

WARBY PARKER

# First Quarter 2025 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 ending June 30, 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; expectations regarding growth of our business; and expectations regarding our ability to mitigate the impacts of existing or new tariffs. 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 **287 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.



## Q1 2025: Financial Highlights

.....

**\$224M**

Net Revenue

**11.9%**

Net Revenue Growth

**8.7%**

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

**\$310**

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

**56.4%**

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

**\$29.2M**

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

**13.1%**

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

**\$13.2M**

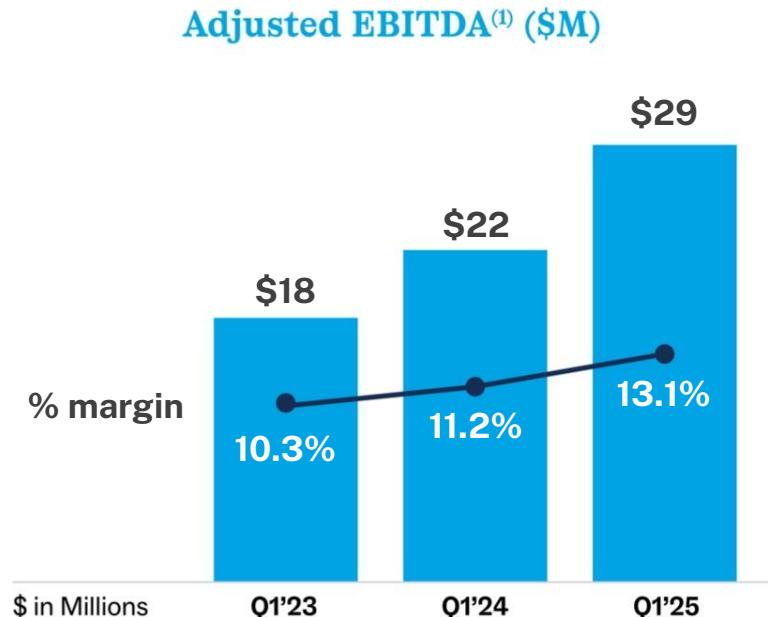
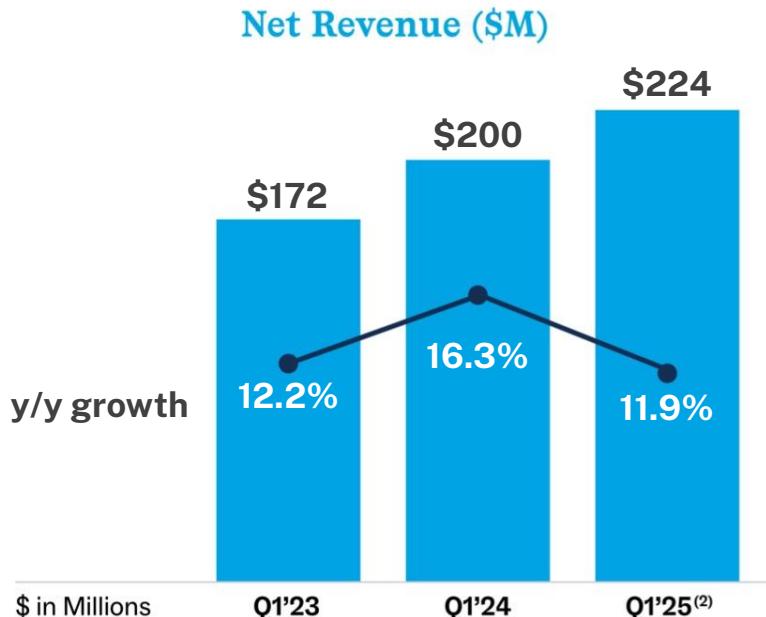
Free Cash Flow<sup>(2)</sup>

<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.

# Quarterly Financial Performance

.....



