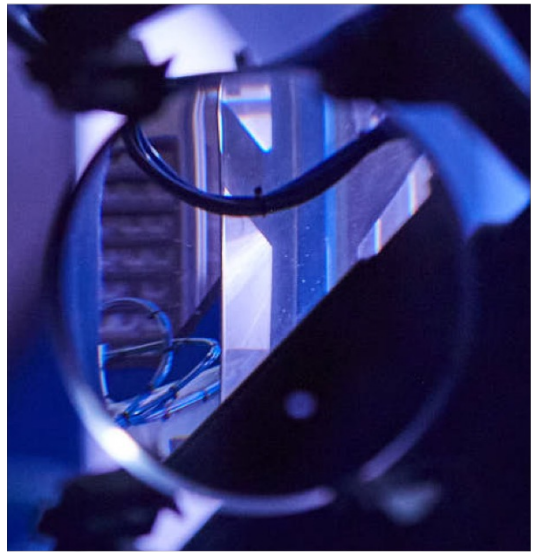
KITS

Q1 2023
May 2023

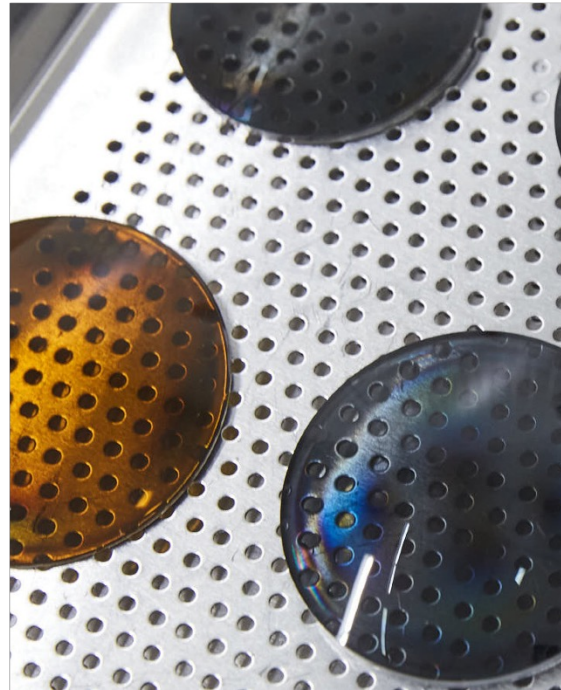
JOSEPH THOMPSON | Co-Founder & COO











KITS

Forward Looking Statements

This presentation 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, projections, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or 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.

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 optical laboratory for glasses and warehouse facilities; the growth of our business and launch of new technologies; 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 are material factors made in preparing forward-looking information and management's expectations.

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, 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 filed on March 9, 2023 for Fiscal 2022 (the "AIF"). 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 Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

We caution that the list of risk factors and uncertainties described in the AIF is not exhaustive and other factors could also adversely affect its results. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information. The forward-looking information contained in this presentation represents our expectations as of the date of this presentation (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. If we do update certain forward-looking

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 "Constant Currency Revenue", "EBITDA", "Adjusted EBITDA" and "Adjusted EBITDA Margin". This presentation also makes reference to "Active Customers", "Customer Acquisition Costs" and "AOV" (each as defined below), which are commonly used metrics in our industry.

"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.

"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.

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

"Constant Currency Revenue" is calculated by translating the current year reported amounts into comparable amounts using a single foreign exchange rate for each currency calculated based on the prior period exchange rates.

"Customer Acquisition Cost" is defined as total marketing expense for a given period divided by the number of Active Customers during that same period.

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

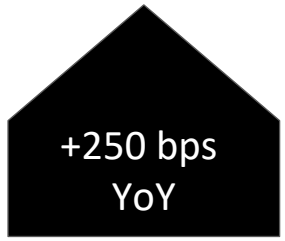
See "Reconciliation of Non-IFRS Measures" at the end of this presentation for a reconciliation of non-IFRS metrics to IFRS metrics.

