

WARBY PARKER

# Q4 and Full-Year 2024 Earnings Report

Speakers:

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**NEIL BLUMENTHAL** | Co-Founder & Co-CEO

**STEVE MILLER** | SVP & Chief Financial Officer

# Forward-Looking Statements / Non-GAAP Financial Measures

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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 ending March 31, 2025, and year ending December 31, 2025; expectations regarding the number of new store openings during the year ending December 31, 2025; 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, 2024, 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. Definitions and 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. We've helped **pioneer the vertically integrated, direct-to-consumer model** while evolving from a glasses-only business into a holistic vision care company that also offers contacts and eye exams.
3. Our sales represent approximately 1% of the \$68 billion U.S. eyewear market.
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 **276 stores**<sup>(1)</sup> out of ~45,000 optical shops in the U.S.
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. Over 15 million pairs have now been distributed through our Buy a Pair, Give a Pair program.



## Full Year 2024: Financial Highlights

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**\$771M**

Net Revenue

**15.2%**

Net Revenue Growth

**7.8%**

TTM Active  
Customer Growth<sup>(1)</sup>

**\$307**

Average Revenue  
Per Customer<sup>(1)</sup>

**55.5%**

Adjusted Gross Margin<sup>(2)</sup>

**\$73M**

Adjusted EBITDA<sup>(2)</sup>

**9.5%**

Adjusted EBITDA Margin<sup>(2)</sup>

**\$35M**

Free Cash Flow<sup>(2)</sup>

<sup>(1)</sup> Key operating metric. See definition in appendix.

<sup>(2)</sup> Non-GAAP financial term. See appendix for definitions and reconciliations of non-GAAP measures.



## 2024 Milestones and Accomplishments

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Grew active customer base to **2.51 million**

Launched **17** collections

Introduced **Precision Progressives online**

Opened **41 stores**, reaching 276 in fleet

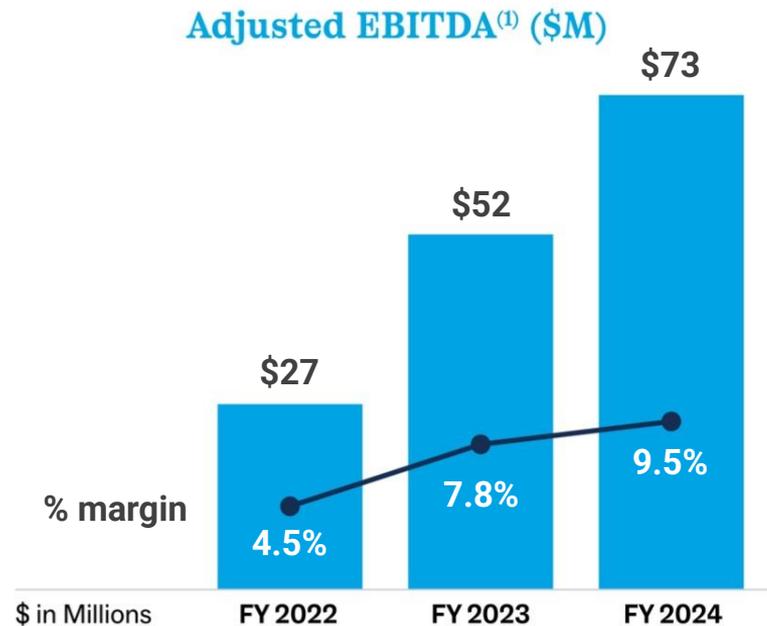
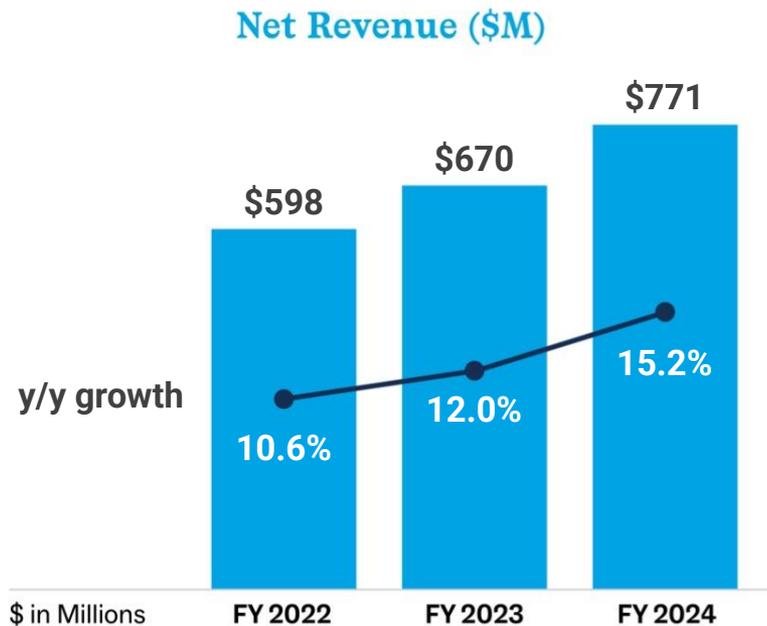
Scaled eye exams to **236 locations**

