



BDCID: 10022638786

December 18, 2020

Mr. Roger Hardy & Sabrina Liak
Kits Eyecare Ltd.
1020 - 510 Seymour St
Vancouver, BC, V6B 3J5

Re: BDC Capital Financing 155416-01

We write in reference to our Letter of Offer/Loan Agreement/Other Documents dated March 26, 2019 related to Financing No. 155416-01, and any subsequent amendments thereto, BDC Capital Inc. (« BDC Capital »), a wholly owned subsidiary of Business Development Bank of Canada (« the Bank »), subject to the terms set out below, the following amendments will be made to your Financing(s).

BDC Capital's consent to the amendments is subject to the following conditions being fulfilled on or before February 16, 2021, to BDC Capital's satisfaction:

- (a) no Material Adverse Change shall have occurred;
- (b) As part of the planned Toronto Stock Exchange listing and equity raise (the "IPO"), receipt of a minimum prepayment of the Financing of \$4,500,000 plus associated Prepayment Fees upon completion of the IPO;
- (c) BDC Capital is in receipt of the attached Acceptance Form duly signed by all signatories; and
- (d) All other conditions contained in this letter have been met to the satisfaction of BDC Capital.

The amendments will take effect on the date when the above noted conditions have all been satisfied or waived by BDC Capital.

Amendments – Financing Number 155416-01:

INTEREST RATE

Floating Rate: Effective January 15, 2021, the interest rate on the Financing will be adjusted to BDC Capital's Floating Base Rate plus a Variance of 4.45% per year. BDC Capital's Floating Base Rate is currently 4.55% per year.



UNDERLYING CONDITIONS

The following underlying conditions no longer apply to the Financing:

- 100 days post-close – The Borrower agrees to have BDC Capital and BDC Advisory Services meet with management to conduct a post-close update. The intent is to validate if the transition is on plan, identify any challenges and see if BDC Capital can provide any additional support.
- e) Maximum funded and unfunded capital expenditures of \$250,000 annually net of dispositions.

The above mentioned ratios and amounts shall be calculated on the basis of the consolidated financial statements of the Borrower and the Corporate Guarantor.

The following underlying conditions have been added to the Financing:

- e) Total Debt to Tangible Equity ratio of a maximum of 0.6:1.0, tested quarterly, where:
 - i) Total Debt is defined as current and long term portions of all term debts plus BDC Capital financings plus capital leases plus amounts owed on credit cards plus amounts owed on operating lines minus current and long term portions of operating leases. Note that Total Debt will exclude any amounts owed to shareholders that are postponed and subordinated to BDC Capital in writing; and
 - ii) Tangible Equity is defined herein and the definition of Tangible Equity in Schedule A, Section I, Definitions will no longer apply. Tangible Equity will now be calculated as follows: Share capital (including the debt portion of preferred shares that are subordinated in favor of BDC Capital); plus retained earnings; plus subordinated loans or advances from shareholders in favor of BDC Capital; minus loans or advances to shareholders, directors, related or non-related businesses other than in the normal course of business; minus non-business-assets.

The above mentioned ratios shall be calculated on the basis of the consolidated financial statements of the Borrower and the Corporate Guarantor(s), if applicable.

- Other than share sales in connection with the over-allotment option of the IPO, the pre-IPO shareholders (Roger Hardy, Sabrina Liak, Joseph Thompson, Arshil Abdulla, Fayaz Abdulla and Shaneef Mitha), ii) immediate family members of pre-IPO shareholders, iii) entities that pre-IPO shareholders and/or their immediate family members have beneficial ownership of and iv) all other related parties of the pre-IPO shareholders are only permitted to sell shares, transfer shares or receive payment of interest without the prior written consent of BDC Capital if i) the Borrower is in compliance with the terms and conditions of the Financing and ii) the combined number of shares sold for all aforementioned persons or parties related to the pre-IPO shareholders in any calendar year is less than or equal to 5% of the combined shareholdings of the aforementioned persons or entities immediately following the IPO



