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**National Vision Holdings, Inc. (EYE)**

Q4 2025 Earnings Call Transcript

## CORPORATE PARTICIPANTS

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## PRESENTATION

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

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Thank you, and good morning, everyone. Welcome to National Vision's fourth quarter and fiscal 2025 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, [ir.nationalvision.com](http://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 projection. 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 includes 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.

Further, please note that all financial measures in today's commentary are based on a continuing operations

basis, unless otherwise noted. 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.*

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Thanks, Tamara, and good morning, everyone. Thanks for joining us today for our fourth quarter and fiscal 2025 earnings call. I'll start off by saying, we had a great year. We enhanced our leadership team, laid out an ambitious transformational roadmap, and rallied the entire organization around initiatives focused on modernizing every aspect of the business, from customer engagement and in-store digital tools to product, pricing, presentation, data, and technology infrastructure. We delivered strong mid-single-digit comp store sales and modernized our business, all while driving significant operating margin expansion. I'm proud of how our teams executed with urgency, and I'm confident in our ability to continue expanding our market share as we close the gap in areas where we are underdeveloped compared to the category.

In 2025, the number of exams performed by our doctor network increased over last year and metrics across ticket, NPS, and conversion moved in the right direction, contributing to healthy profit expansion, a key tenet of our path forward and in line with the expectations we set out to achieve. I'm also pleased with how our targeted customer cohorts are embracing the changes underway. We're expanding our customer base with more profitable customers, such as those who use managed care, wear progressive lenses, or bring in a prescription from another doctor or what we call outside Rx. This highly intentional customer mix shift we're driving resulted from key initiatives around new selling techniques in our store, and a new approach to merchandising to give these customers the products they want. These initiatives were instrumental in driving the strong results we reported in fiscal 2025.

Our 2025 results exceeded the expectations we laid out at the start of the year and are proof points to the power of our transformation. In fiscal 2025, net revenue grew 9% to \$1.99 billion. Adjusted comp store sales were 6%. Adjusted operating income grew 56% to \$102.5 million versus \$65.5 million in 2024, with AOI margin expansion of 160 basis points over 2024 landing at 5.2%. This all contributed to adjusted EPS of \$0.80 for fiscal 2025, compared with \$0.52 in 2024. We finished the year strong with fourth quarter comps tracking as expected within our long-term financial algorithm and bottom line results supported by our initiatives and strong execution.

In the fourth quarter, net revenue grew 15.1% to \$503 million. Adjusted comp store sales were 4.8%. Adjusted operating income was \$17.6 million, with AOI margin improving to 3.5% compared to 0.7% in the fourth quarter last year. And adjusted EPS in the fourth quarter came in at \$0.15 per share, compared with a loss of \$0.04 per share last year. It's important to call out that in the fourth quarter we saw traffic growth in our managed care, progressives, and outside Rx customers combined, along with strong average ticket growth.

Overall, I'm incredibly pleased with the performance, consumer resilience, and the execution of our strategy during the fourth quarter. Chris will cover more detail on the quarter in just a few minutes. We're happy with the execution of our strategies and the results they are delivering. And first quarter to-date, we're seeing continued confirmation of our strategy with comp store sales in the mid-single-digit range despite the weather challenges we've experienced so far this year.

The success we saw in 2025 reflected early wins on the strategy we laid out at our Investor Day last fall. As we shared, our strategic initiatives are focused on four growth vectors, each with long runways, which include, expanding with underdeveloped customers, evolving our product offering where we are underdeveloped, enhancing the patient and customer experience and new store growth, while also remaining disciplined and intensely focused on operating margin expansion.

During 2025, we began to expand with underdeveloped customers. Through data-driven insights, we recognize that our customer audience skewed more middle income and was much broader than our historical targeted approach reflected. This intentional shift and customer mix delivered exactly the kind of performance we expected, driving stronger comps and healthier traffic from higher value segments such as managed care, outside Rx, and progressive customers.

During fiscal 2025, we saw the benefits of our initiatives reflected in average ticket growth of 6% for the year and driven by meaningful progress to close the pricing and product mix gap relative to the category. Managed care comp sales grew low double digits in 2025, and we ended the year with 42% of revenues attributable to managed care. Traffic declined 0.5% overall for the year, reflecting declines with self-pay customers offsetting strong traffic gains with our more profitable customer cohorts. While some attrition among less profitable self-pay customers is anticipated and is reflected in our overall traffic results, the growing influx of more profitable customers is strengthening the quality of our business, and it is reflected in the profit expansion we are achieving.

On the product side, our strategy to target areas of underdevelopment versus the category is paying off. We made a significant pivot in fiscal 2025 to attract a greater share of the more profitable customer cohorts already shopping in our stores, notably those paying with insurance. As we refocused on attracting a broader, more profitable customer base, we transformed our merchandising strategy to better meet their needs. These are customers who seek premium frames and can spend more, whether through insurance benefits or higher disposable income. This evolution in customer product approach allows us to better serve more profitable customers while still delivering compelling value to customers across all income demographics.

In 2025, our shift towards more premium frames and branded assortments drove higher ticket and resonated strongly with existing customers while attracting new customers in the higher income band demographics. With a higher mix of our customers using insurance, we evolved the mix of frames sold in our stores to better serve their needs. We ended the year with approximately 40% of frames for sale in our stores priced above \$99, up from 20% at the start of the year. And we have more to do on that front to continue modernizing our stores.

We introduced more branded products, new brands like LAMB, Ted Baker, Hugo Boss, Jimmy Choo, and in the fourth quarter, Kendra Scott. And we're really excited that in early innings, these are turning above market benchmarks. These products proved critical to serving our target customers. The timing of our business modernization couldn't be better, from expanding our premium assortment and refreshing our brand to strengthening the selling capabilities required to win in the premium, and particularly, in smart eyewear.

