

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2025

The following Management's Discussion and Analysis ("MD&A") dated March 3, 2026 provides information concerning the financial condition and results of operations of Kits Eyecare Ltd. (together with its consolidated subsidiaries, referred to herein as "KITS", the "Company", "we", "us" or "our"). This MD&A should be read in conjunction with our audited consolidated financial statements for the years ended December 31, 2025 and 2024, including the related notes thereto. This discussion contains forward-looking information that involves risks and uncertainties. Our actual results, performance and achievements could differ materially from those implied by such forward-looking information as a result of various factors discussed below, particularly under "Forward-Looking Information" and "Risk Factors". Unless otherwise noted, all dollar amounts in this MD&A are in thousands of Canadian Dollars.

Forward-Looking Information

This MD&A contains "forward-looking information" within the meaning of applicable securities laws in Canada. Forward-looking information may relate to our future financial outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects, development of technologies, product launches, industry trends, consumer preferences or opportunities in the markets in which we operate is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "prospects", "strategy", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances.

Forward-looking information is based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. The factors and assumptions on which forward-looking information is based include, but are not limited to the expansion and enhancement of our fulfillment network, including our optical laboratory for glasses and warehouse facilities; our future plans for marketing and expenditures related thereto; the growth of our business; the resilience, efficiency and scalability of our model; our ability to leverage new technologies; the performance of our existing infrastructure, technologies and online tools; premium lens adoption and smart eyewear expansion; our ability to drive sales growth and expectations regarding customer conversion into the Company's premium offerings; our ability to maintain, enhance, and grow within our addressable market; our ability to sustain customer growth and continue to attract and retain customers; trends and customers habits and preferences; our ability to drive ongoing development and innovation of our exclusive brands and expand product offerings; our ability to continue directly sourcing from third party suppliers and manufacturers; our ability to retain key personnel; our ability to maintain, automate, optimize and expand our manufacturing and distribution capabilities; our ability to continue investing in infrastructure to support our growth; our ability to obtain and maintain existing financing on acceptable terms; currency exchange and interest rates; the impact of competition and our position within the market we operate in; the changes and trends in our industry or the global economy; exchangeable securities vesting rights and the changes in laws, rules, regulations, and global standards.

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that we considered appropriate and reasonable as of the date such statements are made, and are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity,

performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to the risk factors described in greater detail in the Company's Annual Information Form for the year ended December 31, 2025, which was filed on March 4, 2026 (the "AIF"). If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. The opinions, estimates or assumptions described under the heading "Risk Factors" in the AIF should also be considered carefully by readers. A copy of the AIF and the Company's other publicly filed documents can be accessed under the Company's profile on the System for Electronic Data Analysis and Retrieval ("SEDAR+") at www.sedarplus.ca.

Although we have attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future results could differ materially from those anticipated in such information. Accordingly, readers should not to place undue reliance on such information, which speaks only as of the date made. The forward-looking information contained in this MD&A represents our expectations as of the date of this MD&A (or as of the date they are otherwise stated to be made) and are subject to change after such date. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada. If we do update certain forward-looking information, no inference should be made that we will further update such or other forward-looking information.

All of the forward-looking information contained in this MD&A is expressly qualified by the foregoing cautionary statements.

Overview

KITS makes eyecare easy. KITS is a fast-growing consumer technology vision care brand redefining how the world experiences eyecare, providing eyecare, including prescription and non prescription AI glasses, for eyes everywhere. As a vertically integrated vision care platform, we combine digital innovation, operational excellence, and customer obsession to make eyecare easy, accessible, and affordable. Through our advanced technology stack and proprietary suite of online vision tools including OpticianAI™, our AI-powered fitting engine trained on more than one million customer interactions we help customers find their perfect fit. Our end-to-end infrastructure from in-house frame design and North American optical lab to just-in-time manufacturing and intelligent fulfillment enables us to deliver made-to-order products with category-leading speed, accuracy, and value. By removing intermediaries and leveraging real-time data, we offer competitive prices, exceptional customer service, and a seamless digital and omni channel shopping experience. At KITS, our mission is to earn our customers' lifelong trust by delivering beautiful products they love, service they remember, and an experience that sets a new standard for the future of eyecare.

Recent Key Events

KITS Eyecare Surpasses \$200M Revenue Milestone in Fiscal 2025. Q4 Highlighted by \$8.7M in Record Glasses Revenue and 118,000 glasses Units Delivered with 13th Consecutive Quarter of Positive Adjusted EBITDA

Fiscal 2025 was a year of exceptional execution for KITS, marked by the milestone of surpassing \$200 million in annual revenue. We also achieved our thirteenth consecutive quarter of positive Adjusted EBITDA, with Q4 contributing \$2.8 million (5.3% of revenue). Total revenue for the year grew by 27.1% year-over-year to \$202.5 million, a trajectory that underscores our increasing dominance in the North American optical market. This growth was emphasized by margin expansion driven by significant operating leverage. We closed the year with a gross profit of \$72.1 million and a gross margin of 35.6%. This consistent performance culminated in an 82.6% year-over-year increase in annual Adjusted EBITDA to \$11.7 million, with annual margins expanding to 5.8% compared to 4.0% in the prior year.

Performance was headlined by a record fourth quarter, where the Company delivered 266,400 orders and reached an all-time quarterly revenue high of \$53.9 million, representing a record average order value of \$202. This momentum was supported by multiple record-breaking sales weeks, including a standout Black Friday week and Cyber Monday, during which we generated \$5.8 million in sales. The glasses segment served as our primary growth engine, achieving record Q4 revenue of \$8.7 million, a 32.7% year-over-year increase. This increase reflected a 42.2% year-over-year increase in glasses units delivered, with a record of over 118,000 units in the quarter, powered by our vertically integrated optical lab which continues to set the industry standard for speed and value. Repeat customers accounted for 53.5% of glasses revenue in Q4, the first time that repeat revenue has outweighed new customer revenue in our glasses business. This shift reflects the deepening loyalty of our customer base and was further supported by growing demand for premium lens upgrades and multi-pair purchases driven by our BOGO promotion. Premium lens upgrades accounted for approximately 39.8% of Q4 glasses revenue, growing 34.8% year-over-year.

For the full year, glasses revenue grew 36.1% to \$29.7 million, fueled by a successful transition to a multi-tier pricing strategy and expanding brand reach. This strategy gained meaningful traction throughout the year, with premium lens upgrades accounting for approximately 42.5% of glasses revenue and growing 50.4% year-over-year, reflecting customers' growing willingness to trade up and the effectiveness of our pricing architecture in capturing that demand. Our vertically integrated model remained the cornerstone of this growth, as we delivered over 426,000 pairs of glasses in 2025. Within this volume, we delivered 380,000 KITS-branded frames, representing a 41.2% year-over-year increase and signaling the increasing strength and margin-contribution of our KITS-branded frame offering.

Marketing spend for the year was \$30.0 million or 14.8% of revenue. In Q4, marketing spend increased to 16.3% of revenue at \$8.8M to capitalize on high-intent customer acquisition during peak seasonal windows, such as Black Friday week where we achieved record weekly sales. We continue to demonstrate category leading growth rates and are committed to continue to prospect for new customers and new growth opportunities by implementing a test and learn philosophy within our marketing strategy, while balancing growth and profitability. This investment drove a 20.2% year-over-year increase in revenue and significantly expanded our active customer base. Our 2-year active customer base reached a critical milestone in 2025, surpassing 1 million in the third quarter and ending the year at 1.06 million, a 16.5% increase over the 2024 year-end. Recurring core customers remained pivotal, contributing 66.0% of total revenue for the year, emphasizing the importance of the continued growth of our customer base. These annuity-like revenues reinforce the strength of our brand and provide a consistent foundation for long-term scalability. Additionally, we served over 393,000 new customers in 2025, a 30.4% increase year-over-year that expands our high-margin foundation for repeat revenue in 2026.

