



**ANNUAL INFORMATION FORM**

For the year ended December 31, 2025

Dated March 3, 2026

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## INTRODUCTION

Unless otherwise stated in this Annual Information Form, all information is given as of December 31, 2025 and all dollar amounts are expressed in Canadian dollars. All references in this Annual Information Form to the “Company”, “KITS”, “we”, “us” or “our” refer to Kits Eyecare Ltd. together with our subsidiaries, on a consolidated basis.

This Annual Information Form contains certain trademarks, which are protected under applicable intellectual property laws and are our property. Solely for convenience, our trademarks and trade names referred to in this Annual Information Form may appear without the ® or TM symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks and trade names.

All references to dollars or \$ are to Canadian dollars unless otherwise indicated. Certain totals, subtotals and percentages throughout this Annual Information Form may not reconcile due to rounding.

### CAUTION REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

This Annual Information Form 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, budgets, operations, financial results, taxes, dividend policy, share repurchases, 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.

Forward-looking information is 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 forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. The factors and assumptions on which forward-looking information is based, include, but are not limited to: 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 maintain and expand distribution 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.

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, and 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 under the heading entitled “Risk Factors”. If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. The opinions, estimates or assumptions described under the heading entitled “Risk Factors” should be considered carefully by readers.

Although we have attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this Annual Information Form represents our expectations as of the date of this Annual Information Form (or as 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 in Canada. If we do update certain forward-looking information, no inference should be made that we will further update such or other forward-looking information.

All of the forward-looking information contained in this Annual Information Form is expressly qualified by the foregoing cautionary statements.

## INDUSTRY METRICS

This Annual Information Form contains certain industry metrics. We believe these industry metrics provide useful information both to management and investors in measuring the performance and condition of the Company for the reasons outlined below. These measures do not have a standardized meaning and therefore they may not be comparable to similarly titled metrics presented by other publicly traded companies, and they should not be construed as an alternative to financial measures determined in accordance with IFRS.

**“Active Customers”**: As of the last date of each reporting period, we determine the number of our 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. We introduced this number for a 2-year period to provide greater visibility in measuring our business performance as a 2-year period more closely reflects the frequency of repeat purchases in the eyecare sector. The change in active customers in a reporting period captures both the inflow of new customers as well as the outflow of customers who have not made a purchase in the stated period. We view the number of active customers as a key indicator

of our growth—acquisition and retention of customers— and, as such, an indicator of the results of our marketing efforts and the value we provide to our customers.

**“Autoship Subscribers”**: We define Autoship Subscribers as customers that have an active Autoship subscription as of the last date of each reporting period.

**“AOV”**: AOV means average order value, which we calculate as revenue divided by the number of orders.

## CORPORATE STRUCTURE

### Name, Address and Incorporation

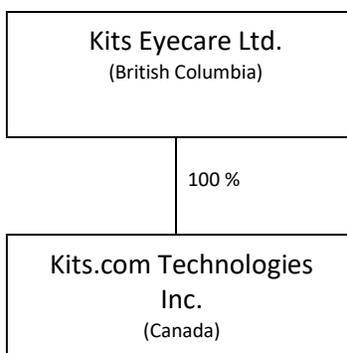
Our company was founded in Vancouver, Canada, and incorporated on October 19, 2018 as Kits Eyecare Ltd. under the *Business Corporations Act* (British Columbia) (the **“BCBCA”**). Our wholly-owned subsidiary, LD Vision Group Inc. (**“LD Vision Group”**), which we acquired on April 5, 2019, was incorporated under the *Canada Business Corporations Act* on December 30, 2002. On May 30, 2019, LD Vision Group changed its name to KITS.com Technologies Inc. (**“KCTI”**).

Our principal and registered office is located at Suite 1020, 510 Seymour Street, Vancouver, British Columbia, Canada V6B 3J5.

On January 18, 2021 in connection with the completion of our initial public offering, holders of all of our Class A, Class B and Class C preferred shares converted their preferred shares into Common Shares based on the conversion terms attached to each Class (the **“Conversions”**). Immediately following the Conversions, we amended our articles (the **“Articles”**) to, among other things, restate our authorized share capital to be comprised of an unlimited number of common shares without par value (**“Common Shares”**) and an unlimited number of preferred shares without par value (**“Preferred Shares”**) and the classes of Class A, B and C preferred shares were eliminated.

### Intercorporate Relationships

The following chart identifies our wholly owned subsidiaries (including the percentage of votes attaching to all voting securities beneficially owned or controlled or directed and jurisdiction of formation or incorporation):



## GENERAL DEVELOPMENT OF THE BUSINESS

### Overview of the Business

KITS was founded in October 2018 to bring vision care to eyes everywhere, unlocking convenience and choice. We offer our KITS community access to a vast selection of contact lenses and eyeglasses, including our own exclusive KITS-designed products, and an advanced suite of online vision tools. We operate a network of optical e-commerce websites, including KITS.com, KITS.ca, OptiContacts.com and ContactsExpress.ca, the latter two of which we acquired in April 2019 and have been in operation since 2002.

Through our websites and mobile platform, we offer our customers access to more than 40,000 contact lens products and over 16,660 styles of glasses. Our unique multi-brand strategy, technology-based tools, and exceptional customer service have contributed to our financial performance. We increased our 2-year Active Customers to over 1,064,000 as of December 31, 2025, representing a 16.5% year-over-year increase and served over 393,000 new customers in 2025. In 2025, contact lens sales generated revenue of \$172.8 million.

Our efficient digital platform, backed by our in-house design and vertically integrated on-shore optical lab, reduces the use of intermediaries and enables us to offer high quality products, fast service, competitive prices, and deliver made-to-order personalized products. We strive to delight our customers with a convenient digital shopping experience, fast and reliable delivery options – including our convenient “Autoship” subscription program for contact lenses – and a focus on earning our customers’ lifelong loyalty. Our Autoship subscription program remains a stable component of this repeat revenue base, providing customers with "set it and forget it" convenience, free upgraded shipping, and complimentary vision perks. Autoship contributed \$23.8 million in revenue for the year, representing a \$23.8 million annuity with minimal associated acquisition costs. We continue to evaluate and evolve the program to ensure it delivers ongoing value to subscribers.

We completed the move to our onshore optical lab and fulfillment centre in the third quarter of 2021 and maintain one of the largest contact lens and glasses inventories in the eyewear retail market in North America. Our onshore optical lab allows us to reduce the impact of supply chain disruptions, while delivering prescription glasses to customers in as little as one day. We continue to focus on expanding the revenue profile per order by delivering exceptional quality and speed. Our in-house progressive lens offering which came online in the third quarter of 2021 continues to gain traction. Progressive orders in 2025 represented 11.7% of total eyeglasses delivered, which is a fraction of industry levels and remains a significant area of potential growth for the Company. We remain focused on building our progressive and multifocal lens business as we are vertically integrated and competitively advantaged in the production of these premium specialty lenses.

In 2025, eyeglass sales generated revenue of \$69.6 million (2024: \$21.8 million). Eyeglasses delivered increased by 43.5% year-over-year to more than 426,000 eyeglasses in 2025. Over 89.2% of these glasses were KITS branded frames, underscoring KITS’s brand appeal and recognition in the market. In 2025, we delivered over 219,000 glasses to repeat glasses customers, representing 28.8 % year-over-year growth and validating our customer-centric approach.

### *Competitive Conditions*

The eyewear retail market is highly competitive, fragmented and consists of five primary segments:

- Ophthalmologists and optometrists in private practice and/or members of multi-doctor purchasing alliances;
- National optical chains, such as Vision Source, LensCrafters, Pearle Vision, National Vision and New Look;
- Mass merchandisers and club stores, such as Walmart, Costco and Loblaws;
- Online retailers, both independent companies and divisions of brick-and-mortar retailers such as 1800 Contacts, Warby Parker, Zenni Optical, and Clearly; and
- A number of smaller, subscale, early-stage participants

Some of the key competitive factors in the eyewear retail market are product selection and quality, price, customer service, brand awareness and loyalty, reliability and trust, convenience, and speed at which orders are delivered to our customers. We believe that we differentiate ourselves from our competitors by focusing on a positive customer experience, providing affordable and convenient options for our customers, and by offering fast and reliable delivery options. In addition, we believe that our online capabilities are superior when compared with the online channel capabilities for a majority of ophthalmologists and optometrists in private practice and/or members of multi-doctor purchasing alliances, which provides us with an advantage in the fast-growing online channel.

### *The Kits Partnership Ecosystem*

KITS partners with a carefully selected set of providers for raw material, eyecare products, and vision related technology. Our relationship with our partners provides a mutually beneficial ecosystem for KITS and for our partners, so that all of us benefit from each other's brands and capabilities.

The rapid growth of our customer base and sales, paired with our comprehensive eyecare platform, provide our partners with opportunities to grow their brands. Our partners benefit from the trust and reviews we have generated from our customers. Our Autoship subscription program for contact lenses may also lead to increased repeat orders of our partners' products. Our integrated, fully automated optical lab for glasses, distribution facility and fulfillment network also provides our partners with fast and reliable delivery options for their products.

We offer a wide assortment of optical products and services that continues to grow every day. We carry more than 16,660 styles, over 50 brands and over 100,000 individual products. Our contact lens partners include Alcon, Bausch & Lomb, CooperVision and Johnson & Johnson, and our glasses partners include Gucci, Oakley, Ray-Ban and Tom Ford. We are also partnered with raw material suppliers of high quality Italian acetate and metal, and some of the best in European hinge design for our handmade KITS frames, which enables us to offer our customers with high quality KITS-branded glasses. Our raw materials are sourced from a variety of suppliers; however, we rely on a small number of key suppliers for certain critical components, including contact lenses, hinges, acetate, and lenses used in our eyewear assembly. While we believe our supply chain is generally robust, any disruption in the availability of these key components could impact our operations.

All our frames begin as art. Our in-house team starts with inspiration from people, culture, and the environment around us. We start by hand sketching the details of each frame, drawing from many muses

in our own city – buildings, the skyline, and infrastructure. Our KITS logo associated with our glasses was inspired by an ancient local tool. We also search globally for talent that aligns with our core values. We have a passion for making beautiful, functional frames.

### *Intellectual Property*

We regard our domain names, brands, trade secrets, proprietary technologies and similar intellectual property as critical to our success, and we rely on intellectual property laws, trade-secret protection, and confidentiality and/or license agreements with our employees, customers, partners, and others to protect our proprietary rights.

### *Employees*

As of December 31, 2025, we had 176 employees, of which 44 were employed in our corporate offices, and the remaining were employed at our optical lab, fulfillment centre or our KITS flagship community store in British Columbia.

We hire seasonal workers and part-time employees for our distribution and fulfillment centre during peak seasons such as back-to-school and the year-end expiration of our customers' employer health benefits. This provides us with greater flexibility in our workforce and allows us to better address busier peak periods. None of our employees are currently covered by a collective bargaining agreement and we have had no labour-related work stoppages.

## **Three Year History**

### *2023*

On March 24, 2023, we were recognized in the Globe and Mail Report on Business's Women Lead Here list for the second consecutive year and profiled for our leading diversity practices. This annual editorial benchmark identifies best-in-class executive gender diversity in corporate Canada.

On November 21, 2023, we were pleased to announce a record week in eyeglasses revenue in the week leading into Black Friday. The week saw an unprecedented surge in returning eyeglasses customers, with many opting to purchase multiple pairs, marking a significant milestone for our business.

On November 29, 2023, we were pleased to report a record day of result on Cyber Monday. Our record-breaking achievement was fueled by the strength of our new eyeglasses collections and the steadfast loyalty of our returning customers. Our logistical systems demonstrated remarkable resilience, effortlessly handling increased traffic and orders. This reinforces our confidence in the investments that we have made to meet growing demand.

### *2024*

On April 8, 2024, Zhe Choo was appointed as Chief Financial Officer of KITS and Sabrina Liak resigned as President and Chief Financial Officer of the Company.

On May 30, 2024, we announced that the Toronto Stock Exchange (the "TSX") had accepted our notice of intention to make a Normal Course Issuer Bid ("NCIB"), pursuant to which we may repurchase for cancellation a maximum of 1,572,505 Common Shares through open market transactions on the TSX and

any alternative Canadian trading systems on which the Common Shares are traded, based on the prevailing market price. The NCIB commenced on June 3, 2024 and ended on June 2, 2025. In 2024, we repurchased and cancelled 25,000 Common Shares under the NCIB.

On June 3, 2024, we launched a partnership with Telus Health, a global healthcare leader providing comprehensive physical, mental and financial wellbeing services and solutions, to offer direct billing for 38 insurance companies, covering over 70 per cent of Canadians.

On July 22, 2024, we unveiled our limited-edition KITS Pangolin smart glasses, featuring prescription lenses, a charger, and a suite of AI-enhanced features. This launch, alongside an expanded range of AI-enhanced frames and lenses, underscores our commitment to making eyecare easy and accessible while delivering innovative products and an exceptional customer experience. We do not anticipate any significant increase in production and marketing costs in the short term due to the rapid expansion of our smart glasses product line and are managing these investments carefully to balance immediate expenses with long-term revenue growth expectations in the technology-integrated eyewear industry, which is still in its infancy. KITS' Pangolin smart glasses sold out in the third quarter of 2024.

On September 26, 2024, we announced the closing of a secondary offering (the "**Secondary Offering**") of Common Shares pursuant to which Canaccord Genuity Corp., as sole bookrunner, together with Beacon Securities Limited, as co-lead underwriters, on behalf of a syndicate of underwriters (collectively, the "**Underwriters**") purchased an aggregate of 1,125,000 Common Shares on a bought deal basis from Roger Hardy, 0999849 B.C. Ltd., Hardy Family Foundation, Bene Certo Holdings Ltd. (each entities controlled by Roger Hardy), LD Group Holdings Ltd. (an entity in respect of which Arshil Abdulla is the trustee of a principal shareholder), Joeseeph Thompson (collectively, the "**Selling Shareholders**") at an offering price of \$10.15 per Common Share (the "**Offering Price**"). Concurrently with the closing of the Secondary Offering, the Underwriters purchased 325,000 Common Shares on a bought deal basis from the spouse of Sabrina Liak (the "**Block Shareholder**"), at the Offering Price.

On October 11, 2024, we announced the closing of the over-allotment option (the "**Over-Allotment Option**") in connection with the Secondary Offering, pursuant to which the Underwriters purchased an additional 168,750 Common Shares on a bought deal basis from the Selling Shareholders at the Offering Price. KITS did not receive any proceeds from the Secondary Offering or the exercise by the Underwriters of the Over-Allotment Option.

On October 16, 2024, we announced sales of \$3.6 million for the week ending October 12, 2024. The increase in sales is driven by a notable surge in website traffic and customer engagement, with more shoppers browsing KITS' catalog of eyeglasses and contact lenses.

On November 4, 2024, Arshil Abdulla was appointed to the Company's board of directors (the "**Board**") and Sabrina Liak resigned from the Board.

## 2025

On May 30, 2025, we announced that the TSX had accepted our notice of intention to make a NCIB, pursuant to which we may repurchase for cancellation a maximum of 1,600,300 Common Shares through open market transactions on the TSX and any alternative Canadian trading systems on which the Common Shares are traded, based on the prevailing market price. The NCIB commenced on June 3, 2025 and ends on June 2, 2026 or such earlier date on which the maximum number of Common Shares are purchased

under the NCIB or the NCIB is terminated at the Company's election. There were no share repurchases or cancellations executed under the NCIB for the fiscal year ended 2025.

In July 2025, we launched the beta version of OpticianAI™, our proprietary artificial intelligence ("AI") platform designed to provide a seamless, personalized vision care experience. With modest conversion gains highlighting its early impact and potential to enhance long-term customer engagement and revenue growth while improving service times and reducing costs.

On October 15, 2025, we announced the resignation of our Chief Marketing Officer, Robert Long, effective October 13, 2025, and on January 12, 2026, we announced the appointment of Angela MacInnis as Chief Marketing Officer, effective January 6, 2026. Members of the senior leadership team oversaw marketing responsibilities in the interim period between Mr. Long's resignation and Ms. MacInnis' appointment to ensure a smooth transition.

On November 25, 2025, we announced that we had entered into a new three-year asset-based lending facility with Bank of Montreal and its affiliates (collectively, "BMO"), effective November 24, 2025 (the "Facility"). The Facility provides borrowing capacity of \$15 million, with the option to increase to \$20 million, priced at approximately Prime + 1%. Concurrently, KITS fully repaid its Business Development Bank of Canada ("BDC") term loan (the "BDC Loan") that was originally issued on March 26, 2019, with an initial principal of \$23.4 million and a scheduled maturity date of March 15, 2026. KITS completed the final \$1 million payment on November 21, 2025, retiring the loan more than four months ahead of schedule.

## RISK FACTORS

In addition to any other risks disclosed in this Annual Information Form, the following specific factors could materially adversely affect us and our business, prospects, financial condition, results of operations or cash flows. Other risks and uncertainties that we do not presently consider to be material, or of which we are not presently aware, may become important factors that affect our future prospects, financial condition, results of operations or cash flows.

