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National Vision Holdings, Inc. (EYE)

Q1 2026 Earnings Call Transcript

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PRESENTATION

Tamara Gonzalez, Vice President-Investor Relations, National Vision Holdings, Inc.

Thank you, and good morning, everyone. Welcome to National Vision's first quarter 2026 earnings call. Joining me on the call today are: Alex Wilkes, CEO; and Chris Laden, CFO. Our earnings release issued this morning and the presentation accompanying our call are both available in the Investors section of our website at ir.NationalVision.com. A replay of the audio webcast will be archived in the Investors section after the call.

Before we begin, let me remind you that our earnings materials and today's presentation include forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995. These statements are subject to risks and uncertainties that could cause actual results to differ materially from our expectations and projections. These risks and uncertainties include, but are not limited to, the factors identified in the release and our filings with the Securities and Exchange Commission. The release and today's presentation also include certain non-GAAP measures. Reconciliation of these measures is included in our release and the supplemental presentation.

We would like to draw your attention to slide 2 in today's presentation for additional information about forward-looking statements and non-GAAP measures. As a reminder, National Vision provides investor presentations and supplemental materials for investor reference in the Investors section of our website.

I will now turn the call over to Alex. Alex?

Alex Wilkes, Chief Executive Officer, National Vision Holdings, Inc.

Thanks, Tamara. Good morning, everyone, and thank you for joining us for our first quarter of 2026 earnings call. We are building a stronger, more profitable National Vision and Q1 is clear evidence that our strategy is working. The work underway on our four growth vectors is structural, designed to grow demand, improve ticket, and expand operating margins over time. We're closing key gaps where we are underdeveloped compared to the category with more profitable customers and closing the gap in key product areas, improving the customer and patient experience, expanding our footprint through new stores and channels, and driving operating margin improvement through disciplined cost management.

We are raising the bar on the overall experience and building a more seamless digital and in-store journey that supports share gains, while reinforcing our value leadership. With our Q1 results, clear initiatives for the balance of the year and strong execution against our priorities, we are reaffirming our fiscal 2026 guidance.

Moving on to our results, in the first quarter, net revenue grew 6.6% to $544 million. Adjusted comp store sales increased 4.5%, in line with our mid-single-digit algorithm, despite early weather pressure and a choppier macro backdrop that affected our cash pay cohort.

Adjusted operating margin expanded 210 basis points to 10.2%, reaching double digits on continued cost discipline and growth in our more profitable customer cohorts. Adjusted EPS increased to $0.45 per share from $0.34 in the prior year quarter.

We are executing our growth plan with discipline and we continue to see strong, consistent results that reinforce our confidence in our modernization efforts. With traffic in line with our expectations, our intentional customer mix shift towards progressive managed care and outside Rx customers continued in Q1 and is supporting stronger comps and more profitable growth.

It is important to remember that ticket growth is not just price. It reflects higher penetration of solutions customers value and modernized selling tools, supported by improved associate training and clear selling choices. In fact, our cash pay ticket continues to outpace all others, as this cohort is adopting our premium product at a faster rate, reflecting the strength of our value proposition, enhanced product assortment and high-quality eye exams. Compared to a year ago, we are making meaningful progress in this area and we're still early in the journey.

Our progress drove faster, more relevant product flow in Q1. We: introduced new private label frame options, pushing select price points above $100; launched Stetson to capture the Western trend, rolled out Swarovski across emerging brands; and in April, we launched Kendra Scott sunglasses, a category with meaningful growth potential. The result is continued strength in upgraded frames sold and improved mix of higher ticket items in the quarter. This is not just price. It reflects higher penetration of products customers value and clear selling choices supported by better associate training.

Customers continue to choose advanced lens materials, such as polycarbonate and high-index, along with features like anti-reflective, transitions and premium progressive options, at a higher rate than last year. As the assortment expands, our selling approach means we do more than add choice. We bring the benefits to life through relationship building, through stronger consultations and in-store education that help each customer find the right eyewear solution. This momentum reflects the product evolution our merchandising team is driving.

One proof point is how we are scaling smart glasses with our Ray-Ban Meta launch, and it's already resonating. We're seeing strong early demand with Ray-Ban Meta, as customers use managed care benefits to support the purchase. Given that demand, we expanded Ray-Ban Meta and Oakley Meta to all America's Best and Eyeglass World stores, as well as online, in early April. We also broadened the Meta assortment with products designed to improve comfort, wearability and performance. We added products from the Ray-Ban Meta Optics line for prescription wearers, offering lighter weight, longer battery life and better all day wear. Smart glasses are becoming a more important AI-driven category, and we are leading and making these products accessible to our customers and patients.

Looking ahead to 2Q, we have several initiatives in the pipeline that will further expand options for customers seeking quality frames and lenses to meet their lifestyle needs. In May, we began piloting a major launch of branded lenses, NikonEyes. Beyond the brand, these lenses offer meaningful, quality improvements we believe customers will value. The NikonEyes lenses are available both for single vision and progressive customers. For the single vision customer, the lens is a digitally surfaced lens that allows for better customization and personalization of the lens.

The Progressive NikonEyes lens is the most advanced NikonEyes Progressive lens design and categorized by the insurance companies as a top-tier lens. It delivers sharper vision, a wider field of vision, and a larger corridor for intermediate vision, leading to best adaptation for wearers and an all-around better viewing experience.

These lenses will be available at both America's Best and Eyeglass World, and we're proud to offer the highest tier NikonEyes progressive lens in the US market. This is a meaningful step up from what we've offered historically and is our most advanced lens to-date. This is a game changer for new progressive wearers, significantly improving their adaptation, which historically is one of the largest pain points in the progressive category.

Starting in June, we're adding to our premium brand assortments at America's Best, with highly sought after brands like Tory Burch, Polo Ralph Lauren and Persol. As our assortment becomes more premium and innovative, execution in store matters even more. Our data shows that customers are highly engaged early in their shopping journey. So this month, we're expanding associate training for both Ray-Ban Meta products and premium brands across the full customer journey, from purchase, to pick up, to improve consistency.

As we look ahead, we will further enhance our merchandising capabilities and store experience through store segmentation. By understanding the customers who shop in our stores, the purchases they make, and the potential customers who live near our stores, we can tailor product assortments to align with local demand and shopping behaviors. Expected benefits include: enabling us to adjust assortments to customer needs; allowing us to build thoughtful brand mixes for each segment; giving us the ability to establish structured, active plans for brand products that are underperforming or no longer aligned with our strategy.