Management remained focused on cost discipline and operational scale throughout the fiscal year. We continued to demonstrate our ability to scale efficiently while optimizing costs. Fulfillment expenses improved to 10.5% of revenue in 2025 from 11.1% in 2024. In Q4, we fulfilled 266,400 orders, representing 16.8% more orders than the prior year while reducing fulfillment costs to 10.1% of revenue compared to 10.6% in Q4 2024. These efficiencies, driven by process enhancements in our optical lab, were instrumental in generating \$11.5 million in annual cash flow from operations.

In November 2025, we fully repaid our BDC term loan four months ahead of schedule and currently carry zero outstanding long-term debt. We established a new \$15 million revolving asset-based lending (ABL) facility with the Bank of Montreal (BMO) and ended the year with \$29.8 million in cash. Working capital improved by 142.2% during the year to \$15.3 million, reflecting our focus on profitability and efficient capital allocation.

At KITS, we are building a modern vision care platform. A platform that is digital first, direct to consumers, and designed to serve the customer of today. Looking ahead, we believe eyewear is evolving beyond vision correction into a connected, AI-enabled interface. We now have 18 months of in-market experience with AI glasses and have sold out 3 generations of AI powered KITS Pangolins. In 2026 we will launch Gen-4 Pangolin, incorporating camera, video and voice, and powered with full AI integration. We see AI glasses as an emerging long-term growth vector where we have a compelling advantage provided by our vertically integrated model, direct access to customers, and where performance innovation and prescription expertise converge.

Financial Highlights

We measure our business using both financial and operating data and use the following metrics and measures to assess the near term and long-term performance of our overall business, including identifying trends, formulating financial projections, making strategic decisions, assessing operational efficiencies, and monitoring our business. See the sections in this MD&A entitled “Components of Our Results of Operations and Trends Affecting Our Business” and “Non-IFRS Measures and Industry Metrics”. The following table summarizes our financial highlights for the three months ended December 31, 2025 and December 31, 2024 and the years ended December 31, 2025, December 31, 2024 and December 31, 2023.

Financial and Operating Data	Three Months Ended		December 31, 2025 (audited)	Year Ended December 31, 2024 (audited)	December 31, 2023 (audited)
	December 31, 2025 (unaudited)	December 31, 2024 (unaudited)			
Revenue	\$ 53,891	\$ 44,833	\$ 202,458	\$ 159,338	\$ 120,510
Net income (loss)	\$ 264	\$ 2,733	\$ 3,110	\$ 3,116	\$ (2,215)
Net income (loss) per share ...					
Basic	\$ 0.01	\$ 0.09	\$ 0.10	\$ 0.10	\$ (0.07)
Diluted.....	\$ 0.01	\$ 0.08	\$ 0.09	\$ 0.09	\$ (0.07)
Total assets		-	\$ 112,960	\$ 103,024	\$ 87,641
Total non-current financial liabilities		-	\$ 5,272	\$ 6,381	\$ 11,671
Non-IFRS Measures (a):					
Constant currency revenue	\$ 53,937	\$ 44,833	\$ 199,776	\$ 159,338	\$ 117,593
EBITDA	\$ 2,205	\$ 4,852	\$ 8,859	\$ 8,086	\$ 807
Adjusted EBITDA	\$ 2,848	\$ 2,908	\$ 11,746	\$ 6,432	\$ 2,284
Adjusted EBITDA Margin %	5.3%	6.5%	5.8%	4.0%	1.9%

Notes:

(a) Refer to "Non-IFRS Measures and Industry Metrics" section.

Non-IFRS Measures and Industry Metrics

In addition to our results determined in accordance with IFRS, we believe the following non-IFRS measures and industry metrics provide useful information both to management and investors in measuring the financial performance and financial condition of the Company for the reasons outlined below. These measures do not have a standardized meaning prescribed by IFRS and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies, and they should not be construed as an alternative to other financial measures determined in accordance with IFRS.

Non-IFRS Measures

Management uses these non-IFRS financial measures to exclude the impact of certain expenses and income that management does not believe are reflective of the Company’s underlying operating performance and make comparisons of underlying financial performance between periods difficult. From time to time, the Company may exclude additional items if it believes doing so would result in a more effective analysis of underlying operating performance.

“Constant Currency Revenue” As a majority of our sales are transacted in U.S. dollars, the comparability of revenue reported in Canadian dollars is affected by foreign currency exchange rate fluctuations of U.S. dollars compared to the Canadian dollar over time. The rate fluctuations can have a significant impact on our reported

results. Therefore, in addition to financial measures prepared in accordance with IFRS, our revenue discussions may contain references to constant currency measures, which are calculated by translating current period results in local currency using the conversion rates from the comparative period. This measure should not be considered in isolation or as a substitute for any standardized measure under IFRS and the most directly comparable financial measure that is disclosed in our financial statements is revenue. We present constant currency financial information, which is a non-IFRS financial measure, as a supplement to our reported operating results. We use constant currency information to provide a framework to assess how our business performed excluding the effects of foreign currency exchange rate fluctuations. We believe this information is useful to investors to facilitate comparisons of operating results and better identify trends in our businesses. Other companies in our industry may calculate this measure differently than we do, limiting its usefulness as a comparative measure. The following table provides a quantitative reconciliation of reported revenue to revenue on a constant currency basis for the periods presented:

	Three Months Ended		Year Ended	
	December 31, 2025 (unaudited)	December 31, 2024 (unaudited)	December 31, 2025 (audited)	December 31, 2024 (audited)
Reconciliation of constant currency revenue				
Revenue.....	\$ 53,891	\$ 44,833	\$ 202,458	\$ 159,338
Foreign exchange impact	46	-	(2,682)	-
Constant Currency Revenue	\$ 53,937	\$ 44,833	\$ 199,776	\$ 159,338
Change in constant currency	\$ 9,104		\$ 40,438	
Change in constant currency %	20.3%		25.4%	

"Adjusted EBITDA" is defined as EBITDA, adjusted for the impact of certain items, including non-cash items such as stock-based compensation, unrealized foreign exchange gains or losses and other items we consider non-recurring and not representative of our ongoing operating performance. The most directly comparable financial measure that is disclosed in our financial statements is net income (loss).

"Adjusted EBITDA Margin" or "Adjusted EBITDA as a percentage of revenue" is defined as Adjusted EBITDA divided by revenue from the same period.

"EBITDA" is defined as consolidated net income (loss) before depreciation and amortization, finance cost and provision for income taxes.

" EBITDA Margin" or "EBITDA as a percentage of revenue" is defined as EBITDA divided by revenue from the same period.

EBITDA, Adjusted EBITDA, EBITDA Margin, and Adjusted EBITDA Margin are financial measures that are not defined under IFRS. We use these non-IFRS financial measures, and believe they enhance an investor's understanding of our financial and operating performance from period to period, because they exclude certain material non-cash items and certain other adjustments, which we believe are not reflective of our ongoing operations and our performance. Accordingly, we use these metrics to measure our core financial and operating performance for business planning purposes and as a component in the determination of incentive compensation for salaried employees.

In addition, we believe EBITDA, Adjusted EBITDA, EBITDA Margin, and Adjusted EBITDA Margin are measures commonly used by investors to evaluate companies in the e-commerce industry. However, they are not presentations made in accordance with IFRS and the use of the terms EBITDA, Adjusted EBITDA, EBITDA Margin, and Adjusted EBITDA Margin vary from others in our industry. These financial measures are not intended to represent and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with IFRS as measures of operating performance or operating cash flows or as measures of liquidity.

EBITDA, Adjusted EBITDA, EBITDA Margin, and Adjusted EBITDA Margin have important limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of our results as reported under IFRS. For example, these financial measures:

- exclude certain tax payments that may reduce cash available to us;
- do not reflect any cash capital expenditure requirements for the assets being depreciated and amortized that may have to be replaced in the future;
- do not reflect changes in, or cash requirements for, our working capital needs; and
- do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debt.