Q1 2023 COMPANY SNAPSHOT

$27.7M
Q1 Revenue



33%
Q1 Gross Margin



$9.1M
Gross Profit



$0.3M
Adjusted EBITDA





BUILDING EYECARE BRAND FOR CONSUMERS OF TODAY

Founded In 2018, Over $110 Million Annual Revenue Run Rate, Grew Revenue 38% in Q1’23

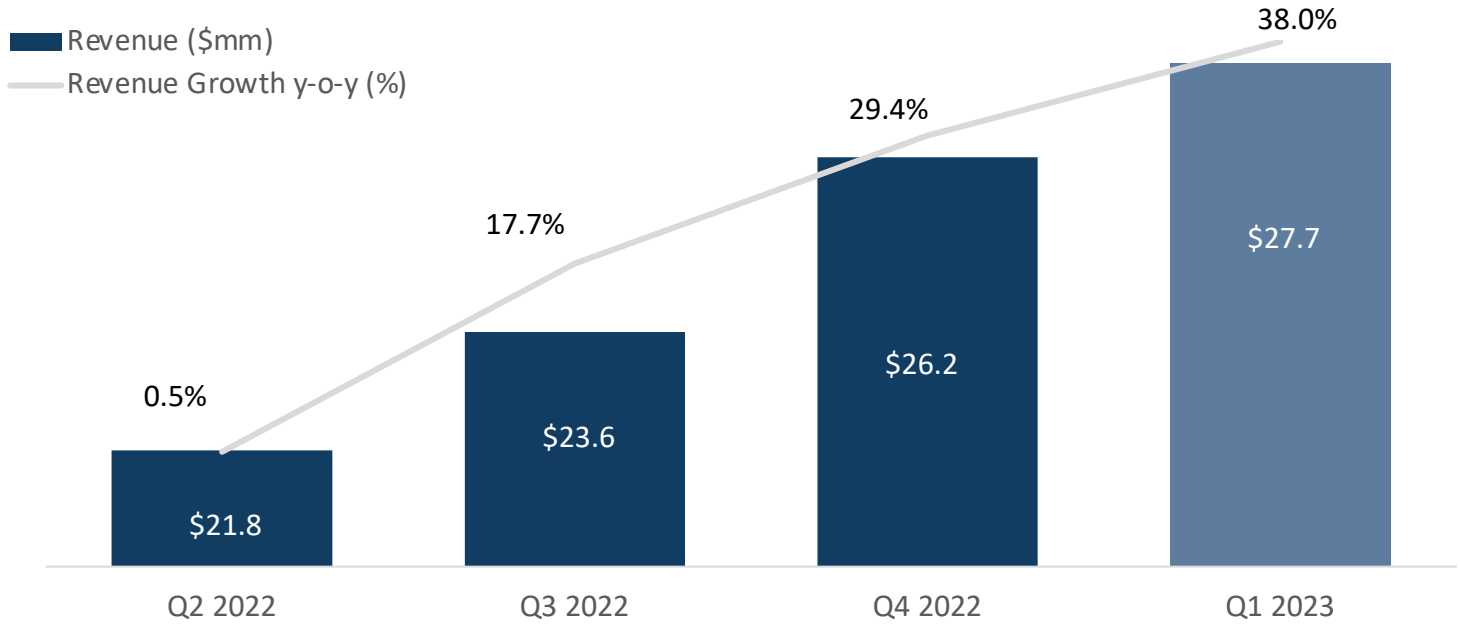
1. Our team has deep skill sets and a proven track record of executing in the eyecare, technology and consumer industries
2. We operate in a compelling $76 billion-dollar US eyecare category comprised of 48,000 optical shops
3. Our state-of-the-art optical ‘giga factory’ gives us a sustainable competitive advantage with the lowest cost of on shore manufacturing and best-in-class service
4. Our direct business model is focused on accelerating customer growth, retention, optimizing data and delivering predictable recurring revenue
5. Accelerated value creation as revenue grew ~38% in Q1. Over 60%(1) of our business is recurring, with over 800,000(1) Active Customers