We will roll this out in two phases. America's Best begins in late Q2, with Eyeglass World following by Q4. The goal is simple. Let the data guide us to get the right products in the right stores and make it easier for customers to compare and purchase what best meets their needs. This is a key part of our strategy. Use customer and market data to localize assortments and pricing. This not only increases relevance at the store level, it unlocks the opportunity for incremental sales as we capture more demand, while staying true to our customer-focused strategy.

We're applying the same mindset to our digital storefront, where scale and personalization matter even more. On digital, we made an important strategic move to re-platform AmericasBest.com at the beginning of Q2. This is a key step in our unified commerce journey to strengthen our digital foundation, improve the customer experience, and, over time, better connect our online and store experiences. A re-platforming of this scale resets parts of the digital storefront, and traffic was disrupted as search and social optimization resets. We're managing this transition anchored in data, clear operating focus, discipline and a healthy sense of urgency.

Importantly, we're seeing sequential improvement in traffic as Q2 progresses. As a result, quarter-to-date, comps are tracking in the low single-digit range. And we expect that the initiatives already underway will offset the recent disruptions, reinforcing our confidence in the trajectory of the business and in reaffirming our guidance today.

Most importantly, this platform materially improves our ability to serve the roughly 30 million consumers who engage with us online each year. It reduces friction in the shopping journey, especially on mobile, with fewer clicks and fewer steps to complete an order or book an eye exam.

Over time, it helps prepare us for a world where AI becomes a more important part of consumer marketing and interaction, including greater personalization, better awareness of tools like online try-on and faster frame discovery. This is how we build a more seamless omnichannel model with capabilities to support durable ecommerce growth over the long term.

As we move into 2027 and beyond, we're building toward a true omni model, including features that lead to a more seamless shopping experience for our customers, like one click contact lens reorders and more relevant CRM-driven second pair recommendations. So, while the transition created short-term noise, the strategic value is clear. The recovery is underway and the long-term opportunity is meaningful.

In marketing, we're making steady progress and beginning to see tangible returns from the foundational work underway. Our CRM re-platform is delivering positive early results, improving performance and giving us better visibility and control. It is enabling more sophisticated CRM journeys that are more relevant and better timed across the customer life cycle, from post-purchase engagement to reactivating lapsed customers. CRM is where the brand is delivered. And we're strengthening that capability. When the journey is relevant, timely and personal, brand awareness follows.

During Q1, America's Best continued to gain an unaided brand awareness, reflecting more consistent message and a stronger customer experience across stores and online. The team also made meaningful progress this quarter to strengthen the second half launch cadence and advance the Eyeglass World brand. At America's Best, we're building momentum with our campaign by staying focused on value, clarity and traffic-driving execution that supports both near-term performance and long-term brand health.

As we look at our portfolio of brands, we are continuing to make progress with the Eyeglass World brand repositioning and look forward to updating you on our repositioning efforts later this summer. Alongside that work, we're also strengthening the Emerging Brands portfolio by expanding where our value proposition is uniquely compelling.

We have long been proud to serve the military with quality optical solutions. And I'm excited to share that at the end of the first quarter, we expanded our relationship with the Army and Air Force Exchange Service, or AAFES, the government entity that operates for-profit stores on military bases.

We added 20 new Military optical sites, bringing our total to 72 AAFES locations. And we are now the sole optical provider in the US for the Army and Air Force bases. This addition represents an important step in broadening our reach through our Emerging Brands portfolio. Since the change in operations at the start of April, our teams have been working collaboratively to ensure a smooth, thoughtful integration. There are exciting developments underway. We'll stay focused on execution and driving value as we move forward.

In closing, we're building a stronger, more profitable National Vision, one that delivers access, experience, value and convenience at scale. Q1 was a clear step forward. These results reflect the dedication of our associates and doctors. And I want to thank them for the care, service and execution they deliver every day.

The progress we're seeing across product mix, pricing, experience and cost discipline is translating into stronger comps, meaningful margin expansion, all while reinforcing our value leadership. We also took an important step in building the digital capabilities that will modernize the business over time. And what we're seeing gives us confidence to reaffirm 2026 guidance.

With that, I'll turn it over to Chris to walk through the financial results and outlook in more detail. Chris?

Christopher Laden, Chief Financial Officer, National Vision Holdings, Inc.

Thank you, Alex, and good morning, everyone. As Alex mentioned, our first quarter results reflect meaningful progress against our strategic priorities. We delivered comparable store sales in line with the midpoint of our guidance, expanded operating margin, and drove improved profitability through disciplined expense management, while continuing to advance our transformation initiatives. Although the consumer environment remains dynamic, we are confident that our actions are positioning us well for the balance of the year.

Before I review our results, as a reminder, my remarks will include certain non-GAAP metrics and would refer you to today's press release for reconciliations of all non-GAAP financial measures to their most comparable GAAP financial measures.

For the first quarter, net revenue increased 6.6%, with adjusted comparable store sales growth of 4.5% and a positive 2.0% impact from the timing of unearned revenue. We ended Q1 with a total of 1,274 stores, reflecting the eight new America's Best stores we opened during the period, as well as the closure of three America's Best stores and one Military store.

In addition, our ending store count includes the expansion of our Military brand. With our expanded agreement, we added 20 new Military stores and are proud to be the sole optical partner on AAFES bases in the United States. We expect these stores to have a similar level of productivity as our current Military locations and we do not expect this expansion to have a material impact on our outlook for 2026. For clarity, these new stores are not included in our current guidance.

Adjusted comparable store sales growth in the period was driven by an increase in average ticket of 5.1%, which reflects continued strength in the managed care cohort, along with continued execution of our pricing and merchandising product mix initiatives.

The increase in average ticket was partially offset by a 1.2% decline in overall customer traffic compared to the prior year, as positive traffic for the combined managed care, progressive and outside Rx customer cohort continued to partially offset softer traffic in our cash pay business. These results reflect a sequential improvement from the fourth quarter, despite the impact from winter storms and a volatile macro backdrop. Our eye exam conversion to product sales has remained consistent with prior quarters, which is another key indicator of customer acceptance of our merchandising and pricing transformation.

As a percentage of net revenue, costs applicable to revenue increased approximately 10 basis points. The resulting slight decrease in gross margin was driven by product mix and offset leverage in optometrist-related costs, consistent with our planning scenario.

