

A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada, except the province of Québec, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or any U.S. state securities laws. Accordingly, these securities may not be offered or sold within the United States except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States of America. See “Plan of Distribution” in this Prospectus.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Kits Eyecare Ltd. at 1020 – 510 Seymour Street, Vancouver, BC, V6B 3J5, telephone 1-833-487-5487 and are also available electronically at www.sedarplus.ca.

PRELIMINARY SHORT FORM PROSPECTUS

Secondary Offering

September 9, 2024

KITS

KITS EYECARE LTD.

\$11,418,750

1,125,000 Common Shares

This short form prospectus (the “**Prospectus**”) qualifies the distribution (the “**Offering**”) of an aggregate of 1,125,000 common shares (the “**Common Shares**”) of Kits Eyecare Ltd. (the “**Company**”, “**KITS**”, “**us**” or “**we**”) by Roger Hardy, our Co-Founder and CEO, 0999849 B.C. Ltd., Hardy Family Foundation and Bene Certo Holdings Ltd., each entities controlled by Roger Hardy (collectively, the “**Hardy Shareholders**”), LD Group Holdings Ltd. (the “**LD Shareholder**”), and Joe Thompson, one of our executive officers (the “**Thompson Shareholder**”, and together with the Hardy Shareholders and the LD Shareholder, the “**Selling Shareholders**”) at a price of \$10.15 per Common Share (the “**Offering Price**”). We will not receive any of the proceeds from the Offering. See “Plan of Distribution” and “Selling Shareholders”.

The Hardy Shareholders currently own or control, directly or indirectly, an aggregate of 10,077,860 Common Shares (including Common Shares held by Roger Hardy’s spouse and other family members), representing approximately 31.93% of our issued and outstanding Common Shares. The LD Shareholder currently owns or controls, directly or indirectly, an aggregate of 10,670,589 Common Shares, representing approximately 33.81% of our Common Shares. The principal securityholders of the LD Shareholder are the Arshil Abdulla 2013 Family Trust (the trustee of which is Arshil Abdulla, a senior officer of KITS), the Fayaz Abdulla 2013 Family Trust and the Shaneef Mitha 2013 Family Trust. The Thompson Shareholder currently owns or controls, directly or indirectly, an aggregate of 274,329 Common Shares, representing approximately 0.87% of our Common Shares. Upon completion of the Offering and the Concurrent Block Trade (as defined herein) and assuming no exercise of the Over-Allotment Option (as defined herein), the Hardy Shareholders will, directly or indirectly, own or control approximately 29.00% of the issued and outstanding Common Shares (including Common Shares held by Roger Hardy’s spouse and other family members), representing their non-diluted equity interest, (approximately 28.56% if the Over-Allotment Option is exercised in full), the LD Shareholder will, directly or indirectly, own or control approximately 33.33% of the Common Shares, representing its non-diluted equity interest, (approximately 33.26% if the Over-Allotment Option is exercised in full) and the Thompson Shareholder will,

directly or indirectly, own or control approximately 0.71% of the Common Shares, representing its non-diluted equity interest, (approximately 0.69% if the Over-Allotment Option is exercised in full).

The outstanding Common Shares are listed on the Toronto Stock Exchange (the “**TSX**”) under the symbol “**KITS**”. The closing price of Common Shares on the TSX on September 6, 2024, the last trading day prior to the date of this Prospectus, was \$9.98.

Canaccord Genuity Corp., together with Beacon Securities Limited (the “**Co-Lead Underwriters**”), Stifel Nicolaus Canada Inc., Haywood Securities Inc., Roth Canada, Inc. and Ventum Financial Corp. (together with the Co-Lead Underwrites, the “**Underwriters**”) have agreed to purchase the Common Shares qualified under this short form prospectus from the Selling Shareholders subject to the terms and conditions set forth in an underwriting agreement dated September 9, 2024 among us, the Selling Shareholders and the Underwriters (the “**Underwriting Agreement**”) referred to under “Plan of Distribution”. Subject to applicable laws and in connection with this Offering, the Underwriters may effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”.

Price: \$10.15 per Common Share

	Price to the Public	Underwriters’ Commission⁽²⁾	Net Proceeds to the Selling Shareholders⁽³⁾
Per Common Share	\$10.15 ⁽¹⁾	\$0.609	\$9.541
Total Offering ⁽⁴⁾	\$11,418,750	\$685,125	\$10,733,625

- (1) The Offering Price was determined by negotiation between the Selling Shareholders and the Underwriters with reference to the market price of the Common Shares.
- (2) Pursuant to the terms and conditions of the Underwriting Agreement, the Selling Shareholders have agreed to pay the Underwriters a cash commission (the “**Underwriters’ Commission**”) equal to \$685,125, representing 6.0% of the gross proceeds of the Offering (assuming no exercise of the Over-Allotment Option (as defined below)). The total Underwriters’ Commission will be paid proportionately by each of the Selling Shareholders based on the respective number of Common Shares sold by each pursuant to the Offering. See “Plan of Distribution”.
- (3) After deducting the aggregate Underwriters’ Commission payable by the Selling Shareholders, but before deducting expenses of the Offering (which are estimated to be \$275,000 (assuming no exercise of the Over-Allotment Option) which will be paid proportionately by each of the Selling Shareholders based on the respective number of Common Shares sold by each pursuant to the Offering). See “Plan of Distribution”.
- (4) The Underwriters have been granted an over-allotment option (the “**Over-Allotment Option**”), exercisable, in whole or in part, at the sole discretion of the Underwriters, for a period of 30 days from the closing of the Offering (the “**Closing**”), to purchase from the Selling Shareholders up to an aggregate of 168,750 additional Common Shares (representing approximately 15% of the Common Shares offered hereunder). 82.222% of the Over-Allotment Option (representing up to 138,750 Common Shares) will be sold by 0999849 B.C. Ltd, 13.333% of the Over-Allotment Option (representing 22,500 Common Shares) will be sold by LD Group Holdings Ltd. and 4.444% of the Over-Allotment Option (representing 7,500 Common Shares) will be sold by Joe Thompson, on the same terms as set out above solely to cover over-allotments, if any, and for market stabilization purposes. The Selling Shareholders will pay the Underwriters’ Commission in respect of Common Shares sold by them hereunder if the Over-Allotment Option is exercised. The amounts included in the table assume no exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, the total “Price to the Public”, “Underwriters’ Commission” and “Net Proceeds to the Selling Shareholders” will be \$13,131,562.50, \$787,893.75 and \$12,343,668.75, respectively. This Prospectus qualifies both the grant of the Over-Allotment Option and the distribution of the Common Shares upon exercise of the Over-Allotment Option. A purchaser who acquires Common Shares forming part of the Underwriters’ over-allocation position acquires those shares under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “Plan of Distribution” and “Selling Shareholders”.