### Risks Related to the Company

***We operate in a highly competitive industry and the size, resources and expertise of some of our competitors may allow them to compete more effectively than we can, which could adversely impact our growth and market share.***

We compete in a market that is highly competitive, and it is our expectation that competition will increase in the future. We compete with a variety of companies, many of which have significantly greater financial, technical, lobbying and marketing resources, with greater brand recognition. These competitors include, but are not limited to: online retailers; drugstores; mass and general retailers and club stores; independent ophthalmologists and optometrists; members of multi-doctor purchasing alliances; subscale, early-stage participants; and optical chains. Many of these competitors, in comparison to KITS, have a longer operating history, have greater financial resources, have established marketing relationships with leading suppliers and have secured a greater presence in certain distribution channels, including online. Some of these companies operating in traditional distribution channels may also commence or expand their presence online and we cannot predict how successful such companies may be online. In addition, our online competitors can duplicate many of the services and content offered on our websites. If our competitors seek to gain or retain market share by reducing prices, we would likely be forced to reduce

our prices on similar product offerings in order to remain competitive. There can be no assurance that we will be able to effectively compete with present or future competitors and be able to increase or maintain market share. Such competition could, among other things, result in disruptions to our supply chain and have a material adverse effect on our business and financial condition.

We also compete directly and indirectly with optometrists for the sale of prescription contact lenses and glasses and other eyecare products and services. Optometrists hold a competitive advantage over us because many customers may find it more convenient or preferable to purchase these products directly from their optometrists at the time of an office visit. We also compete directly and indirectly with both online and traditional eyecare retailers. Both online and traditional eyecare retailers may hold a competitive advantage over us because of longer operating histories, established brand names, greater resources, and/or an established customer base. In addition, we face growing competition from online and multichannel eyecare providers, as customers now routinely use computers, tablets, smartphones, and other mobile devices and mobile applications to shop online and compare prices and products in real time. In order to effectively compete in the future, we may be required to offer promotions and other incentives, which may result in lower operating margins and in turn adversely affect our results of operations. We also face a significant challenge from our competitors holding significant market power or forming alliances with each other. These larger competitors or groups of competitors may negotiate better pricing and better terms from suppliers by aggregating the demand for products and negotiating volume discounts, which could be a competitive disadvantage to us.

Additionally, we operate in a regulated industry and the failure of competitors to comply with rules and regulations applicable to this industry may place us in a competitive disadvantage. For example, the *Fairness to Contact Lens Consumers Act* (the “**FCLCA**”) establishes a national uniform standard in the United States with regard to releasing and verifying contact lens prescriptions. The FCLCA requires all eyecare practitioners (“**ECPs**”) to give patients a copy of their prescription after they have been fitted for contact lenses, whether patients request it or not. It also requires all ECPs to respond to direct marketers’ requests to verify consumer prescriptions and provides that their failure to respond within eight business hours shall result in the prescription being presumed valid. We believe that since the enactment of the FCLCA, many orders have been cancelled unnecessarily by ECPs who prefer to record sales of contact lenses at their own store. ECPs may, among other things, solicit our customers during the verification delay period, respond that prescriptions are expired or invalid but then sell contact lenses without further examination or refuse to release prescriptions automatically to all contact lens wearers. If ECPs fail to comply with the FCLCA, and if the new rules are not vigorously enforced, the new prescription verification requirements could have a material adverse effect on our revenue. Furthermore, we are unable to monitor and ensure that our competitors follow the requirements of the FCLCA, or, if they do follow the requirements of the FCLCA, that they follow them to the same extent that we do. Failure to follow the provisions of the FCLCA will give our competitors an advantage over us to the extent that such non-compliance is undetected by reducing the compliance costs associated with the FCLCA of these competitors.

We expect that our competition will view us as disruptive to the industry and will attempt to hinder our business and decrease consumer choice in numerous ways, including by challenging our practices, swaying public opinion, attempting to change or re-interpret rules and regulations, and taking legal actions. These competitors’ action(s) may have a material adverse effect on our business and financial condition or subject us to regulatory or legal actions, penalties, fines or restrictions.

***We cannot control all of the various factors that might affect our timely and cost-effective procurement of products from our vendors and delivery of products to our customers.***

We are dependent on a limited number of key supply partners. If we are unable to expeditiously and cost-effectively obtain shipments of products from our vendors and deliver merchandise to our customers, our business and results of operations may be harmed. We cannot control all of the various factors that might affect our timely and cost-effective procurement of products from our vendors and delivery of products to our customers. We also rely on a number of third-party carriers for shipments of products to and from our fulfillment facilities and to customers. We are therefore subject to the risks, including increased fuel costs, security concerns, labour disputes, union organizing activity, and inclement weather, associated with our carriers' ability to provide product fulfillment and delivery services to meet our distribution and shipping needs. Failure to procure and deliver merchandise, either to us or to our customers in a timely and accurate manner, will harm our reputation, our business, and our results of operations. In addition, any increase in fulfillment costs and expenses could adversely affect our business and operating results. Our operating results could also be materially adversely affected if the governments of the various countries in which we sell our products implement or enforce importation controls, including any tariffs, surtaxes, import bans, or other restrictive trade measures or countermeasures.

If we are unable to maintain our relationships with our existing outsourcing partners or cannot identify or enter into relationships with new outsourcing partners to meet the manufacturing and assembly needs of our private brand business, our private brand business may be disrupted and our business, financial condition, and results of operations may be materially and adversely affected. In addition, political and economic instability, the financial stability of our suppliers and outsourcing partners, their ability to meet our standards, labor problems, the availability and prices of raw materials, merchandise quality issues, currency exchange rates, transport availability and cost, transport security, inflation, restrictive trade measures or countermeasures, natural disasters and epidemics, among other factors, are beyond our control and may materially and adversely affect our suppliers and outsourcing partners and, in turn, our business, financial condition, and results of operations.

***We may not be able to obtain sufficient quantities of contact lenses and eyeglasses at competitive prices or at all in the future to meet existing or anticipated demand.***

Product cost is our largest expense. In the past, certain major contact lens manufacturers have refused to sell their products to direct marketers and have sought to prohibit others from doing so. We have purchased in the past and we may continue to purchase a portion of our products from distributors that may be subject to re-sale restrictions from manufacturers. All contact lenses are manufactured by third parties. We may not be able to obtain sufficient quantities of contact lenses at competitive prices in the future to meet existing or anticipated demand, and any such inability could have a material adverse effect on our business, financial condition and results of operations.

The branded eyeglass frames market is also dominated by a handful of manufacturers that license various brands. Similar to contact lens manufacturers, certain of these eyeglass frame suppliers and their distributors have previously refused to sell their products to direct marketers, including us, and have sought to prohibit others from doing so. Some eyeglass frame suppliers have their own direct-to-consumer channels which may compete with us. We have purchased in the past and may continue to

purchase many products from distributors, some of which may be subject to resale restrictions from manufacturers which are intended to try to limit their ability to sell to online retailers, including us. Currently, all our eyeglass frames are manufactured by third parties. We may not be able to obtain sufficient quantities of eyeglass frames at competitive prices in the future to meet existing or anticipated demand, and any such inability could have a material adverse effect on our business, financial condition and results of operations.

We rely on a small number of key suppliers who supply us with contact lens and/or components required in our assembly of glasses, including hinges, acetate, and lenses. In the event that one or more of these suppliers can no longer supply us, we may not be able to secure other adequate sources of supply at all or on favourable terms. Such occurrences could adversely affect our business by increasing costs or, in the event adequate replacement supply cannot be secured, reducing revenue.

***We are dependent on our fulfillment and optical lab centres. If one or more of our fulfillment or optical lab centres becomes inoperable, capacity is exceeded or if operations are disrupted, our business, financial condition and operating results could be negatively affected.***

We conduct our fulfillment operations and glasses manufacturing from our fulfillment and optical lab centres in the Greater Vancouver Area, British Columbia, Canada, as well as third party fulfillment and optical lab centres in Canada and in the United States that are necessary to support order fulfillment. Any significant disruption of these centres' operations will adversely affect our ability to make timely delivery of our products. A natural disaster or other catastrophic event, such as an earthquake, fire, flood, severe storm, break-in, server failure, power failure or systems failure, pandemic or epidemic, terrorist attack, or other comparable event at these facilities could cause significant interruptions or delays in our business and loss of inventory and could render us unable to process or fulfill customer orders in a timely manner, or at all. Further, our insurance may not adequately compensate us for losses that may occur. In the event that a significant part of any of these facilities was destroyed or our operations were interrupted for any extended period of time, our business, financial condition, and operating results would be harmed.

In order to enhance our distribution footprint, we may require additional fulfillment and optical lab facilities to lower shipping costs, increase delivery speed, and diversify our geographic footprint. We may not be successful in identifying and procuring suitable future fulfillment and optical lab locations, making us dependent on our limited existing network. If the Company is unable to secure the appropriate licenses, permits or otherwise, the expectations of management with respect to the increased future processing capacity may not be borne out, which could have a material adverse effect on the Company's business, financial condition and results of operations. Further, construction delays or cost over-runs in respect of the build-out/development of a facility, howsoever caused, could have a material adverse effect on the Company's business, financial condition and results of operations.

If we are unable to optimize management of our fulfillment and optical centres, we may be unable to meet customer expectations and demands. Because it is difficult to predict sales volume, we may be unable to manage our facilities in an optimal way, which may result in excess or insufficient inventory, warehousing, fulfillment or glasses manufacturing capacity. Any failure to effectively control product damage and shrinkage through effective security measures and inventory management practices could adversely impact our operating margins. In addition, if we need to increase our fulfillment capacity more quickly than anticipated, that expansion would require additional financing that may not be available to us on favourable terms when required, or at all.

***We rely heavily on third parties for mail and courier delivery service, marketing and advertising, customer service, prescription verification, technology solutions and payment processing.***

We rely heavily on third parties for mail and courier delivery service, marketing and advertising, customer service, prescription verification, and payment processing, as well as third party technology partners for the licensing of certain components of our online eyecare platform, such as virtual try-on and online vision testing. As part of providing these services, we exchange information about our customers for the purposes of facilitating customer orders. Our third-party service providers and licensors operate in both domestic and foreign jurisdictions and could breach our agreements, have their data integrity compromised, operate under different and/or conflicting regulatory regimes, or have cultural differences in practices and communication. These factors could lead to failures in or complete loss of our data, technology, processes, protocols or otherwise negatively impact our ability to comply with laws and regulations or our operations. Also, the rates charged for services by our third-party providers could increase, and we may not be able to effectively pass such increases on to our customers. Any of these events could have a material adverse effect on our financial performance and operating results or subject us to regulatory or legal actions, penalties, fines or restrictions. In addition, strikes or other service interruptions by service providers could adversely affect our ability to market, deliver and collect on our revenue on a timely basis.

***Excess inventory could lead to inventory obsolescence and associated costs, but insufficient inventory could harm our customer relationships and profits.***

We must maintain sufficient inventory levels to operate our business successfully and meet our customers' expectations that we will have the products they order in stock. However, we must also guard against the risk of accumulating excess inventory. We are exposed to inventory risks as a result of rapid changes in product cycles, changes in consumer tastes, changes in wholesale pricing and foreign exchange rates, impairments of the general consumer economic environment, contact lens expiration dates leading to obsolete/unsaleable inventory, uncertainty of success of product launches, manufacturer backorders and other vendor-related problems. In order to be successful, we must accurately monitor these trends and events, which we may be unable to do successfully, and avoid over-stocking or under-stocking products. Since introducing eyeglasses, changes in customer preferences have become a more important risk factor to us relating to inventory. Excess inventory could lead to inventory obsolescence and associated costs, but insufficient inventory could harm our customer relationships and profits and require us to make split shipments for backordered items or pay for expedited delivery from the manufacturer.

***We rely on search engines and social networking sites to attract a meaningful portion of our customers. If we are not able to generate traffic to our website through search engines and social networking sites, our ability to attract new customers may be impaired.***

Many of our customers locate our website through Internet search engines, such as Google and Yahoo, and advertisements on social networking sites, such as Facebook and Instagram. The prominence of our website in response to Internet searches is a critical factor in attracting potential customers to our platform. If we are listed less prominently or fail to appear in search results for any reason, visits to our website could decline significantly, and we may not be able to replace this traffic.

Search engines revise their algorithms from time to time in an attempt to optimize their search results. If search engines modify their algorithms, our website may appear less prominently or not at all in search results, which could result in reduced traffic to our website.

Additionally, if the price of marketing our solutions over search engines or social networking sites increases, we may incur significant additional marketing expenses or may be required to allocate a larger portion of our marketing spend to search engine marketing and our business and operating results could be adversely affected. Furthermore, competitors may in the future bid on the search terms that we use to drive traffic to our website. Such actions could increase our marketing costs and result in decreased traffic to our website.

In addition, search engines or social networking sites may change their advertising policies from time to time. If any change to these policies delays or prevents us from advertising through these channels, it could result in reduced traffic to our website and sales of our solutions. As well, new search engines or social networking sites may develop, particularly in specific jurisdictions, that reduce traffic on existing search engines and social networking sites, and if we are not able to achieve prominence through advertising or otherwise, we may not achieve significant traffic to our website through these new platforms and our business and operating results could be adversely affected.

***The sale and distribution of contact lenses and other optical products is subject to various laws and regulations***

The sale and distribution of contact lenses and other optical products is subject to various laws and regulations. We sell to consumers in various states, provinces, and countries, and our sales are therefore subject to the laws of such various jurisdictions. Such laws regulate relationships between optical retailers and eyecare practitioners and, in many cases, interpret the corporate practice of medicine/optometry rules broadly to prohibit employment of eyecare practitioners by corporations like us and to prohibit various financial arrangements, such as fee-splitting, between eyecare practitioners and other entities.

The laws and regulations governing the distribution and sale of contact lenses vary from jurisdiction to jurisdiction but are generally classifiable into the following categories: (i) laws that require contact lenses and/or optical products to be sold only with a verified prescription; (ii) laws that require contact lenses and/or optical products to be sold only with patient validation of their prescription; (iii) laws that require contact lenses and/or optical products to be sold only in transactions that occur with an ECP in personal attendance or operating in a supervisory role; (iv) laws that require those selling contact lenses and/or optical products to be licensed as ECPs; (v) laws that do not specifically address contact lenses and/or optical products or that are ambiguous; and (vi) laws which we believe place no restrictions on the distribution and sale of replacement contact lenses and/or optical products. The online nature of our sales potentially exposes us to broader applicability of regulations, as well as additional regulations, such as the verification and other requirements under the FCLCA and rules relating to registration of Internet sellers. The laws and regulations potentially applicable to us are, as such, numerous and, in many cases, burdensome and subject to evolving interpretations. As such, we may fail to comply at times with laws and regulations potentially applicable to us, which could result in actions taken to circumscribe our business operations or other adverse consequences. For example, if one of our shipments or those of our suppliers are found not to comply with applicable regulations or requirements, there could be delays in our ability to deliver our products to our customers, or regulatory or legal actions, penalties, fines, or restrictions could be imposed on either us or our suppliers, any of which could adversely affect our reputation, financial condition, and results of operations.

The nature of our business requires that we import contact lenses and eyeglasses into various jurisdictions, including, but not limited to, the United States and Canada. These countries also have legislation and regulations which govern the importing of contact lenses and eyeglasses, including

regulations regarding packaging, labeling, testing, quality, and import documentation requirements. If one of our shipments or those of our suppliers are found not to comply with applicable import regulations or requirements, there could be delays in our ability to deliver our products to our customers, or regulatory or legal actions, penalties, fines, or restrictions could be imposed on either us or our suppliers, any of which could adversely affect our reputation, financial condition, and results of operations.

If there is a change in applicable import regulations or requirements, and if we or one of our suppliers fail to comply with such new regulations or requirements, restrictions could be imposed on either us or our suppliers in connection with the importing of products, which would have a material adverse effect on our business, financial condition and results of operations. Our business, financial condition, and results of operations could also be materially adversely affected by lobbying action by licensing and regulatory bodies who wish to restrict the sale of our products.

Given the extensive regulation that governs our business, any changes in this regulatory regime could have a material adverse effect on our business, financial condition and results of operations. There can be no assurance that we will be able to anticipate regulatory changes or respond in a timely manner to all such changes or that such responses will satisfy new requirements.

***We are subject to health-related legislation in a number of jurisdictions and there may be legal challenges to our ability to conduct our business in the future.***

In 2016, the College of Optometrists of Ontario and the College of Opticians of Ontario (the “Colleges”) commenced an application against Essilor Group Inc. (“Essilor”) for breach of *Ontario’s Regulated Health Professions Act* (the “RHPA”) because Essilor’s websites were used to fulfill and ship orders of prescription eyewear to patients in Ontario. Essilor processed patients’ orders and prepared the finished glasses and contact lenses in Vancouver, British Columbia. For orders from Ontario, the only steps of the transactions that physically took place in Ontario were the placing of the order, and the delivery of the eyewear. The Ontario Court of Appeal held in favour of Essilor and found that the RHPA was not applicable to Essilor’s online sales to Ontario patients because with the exception of delivery, which was primarily commercial in nature, all other acts performed to fulfill the online orders were completed in compliance with the British Columbia regulatory regime. The Court ruled that a finding in favour of the Colleges would have amounted to using Ontario’s health professions regulatory legislation to grant Ontario optometrists and opticians a monopoly over the commercial importation of prescription eyewear into Ontario, which was not explicitly set out in legislation. Leave for appeal to the Supreme Court of Canada was dismissed. Although this represents an important development in Canadian law applicable to our business, there is no assurance that additional claims in different jurisdictions on similar grounds will not be filed in the future.