Adjusted SG&A was $246.0 million in the first quarter and, as a percentage of revenue, leveraged 200 basis points. This performance was primarily driven by lower associate-related expenses and advertising. Adjusted operating income increased to $55.5 million, compared to $41.3 million in the prior year period.

And adjusted operating margin increased 210 basis points to 10.2% for the quarter.

Net interest expense was $2.8 million compared to $4.6 million in the prior year. This year-over-year decrease was driven by two main items. The first is the reduction in overall debt. And the second is interest received from the IRS, which we will unpack in a moment. Related to the reduction in debt, we repaid $101.3 million, with $84.8 million attributable to the maturity of the convertible notes and $16.5 million in amortization of our term loan. Adjusted EPS was $0.45 per share in the first quarter, up from $0.34 per share last year.

Turning next to our balance sheet, we ended the first quarter with a cash balance of $67.9 million and total liquidity of $361.2 million, including available capacity from our revolving credit facility. During the quarter, we collected $10.5 million from the IRS related to the CARES Act Employee Retention Credits, which included $700,000 of interest. This collection settled a long-standing receivable accrued in 2022.

Our inventory grew approximately 22% compared to the prior year, primarily driven by investments in frames to support the launch of our store segmentation work, as well as investments in premium brands as part of our ongoing assortment strategy. We feel very good about the health and mix of our inventory in line with our capital allocation strategy.

During Q1 2026, we repaid $3.3 million in long-term debt, bringing our total debt outstanding, net of unamortized discounts, to $241.8 million at the end of the quarter. And for the trailing 12 months, our net debt to adjusted EBITDA was 0.8 times. For the quarter, we generated operating cash flow of $61.7 million and invested $17.6 million in capital expenditures, primarily driven by investments in new and existing stores and information technology.

Moving now to our outlook. As detailed in our press release, we are reiterating our full year guidance, reflecting our first quarter performance, the expected benefit of our ongoing initiatives, continued strength in average ticket, and a range of assumptions for the macroenvironment and traffic trends. We continue to expect net revenue between $2.03 billion and $2.09 billion, supported by adjusted comparable store sales growth of 3% to 6%.

As a reminder, we expected factors such as calendar implications from last year's 53rd week, holiday shifts, changes in selling days, as well as the timing of our investments to impact the quarterly cadence this year. Our expectation for flat to modest growth in Q2 reflects these factors.

As Alex noted, Q2 comparable store sales are tracking in the low single-digit range, primarily due to the replatform of our website. We view this as temporary and are already seeing sequential improvement in traffic as the quarter progresses. We continue to expect comp growth to strengthen in the back half, supported by initiatives already underway, like the new premium lens and frame launches and the rollout of our store segmentation strategy to offset the recent traffic disruption. These factors reinforce our confidence in the trajectory of the business and in reaffirming our full year guidance.

Turning to profitability for 2026. We continue to expect adjusted operating income between $107 million and $133 million, which includes a range for depreciation and amortization of $88 million to $92 million. At the midpoint, our outlook assumes fiscal 2026 adjusted operating margin expansion of approximately 100 basis points relative to fiscal 2025, excluding the 53rd week. As we have reiterated, this expansion in adjusted operating margin is expected to be driven primarily by SG&A leverage. And from a quarterly cadence expectation, we continue to expect more favorable year-over-year growth in adjusted operating margin in Q1 and Q3 and for Q2 and Q4 to yield flat to modest growth.

Our full year guidance takes into account our multiyear cost savings plan and we remain on track to realize approximately $10 million in annualized savings this year. Interest expense is expected to be between $14 million and $16 million. We expect our effective tax rate to be approximately 28%, excluding the impact of vesting of restricted stock units and stock option exercises. Bringing this all together, we continue to expect adjusted diluted EPS to be between $0.85 and $1.09 per share, which assumes approximately 82 million weighted average diluted shares outstanding.

We expect CapEx to be between $73 million and $78 million for fiscal 2026, which includes investments to open approximately 30 to 35 new stores this year. Our store openings guidance continues to be weighted towards America's Best branded stores and excludes the expansion of our Military locations completed at the end of the first quarter. We also expect to close approximately 10 to 15 stores as part of our ongoing fleet optimization efforts, resulting in net new store growth of approximately 20 to 25 stores. We expect both store openings and store closures to have a relatively balanced cadence throughout the remainder of the year.

In closing, our disciplined approach to executing our strategic plan is delivering results. And we're seeing this reflected in the strengthening growth in transaction value. This progress reinforces our conviction in the path forward. And we're excited about the opportunities ahead. We look forward to sharing our continued progress with you.

And with that, operator, we are now ready for questions.

QUESTION & ANSWER SECTION

Michael Lasser – Analyst, UBS Securities LLC

Congrats, guys, on another great quarter. I guess to start off here, it would be great to hear some more color just in terms of the impact the replatforming is having on traffic within the quarter. Could you help us quantify what the range of impact you see on traffic specifically in the quarter to-date trending?

Alex Wilkes, Chief Executive Officer, National Vision Holdings, Inc.

Yeah, good morning. Thanks for the question. It's Alex. So, yeah, as mentioned, we launched our new America's Best platform right in the beginning of Q2. And we intentionally picked Q2, as it's our lowest volume quarter of the year. And with changes of this magnitude, you know you're going to hit some speed bumps. And one of the things that we've seen is sequential traffic improvement since the go-live of the site. And just to be clear and provide a little bit more color on this, we really haven't had any technical challenges with the site. This is all related to how we plug this site into our social marketing and search marketing signals.

So, our site is responsible for approximately half of our eye exams that get booked for America's Best. And as we've talked about historically, we rely a lot on social and search marketing. So having those signals go back and forth between the search and social providers and into our site are kind of in the point of being reestablished after completely changing out the platform to what is now really the most modern e-commerce platform that you could implement that you could hope for.

So, in of specific color, right, I mean, we started Q2 in the negative traffic realm. And we're building up from that as the quarter has progressed. So we don't see anything in the quarter that's taking us off of our full year guide. We're certainly performing within range of our planning scenario. And, once again, from my prepared comments, we believe this is an important step and an important investment for the future of the organization.