The following table sets out the aggregate number of Common Shares that may be sold by the Selling Shareholders to the Underwriters pursuant to the Over-Allotment Option:

Underwriters’ Position	Maximum Size or Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option	168,750 Common Shares	For a period of 30 days after and including the	\$10.15

Closing Date (as defined
herein)

An investment in the Common Shares is subject to a number of risks that should be considered by a prospective purchaser. Prospective investors should carefully consider the risk factors described under “Risk Factors” before purchasing Common Shares.

The Underwriters, as principals, conditionally offer the Common Shares, subject to prior sale, if, as and when sold and delivered by the Selling Shareholders and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution” and subject to the approval of certain legal matters on our behalf by McCarthy Tétrault LLP and on behalf of the Underwriters by Blake, Cassels and Graydon LLP. **The Underwriters may offer the Common Shares at a lower price than stated above. See “Plan of Distribution”.**

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. It is expected that the Closing will occur on or about September 26, 2024, or such later date as we, the Selling Shareholders and the Underwriters may agree, but in any event not later than 42 days after the date of the receipt for the (final) short form prospectus in respect to the Offering (the “**Closing Date**”). The Offering will be conducted under the book-based system. A purchaser of Common Shares will receive only a customer confirmation from the registered dealer from or through which the Common Shares are purchased and who is a CDS Clearing and Depository Services Inc. (“**CDS**”) depository service participant. No certificates will be issued to purchasers except in certain limited circumstances, and registration will be made in the depository service of CDS. See “Plan of Distribution – Non-Certificated Inventory System”.

Concurrently with this Offering and in a separate transaction, Joseph McInnis (the “**Block Shareholder**”), the spouse of Sabrina Liak, a director of the Company, will be selling an aggregate of 325,000 Common Shares (the “**Block Trade Shares**”), in a block trade, at the Offering Price for total gross proceeds of \$3,298,750 (the “**Concurrent Block Trade**”). The Concurrent Block Trade is expected to close concurrently with the Offering. The completion of the Offering is not conditional upon the completion of the Concurrent Block Trade. The Block Trade Shares are not, nor are they required to be, qualified by this short form prospectus, and will consequently not be subject to the purchasers’ statutory rights of withdrawal and rescission described in this short form prospectus. See “Plan of Distribution”.

See “Purchaser’s Statutory Rights” for information about the right to withdraw from or rescind an agreement to purchase Common Shares.

Certain directors of the Company, namely Peter Lee and Anne Kavanagh, reside outside of Canada. These directors have each appointed the Company at its registered office set forth above as agent for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if such person or company has appointed an agent for service of process.

The Company’s head and registered office is located at 1020 – 510 Seymour Street, Vancouver, BC, V6B 3J5.

TABLE OF CONTENTS

	<u>Page</u>
CAUTION REGARDING FORWARD-LOOKING INFORMATION	1
DOCUMENTS INCORPORATED BY REFERENCE	2
CURRENCY AND FINANCIAL STATEMENT PRESENTATION	3
THE COMPANY.....	3
DESCRIPTION OF SHARE CAPITAL	4
CONSOLIDATED CAPITALIZATION.....	4
PRIOR SALES	4
TRADING PRICE AND VOLUME	5
PROCEEDS TO THE SELLING SHAREHOLDERS	5
THE SELLING SHAREHOLDERS	6
PLAN OF DISTRIBUTION	7
CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS.....	9
ELIGIBILITY FOR INVESTMENT	12
RISK FACTORS.....	12
LEGAL MATTERS	14
AUDITORS, TRANSFER AGENT AND REGISTRAR.....	14
PURCHASER'S STATUTORY RIGHTS	14
CERTIFICATE OF KITS EYECARE LTD.....	C-1
CERTIFICATE OF UNDERWRITERS	C-2

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This Prospectus, and the documents incorporated by reference herein, contain "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, 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. Certain assumptions in respect of the expansion and enhancement of our optical laboratory for glasses and warehouse facilities; the growth of our business and launch of new technologies; our ability to drive sales growth; our ability to maintain, enhance, and grow within our addressable market; our ability to drive ongoing development and innovation of our exclusive brands and product categories; our ability to continue directly sourcing from third party suppliers and manufacturers; our ability to retain key personnel; our ability to 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 are material factors made in preparing forward-looking information and management's expectations.

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that we considered appropriate and reasonable as of the date such statements are made, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to the risk factors described in this Prospectus and other documents incorporated by reference herein. 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.

