



KITS

MANAGEMENT PRESENTATION

DECEMBER 23, 2020

DISCLAIMER:

An amended and restated preliminary prospectus (the “Prospectus”) containing important information relating to the securities being offered by KITS Eyecare Ltd. (the “Company” or “KITS”) has been filed with the securities regulatory authorities in each of the provinces and territories of Canada. A copy of the Prospectus, and any amendment, is required to be delivered with this document. The Prospectus is still subject to completion. There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final prospectus has been issued. This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the Prospectus, the final prospectus and any amendment for disclosure of those facts, especially risk factors relating to the Company and the securities offered, before making an investment decision.

The information contained in this presentation does not purport to be all inclusive or to contain all information that a prospective investor may require. Prospective investors are encouraged to conduct their own analyses and reviews of the Company and of the information contained in this presentation. Without limitation, prospective investors should consider the advice of their financial, legal, accounting, tax and other advisors and such other factors that they consider appropriate in investigating and analyzing the Company. An investment in the securities of the Company is speculative and involves a high degree of risk and should only be made by persons who can afford the total loss of their investment. Prospective investors should consider certain risk factors in connection with an investment in the Company.

This presentation is qualified in its entirety by reference to, and must be read in conjunction with, the information contained in the prospectus. A prospective investor is not entitled to rely on parts of the information contained in this presentation to the exclusion of others. An investor should rely only on the information contained in the prospectus. The Company has not, and Canaccord Genuity Corp. (the “Agent”) has not, authorized anyone to provide investors with additional or different information. If anyone provides an investor with additional or different or inconsistent information, including statements in media articles about the Company, the investor should not rely on it. Any graphs, tables or other information demonstrating our historical performance contained in the Prospectus or this presentation are intended only to illustrate past performance and are not necessarily indicative of our future performance. The information contained in this presentation is accurate only as of the date of this presentation or the date indicated, regardless of the time of delivery of the Prospectus or of any sale of the common shares.

KITS and the Agent are not offering to sell securities of the Company in any jurisdiction where the offer or sale of such securities is not permitted. For prospective purchasers outside Canada, neither we nor the Agent have done anything that would permit this offering or possession or distribution of the prospectus in any jurisdiction where action for that purpose is required, other than in Canada. Prospective investors are required to inform themselves about, and to observe any restrictions relating to, this offering and the possession or distribution of the prospectus. This document does not constitute, or form part of, an offer to sell, or a solicitation of an offer to purchase, any securities in the United States of America (including its territories and possessions, any state of the United States of America and the District of Columbia).

There is no market through which the Company's securities may be sold and purchasers may not be able to resell securities purchased under the prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation.

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Certain of the information presented herein is based on or derived from statements by third parties, has not been independently verified by or on behalf of the Company, and no representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of such information or any other information or opinions contained herein, for any purpose whatsoever.

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Cautionary Statement Regarding Forward-Looking Information

This presentation contains forward-looking information within the meaning of Canadian securities laws. Such forward-looking information includes, but is not limited to:

- | | |
|--|---|
| <ul style="list-style-type: none">• expectations regarding industry trends, overall market growth rates and our growth rates and growth strategies;• expectations regarding our revenue growth, EBITDA margins, gross profit margin and net capital expenditures;• our business plans and strategies;• expectations regarding net revenue and the seasonality thereof;• our competitive position in our industry;• the effect of COVID-19 on accelerating the movement to the KITS model and on the consumer likelihood to make online optical purchases;• the consumer shift to e-commerce as a result of COVID-19;• the completion of our site consolidation; | <ul style="list-style-type: none">• changes in general economic conditions and consumer spending;• optical sales in North America;• increased rates of vision conditions such as myopia;• consumer demand for optical-related products as a result of wavering consumer trends such as the increased use of display technology;• delivery times of our products;• production rates and overhead expenses from our optical lab and our fulfillment centres;• customer satisfaction rates and customer LTV (lifetime value); and• FDA and consumer reception towards telemedicine. |
|--|---|

In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “projects,” “potential,” “continue” or the negative of these terms or other comparable terminology. In addition, any statements or information that refer to expectations, beliefs, plans, projections, objectives, performance or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking.

Forward-looking statements are necessarily based on our management’s current estimates, beliefs and assumptions, which are based on management’s perception of historic trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. Although we believe that the plans, intentions, expectations, assumptions and strategies reflected in these forward-looking statements are reasonable, these statements relate to future events or our future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results to be materially different from any future results expressed or implied by these forward-looking statements. Certain assumptions in respect of: the growth of eCommerce business; our ability to drive sales growth; our ability to maintain, enhance, and grow our appeal within our addressable market; our ability to drive ongoing development and innovation of our exclusive brands and product categories; our ability to build our global presence; our ability to maintain and expand distribution capabilities; the impact of competition; the effects of COVID-19 on the global economy and on consumer trends; and the general changes and trends in our industry or the global economy are material factors made in preparing forward-looking information and management’s expectations.

Many factors could cause actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements and information. This list is not exhaustive of the factors that may affect any of our forward-looking statements and information. All of the forward-looking information contained in this presentation is expressly qualified by the foregoing cautionary statements. Readers should read this presentation in its entirety and for the reasons set forth above, readers should not attribute undue certainty to or place undue reliance on forward-looking statements and information.

Non-IFRS Measures and E-Commerce Industry Metrics

This presentation makes reference to certain non-IFRS measures and certain industry metrics. These measures are not recognized measures under International Financial Reporting Standards (“IFRS”) and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management’s perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS measures including “EBITDA”, “Adjusted EBITDA”, “Adjusted EBITDA Margin” and “Run-Rate Revenue”. This presentation also makes reference to LTV, CAC and AOV (each as defined below), which are commonly used metrics in our industry.

