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

Citi Global Consumer and Retail  
Conference Fireside Chat

## CORPORATE PARTICIPANTS

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

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

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## OTHER PARTICIPANTS

**Paul Lejuez** – Analyst, Citigroup global Markets, Inc.

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## QUESTION AND ANSWER SECTION

*Paul Lejuez, Citigroup global Markets, Inc.*

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Thank you. Paul Lejuez at Citigroup. Thanks everybody for listening in. We've got the team from National Vision. We've got Alex Wilkes in the CEO spot. We've got Chris Laden on the CFO seat for National Vision. And thank you guys for being here. Really appreciate the time.

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

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You're welcome. It's our pleasure to be here.

*Paul Lejuez, Citigroup global Markets, Inc.*

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Maybe we'll just kick things off. We've heard from you a couple of times over the past several months, including at an Investor Day. You very clearly have a strategy that you've very clearly communicated and articulated to bring in more insurance customers, take advantage of those insurance dollars that those customers have to spend. Maybe talk about what you've put in place so far and what the next steps are in that evolution as you kind of look to change the complexion of the customer base.

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

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Yeah, you got it. So I think National Vision over the years did a great job building a business model around the notion of value within the optical category. And with that positioning won a lot of managed care consumers because they are consumers who even though they have insurance, are seeking to maximize their benefits and get the most out of them. And we became an obvious destination for that.

Now, that being said, historically we didn't do a good enough job distorting our business model to actually help those managed care customers get the most out of their benefits. We hadn't necessarily fine-tuned our assortment of frames and lenses to what those consumers' specific spending powers are and what their plans would allow them to engage. And so really, over these last 12 months, we spent time sharpening our assortment, getting more premium product in that's particularly interesting to those managed vision care customers.

We've worked on in-store selling behaviors with our team members to help them better serve the managed care consumers and help them understand what is some complexity sometimes around their insurance plans. So we're still kind of just scratching the surface, but we started to make meaningful headway in

terms of serving those managed care consumers better.

***Paul Lejuez, Citigroup global Markets, Inc.***

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And what are those proof points that we can point to, to kind of show that initial success and what are those proof points that we'll – you'll be looking at to kind of judge future success?

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

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Yeah, great question. I mean, our managed care as a percent of our total mix is now approaching 42%. So we're continuing to see strong growth with that consumer cohort. And we're seeing our average transaction expand with the managed care consumer as well. So as we've introduced some more premium frames, as we've talked to our associates and they're getting more acclimated to lifestyle selling on the lens side, we're seeing the average transaction rise with the consumer. So we're winning more, we're driving traffic with that consumer, and those that are coming into our doors are making more premium purchases.

***Paul Lejuez, Citigroup global Markets, Inc.***

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And how much do you think about as you sort of make this transition? Is it a concern that you could alienate that cash-paying customer? How do you make sure that that doesn't happen? Are you seeing anything that would show that that is or isn't happening?

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

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Yeah. It's like first and foremost, what we're doing is we're rightsizing the business to the portfolio of customers that we serve. So our business model, our assortment, our selling approach was kind of still stuck in an era as if we were selling to 100% cash pay customers. As we fine-tune our assortment of frames, we will still be the most credible destination to get two pair of eyewear for \$95, including an eye exam. We're not walking away from that value proposition to the market.

However, we're just right sizing our efforts, our acquisition expense, and our in-store experience against the profile of consumers that we're seeing. So if you want to make a purchase at that end of the assortment, again I'm confident that we're still the best destination for value in the category. We're just redefining what value is.

And an interesting thing that we've learned along the way is that as we've changed our assortment, as we've introduced some more premium product into the assortment, actually some of those value cash pay customers are opting in, raising their hand and joining us on that journey. So that's been really exciting to watch this last year as well.

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

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And I think two other data points that help substantiate that the strategy is working, we measure our exam conversion to a materials purchase. So basically, as a consumer is leaving the exam room and finding a product that they like and they're seeing it at a price point that they like. And we've seen exam conversion stay flat as we've kind of moved the first tier up on a more premium assortment? And second, like any retailers look at NPS, and our NPS scores have been flat to positive throughout. So the consumers are telling us through their KPIs that this strategy is working as well.