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 Prospectus, and in each of the documents incorporated by reference herein, is made as of the date of such document (or as the date they are otherwise stated to be made) and is subject to change after such date. The Company disclaims 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.

The guidance in respect of the Company's expectations for revenue in 2024 contained in this Prospectus may be considered to be a financial outlook for the purposes of applicable Canadian securities laws. Such information is based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information currently available, and which may become available in the future. These projections constitute forward-looking statements and are based on several material factors and assumptions set out above. Actual results may differ significantly from such projections. See above and under the heading "Risk Factors" for a discussion of certain risks that could cause actual results to vary. The financial outlook contained in this Prospectus has been approved by management as of the date of this Prospectus. Readers are

cautioned that any such financial outlook contained herein should not be used for purposes other than those for which it is disclosed herein. The Company and its management believe that the financial outlook contained in this Prospectus has been prepared based on assumptions that are reasonable in the circumstances, reflecting management's best estimates and judgments, and represents, to the best of management's knowledge and opinion, expected and targeted financial results. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future results.

All of the forward-looking information made in this Prospectus, and in the documents incorporated by reference herein, is qualified by the foregoing cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, KITS.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference into this Prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of the Company at the address set forth on the cover page of this Prospectus, and are also available electronically at www.sedarplus.ca.

The following documents of the Company filed with the securities commissions or similar authorities in each of the provinces of Canada, except the province of Québec, are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- (a) the annual information form of the Company for the year ended December 31, 2023, dated March 5, 2024 (the "**AIF**");
- (b) the audited consolidated annual financial statements of the Company for the years ended December 31, 2023 and 2022, together with the auditor's report thereon, dated March 5, 2024;
- (c) the management's discussion and analysis of financial condition and results of operations of the Company for the year ended December 31, 2023, dated March 5, 2024;
- (d) the unaudited condensed interim consolidated financial statements as at and for the three and six months ended June 30, 2024 and June 30, 2023, and the notes thereto (the "**Interim Financial Statements**");
- (e) the management's discussion and analysis of financial condition and results of operations for the three and six months ended June 30, 2024, dated August 6, 2024;
- (f) the management information circular of the Company, dated April 29, 2024, relating to the annual meeting of shareholders of the Company held on June 5, 2024;
- (g) the "template version" (as such term is defined in National Instrument 44-101 – *Short Form Prospectus Distributions*) of the term sheet dated September 5, 2024 in connection with the Offering (the "**Term Sheet**").
- (h) the amended Term Sheet in respect of the Offering dated September 6, 2024 (the "**Amended Term Sheet**", and together with the Term Sheet, the "**Term Sheets**"); and
- (i) the Company's material change report dated September 9, 2024 with respect to the announcement of the Offering and the increase to the size of the Offering.

Any document of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference into a short form prospectus, including any annual information forms, material change reports (except confidential material change reports), business acquisition reports, interim financial statements, annual financial statements and the independent auditor's report thereon, management's discussion and analysis and information circulars of KITS and any template version of "marketing materials" (as defined in National Instrument 41-101 – *General Prospectus Requirements* ("**NI 41-101**") filed with securities commissions or similar authorities in Canada after the date of this Prospectus and prior to the completion or withdrawal of the distribution of Common Shares shall be

deemed to be incorporated by reference into this Prospectus. These documents are available electronically at www.sedarplus.ca.

Any statement in this Prospectus or contained in a document incorporated or deemed to be incorporated by reference in this Prospectus is deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained in this Prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference in this Prospectus, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseded statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Investors should rely only on the information contained in or incorporated by reference in this Prospectus. Neither KITS nor any Selling Shareholders have authorized anyone to provide investors with different or additional information. Neither KITS nor any Selling Shareholders are making an offer of Common Shares in any jurisdiction where the offer is not permitted by law. Investors should not assume that the information contained in or incorporated by reference in this Prospectus is accurate as of any date other than the date of this Prospectus.

The Term Sheets are not part of this short form prospectus to the extent that the contents of the Term Sheets have been modified or superseded by a statement contained in this Prospectus or any amendment. Any "template version" of any "marketing materials" (as such terms are defined in NI 41-101) filed after the date of this Prospectus and before the termination of the distribution under the Offering (including any amendments to, or an amended version of, the Term Sheets) will be deemed to be incorporated by reference into and form an integral part of this Prospectus.

References to the Company's website in any documents that are incorporated by reference into this Prospectus do not incorporate by reference the information on such website into this Prospectus, and we disclaim any such incorporation by reference.

CURRENCY AND FINANCIAL STATEMENT PRESENTATION

The Company's financial statements and financial information are presented in Canadian dollars. All dollar amounts referenced in this Prospectus, unless otherwise indicated, are expressed in Canadian dollars. United States dollars are referred to as "US dollars" or "US\$".

THE COMPANY

Overview

KITS was founded in October 2018 to bring beautiful and complete vision care to eyes everywhere, unlocking convenience and choice. KITS offers its community access to a vast selection of the highest-quality contact lenses and eyeglasses, including its own exclusive KITS-designed products, and an advanced suite of online vision tools. The Company operates 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.

The Company's efficient digital platform, backed by its in-house design, distribution, and state-of-the-art manufacturing, removes intermediaries and enables KITS to offer the highest quality products, fast service, great prices, and deliver made-to-order personalized products with incredible care and accuracy. KITS strives to delight its customers with competitive prices, a convenient digital shopping experience, fast and reliable delivery options – including its convenient "Autoship" subscription program for contact lenses – and an unrelenting focus on earning our customers' lifelong loyalty.