The following table provides a quantitative reconciliation of net loss to EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin for the periods presented:

	Three Months Ended		Year Ended	
	December 31, 2025 (unaudited)	December 31, 2024 (unaudited)	December 31, 2025 (audited)	December 31, 2024 (audited)
Reconciliation of Adjusted EBITDA				
Net income for the period.....	\$ 264	\$ 2,733	\$ 3,110	\$ 3,116
Add back:.....				
Income taxes	330	986	1,937	1,335
Finance costs – net	1,066	424	1,432	975
Depreciation and amortization.....	545	709	2,380	2,660
EBITDA.....	\$ 2,205	\$ 4,852	\$ 8,859	\$ 8,086
Add back				
Share-based compensation (a).....	\$ 77	\$ 74	\$ 1,087	\$ 1,005
Exchange loss (gain)	562	(2,022)	1,786	(2,673)
One-time costs (b)	4	4	14	14
Adjusted EBITDA.....	\$ 2,848	\$ 2,908	\$ 11,746	\$ 6,432
Revenue	\$ 53,891	\$ 44,833	\$ 202,458	\$ 159,338
Adjusted EBITDA Margin % (c).....	5.3%	6.5%	5.8%	4.0%

Notes:

- (a) Represents non-cash share-based compensation expense associated with restricted share rights and options recognized in the period.
(b) One-time IPO, directors' and officers' insurance costs which are expensed over the insurance coverage period.
(c) Represents Adjusted EBITDA divided by revenue from the same period.

Industry Metrics

“Active Customers” As of the last date of each reporting period, we determine our number of active customers by counting the total number of individual customers who have ordered, and for whom an order has shipped, at least once during the preceding stated period. We introduced this number for a 2-year period to provide greater visibility in measuring our business performance as a 2-year period more closely reflects the frequency of repeat purchases in the eyecare sector. The change in active customers in the reporting period captures both the inflow of new customers and the outflow of customers who have not made a purchase in the stated period. We view the number of active customers as a key indicator of our growth, acquisition and retention of customers and, as such, an indicator of the results of our marketing efforts and the value we provide to our customers.

“Autoship Subscribers” We define Autoship Subscribers as customers that have an active Autoship subscription as of the last date of each reporting period.

Summary of Factors Affecting Performance

We believe that our performance and future success depend on a number of factors that present significant opportunities. These factors are also subject to a number of inherent risks and challenges, some of which are discussed below and in the "Risk Factors" section of the AIF.

Repeat Customer Behaviour

As at December 31, 2025, we had over 1,064,000 2-year Active Customers, up from 913,000 as at December 31, 2024. We continue to successfully attract a record number of new customers and serve past customers whose value continues to compound. Repeat revenue in the three months ended December 31, 2025 was over \$35.5 million, an increase of \$7.3 million from the same period in 2024. For the fiscal year ended December 31, 2025, repeat revenue was \$127.1 million and accounted for 62.8% of total revenue, reflecting a 26.3% year-over-year increase. We served a total of 88,500 new customers in the fourth quarter of 2025 each representing a future repeat revenue opportunity.

We believe the breadth and resilience of our repeat revenue is a meaningful competitive advantage, one that is increasingly driven by organic customer loyalty rather than any single program. This was demonstrated clearly in Q4 2025, where repeat customers accounted for 53.5% of glasses revenue, the first time, repeat revenue has outweighed new customer revenue in that category. Customers are returning not only for contact lens replenishment, but to upgrade lenses, explore new frames, and take advantage of multi-pair promotions, a behaviour that reflects genuine brand affinity and growing basket depth.

Our Autoship subscription program remains a stable component of this repeat revenue base, providing customers with "set it and forget it" convenience, free upgraded shipping, and complimentary vision perks. Autoship contributed \$23.8 million in revenue for the year, representing a \$23.8 million annuity with minimal associated acquisition costs. We continue to evaluate and evolve the program to ensure it delivers ongoing value to subscribers.

Growth of Our Glasses Business

The North American glasses market continues to evolve rapidly as consumers move away from fragmented traditional retailers toward providers offering greater value, convenience, and personalization. Digital innovation is accelerating this shift, enabling customers to confidently purchase eyewear online, and especially in younger cohorts of consumers who are more digitally native and who seek out better value and convenience online.

This transformation presents an opportunity for KITS to continue redefining the eyewear experience through innovation and a direct-to-consumer model that aims to make eyecare easy and accessible. Our Virtual Try-On (VTO) and OpticianAI™ technologies guide customers through every step of their eyewear journey, replicating and enhancing key elements of the in-clinic experience while driving higher purchase intent, stronger conversion, and greater adoption of premium lenses. Combined with our vertically integrated, automated manufacturing, we believe these innovations deliver industry-leading efficiency, scalability, and a modern, personalized approach to eyecare.

In addition, our expanded tiered pricing architecture provides customers with enhanced choice across a range of price points, supporting broader accessibility. Demand for KITS-branded frames remains strong among consumers seeking a balance of design, quality, and value, which continues to support repeat purchasing behavior and customer loyalty.

Revenue from glasses grew 36.1% year-over-year to \$29.7 million for the year ended December 31, 2025, up from \$21.8 million in 2024. Growth was driven by higher unit volumes and increased adoption of premium lens upgrades, highlighting the strength of our product offering and increased customer engagement.

Returning customers were a key contributor to Q4 performance, with many opting for higher-value orders and premium enhancements. We continue to see that returning customers spend more than new customers, validating our view that as customers become familiar with KITS, they return to purchase additional pairs and invest

more in premium eyewear and other specialty vision categories. This trend reflects rising demand for high-quality, customized eyewear and underscores the effectiveness of our pricing and product-tiering strategy. Glasses delivered to repeat customers increased by 28.8% year-over-year, increasing from 170,000 in 2024 to over 219,000 in 2025.

We ended the quarter with over 534,100 frames in stock and more than 16,660 styles, ensuring that KITS remains a leading destination for premium, affordable eyewear while maintaining an efficient and scalable supply chain.

Components of Our Results of Operations and Trends Affecting Our Business

Revenue

We generate revenue primarily from sales of our own brand of KITS contact lenses and glasses, as well as third-party contact lenses and glasses. Revenue is recognized when products are delivered, net of promotional discounts and refund allowances. Revenue is primarily driven by the number of Active Customers and the frequency with which customers re-order products from KITS.

Cost of Sales

Cost of goods sold consists of the cost of materials, assembly, KITS contact lenses and glasses as well as third party products sold to customers, inventory freight, inventory shrinkage costs, and inventory valuation adjustments, offset by reductions for promotions and percentage or volume rebates offered by our suppliers, which may depend on reaching minimum purchase thresholds. During the reporting period, the Company experienced stable input costs and operating expenses. While broader economic inflationary trends have affected many industries, KITS has effectively managed its costs through an emphasis on strategic sourcing and strong vendor partnerships. The Company monitors cost fluctuations closely and may strategically adjust selling prices if necessary to maintain profitability.

Fulfillment

Fulfillment costs primarily consist of costs incurred in operating and staffing our fulfillment center, optical lab, customer service centers, third party fulfillment costs, and payment processing costs. Fulfillment costs as a percentage of revenue may vary due to factors such as payment processing and related transaction costs, our level of productivity and accuracy, changes in volume, size, and weight of units received and fulfilled, the timing of fulfillment network and optical lab expansion, the extent to which we utilize fulfillment services provided by third parties, mix of products and services sold, and our ability to improve efficiency per shipment through optimization of our operations and enhancements to our customer self-service features.

We continue to expand our fulfillment network to accommodate a greater selection and facilitate faster delivery times. We regularly evaluate our facility and lab requirements. We are continuing to automate and optimize our consolidated manufacturing and distribution center.