***Paul Lejuez, Citigroup global Markets, Inc.***

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Got it. And what is your current read on that cash paying customers? There's been a couple of years of

pressure that that customer has been sort of trying to absorb. What's the view currently on their progress?

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

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Yeah, I think the cash pay customer last year they're clearly more sensitive to some macro headwinds, and we certainly experienced that in our business, including in Q4 in the November, December timeframe, as I talked about last week. The cash pay consumer, obviously, definitely more sensitive, not as resilient as the managed care customer.

And I think we're still working our way through a disruption in purchase cycle that happened in 2021 and 2022. Because an interesting thing happened in this category during those COVID years, right. Eye care was an essential service. We were open for business. And so if you were a customer group who is maybe in a three-year purchase cycle in a 2023 or 2024 cohort, you were likely pulled up into the 2021 purchase cycle.

So some of that is still going to take some time to work its way through as we get back to normality of the purchase cycle. Certainly, the category benefited from that disruption in the 2021-2020 – sorry, even the tail end of 2020, 2021 and early 2022 time period. So it's going to take some time for that to normalize. Again, we think about the average purchase cycle in the category of around two years, but you can imagine that the tails on both ends of that are quite long. And if you are a every three, every four-year purchase cycle customer on the cash pay side, you're still kind of working through that period of normalization.

***Paul Lejuez, Citigroup global Markets, Inc.***

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And as you and the industry work through that period of normalization, how do you view your performance versus the industry? Like what are you seeing in terms of some of those industry metrics versus like your own, like National Vision?

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

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Yeah. It's a great question. And one of the things that we're super proud of is that last year, the category was minus seven on eye exams and we were plus one. So we're growing eye exams at a faster rate than the aggregate US category is. So I think that's a proof point, obviously, in the right direction as we measure the success of our initiatives.

We spent a considerable amount of time last summer re-architecting our brand and communication strategy for America's Best, our largest brand. And wholeheartedly consumers have embraced that. Our unaided brand awareness is the highest it's ever been. We're outpacing the category. We're outpacing the rest of optical retail in Q3 and Q4 in unaided brand awareness. And I think that's paying off, and one of the reasons that we're seeing eye exam growth above the category level. Chris, I don't know if you have any other thoughts on that.

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

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No, I think that's right. I think we've gotten some questions on traffic trends, particularly in Q4 on the cash pay side. And just echoing a point that Alex made earlier, which is we're intentionally shifting our balance of assets to – that was exclusively pushing a promotional offer at the cash pay consumer and now using that to communicate, I think, more equally with managed care consumers, with progressive consumers, with Outside Rx consumers. So it was kind of an expected outcome for us that our cash pay consumers see a little bit of softness on the traffic side.

And that in combination with the fact that our exams are growing in a category that is seeing a pretty substantial high-single digit decline, I think, gives us confidence that the strategy is working.

***Paul Lejuez, Citigroup global Markets, Inc.***

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Got it. Makes sense. Going to talk a little bit about the Eyeglass World chain and sort of the progress there and the long-term outlook and vision of, no pun intended, of operating sort of two banners. Does it make sense over the long term?

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

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Yeah, no, we absolutely think it does make sense to run the two banners with distinct value propositions and more distinct value proposition go forward. Over the last year, we've refocused some of our energy on Eyeglass World. We put in a separate and distinct operating structure. So previously, Eyeglass World was even from a P&L perspective, it didn't necessarily have an organizational owner. We didn't necessarily have a dedicated operational structure for Eyeglass World. So we didn't add any resources to the business. We just segmented some people and pointed them directly at the Eyeglass World business. So we've gotten better execution through better focus in Eyeglass World last year.

We also spent some time thinking about our media strategy for Eyeglass World. We typically follow the same approach to media and – for Eyeglass World that we did for America's Best. However, when you have a chain that is highly regionalized, that didn't really make a whole lot of sense. So we pointed our media investments into more digital, more streaming, and actually out of linear TV, and that's been to the benefit of Eyeglass World.