***In the event of a partial or total loss of our customer database, we would experience disruptions in our ability to market our products, which may decrease sales.***

We view maintaining and expanding our relationships with existing customers as key to our growth and ultimate profitability. Although our customer database is regularly replicated, and these back-ups are stored off-site, the customer database is still potentially at risk from fire, flood, earthquake, computer systems failure, corruption, theft and cybersecurity breach. In the event of partial or total loss of our customer database, we would experience disruptions in our ability to market our products to existing customers and to remind customers to re-order lenses, which may decrease sales. Any theft or

misappropriation of our customer information could also subject us to liability and reputational harm. Additional costs may also be incurred in restoring our database, also decreasing our profitability.

***Significant failures of product quality on the part of our suppliers could affect our reputation and impact our revenues from existing customers and our ability to grow our customer base.***

We are reliant on our suppliers to control the quality of both contact lenses and eyeglasses components with respect to both third party brands and our KITS brand. Our reputation for delivering products of high quality to our customers quickly and efficiently is dependent on their ability to control product quality and identify defects. Significant failures in product quality on the part of our suppliers could adversely affect our reputation and impact our revenues from existing customers and our ability to grow our customer base.

We purchase our contact lens and eyeglass components both from manufacturers and a wide variety of suppliers and we could be supplied with products that are defective, counterfeit reproductions that do not meet applicable quality standards and regulatory requirements, or that potentially violate U.S. or Canadian federal or state/provincial laws or applicable laws in other jurisdictions. Sale of such defective or counterfeit products may expose us to legal claims and we cannot be certain that our insurance coverage would be adequate for any such liabilities actually incurred or that insurance would continue to be available to us on economically reasonable terms, or at all.

In addition, while we have internal measures in place to verify the authenticity of products sold on our websites and minimize potential infringement of third-party intellectual property rights in the course of sourcing and selling products, these internal measures may not always be effective. In the event that counterfeit products or products that infringe upon third-party intellectual property rights are sold on our website, we could face claims that we should be held liable for selling counterfeit products or infringing on such third-party intellectual property rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, injunctions against us or the payment of damages. We may need to obtain licenses from third parties who allege that we have infringed their rights, but such licenses may not be available on terms acceptable to us or at all.

We have also occasionally received, and may in the future continue to receive, shipments of merchandise that fail to comply with our specifications or that fail to conform to our quality control standards. We have also received, and may in the future continue to receive, merchandise that meets our specifications but that is nonetheless unacceptable to us, or products that are unacceptable to certain of our customers or to other members of the public. Under these circumstances, unless we are able to obtain replacement products in a timely manner, we risk the loss of revenue resulting from the inability to sell such merchandise and related increased administrative and shipping costs. Additionally, if the unacceptability of our merchandise is not discovered until after it is purchased or viewed by our customers or members of the public, our customers or members of the public could form unfavourable opinions of our merchandise, we could face a merchandise recall, our results of operations could suffer and our reputation and brand could be harmed.

***Our business and reputation may be negatively impacted by actions taken by our suppliers, manufacturers and employees.***

The actions and business practices of our partners, suppliers and manufacturers may negatively impact our business. We source the materials for our products predominantly in, and our independent partners, suppliers and manufacturers operate predominantly in, North America, Asia, and Europe, and we do not

directly supervise or control them. Any failure by us or by our suppliers or manufacturers, to maintain customer services levels, products quality and integrity, acceptable labour practices or ethical and socially responsible operations or operate in accordance with applicable laws, could adversely affect our brand image, reputation, customer trust, financial performance and operating results or subject us to regulatory or legal actions, penalties, fines or restrictions.

If our reputation is negatively affected by the actions of our employees, by our inability to conduct our operations in a manner that is appealing to current or prospective customers, or otherwise, our business, financial condition, and results of operations may be materially and adversely affected. In addition, if we are unable to maintain our current levels of customer service and our reputation for customer service as we grow or otherwise, our revenue may not continue to grow or may decline, and our business, financial condition, and results of operations may be materially and adversely affected.

***The success of the Company is dependent on its ability to forecast and adapt to changes in consumer trends, consumer demands and consumer preferences.***

Our success is dependent on our ability to anticipate and forecast changes in trends and consumer preferences and continuously manage and develop our collection of brands to respond to these consumer trends. We design and develop new brands and incorporate select third party brands in an effort to meet our customers' demands.

There can be no assurance that we will be able to continue to successfully carry out our demand driven merchandise planning, buying and inventory strategies and maintain stock of the appropriate assortment of products. To the extent our forecasts differ from our customers' purchasing preferences, we may be faced with excess raw materials or inventories for some products and/or shortages or missed opportunities for others. Low inventory levels can adversely affect our ability to meet customer demand, which may lead to lost revenue and diminished brand loyalty. Any sustained failure to anticipate, identify and respond to emerging trends in consumer preferences could have a material adverse effect on our business, financial condition, and results of operations.

***Our business depends on a strong brand image, and if we are not able to protect and enhance our brands, our business may be negatively impacted.***

We believe that our brand image and brand awareness have contributed significantly to the success of our business and that maintaining and enhancing our brand image and increasing brand awareness in new markets where we have limited brand recognition is important to maintaining and expanding our customer base. Maintaining and enhancing our brand image and increasing brand awareness will require us to make investments in areas such as merchandising, employee training, public relations, and marketing, as well as other costs associated with expanding our e-commerce business. These investments may be substantial and may not ultimately be successful. Furthermore, as our marketing efforts and our brand awareness continue to increase, the risks relating to the misappropriation of our brands and trademarks also increase. Should a competitor or other entity be successful in misappropriating our brands or trademarks, this could have a material adverse effect on our business, financial condition and results of operations.

Our brand image and reputation may be impacted by, among other things, actions taken by our employees, characteristics of our products (including characteristics that may result in recalls), marketing

activities and negative commentary or reviews as well as many of the other risks described in this section. Widespread use and access to social media campaigns and viral messaging or imagery could significantly broaden the scope and impact of any such events or circumstances. Because consumers value readily available information about retailers and their products, they may act on information conveyed through social media without further investigation and without regard to its accuracy. The harm to our brand may be immediate without affording us an opportunity for redress or correction, and there can be no assurances that we will respond in an appropriate or timely manner.

***We are exposed to litigation risk.***

The Company may from time to time be involved in disputes with third parties in the future, which may result in litigation. If we are unable to resolve these disputes favourably, it may have a material adverse effect on the Company's financial condition, cash flows and results of operations. Certain of our competitors and other industry members have been exposed to class actions claiming violation of antitrust laws, as well as threats and claims relating to, among other things, off branded or counterfeit products and issues around the distribution and supply of products to customers. There is no assurance that we will not be exposed to these types of claims and that we will be able to successfully defend against such claims. If any such claim is successfully advanced against us, it could have a material adverse effect on the Company's financial condition, cash flows and results of operations.

***We are exposed to cybersecurity risks.***

Experienced computer programmers and hackers, or even internal users, may be able to penetrate or create systems disruptions or cause shutdowns of our network security or that of third-party companies with which we have contracted to provide services. We generally collect and store customer information for marketing purposes and any compromise of customer information could subject us to customer or government litigation and harm our reputation, which could adversely affect our business and growth. Moreover, we could incur significant expenses or disruptions of our operations in connection with system failures or data breaches. An increasing number of websites, including several large Internet companies, have recently disclosed breaches of their security, some of which have involved sophisticated and highly targeted attacks on portions of their sites. Because the techniques used to obtain unauthorized access, disable or degrade services or sabotage systems, change frequently, including through the increasing use of automated and AI-enabled tools, and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. In addition, sophisticated hardware and operating system software and applications that we buy or license from third parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the security and operation of the systems. The costs to us to eliminate or alleviate security problems, viruses and bugs could be significant, and efforts to address these problems could result in interruptions, delays or cessation of service that may impede our sales, distribution or other critical functions.

In addition, many jurisdictions in which we operate have adopted breach of privacy and data security laws or regulations that require notification to consumers if the security of their personal information is breached, among other requirements. Governmental focus on data security may lead to additional legislative action, and the increased emphasis on information security may lead customers to request that we take additional measures to enhance security or restrict the manner in which we collect and use customer information to gather insights into customer behaviour and develop our marketing programs. As a result, we may have to modify our business systems and practices with the goal of further improving

data security, which would result in increased expenditures and operating complexity. Any compromise of our security or accidental loss or theft of customer data in our possession could result in a violation of applicable privacy and other laws, significant legal and financial exposure and damage to our reputation, which could adversely impact our business and results of operations.

Secured transmission of confidential information over the Internet is essential to maintaining customer confidence. Substantial or ongoing security breaches of our systems or other related Internet-based systems could significantly harm our business. Any penetration of our network security or other misappropriation of our users' personal information could subject us to liability and damage our reputation. We may be liable for claims based on unauthorized purchases with credit card information, impersonation or other similar fraud claims. Claims could also be based on other misuses of personal information, such as for unauthorized marketing purposes. These claims could result in litigation and financial liability. We rely on licensed encryption and authentication technology to effect secured transmissions of confidential information, including credit card numbers. It is possible that advances in computer capabilities, new discoveries or other developments could result in the technology we use to protect our customers' transaction data becoming obsolete or ineffective.

We may incur substantial expenses to protect against and remedy security breaches and their consequences. Our insurance policies may not be adequate to reimburse us for losses cause by security breaches. We cannot guarantee that our security measures will prevent security breaches.

***We are exposed to risks associated with the development and use of AI.***

We have recently launched a beta version of OpticianAI™, our proprietary AI platform and we expect to expand our use of AI systems across our operations in the future. The development, implementation and use of AI presents risks and challenges and may result in unintended consequences that could have a material adverse effect on our business, financial condition and results of operations.

We have invested, and expect to continue to invest, significant resources to develop, acquire, implement, and support AI-related capabilities and offerings. If these AI-related offerings do not operate as anticipated, fail to meet customer expectations, do not perform as well as competing offerings, or if we are unable to commercialize them as effectively as our competitors, we may fail to realize expected returns on those investments, which may adversely affect our competitive position and growth prospects.

Although we review proposed AI use cases prior to deployment, we may not always identify the risks or deficiencies of an AI capability or offering and the market may respond differently than we anticipate, potentially impacting our brand, reputation, customer demand and results of operations. AI systems may rely on flawed algorithms, incomplete or biased datasets, or inadequate training methodologies. AI models may also degrade, evolve or behave unpredictably over time, including as a result of "model drift," changes in user behaviour or changes in the data on which they rely, any of which could cause inconsistent or inaccurate outcomes. In addition, the use of third-party or externally sourced data to train or support AI systems may expose us to claims relating to intellectual property infringement, unauthorized data use, or obligations to obtain rights or permissions that may be costly or impracticable. Ineffective or insufficient development, testing, deployment, or monitoring of AI by us or our third-party partners could result in failures that impair the acceptance of AI-enabled solutions, cause operational disruptions, or produce outputs that are inaccurate, inappropriate or otherwise harmful to customers or other individuals, which could diminish our growth prospects, expose us to litigation or regulatory action,

decrease customer confidence, damage our brand and require significant management time and costs to remediate.

The use of AI to support business operations carries inherent risks related to data privacy and security, such as intended, unintended, or inadvertent transmission of proprietary or sensitive information, as well as challenges related to implementing and maintaining AI tools, such as developing and maintaining appropriate datasets for such support. Increased reliance on AI systems could also contribute to operational vulnerabilities, including loss of human expertise or oversight, reduced transparency or explainability in decision-making, and challenges in maintaining business continuity if AI-enabled tools fail, are unavailable or require rapid modification, any of which could adversely affect our business, financial condition and results of operations.

We may also be exposed to risks arising from the increased use of AI by our manufacturers, suppliers, service providers, and other business partners. Reliance on AI-driven tools by these third parties could introduce operational vulnerabilities, disrupt supply chain management, result in service disruptions, increase cybersecurity or data integrity risks, or otherwise adversely affect our operations and relationships with customers, partners, and suppliers.

The development and use of AI also gives rise to litigation risk and regulatory exposure. AI is an emerging technology for which the legal and regulatory landscape is not fully developed and may vary from jurisdiction to jurisdiction, creating complex compliance issues (including potential liability for breaching intellectual property or privacy rights or laws or for the misuse of personal data and the lack of effective legal protections for software source code created with the assistance of AI). Future laws, regulations, standards, or enforcement priorities may result in increased compliance costs, constrain the manner in which we are able to develop or deploy AI capabilities, or limit our ability to incorporate certain AI functionalities into our offerings. Such regulations may adversely affect our customers' desire for AI capabilities, constrain our ability to deploy certain AI capabilities, increase our costs, diminish our growth prospects, and increase litigation risk and regulatory exposure.

***We are subject to risks associated with accepting electronic payments.***

We accept payments using a variety of methods, including credit cards and debit cards. For existing and future payment methods we offer to our customers, we may become subject to additional regulations and compliance requirements, as well as fraud. For certain payment methods, including credit and debit cards, we may pay interchange and other fees, which may increase over time, raising our operating costs and lowering profitability. We rely on third party service providers for payment processing services, including the processing of credit and debit cards. Our business may be negatively affected if these third-party service providers become unwilling or unable to provide these services to us. We are also subject to payment card association operating rules, including data security rules, certification requirements and rules governing electronic funds transfers and if we fail to comply with these rules or requirements, or if our data security systems are breached or compromised, we may be liable for card issuing banks' costs, subject to fines and higher transaction fees and/or lose our ability to accept credit and debit card payments from our customers and process electronic funds transfers or facilitate other types of payments, and our business and operating results could be adversely affected.

Due to the fact that the Company receives a majority of its payments from customers using electronic payments methods including credit cards, any increase in credit card processing rates could have an

adverse effect on the Company's operating results as the Company may not be able to effectively pass such increases on to its customers.

***Any failure to offer high-quality customer service and support may adversely affect our relationships with our existing and prospective customers, and in turn our business, results of operations and financial condition.***

When purchasing our products and/or services, our customers depend on our customer service and support, including prescription verification activities which are provided by third party partners based internationally. If we or our partners are unable to maintain a consistently high level of customer service, we may lose existing customers. In addition, our ability to attract new customers is highly dependent on our reputation and on positive recommendations from our existing customers. Any failure to maintain a consistently high level of customer service, or a market perception that we do not maintain high-quality customer service, could adversely affect our reputation and the number of positive customer referrals that we receive.

***The failure of our computer systems to operate effectively and keep pace with our growing capacity requirements could adversely affect our business.***

We rely extensively on our computer systems to track inventory and customer data, manage our supply chain, record and process transactions, collect and summarize data and manage our business. While our systems are designed to operate without interruption, we may in the future experience interruptions to the availability of our computer systems from time to time. The failure of our computer systems to operate effectively, keep pace with our growing capacity requirements, smoothly transition to upgraded or replacement systems or integrate with new systems could adversely affect our business. In addition, our computer systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, cyber-attacks, denial-of-service attacks, security breaches, catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes, acts of war or terrorism, and usage errors or malfeasance by our employees. If our computer systems are damaged or cease to function properly, we may have to make a significant investment to fix or replace them, and we may suffer loss of critical data, compromise to the integrity or confidentiality of customer and employee information in our systems or networks, disruption to the systems or networks of third parties on which we rely, and interruptions or delays in our operations. A lack of relevant and reliable information that enables management to effectively manage our business could preclude us from optimizing our overall performance. Any significant loss of data or failure to maintain reliable data could have a material adverse effect on our business and results of operations. A disruption to our e-commerce business could reduce our e-commerce revenue, increase our costs, diminish our growth prospects, expose us to litigation, decrease customer confidence and damage our brand.

Our success depends, in part, on the ability to provide prompt, accurate and complete service to customers on a competitive basis, and the ability to purchase and promote products, manage inventory, ship products, manage sales and marketing activities and maintain efficient operations through telephone and proprietary management information systems. A significant disruption in telephone, Internet, or management information systems could damage our reputation and harm relations with customers and the ability to manage our operations. From time to time, we have experienced temporary interruptions in telephone and Internet service as a result of technical problems experienced by our long-distance carriers and Internet providers. Similar interruptions may occur in the future and such interruptions may

harm our business. Furthermore, extended or repeated reliance on our back-up computer systems may harm our business by increasing costs associated with the operation of our call centres.