Corporate Structure

Kits Eyecare Ltd. was incorporated on October 15, 2018 under the *Business Corporations Act* (British Columbia). The Company's head and registered office is at 1020 – 510 Seymour Street, Vancouver, BC, V6B 3J5.

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**”).

Recent Developments

On September 4, 2024, the Company announced that it expects revenue for the third quarter of 2024 to exceed the previously guided range of \$39 million to \$41 million. The revised revenue outlook will exceed 32% growth rate year-over-year. This revision followed a record-breaking week of ordered sales of approximately \$3.5 million for the week ending August 31, 2024. While the Company believes that such expectations are reasonable, there can be no assurance that such revenue expectations are actually achieved. See “Caution Regarding Forward Looking Information” for important information with respect to expectations and forward-looking information.

DESCRIPTION OF SHARE CAPITAL

General Description of Capital Structure

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares without par value (“**Preferred Shares**”). As at September 6, 2024, there were 31,563,566 issued and outstanding Common Shares and no issued and outstanding Preferred Shares.

As at September 6, 2024, there were 2,657,473 options (“**Options**”) and 12,963 restricted share rights (“**RSRs**”) outstanding under the Company’s equity incentive plans, of which 2,490,112 Options and 12,963 RSRs were vested as of such date. Each Option is exercisable for one Common Share. We expect that vested RSRs will be paid at settlement through the issuance of one Common Share per RSR.

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 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 of directors of KITS (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.

CONSOLIDATED CAPITALIZATION

There have been no material changes in the share or loan capital of the Company, on a consolidated basis since the date of the Interim Financial Statements, which are incorporated by reference in this Prospectus. No material change will result from the Offering as no shares will be issued in connection with the Offering.

PRIOR SALES

The following table summarizes issuances of our Common Shares or securities convertible into Common Shares during the 12 month period preceding the date of this Prospectus:

Date of Issuance	Type of Security	Issuance/Exercise Price per Security	Number of Securities Issued
September 27, 2023	Common Shares ⁽¹⁾	\$4.71	11,942
October 16, 2023	Common Shares ⁽¹⁾	\$8.50	7,840
November 10, 2023	Common Shares ⁽²⁾	\$2.48	3,334

November 27, 2023	Common Shares ⁽²⁾	\$2.48	8,000
December 19, 2023	Common Shares ⁽²⁾	\$2.48	6,000
December 29, 2023	Common Shares ⁽¹⁾	\$5.06	11,115
March 28, 2024	Common Shares ⁽¹⁾	\$5.45	10,321
June 28, 2024	Common Shares ⁽¹⁾	\$6.42	92,679
June 28, 2024	Common Shares ⁽¹⁾	\$6.17	9,118
August 6, 2024	RSRs	\$6.85	8,211
August 6, 2024	RSRs	\$9.15	4,752
August 14, 2024	Common Shares ⁽²⁾	\$2.60	10,000
August 23, 2024	Common Shares ⁽²⁾	\$2.60	1,667

(1) Issued pursuant to the exercise of RSRs.

(2) Issued pursuant to the exercise of Options.

TRADING PRICE AND VOLUME

The Common Shares are listed for trading on the TSX under the symbol "KITS". The following table shows the monthly range of high and low prices per Common Share on the TSX, as well as total monthly volumes of Common Shares traded on the TSX for the 12 month period preceding the date of this Prospectus:

Month	High	Low	Volume
September 2023	\$5.18	\$4.51	247,046
October 2023	\$5.66	\$4.96	138,772
November 2023	\$5.61	\$4.84	342,747
December 2023	\$6.40	\$5.16	847,730
January 2024	\$6.45	\$6.08	136,408
February 2024	\$6.75	\$5.40	464,877
March 2024	\$7.00	\$5.83	273,034
April 2024	\$6.60	\$5.39	379,829
May 2024	\$6.71	\$5.66	244,469
June 2024	\$9.13	\$6.68	529,253
July 2024	\$10.23	\$8.00	711,622
August 2024	\$11.75	\$9.24	608,459
September 3-6, 2024	\$11.49	\$9.63	544,739

On September 5, 2024, being the last day on which the Common Shares traded prior to the public announcement of the Offering, the closing price of the Common Shares on the TSX was \$11.32 per Common Share. On September 6, 2024, being the last day on which the Common Shares traded prior to the date of this Prospectus, the closing price of the Common Shares on the TSX was \$9.98 per Common Share.

PROCEEDS TO THE SELLING SHAREHOLDERS

The aggregate net proceeds to the Selling Shareholders from the sale of Common Shares under this Prospectus will be \$10,733,625, after deducting the Underwriters' Commission of \$685,125 (and before deducting the expenses of the Offering, which are estimated to be \$275,000). If the Over-Allotment Option is exercised in full, the total net proceeds to the Selling Shareholders, after deducting the Underwriters' Commission in respect of the Over-Allotment Option,

and before deducting the expenses of the Offering, will be \$12,343,688.75. The Selling Shareholders will bear all reasonable expenses of the Offering, including the Underwriters' Commission and the reasonable expenses of the Underwriters' (the "Underwriters' Expenses"). The net proceeds of the Concurrent Block Trade will be payable to the Block Shareholder. For a discussion of the nature of our relationship with the Selling Shareholders, please see "Selling Shareholders" below.

The Company will not, directly or indirectly, receive any proceeds from the Offering or the Concurrent Block Trade.