“AOV” is defined as the average order value and is calculated as revenue divided by orders.

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

“Adjusted EBITDA Margin” is defined as Adjusted EBITDA divided by revenue from the same period.

“CAC” is defined as customer acquisition cost and is calculated as the advertising and marketing expense attributable to new customer acquisition in a period, excluding any discounts offered, divided by the customers acquired during that same period.

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

“LTV” is defined as the lifetime value of the customer and is calculated as the cumulative revenue over a period of time attributable to a particular cohort divided by the number customers during that period.

“Run-Rate Revenue” is defined as revenue of the Company for the three months ended September 30, 2020, annualized.

KITS AT A GLANCE:



A CATEGORY DEFINING EYECARE COMPANY



**ONCE IN A GENERATION
MARKET TIMING**



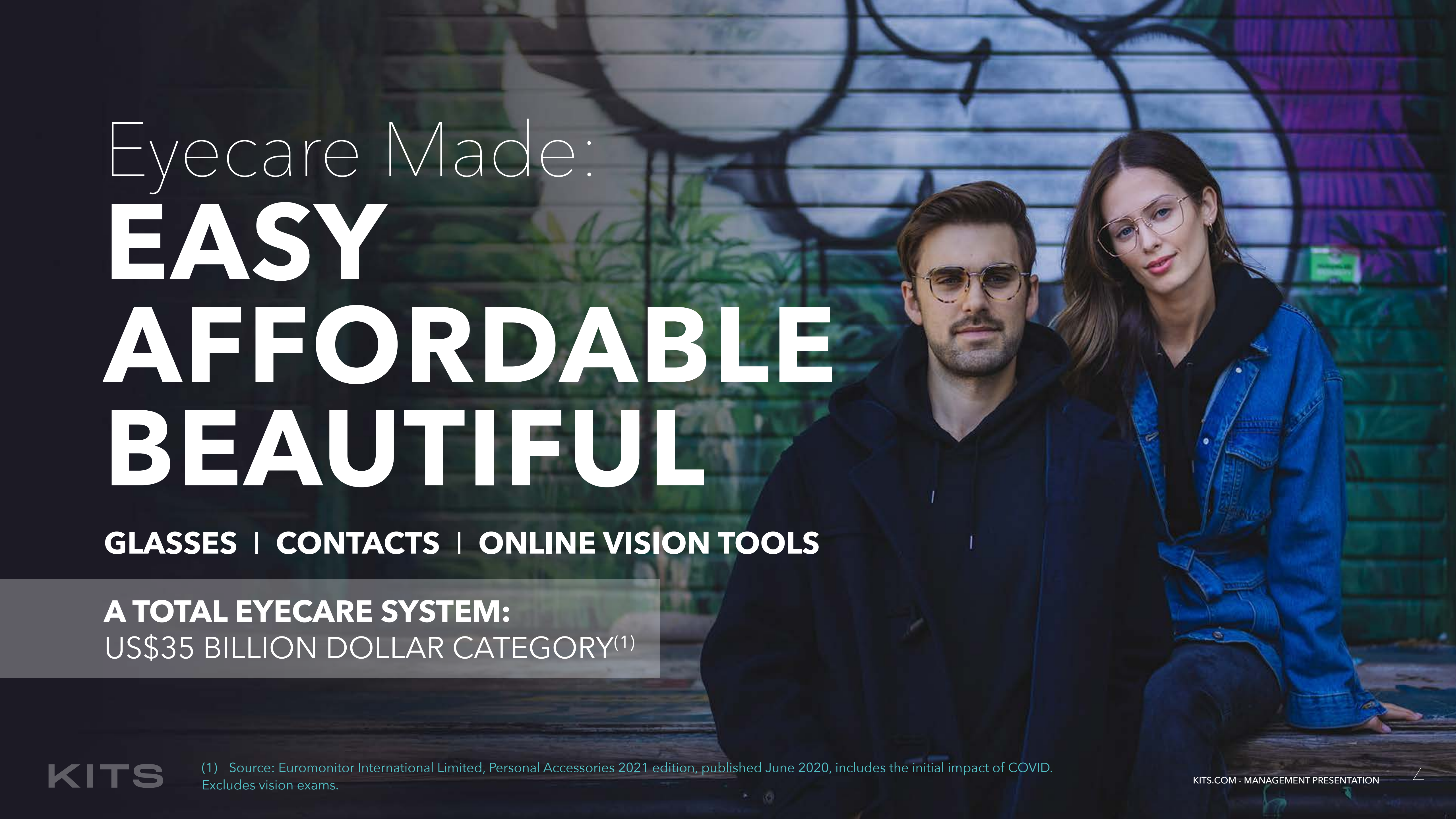
**MORE THAN 600 K+⁽¹⁾
ACTIVE CUSTOMERS**

**69%⁽¹⁾ REPEAT CUSTOMER
REVENUES & GROWING
SUBSCRIPTION BUSINESS**

**\$50
MILLION
2019 REV⁽¹⁾**

**\$81
MILLION
RUN-RATE REV⁽²⁾**

UNIQUE GROWTH & POSITIVE EBITDA⁽¹⁾⁽²⁾

A man and a woman are standing in front of a wall covered in graffiti. The man is on the left, wearing a dark blue hoodie and glasses. The woman is on the right, wearing a blue denim jacket over a black top and glasses. They are both looking towards the camera.

Eyecare Made: **EASY AFFORDABLE BEAUTIFUL**

GLASSES | CONTACTS | ONLINE VISION TOOLS

**A TOTAL EYECARE SYSTEM:
US\$35 BILLION DOLLAR CATEGORY⁽¹⁾**

KITS BUSINESS OVERVIEW:

1

Our team has a proven track record of executing in the eyecare, technology and consumer industries.

