57.0%	58.8%	57.2%	59.0%
Selling, general, and administrative	$102,361	$122,146	$81,486	$89,423	$452,265	$461,410	$348,523	$315,993
% of Revenue	69.9%	91.9%	55.6%	67.3%	75.6%	85.3%	58.3%	58.4%
Net (loss) income	($20,251)	($45,902)	$523	($8,999)	($110,393)	($144,271)	($3,703)	$1,789
% of Revenue	(13.8%)	(34.5%)	0.4%	(6.8%)	(18.5%)	(26.7%)	(0.6%)	0.3%

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	9/30/2022	12/31/2022
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)	($23,843)	($20,251)
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	183	(1,382)
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	(12)	(77)
Depreciation and amortization expense	2,592	2,692	2,832	2,998	3,187	3,378	3,671	4,043	4,378	4,350	4,395	4,641	4,658	5,028	5,587	6,370	6,911	7,694	8,342	8,919
Asset impairment charges	18,762	9	23	598	-	161	590	-	40	208	-	366	46	90	-	180	226	186	1,097	138
Stock-based compensation expense[1]	2	950	386	801	2,604	862	615	4,418	649	723	42,377	1,164	1,261	10,409	65,929	32,946	27,377	26,867	24,358	20,052
Non-cash charitable donation[2]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,757	-	-	3,270	-	500
Transaction costs[3]	-	-	-	-	-	-	-	-	-	-	-	-	278	4,091	23,893	-	-	-	-	-
Amortization of cloud-based software implementation costs[4]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	96	151
ERP implementation costs[5]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	170	518
Restructuring costs[6]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,535	-
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	$11,187	($6,399)	$774	$5,936	$11,926	$8,568
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%	8.0%	5.8%

(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 twelve months ended December 31, 2022, the amount includes $0.2 million and $0.6 million of employer payroll costs, respectively, associated with releases of RSUs and option exercises. For the three and twelve months ended December 31, 2021, the amount includes $1.8 million and $3.4 million of employer payroll costs, respectively, associated with releases of RSUs and option exercises.

(2) Represents charitable expense recorded in connection with the donation of 178,572 shares of Series A common stock in August 2021 and 178,572 shares of Class A common stock in May 2022 to the Warby Parker Impact Foundation, and a donation of 34,528 shares of Class A common stock to third-party charitable donor advised funds.

(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) Represents the amortization of costs capitalized in connection with the implementation of cloud-based software.

(5) Represents internal and external non-capitalized costs related to the implementation of our new Enterprise Resource Planning ("ERP") system which is expected to be live in 2023.

(6) Represents employee severance and related costs for our restructuring plan that was executed in August 2022.

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 December 31			Year Ended December 31		
Unaudited, in thousands	2022	2021	2020	2022	2021	2020
Cost of goods sold	$65,842	$56,641	$47,659	$257,050	$223,049	$161,784
Adjusted to exclude the following:						
Stock-based compensation expense[1]	195	223	-	905	1,145	1
Adjusted cost of goods sold	$65,647	$56,418	$47,659	$256,145	$221,904	$161,783
Gross profit	$80,651	$76,251	$65,178	$341,062	$317,749	$231,935
Adjusted to exclude the following:						
Stock-based compensation expense[1]	195	223	-	905	1,145	1
Adjusted gross profit	$80,846	$76,474	$65,178	$341,967	$318,894	$231,936
Selling, general, and administrative expenses	$102,361	$122,146	$70,295	$452,265	$461,410	$287,567
Adjusted to exclude the following:						
Stock-based compensation expense[1]	19,857	32,723	1,164	97,750	109,398	44,912
Non-cash charitable donation[2]	500	-	-	3,770	7,757	-
Transaction costs[3]	-	-	-	-	28,262	-
ERP implementation costs[5]	518	-	-	687	-	-
Restructuring costs[6]	-	-	-	1,535	-	-
Adjusted selling, general, and administrative expenses	$81,486	$89,423	$69,131	$348,523	$315,993	$242,655
Net loss	($20,251)	($45,902)	($4,301)	($110,393)	($144,271)	($55,919)
Provision for income taxes	(77)	112	(287)	497	263	190
Loss before income taxes	(20,328)	(45,790)	(4,588)	(109,896)	(144,008)	(55,729)
Adjusted to exclude the following:						
Stock-based compensation expense[1]	20,052	32,945	1,164	98,655	110,543	44,913
Non-cash charitable donation [2]	500	-	-	3,770	7,757	-
Transaction costs[3]	-	-	-	-	28,262	-
ERP implementation costs[5]	518	-	-	687	-	-
Restructuring costs[6]	-	-	-	1,535	-	-
Adjusted provision for income taxes[4]	(219)	3,846	1,025	1,546	(765)	3,238
Adjusted net income (loss)	$523	($8,999)	($2,399)	($3,703)	$1,789	($7,578)
Less: undistributed adjusted net income attributable to participating securities	-	-	-	-	(13,137)	-
Adjusted net income (loss) attributable to common stock	$523	($8,999)	($2,399)	($3,703)	($11,348)	($7,578)
Adjusted weighted average shares - diluted	116,614,309	112,501,252	53,671,842	114,942,019	71,249,257	53,033,936
Adjusted diluted earnings (loss) per share	$ -	($0.08)	($0.04)	($0.03)	($0.16)	($0.14)