Expanded **insurance, contacts,** and **exam** penetration

**15M pairs of glasses distributed** through our Buy a Pair, Give a Pair program



# Annual Financial Performance



<sup>(1)</sup> Non-GAAP financial term. See appendix for definitions and reconciliations of non-GAAP measures.

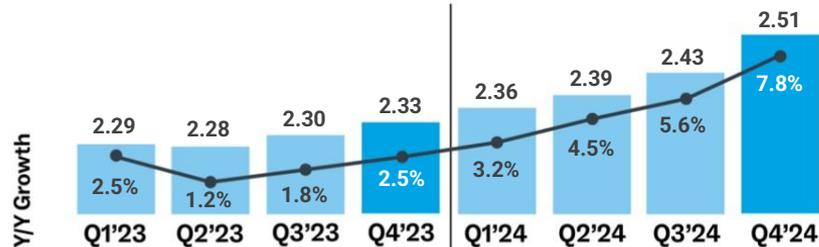
# Quarterly Business Highlights



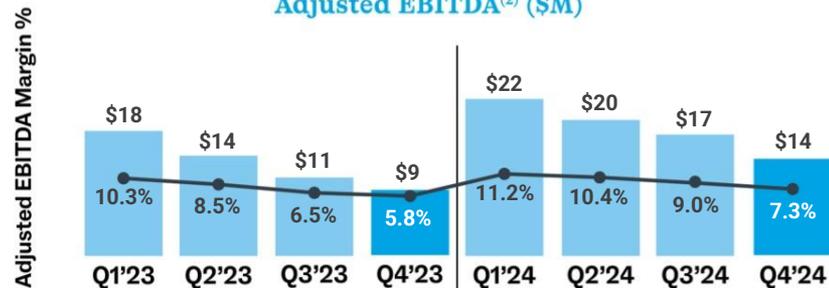
### Net Revenue (\$M)



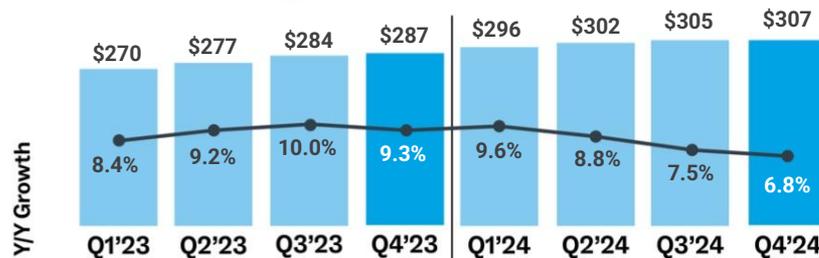
### TTM Active Customers<sup>(1)</sup> (M)



### Adjusted EBITDA<sup>(2)</sup> (\$M)



### Average Revenue Per Customer<sup>(1)</sup>



<sup>(1)</sup> Key operating metric. See definition in appendix.

<sup>(2)</sup> Non-GAAP financial term. See appendix for definitions and reconciliations of non-GAAP measures.