Marketing

We are focused on providing exceptional products, service and post purchase experience to drive customer loyalty and brand awareness. Organic word-of-mouth and our loyal repeat customers are essential to our growth. We believe that the company with the highest net promoter score, or NPS, in any category ultimately derives the highest value in the category. Accordingly, we work hard to ensure we deliver exceptional products and service to customers and actively invest in delivering exceptional experiences across all customer touch points, to ensure customers long-term and lifetime value. We believe this allows our customers to become advocates for our brand and share their KITS experience with friends and family, becoming our most efficient marketing channel and validated by our incredible retention rates. Most of our customers arrive at our sites directly, which we believe is fueled by word-of-mouth and customer engagement. Since launching glasses, we have continued to see our NPS increase steadily. Our goal is to maintain the highest customer satisfaction metrics in the category.

Marketing includes brand development, advertising and payroll and related expenses for personnel engaged in marketing and selling activities. We direct customers to our platforms through a number of marketing channels, such as our TV advertising, performance search, third party customer referrals, social media influencers, online advertising, and other initiatives. Our marketing costs are largely variable and can be adjusted to align with growth objectives. In general, our marketing expenditure has been getting more efficient over time as word of mouth continues to grow. To the extent there is increased or decreased competition for these traffic sources, or to the extent our mix of these channels' shifts, we would expect to see a corresponding change in our marketing costs. As the majority of our business is repeat or subscription-based, and the majority of our store traffic and customers come to us via word of mouth, we expect to become less reliant on external forms of marketing over time. We believe our return on invested capital is among the highest in the category and that our lifetime value metrics demonstrate that the investments we are making in sales and marketing are balanced to ensure long-term sustainable growth. We specifically design differentiated and relevant marketing programs to accelerate word-of-mouth adoption and to decrease reliance on channels like Google and Facebook.

Selected Annual and Quarterly Consolidated Financial Information

The following table summarizes our recent results of operations for the periods indicated. The selected consolidated financial information set out below for the three months and years ended December 31, 2025 and December 31, 2024 has been derived from our condensed interim consolidated financial statements and related notes.

Financial and Operating Data	Three Months Ended		Year Ended	
	December 31, 2025 (unaudited)	December 31, 2024 (unaudited)	December 31, 2025 (audited)	December 31, 2024 (audited)
CAD \$000s, unless otherwise noted				
Revenue	\$ 53,891	\$ 44,833	\$ 202,458	\$ 159,338
Cost of sales	35,047	28,563	130,353	105,693
Gross profit	18,844	16,270	72,105	53,645
Fulfillment	5,460	4,730	21,210	17,633
Marketing	8,759	6,568	29,982	21,758
General and administrative	2,246	2,615	11,823	10,330
Exchange loss (gain)	562	(2,022)	1,786	(2,673)
Depreciation and amortization	157	236	825	1,171
Operating income	1,660	4,143	6,479	5,426
Finance costs, net	1,066	424	1,432	975
Income before income taxes	\$ 594	\$ 3,719	\$ 5,037	\$ 4,451
Income tax expense	330	986	1,937	1,335
Net Income	\$ 264	\$ 2,733	\$ 3,110	\$ 3,116
Non-IFRS measures (a)				
Constant currency revenue	\$ 53,937	\$ 44,833	\$ 199,776	\$ 159,338
EBITDA	\$ 2,205	\$ 4,852	\$ 8,859	\$ 8,086
Adjusted EBITDA	\$ 2,848	\$ 2,908	\$ 11,746	\$ 6,432
Adjusted EBITDA Margin %	5.3%	6.5%	5.8%	4.0%

Notes:

(a) Refer to "Non-IFRS Measures and Industry Metrics" section.

Three Months and Year Ended December 31, 2025, Compared to Three Months and Year Ended December 31, 2024

The following section provides an overview of our financial performance during the three months and year ended December 31, 2025 to the three months and year ended December 31, 2024. The selected consolidated financial information contained herein for these periods has been derived from our condensed interim consolidated financial statements and related notes.

Revenue

Revenue was \$53,891 in the three months ended December 31, 2025, an increase of \$9,058, compared to \$44,833 in the three months ended December 31, 2024. On a Constant Currency Revenue basis, revenue was \$53,937 in the three months ended December 31, 2025, an increase of 20.3%, compared to the three months ended December 31, 2024. This strong Q4 performance was fueled by multiple consecutive record-breaking sales weeks, high customer engagement, and increased repeat purchases.

Revenue increased by 27.1% to \$202,458 in the year ended December 31, 2025, compared to \$159,338 in the year ended December 31, 2024. On a constant currency revenue basis, revenue increased by 25.4% in the year ended December 31, 2025, compared to the year ended December 31, 2024. The growth in our year ended December 31, 2025, revenue and constant currency revenue was driven by our expanding customer base, with over 393,000 new customers acquired in 2025, an increased order frequency from repeat customers, with 1,064,000 Active Customers as of year-end and higher average order value.

Revenue from glasses delivered increased 32.7% to \$8,677 and 36.1% to \$29,664 for the three months and year ended December 31, 2025 respectively. This represents an increase of \$2,137 and \$7,871 from \$6,540 and \$21,793 for the three months and year ended December 31, 2024, respectively. The increase in revenue from glasses is attributable to the growing base of repeat customers, and consistent growth of new customers. 67,000 glasses were delivered to returning customers in the three months ended December 31, 2025 compared to 47,000 glasses in the three months ended December 31, 2024, and 219,000 glasses in the year ended December 31, 2025 compared to 170,000 glasses in the year ended December 31, 2024. In addition to an increased number of repeat purchases, repeat customers often placed orders with higher average order values compared to their initial purchases. This trend is primarily driven by their increased propensity to purchase lens upgrades on orders after their first order.

Gross Profit

Gross profit increased by \$2,574 to a record \$18,844 in the three months ended December 31, 2025, compared to \$16,270 in the three months ended December 31, 2024. Gross margins were 35.0% for the three months ended December 31, 2025, compared to 36.3% in the three months ended December 31, 2024. The year-over-year margin comparisons were affected by the timing of supplier rebates, which were recognized fully in Q4 last year and are now recognized ratably throughout the year. Excluding that timing difference, underlying margin performance remains consistent and supported by mix expansion in glasses.

Gross profit increased by \$18,460 to \$72,105 for the year ended December 31, 2025, compared to \$53,645 in 2024. Gross margins were 35.6% of revenue, compared to 33.7% in 2024. This improvement was achieved through strategic pricing, optimizing product mix, and implementing targeted promotions intended to boost customer acquisition and encourage repeat purchases. We remain committed to progressing toward our long-term gross margin target, supported by the continued growth of our glasses business and increasing revenue from returning contact lens customers, both of which contribute to a more profitable and sustainable revenue mix.

Fulfillment

Fulfillment expenses increased by \$730 to \$5,460 in the three months ended December 31, 2025, compared to \$4,730 in the three months ended December 31, 2024. Fulfillment expense as a percentage of revenue decreased to 10.1% in the three months ended December 31, 2025, compared to 10.6% in the three months ended December 31, 2024, driven by operating and scale efficiencies.

The fulfillment team continued to execute as fulfillment expense as a percentage of revenue decreased to 10.5% in the year ended December 31, 2025, compared to 11.1% in the year ended December 31, 2024. Fulfillment expenses increased by \$3,577 to \$21,210 in the year ended December 31, 2025, compared to \$17,633 in year ended December 31, 2024. In 2025, we continued to enhance our state-of-the-art manufacturing and distribution center, further improving shipping efficiencies and streamlining operations. By optimizing shipping logistics and order consolidation strategies, we leveraged higher order volumes to drive greater operational efficiency. Our vertically integrated optical lab remains a key competitive advantage, ensuring consistent production quality and operational excellence. This in-house capability enables us to deliver faster, higher-quality products and an exceptional customer experience.