And then we've also worked on raising the assortment and raising some of the brand profiles within the brands we sell at Eyeglass World. That's also contributed to the success of the brand.

The last thing, we spent a good amount of time in the fourth quarter moving Eyeglass World to the same doctor operating model that we had in the balance of the chain. We had a fair number of stores, about 50 or so that were operating under a sub-lease arrangement, and we moved them to the friendly PC model that we use predominantly in America's Best. And that's also benefited the Eyeglass World brand and that we can offer really consistent, end-to-end experience to the consumer. So super, super happy with what we're seeing under the leadership of Dr. Patel at Eyeglass World. She and the team have really done an amazing job.

Now we're also super excited about what comes next. I've said this in the past. I could not have been happier with the work that was done on America's Best rebranding in 2025. Kind of re-architecting everything from brand iconography to creative messaging was done in partnership with VML, our agency of record.

The people who worked on America's Best have now pivoted their attention to Eyeglass World. I've seen some early concepts of where they're going from a brand design perspective, and frankly, I was blown away by the work. So that is work that's going to come in the back half of the year as we start to introduce a new Eyeglass World design, brand iconography and go to market value proposition. So really, really happy about the progress there.

***Paul Lejuez, Citigroup global Markets, Inc.***

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Excellent. That's great to hear and great to see the progress there. Can you maybe give us an update on remote and just sort of the timeline and how that's maybe helped your business? Any of the – any challenges that you've encountered as that rolled out to the chain?

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

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I mean, remote eye care is where we have a doctor that sits at home or somewhere else and provides eye

care in real time to a patient in one of our locations. What it has helped us do is two things predominantly. There are doctors that are graduating from optometry school who love this idea of being able to practice how they want and where they want. So it's been a real differentiator from a doctor recruiting perspective. So us being able to say, hey, we have 1,250 stores that you can practice in, or we also have this option for you to practice from home in this newest, most modern setting. So it's been fantastic for that.

And then you marry that with some of the stores where it might have been hard to fill coverage or where we want to flex in some additional coverage on high volume days. It's allowed us to do some supply and demand smoothing to better serve those customers. So super happy with the progress. I think we're deployed, Chris, in the vast majority of places we can be.

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

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Yeah. So the – this concept of remote care is regulated at the state level. So in the states in which this model is allowable, we have launched, and we're over 700 stores now, and really we've got that deployed in every store that we wanted to be at this point. And then as we open up new stores, that's one of the variables. And our real state strategy is to say, hey, is this something that we think we can cover with remote care as well to as in person?

***Paul Lejuez, Citigroup global Markets, Inc.***

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Got it. Alex, I guess just going back to the just at a high level, you've been in this industry for forever. And as you look at the opportunity now that you're still fairly new in the CEO and CFO seats, how are you thinking about the number of stores long term? Who do you benchmark against, right, I guess that you've come from other optical retailers and not just the number of stores and the potential there, but the margin potential and who you benchmark against?

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

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Yeah. So again, right now we're in an intentional period of not growing as rapidly as we have in the past. So, historically, we were a 70, 80-store opener, and this year I think we'll open 30, 35. We did about the same last year. But that's an intentional capital shift in the short term because we are also making significant investments in our unified commerce experience. We completely re-platformed our CRM capability last year and moved to Adobe CRM. In just a few short weeks, we're re-platforming all of our e-commerce sites onto the Adobe ecommerce platform as well. So that gives us the foundation for a stronger, unified commerce experience for the consumer, not even long term, but really starting in the third quarter this year.

So once we've kind of checked those boxes and we've not only modernized, but I believe once we're on our new e-com platform and combined CRM platform, we'll have the industry leading solution on how to stay sticky with the consumer regardless of what channel they shop. Once we've kind of cleared that path, we will return to more aggressive store openings, which we said we're targeting 2028 for. To date, we operate in 38 states. So there's another 12 states we can enter.

In the 38 states, there's a ton of whitespace where there's still opportunity for us to add stores. So we have more than enough whitespace to expand our brick-and-mortar footprint. But again, we're being very thoughtful that in the short term we're modernizing our unified commerce stack because we think that needs to be a priority to support us from a long-term perspective.

