WARBY PARKER

THIRD QUARTER 2023 EARNINGS REPORT

Speakers:

DAVE GILBOA | Co-Founder & Co-CEO

NEIL BLUMENTHAL | Co-Founder & Co-CEO

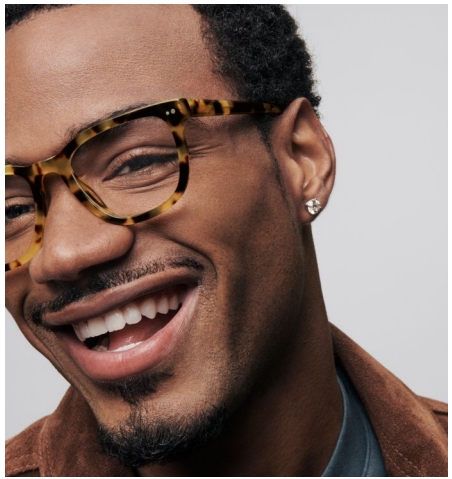
STEVE MILLER | SVP & Chief Financial Officer

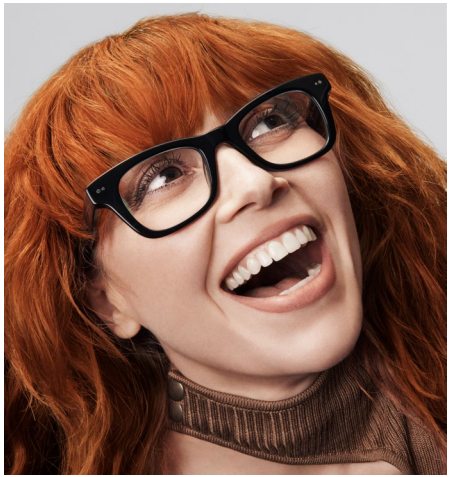
FORWARD-LOOKING STATEMENTS / NON-GAAP FINANCIAL MEASURES

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 growth in our e-commerce channel, delivering stakeholder value, growing market share, and our GAAP and non-GAAP guidance for the quarter and 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 and our Quarterly Reports on Form 10-Q. 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. Since 2010, we've offered high-quality prescription eyewear—designed in-house—starting at $95 and delivered industry-leading customer experiences
2. Our sales represent less than 1% of the $76 billion U.S. eyewear market
3. We helped pioneer the vertically integrated, direct-to-consumer model
4. We've developed groundbreaking in-house technologies, such as Virtual Vision Test and Virtual Try-On, that leverage artificial intelligence and make it easy to find your perfect-fitting frame or renew your prescription from home
5. Warby Parker has 227 stores[(1)] out of 48,000 optical shops in the U.S.
6. We've evolved from a glasses-only business into a holistic vision care company that also offers contacts and eye exams
7. 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. We have now distributed more than 15 million pairs of glasses through our Buy a Pair, Give a Pair program.



(1) As of 9//30/2023. This includes 5 stores in Canada.

THIRD QUARTER 2023: FINANCIAL HIGHLIGHTS

$169.8M
NET REVENUE

14.2%
NET REVENUE GROWTH

2.30M
ACTIVE CUSTOMERS

$11.0M
ADJUSTED EBITDA[1]

6.5%
ADJUSTED EBITDA MARGIN[1]

$284
AVERAGE REVENUE PER CUSTOMER[2]

[1] Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP measures. See the appendix for reconciliations to the nearest GAAP measures.
[2] 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.



McEwen Northside (Franklin, TN)



Breton Village (Grand Rapids, MI)

NET REVENUE PERFORMANCE

Q3 Net Revenue ($M)



	Q3'21	Q3'22	Q3'23
Revenue Growth %	32.0%	8.3%	14.2%
Active Customers (thousands)	2,151	2,262	2,303
Avg. Revenue per Customer (LTM)	$242	$258	$284
Store Count	154	190	227

September YTD Net Revenue ($M)



	YTD'21	YTD'22	YTD'23
Revenue Growth %	45.2%	10.7%	12.5%

Key Takeaways

Q3 2023 Highlights

- Q3'23 net revenue growth of 14.2% vs. Q3'22
- Average revenue per customer up 10.0% to $284
- Opened 11 new stores in Q3'23, ending the quarter with 227 stores

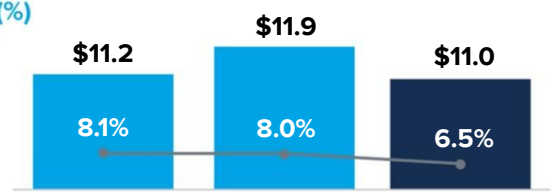
September Year-to-date 2023 Highlights

- September YTD 2023 net revenue growth of 12.5% vs. September YTD 2022
- Opened 30 new stores through September, ending Q3'23 with 227 stores

(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 measures.