***Our growth and operating results may fluctuate significantly, including as a result of general economic conditions.***

We may experience significant fluctuations in our operating results and rate of growth. Our evolving business model and the unpredictability of demand in our industry make it difficult for us to accurately forecast the level or source of our revenues, certain of our costs, and our rate of growth. We believe that, because of these factors, historical trends and quarter-to-quarter comparisons of our operating results are not necessarily meaningful and should not be relied upon as an indicator of our future performance. In the past, our operating results have sometimes been, and it is likely that in some future quarter or quarters they will be, below the expectations of investors and securities analysts. In that event, the price of the Common Shares may fall substantially, and investors may lose all or part of their investment.

Our revenue growth and profitability depend on the continued growth of demand for the products we offer. Demand for many of our products and, therefore, our business, is affected by changes in consumer preferences, general economic and business conditions, and world events. A softening of demand, for whatever reason, may result in decreased revenue or growth. Revenue growth may not be sustainable, and our growth rates are likely to fluctuate and may decrease in the future.

We operate in the eyeglasses business and while our results in this business appear promising, we may not be able to continue growing at the same rate or build a successful and sustainable business in this market. Our success is dependent on a limited number of suppliers, our assembly and distribution processes, as well as new marketing processes. There is no assurance that we will be able to acquire new customers in a cost-effective manner, and there is no assurance that existing customers will return to make additional purchases. We may invest in capital equipment, technology, and processes that are not ultimately suitable for the business and we may not be able to recruit the specialized employees required to achieve our production capacity goals in this business. It is possible that we could experience inconsistencies in terms of quality, access to inventory and delivery times from our suppliers. We expect to face more experienced or established competition, as prescription glasses sales represent much greater proportion of some of our competitors' revenues and profits than do contact lenses. This competition may be in the form of increased advertising, lower retail pricing, legal challenges, regulatory challenges and lobbying, supplier lockups, and other unforeseen strategies.

Our revenues and operating results have varied significantly in the past and may vary significantly from quarter to quarter due to a number of factors, including:

- our ability to retain customers, cause existing customers to return and make additional purchases, increase sales to existing customers, increase AOVs in respect of existing customers, attract new customers and satisfy our customers' demands;
- the frequency and size of customer orders and the quantity and mix of products our customers purchase;
- changes in consumer acceptance and usage of the Internet, online services and e-commerce in this industry;
- changes in fashion and customer preferences as it relates to our eyeglasses selection;
- the prices we charge for our products and for shipping those products, or changes in our pricing policies or the pricing policies of our competitors;

- the extent to which we offer free shipping or other promotional discounts to customers;
- the extent to which the current economic conditions restrict spending on our products;
- our ability to procure inventory at reasonable prices, if at all, manage inventory and fulfill orders;
- technical difficulties, system downtime or interruptions;
- our actual or expected return on marketing spending;
- timing and costs of upgrades and developments in our systems and infrastructure;
- timing and costs of marketing and other investments;
- disruptions in service by shipping carriers;
- the introduction by our competitors of websites, products or services;
- changes in tax rates, regulations, estimates, assessments or rulings;
- the extent of marketing or other reimbursements available from third parties;
- an increase in the price of fuel, which is used in the transportation of packages, or an increase in the prices of other energy products, primarily natural gas and electricity, which are used by our operating facilities and our suppliers' operating facilities;
- the effects of strategic alliances, potential acquisitions and other business combinations, and our ability to successfully and timely integrate them into our business;
- changes in government regulation or the effects of certain licensing and regulatory bodies' lobbying or legal action surrounding the sale of contact lenses and eyeglasses or the use of online vision tests;
- actual or expected foreign exchange rates and interest rates; and
- current economic conditions and world events.

In addition, our operating expenses are largely based on anticipated revenue trends, and a high percentage of our expenses are fixed in the short-term and in the long-term we plan to build a substantial fulfillment and optical lab operation which will be depreciated. As a result, a delay in generating or recognizing revenue for any reason could result in substantially adverse operating results.

Our market is subject to rapid changes in technology and the business environment. We may adjust our strategies in response to these changes by changing, divesting, or discontinuing organically developed or acquired systems, operations or businesses that may no longer be consistent with the business environment or our strategies. Such changes could have a material impact on our operating results.

***Our recent growth rates may not be sustainable or indicative of our future growth***

We have experienced significant growth in recent periods. Our rate of growth may not be sustainable or indicative of our future rate of growth. We believe that our continued growth in revenue will depend upon, among other factors, our ability to:

- acquire new customers who purchase products from us at the same rate and of the same type as our existing customer base;
- retain our customers and have them continue to purchase products from us at rates and in a manner consistent with their prior purchasing behavior;
- encourage customers to purchase daily disposable contact lenses or glasses from us;
- increase the number of customers that use our Autoship subscription program for contact lenses;
- source new and/or retain existing vendors to supply quality products that we can offer to our customers at attractive prices;
- expand our private brand product offering, including the launch of glasses and expansion into new offerings such as AI-enhanced products, progressive glasses and custom-made lenses and frames;

- increase the awareness of our brand;
- provide our customers and vendors with a superior experience;
- develop new features to enhance the consumer experience on our website;
- respond to changes in consumer access to and use of the Internet and mobile devices;
- react to challenges from existing and new competitors;
- develop a scalable, high-performance technology and fulfillment infrastructure that can efficiently and reliably handle increased demand, as well as the deployment of new features and the sale of new products and services;
- fulfill and deliver orders in a timely way and in accordance with customer expectations, which may change over time;
- respond to macroeconomic trends;
- hire, integrate and retain talented personnel;
- maintain and leverage our technological and operational efficiencies;
- invest in the infrastructure underlying our website and other operational systems, including with respect to AI, data protection and cybersecurity; and
- expand into new offerings or new lines of business in which we do not have prior, or sufficient, operating experience, including operating our own online vision test or other telehealth initiatives.

Our ability to improve margins and maintain profitability will also depend on the factors described above. We cannot provide assurance that we will be able to successfully manage any of the foregoing challenges to our future growth. In addition, our customer base may not continue to grow or may decline as a result of the risks to our business set forth in this section, including increased competition and the maturation of our business. Any of these factors could cause our revenue growth to decline and may adversely affect our margins and profitability. Failure to continue our revenue growth or improve margins could have a material adverse effect on our business, financial condition, and results of operations. Investors and potential investors should not rely on our historical rate of revenue growth, most recently reported revenues or revenue projections as an indication of our future operating performance and financial results.

***Our gross margins may fluctuate.***

While we expect our gross profit to increase in absolute dollars in future periods, we expect that our gross profit as a percentage of revenue will continue to fluctuate and may decrease as a result of the competitive and other factors described herein. Our gross profit is impacted by a number of factors. Should the competitive dynamic change in our industry (which could impact our margins through forces including but not limited to requiring us to alter our pricing strategy or requiring additional promotional activity), then we may not be able to continue to operate at our current margins. Additionally, should unforeseen events require our Company to make significant and unplanned investments, our gross profit margins could be materially reduced.

Our product gross profit margin could decline in future periods due to adverse impacts from various factors, including:

- changes in customer, geographic, or product mix, including mix of configurations within each product group;
- introduction of new products, including products with price-performance advantages, and new business models including the transformation of our business to deliver more software and subscription offerings;

- our ability to reduce production costs;
- entry into new markets or growth in lower margin markets, including markets with different pricing and cost structures, through acquisitions or internal development;
- sales discounts;
- increases in material, labour or other manufacturing-related costs, which could be significant especially during periods of supply constraints such as those impacting the market for memory components;
- excess inventory and inventory holding charges;
- obsolescence charges;
- changes in shipment volume;
- the timing of revenue recognition and revenue deferrals;
- increased cost (including those caused by tariffs, surtaxes, import/export bans or other trade restrictive measures or countermeasures), loss of cost savings or dilution of savings due to changes in component pricing or charges incurred due to inventory holding periods if parts ordering does not correctly anticipate product demand or if the financial health of either contract manufacturers or suppliers deteriorates;
- lower than expected benefits from value engineering;
- increased price competition, including competitors from Asia, especially from China;
- changes in distribution channels;
- increased warranty costs;
- increased amortization of purchased intangible assets, especially from acquisitions; and
- how well we execute on our strategy and operating plans.

***Fluctuations in the value of the Canadian dollar in relation to the U.S. dollar and other currencies may impact our operating and financial results.***

We are exposed to market risks attributable to fluctuations in foreign currency exchange rates, primarily changes in the value of the Canadian dollar versus the U.S. dollar. Exchange rate fluctuations could have an adverse effect on our operating and financial results. Changes in exchange rates between the Canadian dollar and the U.S. dollar may have a significant, and potentially adverse, effect on our results of operations.

Our financial statements are presented in accordance with IFRS, and we report, and intend to continue to report, our results in Canadian dollars. Any change in the value of the U.S. dollar relative to the Canadian dollar during a given financial reporting period would result in a foreign currency loss or gain on the translation of U.S. dollar denominated sales and costs. Consequently, our reported earnings could fluctuate materially as a result of foreign exchange translation gains or losses and may not be comparable from period to period. For example, a 10% increase in the value of the Canadian dollar compared to the U.S. dollar would have increased our revenue for the year ended December 31, 2025 by \$13.1 million.

***We are dependent on key personnel the loss of which would have an adverse impact on our business.***

Our management team consists of a core group of senior executive officers. The loss of the technical and operational knowledge, management expertise and strategic guidance of one or more members of our team could result in a diversion of management resources, as the remaining members of management would need to cover the duties of any senior executive who leaves us and would need to spend time usually reserved for managing our business to search for, hire and train new members of management.

The loss of some or all of our management team or other key personnel, could negatively affect our ability to develop and pursue our growth strategy, which could adversely affect our business and financial condition. Any departures of key personnel could also be viewed in a negative light by investors and analysts, which could cause the price of our Common Shares to decline.

In addition, the market for key personnel in our industry is highly competitive, and we may not be able to attract and retain key personnel with the skills and expertise necessary to manage our business and pursue our growth strategy.

***Any failure to comply with U.S. and Canadian regulatory requirements applicable to medical device operations could have an adverse effect on our business.***

Contact lenses and eyeglasses are regulated as medical devices in the United States by the Federal Food and Drug Administration (the “FDA”) and in Canada by Health Canada. Under the *United States Food, Drug, and Cosmetic Act* (the “FDC Act”), medical devices must meet a number of regulatory requirements and are subject to “general controls” which include: registration with the FDA; listing commercially distributed products with the FDA; complying with good manufacturing practices under the quality system regulations; filing reports with the FDA and keeping records of certain types of adverse events associated with devices under the medical device reporting regulations; assuring that device labeling complies with FDA requirements; reporting certain device field removals and corrections to the FDA; and obtaining pre-market notification 510(k) clearance for devices prior to marketing. The *Food and Drugs Act* (the “FD Act”) in Canada has similar requirements. We cannot provide assurance that third-party manufacturers’ contact lenses or eyeglasses that we sell comply with these regulatory requirements. We also engage in certain manufacturing, repackaging and relabeling activities that subject us to direct oversight by the FDA under the FDC Act and its implementing regulations, as discussed below.

The distribution of medical devices that do not comply with the FDC Act or the FD Act is unlawful and subjects the distributor and the devices themselves to regulatory action. Such regulatory action may include legal action by the U.S. Department of Justice (on behalf of the FDA) and/or various forms of FDA enforcement and compliance actions. These legal, enforcement and compliance actions include, but are not limited to the issuance of warning letters, untitled letters, recalls, fines, penalties, injunctions, seizures, prosecutions, adverse publicity (such as FDA press releases), or other adverse actions.

The FDA and United States Customs and Border Protection may inspect shipments of our products for compliance with applicable regulatory requirements. Should these inspections indicate even the mere appearance of non-compliance with applicable medical device controls or requirements, it could expose us to additional import/export-related enforcement and compliance actions, which could result in the destruction or detention of the non-compliant products and significant delays in delivery of products to our customers. The FDA can place products or a manufacturer or supplier on the FDA’s automatic detention list if the products are found to regularly be non-compliant. Products of companies on the automatic detention list are automatically detained without inspection, examination or sampling, which can significantly slow delivery of products into the United States. While our products have not in the past been on the automatic detention list, we have had in the past, and may have in the future, certain shipments of our products detained by the FDA for inspection. If such detentions occur with regularity or greater frequency, or if we are placed on the automatic detentions list, such events could have a material adverse effect on customer satisfaction and loyalty and our reputation for quick and reliable delivery, as well as adversely affect our business, results of operations and financial condition.

Similar sanctions may be enacted by government regulatory authorities in other markets where we conduct business.

***The method by which we sell contact lenses may be considered misbranded under the FDA.***

The FDA regulates the labeling of medical devices. The contact lenses that we sell are prescription devices, and therefore contain the following statement required by FDA regulations: “*Caution: Federal law restricts this device to sale by or on the order of a (physician or other licensed practitioner)*”. However, because of the difficulty we have encountered in obtaining prompt responses from ECPs, we sometimes sell lenses based solely on the ECP’s passive verification of the prescription information provided by the customer or on the prescription information provided by the customer, without a written prescription or other order by the customer’s ECP. The FDA could consider contact lenses that are sold in such a fashion to be misbranded, which may result in warning letters, seizure, injunctions, civil penalties or prosecution. Such sanctions, including opportunistic allegations and claims by competitors, could have a material adverse effect on our business, financial condition and results of operations.

***Our online vision test may be regulated as a Class II medical device and, as a result, we may be required to obtain a 510(k) clearance.***

In the United States, Section 510(k) of the FDC Act requires device manufacturers to notify the FDA of their intent to market a medical device at least 90 days in advance. This is known as Premarket Notification (also called PMN or 510(k)). This allows the FDA to determine whether the device is equivalent to a device already placed into one of the three classification categories (Classes I, II or III).

As of August 12, 2022, the third-party online vision test we offer received 510(k) clearance from the FDA. There is no assurance that this clearance will not be revoked or changed in the future.

Our online vision test is currently available in certain states in the United States but may, in the near future, be expanded into Canada. The sale and advertising of medical devices are regulated in Canada by Health Canada under the *Medical Devices Regulations* of the *Food and Drugs Act* (Canada). If we make our online vision test available in Canada, it may be regulated as a Class II medical device and as a result, we may need regulatory approval from Health Canada. There is no assurance that such approval will be provided. Further, although we do not consider our online vision testing platform to be a substitute for a comprehensive eye exam, optometrists may object to any expansion of our online vision test into Canada which may result in disruption in our ability to provide this feature in Canada.

***Any failure to comply with, or changes to, modern slavery laws could have an adverse effect on our business.***

We are required to publish an annual report on steps taken to assess and mitigate the risk of forced or child labour in its business and supply chains pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*. Further, the Canadian *Customs Tariff* prohibits importing goods made in whole or in part with forced labour, child labour and prison labour, as well as the possession, purchase, sale, exchange, acquisition or disposition of these goods after they have been imported. Increased scrutiny on forced or child labour in Canadian markets and supply chains, along with measures by us, our suppliers, other businesses, and the Government of Canada, may impact our business activities, including the import of goods and materials. These measures could lead to changes or disruptions in suppliers and supply chains, affecting the availability or cost of goods and materials we purchase. This could impact our access to certain goods or materials at desired prices, procurement processes, productivity, financial

condition, and results of operations. There is a risk that our supply chain may use or be alleged to use forced or child labour, and gathering sufficient information from suppliers to assess and mitigate such risks may be challenging. Our due diligence and mitigation activities might not identify or mitigate all risks, potentially harming our reputation.

The Government of Canada may expand these requirements, however the timing and impact of any such expansion remains uncertain. Therefore, the risks and commercial impacts of expanding regulation in this area cannot be fully assessed at this time.

***Rapid growth and development of the market for online commerce may prompt calls for more stringent consumer protection laws that may impose additional burdens on companies.***

Laws and regulations directly applicable to communications or commerce over the Internet are becoming more prevalent. Rapid growth and development of the market for online commerce may prompt calls for more stringent consumer protection laws that may impose additional burdens on companies conducting business online and, in particular, companies that fill prescriptions for disposable contact lenses and optical products. Adoption or modification of laws or regulations relating to online business could have a material adverse effect on our business, financial condition and results of operations.

We rely on a variety of marketing techniques, including email and social media marketing and postal mailings, and we are subject to various laws and regulations that govern such marketing and advertising practices. A variety of federal, state and provincial laws and regulations govern the collection, use, retention, sharing and security of consumer data, particularly in the context of online advertising, which we rely upon to attract new customers.

Laws and regulations relating to privacy, data protection, marketing and advertising, AI, and consumer protection are evolving and subject to potentially differing interpretations. These requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another or may conflict with other rules or our practices. As a result, our practices may not have complied or may not comply in the future with all such laws, regulations, requirements and obligations. Any failure, or perceived failure, by us to comply with our posted privacy policies or with any federal, state or provincial privacy or consumer protection-related laws, regulations, industry self-regulatory principles, industry standards or codes of conduct, regulatory guidance, orders to which we may be subject or other legal obligations relating to privacy or consumer protection could adversely affect our reputation, brand and business, and may result in claims, proceedings or actions against us by governmental entities, customers, suppliers or others or other liabilities. Any such claims, proceedings or actions could damage our reputation, brand and business, force us to incur significant expenses in defense of such proceedings or actions, distract our management, increase our costs of doing business, result in a loss of customers and suppliers and result in the imposition of monetary penalties.