***Paul Lejuez, Citigroup global Markets, Inc.***

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Got it. And your margin goals longer term, you'd laid out some annual guidance back when you did your investor Day in the fall. Maybe touch on what you're expecting in terms of the drivers of EBIT margin and

if there's any low-hanging fruit, Chris, as you kind of maybe pick through it all?

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

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Yeah. So in 2025, we were able to expand operating margins by 160 basis points, which the team is thrilled about. What we communicated in Investor Day is from 2026 through 2030, 2030, we think there's at least 50 basis points to 150 basis points of operating margin expansion over that time period.

The way that we look at architecting the business really in the next few years is we really see just significant opportunities for SG&A leverage. Last year we kicked off a project to interrogate every line of SG&A across the business and identified \$20 million of cost out, half of which will materialize this year in 2026, half of which will materialize next year in 2027.

And in addition to that, as you're thinking through the way that we're architecting our sales growth, our revenue growth between a better pricing architecture, I think a more modern mix in terms of frames and lenses, our goal there is to expand gross margin dollars. We actually don't expect to see significant growth in gross margin percentage in this category as you kind of move your way up the premium scale. Oftentimes, it'll come at a gross margin percentage detriment, but pass through more dollars. So as we think about the next few years, we're expecting to see more gross margin dollars, not a necessity to expand SG&A at any point, and let that flow through to operating margin.

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

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Just one point on the cost out activities. We're past the execution phase. I mean, all of the cost out has been contracted at this point. Now it's just a matter of when does it start to materialize and actualize versus be identified or have to action against, so. Again, we're 100% confident in our cost out actions because at this point it is – they are contractual in nature.

***Paul Lejuez, Citigroup global Markets, Inc.***

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Got it. Hot topic, tariffs. There's been some change over the past couple of weeks. Maybe just give us a refresher on how higher tariffs impacted your business, how you're thinking about this upcoming year, what's built into guidance.

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

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Yeah. So our guide does assume that we've got some impact of tariffs for the year. It's obviously – fluid situation is probably a favorable choice.

Look, the good news is that this business has diversified its supply chain over the course of the last 10 years. So as we think about our exposure to tariff-impacted countries as a percent of our cost of goods, it's actually fairly low. When you think about the construct of the products that we make, the most value add that takes place is on the lenses, taking from raw material into the finished good. And we're super proud we've got four domestic laboratories where all that work takes place here in the United States. So this is not subject to tariffs.

So, look, last year, it was actually, I think, my fourth day with the company was Liberation Day. And just for a fun side fact, we actually implemented new ERP on my second day. So it was a really exciting onboarding. But last year, we confidently were able to navigate the cost impact of tariffs on the P&L and still delivered what we had committed to from an operating margin perspective, and we are incredibly confident that we'll be able to do the same this year.

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

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Yeah, I think the – what the team did on tariffs, I just think, is a great proof point of the executional capabilities of this organization. We were faced with a challenge. We rallied around that challenge. We figured out how to mitigate it all within very, very short order. And again, I couldn't have been prouder of Chris and the merchandising and the supply chain and the finance and the legal team. Like it was – It really was a thing of beauty to watch everyone kind of get together and figure out how we're going to mitigate this thing. And the team just did an exceptional job last year.

***Paul Lejuez, Citigroup global Markets, Inc.***

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Yeah. Another hot topic, oil prices going up a ton. What are you thinking about? What's on your radar screens? Are you nervous about that cash paying customer, the potential drag?

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

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Yeah. I mean, gosh, it's – all recent news, right? I mean, I think we're – so we're bullish on the consumer, especially given the – what we're seeing actualized from a tax refund perspective. So I think that's a tailwind and a good guy for us and for the category. On gas prices, sure, I mean those are things that can lead to trade-off decisions within the consumer's wallet. But I do think that as the obvious destination for value, it still gives us the winning recipe. I mean, the consumers who enter the category generally start with either on a predetermined purchase cycle, and it's just something I click off every couple of years, or I've noticed something change in my eyesight. And if you're one of those consumers who notices something changing in their eyesight, you are not going to not take action because of paying \$1 more a gallon at the pump, because it is something you need to take advantage of. So I think that's one of the things we do love about this category is that in times of macro uncertainty, do we see wobble? Absolutely. But I don't think it's anywhere as profound as like a truly consumer discretionary category.