Since launching Meta AI glasses last spring, our sell-through has exceeded expectations. As of the fourth quarter, Meta is available in 300 stores. And based on this performance, we expect Meta will be available in all stores by the end of the second quarter. Our early success in smart glasses is a proof point to the attractiveness of America's Best to these customers. We're proud to offer this technology with access to eye care at scale in the US. As we look ahead, we're being methodical and strategically phasing efforts to enhance our offerings across frames, lenses, and contact lenses.

In 2026, we have an exciting year lined up for frame introductions. Some of the new frame brands coming to America's Best include a range of sought-after premium, fast fashion, and lifestyle brands like Burberry, True Religion, Kate Spade, Polo Ralph Lauren, and Costa. These advancements to our product mix also complement our pricing strategy, which progressed over the year from no regrets pricing actions to modernizing our ticket on the bundle, and ultimately to enabling us to implement product segmentation in our stores. Together, pricing, product mix, and the influx of targeted customers has driven comp store sales as reflected in the higher average ticket we saw over the course of the year.

Looking to 2026, our pricing actions have become more sophisticated. This year, we're simplifying lens pricing and insurance pricing construct to remove friction and make lens selection and upgrades easier for customers to understand.

Throughout 2025, we made significant progress in our lens leadership initiative, and we have plenty of runway to grow. We grew on key lens products like anti-reflective coating, advanced materials, transitions, and progressives.

For 2026, I think about our ambition for lenses similar to what we did in 2025 on frames, we're going to begin providing more premium lenses within our assortment. We designed and executed test for our lens leadership strategy around pricing and assortment simplification. And in the coming months, we expect to begin offering Stellest, an FDA-approved lens designed to slow myopia progression while correcting refractive error in children with myopia.

We're also offering more premium lenses to help managed care customers get more out of their benefits. One example of this is we plan to introduce a Tier 4 progressive lens later this year which offers the widest, most natural, and distortion-free vision across all distances. This is a highly sought-after lens for progressive customers, reflecting strong demand for premium performance and a comfortable vision experience.

Our initiatives to enhance our lens offerings extend to key areas where we are underdeveloped when compared to the rest of the category. By the end of 2026, we expect we will have made meaningful progress to close the gap versus the category when it comes to lenses. We expect lenses sold with premium materials to approach 60% from 50% today, which includes migrating from plastic to polycarbonate, and we expect anti-reflective would approach 50% of mix from approximately 40% today.

In addition to specific frame and lens product enhancements, our focus for 2026 is to continue to build our retail excellence muscle to meet customers where they are. We've changed how we think about product assortments in our stores and are moving to frame assortments by lifestyle or category and not just price point alone.

Our goal is to drive greater relevance at the local level by aligning assortments more closely with the customer profiles we serve in each market. We're doing this through a disciplined, data-driven approach to segment assortments in both America's Best and Eyeglass World. We've identified distinct store merchandising clusters and expect to begin tailoring assortments later this year. Stores will be aligned into five merchandising tiers, each designed to serve defined customer cohorts. As a result of this work, depending on the cohort of a store, the mix of branded frames is expected to increase from approximately 40% today to approximately 70% by the end of the year.

Our merchandising strategy is working. By upgrading our frame and lens assortments, aligning pricing with higher value customer needs, and tailoring assortments at the store level, we're driving higher ticket and healthier mix while preserving our overall value proposition. As we move into 2026, we're building on this momentum with disciplined product innovation and segmentation that we believe will position us to continue closing the gap versus the category and drive sustainable growth. Importantly, our merchandising strategy only works if it shows up in the experience. That's where our focus on customer and patient experience becomes a critical growth driver.

In early 2025, we began implementing a more consultative selling model in both our America's Best and Eyeglass World brands, which has played a meaningful role in closing the gaps across underdeveloped customer segments and product categories. These changes are taking hold in our stores, with noticeable shifts in frontline associates' behavior as they move beyond purely transactional interactions. This evolution of the selling approach is showing up in our average ticket, contributing meaningfully to our comp performance and is being well-received by store teams.

Importantly, our consultative selling approach really allows our associates to provide exceptional value for customers across demographics. It's about creating a joyful shopping experience where you get the product that best meets your lifestyle needs. To support this transformation, we deployed iPads and digital tools, enabling associates to more effectively match customers with products that best meet their needs. These tools, along with enhancements to our selling processes, have strengthened associate effectiveness and reinforced our move toward a consultative selling model.

In parallel, we refreshed the in-store environment, updating visual elements such as graphics, pricing, presentation, signage, and associate dress standards. The overall look and feel of our stores is materially different from a year ago. Importantly, these improvements were achieved with relatively modest investments and without significant capital intensity, demonstrating our ability to drive meaningful change efficiently. Overall, these initiatives are improving performance with strong capital discipline.

Our remote exam technology continues to provide important capacity flexibility across our network and remains integral to how we deliver care at scale. We are pleased with the progress our teams are making on our remote hybrid model, where in-store doctors also perform exams in other stores remotely. And we continue to expand the number of doctors trained and participating in this program. We believe this is an important way to deliver care more efficiently and gives us greater flexibility in how we deploy our doctor network going forward.

At our Investor Day, we shared that the Eyeglass World brand is a part of our portfolio that we call Emerging Brands, which today also includes the Vista Optical brand with locations on select military bases and within select Fred Meyer stores. And the foundational efforts in Eyeglass World to strengthen operations really gained traction, delivering solid positive comps throughout the year. The focus has been on building a culture centered on accountability and ownership, implementing retail best practices and driving overall operational execution.

And during the year, we took a meaningful step to an employed OD model at our Eyeglass World locations, helping to standardize store execution and the patient experience. We're refining the Eyeglass World brand positioning. That work is underway now. We're thrilled with the work VML did for America's Best, and we'll share updates on what's coming with Eyeglass World later this year.