Simeon Siegel, Guggenheim Securities, LLC

Thanks. Hey, guys. Good morning. Alex, can you speak to what you're seeing in traffic from new target customers versus the traffic losses from self-pay? So maybe kind of disaggregating that a little bit for us and how you think that goes forward. And then, Chris, can you just quantify the gross margin drivers between mix pressure versus the pricing and leverage benefits and also how you think about that going forward? Thank you.

Alex Wilkes, Chief Executive Officer, National Vision Holdings, Inc.

You got it. Hey, Simeon. So on cash pay, we're seeing a bit of the trend that we've continued to see with cash pay customers being suppressed in Q1 from a traffic perspective. Again, as a cohort – from a cohort perspective, the cash pay consumer is actually comping positive because, as mentioned, they're adopting the premium frames and premium lenses are at a pretty high clip. So, we're pleased with that performance. But from a traffic perspective, kind of on trend and suppressed from what we've seen in previous quarters.

Our target customer cohort base of managed care, progressives and outside Rx, did comp positively from a traffic perspective in Q1. And again, as we've talked about over the last few quarters, this intentional shift to these more profitable customers is one of the contributors to our overall profitability expansion. Chris, on the margin points.

Christopher Laden, Chief Financial Officer, National Vision Holdings, Inc.

Yeah, great question. Thanks for the question. So from a gross margin perspective, we expect the full year to be relatively flattish to nominally negative on gross margin. When you kind of unpack the inputs, as you said, we've got some nominal pricing increases we took at the end of Q4 and in Q1. So really what you're going to see that's driving gross margin year-over-year is going to be almost entirely on the mix front. And so as we said at Investor Day, just to remind this group here, as we introduce more premium frames, as we lean heavier into more premium lens options, those will drive more gross margin dollars and really be the primary driver of our operating income leverage, but at a gross margin level from a percentage perspective, could be dilutive.

Zachary Fadem, Wells Fargo Securities LLC

Hey, good morning. Could we talk a bit more about the cadence of comps and to what extent you saw changes in trend between managed care and cash pay customers as we moved through the quarter? And specifically, could we talk about what you saw around the impact of tax refunds and when gas prices started to spike in March?

Alex Wilkes, Chief Executive Officer, National Vision Holdings, Inc.

Yeah, I'll provide some color on Q1, right? So when we reported Q4, we were sitting at mid-single-digit comps. And we're proud that we ended the quarter right in line with that. So, overall, again, super pleased with the quarter, especially given the really choppy backdrop of both weather and, as you kind of pointed out, some of the macro elements that we're contending with. So, I don't think there was anything really remarkable from that standpoint. Chris, you to provide just a bit more color as well?

Christopher Laden, Chief Financial Officer, National Vision Holdings, Inc.

Yeah. To address the part of your question on tax refunds, look, we no longer attribute a disproportionate benefit from tax refunds, as we think of our demand curve in Q1. Certainly any stimulus and more cash in our consumers' pockets is going to increase their propensity to spend. But it doesn't seem to be the same level of driver as it perhaps was historically for the business. The more we shift towards managed care consumers that are a little bit more insulated from these macro trends, I think we'll continue to see that reliance on tax refunds impacting consumer demand to decline.

Zachary Fadem, Wells Fargo Securities LLC

Got it. And as you think about trade up among cash pay customers, I'm curious if you could share how your branded/newness mix has been trending over the past year, where you are today, how your pricing strategy compares for branded versus competitors, and then to what extent you think trade up specifically has been additive to the average ticket?

Alex Wilkes, Chief Executive Officer, National Vision Holdings, Inc.

Yes, Zach, we've been super happy with our ticket expansion in particular, because about half of it is coming from mix change, consumers raising their hands and opting into more premium frames and lenses. As we shared previously, we're under indexed on almost every part of the lens category, anti-reflective, transitions, premium progressives. And on all of them, we're making significant progress as we kind of step through the year. Matter of fact, we're even seeing acceleration in early Q2 on our penetration of anti-reflective transitions and premium materials.

So, even with this kind of choppy macro backdrop and the cash pay consumer a bit suppressed from a traffic perspective, that cash pay consumer, when they're shopping with us, they are comping positively because they're opting into more premium products. Again, it's been a real pleasant upside for us to see the continued acceleration of our premiumization strategy.

Christopher Laden, Chief Financial Officer, National Vision Holdings, Inc.

And, Alex, the other thing I'd add from a income demographic perspective, which is frankly exciting for us to see, is we're not seeing any disproportionate shift as you look at our income deciles for cash pay consumers. So as you look at the softness in cash pay traffic, we're not necessarily seeing that just at the low end of the income demographics. So I think what that's telling us is our cash pay consumers, regardless of income demographic, are leaning further into our premium strategy. And just to accentuate a point that Alex said, right, we ended last year with about 40% of our frames priced over $100. I mean, what that means in the inverse is we still have the majority of our frame board priced at very high value frames. So, there's still plenty of optionality for those who are seeking value, which is why we're so confident we remain the obvious destination for value in the category.

Simeon Gutman, Morgan Stanley & Co. LLC

Hey, guys. Alex, when I listened to the prepared remarks, when you were talking about the traffic that had slowed, I read, or I felt like maybe you contemplated thinking about changing how the guidance may look for the whole year. And then, I heard your response to an earlier question, and it sounds like you either have enough cushion in the plan or you've – I don't know, built in a little bit more ticket growth in the back half to get there. So can you just clarify that? And then, have one follow-up question.

Alex Wilkes, Chief Executive Officer, National Vision Holdings, Inc.

Yeah. You got it. No, we are absolutely sticking to our guidance for the year. Our planning scenario included these types of risks associated with an ambitious transformation that the company is undergoing. And we certainly believe that with the initiatives underway around segmentation, introduction of premium lenses, frankly, the benefits that we're going to get from our e-commerce platform and our CRM go-live, in time, that those things are more than going to offset the softness that we saw in the beginning of Q2. So yeah, if there is anything to the contrary in my prepared remarks, let me clarify that now. We're still absolutely sticking with our full year guide.

Simeon Gutman, Morgan Stanley & Co. LLC

Okay. That's helpful. And then two follow-ups. First, we're talking about premiumization and it feels like a greater dependence on ticket in the back half. And I think Chris just made the case why the income stuff would be supportive of that. But the lower income customer probably gets worse, not better, this year. So I heard a lot of premiumization. Curious how you reconcile those two or just think about it.