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

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And as the percent of our business with managed care benefits continues to grow, that also provides us just an increasing layer of insulation as those folks are effectively paying every two weeks out of the paycheck for a prepaid benefit. And so in their minds, it could be a – well, if I don't go and get an eye exam and utilize those benefits, I'm just leaving money on the table.

***Paul Lejuez, Citigroup global Markets, Inc.***

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Makes sense. Maybe switching topics a little bit, but another hot topic is AI-powered glasses. You've got a relationship with Meta. Maybe talk about where you started with that in terms of the initial launch, how many stores, what your experience was at the stores, maybe any challenges selling that product? And now I think you're going through with a bigger rollout. Just maybe talk us through that?

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

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Yeah, well, we learned a lot about smart eyewear in 2025. We started the launch with 50 stores last year. We scaled to 300 in the second half of the year and in pretty short order, we're going to have Ray-Ban Meta available in 1,200 locations, so essentially the balance of the – of our chain with a couple of small, small exceptions. Here's what we learned. Our consumer that – our consumer opted in and raised their hand for this product at a higher rate than we anticipated. The Ray-Ban Meta SKUs are among the fastest turning SKUs that we have in our assortment. The consumers are not only seeking the product, but they are ever more interested in the use cases that the product can provide from listening to music, taking phone calls. But when it comes to the AI interactivity that the product brings, there are some amazing things that you

can do with it. If you are – for instance, if you are traveling overseas and you're looking at it and you need to look at a menu and have it translate to what's on the menu, it can help you with that. If you park your car at an airport and take a picture of where your car is parked, it can recall for you where your car was parked. When you – if you're like me, I forget all the time. So it's small detail.

So more and more, and there's the intended use cases, but there's more and more use cases that people are just figuring out how to make – how to use and leverage the product to make them faster, stronger, more effective humans in some way. And that's, I think, really, really exciting for the category. So our performance has been – again, I'm super excited with how our team has done, and I'd say we still have room to go. It is a new product category introduction that we have associates who are comfortable with it and we have a whole lot who are not yet. So getting our team of 14,000 team members super comfortable with the direction of AI smart eyewear, I think, is the challenge yet to come.

***Paul Lejuez, Citigroup global Markets, Inc.***

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And was it mostly a new customer that's coming into the store for that product or is it more of an existing customer?

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

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It's a good mix of both. I think we have consumers absolutely that are seeking the product and some who are just converted to it from a curiosity standpoint. The one thing we're seeing in this that is also really encouraging is the consumers who are buying Ray-Ban Meta are also opting into some of the more premium lens options as well. Our average transaction on a Ray-Ban Meta basis is one of the most valuable transactions that we have within our within our four walls.

***Paul Lejuez, Citigroup global Markets, Inc.***

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Margin dollars higher, but gross margin rate not as high?

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

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Correct. That's a fair assumption. Yeah. And I think what's great about our stores being a destination for this is, A, you don't have to go to multiple stops if you do have a prescription need, a visual acuity need to get the lenses put in. You can kind of get that transaction, get two birds with one stone.

And second, most managed care plans will allow you to use your frame benefit against Meta AI frames. So kind of comparing us as a destination for this versus others, right. There's a lot of benefits to going to an optical retailer to buy this product.

***Paul Lejuez, Citigroup global Markets, Inc.***

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And is there anything exclusive about this relationship? There are other players out there that might like to partner with someone who's got over 1,000 stores to help get them on people's faces? Is that an opportunity for you guys?

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

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It sure is. And I think our vision is that we become the agnostic destination for smart eyewear and can provide people unbiased advice to help match them with the smart eyewear platform that best matches their lifestyle needs. So again, right now doing great with Ray-Ban Meta. We certainly would welcome relationships with other tech companies, other suppliers in this realm.