KITS

(1) Based on Q1 2023

KITS BRAND EXPANSION LAST 4 QUARTERS

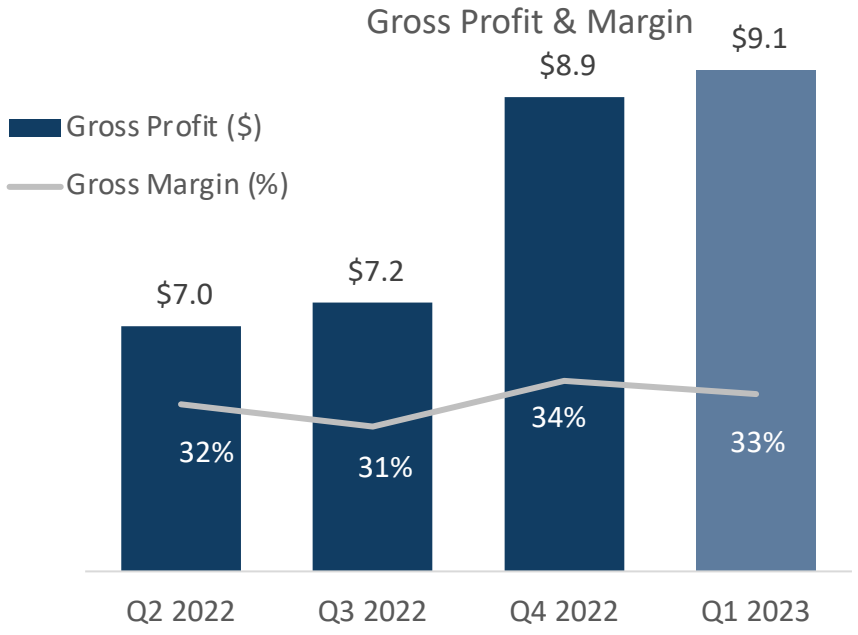
Revenue Growth Of 38%



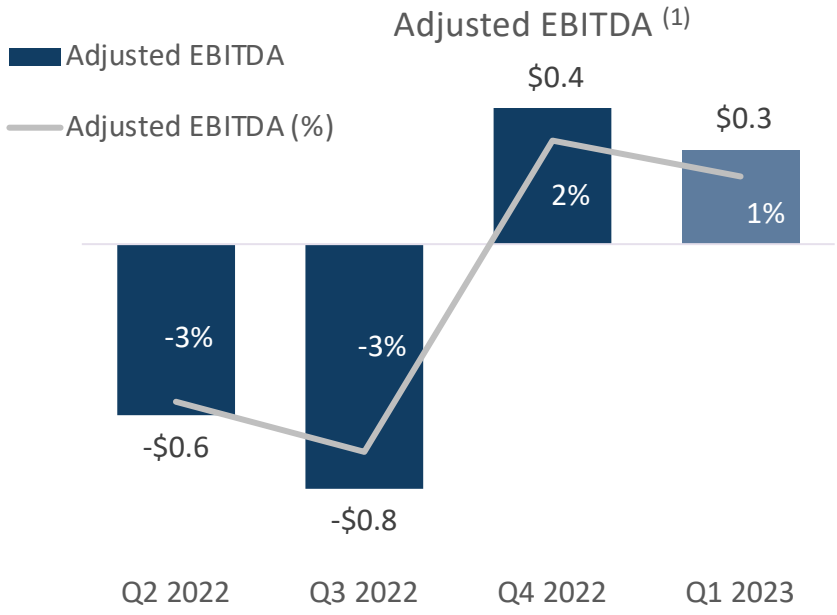
Revenue ($mm)	$ 21.8	$23.6	$26.2	$27.7
Revenue Growth y-o-y (%)	0.5%	17.7%	29.4%	38.0%
Marketing (%)	15.3%	14.2%	13.7%	14.5%