In addition, the collection, use and disclosure of client personal and health information are subject to substantial regulation by federal, state and provincial governments. These laws provide that: an individual's consent is required prior to the collection, use and disclosure of information collected from them (with limited prescribed exceptions); that the collected information be protected with reasonable security measures; and that the individual have access to the information so collected in order to ensure its accuracy. In addition, future legislation may affect the dissemination of health information that is not individually identifiable. If a client's privacy is violated, or if we are found to have violated any law or

regulation, we could be liable for damages or for criminal fines or penalties and/or incur substantial reputational damage.

Federal and state governmental authorities continue to evaluate the privacy implications inherent in the use of third-party “cookies” and other methods of online tracking for behavioral advertising and other purposes. Certain governmental bodies have enacted or are considering legislation or regulations that could significantly restrict the ability of companies and individuals to engage in these activities, such as by regulating the level of consumer notice and consent required before a company can employ cookies or other electronic tracking tools or the use of data gathered with such tools. Additionally, some providers of consumer devices and web browsers have implemented, or announced plans to implement, means to make it easier for Internet users to prevent the placement of cookies or to block other tracking technologies, which could if widely adopted result in the use of third-party cookies and other methods of online tracking becoming significantly less effective. The regulation of the use of these cookies and other current online tracking and advertising practices or a loss in our ability to make effective use of services that employ such technologies could increase our costs of operations and limit our ability to acquire new customers on cost-effective terms and consequently, materially and adversely affect our business, financial condition, and results of operations.

The Federal Trade Commission and many state attorneys general are interpreting federal and state consumer protection laws to impose standards for the online collection, use, dissemination and security of data. Each of these privacy, security, and data protection laws and regulations, and any other such changes or new laws or regulations, could impose significant limitations, require changes to our business, or restrict our use or storage of personal information, which may increase our compliance expenses and make our business more costly or less efficient to conduct. In addition, any such changes could compromise our ability to develop an adequate marketing strategy and pursue our growth strategy effectively, which, in turn, could adversely affect our business, financial condition, and results of operations.

***The satisfactory performance, reliability and availability of our websites, transaction processing systems and network infrastructure are critical to our reputation and our ability to attract and retain customers and to maintain adequate customer service levels.***

The satisfactory performance, reliability and availability of our websites, transaction processing systems and network infrastructure are critical to our reputation and our ability to attract and retain customers and to maintain adequate customer service levels. Our network and communications systems are vulnerable to system interruption and damage, which could harm our operations and reputation and lead to a material adverse effect on our business, financial condition and results of operations.

Our ability to receive and fulfill orders successfully is critical to our success and largely depends upon the efficient and uninterrupted operation of our computer and communications hardware and software systems. We experience periodic system interruptions that impair the performance of our transaction systems or make our websites inaccessible to customers. These systems interruptions may prevent us from efficiently accepting and fulfilling orders, sending out promotional e-mails and other customer communications in a timely manner, introducing new products and features on our websites, promptly responding to customers, or providing services to third parties. Frequent or persistent interruptions in our services could cause current or potential customers to believe that our systems are unreliable, which could cause them to avoid our websites, drive them to our competitors, and harm our reputation. To

minimize future system interruptions, we need to continue to add software and hardware and improve our systems and network infrastructure to accommodate increases in website traffic and sales volume. We may be unable to upgrade and expand our systems and integrate additional functionality into our existing systems in a cost effective and timely manner. Any of the aforementioned circumstances could have a material adverse effect on our business, financial condition and results of operations.

Our systems and operations, and those of our suppliers and Internet providers, are vulnerable to damage or interruption from fire, flood, earthquakes, power loss, server failure, telecommunications and Internet service failure, acts of war or terrorism, computer viruses and denial-of-service attacks, physical and electronic break-ins, sabotage, and similar events. Any of these events could lead to system interruptions, service delays and loss of critical data for us, our suppliers and our Internet service providers, and could prevent us from accepting and fulfilling customer orders. Any significant interruption in the availability or functionality of our websites or our customer processing, distribution or communications systems, for any reason, could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to successfully implement new technologies or adapt our websites, proprietary technology and transaction processing systems to customer requirements or emerging industry standards.

As the Internet and online commerce industry evolves, we must license leading technology useful in our business, enhance our existing services and develop new services and technologies that address the increasingly sophisticated and varied needs of our prospective customers and respond to technological advances and emerging industry standards and practices on a cost effective and timely basis. We may not be able to successfully implement new technologies or adapt our websites, proprietary technology and transaction processing systems to customer requirements or emerging industry standards. If we are unable to do so, it could have a material adverse effect on our business, financial condition and results of operations.

Mobile devices are increasingly being used to conduct commerce, and if our solutions do not operate as effectively when accessed through these devices, our customers may not be satisfied with our services, which could harm our business.

We are dependent on the interoperability of our website with third-party mobile devices and mobile operating systems as well as web browsers that we do not control. Any changes in such devices, systems or web browsers that degrade the functionality of our platform or give preferential treatment to competitive services could adversely affect usage of our platform. Effective mobile functionality is integral to our long-term development and growth strategy. In the event that our customers have difficulty accessing and using our platform on mobile devices, our business and operating results could be adversely affected.

***Increases in compensation, wage pressure and other expenses for vision care professionals, as well as our other employees, may adversely affect our profitability.***

Increases in compensation, wage pressure and other expenses for vision care professionals, as well as our other employees, may adversely affect our profitability. Increases in minimum wages and other wage and

hour regulations can exacerbate this risk. Additional tariffs, surtaxes, or other future cost increases, such as increases in the cost of merchandise, shipping rates, raw material prices and freight costs, may also reduce our profitability. These cost increases may be the result of inflationary pressures which could further reduce our sales or profitability. Increases in other operating costs, including changes in energy prices and lease and utility costs, may increase our cost of products sold or selling, general and administrative expenses. Our low-price model and competitive pressures in the optical retail industry may inhibit our ability to reflect these increased costs in the prices of our products, in which case such increased costs could have a material adverse effect on our business, financial condition and results of operations.

***Our new product introductions may not be as successful as we anticipate.***

As part of our ongoing business strategy, we expect we will continue to introduce innovative new products in our product categories. The consumer acceptance of new product launches and sales may not be as high as we anticipate, whether as a result of lack of acceptance of the products themselves or their price, the strength of our competitors or limited effectiveness of our marketing strategies. Any introduction of new products may result in operational and financial constraints which could inhibit our ability to successfully accomplish such introduction and may also result in difficulties in manufacturing or packaging leading to lower-than-expected margins. In addition, our ability to launch new products may be limited by delays or difficulties affecting the ability of our suppliers or manufacturers to timely manufacture, distribute and ship new products or displays for new products, as well as changes in regulatory requirements. Any of these occurrences could have a material adverse effect on our business, financial condition and results of operations.

***We may not be able to adequately protect our intellectual property, which could harm the value of our brand and adversely affect our business.***

Our ability to implement our business plan successfully depends in part on our ability to further build brand recognition using our trademarks, service marks and other proprietary intellectual property, including our name and logos. While it is our policy to protect and defend vigorously our rights to our intellectual property, we cannot predict whether steps taken by us to protect our intellectual property rights will be adequate to prevent infringement or misappropriation of these rights. It may be difficult for us to prevent others from copying elements of our products and any litigation to enforce our rights could be costly, divert attention of management, and may not be successful. Although we believe that we have sufficient rights to all of our trademarks, service marks and other intellectual property rights, we may face claims of infringement that could interfere with our ability to market and promote our brands. Any such litigation may be costly and divert resources from our business. Moreover, if we are unable to successfully defend against such claims, we may be prevented from using our trademarks, service marks or other intellectual property rights in the future and may be liable for damages, which in turn could materially adversely affect our business, financial condition or results of operations.

In addition, we hold various domain names, including, KITS.com, KITS.ca, OptiContacts.com and ContactsExpress.ca, which are critical to the operation of our business. We cannot practically acquire rights to all domain names similar to ours or to those of our brands, whether under existing top-level domains or those which may be issued in the future. If third parties acquire rights to use similar domain names, our brands may be damaged, and we may lose sales. In addition, we have customary contractual

rights to the use of our domain names, but if we were to lose our rights, the loss could have a material adverse effect on our business and results of operations.

***Third parties may claim infringement of their intellectual property rights.***

Other parties may claim that we infringe their proprietary rights. We may be subject to claims and legal proceedings regarding alleged infringement by us of the intellectual property rights of third parties. Any such claim, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, injunctions against us or the payment of damages. We may need to obtain licenses from third parties who allege that we have infringed their rights, but such licenses may not be available on terms acceptable to us or at all. In addition, we may not be able to obtain or utilize on terms that are favorable to us, or at all, licenses or other rights with respect to intellectual property we do not own in providing e-commerce services to other businesses and individuals under commercial agreements.

***Our business depends on the safe and continued operation of sophisticated equipment in order to assemble eyeglasses for our customers.***

We assemble custom made eyeglasses on our premises using sophisticated and automated equipment. Our business depends on the safe and continued operation of this equipment in order to assemble these eyeglasses for our customers. Increases in the demand for our eyeglasses would result in a need for additional equipment to sustain the rate of assembly required to ship product to customers in an acceptable time frame. In the event that such equipment is unavailable or breaks down, and we are unable to secure trained operators of this equipment, our business, financial condition and operating results would be harmed.

***Our future operational success could depend on our ability to negotiate contracts with managed vision care companies, vision insurance providers and other third-party payors.***

An increasing percentage of our customers receive vision insurance coverage through managed care payors. These payors represent an increasingly significant portion of our overall revenues and our revenue growth. While we may have relationships with vision care insurers in North America, currently, a relatively small number of payors comprise the majority of our managed care revenues, subjecting us to concentration risk. Our future operational success could depend on our ability to negotiate contracts with managed vision care companies, vision insurance providers and other third-party payors, several of whom have significant market share. As our managed care business continues to expand, we have incurred and expect to incur additional costs related to this area of our business. In addition, as our managed care business continues to grow closer to overall industry penetration levels, we expect our associated revenue growth rate to slow over time. We may be unable to establish or maintain satisfactory relationships with managed care and other third-party payors. In addition, many managed care payors have existing provider structures in place that they may be unable or unwilling to change. Some vertically integrated payors also have their own networks, and these payors may take actions to maintain or protect these networks in ways that negatively affect us, including by increasing costs or not allowing our new or existing stores to participate in their networks. Increasing consolidation in the optical industry may give such payors greater market power which may adversely affect our ability to negotiate reimbursement rates under managed care arrangements. Our inability to enter into arrangements with managed care payors in the future or to maintain existing relationships with managed care payors on commercially reasonable terms could have a material adverse effect on our business, financial condition and results of operations. In addition, delays in receiving or the failure to receive reimbursements under our managed care arrangements, significant

changes to the economics of a managed care contract or relationship or the loss of a significant managed care contract or relationship could have a significant negative impact on our business, financial condition and results of operations.

***Our limited operating experience and limited brand recognition in markets outside North America may limit our expansion efforts, subject us to additional risks and cause our business and growth to suffer.***

Our long-term future growth depends, in part, on our expansion efforts outside North America. Our current operations are based largely in Canada and the United States. Therefore, our customer base and our operating experience outside Canada, and in particular outside North America, is limited. We also have limited experience with regulatory environments and market practices outside of North America and cannot guarantee that we will be able to penetrate or successfully operate in any market outside of North America. In connection with any future expansion efforts outside of North America, we would expect to encounter many obstacles we do not face in North America, including cultural and linguistic differences, differences in regulatory environments and market practices, difficulties in keeping abreast of market, business and technical developments and foreign customers' tastes and preferences.

***We may incur a variety of costs to engage in the potential acquisition of complementary or strategic businesses or assets which forms part of our future growth strategy, and the anticipated benefits of such acquisition opportunities may never be realized.***

Our future growth strategy depends in part on our ability to acquire complementary or strategic businesses or assets. Any such acquisition could result in dilution, operating difficulties, difficulties in integrating acquired businesses, additional leverage and other adverse consequences.

We may acquire complementary or strategic businesses, technologies, services, and products as part of our strategy to increase our revenue and customer base. The integration of any future acquired business, technology, service, or product, may result in unforeseen operating difficulties and expenditures. The integration of any future acquisition also may require significant management resources that would otherwise be available for operation, ongoing development, and expansion of our business, additional costs as a result of the hiring of additional personnel or consultants to assist in the integration, or otherwise create disruptions in our existing business. To the extent that we miscalculate our ability to integrate and properly manage acquired businesses, or we depend on the continued service of acquired personnel who choose to leave, we may have difficulty in achieving our operating and strategic objectives. In addition, we may not realize the anticipated benefits of any acquisition.

We may be unable to identify suitable acquisition opportunities or to negotiate and complete acquisitions on favourable terms, or at all. In addition, any future acquisitions may require substantial capital resources and we may need to obtain additional capital or financing from time to time to fund these activities. This could result in potentially dilutive issuances of our securities or the incurrence of debt, contingent liabilities or amortization expenses and impairment losses related to goodwill and other intangible assets, any of which could harm our business, financial condition, and results of operation. Sufficient capital or financing for our acquisition activities may not be available to us on satisfactory terms, or at all.

We have previously undertaken certain acquisitions of assets and businesses. Although we perform reviews of targets prior to any such acquisitions we have undertaken or may undertake in the future, even an in-depth review of all records may not necessarily reveal existing or potential problems, nor will it permit us to become sufficiently familiar with the assets or business to comprehensively assess their deficiencies and capabilities. We may be required to assume pre-closing liabilities with respect to an

acquisition and may acquire assets or businesses on an “as is” basis. These liabilities and risks could have, individually or in the aggregate, a material adverse effect on our business, financial condition and results of operations. In addition, competition for the acquisition of prospective targets is intense, which may increase the cost of any potential acquisition. There can be no assurance that any potential acquisition by us will be successful.

***We maintain certain insurance policies, but there is no guarantee that our insurance coverage will be sufficient, or that insurance proceeds will be timely paid to us.***

We maintain director and officer insurance, liability insurance, business interruption and property insurance and our insurance coverage include deductibles, self-insured retentions, limits of liability and similar provisions. However, there is no guarantee that our insurance coverage will be sufficient, or that insurance proceeds will be timely paid to us. In respect of our suppliers and manufacturers who provide us with warranties and indemnities relating to product liability, there is no assurance that we will be successful in relying upon such warranties and indemnities, which may result in our exposure to such liability. In addition, there are types of losses we may incur but against which we cannot be insured or which we believe are not economically reasonable to insure, such as losses due to acts of war or certain natural disasters. If we incur these losses and they are material, our business, operating results and financial condition may be adversely affected. Also, certain material events may result in sizable losses for the insurance industry and materially adversely impact the availability of adequate insurance coverage or result in significant premium increases. Accordingly, we may elect to self-insure, accept higher deductibles or reduce the amount of coverage in response to such market changes.

***Our business is dependent on the rate of Internet usage and the ability of Internet infrastructure to support increased use.***

The Internet is rapidly evolving. A decrease in the growth of Internet usage could harm our business. The following factors may inhibit growth in Internet usage, visits to our websites or the number of orders placed through our websites: inadequate Internet infrastructure; security and privacy concerns; inconsistent quality of service; and unavailability of low cost, high-speed Internet service.

Our success is dependent, in part, upon the ability of Internet infrastructure to support increased use. The performance and reliability of the Internet may decline as the number of users increases or the bandwidth requirements of users increase. The Internet has experienced a variety of outages due to damage to portions of its infrastructure. If outages or delays occur frequently in the future, Internet usage, including usage of our websites, could grow slowly or decline. Even if the necessary infrastructure or technologies are developed, we may have to spend considerable amounts of time and money to adapt and develop solutions accordingly.

***We have exposure to product liability and personal injury claims related to our products.***

We sell optical products and services to the general public, including private label products. Consequently, we have exposure to product liability and personal injury claims related to those products. Such liability could result from, for example, circumstances where KITS delivers contact lenses or eyeglasses that do not meet the customer’s prescription or where the prescription from the optometrist is incorrect and KITS fulfills the order, and damages result therefrom prior to the customer taking steps to correct this error. Product liability or personal liability claims brought against us could result in diverted management time, significant adverse publicity and could be costly to defend or settle. Such liability may be covered by our

suppliers; however, those that are not may not be adequately subject to our insurance coverage and could have a material adverse effect on our business, financial condition and results of operations.

***We post product information and other content on our websites and as such we face potential liability in respect of possible claims based on the nature and content of the materials posted.***

Due to the fact that we post product information and other content on our websites, we face potential liability for negligence, copyright, patent or trademark infringement, defamation and other claims based on the nature and content of the materials posted. In the past, such claims have been brought, in some cases successfully, against the Internet content distributors. In addition, we could be exposed to liability with respect to unauthorized duplication of content or unauthorized use of another party's proprietary technology. Although we maintain general liability insurance, our insurance may not cover potential claims of this type or may not be adequate to indemnify us for all liability that may be imposed. Any imposition of liability that is not covered by insurance or that is in excess of insurance coverage could have a material adverse effect on our business, financial condition and results of operations.