***Paul Lejuez, Citigroup global Markets, Inc.***

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And in terms of training, what you've already had to kind of educate the – your employees as far as the Meta product, what would that look like if they were now tasked with understanding a bunch of different sort of smart eyewear?

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

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It's a great question. I'm not sure we have necessarily the perfect answer today, right, because it would require retraining people who have been optical experts in helping match you with the right lenses to helping to match you with the right technology. I think there's elements of consultative selling that is really transferable, but we'd have to really make that connection for our team members to say, okay, your consultative selling aspects around frames and lenses and helping people find the right product for them, now it's going to be frames, lenses and the technology platform that best meets your patient's lifestyle needs. But again, because we do pretty well at the first two, I'm confident we could get to the third as well.

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

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And I think a proof point from last year, we rolled out a iPad-based selling support tool to all of our stores by the end of the year. And even that we saw, right, taking out the complication of smart eyewear or just attempting to describe the value of a premium progressive lens versus a Steiner progressive lens is actually fairly complicated to put into words. But kind of the picture – so the picture is worth thousand words.

So we've kind of proven that we can deploy technology-based solutions to support the selling process today, even in some of the more complicated areas of optical. In my mind, this becomes an expansion of, well, how can we leverage similar tools with our store teams as the product category might get more complicated? How do we provide the right tools for our associates to make it easy for them and ultimately easy for the consumer?

***Paul Lejuez, Citigroup global Markets, Inc.***

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Totally, yeah. So do you guys take a long-term view and think that this is kind of the new, long-term, disruptive technology?

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

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Yeah. Our long-term view is that this is going to be a significant part of the optical experience. And in the very short time period that we've gotten acclimated to it, we are proving to ourselves that we are a credible player in the space, that our teams can rally and convey the notion of value and benefit to the consumer that we have the right points of distribution. So yeah, we think we're really, really well positioned for this category, for this category growth.

***Paul Lejuez, Citigroup global Markets, Inc.***

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So, so far haven't been in the seat super long. But the strategies that you've brought seem to be working. Is there anything that you have found more challenging that's not going as smooth, something that you'd like to be seeing happen faster than it is?

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

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Don't say working with me.

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

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Well, working with Chris has been great. Look, listen, it's – I am lucky that I got to come into a company that I knew and a category that I deeply understood. And in some ways, for sure, I had asymmetric information about the company and who the company's consumer was from my previous life at both EssilorLuxottica and Cooper Companies. So that helped a great deal. So I did arrive here with a bit of a playbook in mind, and we have been executing against that playbook, and as we shared at our Investor Day, really refined it around the four growth vectors of underdeveloped products, underdeveloped consumers, underdeveloped markets and underdeveloped experiences. And we're making really, really good progress against all four of those components. And we have the right structure in place.

In terms of like if your question is really around lessons learned, I think there's the human part of a job like this that can be tough sometimes. And we just recently took a bit of an organizational action last week with a number of our colleagues that were fantastic people and they were great contributors to 19 years of success. But then it also became clear that some of these individuals weren't going to be contributors to what we needed to do go forward. And those are hard decisions, especially when they're decisions not necessarily around cost, right. When you're making decisions on broad scale around talent, it's not whether you like a person, it's not how long they've been in the company, but are they someone who can be an A player go forward, that's tough.

I think the lesson learned in these things is you know what the right decision is. You probably knew it from the day you stepped in. Take those decisions faster. It's actually the right outcome for those impacted and it's certainly the right outcome for the business.

***Paul Lejuez, Citigroup global Markets, Inc.***

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Yeah. Makes sense. How about you, Chris? Anything surprising or challenges that you didn't expect when you took the role?

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

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Yeah, I'll actually, I'll kind of go to the positive, right, on this one. So when I was like looking from the outside in at a business that did 3.5% operating margin and in a specialty retail category, I arrived and cracked open the hood, I expected to find a lot of things I didn't find. I expected to find a real estate portfolio that needed potentially a lot of investment or relocation. And our store footprint is great and our stores are well maintained, and our doctor equipment is best in class from what I've seen in the category. I expected to see an absence of investment in certain technologies, modernization.