THE SELLING SHAREHOLDERS

The Selling Shareholders under this Offering are Roger Hardy, 0999849 B.C. Ltd., Hardy Family Foundation and Bene Certo Holdings Ltd., each entities controlled by Roger Hardy, LD Group Holdings Ltd., an entity controlled by Arshil Abdulla, and Joe Thompson. The Selling Shareholders have agreed to sell an aggregate of 1,125,000 Common Shares to the Underwriters pursuant to the Underwriting Agreement (100,000 Common Shares by Roger Hardy, 100,000 Common Shares by the Hardy Family Foundation, 700,000 Common Shares by 0999849 B.C. Ltd., 25,000 Common Shares by Bene Certo Holdings Ltd., 150,000 Common Shares by LD Group Holdings Ltd. and 50,000 Common Shares by Joe Thompson), as described under the heading "Plan of Distribution".

The following table sets forth information with respect to the ownership of Common Shares by the Selling Shareholders as of the date hereof, as adjusted to reflect the completion of the Offering, assuming no exercise of the Over-Allotment Option.

Name	Immediately Prior to Closing		Immediately Following Closing	
	Number of Common Shares Owned, Controlled or Directed	Number of Common Shares Being Sold in the Offering ⁽²⁾	Number of Common Shares to be Owned, Controlled or Directed	Percentage of Total Outstanding Common Shares
The Hardy Shareholders	10,077,860 ⁽¹⁾	925,000	9,152,860 ⁽¹⁾	29.00% ⁽³⁾
0999849 B.C. Ltd.	2,169,207	700,000	1,469,207	4.65% ⁽⁴⁾
Roger Hardy	4,415,340	100,000	4,315,340	13.67% ⁽⁵⁾
Hardy Family Foundation	1,790,204	100,000	1,690,204	5.35% ⁽⁶⁾
Bene Certo Holdings Ltd.	849,559	25,000	824,559	2.61% ⁽⁷⁾
The LD Shareholder	10,670,589	150,000	10,520,589	33.33% ⁽⁸⁾
Joe Thompson	274,329	50,000	224,329	0.71% ⁽⁹⁾

(1) Includes an aggregate of 853,550 Common Shares held by Mr. Hardy's spouse and other family members.

(2) If the Over-Allotment Option is exercised in full, the Underwriters will purchase an incremental 138,750 Common Shares from 0999849 B.C. Ltd, 22,500 Common Shares from LD Group Holdings Ltd. and 7,500 Common Shares from Joe Thompson.

(3) 28.04% on a fully diluted basis, assuming the exercise in full of outstanding Options and the payout of outstanding RSRs through the issuance of one Common Share per RSR (27.63% if the Over-Allotment Option is exercised in full).

(4) 3.89% on a fully diluted basis, assuming the exercise in full of outstanding Options and the payout of outstanding RSRs through the issuance of one Common Share per RSR (4.22% if the Over-Allotment Option is exercised in full).

(5) 13.91% on a fully diluted basis, assuming the exercise in full of outstanding Options and the payout of outstanding RSRs through the issuance of one Common Share per RSR.

(6) 4.94% on a fully diluted basis, assuming the exercise in full of outstanding Options and the payout of outstanding RSRs through the issuance of one Common Share per RSR.

(7) 2.41% on a fully diluted basis, assuming the exercise in full of outstanding Options and the payout of outstanding RSRs through the issuance of one Common Share per RSR.

(8) 30.73% on a fully diluted basis, assuming the exercise in full of outstanding Options and the payout of outstanding RSRs through the issuance of one Common Share per RSR (30.67% if the Over-Allotment Option is exercised in full).

(9) 3.56% on a fully diluted basis, assuming the exercise in full of outstanding Options and the payout of outstanding RSRs through the issuance of one Common Share per RSR (3.54% if the Over-Allotment Option is exercised in full).

The following table lists all Common Shares being offered that were purchased by the respective Selling Shareholder within the two years preceding the date of this Prospectus:

Shareholder	Number of Common Shares Acquired	Date of Acquisition
Roger Hardy	492,700	May 19, 2021 to June 30, 2022
The Hardy Family Foundation	208,000	August 24, 2021 to 30 December 2021
0999849 B.C. Ltd	215,400	May 25, 2022 to August 31, 2022

PLAN OF DISTRIBUTION

General

Pursuant to the Underwriting Agreement dated September 9, 2024 among us, the Selling Shareholders and the Underwriters, the Selling Shareholders have agreed to sell and the Underwriters have severally agreed to purchase on Closing an aggregate of 1,125,000 Common Shares at a price of \$10.15 per Common Share, payable in cash to the Selling Shareholders against delivery of the Common Shares for aggregate gross proceeds of \$11,418,750. In consideration for their services in connection with the Offering, the Selling Shareholders have agreed to pay the Underwriters' Commission equal to \$0.609 per Common Share (being 6.0% of the Offering Price), including any Common Shares forming part of the Over-Allotment Option. The Selling Shareholders and the Block Shareholder shall (*pro rata* in accordance with the number of Common Shares sold) be responsible for all of the Underwriters' Commission and the Underwriters' Expenses. We will not be entitled to any of the proceeds from the sale of the Common Shares offered by this Prospectus. The Selling Shareholders will bear all reasonable expenses of the Offering. It is estimated that the total expenses of the Offering, not including the Underwriters' Commission, will be approximately \$275,000.

The Offering Price of \$10.15 per Common Share was determined by negotiation among the Selling Shareholders and the Underwriters and the Underwriters propose to offer the Common Shares initially at the Offering Price. Pursuant to applicable securities laws, after the Underwriters have made a reasonable effort to sell all of the Common Shares at the price specified on the cover page of this Prospectus, the Offering Price may be decreased and may be further changed from time to time to an amount not greater than that set out on the cover page of this short form prospectus, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Common Shares is less than the price paid by the Underwriters to the Selling Shareholders. Any such reduction will not affect the net proceeds received by the Selling Shareholder. The Underwriters may form a selling group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Underwriters out of their fees.