We made tremendous strides in 2025, successfully transforming our brand marketing, shifting from a primarily promotional posture to a more strategic, brand-led approach. Our focus in 2025 was on redefining the America's Best brand, including the launch of a new logo, a refreshed design and our national creative campaign, *Every Eye Deserves Better*. This campaign was designed to expand our audience targeting, allowing us to reach higher value customers such as managed care, outside Rx, and progressive lens wearers, while remaining true to our value proposition.

And performance of the campaign has been phenomenal. Since the launch, America's Best unaided awareness saw a notable uptick reaching the highest in the category. Importantly, we continued targeting pragmatic buyers, those that are value-seeking, self-pay consumers, reinforcing that our value proposition is compelling for customers across income demographics.

As we reflect on the year, it's worth noting the journey we have taken at America's Best. Up until this past fall, America's Best was essentially a promotional all-the-time banner with the two pair and eye exam offer. In 2025, we started redeploying these promotional dollars to more targeted advertising, improving both efficiency and effectiveness. As a result, America's Best brand awareness is at its highest in recent memory and a great accomplishment that we believe it is yielding the traffic that we want.

With America's Best new brand identity and campaign now launched, we're able to more fully leverage these refreshed assets to drive greater impact. This updated identity gives us significantly more flexibility to personalize our messaging and increase relevance with target customers. These are capabilities that were

more limited under the prior owl-led campaign. This is a multiyear transformation, and in 2026, we're taking the next bold step forward with the addition of a new media partner, Infinite Roar, who brings a fresh perspective and more innovative thinking to how we deploy our marketing spend.

Underpinning this evolution is a more segmented approach to messaging. Our 2026 strategy is designed to bridge broad brand awareness with more targeted content designed to engage our target customers. Importantly, we're also expanding into mid-funnel activities with increased emphasis on influencers, social media platforms, audio and sponsorships, creating a more balanced and effective media mix.

In parallel, our recent CRM improvements are designed to drive improved engagement post-purchase, including annual exam bookings and more tailored journeys designed to reactivate lapsed customers. Following the launch of our new CRM platform in the fall of 2025, we began with initial journeys focused on re-engaging lapsed customers. In fact, in the fourth quarter, early results from our new lapsed customer journey were nearly twice as effective as our old approach, albeit on a smaller base as the program has just kicked off. Those early efforts delivered meaningful insights that sharpened our messaging and segmentation. With that learning in hand, we're expanding our CRM activation to include enhanced lapsed customer outreach, post-exam engagement, and journeys tailored to our highest value customer cohorts.

You've heard us talk about modernization a lot, and a big piece of that is expected to come from our technology strategy. Our goal is not just to keep pace with the industry, but to become an innovation leader supported by industry leading technology foundations. This starts with an unwavering focus on creating a joyful customer experience, starting with our online presence, where millions of customers begin their journey with our brands. It continues through a seamless experience into our retail locations and is maintained by meaningful, ongoing connection points.

In 2025, we launched the first phases of our elevated customer experience efforts rooted on the industry leading Adobe Digital Experience platform. In 2026, we plan to expand that across all our brands and deepen the integration with our in-store experience. Complementing our digital experience platform, we're integrating Adobe's CRM capabilities to enhance our customer insights, create more meaningful customer interactions, and build increased brand loyalty.

To support the transformation across our customer experience, we're modernizing our foundational platforms, beginning with the launch of a new end-to-end Oracle ERP platform in 2025, with expanded capabilities planned in 2026 and 2027. We continue to deepen our investments in our modern data platforms, including our Microsoft and Databricks based data warehouses, as well as our data analytics and visualization platforms. These investments are intended to create ongoing agility to allow us to continue to innovate quickly and realize the optimal benefits from emerging technologies, including AI and agentic commerce, among others. And we believe they provide us with the scale needed to meet our planned growth for years to come.

We believe the work we've done across operations, merchandising, marketing, and modernizing our technology capabilities creates a more optimal environment for our customers. This is critically important where it matters most, helping our doctors deliver exceptional eye care for our patients.

We've had a strong year in 2025 with doctor retention and recruiting achieving well beyond our expectations, including over 10% of the recruiting class for new graduates. Our doctor coverage remains healthy and stable, supported by innovative recruiting and retention strategies.

To close, fiscal 2025 was a defining year for National Vision. We did what we said we would do, we executed our strategy, modernized our business, improved the quality of our customer base, and delivered strong top and bottom line results. These results are the outcome of disciplined execution across merchandising, pricing, marketing, customer experience, and technology. I'd like to thank our teams for their dedication and continued commitment to our transformation. Your efforts have been instrumental

driving the progress we've seen.

Just as important, the progress we've made this year positions us well for what's ahead. We have clear opportunities to close the gaps and drive profitable growth. With our distinct growth vectors, strong industry tailwinds, and a team that has proven it can execute with urgency and precision, we're confident in our ability to deliver sustainable long-term value. Thank you for your time and continued support.

With that, I'll turn it over to Chris to walk through our 2025 results and 2026 outlook in more detail. Chris?

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

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Thank you, Alex, and good morning, everyone. Thank you, Alex, and good morning, everyone. As Alex shared, fiscal 2025 was a year of significant progress for National Vision. When I first spoke with you less than one year ago, I reinforced our commitment to a clear and focused mandate, to expand our operating margins through disciplined execution and operational excellence. Through the collective efforts of our entire organization, we successfully rallied around this objective and implemented the foundational changes necessary to drive sustainable margin improvement in 2025.

Key to our success has been instilling a culture of strong financial discipline across all levels of the enterprise. We strengthened our organizational processes to ensure every dollar spent drives measurable value creation. The culmination of these efforts resulted in a 160-basis point expansion in operating margin in 2025. This progress reflects the dedication and alignment of our entire team, and I'm confident in our ability to build on these achievements as we enter fiscal 2026.