The following existing underlying condition relating to the Financing

In addition, the Borrower and the Corporate Guarantor agree to maintain the present remuneration program in favor of Roger Hardy, Sabrina Liak, Joseph Thompson, Arshil Abdulla, Fayaz Abdulla, Shaneef Mitha and immediate family members (including salaries, dividends, bonuses, total rent, benefits and other advantages, but excluding options or other share based compensation) at a level no higher than \$900,000.00 per annum.

is modified and is now replaced with :

In addition, the Borrower and the Corporate Guarantor agree to maintain a compensation committee of the Board of Directors comprised entirely of independent directors.

The following existing underlying condition relating to the Financing

b) Total Debt to Trailing Twelve Month (TTM) EBITDA less than 4.25:1.0, tested quarterly, reducing to 4.00:1.0 on October 1, 2020, reducing to 3.75:1.0 on July 1, 2021 and reducing to 3.50:1 on October 1, 2021 and thereafter. Should Total Debt to TTM EBITDA exceed the aforementioned limits at any time, in addition to this being a covenant breach, BDC Capital will also increase the Variance by 0.50% until such time the financial statements indicate that Total Debt to TTM EBITDA is less than the maximum permitted value

Total Debt will include current and long term portions of all term debts, BDC Capital financings, capital leases, amounts owed on credit cards and operating lines but will exclude current and long term portions of operating leases and any share capital that is postponed and subordinated in writing to BDC Capital.

is modified and is now replaced with :

b) Total Debt to Trailing Twelve Month (TTM) EBITDA less than 4.00:1.0, tested quarterly, reducing to 3.75:1.0 on July 1, 2021 and reducing to 3.50:1 on October 1, 2021 and thereafter.

Total Debt will include current and long term portions of all term debts, BDC Capital financings, capital leases, amounts owed on credit cards and operating lines but will exclude current and long term portions of operating leases and any share capital that is postponed and subordinated in writing to BDC Capital.

Prior to January 1, 2023, the aforementioned Total Debt to Trailing Twelve Month (TTM) EBITDA covenant will not be tested provided the Borrower and Corporate Guarantor maintain at all times a cash balance of greater than or equal to \$7,000,000 Canadian Dollars.

The following existing underlying condition relating to the Financing

c) Fixed Charge Coverage Ratio of a minimum of 1.1:1.0, tested quarterly starting on October 1st, 2020. Effective July 1, 2021, the Fixed Charge Coverage Ratio will be increased to a minimum of 1.15:1.00 and further increased to a minimum of 1.25:1 on October 1st, 2021. Fixed Charge Coverage Ratio (FCCR) means the ratio for the trailing twelve month period of (A) EBITDA for such period less (i) current income taxes during such period, (ii) Unfunded Capital Expenditures incurred during the applicable period, (iii) Distributions paid during such period; by



(B) the sum of (i) CPTD and (ii) the Interest Expenses for such period. Note that for each fiscal year end BDC will conduct a review of the FCCR covenant based on the annual audited financial statements where all values including current income taxes will be taken from the annual audited financial statements. Note that BDC Capital may, in its sole discretion, permit specific Unfunded Capital Expenditures that have been approved in writing by BDC Capital to be excluded from the above calculation.

is modified and is now replaced with :

c) Fixed Charge Coverage Ratio of a minimum of 1.1:1.0, tested quarterly starting on October 1st, 2020. Effective July 1, 2021, the Fixed Charge Coverage Ratio will be increased to a minimum of 1.15:1.00 and further increased to a minimum of 1.25:1 on October 1st, 2021. Fixed Charge Coverage Ratio (FCCR) means the ratio for the trailing twelve month period of (A) EBITDA for such period less (i) current income taxes during such period, (ii) Unfunded Capital Expenditures incurred during the applicable period, (iii) Distributions paid during such period; by (B) the sum of (i) CPTD and (ii) the Interest Expenses for such period. Note that for each fiscal year end BDC will conduct a review of the FCCR covenant based on the annual audited financial statements where all values including current income taxes will be taken from the annual audited financial statements. Note that BDC Capital may, in its sole discretion, permit specific Unfunded Capital Expenditures that have been approved in writing by BDC Capital to be excluded from the above calculation.