ADJUSTED EBITDA PERFORMANCE

Q3 Adjusted EBITDA ($M) and Adjusted EBITDA Margin (%)



% of Revenue	Q3'21	Q3'22	Q3'23
Adj. Gross Margin % [1]	58.7%	56.9%	54.8%
Adj. SG&A %[1]	54.6%	55.3%	55.0%

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



% of Revenue	YTD'21	YTD'22	YTD'23
Adj. Gross Margin % [1]	59.4%	57.8%	54.9%
Adj. SG&A %[1]	55.5%	59.1%	52.6%

Key Takeaways

Q3 2023 Highlights

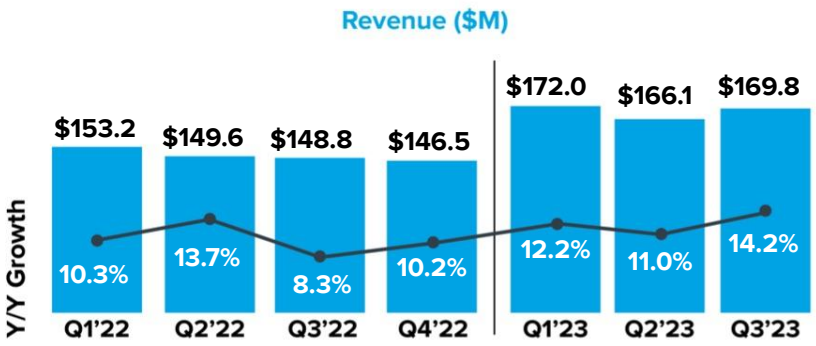
- Adjusted EBITDA margin[1] of 6.5%, down 1.5 pts from Q3'22
- Adjusted gross margin[1] was 54.8% compared to 56.9% in Q3'22, primarily driven by increased penetration of contacts and continued retail and exam expansion
- Adjusted SG&A[1] as a percent of revenue of 55.0% decreased by 30 bps compared to 55.3% in Q3'22; year-over-year leverage was primarily driven by adjustments to our cost structure made last year, partially offset by increased marketing costs, which increased from 10.0% of revenue in Q3'22 to 11.6% in Q3'23

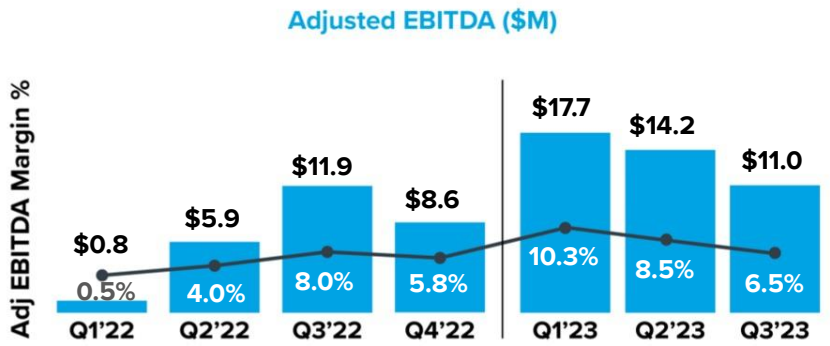
September Year-to-date 2023 Highlights

- Adjusted EBITDA margin[1] of 8.5%, up 4.4 pts from September YTD 2022
- Adjusted gross margin[1] was 54.9% compared to 57.8% in September YTD 2022, primarily driven by increased penetration of contacts and continued retail and exam expansion
- Adjusted SG&A[1] as a percent of revenue of 52.6% decreased by 6.5 pts compared to 59.1% in September YTD 2022

