



NEWS RELEASE

KITS Eyecare Reports Fourth Quarter and Full Year 2024 Results

2025-03-05

Q4 2024 Revenue Increased by 42% Year-Over-Year to \$44.8 million, with FY Revenue Increased by 32% to \$159.3 million

Q4 2024 Adjusted EBITDA of 6.5%, Improving by \$2.0 million year-over-year to \$2.9 million

FY Adjusted EBITDA of 4.0%, Improving by \$4.1 million year-over-year to \$6.4 million

Ninth Consecutive Quarters Reporting Positive Adjusted EBITDA

VANCOUVER, BC, March 5, 2025 /CNW/ - **Kits Eyecare Ltd.** (TSX: KITS) ("KITS" or the "Company"), a leading vertically integrated eyecare provider, is reporting its results for the fourth quarter and full year ended December 31, 2024.

Fourth Quarter 2024 Financial & Operational Highlights

For the fourth quarter of 2024, compared to the fourth quarter of 2023:

- Revenue increased by 42% to a record \$44.8 million compared to \$31.7 million
- Gross profit was \$16.3 million or 36.3% of revenue, compared to \$11.1 million or 35.0% of revenue
- Adjusted EBITDA improved by \$2.0 million to \$2.9 million compared to \$0.9 million
- Net income was \$2.7 million compared to net loss of \$0.5 million
- Glasses revenue increased by 59.7% to a record \$6.5 million compared to \$4.1 million

Full Year 2024 Financial & Operational Highlights

For the full year 2024, compared to full year 2023:

- Revenue increased by 32% to a record \$159.3 million compared to \$120.5 million
- Gross profit was \$53.7 million or 33.7% of revenue, compared to \$40.8 million or 33.8% of revenue
- Adjusted EBITDA improved by \$4.1 million to \$6.4 million compared to \$2.3 million

Management Commentary

"2024 was another record-setting year for KITS as we continued to build momentum and strengthen our leadership in the eyewear category," said Roger Hardy, Co-Founder and CEO of KITS. "Our relentless focus on customer experience, paired with growing demand for the KITS brand, has been a key driver of our continued success and strong business growth. We saw record engagement throughout the year, driven by our commitment to quality, speed, and value. The fourth quarter was a standout, with multiple record-breaking sales weeks and a major milestone of our first 1 million pairs of glasses delivered. As we move forward, we are energized by the momentum we've built and remain committed to expanding our leadership position, deepening customer relationships, and driving long-term value for all stakeholders."

Fourth Quarter 2024 Financial Results

Revenue increased by 42% to \$44.8 million compared to \$31.7 million in the fourth quarter of 2023. The increase was primarily attributed to increasing recognition of the KITS brand in the North American e-commerce space, strong customer demand, operational efficiencies, and strategic initiatives.

Gross profit increased by 47% to \$16.3 million compared to \$11.1 million in the fourth quarter of 2023, while gross margin increased by 130 basis points to 36.3% compared to 35.0% in the fourth quarter of 2023. The increase was primarily due to balancing discounts and promotions targeting new customers with an emphasis on serving higher value new customers and returning customers.

Net income (loss) improved to \$2.7 million, or \$0.09 per share (basic), compared to a net loss of \$0.5 million, or \$(0.02) per share (basic), in the fourth quarter of 2023. The improvement was primarily attributable to an improvement in revenue, fulfillment and marketing efficiency, and foreign exchange gain recognized.

EBITDA increased by \$5.0 million to \$4.9 million compared to \$(0.1) million in the fourth quarter of 2023, while Adjusted EBITDA improved by 237% to \$2.9 million compared to \$0.9 million in the fourth quarter of 2023. The improvement in Adjusted EBITDA was primarily attributable to the increase in revenue and gross profit, driven by our continuous focus on profitability as we find leverage in our operating expenses as our business grows and successfully continues to scale.

On December 31, 2024, cash and cash equivalents totaled \$19.3 million compared to \$16.0 million on December 31, 2023.