# 2025 Strategic Priorities

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## Invest in Brand Awareness

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- Deliver customer-led growth
- Increase marketing dollars while maintaining it in the low teens % of revenue
- Launch unique partnerships and collaborations
- Amplify reach by utilizing strategic mix of organic and paid initiatives

## Drive Glasses Growth

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- Launch ~20 collections
- Introduce new sizes, shapes, widths, and lens offerings across price points
- Increase penetration of progressives mix
- Design and launch AI-powered personalization tools

## Enhance Omnichannel Experience

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- Open 45 stores, including five shop-in-shops in partnership with Target
- Accelerate Ecom growth
- Innovate within our category-leading omnichannel experience

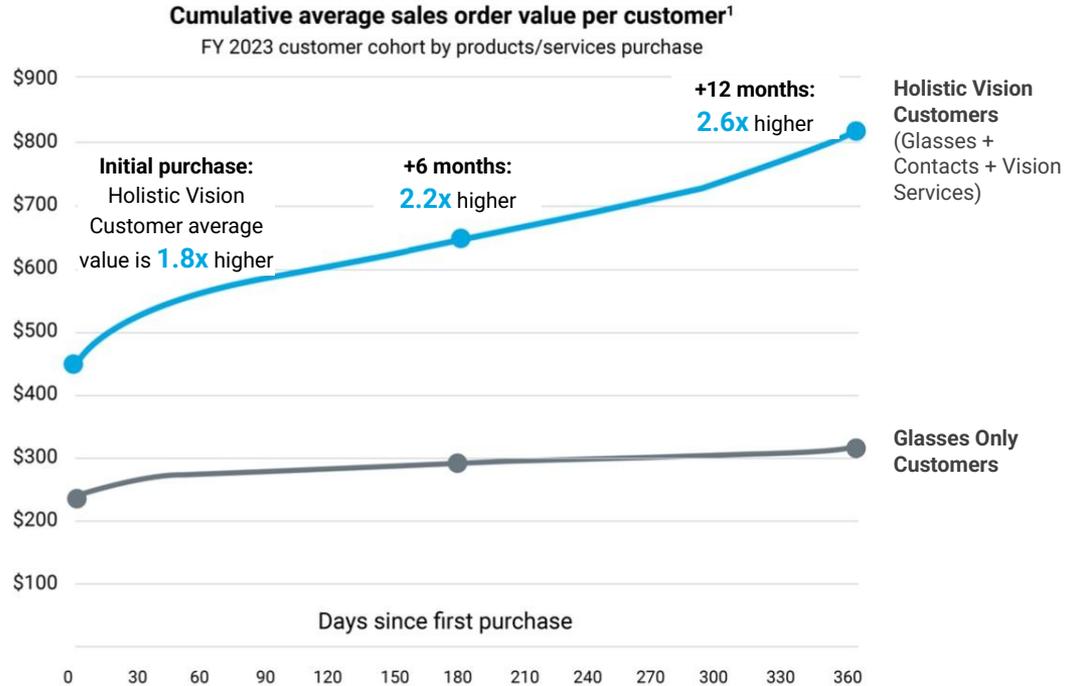
## Scale Holistic Vision Care

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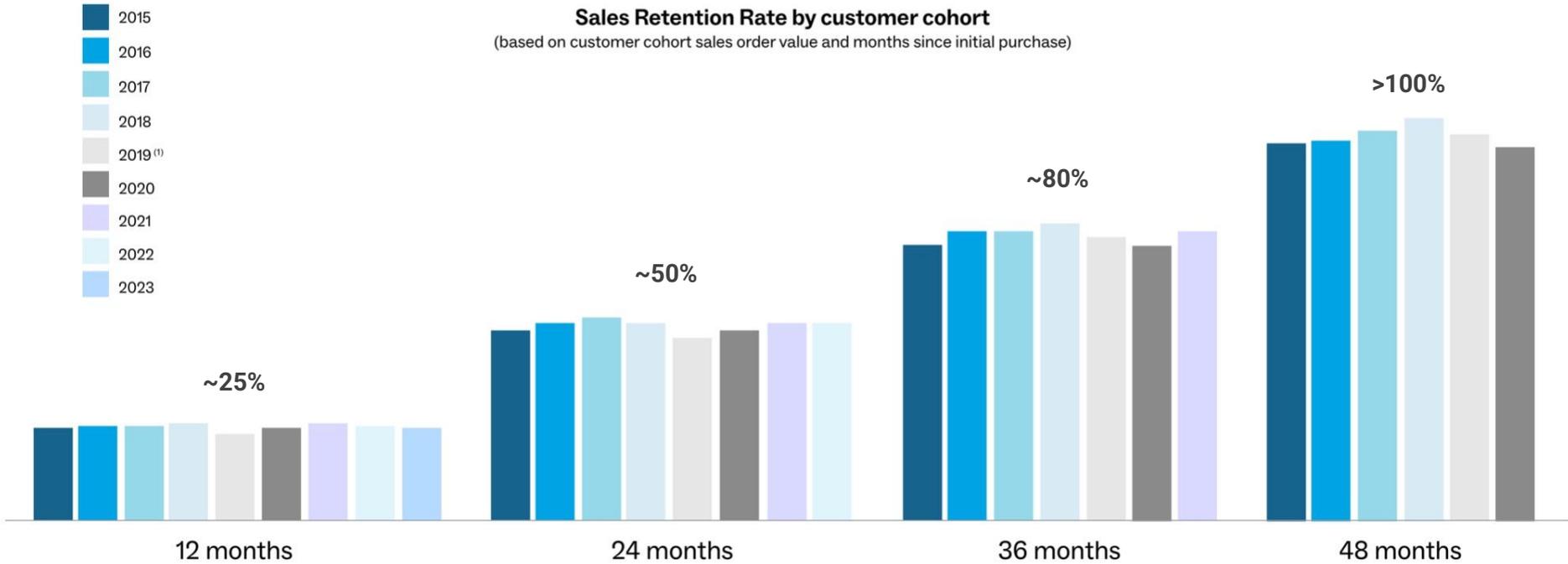
- Grow contacts business
- Expand exam capabilities, awareness, and utilization
- Enhance in-person and telehealth vision care experiences
- Leverage ~30 million in-network insurance lives covered

# Future Growth Opportunities Lead to Higher Customer Value Over Time

Customers who purchase holistic offering (glasses, contacts, and exams) have a cumulative average value<sup>1</sup> that is 2.6x higher after one year than customers who just purchase glasses (and 1.8x higher at initial purchase)



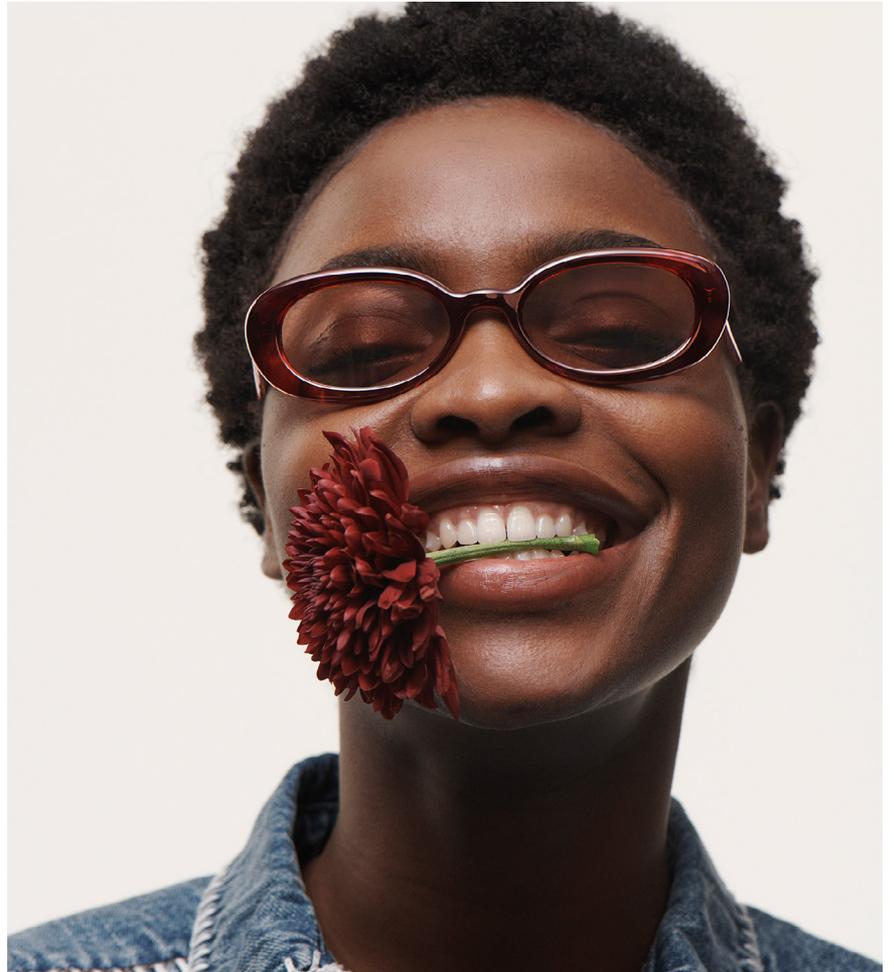
# Compelling and Consistent Sales Retention Rates