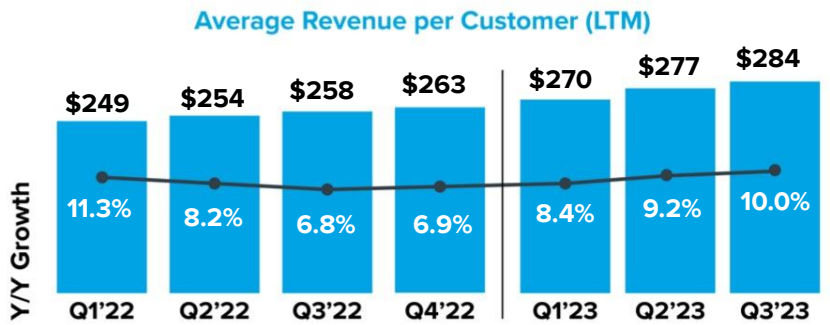
(1) Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Gross Margin, and Adjusted SG&A are non-GAAP measures. See the appendix for reconciliations to the nearest GAAP measures.

QUARTERLY FINANCIAL DETAILS







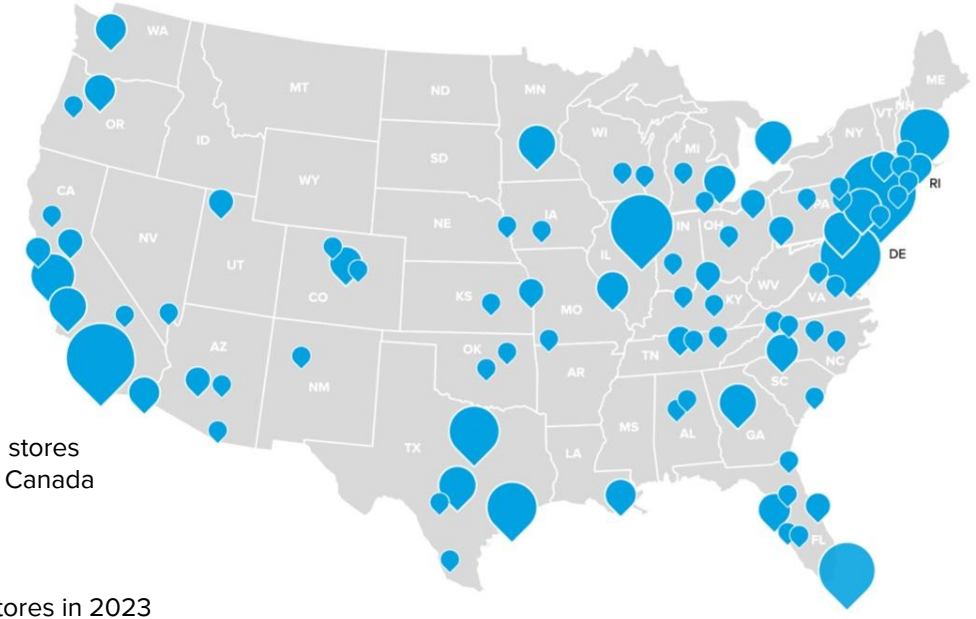


Adjusted EBITDA and Adjusted EBITDA Margin % are non-GAAP measures. See the appendix for reconciliations to the nearest GAAP measures.





EXPANDING RETAIL FOOTPRINT WITH SIGNIFICANT WHITE SPACE FOR NEW STORES



227 open retail stores
222 U.S. and **5** Canada
77 markets
39 states
169 cities
30 new retail stores in 2023
Store presence in **47** of the **50** most populous markets in the U.S.
Location types: ~32% street, ~43% outdoor center, ~25% indoor center



As of 9/30/2023

Note: Data above is as of 9/30/2023. Markets defined as CBSAs (core-based statistical areas).



The Shops at Wiregrass (Wesley Chapel, FL)



Smith Haven Mall (Lake Grove, NY)

FY 2023 OUTLOOK

$666–669M
NET REVENUE

$52.7M
ADJUSTED EBITDA[1]

~11.5%
NET REVENUE GROWTH[1]

7.9%
ADJUSTED EBITDA MARGIN

Q4 2023 OUTLOOK

~8-10%
NET REVENUE GROWTH

~6%
ADJUSTED EBITDA MARGIN



(1) At the midpoint of our range


BAUSCH+LOMB
ULTRA
DAILIES
TOTAL 1
ONE-DAY CONTACT LENSES
Alcon
Biofinity toric
CooperVision
1-DAY
ACUVUE
OASYS MAX
SCOUT
by WARBY PARKER