Before I provide our outlook for 2026, let me first turn to our fourth quarter and fiscal year 2025 results, which as a reminder, include an extra week compared to the prior year. The 53rd week represented \$35.6 million in net revenue, and \$3.5 million in adjusted operating income. All results reported today are inclusive of this 53rd week impact, with the exception of our comparable sales and adjusted comparable sales metrics, which are reported on a 52-week calendar. In addition, I will be referring to certain non-GAAP metrics in my discussion 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 fourth quarter, net revenue increased 15.1%, with adjusted comparable store sales growth of 4.8% and growth from new stores. During the quarter, we opened 12 new America's Best stores and closed four America's Best stores. We ended the quarter with a total of 1,250 stores. Adjusted comparable store sales growth in the period was driven by an increase in average ticket of 5.8%, which reflects continued strength in the managed care cohort, including operational improvements that led to higher revenue in the quarter, along with execution of our pricing and merchandising initiatives. We expect to continue to benefit from improvements in our managed care operations going forward, though likely not to the magnitude we experienced in the fourth quarter. The increase in average ticket was partially offset by a 2.5% decline in overall customer traffic compared to the prior year, as healthy trends in our managed care business continued to offset softer traffic in our cash pay business.

As we've discussed, this intentional evolution of our customer mix to more profitable target customer cohorts is expected to create a healthier overall business even if we see short term traffic decline. To that end, in the fourth quarter, we saw traffic growth for managed care, progressive, and outside Rx customers combined.

As a reminder, the fourth quarter is unique for us as it is typically our lowest revenue quarter of the year and one weighted toward the end of the period given seasonality with consumers using benefits before expiration.

To provide some additional context to our comps in Q4, there was a negative impact to our results driven

by the calendar shift of the 53rd week. We lost one of the highest volume selling days in the comp calendar, which for context, normalized would have driven an additional 50 basis points improvement in our Q4 traffic comp. Overall, the trends we have talked about throughout the year remain consistent, and we are excited about the revenue and operating margin performance for the quarter and the year.

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 decreased approximately 40 basis points. The resulting increase in gross margin is driven by our growth in average ticket from higher managed care revenues in the quarter and execution of pricing and product mix initiatives, partially offset by the expected slight increase in optometrist-related costs as we lapped a prior year one-time benefit related to doctor incentive true ups.

Adjusted SG&A was \$251.9 million in the fourth quarter, and as a percentage of revenue, leveraged 180 basis points. This performance was primarily driven by operating leverage on lower associated related expenses and advertising, partially offset by higher variable incentive compensation and healthcare expenses. Adjusted operating income, which reflects the benefit of the 53rd week, increased to \$17.6 million compared to \$3.2 million in the prior-year period, and adjusted operating margin increased 280 basis points to 3.5% for the quarter.

Net interest expense was \$4.2 million compared to \$4.6 million in the prior year. During the quarter, we entered into an interest rate hedge on a portion of our outstanding debt, this \$100 million hedge with a fixed rate of 3.43% and is intended to reduce exposure to short term rate volatility. Adjusted EPS was \$0.15 per share in the fourth quarter, up from negative \$0.04 per share last year.

Turning now to our financial results for fiscal 2025 as compared to fiscal 2024. We delivered adjusted comparable store sales growth of 6%, adjusted operating margin expansion of 160 basis points to 5.2%, and adjusted EPS growth of approximately 54% to \$0.80 compared to the prior year.

Turning next to our balance sheet. We ended fiscal 2025 with a cash balance of \$38.7 million, and total liquidity of \$332 million, including available capacity from our revolving credit facility. During fiscal 2025, we repaid \$101.3 million in long term debt and convertible notes, bringing our total debt outstanding net of unamortized discounts to \$245.9 million at the end of 2025. We ended the year with a net debt to adjusted EBITDA of 1.1 times.

For the full year, we generated operating cash flow of \$146.3 million and invested \$72.8 million in capital expenditures, primarily driven by investments in new and existing stores and information technology. We also had non-capital investments related to our IT infrastructure, including our finance ERP and new CRM and our ecommerce platforms during the year.

We continue to maintain a strong balance sheet and healthy cash flow to support our growth and capital allocation priorities. Our Board of Directors recently approved a new share repurchase authorization following the expiration of our prior authorization on January 3. While our priorities are focused on the growth initiatives underway, we are pleased to have the authorization in place to repurchase up to \$50 million of shares until December 28, 2030.

Moving now to our fiscal 2026 outlook, which is consistent with the initial view we shared at our Investor Day last fall, reflecting continued momentum from our transformation initiatives, confidence in our strategic direction, as well as consideration for a range of scenarios with respect to the macro environment and consumer demand.

For fiscal 2026, which as a reminder is a 52-week year, we currently expect net revenue between \$2.03 billion and \$2.09 billion, supported by adjusted comparable store sales growth of 3% to 6%. Our comp outlook assumes a similar mix of ticket and traffic as we saw in 2025 and incorporates strong quarter-to-

date results despite the significant weather events during the quarter. With respect to profitability for 2026, we 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. This expansion in adjusted operating margin is expected to be primarily driven by SG&A leverage.

Our 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 expect adjusted diluted EPS to be between \$0.85 and \$1.09 per share, which assumes approximately \$82 million of weighted average diluted shares outstanding. We expect capital expenditures to be between \$73 million and \$78 million, which includes investments to open approximately 30 to 35 new stores this year. Store openings will be relatively balanced throughout the year and will be weighted towards America's Best brand stores. 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 store closures beginning in the second quarter and continuing with a relatively balanced cadence through the fourth quarter.

As we consider the impact of returning to a 52-week fiscal year, the quarterly profile of the business will be affected, taking into account factors such as the loss of the 53rd week, holiday shifts, changes in selling days, and the timing of our investments, our expectation for adjusted operating margin is for Q1 and Q3 to drive more favorable year-over-year growth, with Q2 and Q4 yielding flat to modest growth.

In summary, we are proud of the results we have delivered for fiscal 2025. We believe the strategic initiatives we have put in place position us well to deliver on both our near and long term targets and will drive shareholder value.

And with that, I would like to thank you for your participation in today's call. Operator, we are now ready for questions.