And it was, lo and behold, we've got 700 plus locations with remote exam technology. So it was a delight to come in and go. The kinds of challenges I expected to take on, exclusive of tariffs, in my first couple of weeks were much different than what we actually encountered. And I think Alex said it well earlier. It's really about modernizing the commercial approach to the business, which has been a lot of fun.

***Paul Lejuez, Citigroup global Markets, Inc.***

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How about from an external perspective, like the market, the promotional cadence that you're seeing out there, just the competitive nature of the category? How has that looked over the past year relative to your expectations and how do you see it kind of go forward?

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

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Yeah, I think one of the things that the category did better than what we had historically done is meeting

the consumer where they are and what their desires were. I think they had a – we were an analog replicator of a business model for 19 years. Punch out another store, deliver predictable result and just do the same thing over and over again.

And I think as the market has embraced different ideas of customer centricity and segmentation and meeting customers where they are and refining their models, our model of analog replication just didn't work as well as it did. So we're playing a bit of catch up there, but that's where I'm really excited about what this year has in store in terms of bringing even more brands into our assortment, going to a segmentation strategy where our stores are clustered based on a whole host of inputs that then defines what type of products they get, potentially what type of selling model that we deploy in that specific store.

So I think once we have those pieces in, we'll actually leapfrog where optical is, based on where – based on how kind of segmentation schemes in the category work today. So I think there's a ton of opportunity there.

From a promotional perspective, we were essentially an always-on promotional machine. And we had pointed all of our acquisition investment at the cash pay consumer with a message of two pair of eyewear for X, including an eye exam. With only – I think that message worked really well when our market or our stores were dominated by cash pay consumers. But now that we have more managed care customers, the fact that we're pursuing the Outside Rx customer as a target segment, the two pair with an exam message, that always-on promo message isn't necessarily as attractive to them as it might have been in the past.

So our challenge go forward is how do we turn our marketing and media investments into a more targeted, segmented approach where we have a brand communications platform that can be fine-tuned for specific audience?

So we took that big first step in 2025 with America's Best when we said goodbye to our friend the owl and we introduced the brand promise of Every Eye Deserves Better. And that's central to our brand and central to our communications strategy to the consumer. Our next iteration is based on Every Eye Deserves Better, what does that mean? If you're a managed care customer, what is the brand promise that we have to deliver to you under the headline of Every Eye Deserves Better? If you are a pediatric patient and you believe in Every Eye Deserves Better, what is it that you do from a brand perspective to make that promise come to life?

One of the things we do in the – with pediatric patients today is for every child under the age of 13 that visits us, they get a digital retinal image included in their eye exam, which is phenomenal because it gives our doctors insight into their complete eye health, including anything that might be an underlying condition. That's just part of our standard of care.

Now, ironically, we've already – we've been doing this for years, but we didn't necessarily talk about it. But so the brand platform of Every Eye Deserves Better, a brand that believes in Every Eye Deserves Better, that is an action that you do for the consumer, but it's also something you can talk about. So again, I think we did a great job on landing on a strong communications platform. This year is how do we take that platform and actually apply some segmented messaging to it and deploy it in media to a way that's not how we've done things in the past? Essentially just on a – run a bunch of TV spots.

***Paul Lejuez, Citigroup global Markets, Inc.***

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And it seemed – things seem to be working, right? You referenced earlier, you grew your eye exams this past year in a market that was down. Where do you think that share is coming from?

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

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And all time – like all-time high, unaided brand awareness in Q3 and Q4. So we've been super excited about that. So I think you've had a fair amount of disruption in the category. You have a high degree of private equity consolidation with independent optometry. You have independent optometry that still dominates the segment from a market share perspective. So I think those couple of components have dislodged some consumers and set us up as winners of share in that market.

*Paul Lejuez, Citigroup global Markets, Inc.*

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Sounds great. Alex and Chris, thank you so much for your time. National Vision.

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

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Great. Thank you so much, Paul.

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

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Thank you.