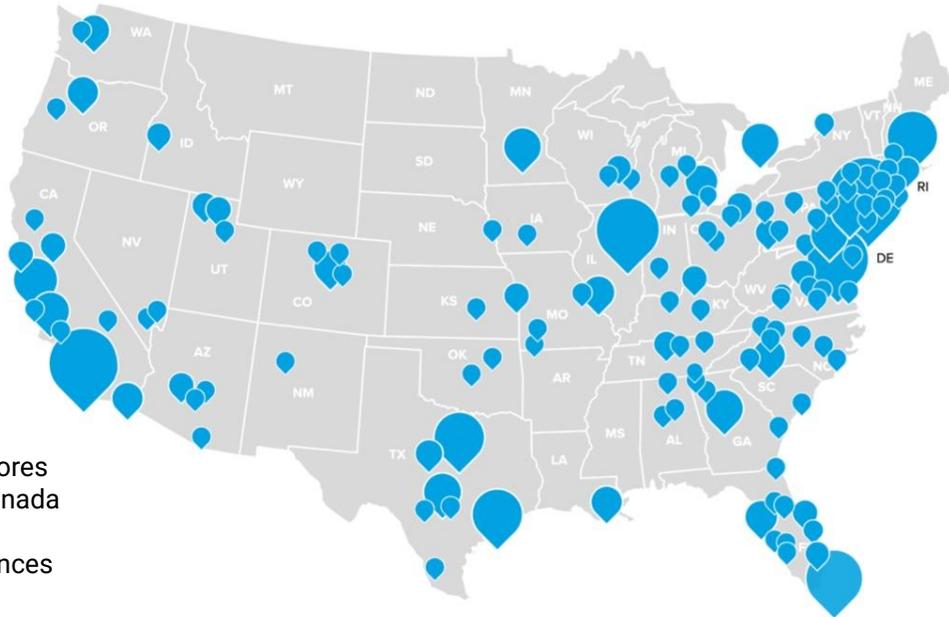
Source: Company data

Note: Sales Retention Rate based on customer cohort sales order value and months since initial purchase. Only cohorts with a full period of data available as of 12/31/2024 are presented.

(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, 24, 36, and 48 months.



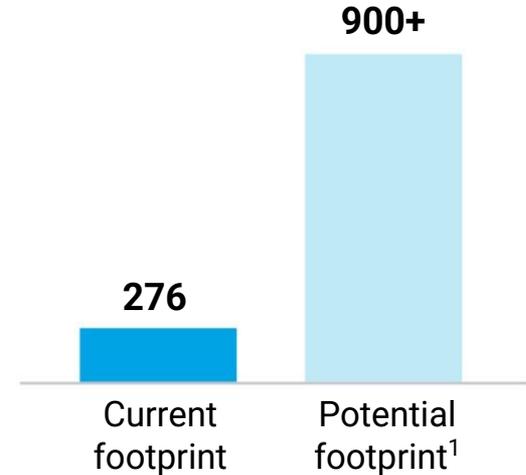
# Expanding Retail Footprint With Significant White Space For New Stores



