KITS

KITS Eyecare Reports Second Quarter 2026 Results

Record Revenue of $58.4 million, Increased 17.8% Year-Over-Year
Glasses Revenue Increased 54.0% Year-Over-Year to $11.1 million
Repeat Revenue Grew 27.4%, or 65.5% of Total Revenue
Adjusted EBITDA Increased Year-Over-Year to $2.9 million, or 5.0% of Revenue
Fifteenth Consecutive Quarter Reporting Positive Adjusted EBITDA

VANCOUVER, August 5, 2026 – Kits Eyecare Ltd. (TSX: KITS) ("KITS" or the "Company"), a leading vertically integrated eyecare provider, today announced its financial results for the second quarter ended June 30, 2026.

Second Quarter 2026 Financial & Operational Highlights

For the second quarter of 2026, compared to the second quarter of 2025:

- Revenue increased by 17.8% to a record $58.4 million compared to $49.6 million
- Glasses revenue grew 54.0% to $11.1 million, representing 18.9% of revenue, compared to 14.5%; premium lens upgrades represented 45.2% of glasses revenue
- Repeat revenue grew 27.4% to a record $38.3 million, or 65.5% of revenue, compared to 60.6% of revenue
- Gross profit increased by 23.0% to $22.2 million, or 37.9% of revenue, compared to $18.0 million, or 36.3% of revenue
- Adjusted EBITDA margin was 5.0% of revenue, with $2.9 million of Adjusted EBITDA, compared to 5.2% of revenue, and $2.6 million
- Net Income increased by $2.2 million to $1.5 million or $0.04 per share (basic), compared to a net loss of $0.7 million or $(0.02) per share (basic)
- Record operating cash flow of $7.8 million, representing 13.3% of revenue. Closing the quarter with a cash balance of $27.4 million and no debt

Year-to-Date 2026 Financial & Operational Highlights

For the six months ended June 30, 2026, compared to the six months ended June 30, 2025:

- Revenue increased 20.5% (22.2% in constant currency) to $115.9 million compared to $96.2 million
- Glasses revenue of $21.9 million, increased 57.2% year-over-year
- Gross profit was $45.7 million or 39.4% of revenue, compared to $35.1 million or 36.5% of revenue
- Adjusted EBITDA improved by $1.1 million to $7.1 million compared to $6.0 million
- Net income was $3.4 million compared to net income of $0.9 million

KITS

Management Commentary
"We believe the value of our business lies in the strength of the KITS brand and the loyalty it earns — and this quarter, that loyalty showed up in the numbers," said Roger Hardy, Co-Founder and CEO of KITS. "Repeat revenue grew 27.4% to 65.5% of revenue, average order value reached a record $213, glasses grew 54% at expanding margins, and the business generated a record $7.8 million in operating cash flow for the quarter. Very few companies grow at this rate; even fewer do it while generating cash. We are one of them. The business is now paying for its own acceleration, and we are still early."

"Coming into 2026 we made a deliberate decision to build out our glasses business, and the results — 54% growth, with the strongest new-customer cohorts in our history validates that focus," added Tai Silvey, President of KITS. "In the back half we intend to rebalance: sustaining the momentum in glasses while ensuring our contact lens acquisition engine remains robust. Customers are choosing KITS for all of their vision needs because of the uniqueness of our vertically integrated model — quality, value, and speed in a combination we don't believe anyone else in the category can match. Our mission is to make eyecare easy, and more than 1.1 million active customers are telling us it's working."

Second Quarter 2026 Financial Results
Revenue for the three months ended June 30, 2026 reached a record $58.4 million, increasing 17.8%, led by glasses revenue that grew 54.0% and now represents nearly one-fifth of the business. The Company generated a record $7.8 million in cash flow from operations, equal to 13.3% of revenue, and ended the quarter with $27.4 million in cash and no debt.

The recurring foundation of the business reached new highs. Repeat customers contributed 65.5% of revenue, up from 60.6% in the prior-year period, with repeat revenue growing 27.4% year-over-year to $38.3 million. The Company's 2-year Active Customer base grew 15.2% to a record 1,142,000, and the Autoship subscription program is now a $24.6 million annualized annuity with minimal maintenance cost.