2

We are positioned to lead a well-timed disruption with our branded and KITS label offerings, focused on delivering what customers want at incredible values.

3

We operate in one of the last multi-billion dollar categories dominated by small independent shops that is ripe for technological disruption.

4

Our business model is focused on customer retention, delivering predictable and repeatable long-term subscription revenue and converting contact users to also buy glasses.

5

Low CAC & high retention rate.
\$40 CAC, \$600 5 year repeat customer LTV
and 69% repeat business.⁽¹⁾



OUR MANAGEMENT TEAM:

Led by a visionary team with proven track records of success in eyecare, technology, and consumer industries.



ROGER HARDY
CEO, Co-Founder



PRIVÉ REVAUX **LensWay**



SABRINA LIAK
CFO, Co-Founder



JOSEPH THOMPSON
COO, Co-Founder



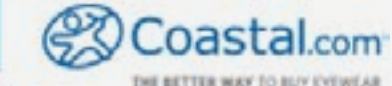
ARSHIL ABDULLA
CTO



ROB LONG
CMO



ROBERT TURNBULL
VP Lab Operations



KITS INDEPENDENT BOARD OF DIRECTORS:



Ted Goldthorpe
Lead Director

Ted is the Managing Partner in charge of Global Credit for BC Partners Lending Corporation since 2017. Previously, Ted served as the President and Chief Investment Officer of Apollo Investment Management. Prior to Apollo, Ted worked at Goldman Sachs for 13 years where he most recently ran the bank loan distressed investing desk.



Anne Kavanagh
Director

Anne is currently the Managing Member of Kavanagh Consulting LLC, a strategic advisory business based in New York. Previously, Anne spent 20 years on Wall Street and served as the Head of Healthcare Investment Banking at Paine Webber and President and CEO of NatWest Securities.



Peter Lee
Director

Peter was the CEO of Lensway, one of Europe's largest online eyewear companies. Previously, Peter spent over 20 years leading and implementing various transformation initiatives at large companies such as Oracle and Netflix, as well as smaller, growth focused companies.



Nick Bozikis
Director

Nick currently serves as the CFO of Article.com, an online retailer of home furnishings. Previously, Nick served as the CFO of Coastal and held several other executive finance roles in Lush Handmade Cosmetics and Shoes.com Technologies Inc. Nick is a CPA.



[In accordance with Section 13.7(4) of National Instrument 41-101 – General Prospectus Requirements, all the information relating to KITS’ comparables and any disclosure relating to the comparables, which is contained in the presentation to be provided to potential investors, has been removed from this template version for purposes of its filing on SEDAR]

SECULAR TAILWINDS ARE RADICALLY ACCELERATING THE SHIFT TOWARDS DIGITAL EYECARE:

US\$35.2B

TOTAL NORTH AMERICAN EYEWEAR MARKET IN 2020⁽¹⁾

US\$7.2B

NORTH AMERICAN CONTACT LENS MARKET IN 2020⁽¹⁾

51%

Percent market share that independent optical retailers held in 2019⁽²⁾

NORTH AMERICAN SHARE OF ONLINE OPTICAL SALES⁽³⁾



13%

ONLINE OPTICAL SALES SHARE IN 2020E⁽³⁾

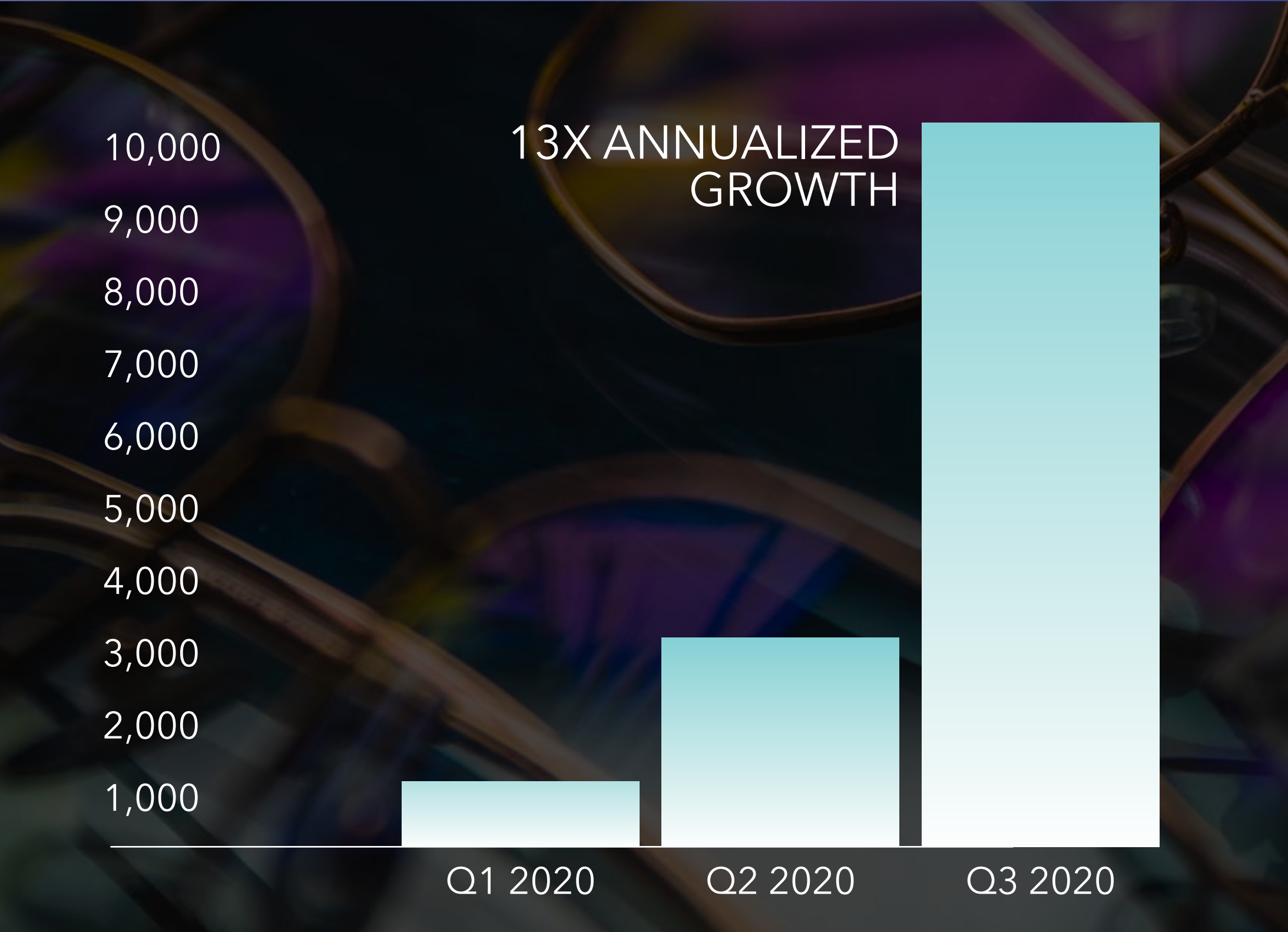
VS

36%

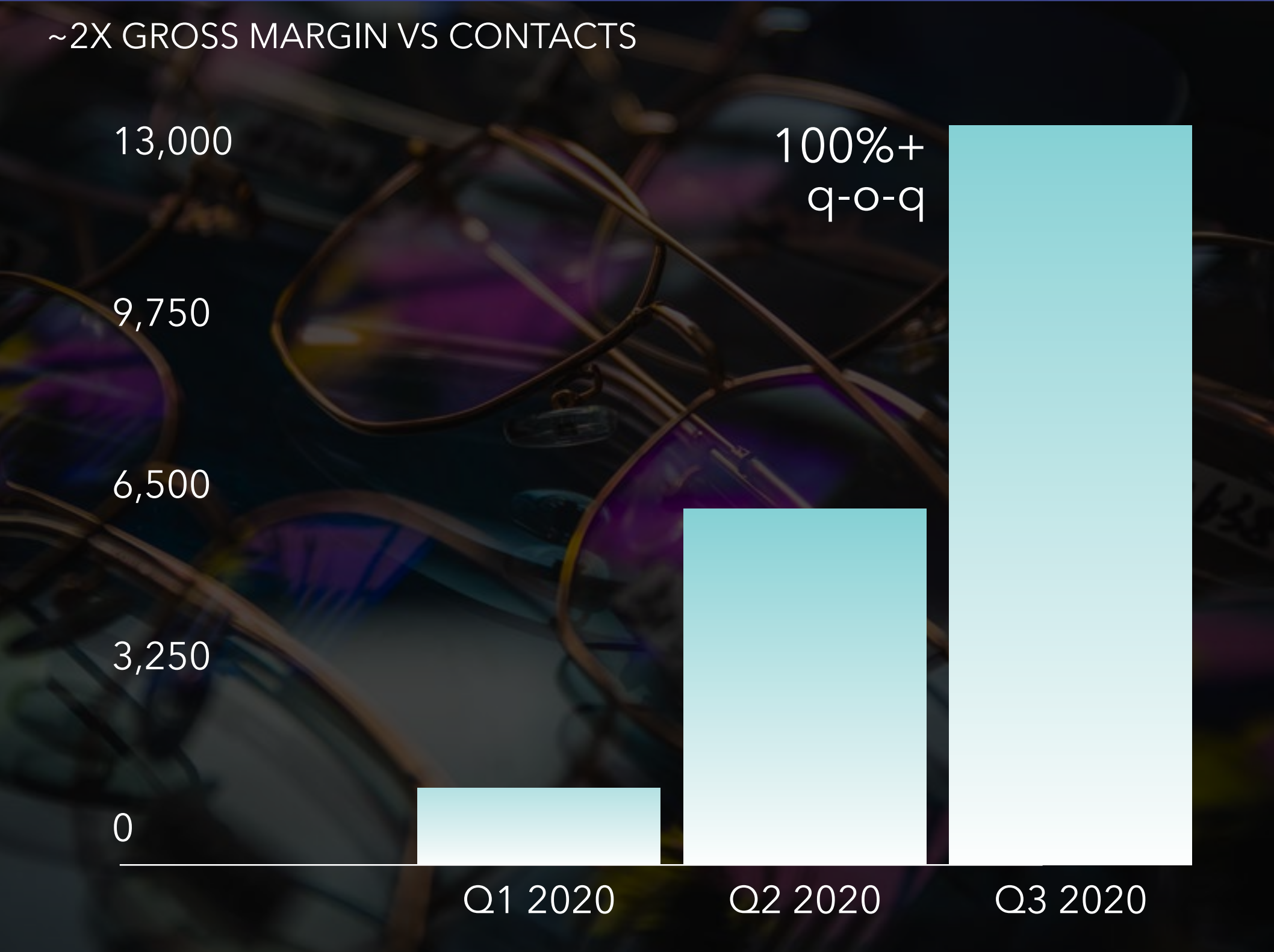
ONLINE APPAREL & FOOTWEAR SALES SHARE IN 2020E⁽³⁾

TWO SIGNIFICANT GROWTH VECTORS:

NET AUTOSHIP SUBSCRIBERS



PAIRS OF GLASSES SOLD



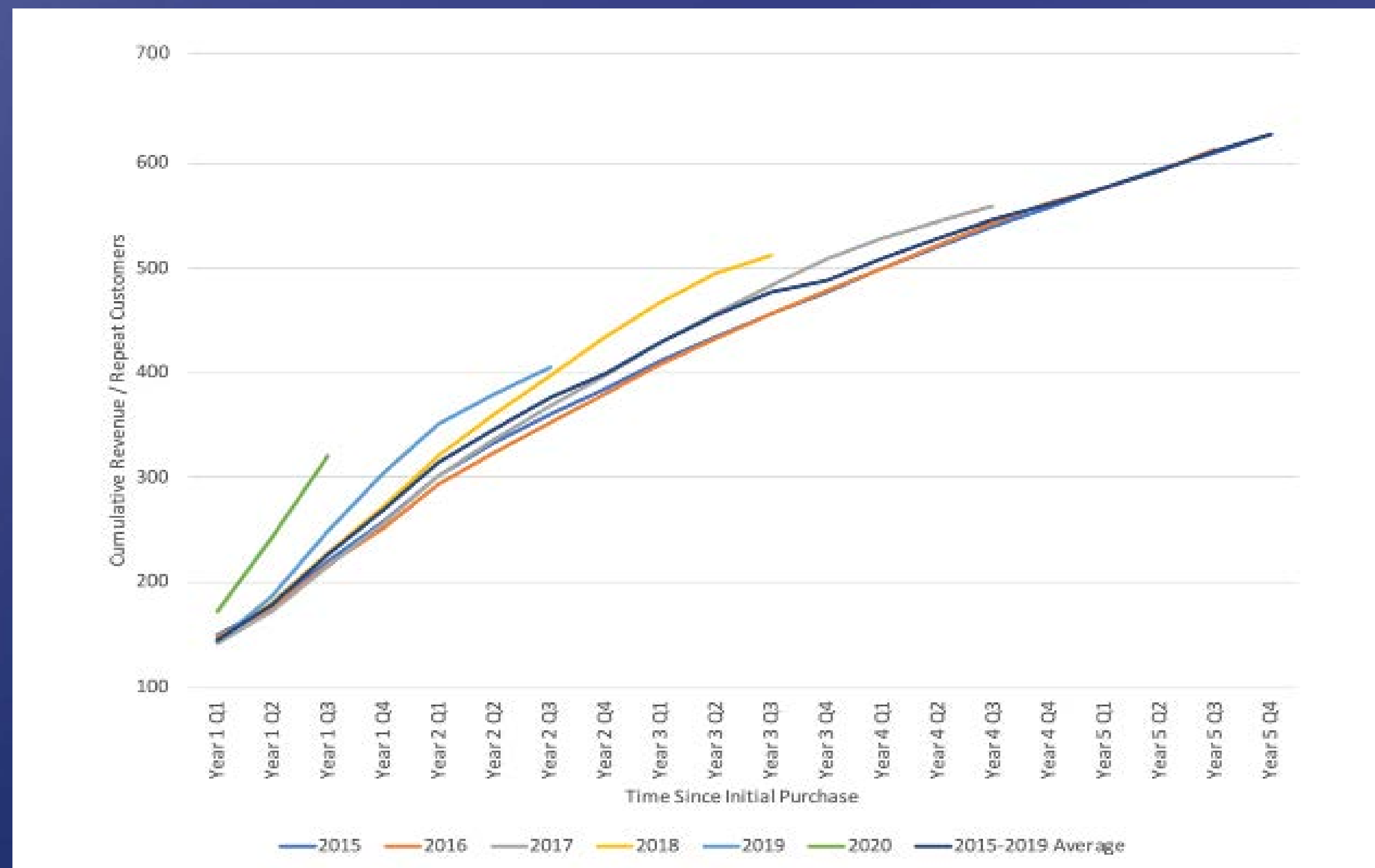
Company Data - as of October 25, 2020

REPEAT REVENUE BY COHORT YEAR:⁽¹⁾

Customers acquired in more recent periods have been spending more over time than customers acquired in older periods.

For example, for the 2019 cohort, from their first purchase through to their third quarter as customers, they purchased 10% more than the average of the 2015-2019 cohorts for the same period.

The 2020 cohort purchased 42% more than the average of the 2015-2019 cohorts for the same period.



BUSINESS OVERVIEW

KITS



DELIVERING A CONSUMER EXPERIENCE UNLIKE ANYTHING IN THE CATEGORY:

VS. INDEPENDENT OPTICAL RETAILERS

- Customer experience advantage with full contact lens + glasses selection at industry leading values
- 1-2 day production and shipping times for glasses (vs. 2 weeks)
- The full convenience of shopping from home

VS. OTHER INDUSTRY PLAYERS

- Incredible value and quality
- Broad selection of third party and owned brands
- Full collection of online vision tools
- Vertically integrated to maintain quality, speed and value
- No legacy overhead from retail locations

(51%) - INDEPENDENT OPTICAL RETAILERS
(49%) - OTHER PLAYERS



THE STRENGTH OF THE PLATFORM ENABLES TRANSFORMATION ACROSS THE VISION CATEGORY:



OUR KITS BRAND OFFERS BEAUTIFUL DESIGN AND THE LATEST INNOVATION ALL AT INCREDIBLE VALUES:

BEAUTIFUL DESIGNS



LATEST INNOVATION



KITS Daily Silicone Hydrogel Lenses



KITS ScreenTime - Blue Light Blocking Lenses

INCREDIBLE VALUE

- ✓ **LOWEST PRICE GUARANTEE**
We Match Any Authorized Price

KITS Daily Silicone
Hydrogel 15 Pack

**~30%
LESS⁽¹⁾**

**\$11.99
PER BOX**

\$351 vs \$69

US average retail
price of glasses⁽²⁾

Average cost of
KITS branded glasses

~80% Less

OUR "GIGA FACTORY" AND OPTICAL LAB:

Building One of North America's Most Automated Optical Labs

- Current capacity 2,000 eyeglass pairs / day
- Scaling our capacity to 10,000 pairs / day

Fully Automated North American Fulfillment Network

- Capable of fulfilling 3,500 contact orders /day
- Capability for next-day delivery across North America
- One of the fastest, most efficient optical fulfillment centers

BUILDING THE OPTICAL GIGA FACTORY



KITS



CUSTOMER DRIVEN ORGANIC GROWTH:

WORD OF MOUTH

Social and user generated content

COVID ACCELERATION OF ONLINE HEALTHCARE

Innovation is continuing on telemedicine and
online vision tools

LOW CAC & HIGH REPEAT RATE

\$40 CAC, \$600 repeat customer LTV
and 69% repeat business⁽¹⁾⁽²⁾

OVERALL CUSTOMER
SATISFACTION
RATING OF 94%
BASED ON OVER 100K
CUSTOMER REVIEWS⁽³⁾

(1) CAC calculated as KITS consolidated 2019 total marketing spend divided by new customers in the period. LTV rate refers to 5-year total LTV for 2015 cohort. Repeat business figure based on KITS consolidated revenue for Fiscal 2019 pro forma for the acquisition of KITS.com Technologies Inc. on April 5, 2019. See "Selected Pro Forma and Consolidated Financial Information and Other Data" in prospectus.

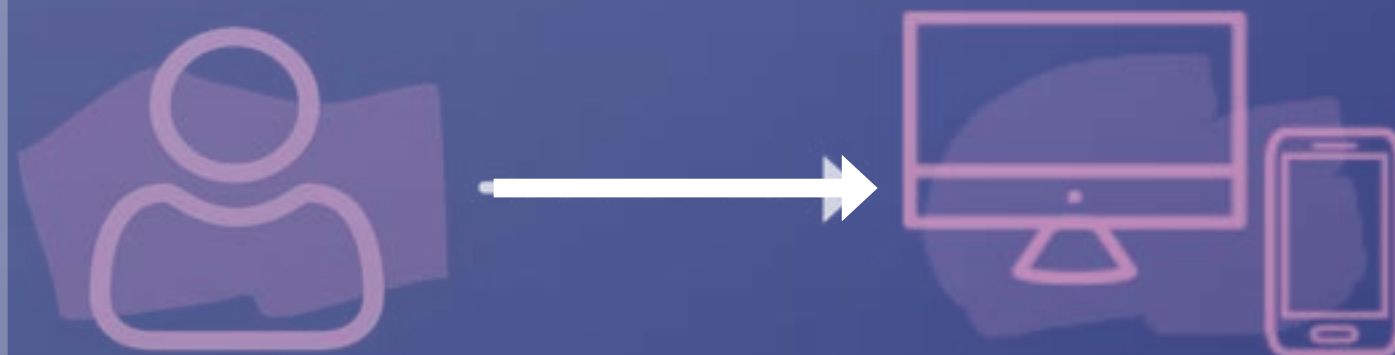
(2) Refer to disclaimer page for non-IFRS measure disclosures

(3) Based on ShopperApproved online customer reviews for OptiContacts.com, September and ContactsExpress.ca, November 9, 2020.

OUR ONLINE VISION TOOL TECHNOLOGY STACK ENABLES FASTER, HIGHER QUALITY SERVICE WITH ENHANCED PRECISION:

Deliver seamless and rigorous customer experience technology ensures faster higher quality care with more precision.

1



Take the ONLINE VISION TEST on the KITS website.

***Prior prescription is required.**

Test results and prior prescription are sent to a licensed optometrist or ophthalmologist for review.

1.5K⁽¹⁾ USES PER MONTH

2



Use our pupillary distance and virtual fitting tools

Find the right fit

Proprietary vision tools to enable today's consumer

3



Start shopping for glasses and contact lenses to make it easy!

43.5%⁽¹⁾ CONVERSIONS INTO ORDERS

OUR DEMOGRAPHIC:

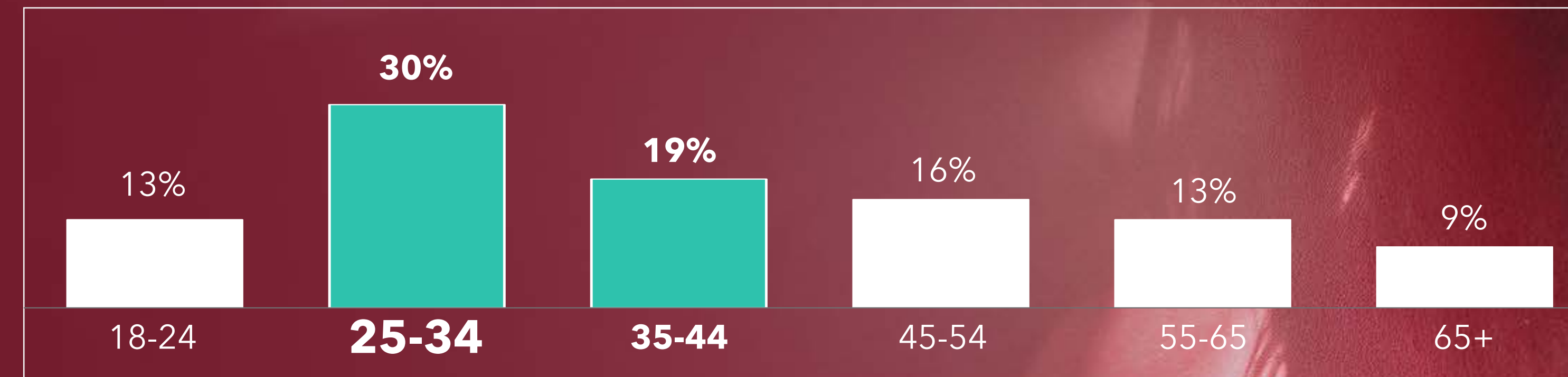
63% Female

The KITS customer is majority female and skews younger.