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

<sup>(2)</sup> Q1'24 revenue benefited from \$2 million for the extra day due to the Leap Year as well as an additional \$2 million of revenue deferral.

# Quarterly Business Highlights

Y/Y Growth

Net Revenue (\$M)



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

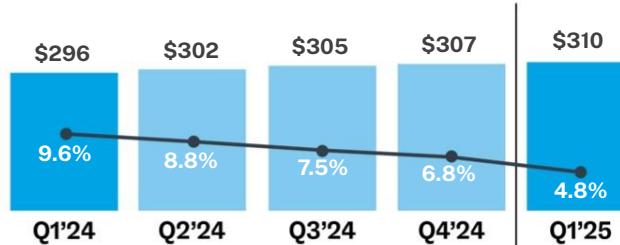


Adjusted EBITDA Margin %

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



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

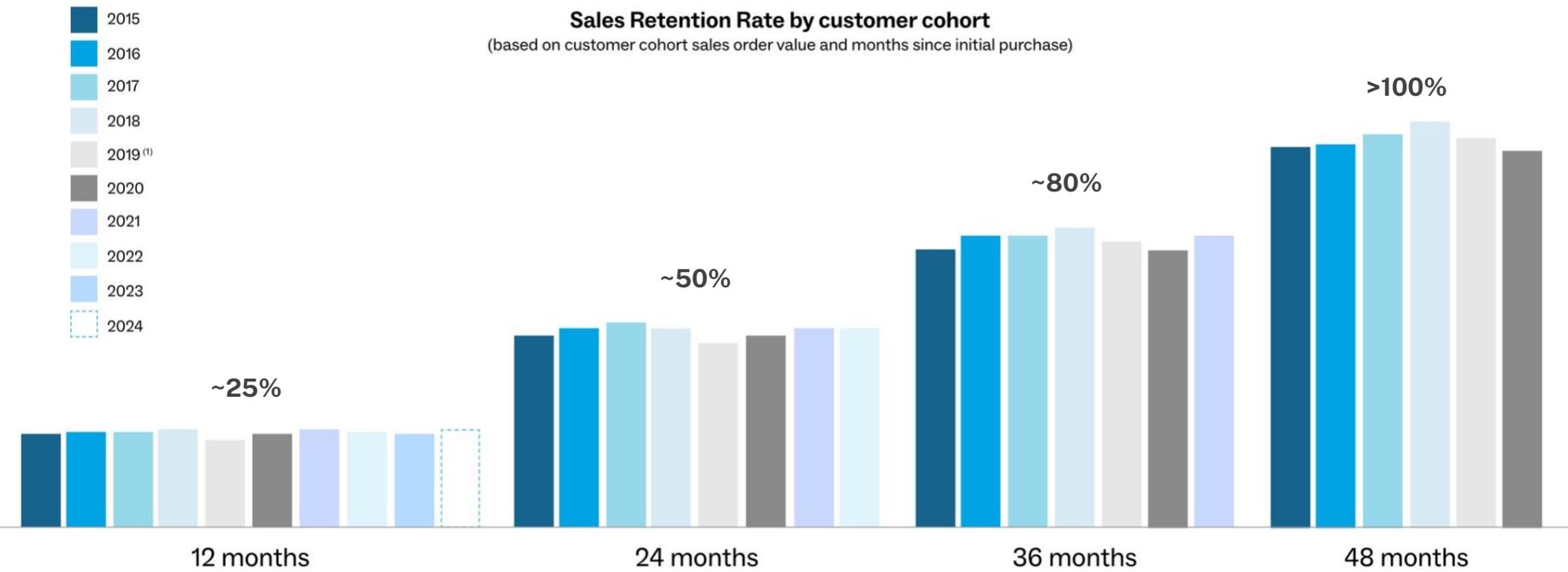


<sup>(1)</sup> Key operating metric. See definition in appendix.