## **QUESTION & ANSWER SECTION**

*Michael Lasser – Analyst, UBS Securities LLC*

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Good morning. Thank you so much for taking my question. You're providing a lot of evidence that your strategy is working and providing a very effective and really very effective performance. The key question from here is going to be, whether there could be a pause in the tradeoff between the growth you're getting from the insurance, more with your pay customers, versus the traditional customers that National Vision has served. So, are you seeing any evidence of that, whether it was the shape or cadence of the fourth quarter, or what you've seen quarter to date that there could be a disruption in this growth rate as you have that potential handoff over time?

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

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Hey, Michael, thanks and good morning. Yeah. I'll address a bit of the shape of the fourth quarter and step a little bit through what we're seeing in the first quarter and then provide a little bit of color on the cash pay customer versus the managed care customers.

So, the fourth quarter certainly was an interesting quarter for us. We started October off actually pretty

darn strong, and we're happy with the results. November kind of as expected. But then, we did see some slowing in December, in particular, with the cash pay customer. Now, an important nuance in December, though, was as soon as we cleared Christmas, actually, our week 53 was pretty darn fantastic and we saw kind of consumer demand come back. And I think a little bit of that was related to the compressed timeline between Thanksgiving and Christmas where folks had might not have been as in – as much of the optical game as we would have liked and there was a fair amount of macro noise.

As we moved into January, that demand continued. We were super happy with our results all through essentially January 22 when winter storm Fern, I think, put not just our business but a lot of other businesses a little bit on our heels with the winter weather that impacted, frankly, a large swath of the US. So again, super pleased with where we're sitting through the first quarter. Two months in, sitting in the mid-single-digit range, seeing sequential acceleration in traffic. So really, really quite pleased with that.

But now a little bit deeper into your question on the managed care versus the cash pay cohort. Again, continuing to see strength with the managed care consumer. The cash pay customer is still a bit more fickle than what we've previously experienced in years past. We did start to see a little bit of improvement late last year, or I should say last year and then late last year, there's continued – a little bit of continued macro wobble. But we do think that we will comp positively with the cash pay consumer in 2025.

One of the interesting things that we've talked about is that the cash pay consumer has actually opted into some of the more premium products that we've rolled out at a faster clip than what we had anticipated. And that was also a contributor to our success in 2025. So Michael, I hope I got to most of your questions.

***Michael Lasser – Analyst, UBS Securities LLC***

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You did. You did a great job, Alex. So, you expect cash pay to comp positive. What would that compare to the comp from that cohort of consumers in 2025, just so we have a relative frame of reference? And what if you factored in from both the tax refunds as well as smart glasses that will be fully deployed to your stores by the second quarter into your guidance for this year, just to help us assess the degree of conservatism that could be baked into the outlook? Thank you so much.

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

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Yes. You got it. So, on the cash pay consumer side, again, it's a combination of both traffic and ticket. And as we're introducing more products and rolling out smart eyewear to more stores, we absolutely think that our cash pay consumer is going to participate in that. We are still being a bit more conservative on our traffic expectations with the cash pay consumer until we start to see a bit more acceleration in the repurchase cycle with that consumer cohort. But again, on an overall comp basis, because they're opting into the more premium offerings where we're launching, we do feel positive about the cohort on a comp basis.

The second point on tax refunds in 2026 outlook as it relates to smart eyewear, clearly we think having more money in the consumer's pocket is a good thing for us and a good thing for consumption of the category in general. And as we step through the next couple of months, we'll start to hopefully see some of that flow through at a higher rate to our business than what we've experienced quarter-to-date. So again, optimistic. We obviously think cash in the consumer's pocket is a good thing. But again, with our more stronger resiliency with the managed care consumer, we're not necessarily as dependent on the tax refunds, tax seasonality now as we may have been in years past.

As it relates to smart eyewear and 2026 outlook, we're super excited that we're going to be deploying Ray-Ban Meta to the balance of our fleet by the end of the second quarter. Again, this has been one of the really pleasant surprises of our business that it is one of the hottest selling products that we have in our

assortment. We are ecstatic with the performance of Ray-Ban Meta within our stores. The transaction value of that consumer is significantly higher among the highest of our consumer types, so nothing really but enthusiasm and good news for us as it pertains to that product category.

***Simeon Siegel, Guggenheim Securities, LLC***

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Good morning, everyone. Nice job. Sorry if I missed this, Alex. Anyway, and maybe just following up on the last one a little bit, but just any way to help us think apart – think about how you're breaking apart the pieces of that net traffic between those two pieces. So, just thinking about like the puts and takes of the gains from the profitable target customers versus what you think you will on this. So I'm thinking about for the future, what you think you will still walk away. I'm just curious when we can start having the reset, offset behind us and the traffic is more of a simple story of the new target customer growth.

And then maybe, Chris, really impressive SG&A leverage. How much of that was cutting expenses versus leveraging the fixed costs over higher sales, and how are you thinking about that SG&A dynamic into next year? Maybe the same idea of leverage versus opportunities to cut costs? Thanks, guys

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

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Yeah, I'll take the traffic one and then turn to Chris on the leverage question. We think we have multiple years of work ahead of us to be very deliberate on our consumer cohort shift. Again, I spoke a little bit about this in my prepared statements that historically, we were really an always-on promotional company. And when you market two pair of eyewear for a certain price, including an eye exam and that's your primary lead offer that you deploy most of your marketing spend against, you are speaking to one customer type that is really sensitive to price. As you begin to shift that marketing expense into a market expense that's more targeted, you're making a conscious decision to walk away potentially from some of those cash pay consumers as you're reinvesting into the acquisition of the more valuable customer group.

So yeah, Simeon, we do believe that this is a multi-year strategy. We are winning with the more profitable customers that we are seeking. We've rebuilt our acquisition platform to accomplish just that. And not just my message externally, but internally to the team here has been, we need to ensure that we're winning with the customer cohorts to drive the profitability of the company. And then, again, Chris talks about this at length too. That is the primary mission of this management team, is to continue to expand operating margin, and we're doing that through this intentional shift of the customer cohort.