Entry point to KITS brand creates an opportunity for a loyal, lifetime customer.

- We start with the highest value customer in the category
- Building the brand of tomorrow with today's youthful customers
- She's working from home "right now" and makes over \$75k a year
- Enjoys the outdoors (biking, hiking, skiing - hey so do we!)

Customer Age Profile (in years):



Source: Company data; Across all sites year to date ending August 5, 2020

FINANCIAL OVERVIEW

KITS



KEY FINANCIAL METRICS:

CAD \$000s,
Unless otherwise noted.

3 MONTHS
ENDED
Sept 30, 2020
unaudited

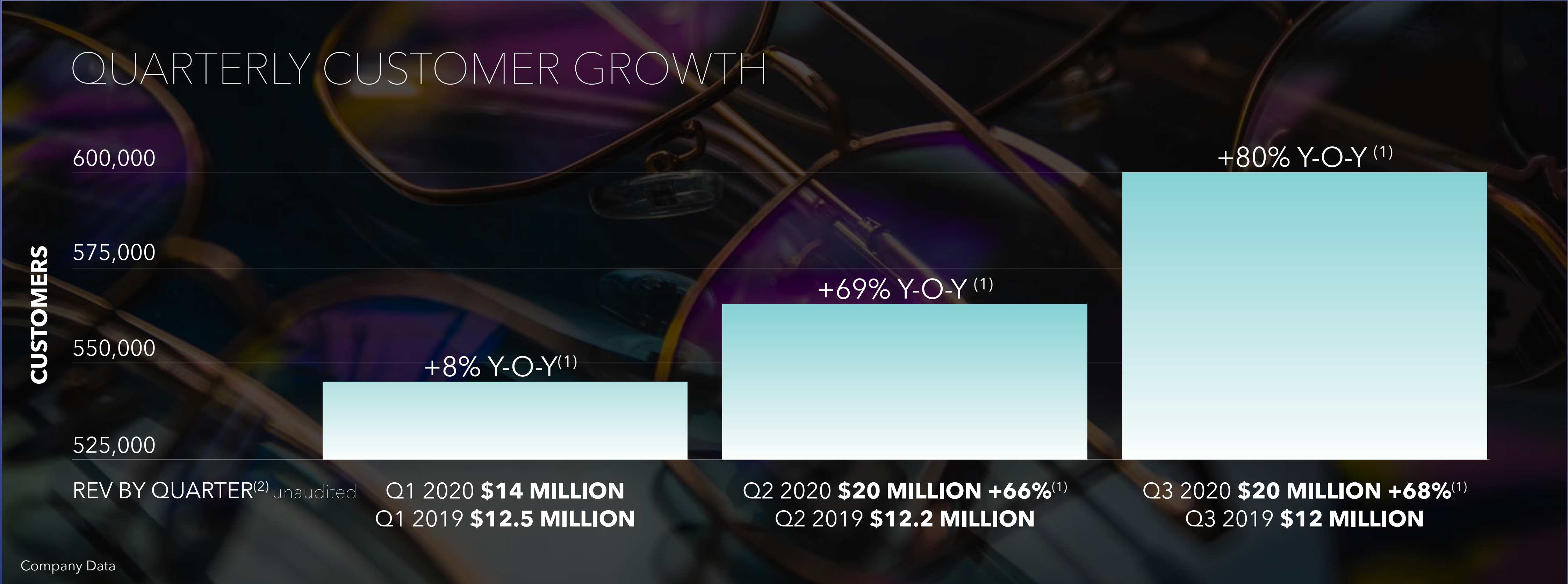
GROWTH
YOY (%)

9 MONTHS
ENDED
Sept 30, 2020
unaudited

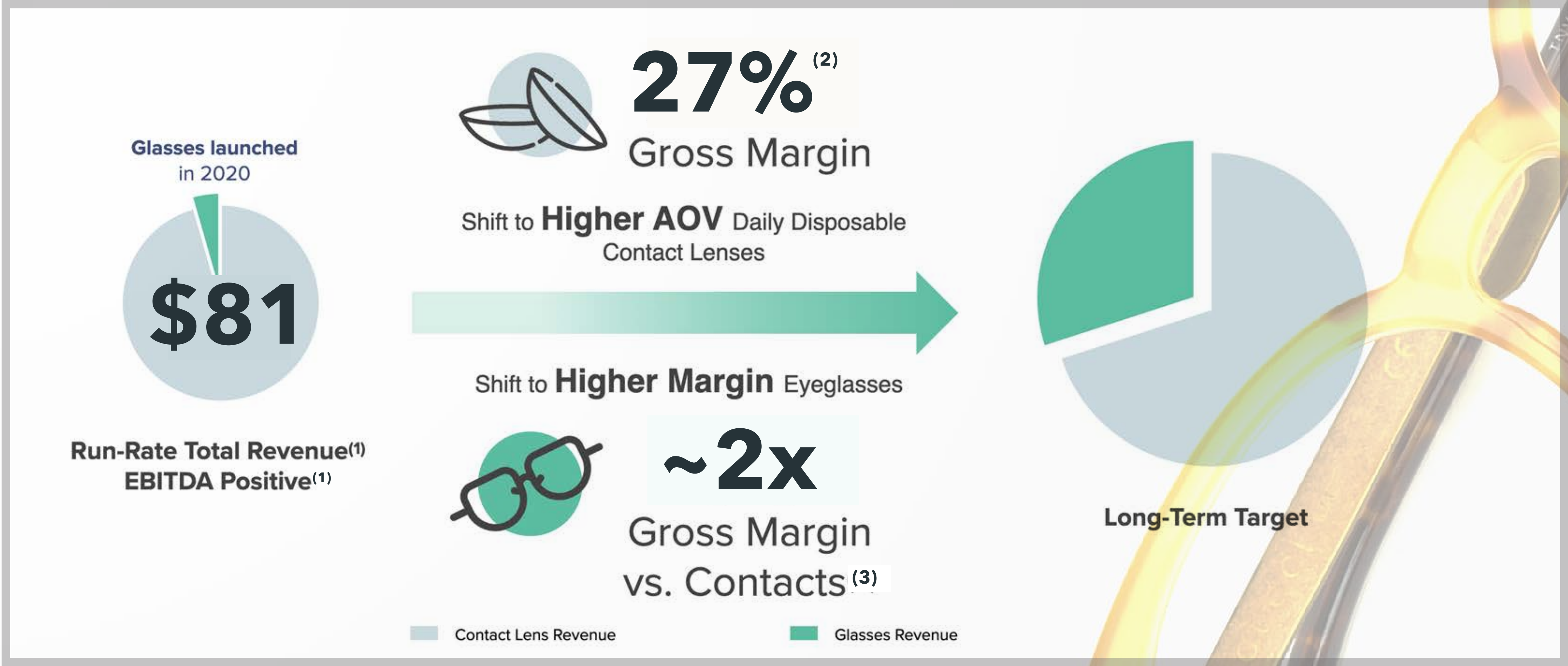
GROWTH
YOY (%)^(a)