And then, the second question on SG&A, can you clarify? I think some of the savings this year or over time is contractual for the quarter, I heard associate expenses and advertising. So did you get the contractual savings in this advertising and associate expense, that was incremental to how the quarter played out? And then how did those two things interact between the contractual versus some of the tactical spending for the rest of the year?

Alex Wilkes, Chief Executive Officer, National Vision Holdings, Inc.

Yeah, I'll take the first piece around premiumization taken in the back half. So, yes, all of our data to-date would indicate that, even though our lower income deciles are moving up in terms of product purchase and average transaction value, and we're seeing that both on the frame and the lens side. And again, as Chris mentioned, we still have options at the below $99 price point on the frame side. We still have options on coded plastic lenses in the assortment.

But now, that we're becoming more of a clienteling and concierge destination in optical, we are seeing all consumers, including the lower income deciles, move up. So we haven't seen anything from either an elasticity or a capture perspective that gives us any pause or hesitation on the strategy impacting any consumer at any income decile, because relative to the category, we still haven't taken meaningful price at the entry level, right?

I'll remind the team that we have made changes to our entry price point, our lead offer, of two pair moving from $89 to $95, which is – what I've jokingly said in the past, it's more of a modernization of a price point than it was an actual pricing action. So with our two pair offer, with an eye exam at $95, and a credible destination for that, we still think we have a tremendous story for capture of the cash pay consumer and particularly the lower income decile. So, long way to say, Simeon, it's not something that's given me a lot of pause or concern at this point.

Christopher Laden, Chief Financial Officer, National Vision Holdings, Inc.

And on the SG&A front, there were contractual and programmatic designs of our procurement initiative last year that would impact associate labor and marketing. So elements of those were recognized in Q1. But what I'd say is of the $10 million that we expect to get in terms of savings this year versus last year, it does still continue to ramp throughout the year, it's not everything went live necessarily on January 1. So there's more of that $10 million left for the rest of the year than was recognized in Q1.

Robert Ohmes, BofA Securities LLC

Oh, hey. Good morning, guys. Thanks for taking my questions. Really, just kind of two follow-ups on Simeon's questions. The first is just on the re-platforming, et cetera, is there any sort of disruption related to sort of the message changing, maybe the advertising message changing a little bit here away from cash pay, and maybe more towards premium offerings and that there's some dislocation that's short-term related to just the messaging, not just maybe the execution and things like that?

Alex Wilkes, Chief Executive Officer, National Vision Holdings, Inc.

Yeah, I'll take that. So, you know, we've actually tested our messaging extensively. We've tested old messaging versus new messaging. And we're seeing our take rate, our click through rate, our CPAs continuing to be stronger with our newer messaging, newer creative than we have with our kind of previous campaign. We've seen our unaided brand awareness continue to rise and really lead the category. So from those components, we still feel really great about our marketing strategy, our marketing message and our lead offers to the consumer.

This is really – our short-term disruption related to the re-platforming is really an element of getting our site kind of re-indexed with all of our search and social marketing. The way that our marketing and e-commerce people have explained it to simple folk like me is it's all about reestablishing the pipes between the site and our lower funnel marketing tactics that have to be reestablished once you go live with a new site. And those pipes are being kind of reestablished and rebuilt on an ongoing basis as we trend towards normalization.

So it's something that's critical for the long-term growth and health of the company, especially as we do have aspirations to become a more omnichannel company in the future. And certainly it's a requirement as we think about the role that agentic AI will play in commerce in the future. Our previous site wasn't going to get us there. So we have now upgraded ourselves to a way that kind of future-proofs us and gets us ready and fit for future, for a world where agentic commerce plays a larger role and where omnichannel plays a larger role in our future as well.

So, Robbie, hopefully that provides a little bit more color and context to your question. And then, if you have a follow-up, I'll turn it to Chris.

Robert Ohmes, BofA Securities LLC

Yeah, that's helpful. The follow up would just be the – how is this impacting trends in overall exams versus outside Rx customers? What did you see in the first quarter? And also, how do you see these changes impacting the trends sort of exam versus outside Rx?

Alex Wilkes, Chief Executive Officer, National Vision Holdings, Inc.

Yeah, it's a great question, Robbie, because that's actually exactly where the traffic impact is, is on the exam side, right? Because this is our – our website today and our marketing tactics today, especially lower funnel, are pointed at really driving exams as the kind of entry point into commerce within America's Best. So that's where we've seen the most significant kind of traffic impact is those consumers that are coming to us for an exam.

Robert Ohmes, BofA Securities LLC

Got it. And then, just recently, the same-store sales were sort of at the depths of the transition. Are you expecting to get back to mid-single-digit quickly?

Christopher Laden, Chief Financial Officer, National Vision Holdings, Inc.

Yes, I'll jump in on that one. So our guide at 3% to 6% gives us – we feel very comfortable we'll land within our guide for the year. I think there's – this is certainly one initiative that we've got in place that's, as Alex said, we're quarter-to-date sitting at low single-digit comps. But when you think about the timing, the calendar shifts, the investments we're making through the rest of the year, we still feel confident about coming within that range. And like I said, for Q1, being at the midpoint of our range gives us a lot of confidence for the rest of the year.

Brandon Cheatham, Citigroup Global Markets, Inc.

Hi, everyone, this Brandon Cheatham on for Paul. I want to ask about your AI glasses initiative in the quarter. You know, any color you can provide on that driving results. And then just to confirm, you still don't include any benefit from that initiative in guidance. And then I wanted to understand how does the margin rate on that product compare to an average pair of glasses? I would imagine the gross margin dollars, given the high ticket, are probably significantly higher than what you normally sell. But can you talk about the rate there as well?

Alex Wilkes, Chief Executive Officer, National Vision Holdings, Inc.

Yeah. No, we are very, very pleased with our expansion of Meta AI glasses to the entirety of the National Vision portfolio within America's Best and Eyeglass World. So we scaled it to those networks in the end of Q1. Based on the strength that we saw in 2025, when we initially started with, call it, 50 stores, went to 300 and now taken it to the rest of the fleet. Our sell through rate has exceeded our expectations. Our adoption rate of associates and consumers has exceeded our expectations. And the average transaction value of the Ray-Ban Meta consumer is amongst the highest that we have within our portfolio.

So, overall, continue to be incredibly bullish on this product category. As we've talked about, though, we have not yet built any upside into our guide. This is still all relatively new, but early indications are that this is an additive. It will be an additive product for us long-term. On the question related to margin, it is a highly margin dollar accretive transaction. But as you know, Chris has indicated in the past, from an input cost perspective, it's not necessarily a gross margin rate accretive product.