We are subject to numerous laws and regulations, including labour and employment, consumer protection, health and safety, human rights, advertising, environmental, customs, taxes and other laws that regulate or govern the importation, labeling, promotion, distribution and sale of products and the operation of our centres. If our management, employees, suppliers, manufacturers or others fail to comply with any of these laws or regulations for any reason, we could become subject to enforcement actions or the imposition of significant penalties or claims, or suffer reputational harm, any of which could adversely affect our business. Additionally, although we undertake to monitor applicable laws, it is possible changes may be implemented or new laws or regulations may be introduced without our knowledge, creating a greater risk of non-compliance. The adoption of new laws or regulations or requirements for public companies or changes in the interpretation of existing laws or regulations may result in increased compliance costs and could make the ordinary conduct of our business more expensive or require us to change the way we do business. It is often difficult for us to plan and prepare for potential changes to applicable laws, and future actions or expenses related to any such changes could be material to us.

We could be adversely affected if consumers lose confidence in the safety and quality of our vendor-supplied and private brand contact lens and eyewear products. All of our suppliers are required to comply with applicable product safety laws, and we are dependent upon them to ensure such compliance. Adverse publicity about these types of concerns, whether valid or not, may discourage consumers from buying the products we offer, or cause supplier production and delivery disruptions. We or our suppliers could be exposed to governmental enforcement action or private litigation, or costly recalls and loss of consumer confidence, any of which could have an adverse effect on our business, financial condition, and results of operations. Our insurance may not be adequate to cover all liabilities we may incur in connection with product liability claims. In addition, we may be unable to continue to maintain our existing insurance, obtain comparable insurance at a reasonable cost, if at all, or secure additional coverage, which may result in future product liability claims being uninsured.

***Natural disasters, unusual weather, and geo-political events or acts of terrorism could adversely affect our operations and financial results.***

Extreme weather conditions in the areas in which we operate could adversely affect our business, notably in the areas in which our fulfillment centres and optical labs are located. Reduced revenue from extreme or prolonged unseasonable weather conditions could adversely affect our business.

In addition, natural disasters such as hurricanes, tornadoes, forest fires and earthquakes, or a combination of these or other factors, could severely damage or destroy one or more of our facilities located in the affected areas, thereby disrupting our business operations.

Furthermore, unstable political conditions or civil unrest, including terrorist activities, military and domestic disturbances and conflicts, may disrupt commerce, our supply chain operations, international trade or result in political or economic instability and could have a material adverse effect on our business and results of operations.

***Public health crises due to epidemic and pandemic diseases may adversely affect our business.***

Our business could be significantly adversely affected by the effects of outbreaks of communicable diseases, including pandemics, or other adverse public health developments which have the potential to materially and adversely impact our business, including without limitation, decreases in the demand for our products, employee health, workforce availability and productivity, limitations on travel, work delays, supply chain disruptions, increased insurance premiums, and the slowdown or temporary suspension of operations at our distribution centres. Any such disruptions or closures could have a material adverse effect on the Company's business. In addition, parties with whom the Company does business or on whom the Company is reliant may also be adversely impacted by outbreaks of communicable diseases, including pandemics, and/or other adverse public health developments which may in turn cause further disruption to the Company's business. Any long-term closures or suspensions may also result in the loss of personnel or the workforce in general as employees seek employment elsewhere.

***Changes in laws and policy relating to taxes or trade may have an adverse effect on our business.***

Changes in laws and policy relating to taxes or trade may have an adverse effect on our business, financial condition and results of operations. Potential tax reforms in Canada and the United States may result in significant changes to current tax rules and regulations (including new or changes in regulations promulgated by the U.S. Internal Revenue Service and the U.S. Department of the Treasury). These changes could, among other things, adversely impact our effective tax rate and have a material adverse effect on our business, results of operations and liquidity.

Notwithstanding the existence of international trade agreements such as the *Canada-United States-Mexico Agreement*, there has been a significant increase in volatility in global trade. There is a possibility that tariffs, surtaxes, import/export bans, or other restrictive trade measures or countermeasures will be applied to goods that we, or our third party suppliers, sell or purchase that cross international borders. Such measures could, among other things, reduce the availability of raw materials, finished products and equipment; increase our costs, including the cost of raw material and merchandise; and reduce the competitiveness of our products in the North American market. Any or all of which could have a material adverse effect on our business, financial condition or results of operations.

***We are subject to a number of different tax jurisdictions worldwide and the complexity of our multinational operations could subject us to unforeseen income and commodity tax exposure.***

We market and sell products in a number of tax jurisdictions worldwide. Each jurisdiction has its own sales tax, value added tax and income tax regimes. These rules are complex and generally different in each jurisdiction. The complexity of our multinational operations could subject us to unforeseen income and commodity tax exposure. In addition, some jurisdictions have sought to impose sales tax collection obligations on out-of-jurisdiction direct marketing companies such as ours. A successful assertion by one or more jurisdictions that we must, or should have, collected more sales tax than we currently collect or that we are subject to additional income tax could materially and adversely affect our operating results and could require us to increase the price of our products to our customers, which could adversely affect our business, financial condition and results of operations.

***Union attempts to organize our employees could negatively affect our business.***

None of our employees are currently subject to a collective bargaining agreement. As we continue to grow, unions may attempt to organize all or part of our employee base at distribution centres. Responding to such organization attempts may distract management and employees and may have a negative financial impact on our business.

The maintenance of a productive and efficient labour environment and, in the event of unionization of these employees, the successful negotiation of a collective bargaining agreement, cannot be assured. Protracted and extensive work stoppages or labour disruptions such as strikes, or lockouts could have a material adverse effect on our business, financial condition and results of operations.

***The terms of the Facility and any additional debt financing may restrict our current and future operations, which could adversely affect our ability to manage our operations and respond to changes in our business.***

We maintained an outstanding balance under our Facility at the close of the 2025 fiscal year, however, this was fully repaid in January 2026. We continue to utilize this facility for flexible access to capital and may draw down additional funds as required. Our financial position remains subject to changes in interest rates affecting both our bank indebtedness and long-term debt obligations. Our borrowings, current and future, will require interest payments and need to be repaid or refinanced, could require us to divert funds identified for other purposes to debt service and could create additional cash demands or impair our liquidity position and add financial risk for us. Diverting funds identified for other purposes for debt service may adversely affect our business and growth prospects. If we cannot generate sufficient cash flow from operations to service our debt, we may need to refinance our debt, dispose of assets, reduce or delay expenditures or issue equity to obtain necessary funds. We do not know whether we would be able to take any of these actions on a timely basis, on terms satisfactory to us, or at all.

The Facility Agreement (as defined below) contains restrictive financial and other covenants which affect, among other things, the manner in which we may structure or operate our business. Our ability to satisfy these restrictive covenants could be affected by factors outside our control, such as a slowdown in economic activity which could result in a reduction of our operating revenue or profitability. The restrictions could further limit our ability to plan for, or react to, market conditions or meet extraordinary capital needs or otherwise restrict corporate activities. For example, the restrictions could affect, and in many respects limit or prohibit, among other things, our financial flexibility to pursue acquisition opportunities and other activities in furtherance of our strategy or our ability to pay dividends, incur

additional indebtedness, create liens or sell assets. A failure by us to comply with our contractual obligations (including restrictive, financial and other covenants), or to pay our indebtedness and fixed costs under our current or future financing arrangements could result in a variety of material adverse consequences, including the acceleration of our indebtedness and the exercise of remedies by our creditors, and such defaults could trigger additional defaults under other agreements. In such a situation, it is unlikely that we would be able to repay the accelerated indebtedness or fulfill our obligations under certain contracts, or otherwise cover our fixed costs, and our future financial condition would be materially adversely affected.

The Company is subject to various covenants under the Facility Agreement, including requirements to maintain certain financial ratios. As of December 31, 2025, the Company is in compliance with the covenants under the Facility Agreement. However, there can be no assurance that breaches will not occur under the Facility Agreement or that any necessary waivers from BMO will be obtained if requested.

Our degree of leverage could have a material adverse effect on our business and results of operations, including: limiting our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes; restricting our flexibility and discretion to operate our business; limiting our ability to declare dividends on our securities; having to dedicate a portion of our cash flows from operations to the payment of interest on our existing indebtedness and not having such cash flows available for other purposes; exposing our business to debt capital market risks, including interest rate risk and refinancing risk at maturity; exposing us to increased interest expense on borrowings at variable rates; limiting our ability to adjust to changing market conditions; placing us at a competitive disadvantage compared to our competitors that have less debt; making us vulnerable in a downturn in general economic conditions; and making us unable to make expenditures that are important to our growth strategies.

***Inflation and related governmental actions may impact our operating and financial results.***

An inflationary economy over an extended period of time could increase certain operating and capital costs for KITS and throughout our supply chains. High inflation rates could also negatively impact KITS key input costs, including labour and materials. Inflationary pressures could also increase the amount of capital that needs to be raised by KITS and the costs of such capital. Governmental action, such as the imposition of higher interest rates, may also negatively impact KITS costs and magnify the impacts of other risks identified in this Annual Information Form, including those relating to the Company's indebtedness, other financial risks and interest rate risks. Continued inflation, any governmental response thereto, and any corresponding significant increase in costs could adversely affect our business, operations or financial results. Economic conditions can also affect customers' demand and ability to pay for our products, which could adversely affect our business, operations or financial results.

***Significant merchandise returns or refunds could harm our business.***

We allow our customers to return products or offer refunds in certain circumstances, subject to our return and refunds policy. If merchandise returns or refunds are significant or higher than anticipated and forecasted, our business, financial condition, and results of operations could be adversely affected. Further, we modify our policies relating to returns or refunds from time to time, and may do so in the future, which may result in customer dissatisfaction and harm to our reputation or brand, or an increase in the number of product returns or the amount of refunds we make.

***Alternative procedures, or other alternative technologies that may be developed in the future, may cause a substantial decline in the number of contact lens and eyeglass wearers.***

We encounter competition from alternative technologies, such as surgical refractive procedures, including refractive laser procedures such as PRK, or photorefractive keratectomy, and LASIK, or laser in situ keratomileusis. As surgical refractive procedures become increasingly accepted as an effective and safe technique for permanent vision correction, they could substantially reduce the demand for our products. Accordingly, these procedures, or other alternative technologies that may be developed in the future, may cause a substantial decline in the number of contact lens and eyeglass wearers and could have a material adverse effect on our business and financial condition.

***Our public company obligations require significant expenses and may place a strain on our financial resources and management's time. As a public company, we are obligated to develop and maintain proper and effective internal controls over financial reporting and any failure to maintain the adequacy of these internal controls may adversely affect investor confidence in our company and, as a result the value of our Common Shares.***

We incur significant legal, accounting, insurance, and other expenses as a result of being a public company, which may negatively impact our performance and could cause our results of operations and financial condition to suffer. In addition to incurring expenses, compliance with applicable securities laws in Canada and the rules of the TSX makes some activities more time-consuming and costly. Reporting obligations as a public company and our anticipated growth may place a strain on our financial and management systems, processes and controls, as well as on our personnel. Our management may need to devote a substantial amount of time to ensure compliance with these rules, diverting the attention of management away from revenue-producing activities.

We are responsible for establishing and maintaining adequate internal controls over financial reporting, which is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. A failure to prevent or detect errors or misstatements may result in a decline in the price of our Common Shares and harm our ability to raise capital in the future. If our management is unable to certify the effectiveness of our internal controls or if material weaknesses in our internal controls exist, we could be subject to regulatory scrutiny and a loss of public confidence, which could harm our business and cause a decline in the price of our Common Shares. In addition, if we do not maintain adequate financial and management personnel, processes and controls, we may not be able to accurately report our financial performance or report on a timely basis, which could cause a decline in the price of our Common Shares and harm our ability to raise capital. Failure to accurately report our financial performance on a timely basis could also jeopardize our listing on the TSX or any other stock exchange on which our Common Shares may be listed. Delisting of our Common Shares on any exchange would reduce the liquidity of the market for our Common Shares, which would reduce the price of and increase the volatility of the price of our Common Shares.

A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are personnel and resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision-making can be faulty,

and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results could be materially adversely affected, which could also cause investors to lose confidence in our reported financial information, which in turn could result in a reduction in the trading price of the Common Shares.

***Changes in accounting standards could significantly affect our reported financial performance.***

IFRS and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business, including but not limited to revenue recognition, impairment of goodwill and intangible assets, inventory, income taxes and litigation, are highly complex and involve many subjective assumptions, estimates and judgments. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments could significantly change our reported financial performance or financial condition in accordance with IFRS.

**Risks Related to the Ownership of Our Shares**

***The market price for Common Shares may be volatile.***

The market price of our Common Shares could be subject to significant fluctuations, and it may decline. Some of the factors that may cause the market price of our Common Shares to fluctuate include:

- volatility in the market price and trading volume of comparable companies;
- actual or anticipated changes or fluctuations in our operating results or in the expectations of market analysts;
- adverse market reaction to any indebtedness we may incur or securities we may issue in the future;
- short sales, hedging and other derivative transactions in our Common Shares;
- litigation or regulatory action against us;
- investors' general perception of us and the public's reaction to our press releases, our other public announcements and our filings with Canadian securities regulators, including our financial statements;
- publication of research reports or news stories about us, our competitors or our industry;
- positive or negative recommendations or withdrawal of research coverage by securities analysts;
- changes in general political, economic, industry and market conditions and trends;
- sales of our Common Shares by existing shareholders, including our principal shareholders (the "**Principal Shareholders**") who collectively consist of Roger Hardy and LD Group Holdings Ltd., formed in the restructuring of the shareholders of LD Vision Group, which is controlled by Arshil Abdulla, a director and senior officer of KITS and founder and former shareholder of KCTI, Fayaz Abdulla, a former shareholder of KCTI, and Shaneef Mitha, a former shareholder of KCTI;
- recruitment or departure of key personnel;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors; and
- the other risk factors described in this section of this Annual Information Form.

Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional

investors may base their investment decisions on consideration of our environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to satisfy such criteria may result in limited or no investment in the Common Shares by those institutions, which could materially adversely affect the trading price of the Common Shares. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, our operations and the trading price of the Common Shares may be materially adversely affected.

In addition, broad market and industry factors may harm the market price of our Common Shares. Hence, the price of our Common Shares could fluctuate based upon factors that have little or nothing to do with us, and these fluctuations could materially reduce the price of our Common Shares regardless of our operating performance. In the past, following a significant decline in the market price of a company's securities, there have been instances of securities class action litigation having been instituted against that company. If we were involved in any similar litigation, we could incur substantial costs, our management's attention and resources could be diverted and it could harm our business, operating results and financial condition.

Sales of a substantial number of our Common Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Common Shares intend to sell Common Shares, could significantly reduce the market price of our Common Shares and the market price could decline. We cannot predict the effect, if any, that future public sales of these securities or the availability of these securities for sale will have on the market price of our Common Shares. If the market price of our Common Shares was to drop as a result, this might impede our ability to raise additional capital and might cause remaining shareholders to lose all or part of their investments.

The intentions of the Principal Shareholders regarding their long-term economic ownership are subject to change. Factors that could cause the Principal Shareholders' current intentions to change include changes in each of their personal circumstances, our succession planning or changes in our management, changes in tax laws, market conditions and our financial performance.

Further, we cannot predict the size of future issuances of our Common Shares or the effect, if any, that future issuances and sales of our Common Shares will have on the market price of our Common Shares. Sales of substantial amounts of our Common Shares, or the perception that such sales could occur, may adversely affect prevailing market prices for our Common Shares.

***Additional equity offerings may dilute existing shareholders and/or have an adverse impact on the price of our Common Shares.***

We have the authority to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares. We may undertake additional offerings or issuances of securities in the future in connection with our plans to grow our business or otherwise. The increase in the number of Common Shares outstanding and the possibility of sales or issuances of such Common Shares may have a negative impact on the price of Common Shares already outstanding. In addition, in the event of an issuance of additional Common Shares, the voting power of our existing shareholders would be diluted, and any such dilution may be significant.

***Impact of securities or industry analysts' reports.***

The trading market for our Common Shares will depend in part on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who cover us downgrade our Common Shares or publish inaccurate or unfavourable research about our business, our trading price may decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our Common Shares could decrease, which could cause our trading price and volume to decline.

***Risks related to control by certain shareholders.***

The Principal Shareholders collectively hold approximately 57.7% of our total issued and outstanding Common Shares. As a result, the Principal Shareholders have a significant influence over us, including election of directors and significant corporate transactions.

The concentrated voting control of our Principal Shareholders will limit the ability of holders of the remaining Common Shares to influence corporate matters for the foreseeable future, including the election of directors as well as with respect to decisions regarding amendment of our share capital, creating and issuing additional classes of shares, making significant acquisitions, selling significant assets or parts of our business, merging with other companies and undertaking other significant transactions. As a result, the Principal Shareholders will have the ability to influence many matters affecting us and actions may be taken that other shareholders may not view as beneficial. The market price of our Common Shares could be adversely affected due to the significant influence and voting power of the Principal Shareholders. Additionally, the significant voting interest of the Principal Shareholders may discourage transactions involving a change of control, including transactions in which an investor, as a holder of the Common Shares, might otherwise receive a premium for over the then-current market price, or discourage competing proposals if a going private transaction is proposed by one or more Principal Shareholders.