Marketing

Marketing expenses increased by \$2,191 to \$8,759 in the three months ended December 31, 2025 compared to \$6,568 in the three months ended December 31, 2024. Marketing expenses as a percentage of revenue were 16.3% in the three months ended December 31, 2025, compared to 14.6% in the three months ended December 31, 2024. We continued to seek out opportunities to grow our loyal customer base and support our industry leading growth rates allowing us to scale our business and gain operating leverage.

Marketing expenses totaled \$29,982 in the year ended December 31, 2025, compared to \$21,758 in the year ended December 31, 2024. Marketing expenses as a percentage of revenue increased to 14.8% in the year ended December 31, 2025, compared to 13.7% in the year ended December 31, 2024. The increase in marketing expenses as a percentage of revenue reflects our continued investment in customer acquisition. In 2025, we acquired over 393,000 new customers, who accounted for approximately 34% of total revenue, while repeat customers contributed approximately 62.8% of revenue. As brand awareness and customer loyalty continue to strengthen, we expect to realize further marketing efficiencies over time.

General and administrative

G&A expenses declined as a percentage of revenue from 5.8% to 4.2% in the three months ended December 31, 2025 compared to the three months ended December 31, 2024 as we continued to grow our top line and leverage our existing infrastructure. G&A expenses were \$2,246 in the three months ended December 31, 2025 compared to \$2,615 in the three months ended December 31, 2024.

For the year ending December 31, 2025, these expenses decreased as a percentage of revenue from 6.5% to 5.8%. G&A expenses were \$11,823 in the year ended December 31, 2025 compared to \$10,330 in the year ended December 31, 2024. The change in G&A expenses was outpaced by our revenue growth, enabling us to realize continued scale efficiencies and improve G&A as a percentage of revenue. This improvement reflects our ongoing focus on disciplined administrative spending and optimized resource allocation. As we continue to scale the business, we expect general and administrative expenses to further decline as a percentage of revenue.

Exchange loss (gain)

Exchange loss was \$562 in the three months ended December 31, 2025, compared to an exchange gain of \$2,022 in the three months ended December 31, 2024. The exchange loss in the three months ended December 31, 2025 was due to the weakening of the US dollar against the Canadian dollar in the same period.

Exchange loss was \$1,786 in the year ended December 31, 2025, compared to an exchange gain of \$2,673 in the year ended December 31, 2024 as the US dollar weakened against the Canadian dollar in 2025. As our operating entity's functional currency is US dollars, the Canadian dollar denominated balances such as intercompany loans, long term lease obligations and accounts payable were revalued at year-end in accordance with IFRS. This revaluation resulted in an unrealized exchange loss.

EBITDA and Adjusted EBITDA

EBITDA was \$2,205 in the three months ended December 31, 2025, compared to \$4,852 in the three months ended December 31, 2024. EBITDA as a percentage of revenue was 4.1% in the three months ended December 31, 2025, compared to 10.8% in the three months ended December 31, 2024.

Adjusted EBITDA was \$2,848 in the three months ended December 31, 2025, compared to \$2,908 in the three months ended December 31, 2024. Adjusted EBITDA as a percentage of revenue was 5.3% in the three months ended December 31, 2025, compared to 6.5% in the three months ended December 31, 2024.

EBITDA increased 9.6% to \$8,859 in the year ended December 31, 2025, compared to \$8,086 in the year ended December 31, 2024. EBITDA as a percentage of revenue was 4.4% in the year ended December 31, 2025, compared to 5.1% in the year ended December 31, 2024.

Adjusted EBITDA increased 82.6% to \$11,746 in the year ended December 31, 2025, compared to \$6,432 in the year ended December 31, 2024. Adjusted EBITDA as a percentage of revenue is 5.8% in the year ended December 31, 2025, compared to 4.0% in the year ended December 31, 2024.

The improvements in EBITDA and Adjusted EBITDA reflect our focus on profitability and operating discipline, as we capture leverage across marketing, fulfillment, and G&A expenses.

Finance costs

Finance costs for the year ended December 31, 2025, were \$1,432, compared to \$975 in 2024. This included a \$1,132 unrealized loss on investments, which was recognized entirely during the three months ended December 31, 2025. Consequently, finance costs for the fourth quarter increased to \$1,066, compared to \$424 for the three months ended December 31, 2024.

As we completely repaid our term loan and consistently generate cash from operations, we have taken a proactive approach to treasury management and have introduced an asset based revolving line of credit to give the company flexibility and alternatives in a volatile macroeconomic and geopolitical environment while reducing our cash interest costs. For the year ended December 31, 2025, interest expense on loans decreased to \$251, driven by lower principal balances, a reduction in variable BDC Loan interest rates, and the impact of the early repayment. Furthermore, the early repayment in Q4 resulted from the derecognition of the loan at an amount lower than its carrying value.

Income Taxes

Income tax expense was \$330 in the three months ended December 31, 2025, compared to an income tax expense of \$986 in the three months ended December 31, 2024. Income tax expense was \$1,937 in the year ended December 31, 2025, compared to \$1,335 in the year ended December 31, 2024. These changes were primarily a result of generating income during the year within the operating entity.

Net Income (loss)

Net income was \$264 in the three months ended December 31, 2025, compared to a net income of \$2,733 in the three months ended December 31, 2024.

Net income was \$3,110 in the year ended December 31, 2025, compared to a net income of \$3,116 in the year ended December 31, 2024.

The changes in net income were mainly due to an improvement in our revenue, fulfillment and G&A efficiency offset by finance costs and foreign exchange loss recognized in 2025. Refer to the factors discussed above related to the variance in the costs incurred in the current quarter.

Quarterly Results and Performance Measures

The following table summarizes the results of KITS' operations for the last eight most recently completed quarters. This unaudited quarterly information, other than comparable sales growth, has been prepared in accordance with IFRS.

CAD \$000s, unless otherwise noted	Summary of Quarterly Results							
	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024
Revenue.....	\$ 53,891	\$ 52,392	\$ 49,580	\$ 46,595	\$ 44,833	\$ 41,871	\$ 37,852	\$ 34,782
Net income (loss).....	\$ 264	\$ 1,937	\$ (694)	\$ 1,603	\$ 2,733	\$ 132	\$ 187	\$ 64
Weighted average number of shares								
Basic.....	32,196,355	32,135,986	32,013,063	31,858,190	31,583,405	31,565,907	31,461,257	31,450,102
Diluted	34,110,476	34,175,827	32,013,063	33,848,924	33,879,476	33,884,309	33,640,629	33,551,070
Net income (loss) per share								
Basic.....	\$ 0.01	\$ 0.06	\$ (0.02)	\$ 0.05	\$ 0.09	\$ 0.00	\$ 0.01	\$ 0.00
Diluted.....	\$ 0.01	\$ 0.06	\$ (0.02)	\$ 0.05	\$ 0.08	\$ 0.00	\$ 0.01	\$ 0.00
Average US\$/Canadian dollar exchange rate (a)	\$ 1.3942	\$ 1.3773	\$ 1.3838	\$ 1.4352	\$ 1.3995	\$ 1.3640	\$ 1.3683	\$ 1.3482

Notes:

(a) Average US\$/Canadian dollar exchange rate is the average of Bank of Canada daily noon rates based on calendar days within the quarter.

Revenue

Over the last eight quarters, revenue has been impacted by the following:

- the growth in new orders and -;
- vision corrected customers seeking -high quality , affordable and convenient eyecare offerings;
- the successful growth of our Kits.com and Kits.ca sites and amalgamation of some of our other web properties;
- Large number of recurring contact lens customers
- Growth in return customers in glasses
- the rollout of our own KITS-branded glasses offering and expanded lens offering;
- the integration of insurances programs within our web properties
- the launch of our progressive glasses offering
- the introduction and continued focus to grow our Autoship subscription program; and
- the continual increase in branded eyeglass frames selection and inventory.