Prior to January 1, 2023, the aforementioned Fixed Charge Coverage Ratio covenant will not be tested provided the Borrower and Corporate Guarantor maintain at all times a cash balance of greater than or equal to \$7,000,000 Canadian Dollars.

OTHER AMENDMENTS

In addition to the above, BDC Capital hereby consents to the following corporate actions referenced in the schedules to the Letter of Offer:

-for Borrower to change its capital structure and shareholdings as part of the IPO through the Toronto Stock Exchange. The IPO and listing will not constitute a Change of Control ;

-conversion of the Preferred Class A, B, and C Shares into common shares in connection with, and immediately prior to, the completion of the IPO ;

-The IPO;

-The sale of shares by the pre-IPO shareholders (Roger Hardy, Sabrina Liak, Joseph Thompson, Arshil Abdulla, Fayaz Abdulla and Shaneef Mitha), all related parties and their immediate family members if i) the share sales occur as part of an overallotment of the IPO, ii) the combined market value of the shares sold does not exceed 15% of the total value of equity raised in the IPO and iii) the combined market value of shares sold is less than the amount that the Financing is prepaid in connection with the IPO.

Note that although the listing on the Toronto Stock Exchange does constitute a Performance Bonus Event, at this time BDC Capital opts not to trigger the calculation of the Performance Bonus and reserves this right until Maturity at which time the calculation will be made.



The following negative covenants from the schedules to the letter of offer no longer apply to the Financing:

- Schedule A, Section V, Negative Covenants 3
- Schedule A, Section V, Negative Covenants 5

Schedule A, Section V, Negative Covenant 4 is modified and is now replaced with :

4. Permit any Change of Control of such Financing Party, except through the issuance of shares listed on the Toronto Stock Exchange or on other stock exchanges acceptable to BDC Capital.

Schedule A, Section VI, Event of Default 8 is modified and is now replaced with :

8. The occurrence of a Change of Control of the Borrower and/or the Corporate Guarantor from the date of the application of financing, except through the issuance of shares listed on the Toronto Stock Exchange or on other stock exchanges acceptable to BDC Capital.

The definition of Tangible Equity in Schedule A has been changed and is now calculated as follows: Share capital (including the debt portion of preferred shares that are subordinated in favor of BDC Capital); plus retained earnings; plus subordinated loans or advances from shareholders in favor of BDC Capital; minus loans or advances to shareholders, directors, related or non-related businesses other than in the normal course of business; minus nonbusiness-assets.

All other terms and conditions of your financing with BDC Capital remain unchanged.

Yours truly,

Nicholas Drake

Nicholas Drake
Director, Growth and Transition Capital
Phone: (604) 666-7815
Nicholas.DRAKE@bdc.ca

Mark Meloche

Mark Meloche
Associate Director, Growth and Transition Capital
Phone: (604) 909-3365
Mark.MELOCHE@bdc.ca

Encl.

Business Development Bank of Canada
5577 153A Street
Suite 301
Surrey, BC , V3S5K7

Attention: Nicholas Drake

Re: BDC Loan 155416-01

The undersigned accept the terms and conditions set forth in BDC Capital's Letter of Amendment dated December 18, 2020.

Signed this 22 day of December, 2020.
(date) (month) (year)

BORROWER

Kits Eyecare Ltd.


_____, Authorized Signing Officer

Name: Sabrina Liak
[Please print name of signing party]

GUARANTOR

Kits.com Technologies Inc.


_____, Authorized Signing Officer

Name: Sabrina Liak
[Please print name of signing party]