***Potential future issuance of Preferred Shares.***

Our Board has the authority to issue Preferred Shares and to determine the preferences, limitations and relative rights of Preferred Shares and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our shareholders. Our Preferred Shares could be issued with liquidation, dividend and other rights superior to the rights of our Common Shares. The potential issuance of Preferred Shares may delay or prevent a change in control of us, discourage bids for our Common Shares at a premium over the market price and adversely affect the market price and other rights of the holders of our Common Shares.

***Risks related to the book-based system.***

Unless and until certificated Common Shares are issued in exchange for book-entry interests in the Common Shares (which we do not anticipate), owners of the book-entry interests will not be considered owners or holders of Common Shares. Instead, the depository or its nominee will be the sole holder of the Common Shares. Unlike holders of the Common Shares themselves, owners of book-based interests do not have the direct right to act upon the Company's solicitations or requests or other actions from holders of the Common Shares. Holders of beneficial interests in the Common Shares are permitted to act only to the extent such holders have received appropriate proxies to do so from CDS Clearing and Depository Services Inc. or, if applicable, a participant in its system. There is no assurance that procedures

implemented for the granting of such proxies will be sufficient to enable holders of beneficial interests in the Common Shares to vote on any requested actions on a timely basis.

***Your ability to enforce U.S. civil liabilities may be limited.***

We are a corporation incorporated and existing under the laws of Canada. A substantial portion of our assets are located outside of the United States and certain of our officers and directors are residents of Canada or otherwise reside outside of the United States, and a substantial portion of their assets are located outside of the United States. As a result, it may be difficult for United States shareholders to effect service of process within the United States upon those officers or directors who are not residents of the United States, or to realize in the United States upon judgments of courts of the United States predicated upon civil liabilities of such officers or directors under United States federal securities laws.

***We do not expect to pay any cash dividends for the foreseeable future.***

We currently expect to retain all available funds and future earnings, if any, for use in the operation and growth of our business and do not anticipate paying any cash dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of our Board, subject to compliance with applicable law and any contractual provisions, including under the Facility Agreement and other agreements for indebtedness we may incur, that restrict or limit our ability to pay dividends, and will depend upon, among other factors, our results of operations, financial condition, earnings, capital requirements and other factors that our Board deems relevant. Investors seeking cash dividends in the foreseeable future should not purchase our Common Shares.

## **DIVIDENDS**

We currently intend to retain any future earnings to fund the development and growth of our business and do not currently anticipate paying dividends on the Common Shares. Any determination to pay dividends in the future will be at the discretion of our Board and will depend on many factors, including, among others, restrictions in the Facility Agreement (as defined below) and other credit arrangements we may enter into in the future, our financial condition, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by applicable corporate law and other factors that our Board may deem relevant.

Over the last three fiscal years (amounts in thousands):

- No dividends were declared, paid or accrued in respect of our Common Shares over the last three fiscal years.
- In 2021, the Company issued a \$2,412 non-interest-bearing promissory note to settle accrued dividends upon the Conversions. The note bears no interest and matures on the earlier of January 31, 2026, or the full repayment of the BDC Loan. During the year ended December 31, 2025, the Company repaid \$2,122 to the promissory note holders. As at December 31, 2025, the carrying value of the note was \$290.

## **CAPITAL STRUCTURE**

The following describes the material terms of our capital structure. The following description may not be complete, and is subject to, and qualified in its entirety by reference to, the terms and provisions of our Articles.

Our authorized share capital consists of an unlimited number of Common Shares without par value and an unlimited number of Preferred Shares without par value.

### **Common Shares**

The Common Shares are not subject to any future call or assessment, do not have any pre-emptive, conversion or redemption rights, and all have equal voting rights. There are no special rights or restrictions of any nature attached to any of the Common Shares, all of which rank equally as to all benefits which might accrue to the holders of the Common Shares. All shareholders are entitled to receive a notice of, attend and vote at any meeting of shareholders to be convened by the Company. At any meeting of shareholders, subject to the restrictions on joint registered owners of Common Shares, every shareholder has one vote for each Common Share of which such holder is the registered owner. Voting rights may be exercised in person or by proxy.

Shareholders are entitled to share pro rata in any dividends if, as and when declared by the Board, in its discretion, and such of the Company's assets as are distributable to them on liquidation, dissolution, or winding-up of the Company. Rights pertaining to the Common Shares may only be amended in accordance with applicable corporate law.

### **Preferred Shares**

The Preferred Shares may, at any time and from time to time, be issued in one or more series, each series to consist of such number of shares as may, before the issue thereof, be determined by resolution of the Board. Holders of Preferred Shares shall not be entitled to receive notice of and attend any meetings of our shareholders or to vote at any such meetings, except meetings at which only holders of Preferred Shares are entitled to vote.

Holders of Preferred Shares are entitled to: (a) the right to receive, subject to the prior rights and privileges attaching to any other class of our shares, any dividend declared by us; and (b) the right to receive subject to the prior rights and privileges attaching to any other class of our shares, our remaining property and assets upon dissolution. Subject to the provisions of the *Business Corporations Act* (British Columbia), we may by special resolution fix, from time to time before the issue thereof, the designation, rights, privileges, restrictions and conditions attaching to each series of the Preferred Shares including, without limiting the generality of the foregoing, any voting rights, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the terms and conditions of redemption, purchase and conversion if any, and any sinking fund or other provisions. No special right or restriction attached to any issued shares shall be prejudiced or interfered with unless all shareholders holding shares of each class whose special right or restriction is so prejudiced or interfered with consent thereto in writing, or unless a resolution consenting thereto is passed at a separate class meeting of the holders of the shares of each such class by the majority required to pass a special resolution, or such greater majority as may be specified by the special rights attached to the class of shares of the issued shares of such class.

## **MARKET FOR SECURITIES**

Our Common Shares are listed for trading on the TSX under the trading symbol "KITS". The following table sets forth the monthly price ranges and total monthly volumes of Common Shares on the TSX during the most recently completed financial year.

<b>2025</b>	<b>High</b>	<b>Low</b>	<b>Volume Traded (# of Shares)</b>
January	\$9.640	\$7.130	1,789,797
February	\$9.000	\$8.010	650,339
March	\$12.500	\$8.550	1,436,738
April	\$12.220	\$9.580	447,650
May	\$14.250	\$11.000	522,939
June	\$15.225	\$13.200	590,238
July	\$17.710	\$14.850	765,737
August	\$17.430	\$15.700	821,324
September	\$17.240	\$14.980	809,896
October	\$18.420	\$13.610	1,391,964
November	\$15.410	\$11.870	2,520,596
December	\$18.420	\$14.700	1,300,328

Source: TSX

## DIRECTORS AND EXECUTIVE OFFICERS

### Summary

The following table sets forth certain information regarding our directors and executive officers as of the date of this Annual Information Form. Principal occupations over the last five years are described directly below the table. Our directors are elected annually and, unless re-elected, retire from office at the end of the next annual general meeting of shareholders.

<b>Name, Position/Title, Province or State and Country of Residence</b>	<b>Date elected or appointed</b>	<b>Current number of Common Shares held and percentage of Common Shares<sup>(7)</sup></b>
Roger Hardy <sup>(1)</sup> <i>Chairman and Chief Executive Officer</i> <i>British Columbia, Canada</i>	October 19, 2018	8,763,109 Common Shares 100,000 Options 5,839 RSRs
Arshil Abdulla <sup>(1)</sup> <i>Director and Chief Technology Officer</i> <i>Ontario, Canada</i>	April 5, 2019 <sup>(6)</sup>	5,059,199 Common Shares <sup>(8)</sup> 75,000 Options 5,122 RSRs
Tai Silvey <i>Chief Business Development Officer</i> <i>British Columbia, Canada</i>	March 17, 2023	39,181 Common Shares 55,000 Options 4,894 RSRs
Zhe Choo <i>Chief Financial Officer</i> <i>British Columbia, Canada</i>	April 8, 2024	43,471 Common Shares 58,000 Options 2,866 RSRs
Joseph Thompson <i>Chief Operating Officer</i> <i>British Columbia, Canada</i>	October 19, 2018	1,091,463 Common Shares 3,725 RSRs

<b>Name, Position/Title, Province or State and Country of Residence</b>	<b>Date elected or appointed</b>	<b>Current number of Common Shares held and percentage of Common Shares<sup>(7)</sup></b>
Angela MacInnis <i>Chief Marketing Officer</i> <i>British Columbia, Canada</i>	January 6, 2026	100,827 Options
Nick Bozikis <sup>(1)(2)(4)(5)</sup> <i>Director</i> <i>British Columbia, Canada</i>	October 16, 2019	122,224 Common Shares 975 RSRs
Peter Lee <sup>(1)(2)(3)(4)(5)</sup> <i>Director</i> <i>Washington, United States</i>	December 10, 2020	55,250 Common Shares 893 RSRs
Anne Kavanagh <sup>(1)(2)(3)(5)</sup> <i>Director</i> <i>New York, United States</i>	December 10, 2020	50,519 Common Shares 893 RSRs
Andrew Reid <sup>(1)(3)(4)(5)</sup> <i>Director</i> <i>British Columbia, Canada</i>	June 5, 2024	2,932 Common Shares 893 RSRs
Sally Parrott <i>Director</i> <i>British Columbia, Canada</i>	March 3, 2026	Nil
<b>TOTALS</b>		<b>15,227,348 Common Shares</b> <b>44.8% (Common Shares)</b>

Notes:

- (1) Term of office as director expires at the close of the next annual meeting of shareholders or upon the election or appointment of the director's successor.
- (2) Member of our Audit Committee.
- (3) Member of our Compensation Committee.
- (4) Member of our Nominating and Corporate Governance Committee.
- (5) Independent director for the purposes of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* of the Canadian Securities Administrators.
- (6) Mr. Abdulla was appointed to the Board on November 4, 2024.
- (7) 22,446 RSRs and 100,287 options that were approved by the Board on March 3, 2026.
- (8) Includes 4,724,140 Common Shares held by LD Vision Group.

## **Biographical Information Regarding the Directors and Executive Officers**

### *Roger Hardy, Chairman, Chief Executive Officer and Director*

As an early entrant into ecommerce, Mr. Hardy was previously the CEO and Co- Founder of Coastal Contacts Inc. ("**Coastal**") which listed on the TSX and NASDAQ and was later acquired by Essilor in 2014. Since 2014, Mr. Hardy has been Chairman and CEO of Hardy Capital Partners, a private family investment firm. Under his leadership, KITS has grown rapidly in Canada with plans to expand these operations into the U.S., in addition to developing and launching our KITS brand of contact lenses and glasses. He is involved in every aspect of our business strategy and operations. In recognition of his unrelenting focus on delivering innovation and impactful outcomes, Mr. Hardy was awarded Ernst & Young Entrepreneur of The Year® for Business to Consumer in 2006 for Coastal and again in 2016. He was also awarded Business

in Vancouver's Living Legend Award in 2021, and again in 2022 for his outstanding leadership and ability to consistently build high performance organizations. Most recently he was awarded the Power 50 designation for individuals making contributions to B.C. for both 2024 and 2025. Mr. Hardy received a Bachelor of Arts from Bishop's University and formerly served on the board of directors of the Bishop's University Foundation.

Mr. Hardy is a shareholder, investor and board member, audit committee member and Chair of the Governance and Nominating Committee of Eyewa FZ-LLC, an optical business located in Dubai. He is also a shareholder, investor, board member of LIVO Comércio de Produtos Ópticos LTDA, an optical company in San Paolo, Brazil. Both these optical companies serve their local markets and do not compete with the business of the Company

*Arshil Abdulla, Director and Chief Technology Officer*

Arshil Abdulla is a director and the Chief Technology Officer of KITS. Mr. Abdulla oversees all aspects of the organization's technology infrastructure, including development of proprietary e-commerce software, Rx verification and fulfillment automations, virtual try-on and online vision test applications, ERP systems, and cloud computing DevOps. Prior to joining KITS, Mr. Abdulla was CEO, CTO, and founder of LD Vision Group, a leading online retailer of contact lenses since 2002 built on a custom tech platform that was unparalleled in the eyecare industry in terms of automation and efficiency. Mr. Abdulla has implemented the critical technologies supporting KITS' growth and operations, most notably, the implementation of purchasing automation software, the launch of our KITS.com site, and the implementation of our glasses management and production system.

*Tai Silvey, Chief Business Development Officer*

Tai Silvey is our Chief Business Development Officer with responsibilities for all operational functions of the business including supply chain, fulfillment, optical lab operations, inventory, and customer service. Before joining KITS in 2022, Mr. Silvey was a founding member of Evo Car Share, and as VP at BCAA and Head of Evo, oversaw the business' 10X growth from 2016 to 2022. Previously, Mr. Silvey had an 8-year career at Dyson. As a National Account Manager, he led Dyson's rollout and rapid growth across many Canadian retailers such as Canadian Tire, Wal-Mart and Best Buy. Mr. Silvey is a UBC Sauder School of Business graduate and holds a bachelor's degree from Simon Fraser University.

*Zhe Choo, Chief Financial Officer*

Zhe Choo is our Chief Financial Officer with responsibilities for all finance functions. Zhe joined KITS in August 2020 as Vice President of Finance, where she played an integral part leading the finance function of the Company's strategy through its initial growth phase. Prior to KITS, she held various roles leading the finance departments of growth-focused, advanced technology companies. Zhe began her career and accumulated over a decade of experience in management roles with notable "Big Four" accounting firms such as PwC and EY and is a Chartered Professional Accountant (CPA, CA).

*Joseph Thompson, Chief Operating Officer*

Joseph Thompson is our Chief Operating Officer, with responsibility for all investor relations functions. Prior to co-founding KITS, Mr. Thompson was VP of Marketing & Sales at BuildDirect Technologies Inc. Previously Mr. Thompson was General Manager of Retail at Amazon.com where he managed a multi-billion-dollar division. Prior to Amazon, Joseph had a 14-year career at Procter & Gamble with assignments

in Cincinnati, Boston, Shanghai, and Toronto. His work at Procter & Gamble and Gillette was awarded 'Best Marketing Program in America' by Ad Week and named to 'America's Hottest Brands' by Ad Age. At Amazon.com, he was named to the 2014 Industry Top Executive List. Mr. Thompson is a graduate of the Harvard Business School and holds a Bachelor of Business Administration from Wilfrid Laurier University School of Business and Economics.

*Angela MacInnis, Chief Marketing Officer*

Angela MacInnis is a senior brand and growth executive known for building and scaling customer-centric brands in complex, fast-moving environments. Ms. MacInnis has more than 15 years of senior leadership experience at Best Buy Canada Ltd. ("**Best Buy**") and over 16 years in agency leadership roles at DDB Canada. At Best Buy, Ms. MacInnis served as Senior Vice President, overseeing marketing, store design, customer experience, and Geek Squad remote services. She played a key role in shaping how customers experienced the Best Buy brand across stores, digital channels, and service touchpoints. Her work focused on modernizing the brand, strengthening customer loyalty, and supporting sustainable growth through periods of significant change.

Nick Bozikis, Director

Nick Bozikis is our Lead Independent Director and Chair of the Audit Committee. Mr. Bozikis is an investor and advisor to companies in the healthcare, consumer products and food distribution sectors. He brings significant experience in executive leadership, financial management, capital markets and corporate governance, including extensive oversight of financial reporting, internal controls and audit matters. Mr. Bozikis most recently served as Chief Executive Officer of Prepac Manufacturing Ltd., undertaking the turnaround of a manufacturer of home furnishings and storage solutions supplying major e-commerce marketplaces across North America. Previously, he served as Chief Financial Officer of Article.com, a fast-growing Vancouver-based online retailer of home furnishings. Earlier in his career, Mr. Bozikis served as Chief Financial Officer of Coastal Contacts until its acquisition by Essilor in 2014 and subsequently held senior executive roles with Lush Handmade Cosmetics and Shoes.com Technologies Inc. Mr. Bozikis is a Chartered Professional Accountant (CPA, CA) and earned his designation in 2002.

*Peter Lee, Director*

Peter Lee is Chair of the Nominating and Corporate Governance Committee. Mr. Lee has over 20 years of experience in enterprise software and eCommerce companies across small, growth-focused companies to large, global companies. Mr. Lee has served as Senior Director, Engineering & Data Center Operations, at Oracle Corporation, implementing its Global Single Instance Email and Financials (ERP). Mr. Lee was also Director of IT Operations at Netflix, Inc., helping to launch and support the Streaming service, and CEO of Lensway, one of Europe's largest online eyewear companies. Mr. Lee has served as Interim CIO and Program Manager at Paula's Choice, LLC, where he provided strategic direction and implemented the Salesforce commerce cloud eCommerce platform. Mr. Lee has acted as a technical advisor to Glamhive Inc., an online personal styling company, since late 2015, advising on business and product strategy and operational support, to Olive Technologies, Inc., a requirements decision platform, since August 2018. Mr. Lee was brought in to help lead product development, business strategy at my.music Ltd, and spearhead the launch of the .MUSIC top level domain in Oct 2024. Mr. Lee holds a Bachelor of Science degree in Aeronautical and Astronautical Engineering from The Ohio State University.