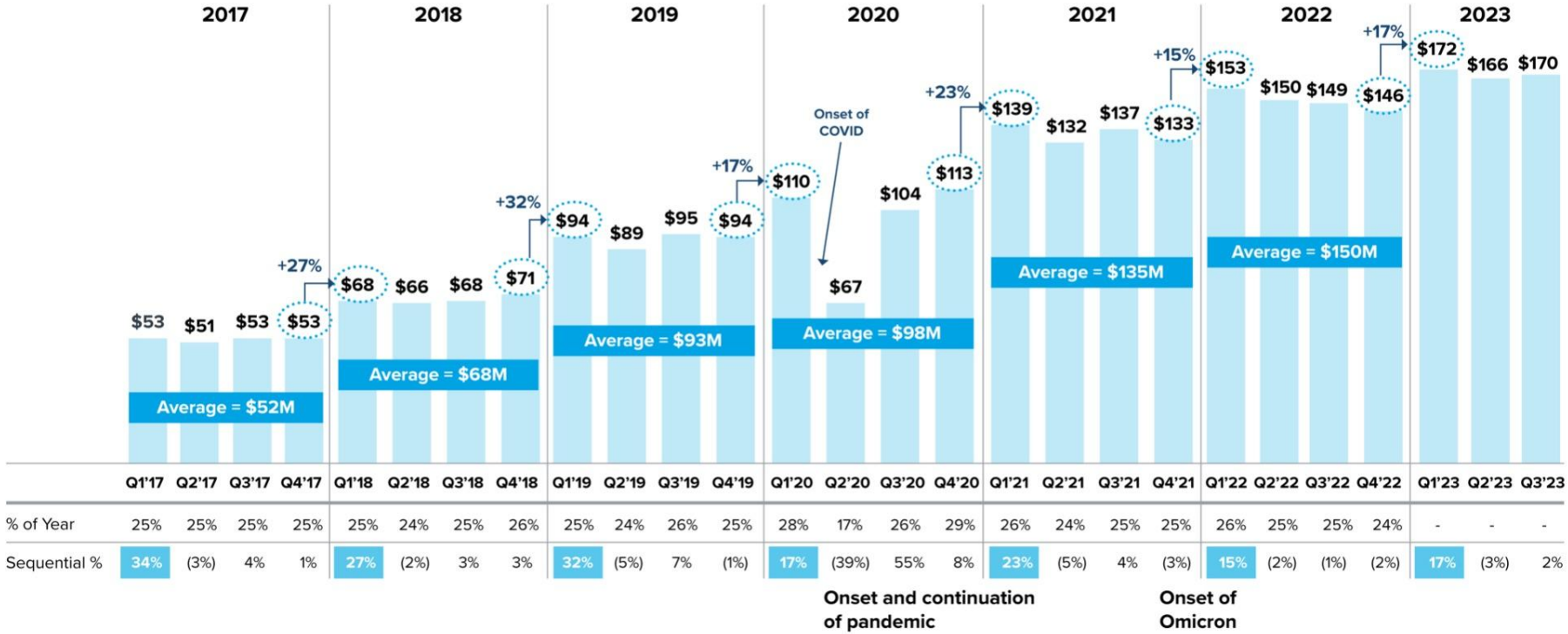
FOR EVERY PAIR PURCHASED, A PAIR OF GLASSES IS DISTRIBUTED TO SOMEONE IN NEED. SO FAR, THAT'S **15 MILLION PAIRS** AND COUNTING.