The Selling Shareholders have granted to the Underwriters the Over-Allotment Option, which is exercisable, in whole or in part, at the sole discretion of the Underwriters, for a period of 30 days after Closing to purchase from the Selling Shareholders up to an aggregate of 168,750 additional Common Shares (representing approximately 15% of the Common Shares offered hereunder). 82.222% of the Over-Allotment Option (representing up to 138,750 Common Shares) will be sold by 0999849 B.C. Ltd, 13.333% of the Over-Allotment Option (representing 22,500 Common Shares) will be sold by LD Group Holdings Ltd. and 4.444% of the Over-Allotment Option (representing 7,500 Common Shares) will be sold by Joe Thompson, on the same terms as set out above solely to cover over-allotments, if any, and for market stabilization purposes. This Prospectus qualifies both the grant of the Over-Allotment Option and the distribution of the Common Shares upon exercise of the Over-Allotment Option. A purchaser who acquires Common Shares forming part of the Underwriters' over-allocation position acquires those shares under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Under the terms of the Underwriting Agreement, the Underwriters may, at their discretion, terminate the Underwriting Agreement upon the occurrence of certain events, including "disaster out", "regulatory out", "material change out" and "breach out" clauses. The Underwriters are, however, severally obligated to take up and pay for all of the Common Shares that they have agreed to purchase if any of the Common Shares are purchased under the Underwriting Agreement.

Under applicable securities laws in Canada, certain persons and individuals, including us, the Selling Shareholders and the Underwriters, have statutory liability for any misrepresentation in this short form prospectus, subject to available defences. We and the Selling Shareholders have severally agreed to indemnify the Underwriters and their directors, officers, employees and agents against certain liabilities, including, without restriction, civil liabilities under securities legislation in Canada, and to contribute to any payments that the Underwriters may be required to make in respect thereof.

Subscriptions for Common Shares will be received subject to rejection or allocation in whole or in part and the right is reserved to close the subscription books at any time without notice. The Closing is expected to occur on or about September 26, 2024 or such other date as we, the Selling Shareholders and the Underwriters may agree, but in any event not later than 42 days after the date of the receipt for the (final) short form prospectus in respect to the Offering.

The Common Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, in the United States, except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. Each Underwriter has agreed that it will not offer or sell Common Shares within the United States, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Underwriting Agreement provides that the Underwriters may re-offer and re-sell the Common Shares that they have acquired pursuant to the Underwriting Agreement in the United States to “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act) in accordance with Rule 144A under the U.S. Securities Act.

The Underwriting Agreement also provides that the Underwriters may offer and sell the Common Shares outside the United States in accordance with Rule 903 of Regulation S under the U.S. Securities Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Common Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the U.S. Securities Act.

Concurrent Block Trade

Concurrently with this Offering and in a separate transaction, Joseph McInnis, the spouse of Sabrina Liak, a director of the Company, will be selling an aggregate of 325,000 Block Trade Shares, in a block trade, at the Offering Price for total gross proceeds of \$3,298,750 pursuant to the Concurrent Block Trade. The Concurrent Block Trade is expected to close concurrently with the Offering. The completion of the Offering is not conditional upon the completion of the Concurrent Block Trade. The Block Trade Shares are not, nor are they required to be, qualified by this Prospectus, and will consequently not be subject to the purchasers’ statutory rights of withdrawal and rescission described in this short form prospectus. Block Trade Shares may be acquired from the Underwriters by purchasers who acquire Common Shares qualified by this Prospectus and Block Trade Shares in a single or related transactions, in which case only the sale of Common Shares qualified by this Prospectus will be subject to the purchaser’s statutory rights of withdrawal and rescission described in this Prospectus.

Price Stabilization, Short Positions and Passive Market Making

In connection with the Offering, the Underwriters may, subject to applicable law, over-allocate or effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market, including: stabilizing transactions; short sales; purchases to cover positions created by short sales; imposition of penalty bids; and syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Common Shares while the Offering is in progress. These transactions may also include over-allocating or making short sales of the Common Shares, which involves the sale by the Underwriters of a greater number of Common Shares than they are required to purchase in the Offering. Short sales may be “covered short sales”, which are short positions in an amount not greater than the Over-Allotment Option, or may be “naked short sales”, which are short positions in excess of that amount.

The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Common Shares in the open market. In making this determination, the Underwriters will consider, among other things, the price of Common Shares available for purchase in the open market compared with the price at which they may purchase Common Shares from the Selling Shareholders through the Over-Allotment Option.

The Underwriters must close out any naked short position by purchasing Common Shares in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Common Shares in the open market. Any naked short sales will form part of the Underwriters' over-allocation position. A purchaser who acquires Common Shares forming part of the Underwriters' over-allocation position resulting from any covered short sales or naked short sales will, in each case, acquire such Common Shares under this short form prospectus, regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

In addition, in accordance with rules and policy statements of certain Canadian securities regulatory authorities and the Universal Market Integrity Rules for Canadian Marketplaces ("UMIR"), the Underwriters may not, at any time during the period of distribution, bid for or purchase Common Shares. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of the Common Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the TSX, including UMIR, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution.

As a result of these activities, the price of the Common Shares may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on any stock exchange on which the Common Shares are listed, in the over-the-counter market, or otherwise.