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

# Compelling and Consistent Sales Retention Rates

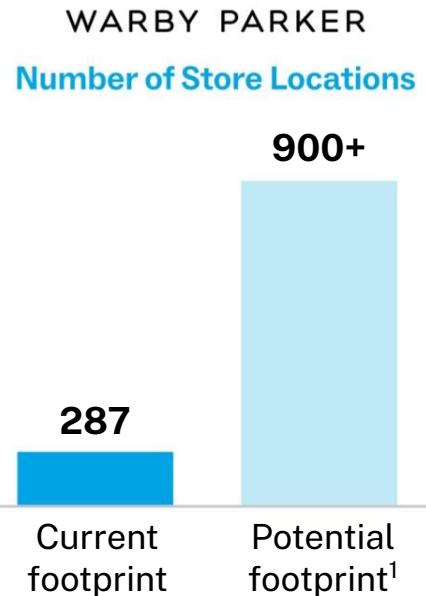
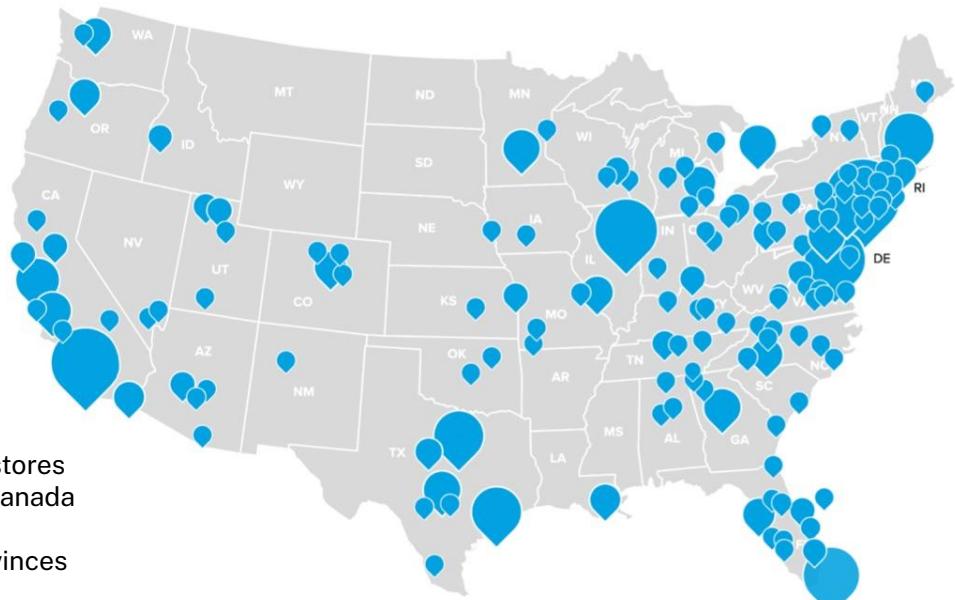
.....





# Expanding Retail Footprint With Significant White Space For New Stores

287 open retail stores  
282 U.S. and 5 Canada  
96 markets  
43 states or provinces  
219 cities  
11 net new retail stores in Q1 2025  
Store presence in 47 of the 50 most populous markets in the U.S.  
Location types: ~27% street, ~47% outdoor center, ~26% indoor center



As of 3/31/2025

# WARBY PARKER



Shoppes at Brinton Lake (Glen Mills, PA)



University Place (Orem, UT)

## Full Year 2025 Outlook

.....

### Net Revenue

**\$869M-\$886M**

~13-15% y/y growth

### Adjusted EBITDA<sup>(1)</sup>

**\$91M-\$97M**

~10.5-11.0% margin<sup>(1)</sup>

## Q2 2025 Outlook

.....