CONTINUED GROSS PROFIT & MARGIN EXPANSION

Growth Is Driving Improvements In Profitability

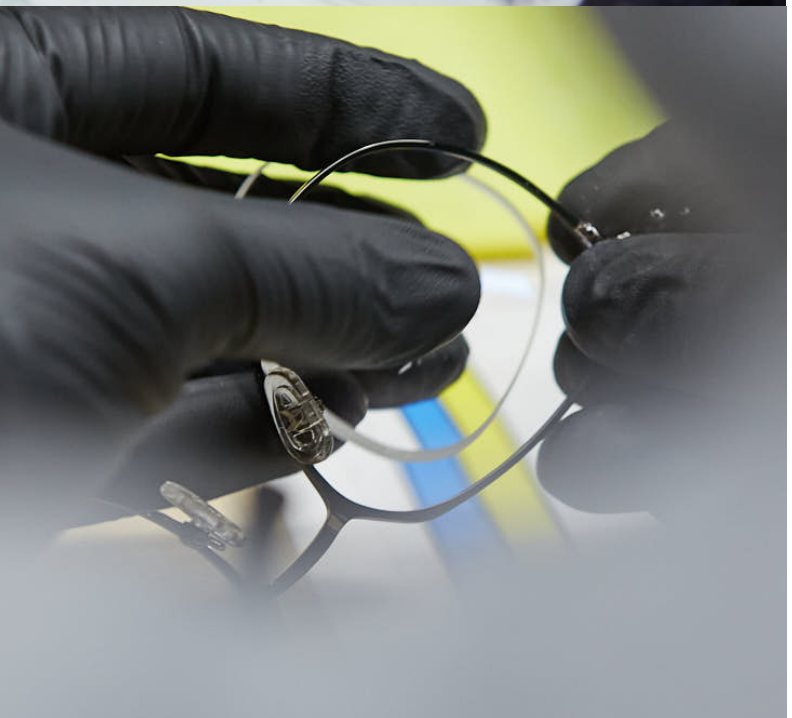


	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Gross Margin growth y-o-y (%)	49.7%	38.8%	45.9%	49.3%



(1) Please refer to "Non-IFRS Measures and E-Commerce Industry Metrics"





OUR OPTICAL LAB & FULFILLMENT CENTER

1. Building North America's most automated Optical Lab with 4,000+ pair per day capacity
2. Enables the lowest cost of manufacturing in the industry (and the fastest)
3. Carrier rates declined while speed of delivery improved
4. Capex deployed to scale revenue to $200 million +

Our optical 'giga factory' will continue to boost NPS and the KITS brand, while fulfillment as a % of revenue lowers with scale

KITS

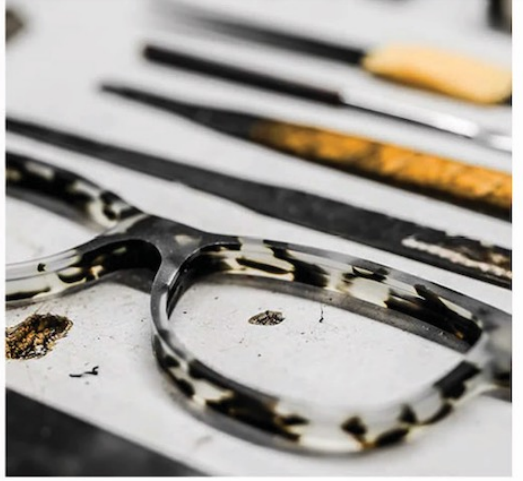
KITS makes eyecare easy.

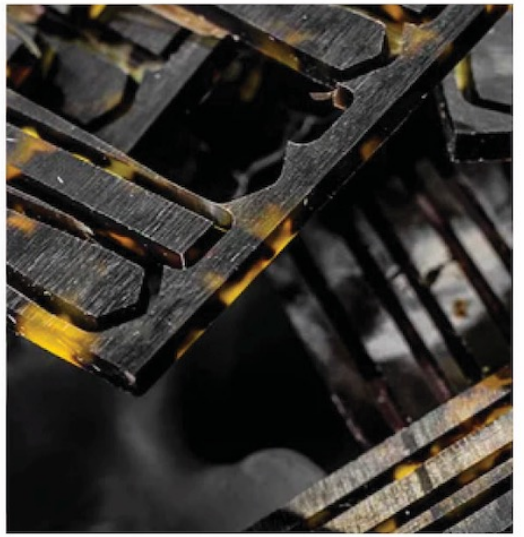
It all started on KITS beach, in Vancouver, Canada. Shared belief in easy access to high quality eyecare product brought together three passionate friends — Roger, Sabrina and Joe. KITS was born — with a mission to unlock quality eyecare to everyone, everywhere.

Today, customers come to KITS for our diverse offering of our own as well as designer glasses, sunglasses, contact lenses, and accessories. Our in-house KITS frames collection is curated to create a meaningful choice of timeless and responsibly made premium frames. Each of the diverse products KITS offers at approachable prices are delivered at speed, with a guarantee of superior quality and exceptional KITS customer care.