Non-Certificated Inventory System

No certificates representing the Common Shares to be sold in the Offering will be issued to purchasers under this Prospectus. Registration will be made in the depository service of CDS, or to its nominee, and electronically deposited with CDS on the Closing Date. Each purchaser of Common Shares will receive only a customer confirmation of purchase from the participants in the CDS depository service ("**CDS Participants**") from or through which such Common Shares are purchased, in accordance with the practices and procedures of such CDS Participant. Transfers of ownership of Common Shares in Canada will be effected through records maintained by the CDS Participants, which include securities brokers and dealers, banks and trust companies. Indirect access to the CDS book entry system is also available to other institutions that maintain custodial relationships with a CDS Participant, either directly or indirectly.

Lock-Up Arrangements

Pursuant to the Underwriting Agreement, we and the Selling Shareholders have agreed not to, directly or indirectly, without the prior written consent of the Co-Lead Underwriters, on behalf of the Underwriters, acting reasonably, issue, offer, sell or grant any option, warrant or other right to purchase or agree to issue or sell or otherwise lend, transfer, assign or dispose of any of our equity securities, or other securities convertible or exchangeable into or otherwise exercisable into our equity securities or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our equity securities, or agree or publicly announce any intention to do any of the foregoing for a period commencing on the date hereof and ending 90 days after the Closing Date, subject to certain limited exceptions, including in connection with the sale of our securities pursuant to the Offering (including the exercise of the Over-Allotment Option), or the grants of employee stock options, grants under other security-based compensation arrangements in the ordinary course and securities issued upon their exercise or settlement.

Relationship Between Us and the Underwriters

The terms of the Offering, including the Offering Price, were determined by negotiation between Canaccord, as the sole bookrunner on its own behalf and on behalf of each of the other Underwriters, and the Selling Shareholders. None of the banks with which any of the Underwriters are affiliates were involved in the determination of the terms of the Offering. As a consequence of the Offering, each of such Underwriters will receive its proportionate share of the Underwriters' Commission.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of McCarthy Tétrault LLP, counsel to the Company and Blake, Cassels and Graydon LLP, counsel to the Underwriters, the following is, as at the date hereof, a summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) and the regulations thereunder (the "**Tax Act**") generally applicable

to an investor who acquires the Common Shares as beneficial owner pursuant to this Prospectus and who, at all relevant times, for the purposes of the Tax Act (i) is resident, or deemed to be resident, in Canada; (ii) acquires and holds such Common Shares as capital property; and (iii) deals at arm's length with the Company, the Selling Shareholders and each of the Underwriters, and is not affiliated with the Company, the Selling Shareholders, or any of the Underwriters (a "**Resident Holder**").

Generally, Common Shares will be considered to be capital property to a Resident Holder provided the Resident Holder does not hold the Common Shares in, or in the course of, carrying on a business in Canada and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

Resident Holders who might not otherwise be considered to hold their Common Shares as capital property may, in certain circumstances, be entitled to make an irrevocable election pursuant to subsection 39(4) of the Tax Act to have the Common Shares and every other "Canadian security" (as defined in the Tax Act) owned or subsequently acquired by such Resident Holder deemed to be capital property in the taxation year of the election and all subsequent taxation years. Resident Holders should consult their own tax advisors as to whether an election under subsection 39(4) of the Tax Act is available and advisable in their particular circumstances.

This summary is not applicable to a Resident Holder: (a) that is a "financial institution" (as defined in the Tax Act) for the purposes of the mark-to-market rules contained in the Tax Act; (b) that is a "specified financial institution" (as defined in the Tax Act); (c) an interest in which would be a "tax shelter investment" (as defined in the Tax Act); (d) which is exempt from tax under Part I of the Tax Act; (e) that has elected to report its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian currency; (f) that receives dividends on the Common Shares under or as part of a "dividend rental arrangement" (as defined in the Tax Act); or (g) that enters into, or has entered into, a "derivative forward agreement" or a "synthetic disposition arrangement" (in each case, as defined in the Tax Act) with respect to Common Shares. Any such Resident Holders to which this summary does not apply should consult their own tax advisors with respect to the tax consequences of acquiring, holding or disposing of the Common Shares.

Additional considerations, not discussed herein, may be applicable to a Resident Holder that is a corporation resident in Canada and is, or becomes, or does not deal at arm's length for purposes of the Tax Act with a corporation resident in Canada that is or becomes, as part of a transaction or event or series of transactions or events that includes the acquisition of the Common Shares, controlled by a non-resident person or by a group of non-resident persons that do not deal with each other at arm's length, for purposes of the "foreign affiliate dumping" rules contained in section 212.3 of the Tax Act. Such Resident Holders should consult their own tax advisors with respect to the consequences of acquiring Common Shares.

This summary does not address the deductibility of interest by a Resident Holder who has borrowed money or otherwise incurred debt in connection with the acquisition of Common Shares.

This summary is based upon the provisions of the Tax Act in force as of the date hereof and counsel's understanding of the current administrative policies of the Canada Revenue Agency (the "**CRA**") published by it in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and assumes that the Tax Proposals will be enacted substantially as proposed. However, no assurances can be given that the Tax Proposals will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or the CRA's administrative policies, whether by legislative, governmental, administrative or judicial decision or action, nor does it address any provincial, territorial or foreign income tax legislation or considerations, which considerations may differ significantly from the Canadian federal income tax considerations discussed in this summary.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Resident Holder or prospective holder of Common Shares, and no representations with respect to the income tax consequences to any Resident Holder or prospective holder are made. Consequently, prospective holders of Common Shares should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring Common Shares pursuant to this Offering, having regard to their particular circumstances.

Dividends on Common Shares

A Resident Holder will be required to include in computing its income for a taxation year any taxable dividends received (or deemed to be received) on its Common Shares during such taxation year. In the case of a Resident Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received or deemed to be received from "taxable Canadian corporations" (as defined in

the Tax Act), including the enhanced gross-up and dividend tax credit applicable to any dividends designated by the Corporation as “eligible dividends” in accordance with the provisions of the Tax Act. The Corporation may be subject to restrictions on its ability to make such designations under the Tax Act, and has made no commitment in this regard.