### Net Revenue

**\$211M-\$214M**

~12-14% y/y growth

### Adjusted EBITDA<sup>(1)</sup>

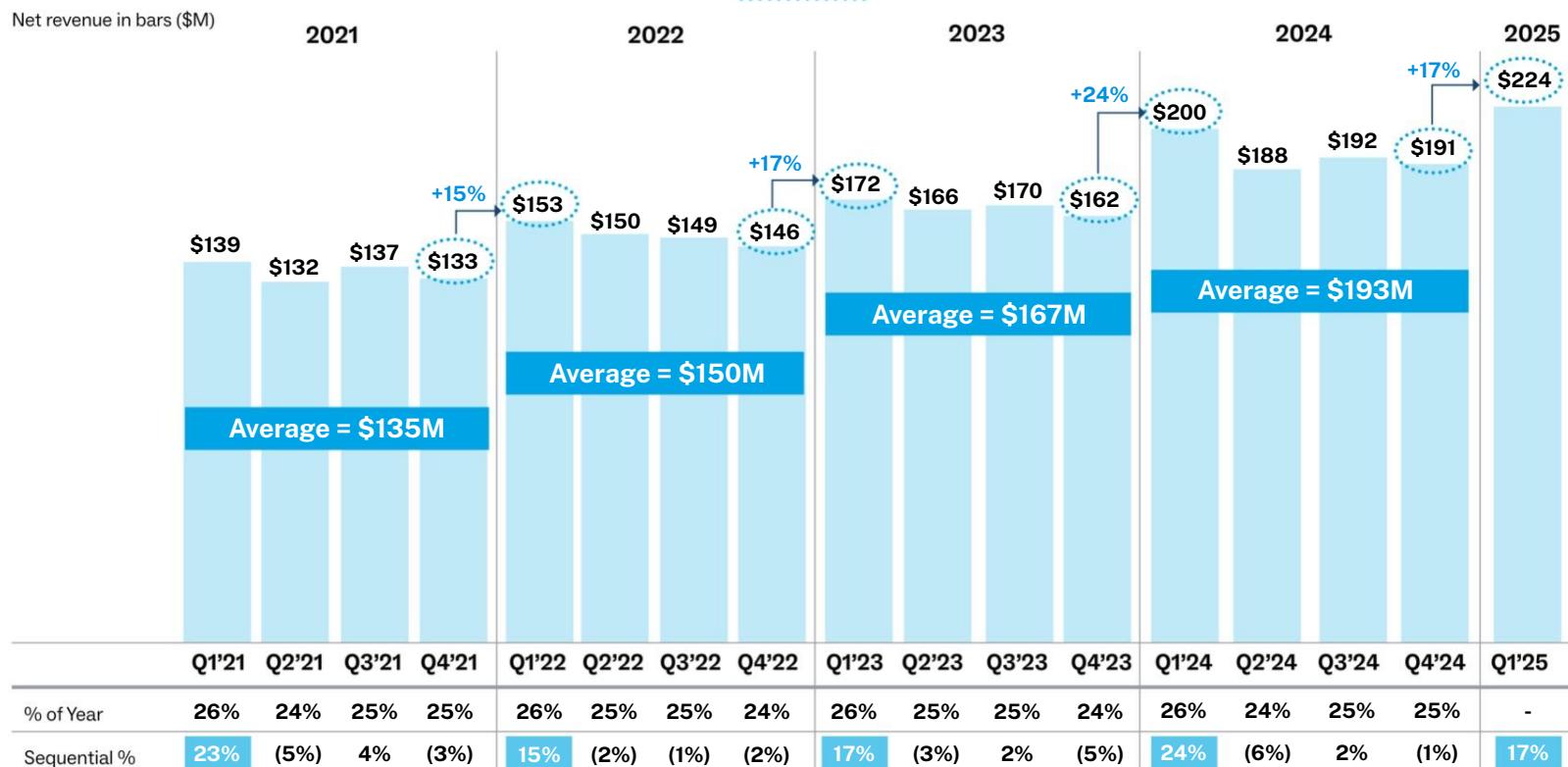
**\$20M-\$22M**

~10% margin<sup>(1)(2)</sup>

# Supplemental Details



# Net Revenue by Quarter (2021–2025)



# 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 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 March 31	
	2025	2024
Net income (loss)	\$3,472	(\$2,679)
Adjusted to exclude the following:		
Interest and other income, net	(2,455)	(2,556)
Provision for income taxes	1,454	108
Depreciation and amortization expense	12,162	10,583
Asset impairment charges	311	399
Stock-based compensation expense <sup>(1)</sup>	13,001	14,315
Amortization of cloud-based software implementation costs	737	1,073
Other costs <sup>(2)</sup>	525	1,135
Adjusted EBITDA	\$29,207	\$22,378
Adjusted EBITDA Margin	13.1%	11.2%

(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, as well as the issuance of 26,832 and 48,486 Class A common stock to charitable donor advised funds in February 2025 and February 2024, respectively. For the three months ended March 31, 2025 and 2024, the amount includes \$0.7 million and \$0.3 million, respectively, of employer payroll taxes associated with releases of RSUs and option exercises.

(2) Represents charges for certain legal matters outside the ordinary course of business.

## Supplemental Financial Information

.....

<i>Unaudited, in thousands</i>	REPORTED		
	Year Ended March 31		
	2025	2024	2025 vs. 2024
Net Revenue	\$223,782	\$200,003	11.9%
Gross Profit	\$125,980	\$113,459	11.0%
% of Revenue	56.3%	56.7%	(40 bps)
Total SG&A	\$123,509	\$118,586	4.2%
% of Revenue	55.2%	59.3%	(410 bps)
Net income (loss)	\$3,472	(\$2,679)	(229.6%)
% of Revenue	1.6%	(1.3%)	290 bps

<i>Unaudited, in thousands</i>	ADJUSTED		