(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 twelve months ended December 31, 2022, the amount includes $0.2 million and $0.6 million of employer payroll costs, respectively, associated with releases of RSUs and option exercises. For the three and twelve months ended December 31, 2021, the amount includes $1.8 million and $3.4 million of employer payroll costs, respectively, associated with releases of RSUs and option exercises.
(2) Represents charitable expense recorded in connection with the donation of 178,572 shares of Series A common stock in August 2021 and 178,572 shares of Class A common stock in May 2022 to the Warby Parker Impact Foundation, and a donation of 34,528 shares of Class A common stock to third-party charitable donor advised funds.
(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) Represents internal and external non-capitalized costs related to the implementation of our new ERP system which is expected to be live in 2023.
(5) Represents employee severance and related costs for our restructuring plan that was executed in August 2022.
(6) The adjusted provision for income taxes is based on long-term estimated annual effective tax rates of 29.46% in 2022 and 29.94% in 2021. 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.

RECONCILIATION OF NON-GAAP MEASURES

Unaudited, in thousands	Six Months Ended June 30, 2022	Six Months Ended December 31, 2022
Net loss	($66,299)	($44,094)
Adjusted to exclude the following:		
Interest and other income, net	(108)	(1,199)
Provision for income taxes	586	(89)
Depreciation and amortization expense	14,605	17,259
Asset impairment charges	412	1,235
Stock-based compensation expense[1]	54,244	44,411
Non-cash charitable donation[2]	3,270	500
Amortization of cloud-based software implementation costs[3]	-	247
ERP implementation costs[4]	-	687
Restructuring costs[5]	-	1,535
Adjusted EBITDA	$6,710	$20,492
Adjusted EBITDA margin	2.2%	6.9%
Selling, general, and administrative expenses	$241,814	$210,451
Adjusted to exclude the following:		
Stock-based compensation expense[1]	53,774	43,796
Non-cash charitable donation[2]	3,270	500
ERP implementation costs[4]	-	687
Restructuring costs[5]	-	1,535
Adjusted selling, general, and administrative expenses	$184,770	$163,753
Adjusted selling, general, and administrative expenses margin	61.0%	55.5%

(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 both the six months ended June 30, 2022 and December 31, 2022, the amount includes $0.3 million 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 in May 2022 to the Warby Parker Impact Foundation, and a donation of 34,528 shares of Class A common stock to third-party charitable donor advised funds.
(3) Represents the amortization of costs capitalized in connection with the implementation of cloud-based software.
(4) Represents internal and external non-capitalized costs related to the implementation of our new ERP system which is expected to be live in 2023.
(5) Represents employee severance and related costs for our restructuring plan that was executed in August 2022.

THANK YOU