So, long story short, I think we have multiple years of runway to go as we work on this customer shift, and what we are measuring ourselves on is our effectiveness at driving the customers that we want into our stores

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

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Yeah. And on the cost front, look, I think the operating leverage expansion that we're seeing is really a healthy mix of both things, our comp's at 6% for the year certainly helps leverage more – our more traditional fixed costs. But we have unpacked every line item within our SG&A portfolio over the course of the last 12 months, and we have seen in 2025 and we expect to see over the next couple of years about \$20 million of cost out in those line items. Yeah, I think we joked a little bit in the Investor Day about how we're looking at our logistics contracting for national freight to something as minor as looking at what kinds of paper our stores are ordering and making sure that we're optimizing there.

So, I think what we see in the future is that a continued ongoing precise view of how we spend both at

the support center and our stores, and the team has embraced it with open arms, which is something that the entire enterprise has rallied around and excited about.

***Dylan Carden, William Blair & Co. LLC***

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Thanks. Alex, what do you make of the projections for sort of a softer end market this year? I think some of the one out there is like down low-single digits for the total industry, and then obviously, led to sort of soft. And is that sort of the corollary that you see in traffic in kind of your cash customer more subject to those types of declines, and your business is sort of staying above the fray given all your initiatives, is there sort of more of a turbocharge capacity sort of on the other end of it?

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

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Dylan, one of the things, first and foremost, I think we control our own destiny on a lot of these elements. And one of the things that I was most pleased by in 2025 was in a category where eye exams were declining between the mid-to-high-single digit range that we actually grew eye exams in the plus 1% range. So, I think that speaks to the strength of our brands. It speaks to the strength of our strategy and how we are communicating with the consumer about the offerings that we provide across our banners. So, even in the face of some macro challenges and some uncertainty, I think our strategies are paying off, and it's showing in the outstripping the category from an acquisition and eye exam growth perspective.

So, when we think about things that can help us to continue to outperform and is that we are the obvious destination for value in the category, so we are not shifting away from that, but we're refining exactly what that means. We think elements like continuing to introduce more premium products, to your question on turbocharging our business, continuing to introduce more premium products, making the in-store environment a bit more joyful. We didn't talk about it at length during the call, but boy am I happy with the momentum we're seeing at Eyeglass World and the change in trajectory there. In 2024, that was a negative comping business and Eyeglass World was plus 4.2% last year. So, I think all of those things are pulling in the right direction and cumulatively are having a nice strong impact on our business, even in the face of some macro uncertainty.

That being said, as you know from following our story, we do prepare for all sorts of scenarios, which is why our guidance continues to be incredibly prudent.

***Dylan Carden, William Blair & Co. LLC***

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Excellent. And then CapEx stepping down for kind of a second year in a row, is there any bigger lift or investment necessary for sort of store experience as you cater to a higher income consumer?

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

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Yeah, I think we've been pretty intentional about the investments we're making in kind of refreshing the stores, particularly with the America's Best rebranding have been intentionally focused on things that require minimal capital. So we can refresh these stores, we can introduce some of the new branding assets at a pretty nominal rate for CapEx relative to the size the business. Look, as we reported on CapEx, we said during our Investor Day, we're looking to spend 4% to 5% of revenue on CapEx over the next few years. In the very immediate term, we're directing more of those investments at modernization of the business and organic investments. You'll see a lot of it show up in our traditional CapEx. Also, some of that doesn't come through kind of traditional CapEx, there's no cash investment we're making and you'll see build

through other assets in the balance sheet. So, the dollars are still being reinvested in the business. But unlike when we were growing at a faster pace with new stores, not all of that is showing up in the CapEx line.

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

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Yeah. And then Dylan, I'll just – I want to double down on something, again, a statement I made during my prepared remarks. One of the things I'm super proud of this company for having done over the years is investing in doctor equipment, ensuring that the stores are well-maintained, ensuring that our stores are orderly, clean. I mean, we don't have anything that's massively out of sorts.

But where we did have opportunity is to make the environment a bit more joyful by modernizing some of the graphics, modernizing the dress code of our associates. Again, those are not capital or even expense intensive items. These were minor investments along visual merchandising. And for those of you who haven't been in one of our stores recently, I would say go into one of our stores and take a really detailed look around at the environment, at our people, at our teams, and compare them to what it looked like a year ago. And I think you will see a very noticeable and feel a noticeable difference in the environment, again, even in context of some very, very cost efficient and minor tweaks from a capital structure

***Brian Tanquilut, Jefferies LLC***

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Hey. Good morning, guys, and congrats. Maybe just as I think about the comment you made that what you're realizing is that your current target customer is probably about more of a middle class or middle-income customer. How durable do you think that is? I mean, as we think about maybe like a down trade that's happening right now and then how do you meld that with all the strategies that you're putting in? Just kind of trying to get a sense of the stickiness of this customer base that is now showing up at your stores.

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

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Yeah Brian, I'll tell you that I think we feel even better about it today than we would have a year ago, because that middle income consumer has a higher expectations of product. They have a higher expectation of experience. And those are all things that we are continuing to deliver on. And again, it's important to think through the lens of our price and value gap versus the category. So, we're delivering better products, a better experience. We're delivering better stickiness through our investment in CRM and shifting our marketing and acquisition expense into areas that are, in particular, pointed at the notion of retention, all while maintaining a significant gap versus the category, an intentional gap versus the category in terms of average dollar ticket transaction. Again, yes, we're absolutely focusing on driving our ticket growth through introduction of more premium frames and being more deliberate on pricing.

That being said, we still are the obvious destination for value in the category. So, introducing more premium product while still maintaining our value positioning in the market, we actually think that is the winning recipe to continue to be a destination of choice, in particular, for that consumer that you spoke of.