	Year Ended March 31		
	2025	2024	2025 vs. 2024
Net Revenue	\$223,782	\$200,003	11.9%
Adjusted Gross Profit	\$126,253	\$113,703	11.0%
% of Revenue	56.4%	56.9%	(50 bps)
Adjusted SG&A	\$110,256	\$103,380	6.7%
% of Revenue	49.3%	51.7%	(240 bps)
Adjusted EBITDA	\$29,207	\$22,378	30.5%
% of Revenue	13.1%	11.2%	190 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>	<b>Three Months Ended March 31</b>	
	<b>2025</b>	<b>2024</b>
Cost of goods sold	\$97,802	\$86,544
Adjusted to exclude the following:		
Stock-based compensation expense <sup>(1)</sup>	273	244
Adjusted Cost of Goods Sold	\$97,529	\$86,300
Gross profit	\$125,980	\$113,459
Adjusted to exclude the following:		
Stock-based compensation expense <sup>(1)</sup>	273	244
Adjusted Gross Profit	\$126,253	\$113,703
Selling, general, and administrative expenses	\$123,509	\$118,586
Adjusted to exclude the following:		
Stock-based compensation expense <sup>(1)</sup>	12,728	14,071
Other costs <sup>(2)</sup>	525	1,135
Adjusted Selling, General, and Administrative Expenses	\$110,256	\$103,380
Marketing	27,873	24,858
Adjusted Non-Marketing Selling, General, and Administrative Expenses	\$82,383	\$78,522
Net cash provided by operating activities	\$29,358	\$19,927
Purchases of property and equipment	(16,152)	(14,437)
Free Cash Flow	\$13,206	\$5,490

(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, as well as the issuance of 26,832 and 48,486 Class A common stock to charitable donor advised funds in February 2025 and February 2024, respectively. For the three months ended March 31, 2025 and 2024, the amount includes \$0.7 million and \$0.3 million, respectively, of employer payroll taxes associated with releases of RSUs and option exercises.

(2) Represents charges for certain legal matters outside the ordinary course of business.

# Thank You