SUPPLEMENTAL DETAILS

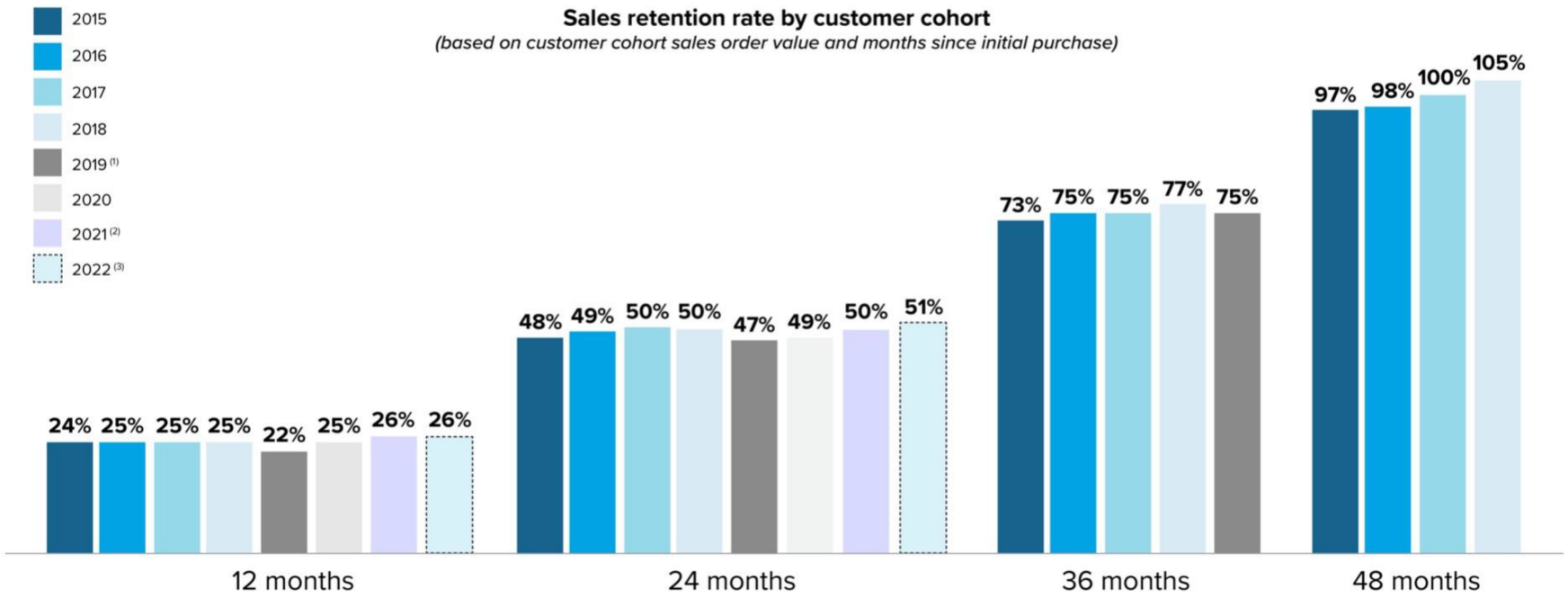


NET REVENUE BY QUARTER (2017 – Q3 2023)

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.
(2) 24 month retention rate for the 2021 cohort reflects the Q1, Q2, and Q3 2021 new customer cohorts only, as these cohorts were the only cohorts from 2021 with a full 24 months of retention data available as of 9/30/2023.
(3) 2022 cohort reflects the Q1, Q2, and Q3 2022 new customer cohorts only, as these cohorts were the only cohorts from 2022 with a full 12 months of retention data available as of 9/30/2023.

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 gross profit", "adjusted gross margin", "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 major system implementation costs, restructuring costs, and direct listing 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 major system implementation costs, restructuring costs, and direct listing 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. "Adjusted gross margin" is defined as adjusted gross profit divided by net revenue.

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 major system implementation costs, restructuring costs, and direct listing 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 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.

Virtual Try-On refers to a feature within our mobile app that uses a proprietary method we call "unique placement" to allow our customers to try on glasses and sunglasses with an iPhone X and above.

RECONCILIATION OF ADJUSTED EBITDA TO NET INCOME

All numbers in thousands, unaudited	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Net loss	($17,413)	($23,843)	($44,150)	($90,142)
Adjusted to exclude the following:				
Interest and other income, net	(2,655)	183	(6,815)	75
Provision for income taxes	301	(12)	538	574
Depreciation and amortization expense	9,760	8,342	28,184	22,947
Asset impairment charges	757	1,097	1,407	1,509
Stock-based compensation expense[1]	16,466	24,358	54,496	78,603
Non-cash charitable donation[2]	2,591	-	3,191	3,270
Amortization of cloud-based software implementation costs[3]	853	96	1,679	96
ERP implementation costs[4]	371	170	4,413	170
Restructuring costs[5]	-	1,535	-	1,535
Adjusted EBITDA	$11,031	$11,926	$42,943	$18,637
Adjusted EBITDA margin	6.5%	8.0%	8.5%	4.1%

(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, and vesting of awards including the satisfaction of performance conditions. For the three months ended September 30, 2023 and 2022, the amount includes $0.2 million and $0.1 million, respectively, of employer payroll costs associated with releases of RSUs and option exercises. For both the nine months ended September 30, 2023 and 2022, the amount includes $0.4 million of employer payroll costs associated with releases of RSUs and option exercises.