Glasses led the Company's growth, with revenue up 54.0% to $11.1 million on approximately 148,300 units delivered, up 32.4%. The quality of the growth matched its magnitude: premium lens upgrades represented 45.2% of glasses revenue, 78,500 units were delivered to repeat customers, up 51.0%, and new glasses customers acquired in the quarter generated first-order revenue 50% higher than the comparable prior-year cohort on identical entry pricing, aided by OpticianAI™, the Company's AI-powered fitting engine. Glasses customers acquired in 2026 are generating per-customer first-order revenue that exceeds the multi-year cumulative revenue of cohorts acquired in earlier years.

Gross margin expanded 160 basis points to 37.9%, driven entirely by organic factors: the growing mix of glasses revenue, increased adoption of premium lens upgrades, and disciplined pricing and promotion management. The quarter also marked a step-change in capital discipline: the Company retired the last of its legacy debt obligations, completed the disposition of its Bitcoin exchange-traded fund treasury position, and began returning capital to shareholders, repurchasing and cancelling 89,200 common shares for $1.0 million under its normal course issuer bid (NCIB).

Third Quarter 2026 Outlook
For the third quarter of 2026, KITS management expects revenue to be in the range of $62.0 million to $64.0 million, with Adjusted EBITDA as a percentage of revenue between 4.0% and 6.0%. See “Forward-Looking Statements” below for important disclosure with respect to expectations and forward-looking information.

KITS

Conference Call

KITS management will host the conference call followed by a question-and-answer period. To access the call instantly, please click here to register your name and phone number via the rapid connect link.

The conference call will also be webcast live with a presentation and available for replay here and via the investor relations section of the Company's website at ir.kits.com.

Date: Wednesday, August 5, 2026
Time: 9:00 a.m. Eastern time
Presentation webcast link: https://app.webinar.net/oD5AQ4AMgBe
Rapid connect link: https://emportal.ink/45duRjD
North American toll-free number: 1-888-510-2154
Local Toronto dial-in number: 1-437-900-0527
Confirmation #: 83791 #

Financial Highlights

The following selected financial information is qualified in its entirety by and should be read conjunction with our consolidated financial statements for the three and six months ended June 30, 2026 and 2025 and accompanying notes and Management's Discussion and Analysis ("MD&A") which may be viewed on SEDAR+ at www.sedarplus.ca.

Financial and Operating Data	Three Months Ended June 30, 2026 (unaudited)	Three Months Ended June 30, 2025 (unaudited)	Six Months Ended June 30, 2026 (unaudited)	Six Months Ended June 30, 2025 (unaudited)
Revenue	$ 58,427	$ 49,580	$ 115,896	$ 96,175
Net income (loss)	$ 1,456	$ (694)	$ 3,431	$ 909
Net income (loss) per share				
Basic	$ 0.04	$ (0.02)	$ 0.10	$ 0.03
Diluted	$ 0.04	$ (0.02)	$ 0.10	$ 0.03
Non-IFRS Measures (a):				
Constant currency revenue	$ 58,453	$ 49,580	$ 117,555	$ 96,175
EBITDA	$ 2,270	$ 243	$ 6,656	$ 3,345
Adjusted EBITDA	$ 2,943	$ 2,575	$ 7,077	$ 6,036
Adjusted EBITDA Margin %	5.0%	5.2%	6.1%	6.3%
Reconciliation of constant currency revenue				
Revenue	$ 58,427	$ 49,580	$ 115,896	$ 96,175
Foreign exchange impact	26	-	1,659	-
Constant Currency Revenue	$ 58,453	$ 49,580	$ 117,555	$ 96,175
Change in constant currency	$ 8,873		$ 21,380	
Change in constant currency %	17.9%		22.2%	
Reconciliation of Adjusted EBITDA				
Net income (loss) for the period	$ 1,456	$ (694)	$ 3,431	$ 909
Add back:				
Income taxes	630	205	1,607	909