First Quarter 2025 Outlook

For the first quarter of 2025, KITS management expects revenue to be in the range of \$46 million to \$48 million, with Adjusted EBITDA as a percentage of revenue between 4% and 6%. See "Forward-Looking Statements" below for important disclosure with respect to expectations and forward-looking information.

Conference Call

KITS management will host a 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 www.kits.com.

Date: Wednesday, March 5, 2025

Time: 9:00 a.m. Eastern time (6:00 a.m. Pacific time)

Presentation webcast link: <https://app.webinar.net/Dr7q2Gg2Gv8>

Rapid connect link: <https://emportal.ink/3CDFPnU>

North American toll-free number: 1-888-510-2154

Local Toronto dial-in number: 1-437-900-0527

Confirmation #: 60627 #

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 years ended December 31, 2024 and 2023 and accompanying notes and Management's Discussion and Analysis ("MD&A") which may be viewed on SEDAR at www.sedarplus.ca.

	Three Months Ended		Year Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
	(unaudited)	(unaudited)		
Financial and Operating Data				
Revenue	\$ 44,833	\$ 31,663	\$ 159,338	\$ 120,510
Net income (loss)	\$ 2,733	\$ (491)	\$ 3,116	\$ (2,215)
Net income (loss) per share				
Basic	\$ 0.09	\$ (0.02)	\$ 0.10	\$ (0.07)
Diluted	\$ 0.08	\$ (0.02)	\$ 0.09	\$ (0.07)

Non-IFRS Measures (a):

Constant currency revenue	\$	44,065	\$	31,663	\$	157,738	\$	120,510
EBITDA	\$	4,852	\$	(121)	\$	8,086	\$	807
Adjusted EBITDA	\$	2,908	\$	862	\$	6,432	\$	2,284
Adjusted EBITDA Margin % (d)		6.5 %		2.7 %		4.0 %		1.9 %
Reconciliation of constant currency revenue								
Revenue	\$	44,833	\$	31,663	\$	159,338	\$	120,510
Foreign exchange impact		(768)		-		(1,600)		-
Constant Currency Revenue	\$	44,065	\$	31,663	\$	157,738	\$	120,510
Change in constant currency	\$	12,402			\$	37,228		
Change in constant currency %		39.2 %				30.9 %		
Reconciliation of Adjusted EBITDA								
Net income (loss) for the period	\$	2,733	\$	(491)	\$	3,116	\$	(2,215)
Add back:								
Income taxes		986		(208)		1,335		(676)
Finance (income) costs – net		424		(216)		975		509
Depreciation and amortization		709		794		2,660		3,189
EBITDA	\$	4,852	\$	(121)	\$	8,086	\$	807
Add back:								
Share-based compensation (b)	\$	74	\$	119	\$	1,005	\$	513
Exchange loss / (gain)		(2,022)		861		(2,673)		950
One-time costs (c)		4		3		14		14
Adjusted EBITDA	\$	2,908	\$	862	\$	6,432	\$	2,284
Revenue	\$	44,833	\$	31,663	\$	159,338	\$	120,510
Adjusted EBITDA Margin % (d)		6.5 %		2.7 %		4.0 %		1.9 %

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 makes eyecare easy. KITS is a leading vertically integrated digital eyecare brand providing eyewear for eyes everywhere. We offer customers access to a vast selection of contact lenses and eyeglasses, including our own exclusive KITS designed products, as well as a robust suite of online vision tools. Our efficient digital platform, backed by our industry-leading manufacturing and designs, removes intermediaries, and enables us to offer great prices and deliver made to order personalized products with incredible care and accuracy. We are creating disruption in the industry by constantly pursuing cutting-edge technologies to enable the best customer experience, including online eyewear fitting tools, and virtual try-on for glasses. We strive to delight our customers with our competitive prices, a convenient digital shopping experience, fast and reliable delivery options, and an unrelenting focus on earning our customers' lifelong trust. 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 and Adjusted EBITDA, 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 first quarter of 2025 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. 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; 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 5, 2025. 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.

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