So, love the transactions, love the momentum we're seeing with it, love the adoption, love our associate, enthusiasm for the product. Certainly excited about the new products we've introduced, both the Oakley line extensions as well as the Ray-Ban line extensions that are more geared towards the optical consumer. So it's been I think a great story for us. And it's going to be a great story for us into the future as we scale this category and ultimately, build National Vision as the destination of choice for those interested in smart eyewear.

Brandon Cheatham, Citigroup Global Markets, Inc.

Got it. And just not to belabor the re-platforming questions, but this just sounds like it was an issue on the search engine optimization and the primary disruption was customers finding you to book an eye exam. So just wanted to clarify you're not seeing an impact on conversion. And then, given that your low single-digits quarter-to-date, is it safe to assume that comps are back to mid-single digits over the past couple weeks? Thanks.

Alex Wilkes, Chief Executive Officer, National Vision Holdings, Inc.

So you're spot on, on the website and the challenge is related to search and social optimization versus being a kind of technical challenge related to people coming into the website and being able to book exams and find exams. As we've kind of are reestablishing the pipes, right, what we have to ensure is that we have proper tags and signals that are going back and forth between ourselves and the search and social providers, so that we're continuously optimizing our search campaign and search algorithms. That's kind of the stuff that just takes some time for the algorithms to relearn so that we can get back to our CPA efficiencies that we've had in the past.

So and again, our primary metric that we've been tracking to see if we're getting back on trend is our CPA through search and social. And not quite there yet, but it is trending back in the right direction from go-live. So that's kind of our leading indicator to give us confidence that we're moving in the right direction.

Brandon Cheatham, Citigroup Global Markets, Inc.

And any comment on comps over the last couple weeks, are we back at mid-single digits?

Alex Wilkes, Chief Executive Officer, National Vision Holdings, Inc.

So again, what I can share is from a comp perspective from the go-live early April to where we sit today, we have seen sequential improvement week-over-week as we step through the quarter.

Jack Slevin, Jefferies LLC

Hey, good morning. You got Jack Slevin on for Brian. Thanks for taking the questions. A couple of things to clean up here. A lot of questions already been asked. Just on the military openings, I understand the store count is not embedded in the guidance, but is there any way you can think about how that starts to layer into the business from a revenue perspective? And then secondly, just curious if there's any updates in terms of how some of the initiatives around the hybrid remote techs is progressing right now. Thanks.

Christopher Laden, Chief Financial Officer, National Vision Holdings, Inc.

Yeah. Hi, this is Chris. I'll take the question on military. So we acquired those stores in the first week of April, in terms of integrating them into our platform. So we'll start to see the revenue build pretty immediately in Q2, as you think about kind of the scale and impact of the platform level. You know, these locations will be relatively consistent with what our existing military locations operate at from a productivity perspective. You can see in our 8-K, these stores, they operate at less than half the average volume of, let's say, as America's Best, but they still generate a healthy profit margin that's accretive to the platform. So again, we're super excited to be in a position to serve those who serve for us in these locations. And that being said, likely not a material impact to the business for the rest of the year.

Alex Wilkes, Chief Executive Officer, National Vision Holdings, Inc.

Yeah, and on hybrid remote, we're continuing to be pleased with the progress we're seeing, with the adoption we're seeing, with the enthusiasm we're seeing from doctors that we're piloting hybrid with; no real meaningful update from previous quarters. As I said before, we're stepping through this awfully cautiously because this would be one of the more significant change management components that we'd take on. And we're just being very pragmatic in our thinking about how to take that to further scale. So again, early signals, I think are this is a strong and meaningful contributor to how we evolve our business model go forward, but a lot to learn and we're being just cautious as we move through time on this one.

Andrienne Yih, Barclays Capital, Inc

Great. Thank you very much. I did want to say that I did do your telehealth and it was seamless, absolutely seamless, so great job there. My first question is, can you talk about the cadence of comp that was actually in the quarter just reported? I know you said you had some weather issues. What months were those? And then, I know we keep talking about the current quarter and having the transition. Did you run dual channels like on the website or on the e-commerce facility? And then, when exactly did you switch over to the new e-commerce platform? And then, if you can tell us what percentage of sales comes from the e-commerce platform.

My second question is in past macro slowdowns, we've actually seen this category of a medical necessity, which we love, sort of be deferred. And so, I'm wondering how you're proactively stemming that in the backdrop that we currently have. Thank you.

Alex Wilkes, Chief Executive Officer, National Vision Holdings, Inc.

You got it. Thanks, Adrienne. So on the first kind of cadence on Q1, we saw a really strong start to the year. We saw – had a really strong start in January. We saw – and then late January, early February, I think we were impacted by weather, just like the rest of retail in the rest of the country. And then, we started to see some really nice and strong recovery in the back half of February. And then, as we kind of moved through March, we did see, I think, a bit of pressure from some of the more choppy macro backdrop.

So, again, you kind of aggregate all of that between a couple different weather events, a war starting in the Middle East and you lay it all out and you we ended at 4.5%, which is kind of right where we were when we reported Q1 results that I shared with the team. You know, through that period, we're mid-single digits. So certainly a complex quarter to navigate. And again, I just want to take a moment to thank all of our team members at National Vision for doing an exceptional job navigating a very tricky quarter.

So, hopefully, that provides a bit of color on Q1. As we prep for the launch of the new e-commerce website, so we did launch at scale right in the beginning of Q2.

We took the last couple weeks of Q1, where we flipped the site live in states that we don't have a physical retail presence, just to make sure that we weren't seeing any type of technical challenges with the site, which is what those two weeks confirmed.

When we did go live, basically first week of Q2 is when we started to experience a down trend in exam bookings, which is the significant component of our traffic or revenue source within the brick and mortar environment. So, about half of our exams are booked online. And I'd say all of our lower funnel marketing is pointed at driving the – is driving consumers through search and through social to book online.

And to be clear, what we're rectifying is some of the challenges that we've identified and we've actioned on is the signals that are going back and forth between our site and search and social. So give you a real tactical example, there's some cases we know when an exam gets booked, the signal is not going back to Google to inform them that the exam has been booked. Therefore, it's leading to some inefficiencies in terms of audience identification, so that we are targeting more like audiences for higher degree of efficiencies.