Finance costs – net		(375)		128		575		299
Depreciation and amortization		559		604		1,043		1,228
EBITDA	$	2,270	$	243	$	6,656	$	3,345
Add back								
Share-based compensation (b)	$	1,427	$	644	$	1,878	$	913
Exchange loss / (gain)		(758)		1,684		(1,464)		1,771
One-time costs (c)		4		4		7		7
Adjusted EBITDA	$	2,943	$	2,575	$	7,077	$	6,036
Revenue	$	58,427	$	49,580	$	115,896	$	96,175
Adjusted EBITDA Margin % (d)		5.0%		5.2%		6.1%		6.3%

Notes:

(a) Refer to "Non-IFRS Measures and Industry Metrics" section of the MD&A filed on www.sedarplus.ca and below.
(b) Represents non-cash share-based compensation expense associated with restricted share rights ("RSRs") and options recognized in the period.
(c) One-time IPO directors' and officers' insurance costs which are expensed over the insurance coverage period.
(d) Represents Adjusted EBITDA divided by revenue from the same period.

About KITS

KITS (TSX: KITS) is one of the world's fastest growing eyecare providers, offering high-quality, affordable prescription glasses and contact lenses through its vertically integrated digital platform. With advanced in-house lens manufacturing, an industry-leading digital fit experience powered by OpticianAI, and thousands of 5-star customer reviews, KITS is redefining the eyecare experience. Designed in Vancouver. Delivered worldwide. For more information on KITS, visit: www.kits.com.

Non-IFRS Financial Measures and Industry Metrics

This press release includes references to certain non-IFRS financial measures such as Constant Currency Revenue, EBITDA, Adjusted EBITDA, Adjusted EBITDA margin percentage and certain industry metrics. These financial measures and industry metrics are employed by the company to measure its operating and economic performance and to assist in business decision-making, as well as providing key performance information to senior management. The company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors and analysts use this information to evaluate the company's operating and financial performance. These financial measures are not defined under IFRS, nor do they replace or supersede any standardized measure under IFRS. Other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures. Definitions and reconciliations of non-IFRS measures to the nearest IFRS measure and Industry Metrics can be found in our Management's Discussion and Analysis. Such non- IFRS reconciliations can also be found in this press release under "Financial Highlights".

Forward-Looking Statements

This press release contains forward-looking statements, including statements relating to the execution of our proposed strategy, our operating performance, our expectations and outlook for the third quarter of 2026, and prospects for the business. These forward-looking statements generally can be identified by the use of words such as "intend," "believe," "could," "continue," "expect," "estimate," "forecast, "may," "potential," "project," "plan," "would," "will," and other words of similar meaning. Each forward-looking statement contained in this press release is subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such a statement. Our business is subject to substantial risks and uncertainties. This forward-looking information and other forward-looking information are 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 the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct or that our expectations for the third quarter of 2026 or generally will be achieved. Certain assumptions in respect of the expansion and enhancement of our fulfillment network, including our optical laboratory for glasses and warehouse facilities; the growth of our business and launch of new technologies; premium lens adoptions and smart eyewear expansion; our ability to drive sales growth; our ability to maintain, enhance, and grow within our addressable market; our ability to drive ongoing development and innovation of our exclusive brands and product categories; our ability to continue directly sourcing from third party suppliers and manufacturers; our ability to retain key personnel; our ability to add, maintain and expand production, distribution and fulfillment 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; the changes and trends in our industry or the global economy; the impact of tariffs and U.S. and international trade actions, policies and reform; and the changes in laws, rules, regulations, and global standards. KITS' risks and uncertainties are discussed in detail in the company's Annual Information Form, filed on SEDAR+ on March 4, 2026. Investors, potential investors, and others should give careful consideration to these risks and uncertainties. We caution investors not to rely on the forward-looking statements contained in this press release when making an investment decision in our securities. The forward-looking statements in this press release speak only as of the date of this release, and we undertake no obligation to update or revise any of these statements, except as required under applicable securities laws. If we do update certain forward-looking information, no inference should be made that we will further update such or other forward-looking Information.

For Further Information:

Roger Hardy, Co-Founder and CEO
Kits Eyecare Ltd.

Olivia Evans, Director of Corporate Development and Investor Relations
Kits Eyecare Ltd.
IR@KITS.com