(2) Represents charitable expense recorded in connection with the donation of 56,938 shares of Class A common stock to charitable donor advised funds in June 2023 and 178,572 shares of Class A common stock in both August 2023 and May 2022 to the Warby Parker Impact Foundation.

(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 Enterprise Resource Planning ("ERP") system.

(5) 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 September 30			Nine Months Ended September 30		
Unaudited, in thousands	2023	2022	2023 vs. 2022	2023	2022	2023 vs. 2022
Net Revenue	$169,849	$148,777	14.2%	$507,910	$451,619	12.5%
Gross Profit	$92,732	$84,418	9.8%	$278,158	$260,411	6.8%
% of Revenue	54.6%	56.7%	(214 bps)	54.8%	57.7%	(290 bps)
Total SG&A	$112,499	$108,090	4.1%	$328,585	$349,904	(6.1%)
% of Revenue	66.2%	72.6%	(642 bps)	64.7%	77.5%	(1,278 bps)
Net Loss	($17,413)	($23,843)	(27.0%)	($44,150)	($90,142)	(51.0%)
% of Revenue	(10.3%)	(16.0%)	577 bps	(8.7%)	(20.0%)	1,127 bps

	ADJUSTED			ADJUSTED		
	Three Months Ended September 30			Nine Months Ended September 30		
Unaudited, in thousands	2023	2022	2023 vs. 2022	2023	2022	2023 vs. 2022
Net Revenue	$169,849	$148,777	14.2%	$507,910	$451,619	12.5%
Adjusted Gross Profit	$93,014	$84,657	9.9%	$278,934	$261,120	6.8%
% of Revenue	54.8%	56.9%	(214 bps)	54.9%	57.8%	(290 bps)
Adjusted SG&A	$93,353	$82,266	13.5%	$267,261	$267,035	0.1%
% of Revenue	55.0%	55.3%	(33 bps)	52.6%	59.1%	(651 bps)
Adjusted Net Income (Loss)	$1,634	$1,558	4.9%	$13,041	($4,225)	(408.6%)
% of Revenue	1.0%	1.0%	(9 bps)	2.6%	(0.9%)	350 bps
Adjusted EBITDA	$11,031	$11,926	(7.5%)	$42,943	$18,637	130.4%
% of Revenue	6.5%	8.0%	(152 bps)	8.5%	4.1%	433 bps

RECONCILIATION OF ADJUSTED EBITDA TO NET INCOME

	Three Months Ended																		
Unaudited, in thousands	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	3/31/2023	6/30/2023	9/30/2023
Net income (loss)	$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)	($10,812)	($15,925)	($17,413)
Adjusted to exclude the following:																			
Interest and other income, net	(613)	(889)	(58)	(379)	49	496	81	(529)	(134)	440	146	(105)	(146)	38	183	(1,382)	(1,878)	(2,281)	(2,655)
Provision for income taxes	998	410	154	(1,288)	189	93	196	(287)	144	1,059	(1,052)	112	539	47	(12)	(77)	261	(24)	301
Depreciation and amortization expense	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	9,140	9,284	9,760
Asset impairment charges	-	161	590	-	40	208	-	366	46	90	-	180	226	186	1,097	138	395	255	757
Stock-based compensation expense[1]	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	19,866	18,164	16,466
Non-cash charitable donation[2]	-	-	-	-	-	-	-	-	-	-	7,757	-	-	3,270	-	500	-	600	2,591
Transaction costs[3]	-	-	-	-	-	-	-	-	278	4,091	23,893	-	-	-	-	-	-	-	-
Amortization of cloud-based software implementation costs[4]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	96	151	363	463	853
ERP implementation costs[5]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	170	518	403	3,639	371
Restructuring costs[6]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,535	-	-	-	-
Adjusted EBITDA	$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	$17,738	$14,175	$11,031
Adjusted EBITDA margin	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%	10.3%	8.5%	6.5%

(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, and vesting of awards including the satisfaction of performance conditions. For the three months ended September 30, 2023 and 2022, the amount includes $0.2 million and $0.1 million, respectively, of employer payroll costs associated with releases of RSUs and option exercises. For both the nine months ended September 30, 2023 and 2022, the amount includes $0.4 million of employer payroll costs associated with releases of RSUs and option exercises.