So some of those signals we're reestablishing through our tagging strategy and just knowing that some of that just takes time for these search algorithms to relearn a site that's been completely re-architected and re-platformed. So again, hopefully, that provides a bit more color and clarity to that question.

On this point on medical necessity and downturns. So, so far, we haven't seen a meaningful shift in the repurchase cycle or months between purchase that would indicate that yet. So, there is nothing that's giving me pause, at this moment, that we're seeing a delay in purchase cycle from a longitudinal perspective with the consumer.

Andrienne Yih, Barclays Capital, Inc

Okay, great. And then, the macro backdrop that you have for sort of rest of year, is similar to kind of what we're currently experiencing. And my final question – I've got a lot of them, is your cash comp versus managed care percentage now, I know that you've made a big jump year-on-year at the end of the year. And then you had mentioned previously that there was a top, right, most of the industry's 70%, but there was sort of a 50% ceiling, perhaps because you only had certain vision care programs. What portion is left to penetrate and how can you penetrate that other – that incremental 20%? Thank you.

Alex Wilkes, Chief Executive Officer, National Vision Holdings, Inc.

Yeah. So our planning scenario is actually a macro backdrop that looks very – albeit without the weather challenges that we had in Q1. Our planning scenarios and macro backdrop, that remains relatively similar. And again, our planning scenario includes continued strength in the transactions that we're seeing today. On top of that, layering in continued momentum with Meta, continued momentum through segmentation, that, as I mentioned in my prepared comments, the introduction of premium lenses in NikonEyes is going to give us tailwinds.

So we have a lot of additional exciting initiatives that are being layered into the business over the coming quarters that give us the confidence that we have that we can deliver. We can even deliver our top end of our guide with some degree of negative traffic, given the acceleration that we've seen on ticket and giving some of the additional initiatives that we're layering in. So those are all, I think, the reasons that keep this team positive and energized for the potential for the back half of the year.

On managed care, I'll let Chris talk to the mix. But, our upward bound, we said our next big milestone is around 50% of our business being sourced from managed care. That category sits at 70%. And that is because there are insurance networks that we don't have an in-network relationship with that – or consumers who participate in those plans.

Christopher Laden, Chief Financial Officer, National Vision Holdings, Inc.

Yeah, we are – in Q1, we did see continued meaningful growth in managed care as a percent of our mix. What I'll just remind folks is that there's a pretty heavy seasonality throughout the year between managed care and cash pay, with managed care consumers purchasing more Q4 and Q1 as their benefits are either getting close to expiring or newly reset. So Q1 versus Q1 of last year, we did see the managed care penetration increase versus prior year. So it gives us confidence that we're continuing to march towards that 50% goal.

Dylan Carden, William Blair & Co. LLC

Thanks. I'm curious. You're still serving this lower income cohort cash pay customer. And even if it's just anecdotal, where is that customer? Is that customer not shopping this category right now o are they going elsewhere? Why traffic, you think, is still down? And particularly in the context of just – you've been asked this question, I think, a handful of times on this call, but we've been trained to think that tax refunds are a big deal for, particularly your business, but the category more broadly. You would think a 10% overall average increase, particularly for that cash pay customer, would be something that you wanted to develop. So just how we kind of square that. Thank you

Alex Wilkes, Chief Executive Officer, National Vision Holdings, Inc.

Yeah. Hey, Dylan, thanks for the question. Yeah. So our take is that the cash pay consumer is suppressed category wide. And I think – our internal data, and as we've shared, that supports that is, we're not seeing a degradation in cash pay consumer across income cohorts or across age demographics. It's really across the board, the cash pay repurchase rate just has remained lower and suppressed versus the managed care consumer. And that's been a trend that's been consistent really over the last [ph] quarter to the (01:00:02) last year.

So we don't believe that we're losing share. We don't believe necessarily that that consumer is stepping out. There is a component of the cash pay pool is becoming smaller, as cash pay consumers migrate into managed care plans. So, again, I'll just put a reminder out there that, that historically has been in the 2% range that cash pay consumers are migrating into the managed care bucket.

So just as a reminder, right, when our – through 2025, our exam growth outstripped the category per The

Vision Council data, which again it – to us – and that's across managed care and cash pay consumers, which, again, I think, mathematically, would point to that we're not losing that customer. We're not losing share. It is just a function of lower repurchase velocity than what was the historic norm. Chris, if you want to comment on the tax refund and impact component.

Christopher Laden, Chief Financial Officer, National Vision Holdings, Inc.

Yeah. I think this year, like I said, there was more cash in consumers pockets, just increasing propensity to pay. I'm sure we benefit from that, just as any other retailer in the category would. I think perhaps what's unique to this year is that the gas price spike we saw almost in concurrent timeline, folks might have been – while the cash might have been in their pocketbooks by March, they may not have had the same propensity to spend it as they started to see the prices at the pump go up. So, like I said, as we continue to lean more into managed care consumers, I think our attribution of spend in the category to tax refunds is maybe less critical than we've communicated in the past.

But, we remain, I think, a great destination of value for those consumers as well. And just reinforcing a point that Alex said, right, because we're not seeing any disproportionate decline in cash pay traffic across the low income demographic versus other income levels, I think it reinforces our belief that the cash pay consumers are likely not – may just not be engaging in the category for a temporary period.

Dylan Carden, William Blair & Co. LLC

Thanks. Does it stand, then, that – you mentioned gas prices. You guys have been trading pretty in lockstep with gas prices inversely – I mean, is there incremental risk embedded? Again, another question you were asked, but just to reiterate, and embedded in your guide, given that we're kind of left here with higher gas prices, but the tax refund goes away. Thanks.

Christopher Laden, Chief Financial Officer, National Vision Holdings, Inc.

Yeah. I think on the demand front, I'm not sure if we're that differentiated from anyone else in the category, other than as a destination of value, we might pick up some share as we kind of reinforce our message, especially with our leading offer. And from a supply side, we don't expect any material impact to the business in our guide that we can't mitigate. I kind of point to how we managed through the tariff impacts of last year, right? It was something that wasn't contemplated as we issued our guide early in the year. And I think the management team showed that we can pull the right cost levers to make sure that we deliver the operating margin that we communicated.

Kate McShane, Goldman Sachs & Co. LLC

Hi. Good morning. Thanks for taking our question. We just were curious about the competitive environment in the quarter. As you go after more of the managed care customer, are you seeing any kind of competitive response or any kind of incremental promotions? And just one clarification question with the NikonEyes, I think you said it was being piloted, but it's all – in all locations at this time, just wanted to get clarification of how you're thinking about that rollout.