276 open retail stores  
271 U.S. and 5 Canada  
93 markets  
42 states or provinces  
209 cities  
41 new retail stores in FY 2024

Store presence in 47 of the 50 most populous markets in the U.S.  
Location types: ~28% street, ~45% outdoor center, ~27% indoor center

## WARBY PARKER Number of Store Locations



As of 12/31/2024



*Shoppes at Brinton Lake (Glen Mills, PA)*



*University Place (Orem, UT)*

## FY 2025 Outlook

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Net Revenue

**\$878–893M**

~14–16% y/y growth

Adjusted EBITDA

**\$97M**

~11% margin<sup>1</sup>

## Q1 2025 Outlook

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Net Revenue

**\$223.5–225.5M**

~12–13% y/y growth<sup>2</sup>

Adjusted EBITDA

**\$27–28M**

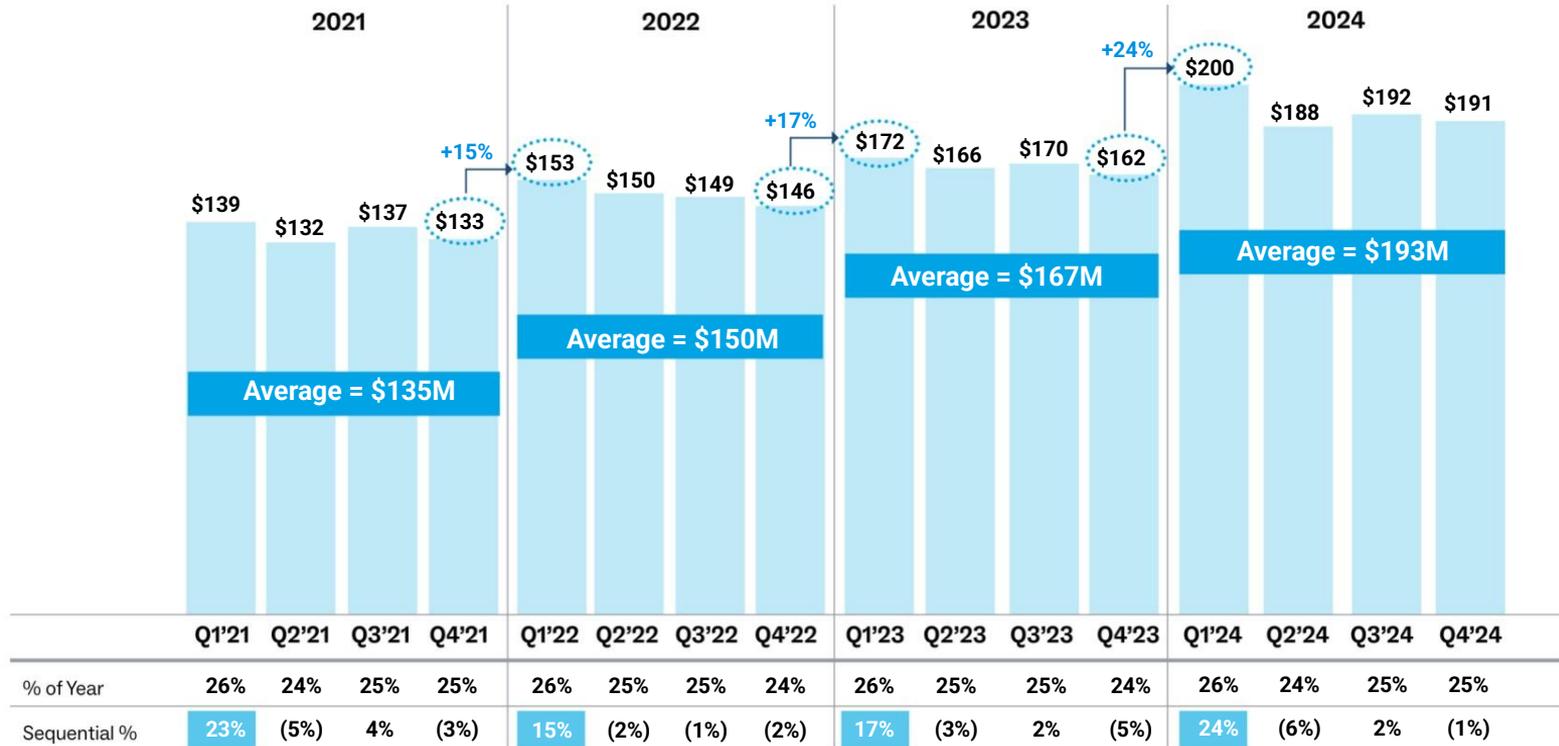
~12% margin<sup>1</sup>

# Supplemental Details



# Net Revenue by Quarter (2021-2024)

Net revenue in bars (\$M)



# Appendix



# Non-GAAP Financial Measures and Key Operating Metrics

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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 COGS", "Adjusted Gross Profit", "Adjusted Gross Margin", "Adjusted SG&A" and "Free Cash Flow" 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, charges for certain legal matters outside the ordinary course of business, and non-recurring costs such as restructuring costs and major system implementation costs. "Adjusted EBITDA Margin" is defined as Adjusted EBITDA divided by net revenue.

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, charges for certain legal matters outside the ordinary course of business, and non-recurring costs such as restructuring costs and major system implementation costs. "Adjusted Non-Marketing SG&A" is defined as Adjusted SG&A minus marketing costs.

The Company calculates "Free Cash Flow" as net cash provided by operating activities minus purchases of property and equipment.

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 trailing 12-month period. The Company calculates "Average Revenue per Customer" as the sum of the total net revenues in the trailing 12-month period divided by the current period Active Customers.

"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 Orders 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.