***Brian Tanquilut, Jefferies LLC***

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Got it. And then just on the weather impact from the quarter, looks like you have a decent number of stores in the Northeast, New York, New Jersey. So, just curious how you think or how we should be thinking about the impact from that from a modeling perspective? Thanks

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

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Yes, I mean, we had probably about 15% of our fleet that sat in right in the crosshairs of the winter storms that we had a, no pun intended, weather through the end of – into January and even into February. So again, I'm really happy with how the team has responded to call patients back and get them back in stores for appointments that potentially they could make there for store closures and road closures and all those things that we had to manage through. So again, sitting here today, two months through the first quarter in the mid-single-digit range with sequential traffic acceleration from the fourth quarter, I just couldn't be more pleased with how the team has responded to those challenges that we faced in the first couple of months

***Robert Ohmes, BofA Securities LLC***

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Well, good morning. Thanks for taking my question. Actually, Alex and maybe Chris, just on 2026 and thinking about the most important potential tailwinds or maybe – just maybe highlighting more of the tailwinds, like how significant, you mentioned simplifying lens pricing. Could you give us maybe some more color on that? Also, remote exams, is that a driver still or sort of tailwind for 2026? And then maybe just a little bit on the advertising. You mentioned a new media partner. As you go through 2026, what incremental could we see on the marketing side?

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

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Yeah. Thanks, Robby. So on tailwinds, some of the things we're, again, really excited about the new product introductions that are coming throughout the year. And similar to last year, those new product introductions are going to be phased in throughout the course of the year, and we think we're going to see continued momentum from that.

On the lens side, lens purchasing in this category is a very complicated and non-consumer friendly activity. So with our deployment of iPads, with the Optikam platform, all intended to demystify the lens shopping experience. We think that's going to continue to help. We are looking at simplifying our lens assortment, especially once we have our Tier 4 lens introduced, that we can create a more simple lens hierarchy so that consumers, for lack of better words, understand the good, better, best architecture a bit better than what they do today with all the different degrees of add-ons and lens materials that – and all the different combinations that exists today.

So, we're kind of testing our way through that at the moment to understand exactly how to create that narrative and create that experience in the most efficient way for the consumer. And we think that'll be ready and be ready for kind of commercial application towards the back half of the year. So certainly, we think that's a win for our consumers. We think that's a win for the businesses as well and helps us towards our goal of migration to more premium lens materials and lens add-ons.

Remote exams, remote continues to be a winning recipe for our business. And frankly, I think it's one of the reasons that we were able to weather the weather impact of the first quarter in the way that we have by, you know, having doctors that could see patients remotely when they may not have been able to travel into a location. So, what a great asset to have during that time period. Again, super excited about the opportunity that we can provide doctors to both practice and store and practice remotely. We think that's a differentiator.

And frankly, one of the reasons that we had a really strong recruiting class in 2025, our doctor retention,

doctor recruiting was at an all-time high in the year. And we think offering remote as a mode of practice is certainly one of the contributors to that.

Your last kind of question on advertising media partner, again, I think this is our kind of next bold step in the transformation of our marketing capabilities. And if you think of 2025 was really a year around creating new brand assets and a new identity and new campaign, 2026 is around how do we take those assets and deploy them differently? And I spoke about this in the past. Historically, we've spent a lot on linear TV advertising. We spent a lot on search. And we haven't really done a particularly good job in mid-funnel activation and in digital in kind of targeted advertising where more and more consumers are actually how they're consuming their media.

So we are, with our new partner, making some deliberate shifts this year in how we deploy our acquisition expense, in particular, in the mid-funnel range of acquisition. So, all of that is intended to really pull in the same direction and help us to attract those customers that we spoke of, the managed care, the outside Rx, and the progressive customers are so important to our profitability expansion story.

***Anthony Chukumba, Loop Capital Markets LLC***

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Good morning. First off, thank you for taking my questions [indiscernible] (01:09:47) congrats on a really wonderful 2025. And it's very encouraging to hear that you're doing [indiscernible] (01:09:53) with your comps in the first quarter given the weather challenges that have impacted so many retailers. So, I just wanted to drill down just a little bit on smart glasses. And obviously, you're selling the Ray-Ban's Meta Wayfarer, it's going really well for you. You're expanding to all your stores. But I just want to clarify. So my first question, well, two parts to the question. First is about, do you have any – you don't have any type of exclusive arrangement with Meta, do you, where you can only their smart glasses? And then related to that, obviously there's going to be Android XR glasses that will be coming out. Do you foresee a scenario in which you'll be selling some of – you could potentially be selling some of those glasses as well? – Thank you.

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

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Yeah. So, we do not have an exclusive relationship with Meta, but we're super happy with obviously the partnership that we have with Ray-Ban Meta and with our partners at Essilorluxottica. And again, I think it's just a great proof point for us that we can be highly successful in selling smart eyewear in our store environment. Again, can't wait for this to be scaled to the remainder of the fleet by the end of the second quarter. And absolutely, we believe that we will be participants in the smart eyewear space across different platforms. And the success that we've had with Meta so far is the proof point that we will be a very meaningful player in smart eyewear for years to come

***Angus Kelleher-Ferguson, Barclays Capital, Inc***

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Hi. This is Angus Kelleher on for Adrienne Yih. You talked about consultative selling driving higher ticket and a better mix. How scalable is that across the full fleet? How many stores were you deploying that in at year-end? And what's the level of investment or turnover or upskilling needed to roll that out nationwide?

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

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Yeah. Angus, great question. I mean, we are rolling it out nationwide. However, as you can imagine, moving 14,000 people along the journey of consultative selling is quite the task. So, it requires

reinforcement, it requires focus, it requires centerstage activity during our national sales meetings. So, this is not a kind of one and done thing. Our field sales organization is continuously focused on ensuring that we're sustaining those behaviors, but it is a multi-year journey to get our associate base to the point where we want them to be.