*Anne Kavanagh, Director*

Anne Kavanagh is Chair of the Compensation Committee. Ms. Kavanagh has been the Managing Member of Kavanagh Consulting LLC, a strategic advisory business, based in New York since 2014. Ms. Kavanagh has over 20 years of Wall Street experience as Head of Healthcare Investment Banking at Paine Webber, Head of Healthcare Investment Banking at Prudential, Co-Head of Healthcare Investment Banking at Salomon Brothers, President and CEO of NatWest Securities and Executive Vice President at Drexel Burnham Lambert. Ms. Kavanagh has extensive experience in the retail, consumer, and healthcare sectors. In addition, she was recently on the board of directors of the fast-growing optical brand, Prive Revaux, where she led its board's review of the company's sale to Safilo. Ms. Kavanagh joined the Board of Trustees, the governing body of New England College of Optometry, a leading optometry school in Boston, Massachusetts. Ms. Kavanagh holds a Bachelor's degree from Boston College where she majored in Finance and Marketing.

*Andrew Reid, Director*

Andrew Reid is a director of the Company. Andrew is the Founder and CEO of Rival Technologies, a leader in conversational research technology and mobile-first insight communities. He is also the Co-CEO of Rival Group, parent company of Rival Technologies, Reach3 Insights and Angus Reid Group. Andrew also founded Vision Critical (now Alida), a cloud-based customer intelligence platform that helped establish the insight community category. Over 14 years, the company grew organically to revenues exceeding \$100 million. Under Andrew's leadership, Rival Group companies have been consistently ranked among the top innovative suppliers in GreenBook's GRIT report, the industry benchmark for innovation in market research. A long-time advocate for meaningful customer engagement and industry transformation, Andrew launched the Innovation Insiders Program in 2025 to help research teams apply AI through structured experimentation and practical implementation. He has a proven track record of building high-growth companies with strong, values-driven cultures. Andrew is the recipient of The Globe and Mail's Report on Business "40 Under 40" award and the BC "40 Under 40" award. He is a regular contributor to Entrepreneur magazine and mentors technology-focused entrepreneurs.

*Sally Parrott, Director*

Sally Parrott is a director of the Company. Sally Parrott is a senior executive with experience operating and scaling high-growth businesses across multiple sectors including consumer beauty, retail, hospitality and real estate. She is an Executive Vice President at Bosa Properties Inc., where she oversees revenue-driving functions including brand, marketing, sales, and insights. Sally also drives enterprise level scalability and transformation by overseeing technology, data, integration and corporate strategy and planning. Previously, Sally spent over a decade at Aritzia Inc., including as Senior Vice President of Marketing and Creative. There, she helped scale the business through significant expansion, from \$50 Million to nearly \$1 Billion, in Canada and the U.S. Earlier in her career, she held brand management roles at The Procter & Gamble Company, managing national P&Ls and leading new business development initiatives. Sally holds a bachelor of Commerce from the University of British Columbia and is an alumna of the Harvard Business School Advanced Management Program. She serves on the BCIT Foundation Board and advises The Forum, supporting women entrepreneurs and growth-stage leaders

## AUDIT COMMITTEE

### Composition

Our audit committee (“**Audit Committee**”) consists of three directors, all of whom are determined by our Board to be both independent directors and financially literate within the meaning of National Instrument 52-110 – *Audit Committees (“NI 52-110”)*. Our Audit Committee is comprised of Mr. Bozikis, who acts as chair of the Audit Committee, Mr. Lee and Ms. Kavanagh. Each of our Audit Committee members has an understanding of the accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting. For additional details regarding the relevant education and experience of each member of our Audit Committee, see “*Directors and Executive Officers – Biographical Information Regarding the Directors and Executive Officers*”.

### Charter

Our Board has adopted a written charter in the form set forth in Appendix A, setting forth the purpose, composition, authority, and responsibility of our Audit Committee, consistent with NI 52-110. The Audit Committee assists our Board in discharging its oversight of:

- the quality and integrity of our financial statements and related information;
- the independence, qualifications, and appointment of our external auditor;
- our disclosure controls and procedures, internal control over financial reporting and management’s responsibility for assessing and reporting on the effectiveness of such controls;
- our risk management processes; and
- transactions with our related parties.

Our Audit Committee has access to all of our books, records, facilities, and personnel and may request any information about us as it may deem appropriate. It also has the authority, in its sole discretion and at our expense, to retain and set the compensation of outside legal, accounting, or other advisors as necessary to assist in the performance of its duties and responsibilities. Our Audit Committee also has direct communication channels with the Chief Financial Officer and our external auditors to discuss and review such issues as our Audit Committee deems appropriate.

### Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Board.

### Pre-Approval Policies and Procedures for the Engagement of Non-Audit Services

The Audit Committee is required to pre-approve the retention of an independent auditor for all audit and any non-audit services, including tax services, and the fees for such non-audit services which are provided to the Company or its subsidiary entities.

## External Auditor Service Fee

For the years ended December 31, 2025 and 2024, we incurred the following fees by our external auditor:

<i>(in thousands)</i>	Year ended December 31	
	2025	2024
Audit fees <sup>(1)</sup>	\$189	\$180
Audit-related fees <sup>(2)</sup>	\$75	\$88
Tax fees <sup>(3)</sup>	-	-
All other fees <sup>(4)</sup>	-	-
<b>Total fees</b>	<b>\$264</b>	<b>\$268</b>

Notes:

- (1) Fees for audit service on an accrued basis.
- (2) Fees for assurance and related services not included in audit service above. This includes review of our interim financial statements and prospectus work related to the Secondary Offering.
- (3) Fees for tax compliance, tax advice and tax planning.
- (4) All other fees not included above.

## CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

None of the Company's directors or executive officers are, as at the date of this Annual Information Form, or have been within ten years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Other than as described below, none of the Company's directors, executive officers or shareholders holding a sufficient number of the Company's securities to materially affect the control of the Company:

- is, as at the date of this Annual Information Form, or has been within the ten years before the date of this Annual Information Form, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- has, within the ten years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder;

- has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Mr. Hardy was CEO and a director and Mr. Bozikis was CFO of Shoes.com Technologies Inc., an online and in-store footwear retailer. Subsequent to their departures, a creditor commenced bankruptcy proceedings against Shoes.com Technologies Inc., its subsidiary and U.S. affiliates in the United States and Canada in February 2017. A receiver was appointed, and the assets of the company were sold with the resulting proceeds being distributed to the creditors. The Court subsequently ordered the discharge of the receiver in November 2018.

Mr. Thompson was Chief Marketing Officer of BuildDirect.com Technologies Inc., an online retailer of building materials and finished products. Subsequent to his departure, BuildDirect Technologies Inc. was granted protection from its creditors under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA") in October 2017, and in November 2017, an order was granted by the United States Bankruptcy Court recognizing the CCAA proceedings. A CCAA plan of compromise and arrangement was sanctioned by the British Columbia Supreme Court and the United States Bankruptcy Court in March 2018 and subsequently implemented.

## **CONFLICTS OF INTEREST**

Certain of the directors and executive officers of the Company are engaged in, and may continue to be engaged in, other activities in the industries in which the Company operates from time to time. At each Board meeting, the directors are required to disclose any potential material conflicts of interest. The BCBCA and our policies provide that in the event that a director or senior officer has a material interest in, or is a director or senior officer of or has a material interest in a person who has a material interest in, a contract or transaction, such director or senior officer must disclose the nature and extent of his or her interest and refrain from voting on the matter except as permitted under the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

We are, from time to time, involved in legal proceedings of a nature considered normal to our business. We believe that none of the litigation in which we are currently involved or have been involved since the beginning of the most recently completed financial year, individually or in the aggregate, is material to our consolidated financial condition or results of operations.

The Company has received notice of a potential claim from a former employee and consultant relating to their voluntary resignation and the subsequent termination of their consulting arrangements. As of the date of this AIF, no formal legal proceedings have been commenced. The Company believes the claim to be without merit and intends to vigorously defend its position should proceedings be initiated. Based on information currently available and consultation with external legal counsel, management does not believe the matter will have a material adverse effect on the Company's financial position, results of operations, or cash flows. No provision has been recorded in the consolidated financial statements as of December 31, 2025. The Company will continue to monitor developments and will update disclosure as appropriate.

## INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described below or elsewhere in this Annual Information Form, there are no material interests, direct or indirect, of any of our directors or executive officers, any shareholder that beneficially owns, or controls or directs (directly or indirectly), more than 10% of any class or series of our outstanding voting securities, or any associate or affiliate of any of the foregoing persons, in any transaction within the three years before the date hereof that has materially affected or is reasonably expected to materially affect us or any of our subsidiaries.

As of the date of this Annual Information Form, the directors and executive officers as a group beneficially own or exercise control or direction, directly or indirectly, over 15,227,348 Common Shares which represent 44.8% of our total outstanding Common Shares.

## REGISTRAR AND TRANSFER AGENT

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc. at its principal office in Vancouver, British Columbia.

## MATERIAL CONTRACTS

The following are the only material contracts (other than certain agreements entered into in the ordinary course of business) that we have entered into in the most recently completed financial year or that were entered into before the most recently completed financial year and are still in effect:

- **Facility Agreement.** In connection with the Facility, Kits entered into a loan agreement with BMO dated November 24, 2025 (the “**Facility Agreement**”), which provides for a three-year asset-based lending facility in the aggregate principal amount of \$15 million with the option to increase to \$20 million. The Facility bears interest at approximately Prime + 1.0%. The Facility is secured by, among other things, a first ranking security interest in all present and after acquired personal property of the Company and its subsidiaries. The Company is subject to various covenants under the Facility, including requirements to maintain certain financial ratios. As at December 31, 2025, the Facility is in good standing and the Company is in compliance with its debt covenants.

## INTERESTS OF EXPERTS

MNP LLP, located at Vancouver, British Columbia, is our auditor and has confirmed that it is independent of the Company within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

## ADDITIONAL INFORMATION

Additional information about the Company may be found on our website at [ir.kits.com](http://ir.kits.com) or on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Additional information, including directors’ and officers’ remuneration and indebtedness, principal holders of our securities and securities authorized for issuance under equity compensation plans will be contained in our information circular that will be filed in connection with our next annual meeting of shareholders.

Additional financial information is provided in our consolidated financial statements and MD&A for the fiscal year ended December 31, 2025, available on our website at [ir.kits.com](http://ir.kits.com) or on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

**APPENDIX A**  
**AUDIT COMMITTEE CHARTER**

**1. PURPOSE**

- 1.1. The audit committee of the Company (the “**Committee**”) is ultimately responsible for the policies and practices relating to integrity of financial and regulatory reporting, as well as internal controls to achieve the objectives of safeguarding of corporate assets; reliability of information; and compliance with policies and laws. Within this mandate, the Committee’s role is to:
- (a) support the board of directors of the Company (the “**Board**”) in meeting its responsibilities to shareholders;
  - (b) enhance the independence of the external auditor;
  - (c) facilitate effective communications between management and the external auditor, and provide a link between the external auditor and the Board; and
  - (d) increase the credibility and objectivity of the Company’s financial reports and public disclosure.
- 1.2. The Committee will make recommendations to the Board regarding items relating to financial and regulatory reporting and the system of internal controls following the execution of the Committee’s responsibilities as described herein.
- 1.3. The Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board from time to time prescribe.

**2. MEMBERSHIP**

- 2.1. The Committee will consist of at least three directors of the Company, each of whom meets the independence and financial literacy requirements of National Instrument 52-110 – *Audit Committees*, as same may be amended from time to time.
- 2.2. The members of the Committee shall be appointed by the Board. The Committee members may be replaced by the Board, as the Board shall determine from time to time. There shall be a chair of the Committee, who shall be appointed by the Board.

**3. AUTHORITY**

- 3.1. In addition to all authority required to carry out the duties and responsibilities included in this charter, the Committee has specific authority to:
- (a) engage, and set and pay the compensation for independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities;
  - (b) communicate directly with management and any internal auditor;
  - (c) communicate directly with the external auditor without management involvement; and
  - (d) approve annual and interim financial statements and annual and interim

management's discussion and analyses on behalf of the Board.

- 3.2. The Committee shall have access to such officers and employees of the Company and to the Company's external auditors, and to such information respecting the Company, as it considers being necessary or advisable in order to perform its duties and responsibilities.

#### **4. DUTIES AND RESPONSIBILITIES**

- 4.1. The overall duties and responsibilities of the Committee shall be as follows:

- (a) to assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and quarterly consolidated financial statements and related financial disclosure;
- (b) to establish and maintain a direct line of communication with the Company's internal and external auditors and assess their performance;
- (c) to assist the management of the Company in the design, implementation and maintenance of an effective system of internal financial controls;
- (d) to assist with oversight of transaction with the Company's related parties; and
- (e) to report regularly to the Board on the fulfillment of its duties and responsibilities.

- 4.2. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:

- (a) to recommend to the Board a firm of external auditors to be engaged by the Company, to recommend the compensation of such external auditors and to verify the independence of such external auditors;
- (b) to pre-approve the retention of an independent auditor for all audit and any non-audit services, including tax services, and the fees for such non-audit services which are provided to the Company or its subsidiary entities;
- (c) to oversee the work of the external auditor in connection with the preparation of an auditor's report or performance of other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- (d) to review the audit plan of the external auditors prior to the commencement of the audit;
- (e) to review with the external auditors, upon completion of their audit:
  - (i) contents of their report;
  - (ii) scope and quality of the audit work performed;
  - (iii) adequacy of the Company's financial and auditing personnel;
  - (iv) co-operation received from the Company's personnel during the audit;
  - (v) internal resources used;
  - (vi) significant transactions outside of the normal business of the Company;
  - (vii) significant proposed adjustments and recommendations for improving internal

- accounting controls, accounting principles or management systems;
- (viii) the non-audit services provided by the external auditors;
- (ix) to discuss with the external auditors the quality and not just the acceptability of the Company's accounting principles; and
- (x) to implement structures and procedures to ensure that the Committee meets with the external auditors on a regular basis in the absence of management.

4.3. The duties and responsibilities of the Committee as they relate to the Company's internal auditors are to:

- (a) periodically review the internal audit function with respect to the organization, staffing and effectiveness of the internal audit department;
- (b) review and approve the internal audit plan; and
- (c) review significant internal audit findings and recommendations, and management's response thereto.

4.4. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Company are to:

- (a) review the appropriateness and effectiveness of the Company's policies and business practices which impact the financial integrity of the Company, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
- (b) review compliance under the Company's business conduct and ethics policies, and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate;
- (c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company; and
- (d) periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.

4.5. The Committee is also charged with the responsibility to:

- (a) review the Company's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates, and report to the Board with respect thereto;
- (b) review prior to external release, the Company's:
  - (i) annual report to shareholders;
  - (ii) annual information form;
  - (iii) annual and interim management's discussion and analysis;
  - (iv) prospectuses;
  - (v) news releases discussing financial results of the Company; and
  - (vi) other public reports of a financial nature requiring approval by the Board, and report to the Board with respect thereto;

- (c) review regulatory filings and decisions as they relate to the Company's consolidated financial statements;
- (d) review the appropriateness of the policies and procedures used in the preparation of the Company's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
- (e) establish procedures for the receipt, retention, and treatment of complaints regarding accounting, internal controls, or auditing matters as well as procedures for confidential, anonymous submissions by employees regarding questionable accounting or auditing matters as required by applicable law;
- (f) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer;
- (g) review and report on the integrity of the Company's consolidated financial statements;
- (h) review the minutes of any audit committee meeting of subsidiary companies;
- (i) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
- (j) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information;
- (k) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board following each annual general meeting of shareholders; and
- (l) evaluate, annually, the adequacy of this Charter and recommend any proposed changes to the Board.

## **5. MEETINGS**

- 5.1. The quorum for a meeting of the Committee is a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak to and hear each other.
- 5.2. The members of the Committee may determine their own procedures.
- 5.3. The Committee may establish its own schedule that it will provide to the Board in advance.
- 5.4. The external auditor is entitled to receive reasonable notice of every meeting of the Committee and to attend and be heard thereat.
- 5.5. A member of the Committee or the external auditor may call a meeting of the Committee.

- 5.6. The Committee will meet separately with the chief executive officer of the Company and separately with the chief financial officer of the Company at least annually to review the financial affairs of the Company.
- 5.7. The Committee will meet with the external auditor of the Company at least once each year, at such time(s) as it deems appropriate, to review the external auditor's examination and report.
- 5.8. The chair of the Committee must convene a meeting of the Committee at the request of the external auditor, to consider any matter that the auditor believes should be brought to the attention of the Board or the shareholders.

## **6. REPORTS**

- 6.1. The Committee will record its recommendations to the Board in written form which will be incorporated as a part of the minutes of the Board's meeting at which those recommendations are presented.

## **7. MINUTES**

- 7.1. The Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.