"Retail Productivity" is defined as average retail sales per store, calculated as total retail Sales Orders divided by average store count in the relevant period, as compared to the prior year.

"Sales Orders" represents the dollar value of orders placed by customers in a given period

# Reconciliation of Adjusted EBITDA to Net Income

<i>Unaudited, in thousands</i>	Three Months Ended December 31		Year Ended December 31	
	2024	2023	2024	2023
Net loss	(\$6,877)	(\$19,047)	(\$20,390)	(\$63,197)
Adjusted to exclude the following:				
Interest and other income, net	(2,631)	(2,417)	(10,596)	(9,232)
Provision for income taxes	93	(105)	875	433
Depreciation and amortization expense	12,332	10,370	45,865	38,554
Asset impairment charges	294	1,822	816	3,230
Stock-based compensation expense <sup>(1)</sup>	9,036	16,569	48,409	71,065
Non-cash charitable donation <sup>(2)</sup>	-	-	2,196	3,191
Amortization of cloud-based software implementation costs <sup>(3)</sup>	842	1,216	3,704	2,895
ERP implementation costs <sup>(4)</sup>	-	-	-	4,413
Other costs <sup>(5)</sup>	753	1,000	2,232	1,000
Adjusted EBITDA	\$13,842	\$9,408	\$73,111	\$52,352
Adjusted EBITDA Margin	7.3%	5.8%	9.5%	7.8%

(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, as well as the issuance of 48,486 shares of Class A common stock to charitable donor advised funds in February 2024. Included in stock-based compensation expense for both the three and twelve months ended December 31, 2023 is \$2.2 million of liability based awards resulting from accrued bonuses that were settled in equity in the first quarter of 2024. For the three and twelve months ended December 31, 2024, the amount includes \$0.4 million and \$1.1 million of employer payroll costs, respectively, associated with releases of RSUs and option exercises. For the three and twelve months ended December 31, 2023, the amount includes \$0.1 million and \$0.6 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 Class A common stock in each of May 2024 and August 2023 to the Warby Parker Impact Foundation, and 56,938 shares of Class A common stock to charitable donor advised funds in June 2023.

(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 restructuring actions executed in October 2024 and charges for certain legal matters outside the ordinary course of business.