Alex Wilkes, Chief Executive Officer, National Vision Holdings, Inc.

Great. Hey, Kate. Thanks so much. Yes. So we're not really seeing anything competitively different in Q1 or early Q2 as it pertains to the managed vision care customer or the cash pay consumer. So not really seeing any incremental promotions or discount strategies in the category, as of yet.

And, therefore, we haven't changed our – we're not changing our tactic as it relates to really promotion and pricing. As we've talked about, our strategy around ticket expansion is really one of offering consumers more premium choices, while still having plenty of other choices if their pocketbooks want to take them in a different direction. I think that has actually been more of the category trend as of late.

And on NikonEyes, we're piloting in just over 100 locations right now, with a current June plan deployment for the balance of our store fleet.

Matt Koranda, ROTH Capital Partners LLC

Hi, guys. Thanks. A lot have been asked and answered, but I guess it sounds like you maybe need a little bit more ticket in the coming quarters to offset the near-term traffic headwind maybe. And the comps get tougher on ticket, I guess, over the next couple quarters as well. Just wanted to hear how you think about ticket growth in the context of those difficult comps and sort of how much contribution comes from sort of the premium frames and lens strategy versus the customer mix factors that you called out.

Alex Wilkes, Chief Executive Officer, National Vision Holdings, Inc.

Yes. Thanks, Matt. So, yes, certainly over the next – in Q2, we are going to see a much more substantial component of our growth coming from ticket. I mean, I think that's obvious from the comments we've made. Again, I'll remind everyone that we are so underdeveloped on portions of the category, not just premium frames, but premium lenses, premium lens add-ons. And what gives us the confidence as we step through the year is, especially as we enter a chapter of store segmentation, where we'll segment our store base into five segments that will range from a segment that will have 25% of their assortment in luxury and premium frames, to the other end of the spectrum, where that segment will have less than 7% of their assortment in luxury and premium frames.

So we're serving the customers, at a much more micro level, the products that they want and the products that are kind of – that we have the data to support selling through. So, as we go through the back half of the year, we do expect additional tailwinds from product segmentation. We believe that that is going to be a significant average ticket contributor as we continue to hone our assortment for specific store and customer types.

The NikonEyes launch, again, can't be underestimated or understated. We're super happy that we're getting this type of premium lens in our assortment, which qualifies for the highest out of pocket and the highest reimbursement rate on insurance plans, as well as for cash pay consumers, gives them an option that offers them the best adaptation, and the best clarity for a progressive lens.

So that's another kind of arrow in our quiver as we move through the year. So whereas, I'd say in the chapter in late 2024 and 2025, we were more reliant on kind of no regrets pricing actions. As we're stepping through 2026, our ticket expansion is more heavily reliant on mix changes, both on the consumer side and on the product side. And year-to-date, we're achieving above expectation levels on those, both leading and lagging indicators on ticket expansion. So, hopefully, Matt, that provides just a bit more of the color you're looking for.

Matt Koranda, ROTH Capital Partners LLC

Yeah, appreciate the detail there, Alex. Thanks. And then, maybe just for the follow up, this might be for Chris. I guess with the re-platform maybe driving a bit of a drop in CPAs that you called out, is that the headwind to SG&A, the marketing spend line, that causes us to expect the flattish operating margins in the second quarter? And then, is there any tariff recovery embedded in – or baked into the guidance for the remainder of the year or how should we think about sort of how that flows through the P&L for the remainder of the year?

Christopher Laden, Chief Financial Officer, National Vision Holdings, Inc.

Yeah, great questions. To answer your second question first, there's no assumption for tariff recovery in the guide for the rest of the year. We are exploring our options and making sure that we're dotting the I's and crossing the T's when it comes to executing in the right way there. But yeah, to your point on Q2 – and there's a couple things that are driving, certainly what you said from a marketing spend perspective and CPA is a driver for our expectations for Q2 margins, operating margin not to expand as much as in Q1.

Other things to keep in mind. We've got some calendar shift items and also just timing of investments and the launch of some of our initiatives. So, as Alex mentioned, we've got some really exciting initiatives launching in the back half of the year. Some of the investments towards those investments will take place in Q2 and, likewise, as we think about Q4 going into 2027.

So, for the year, we still feel confident that the midpoint of our guide shows about a 100 basis points of operating margin expansion. But, for, I'd say, the foreseeable future, you can expect some choppiness in terms of how that materializes quarter-over-quarter.

Anthony Chukumba, Loop Capital Markets LLC

Good morning. Just a real quick question. In terms of traffic, you did have a nice sequential improvement in traffic from the fourth quarter to the first quarter. I'm just wondering what you attribute that to. Thank you.

Alex Wilkes, Chief Executive Officer, National Vision Holdings, Inc.

Yes, thanks, Anthony. No, I agree. And we're happy with that. Again, I think it – we start, like I said, we started January, really, really, really strong. We had a nice recovery after the winter storm challenges. One of the things that I'll keep pointing to is our unaided brand awareness post changing our lead communication strategy away from our historical marketing platform to Every Eye Deserves Better. We attribute our kind of traffic growth to that, right, that our unaided brand awareness is at record highs.

Our Every Eye Deserves Better platform is resonating with consumers. We saw nice kind of eye exam growth. We saw the effectiveness and our CPAs actually at a really healthy level in Q1. So Q1, from an execution perspective, especially given the backdrop, I could not have been happier about how the team executed and the tailwinds that we got from the strategies that were put in place.

Alex Wilkes, Chief Executive Officer, National Vision Holdings, Inc.

Well, thank you, first and foremost, to all of our National Vision associates and affiliate doctors who take the time out of their days to listen to our call. It really is your hard work and your dedication that was tied to our performance in Q1 and are certainly one of the most vital components of our ongoing transformation.

To our doctors and our store managers that I get to see next week in Dallas at our annual conference, I can't wait to spend some time with you guys to celebrate the amazing accomplishments that we've had as an organization, both in Q1 and through last year, and really get everyone just excited and energized about the future transformation to come as we step through the rest of the year and into 2027 and 2028 and beyond.

So thank you very much, everyone, for your dedication to the company. And I appreciate everyone who was on the call today and the thoughtful question we got from our analyst community. Thanks, guys.