(2) Represents charitable expense recorded in connection with the donation of 56,938 shares of Class A common stock to charitable donor advised funds in June 2023 and 178,572 shares of Class A common stock in both August 2023 and May 2022 to the Warby Parker Impact Foundation.

(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 ERP system.

(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 September 30			Nine Months Ended September 30		
Unaudited, in thousands	2023	2022	2021	2023	2022	2021
Cost of goods sold	$77,117	$64,359	$57,709	$229,752	$191,208	$166,407
Adjusted to exclude the following:						
Stock-based compensation expense[1]	282	239	923	776	709	923
Adjusted cost of goods sold	$76,835	$64,120	$56,786	$228,976	$190,499	$165,484
Gross profit	$92,732	$84,418	$79,664	$278,158	$260,411	$241,499
Adjusted to exclude the following:						
Stock-based compensation expense[1]	282	239	923	776	709	923
Adjusted gross profit	$93,014	$84,657	$80,587	$278,934	$261,120	$242,422
Selling, general, and administrative expenses	$112,499	$108,090	$171,643	$328,585	$349,904	$339,264
Adjusted to exclude the following:						
Stock-based compensation expense[1]	16,184	24,119	65,006	53,720	77,894	76,676
Non-cash charitable donation[2]	2,591	-	7,757	3,191	3,270	7,757
Transaction costs[3]	-	-	23,893	-	-	28,262
ERP implementation costs[4]	371	170	-	4,413	170	-
Restructuring costs[5]	-	1,535	-	-	1,535	-
Adjusted selling, general, and administrative expenses	$93,353	$82,266	$74,987	$267,261	$267,035	$226,569
Net loss	($17,413)	($23,843)	($91,073)	($44,150)	($90,142)	($98,368)
Provision for income taxes	301	(12)	(1,052)	538	574	151
Loss before income taxes	(17,112)	(23,855)	(92,125)	(43,612)	(89,568)	(98,217)
Adjusted to exclude the following:						
Stock-based compensation expense[1]	16,466	24,358	65,929	54,496	78,603	77,599
Non-cash charitable donation[2]	2,591	-	7,757	3,191	3,270	7,757
Transaction costs[3]	-	-	23,893	-	-	28,262
ERP implementation costs[4]	371	170	-	4,413	170	-
Restructuring costs[5]	-	1,535	-	-	1,535	-
Adjusted provision for income taxes[6]	(682)	(650)	(1,633)	(5,447)	1,765	(4,611)
Adjusted net income (loss)	$1,634	$1,558	$3,821	$13,041	($4,225)	$10,790
Less: undistributed adjusted net income attributable to participating securities	-	-	(1,648)	-	-	(5,221)
Adjusted net income (loss) attributable to common stock	$1,634	$1,558	$2,173	$13,041	($4,225)	$5,569
Adjusted weighted average shares - diluted	118,617,828	115,844,962	69,189,226	117,855,800	114,681,893	63,717,358
Adjusted diluted earnings (loss) per share	$0.01	$0.01	$0.03	$0.11	($0.04)	$0.09

(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, and vesting of awards including the satisfaction of performance conditions. For the three months ended September 30, 2023 and 2022, the amount includes $0.2 million and $0.1 million, respectively, of employer payroll costs associated with releases of RSUs and option exercises. For both the nine months ended September 30, 2023 and 2022, the amount includes $0.4 million of employer payroll costs associated with releases of RSUs and option exercises.

(2) Represents charitable expense recorded in connection with the donation of 56,938 shares of Class A common stock to charitable donor advised funds in June 2023 and 178,572 shares of Class A common stock in both August 2023 and May 2022 to the Warby Parker Impact Foundation.

(3) Represents costs directly attributable to the preparation for our Direct Listing.

(4) Represents internal and external non-capitalized costs related to the implementation of our new ERP system.

(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 rate of 29.46% in 2023 and 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.

THANK YOU