Net Income (loss)

Net income (loss) has been affected by the following factors over the last eight quarters:

- the impact of the items noted in revenue above;
- improved margins from higher margin categories;
- growth of recurring revenue;
- increase in average order sizes;
- launch and growth of our progressive category;
- growth of KITS branded contact lens category;
- growth of insurance partnership revenues;
- reduction in marketing spend growth in our Autoship subscription business and glasses offering;
- the increase in brand, marketing, and personnel costs to support our brand and corporate growth, and expanded operating capabilities including the optical lab expansion;
- the investment in our fulfillment and optical lab center; and
- the impact of foreign exchange on our revenue and costs.

Financial Condition, Liquidity and Capital Resources

Overview

The objectives of our capital management strategy are to invest in growing our business while maintaining our financial and operating flexibility, provide benefits to our stakeholders, and provide an adequate return on investment to our shareholders. We allocate capital based on our assessment of the expected risk and return profile of each investment. This strategy is adjusted with changes in the economic environment and risks of the underlying investments. We are currently subject to working capital requirements through the BMO ABL Facility (defined herein) agreement.

Our primary need for liquidity is to fund working capital requirements of our business, capital expenditures, debt service, and general corporate purposes. Our primary source of liquidity is funds generated by operating activities and proceeds from our IPO. Our ability to fund our operations, to make planned capital expenditures, to make scheduled debt payments, and to repay or refinance indebtedness depends on our future operating performance and cash flows, which are subject to prevailing economic conditions and financial, business, and other factors, some of which are beyond our control.

Working Capital

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its growth strategy, to establish a strong capital base to satisfy its obligations towards its creditors, and to provide an adequate return to shareholders.

Our primary sources of cash flow are from sales growth, operations, debt financing, and equity issuances. Our approach to managing liquidity is to ensure, to the extent possible, that we optimize the working capital funded by our operations and maintain sufficient liquidity to meet our liabilities as they become due. We do so by monitoring cash flow and performing budget-to-actual analysis on a regular basis.

Net working capital as at December 31, 2025 was \$15,313 compared to \$6,322 as at December 31, 2024. Similar to other e-commerce businesses, customers pay for purchases upfront and we deliver goods from inventory or from suppliers. We have favorable payment terms with suppliers of goods and services typically resulting in a net positive source of working capital. We believe that cash generated from our operations and our current cash balance will adequately meet our capital requirements and operational needs for the next 12 months. Additionally, our growth-focused marketing budget provides a lever the Company can use to increase cash generated from operations. Our goal is to increase capital as we grow and remain an asset-light eyecare company.

Indebtedness

Prior to 2025, the Company's primary debt obligation was a secured term loan with BDC Capital Inc. (the "BDC Loan"), which was subject to a floating interest rate and secured by a first-ranking interest in all personal and intellectual property. During the year ended December 31, 2025, the Company elected to repay the BDC Loan in full ahead of its maturity. The early repayment was completed without penalties, resulting in a gain of \$170 from the derecognition of the loan at an amount lower than its carrying value. This settlement effectively discharged all security interests held by BDC. Interest expense for 2025 was \$239 (effective rate of 10.00%) for the BDC Loan, compared to \$605 in 2024. The prior year's expense included a \$158 loss from a change in estimated future cash flows related to the maturity payment, which has now been fully resolved.

On November 24, 2025, the Company secured a three-year, \$15.0 million revolving asset-based lending facility with the Bank of Montreal (the "BMO ABL Facility"), maturing November 24, 2028. This facility replaces the BDC Loan and provides liquidity at a lower cost of capital. The BMO ABL Facility provides a maximum borrowing capacity of the lesser of \$15.0 million or a borrowing base determined by eligible accounts receivable and inventory. The agreement includes an uncommitted accordion feature allowing for a potential increase of up to \$5.0 million, subject to lender approval. The BMO ABL Facility matures on November 24, 2028, and bears interest at variable

rates based on the Company's option, CAD Prime, US Base Rate, Adjusted Term CORRA, or Adjusted Term SOFR, plus an applicable margin. As at December 31, 2025, the Company's borrowings bore interest at CAD Prime plus 0.75% (5.2%). The BMO ABL Facility is secured by a first-priority lien on substantially all present and future personal property of the Company. The Company has various covenants under the BMO ABL Facility, including requirements to maintain certain financial ratios. The BMO ABL Facility is in good standing as of the date hereof.

As at December 31, 2025, the outstanding balance under the facility was \$9,988 (2024: \$nil), reflecting the net impact of drawdowns and subsequent repayments, and the company recognized \$5 (2024: \$nil) of interest expense. Subsequent to year-end, in January 2026, the Company repaid the remaining outstanding balance in full.

In 2021, the Company issued a \$2,412 non-interest-bearing promissory note to settle accrued dividends upon the conversion of all outstanding preferred shares. The note matures the earlier of January 31, 2026, or the full repayment of the BDC Loan. During the year ended December 31, 2025, the Company repaid \$2,122 to the promissory note holders (2024: \$nil). As at December 31, 2025, the carrying value of the note was \$290 (2024: \$2,396).

Cash Flows

The following table presents cash and cash equivalents as at December 31, 2025 and December 31, 2024:

	Three Months Ended		Year Ended	
	December 31, 2025 (unaudited)	December 31, 2024 (unaudited)	December 31, 2025 (audited)	December 31, 2024 (audited)
Net cash provided by operating activities.....	\$ 6,445	\$ 3,795	\$ 11,464	\$ 13,037
Net cash provided by (used in) financing activities.....	8,522	(1,355)	3,471	(5,018)
Net cash provided by (used in) investing activities.....	(4,996)	(1,095)	(5,127)	(3,154)
Increase in cash	9,971	1,345	9,808	4,865
Cash and cash equivalents, end of period	\$ 29,815	\$ 19,271	\$ 29,815	\$ 19,271

Analysis of cash flows for the year ended December 31, 2025, compared to the year ended December 31, 2024 and three months ended December 31, 2025, compared to three months ended December 31, 2024

Cash Provided By Operating Activities

Cash flow provided by operating activities was \$6,445 in the three months ended December 31, 2025, compared to cash used in operating activities of \$3,795 in the three months ended December 31, 2024, representing an increase of \$2,650.

Cash flow provided by operating activities was \$11,464 in the year ended December 31, 2025, compared to cash provided by operating activities of \$13,037 in the year ended December 31, 2024, a change of \$1,573. The changes in cash provided by operating activities for the three months and year ended December 31, 2025, were primarily driven by fluctuations in working capital, particularly the timing of vendor payments. We expect cash flows related to working capital to vary from quarter to quarter, reflecting normal business seasonality and the timing of routine receipts and disbursements.

Cash Provided By (Used In) Financing Activities

Cash flow provided by financing activities was \$8,522 in the three months ended December 31, 2025, compared to \$1,355 of cash flow used in the three months ended December 31, 2024. Cash flow provided by financing activities was \$3,471 in the year ended December 31, 2025, compared to \$5,018 of cash flow used in financing activities in the year ended December 31, 2024.

The change in cash flows used in financing activities for the three months and year ended December 31, 2025, was primarily driven by the proceeds of the BMO ABL Facility offset by the repayment of the BDC Loan and promissory note.

Cash Used in Investing Activities

Cash flow used in investing activities was \$4,996 in the three months ended December 31, 2025, compared to \$1,095 in the three months ended December 31, 2024. Cash flow used in investing activities increased to \$5,127 in the year ended December 31, 2025 compared to \$3,154 in the year ended December 31, 2024. The increase in cash flow used in investing activities in 2025 is primarily due to investments.

Off-Balance Sheet Arrangements and Commitments

We have no off-balance sheet arrangements or commitments.