# Supplemental Financial Information

<i>Unaudited, in thousands</i>	REPORTED			REPORTED		
	Three Months Ended December 31			Year Ended December 31		
	2024	2023	2024 vs. 2023	2024	2023	2024 vs. 2023
Net Revenue	\$190,643	\$161,855	17.8%	\$771,315	\$669,765	15.2%
Gross Profit	\$103,126	\$87,066	18.4%	\$426,834	\$365,224	16.9%
% of Revenue	54.1%	53.8%	30 bps	55.3%	54.5%	80 bps
Total SG&A	\$112,542	\$108,635	3.6%	\$456,946	\$437,220	4.5%
% of Revenue	59.0%	67.1%	(810 bps)	59.2%	65.3%	(610 bps)
Net Loss	(\$6,877)	(\$19,047)	(63.9%)	(\$20,390)	(\$63,197)	(67.7%)
% of Revenue	(3.6%)	(11.8%)	820 bps	(2.6%)	(9.4%)	680 bps

<i>Unaudited, in thousands</i>	ADJUSTED			ADJUSTED		
	Three Months Ended December 31			Year Ended December 31		
	2024	2023	2024 vs. 2023	2024	2023	2024 vs. 2023
Net Revenue	\$190,643	\$161,855	17.8%	\$771,315	\$669,765	15.2%
Adjusted Gross Profit	\$103,381	\$87,357	18.3%	\$427,899	\$366,291	16.8%
% of Revenue	54.2%	54.0%	20 bps	55.5%	54.7%	80 bps
Adjusted SG&A	\$103,008	\$91,357	12.8%	\$405,174	\$358,618	13.0%
% of Revenue	54.0%	56.4%	(240 bps)	52.5%	53.5%	(100 bps)
Adjusted EBITDA	\$13,842	\$9,408	47.1%	\$73,111	\$52,352	39.7%
% of Revenue	7.3%	5.8%	150 bps	9.5%	7.8%	170 bps

# 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.

<i>Unaudited, in thousands</i>	Three Months Ended December 31		Year Ended December 31	
	2024	2023	2024	2023
Cost of goods sold	\$87,517	\$74,789	\$344,481	\$304,541
Adjusted to exclude the following:				
Stock-based compensation expense <sup>(1)</sup>	255	291	1,065	1,067
Adjusted Cost of Goods Sold	\$87,262	\$74,498	\$343,416	\$303,474
Gross profit	\$103,126	\$87,066	\$426,834	\$365,224
Adjusted to exclude the following:				
Stock-based compensation expense <sup>(1)</sup>	255	291	1,065	1,067
Adjusted Gross Profit	\$103,381	\$87,357	\$427,899	\$366,291
Selling, general, and administrative expenses	\$112,542	\$108,635	\$456,946	\$437,220
Adjusted to exclude the following:				
Stock-based compensation expense <sup>(1)</sup>	8,781	16,278	47,344	69,998
Non-cash charitable donation <sup>(2)</sup>	-	-	2,196	3,191
ERP implementation costs <sup>(3)</sup>	-	-	-	4,413
Other costs <sup>(4)</sup>	753	1,000	2,232	1,000
Adjusted Selling, General, and Administrative Expenses	\$103,008	\$91,357	\$405,174	\$358,618
Marketing	24,563	20,305	95,498	78,420
Adjusted Non-Marketing Selling, General, and Administrative Expenses	\$78,445	\$71,052	\$309,676	\$280,198
Net cash provided by operating activities	\$19,912	\$13,665	\$98,744	\$60,991
Purchases of property and equipment	(17,721)	(13,573)	(64,032)	(53,671)
Free Cash Flow	\$2,191	\$92	\$34,712	\$7,320

(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, as well as the issuance of 48,486 shares of Class A common stock to charitable donor advised funds in February 2024. Included in stock-based compensation expense for both the three and twelve months ended December 31, 2023 is \$2.2 million of liability based awards resulting from accrued bonuses that were settled in equity in the first quarter of 2024. For the three and twelve months ended December 31, 2024, the amount includes \$0.4 million and \$1.1 million of employer payroll costs, respectively, associated with releases of RSUs and option exercises. For the three and twelve months ended December 31, 2023, the amount includes \$0.1 million and \$0.6 million of employer payroll costs, respectively, associated with releases of RSUs and option exercises.

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Thank You