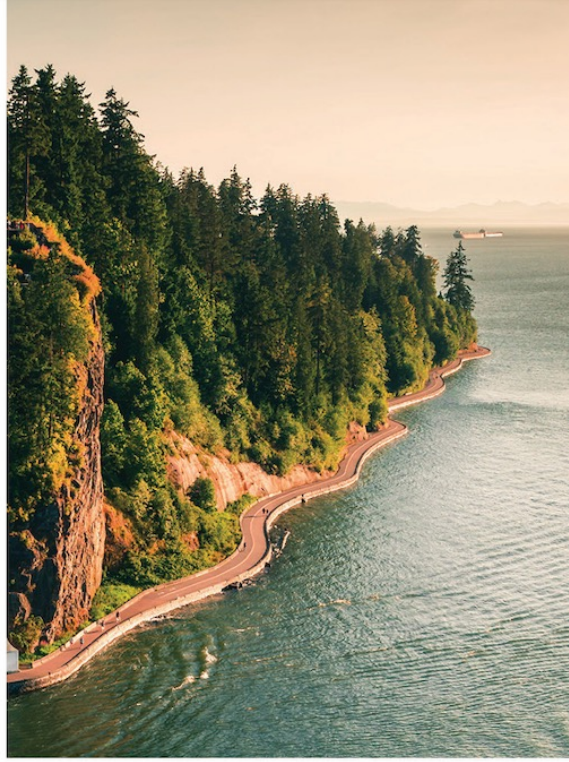
Our unique difference is our modern Optical Lab in Vancouver, where we design and hand-assemble all our frames with lenses cut to each unique prescription and order. We take great pride in stuartship of the craft of making glasses, our ability to control quality and to ship to our customers at unmatched speed.

There’s so much more to see.











OVERALL EYECARE REVENUE GREW 38%

GLASSES REPEAT REVENUE GROWTH

37,000 glasses to repeat

Total glasses delivered in 1Q 2023: 67,000

+45.7% YoY
+76.2% QoQ

$27.7M Q1 REVENUE

+38% YoY
+5% QoQ

GROSS MARGIN INCREASED TO 33% IN Q1

+250 bps YoY
-95 bps QoQ

STRONG CASH BALANCE $19.6 MILLION

vs.
$18.8 million – Q4'2022
$18.3 million – Q1'2022

RECORD REPEAT REVENUE $16.6 MILLION

From Loyal Customers in 1Q 2023

+$2.6 million YoY
>100,000 repeat orders

800K+ ACTIVE CUSTOMERS (1) (2)

+13% vs. 2021
+46% vs. 2020

1) Active Customer is a E-commerce Industry Metric, please refer to "Non-IFRS Measures and E-Commerce Industry Metrics"
2) 2-year Active Customers



2023 AND BEYOND

1. Superior data, customer experience, drives continued revenue and customer growth, market share gains
2. Gross margin expansion as specialty segments grow
3. Ongoing innovation in fulfillment and product drives net promoter score (NPS) and customer retention
4. Expanded partnerships and growth of Fulfillment by KITS (FBK)
5. Healthy balance sheet and growth funded from cash flow


KITS
THANK YOU!