Contractual Obligations

The following table summarizes certain of our significant contractual obligations and other obligations as at December 31 2025:

	Payments Due by Period (\$ in thousands)				
	Contractual cash flows	Less than 1 year	1-3 years	4-5 years	After 5 years
Contractual obligations					
Accounts payable and accrued liabilities,.....	\$ 26,499	\$ 26,499	\$ -	\$ -	\$ -
BMO ABL Facility	9,988	9,988	-	-	-
Promissory note	290	290	-	-	-
Lease liability	7,135	1,242	2,196	1,908	1,789
Total Contractual obligations	\$ 43,912	\$ 38,019	\$ 2,196	\$ 1,908	\$ 1,789

As of December 31, 2025, we had additional liabilities which included pending or in-transit orders and sales returns. These liabilities have not been included in the table above as the timing and amount of future payments are uncertain.

Financial Instruments

The Company's financial instruments comprise of cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities, the BMO ABL Facility and the Promissory Note.

The carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these financial instruments. These financial instruments, the BMO ABL Facility and the Promissory Note are classified as financial assets and liabilities at amortized cost. Investments comprise of a Bitcoin exchange-traded fund measured at fair value through profit or loss ("FVTPL") and are measured at fair value at the end of each reporting period. There were no financial liabilities that are measured at fair value as at December 31, 2025.

BMO ABL Facility

The BMO ABL Facility is recorded at amortized cost. As the facility bears interest at floating market rates, its carrying value of \$9,988 approximates its fair value as at December 31, 2025. During the year ended December 31, 2025, the Company recognized \$5 in interest expense related to this facility.

BDC Loan

As at December 31, 2025, the carrying amount of the BDC Loan was \$nil. During the year ended December 31, 2025, the Company elected to repay the loan in full and recognized a gain of \$170 (2024: loss of \$158) from the derecognition of the loan at an amount lower than its carrying value. During the year ended December 31, 2024, the Company recognized a \$158 one-time expense due to a change in estimates of loan payments. During the year ended December 31, 2025, the Company recognized \$244 (2024: \$605) of interest expense. Interest expense is calculated by applying the effective interest rate of 10.00% (2024: 11.00%).

Promissory Note

As at December 31, 2025, the carrying value of the Promissory Note is \$290. During the year ended December 31, 2025, the Company repaid \$2,122 to the promissory note holders (2024: \$nil) and recorded accretion expense of \$16 (2024: \$163) in finance cost and \$nil (2024: \$198) one-time expense due to a change in the expected timing of repayment of the Promissory Note in finance costs. Accretion expense is calculated by applying the effective interest rate of 8.00%.

Investment

Investments comprise of a Bitcoin exchange-traded fund measured at fair value through profit or loss ("FVTPL"). This is held primarily for capital appreciation. During the year ended December 31, 2025, the Company recognized a fair value loss of \$1,132 (2024: \$nil) in respect to these investments within finance costs. As at December 31, 2025, the fair value of these investments was determined based on unadjusted quoted prices in active markets.

Risk Factors

For a detailed description of risk factors associated with the Company, refer to the "Risk Factors" section of the AIF, which is available on SEDAR at www.sedarplus.ca.

In addition, we are exposed to a variety of financial risks in the normal course of operations including foreign exchange, interest rate, credit, liquidity, and price risk, as summarized below. We believe that our overall risk management program and business practices help minimize any potential adverse effects on our consolidated financial performance.

The impact of future and proposed changes in U.S. trade policy, including tariffs, duties or adjustments to existing trade agreements, remains uncertain. We continue to monitor developments and adapt our strategies as needed to manage potential impacts. While these policies may affect costs, operations, or market dynamics, we remain focused on mitigating risks and maintaining flexibility in our business approach.

Risk management is carried out under practices approved by our board of directors (the "Board"). This includes reviewing the adequacy of our risk management policies and procedures with regard to identifying the Company's principal risks and implementing appropriate systems and controls to manage these risks. Risk management covers many areas of risk including, but not limited to, foreign exchange risk, interest rate risk, credit risk, liquidity risk and equity price risk.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to a variety of financial risks in the normal course of operations including foreign exchange, interest rate, credit, liquidity and price risk. Our overall risk management program and business practices seek to minimize any potential adverse effects on our consolidated financial performance. For a detailed description of risk factors associated with the Company, refer to the "Risk Factors" section of the AIF, which is available on SEDAR at www.sedarplus.ca.

Foreign Exchange Risks

The presentation currency for our consolidated financial statements is the Canadian dollar. Because we recognize sales in the United States in U.S. dollars, if the U.S. dollar weakens against the Canadian dollar, it would have a negative impact on our U.S. operating results upon translation of those results into Canadian dollars for the purposes of financial statement consolidation. We may face similar risks in other foreign jurisdictions where sales are recognized in foreign currencies. A 10% strengthening in the Canadian dollar against the U.S. dollar on net monetary accounts would, with all other variables being constant, have an approximate unfavorable impact of \$760 on the year ended December 31, 2025 consolidated income.

Interest Rate Risks

We are exposed to changes in interest rates on our cash and cash equivalents, loans and borrowings. Our borrowings under the BMO ABL Facility bear interest at variable rates based on, at the Company's option, CAD Prime, US Base Rate, Adjusted Term CORRA, or Adjusted Term SOFR, plus an applicable margin, exposing the Company to cash flow interest rate risk. As at December 31, 2025, the Company has determined that its interest rate risk is not significant given the short-term nature of its borrowings. A 1% change in the variable interest would not have a material impact on the consolidated statements of income.

Price Risk

The Company is exposed to price risk through its investments in Bitcoin exchange-traded funds (ETFs), as the fair value of these instruments fluctuates based on the market price of Bitcoin. As at December 31, 2025, the Company's total exposure to this price risk was \$3,859. A 30% increase or decrease in the market price of Bitcoin, with all other variables held constant, would result in a corresponding increase or decrease of approximately \$1,158 in consolidated net income.

Credit Risks

Credit risk refers to the possibility that we can suffer financial losses due to the failure of our counterparties to meet their payment obligations. We are exposed to minimal credit risk. We do not extend credit to customers but do have some receivables exposure with respect to payment processors transferring customer funds to us and to rebates receivable from our vendors. The majority of accounts receivable are settled in under 30 days. To reduce this risk, we use industry leading payment processors, including Braintree Payment Gateway, American Express, and PayPal. We deposit our cash and cash equivalents with major financial institutions that have been assigned high credit ratings by internationally recognized credit rating agencies. We do not have any derivative contracts.

Liquidity Risk

Liquidity risk is the risk that we cannot meet a demand for cash or fund our obligations as they come due. We manage liquidity risk by managing our balance sheet and monitoring actual and projected cash flows, considering the seasonality of our revenue, income, working capital needs and our available capacity under the BMO ABL Facility.

Risks Associated with Financial Instruments

We are currently indebted under the BMO ABL Facility, and we may incur additional indebtedness in the future to support our growth strategy. This indebtedness subjects the Company to restrictive financial and operational covenants. These covenants may limit our ability to structure or operate the business as desired, including restrictions on certain investments, asset sales, or additional incurrence of debt. Our ability to satisfy these covenants is subject to factors beyond our control, such as general economic conditions. A failure to comply with these obligations could result in an event of default, potentially triggering the acceleration of our debt repayment and limiting our access to further liquidity.

As part of the Company's broader capital management strategy, which includes deleveraging the balance sheet and securing the \$15.0 million BMO ABL Facility, we made a modest treasury allocation to a Bitcoin exchange-traded fund (ETF). This position is considered a non-core, long-term investment intended to complement our strong cash reserves. While we acknowledge the potential for short-term market volatility associated with digital assets,

this allocation is managed to ensure it does not impair the Company's liquidity, operational stability, or strategic flexibility. We view this as an optional treasury component that is independent of the Company's primary eyecare operations.