Revenue	\$20,201	68%	\$54,934	47%
Gross Profit	\$5,941	76%	\$6,652	71%
Gross Profit (%)	29%		30%	
Non-IFRS Measures:^(b)				
EBITDA	\$1,056	-22%	\$3,751	27%
Adjusted EBITDA	\$1,718	25%	\$4,768	61%

STRONG REVENUE GROWTH Y-O-Y DRIVEN BY NEW CUSTOMER GROWTH AND RECURRING REVENUES:



EXPANDING PRODUCT OFFERING IS DRIVING HIGHER MARGINS AND AVERAGE ORDER VALUE (AOV):



(1) Refer to disclaimer page for non-IFRS measure disclosures.

(2) Fiscal 2019 pro forma for the acquisition of KITS.com Technologies Inc. on April 5, 2019. See "Selected Pro Forma and Consolidated Financial Information and Other Data" in prospectus.

(3) Management estimate

KITS UNIT ECONOMICS:

FY 2019⁽¹⁾⁽⁴⁾

LONG TERM⁽²⁾⁽⁴⁾

Average Order Value:	\$143	\$170
Gross Margin	27%	35-40%
Marketing	8%	8%
Fulfillment	7%	5%
SG&A	4%	5%
EBITDA ⁽³⁾	8%	17-22%

(1) Fiscal 2019 pro forma for the acquisition of KITS.com Technologies Inc. on April 5, 2019. See “Selected Pro Forma and Consolidated Financial Information and Other Data” in prospectus.
(2) Refer to disclaimer page for non-IFRS measure and cautionary statement regarding forward-looking information disclosures.
(3) Calculated as gross margin less marketing, fulfillment, and selling, general and administrative expenses rates set forth in the table.
(4) All figures other than AOV refer to a percentage of revenue

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A UNIQUE COMBINATION OF A LARGE MARKET, DISRUPTIVE TECHNOLOGY, AND A WORLD CLASS TEAM HAS LEAD TO:

- **Proprietary platform**
- **Visionary accomplished team**
- **Highly scalable operating model**
- **Recurring revenue**
- **Strong tailwinds**

Growth

50% Year on year revenue growth.⁽¹⁾

Scale

\$74 Million Revenue 2020E⁽²⁾

80% US /
20% Canada

Profit

Strong 27% gross margin & positive EBITDA.⁽²⁾⁽³⁾

A hand holding a pair of glasses against a sunset background with bokeh lights.

**THERE'S
SO MUCH
MORE TO
SEE**

Thank you!

NON-IFRS MEASURES RECONCILIATION: EBITDA

	Nine Months ended September 30, 2020 unaudited	Year ended December 31, 2019 (a) audited	Unaudited Pro Forma Combined Year ended December 31, 2019 (b)
CAD \$000s, unless otherwise noted			
Net income / (loss) for the period.....	\$ (367)	\$ 53	\$ (131)
Add back:			
Income taxes.....	559	37	100
Finance costs -net.....	2,055	1,821	2,433
Depreciation and amortization.....	1,504	1,327	1,786
EBITDA	3,751	3,238	4,188
Add back:			
Share-based compensation	504	130	130
One-time costs (c).....	513	275	8
Adjusted EBITDA.....	\$ 4,768	\$ 3,643	\$ 4,326

(a) Year ended December 31, 2019 does not include operating results prior to the acquisition of KITS.com Technologies Inc. on April 5, 2019.

(b) The unaudited pro forma combined year ended December 31 2019 gives effect to the acquisition of KITS.com Technologies Inc. as if it had occurred on January 1, 2019. See "Selected Pro Forma and Consolidated Financial Information and Other Data" in prospectus.

(c) In connection with the acquisition of LD Vision Group Inc. and the filing of this prospectus, the Company incurred expenses related to professional fees, consulting, legal, and accounting that would otherwise not have been incurred and were directly related to these two matters. These fees are not indicative of the Company's ongoing costs and we expect they will discontinue following the completion of the Offering

NON-IFRS MEASURES RECONCILIATION: RUN-RATE REVENUE

CAD\$M, unless otherwise noted	Q3 2020
Q3 2020 Revenue ^(a)	\$20.2
Multiplied by:	4
Run-rate Revenue ^(b)	\$81