



NEWS RELEASE

KITS Eyecare Reports Record First Quarter 2026 Results

2026-05-06

Revenue Increased 23% Year-Over-Year (27% on a Constant Currency Basis) to a Record \$57.5 million
Glasses Revenue Increased 61% Year-Over-Year to a Record \$10.8 million
Adjusted EBITDA of 7.2%, Increasing to a Record \$4.1 million
Fourteenth Consecutive Quarter Reporting Positive Adjusted EBITDA

VANCOUVER, BC, May 6, 2026 /CNW/ - **Kits Eyecare Ltd.** (TSX: KITS) ("KITS" or the "Company"), a leading vertically integrated eyecare provider, today announced its financial results for the first quarter ended March 31, 2026.

First Quarter 2026 Financial & Operational Highlights

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

- Revenue increased by 23.3% to a record \$57.5 million compared to \$46.6 million. In constant currency, revenue increased by 27.0%
- Gross profit increased by 37.5% to \$23.5 million, or 40.9% of revenue, compared to \$17.1 million, or 36.7% of revenue
- Adjusted EBITDA margin was 7.2% at \$4.1 million of Adjusted EBITDA, compared to 7.4% at \$3.5 million of Adjusted EBITDA
- Record Q1 glasses revenue of \$10.8 million, increased 60.5% year-over-year; over 156,000 units delivered, increased by 50.0% year-over-year
- Net Income increased by 23.2% to \$2.0 million or \$0.06 per share, compared to \$1.6 million or \$0.05 per share



Management Commentary

"This quarter reflects continued momentum across the platform, with revenue up 23% (27% on a constant currency basis) and glasses revenue growing over 60% year-over-year," said Roger Hardy, Co-Founder and CEO of KITS. "Our glasses category was a standout in the first quarter, where increasing scale and higher-value customer behavior began to compound. This shift, combined with the durability of our contact lens platform, positions us to continue to drive sustained profitable growth across the business."

First Quarter 2026 Financial Results

Revenue for the three months ended March 31, 2026 reached a record \$57.5 million, increasing 23.3% compared to the first quarter of 2025. On a constant currency basis, revenue grew 27.0% year-over-year. The contact lens segment continued to deliver durable, recurring revenue, expanding to \$46.7 million, while the eyeglasses segment accelerated as a growth driver, generating a record first quarter glasses revenue of \$10.8 million, a 60.5% year-over-year increase. Glasses units delivered reached approximately 156,000, with premium lens upgrades outpacing overall unit growth, rising 75.5% year-over-year and representing 41.8% of glasses revenue.

Profitability metrics remained robust as the Company reported its 14th consecutive quarter of positive Adjusted EBITDA, totaling \$4.1 million for the quarter. Reported gross margin of 40.9% includes a \$2.1 million non-recurring tariff recovery; excluding this item, gross margin remained above 37%, reflecting the strength of the underlying product mix and continued customer adoption of premium upgrades. Net income for the first quarter was \$2.0 million, compared to \$1.6 million in the prior year period. We believe this sustained profitability was anchored by the high level of recurring behavior within the KITS customer community. Repeat orders accounted for 63.9% of total Q1 revenue, providing a stable foundation that helps allow for efficient customer acquisition and reinforces the long-term scalability of the KITS platform. During the quarter, the Company acquired 99,900 new customers, and the two-year Active Customer base increased 17.1% year-over-year to 1,108,000.

Operating leverage continued to build across the remainder of the cost structure, with fulfillment expenses improving as a percentage of revenue from 10.9% in Q1 2025 to 10.5%, and general and administrative expenses declining from 6.3% to 5.7% of revenue.

Liquidity

Capital allocation during the quarter reflected the Company's continued focus on disciplined reinvestment and balance sheet strength. As of March 31, 2026, cash and cash equivalents totaled \$19.0 million compared to \$29.8 million on December 31, 2025. On January 2, 2026, KITS repaid in full the outstanding balance on its asset-based lending facility with the Bank of Montreal (BMO), ending the quarter with no term debt outstanding and the \$15 million facility remaining available and undrawn.

Second Quarter 2026 Outlook

For the second quarter of 2026, KITS management expects revenue to be in the range of \$57.0 million to \$59.0 million, with Adjusted EBITDA as a percentage of revenue between 3.0% and 5.0%. See "Forward-Looking Statements" below for important disclosure with respect to expectations and forward-looking information.

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, May 6, 2026

Time: 9:00 a.m. Eastern time

Presentation webcast link: <https://app.webinar.net/gM06egJAoBN>

Rapid connect link: <https://emportal.ink/4939kwh>

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

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

Confirmation #: 24705 #

Financial Highlights

The following selected financial information is qualified in its entirety by and should be read in conjunction with our consolidated financial statements for the three months ended March 31, 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	
	March 31, 2026 (unaudited)	March 31, 2025 (unaudited)
Revenue	\$ 57,469	\$ 46,595
Net income (loss)	\$ 1,975	\$ 1,603
Net income (loss) per share		
Basic	\$ 0.06	\$ 0.05
Diluted	\$ 0.06	\$ 0.05
Non-IFRS Measures (a):		
Constant currency revenue	\$ 59,172	\$ 44,671
EBITDA	\$ 4,386	\$ 3,102
Adjusted EBITDA	\$ 4,134	\$ 3,461
Adjusted EBITDA Margin % (d)	7.2 %	7.4 %
Reconciliation of constant currency revenue		
Revenue	\$ 57,469	\$ 46,595
Foreign exchange impact	1,703	-

Constant Currency Revenue	\$	59,172	\$	46,595
Change in constant currency	\$	12,577		
Change in constant currency %		27.0 %		
Reconciliation of Adjusted EBITDA				
Net income (loss) for the period	\$	1,975	\$	1,603
Add back:				
Income taxes		977		704
Finance (income) costs – net		950		171
Depreciation and amortization		484		624
EBITDA	\$	4,386	\$	3,102
Add back:				
Share-based compensation (b)	\$	451	\$	269
Exchange loss / (gain)		(706)		87
One-time costs (c)		3		3
Adjusted EBITDA	\$	4,134	\$	3,461
Revenue	\$	57,469	\$	46,595
Adjusted EBITDA Margin % (d)		7.2 %		7.4 %

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 how Canadians experience eyecare. Designed in Canada. 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 second quarter of 2026 and beyond, our Toronto store opening 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 second 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.

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