Related Party Transactions

During the year ended December 31, 2025, the Company recorded \$124 (2024: \$124) of non-executive director fees and \$225 (2024: \$225) of share-based compensation. As at December 31, 2025, \$31 of non-executive director fees were included in accounts payable and accrued liabilities. The Promissory Note holders are former holders of the Preferred Shares in the Company and include certain key management of the Company and their affiliates. For further details regarding the Promissory Note, see "Financial Condition, Liquidity and Capital Resources" and "Financial Instruments" above.

Key management compensation

Key management consists of the Board, the Chief Executive Officer, and the executives who report directly to the Chief Executive Officer. As at December 31, 2025, the Company recorded a bonus payable of \$392 (2024: \$573) to key management. Key management compensation comprises wages and short-term employee benefits and cash-settled long-term incentive plan ("LTIP") expenses. For the year ended December 31, 2025, the Company paid \$2,108 (2024: \$2,504) of wages and short-term employee benefits to key management and recorded \$480 (2024: \$nil) of cash-settled LTIP expense in respect of awards granted to key management and \$661 (2024: \$659) of share-based compensation expense for awards granted to key management.

Critical Accounting Estimates and Judgments

Our financial statements have been prepared in accordance with IFRS as issued by the International Account Standards Board. The preparation of our financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses and are based on a set of underlying data that may include our historical experience, knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances. We continually evaluate the estimates and judgments used in the preparation of the financial statements. Actual results could differ from these estimates. Areas requiring the most significant estimates and judgments are outlined below.

Inventories

In estimating the net realizable value of inventory, we use estimates related to fluctuations in inventory levels, planned production, customer behavior, obsolescence, future selling prices, and costs necessary to sell the inventory.

Revenue

Revenue is recognized when the goods are delivered and have been accepted by customers. The critical assumptions and estimates used in determining the total revenue to be recognized for each reporting period are based on an estimated couriers' average transit time it takes for the customer to accept the goods.

Leases

We exercise judgment when contracts are entered into that may give rise to a right-of-use asset that would be accounted for as a lease. Judgment is required in determining the appropriate lease term on a lease-by-lease basis. We consider all facts and circumstances that create an economic incentive to exercise a renewal option or to not exercise a termination option at inception and over the term of the lease, including investments in major leaseholds, operating performance, and changed circumstances. The periods covered by renewal or termination options are only included in the lease term if the Company is reasonably certain to exercise that option. Changes in the economic environment or changes in the retail industry may impact the assessment of the lease term and any

changes in the estimate of lease terms may have a material impact on the Company's consolidated statements of financial position.

The critical assumptions and estimates used in determining the present value of future lease payments require us to estimate the incremental borrowing rate specific to each leased asset or portfolio of leased assets. We determine the incremental borrowing rate of each leased asset or portfolio of leased assets by incorporating the Company's creditworthiness, the security, term, and value of the underlying leased asset, and the economic environment in which the leased asset operates. The incremental borrowing rates are subject to change mainly due to macroeconomic changes in the environment.

Impairment of non-financial assets (goodwill, intangible assets, property, plant & equipment, and right-of-use assets)

We are required to exercise judgment in determining the grouping of assets to identify their cash-generating units (CGUs) for the purposes of testing non-financial assets for impairment. In determining the recoverable amount of the CGU, various estimates are employed. The Company determines value-in-use by using estimates including projected future revenues, margins, costs, and capital investment consistent with strategic plans presented to the Board and key management. Discount rates are consistent with external industry information reflecting the risk associated with the Company and its cash flows.

Share-based payments

Compensation expense for equity-settled share-based compensation granted to employees is measured at the fair value at the grant date. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured. The fair value of options is determined by using the Black-Scholes option pricing model. The critical assumptions used under the option valuation model at the grant date are forfeiture rate, expected time to exercise in years, expected dividend yield, and volatility. For options granted during the year ended December 31, 2025, the Company applied an estimated forfeiture rate of 2.3% on these options and the exercise price is the closing price of the common shares on the date of the grant. The expected volatility was based on the Company's historical volatility.

Compensation expense for cash-settled awards is recognized as a liability based on the fair value of the services received to date, measured at the fair value of the award at each reporting date. The fair value is estimated at each reporting date using a Monte Carlo simulation to incorporate market-based performance conditions. The critical assumptions used under the Monte Carlo simulation include share price volatility, risk-free interest rates, and the probability of achieving performance targets.

Income and other taxes

In determining the recoverable amount of deferred tax assets, the Company forecasts future taxable income by legal entity and the period in which the income occurs to ensure that sufficient taxable income exists to utilize the attributes. Inputs to those projections are management's financial forecasts and statutory tax rates.

Significant New Accounting Standards Not Yet Adopted

There are no IFRS or International Financial Reporting Interpretations Committee interpretations that are not yet effective that would be expected to have a material impact on the Company's condensed interim consolidated financial statements.

The Company has applied certain amendments which are effective for annual periods beginning on or after January 1, 2025. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments had no impact on the Company's financial statements.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's consolidated financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments

In May 2024, the IASB issued narrow-scope amendments to IFRS 9 Financial Instruments and the related disclosure requirements in IFRS 7 Financial Instruments: Disclosures. The amendments clarify application guidance to address diversity in practice and enhance transparency without fundamentally changing the classification and measurement requirements of IFRS 9. The amendments clarify the timing of recognition and derecognition of financial assets and financial liabilities and introduce an option that permits an entity to derecognize certain financial liabilities settled through an electronic payment system before the settlement date when specified criteria are met. The amendments also provide enhanced guidance on assessing whether financial assets meet the criteria to be measured at amortized cost or at fair value through other comprehensive income rather than at fair value through profit or loss. In addition, the amendments to IFRS 7 introduce expanded disclosure requirements relating to equity instruments designated at fair value through other comprehensive income and require additional disclosures about contractual terms that could change the timing or amount of contractual cash flows for financial assets measured at amortized cost or at fair value through other comprehensive income and for financial liabilities measured at amortized cost. The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted, and the amendments are required to be applied retrospectively with any transition adjustments recognized in opening retained earnings at the date of initial application. The amendments are not expected to have a material impact on the Company's financial statements.

Annual Improvements to IFRS Accounting Standards - Volume 11

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows. The amendments will be effective for reporting periods beginning on or after 1 January 2026. Earlier application is permitted and must be disclosed. The amendments are not expected to have a material impact on the Company's financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after January 1, 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

There are no other IFRS or International Financial Reporting Interpretations Committee ("IFRIC") interpretations that are not yet effective and that would be expected to have a material impact on the Company.

Legal Matters

The Company has received notice of a potential claim from a former employee and consultant relating to their voluntary resignation and the subsequent termination of their consulting arrangements. As of the date of this MD&A, no formal legal proceedings have been commenced. The Company believes the claim to be without merit and intends to vigorously defend its position should proceedings be initiated. Based on information currently available and consultation with external legal counsel, management does not believe the matter will have a material adverse effect on the Company's financial position, results of operations, or cash flows. No provision has been recorded in the consolidated financial statements as of December 31, 2025. The Company will continue to monitor developments and will update disclosure as appropriate.

Subsequent events

Subsequent to December 31, 2025, 1,716,140 stock options were exercised and converted into the Company's common shares ("Common Shares") at weighted average exercise price of \$2.64 per share.

Current Share Information

As at March 3, 2026, an aggregate of 33,986,810 Common Shares were issued and outstanding. There were no Preferred Shares issued and outstanding as of such date.

As at March 3, 2026, there were 356,902 options and 5,551 restricted share rights outstanding under the Company's equity incentive plans, of which 331,902 options and 3,654 restricted share rights were vested as of such date. Each option is exercisable for one Common Share. We expect that vested restricted share rights will be paid at settlement through the issuance of one Common Share per restricted share right.

Additional Information

Additional information relating to the Company, including the AIF, is available on SEDAR at www.sedarplus.ca. Our Common shares are listed for trading on the TSX under the symbol "KITS".