AN EXPERIENCED LEADERSHIP TEAM WITH OVER 100 YEARS OF COMBINED INDUSTRY EXPERIENCE


ROGER HARDY
Co-Founder & CEO


SABRINA LIAK
Co-Founder & President


JOSEPH THOMPSON
Co-Founder & COO


ARSHIL ABDULLA
CTO


STEFAN HARVALIAS
CMO

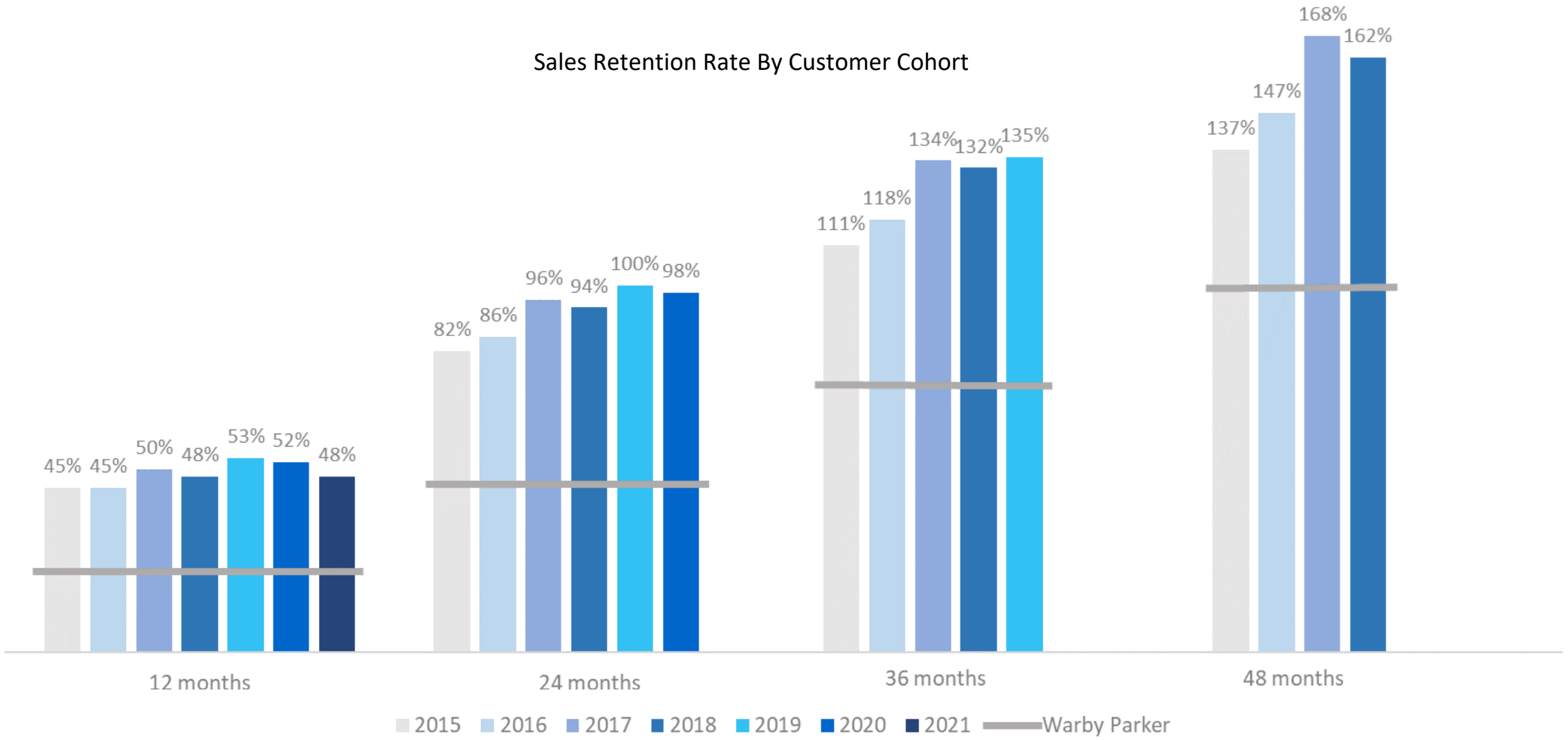

ROB LONG
CIO


TAI SILVEY
CBDO


ZHE CHOO
SVP FINANCE

CATEGORY LEADING RETENTION

RATES DRIVE CONTINUED & SUPERIOR GROWTH



Source: Management estimates, competitor data based on Warby Parker 4th Quarter 2022 average cohort results: https://investors.warbyparker.com/events-presentations/default.aspx

RECONCILIATION OF NON-IFRS MEASURES

CAD $000s, unless otherwise noted	Three months ended March 31, 2023 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Reconciliation of EBITDA and Adjusted EBITDA			
Net income / (loss) for the period	$ (1,020)	$ (2,264)	$ (3,568)
Add back:			
Income taxes	(274)	(714)	(2,586)
Finance costs – net	381	404	736[e]
Depreciation and amortization	866	851	508
EBITDA	(47)	(1,723)	(4,910)
Share-based compensation [a]	308	306	339
Brand Expenses [b]	-	-	1,304
Exchange (gain)/loss	39	485	(154)
One-time costs [c]	4	14	704
Adjusted EBITDA	$ 304	$ (918)	$ (2,717)
Revenue	$ 27,667	$ 20,052	$ 20,432
Adjusted EBITDA Margin % [d]	1.1%	(4.6%)	(13.3%)

Notes:

a. Represents non-cash share-based compensation expense associated with restricted share rights ("RSRs") and options recognized in the period.

b. Represent expenses associated with brand and content creation for KITS including film and other brand assets. The Company plans to use these brand assets over time and therefore will be able to derive future economic benefits from these expenses incurred.

c. In connection with the acquisition of Kits.com and the IPO, 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. Other than the one-time IPO directors and officers insurance costs which is expensed over the insurance coverage period, we expect the remaining cost to discontinue following the completion of the IPO.

d. Represents Adjusted EBITDA divided by revenue from the same period.

e. Includes a one-time finance charges incurred as a result of our initial public offering on January 19, 2021.