Now, Optikam and the launch of Optikam in Q4, one of the things that we really loved about that is that, that becomes the tangible tool to help our associates along with that journey. So, it's that – really the combination of a selling tool with content that we've created to again demystify the experience and help consumers through the journey combined with the behaviors and the selling techniques and the consultative selling techniques that we're teaching and reinforcing. So again, multiyear journey, a lot of hard work that the team's putting in place to move 14,000 people in the same direction but also backed up with some tangible assets to help them do that.

As there was a question earlier as well around lens and lens simplification. Again, we think that is something, too, that will help along the journey of consultative selling by simplifying the lens experience. We will make it easier for our associates to engage in consultative selling because it just makes it that much easier to have the conversation with the consumer.

***Angus Kelleher-Ferguson, Barclays Capital, Inc***

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Great. Thank you. Good color. And then just a quick follow up. Can you help us size up how much of your managed care customer base is Medicare Advantage or skewed to older demographics? And as you think about potential changes to Medicare Advantage plan benefits, do you see any potential risk to vision coverage or customer retention within that cohort? Thank you.

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

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We really don't see any risk for – in changes to Medicare Advantage as they participate in the managed care realm. Medicare Advantage generally participates in managed care through a third party TPA relationship with the managed care providers, so it's not something we frankly track. But the conversations that we have with our managed care partners is this is not something that we should be kind of concerned about or believe that will be a material impact to our business.

***Matt Koranda, ROTH Capital Partners LLC***

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Hey, guys. A lot has been asked and answered, but I wanted to hear as it pertains to the mid-single-digit comp guide for 2026, how important the continued frame assortment optimization is in that plan versus the premium lens penetration assumptions that you're making. And then, did you explicitly have any tailwind baked into the comp from AI glasses? Let's start there.

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

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Yeah. So, I think a couple of things to unpack there. First of all, we think about our average ticket increase through 2026, it's really going to be a healthy mix of both our frame assortment evolution and lens leadership. Something to keep in mind is we're still – we still have tailwinds coming from 2025. We started last year at about 20% of our framework priced over \$99. We ended the year with 40%. That was a phased approach throughout the year. So, we're continuing to see tailwinds even in Q1, first half of the year from some of that evolution. At the same time, we're continuing that evolution through the rest of this year, targeting around 60% of the framework by the end of this year. So, I think we'll continue to see some tailwind on the frame

side. As Alex mentioned, the simplification of our lens portfolio and some of our selling tools and techniques around simplifying the customer journey on lenses, we think, will ultimately yield improvements in average ticket as well.

And look, as we think about the kind of AI impact and smart lens impact to our comp, we're – we couldn't be more excited about the acceleration of that product category. At the same time, it's in 200 stores today. And it doesn't represent a material impact to the business, but we are super excited about its contributions over time and it's likely a multiyear journey where that becomes something that's a material impact to our comp.

***Matt Koranda, ROTH Capital Partners LLC***

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Okay. And then on AI glasses, what are you seeing in terms of prescription lens attach rates? I know you guys are very different than some of the traditional venues in which the Meta product is sold, which is more sun related. So, are you seeing higher rates of prescription lens attach rates and how do you think about premium lens attach rates to AI glasses as you kind of move forward with the strategy?

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

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Matt, it's a really, really good question. And actually, one of the reasons we are most bullish on this technology is that in fact, we are seeing a very high degree of premium lens attachment with the Meta smart wear glasses that we're selling. So, the vast majority of what we're selling is coming with a prescription lens, and the vast majority of those lens sales are coming with the attachment of premium lens additions and lens products. So again, the overall package purchase of the Meta AI – of a Meta AI transaction is among the highest value transactions that we're seeing, and it is significantly and in part related to what we're seeing from a lens attachment perspective

***Lauren Ng, Morgan Stanley & Co, LLC***

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Hi. This is Lauren Ng on for Simeon. Thanks for taking our question. Just first really quickly, curious on the managed pay versus self-pay consumer in 2026 as it relates year three to six comp. Can you elaborate more on the comp expectations for managed care versus self-pay at the low end versus the high end of the guide? Thanks

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

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Yeah. Our planning scenarios assume at the high end that we can see a positive comp across both kind of consumer cohorts. Again, we're seeing – what we saw in 2025 is that our self-pay consumers were leaning into some of our more premium assortments. Actually, a faster clip than even some of our managed care consumers.

That being said, we think about the low end of our range, we are assuming – our scenarios assume negative traffic. We've likely to come out of the self-pay cohort. But again, that's – to unpack that a little bit further, we're trying to drive the right traffic within the business. So, when we think about our guide from three to six, we're still anticipating and feel confident that we're going to drive the right traffic with our three customer cohorts that we're targeting even at the low end of the range. But kind of at that point, you're still potentially in a negative comp – negative traffic comp for the self-pay consumer.

***Lauren Ng, Morgan Stanley & Co, LLC***

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Okay, great. Thank you. And then, you also previously shared expectations for managed care to reach around 50% of revenues. And today you shared it's around 42%. So, is 50% still the right goal? And if so, what is your line of sight to achieving that 50%?

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

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Yeah. We still feel great about 50% being the north star on our managed care business. The exciting thing about seeing our number grow from last year to this year to 42%, excuse me, is yeah, we're comping on a base where both self-pay and managed care growing so – in order for managed care to hit to that 50%. We expect to see disproportionate growth in there, but we still feel great about 50% of being the north star. We still think it's a multiyear journey to get there. But all of the strategies we discussed at Investor Day are, I think, are specifically targeted exactly that and all the proof points thus far have been very positive.

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

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Thanks so much and thank you for your questions today. Let me just wrap with this. To my National Vision teammates listening on the call today, thank you for your dedication in 2025. It was a remarkable year. And to 14,000 people who contributed to this, thank you on behalf of the leadership team for a remarkable performance, and I can't wait to see what we do in 2026. Thank you, guys.