In the case of a Resident Holder that is a corporation, the amount of any such taxable dividends that is included in computing its income for a taxation year will generally be deductible in computing its taxable income for that taxation year. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received or deemed to be received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain, to the extent and under the circumstances specified in the Tax Act. Resident Holders that are corporations should consult their own tax advisors having regard to their own particular circumstances.

A Resident Holder that is a “private corporation” or a “subject corporation”, in each case as defined in the Tax Act, may be liable to pay a tax under Part IV of the Tax Act (which may be refundable, subject to the detailed rules of the Tax Act) on dividends received or deemed to be received on the Common Shares to the extent such dividends are deductible in computing the Resident Holder’s taxable income for the taxation year. A “subject corporation” is generally a corporation (other than a private corporation) resident in Canada and controlled directly or indirectly by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts).

Dispositions of Common Shares

A Resident Holder who disposes of, or is deemed to have disposed of, a Common Share (other than a disposition to the Company, unless purchased by the Company in the open market in the manner in which shares are normally purchased by any member of the public in the open market) will generally realize a capital gain (or capital loss) in the taxation year of the disposition or deemed disposition equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or are less) than the “adjusted cost base” (as defined in the Tax Act) to the Resident Holder of the Common Share immediately before the disposition or deemed disposition.

For the purpose of determining the adjusted cost base to a Resident Holder of each Common Share acquired pursuant to this Prospectus, the cost of such Common Share will be averaged with the adjusted cost base of all Common Shares (if any) held by the Resident Holder as capital property immediately prior to such acquisition.

Subject to the Capital Gains Amendments (as defined below), generally one-half of any capital gain (a “**taxable capital gain**”) realized by a Resident Holder in a taxation year must be included in computing the Resident Holder’s income for that taxation year. Currently, one-half of any capital loss (an “**allowable capital loss**”) must be deducted against taxable capital gains realized by the Resident Holder in the year of disposition, in accordance with the detailed rules of the Tax Act. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any following taxation year against net taxable capital gains realized in such taxation years, to the extent and under the circumstances as specified in the Tax Act.

Pursuant to Tax Proposals originally released by the Minister of Finance (Canada) on June 10, 2024 and revised on August 12, 2024 (the “**Capital Gains Amendments**”) to implement proposals first announced in the 2024 Federal Budget, the capital gains inclusion rate applicable for the purposes of determining a Resident Holder’s taxable capital gains and allowable capital losses for a particular taxation year is proposed to increase from one-half to two-thirds for any capital gains or losses realized on or after June 25, 2024. The one-half inclusion rate for capital gains will continue to apply to individuals (other than most types of trusts) up to a maximum of \$250,000 of net capital gains realized in any taxation year. The Capital Gains Amendments also include transitional rules that effectively adjust a Resident Holder’s capital gains inclusion rate for the 2024 taxation year to generally include only one-half of net capital gains realized (or deemed to be realized) on or before June 24, 2024. The Capital Gains Amendments are complex and their application to a particular Resident Holder will depend on the Resident Holder’s particular circumstances. Resident Holders should consult their own tax advisors with respect to the Capital Gains Amendments.

If a Resident Holder is a corporation, the amount of any capital loss otherwise arising upon the disposition or deemed disposition of a Common Share may be reduced by certain dividends previously received or deemed to have been received on the Common Share (or on a share for which the Common Share has been substituted), all to the extent and under the circumstances prescribed by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares, directly or indirectly, through a partnership or a trust. Such Resident Holders should consult their own tax advisors.

Additional Refundable Tax

A Resident Holder that is, throughout its taxation year, a “Canadian controlled private corporation” (as defined in the Tax Act) or at any time in the taxation year a “substantive CCPC” (as defined in the Tax Act) may be liable for an additional tax, refundable in certain circumstances, on such Resident Holder’s “aggregate investment income” (as defined in the Tax Act) for the year, which will generally include dividends received on the Common Shares and taxable capital gains realized on dispositions of the Common Shares. Resident Holders who are corporations should consult their own tax advisors in this regard.

Alternative Minimum Tax

Taxable dividends received or deemed to be received and taxable capital gains realized by a Resident Holder that is an individual (other than certain trusts) may give rise to liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act. Resident Holders who are individuals should consult their own tax advisors in this regard.

ELIGIBILITY FOR INVESTMENT

In the opinion of McCarthy Tétrault LLP, counsel to the Company, and Blake, Cassels and Graydon LLP, counsel to the Underwriters, based on the provisions of the Tax Act, in force on the date hereof, the Common Shares, if acquired on the date hereof, would be qualified investments under the Tax Act for trusts governed by a registered retirement savings plan, registered retirement income fund, registered education savings plan, registered disability savings plan, first home savings account and tax-free savings account, each as defined in the Tax Act (collectively referred to as “**Registered Plans**”) or a deferred profit sharing plan (“**DPSP**”) (as defined in the Tax Act), provided the Common Shares are listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the TSX) or the Company is a “public corporation” (as defined in the Tax Act).

Notwithstanding the foregoing, if a Common Share is a “prohibited investment” for a Registered Plan, the annuitant, holder or subscriber of such Registered Plan, as applicable, will be subject to a penalty tax as set out in the Tax Act.. A Common Share will generally not be a “prohibited investment” for a Registered Plan provided the annuitant, holder or subscriber thereof, as applicable, deals at arm’s length with the Company for the purposes of the Tax Act and does not have a “significant interest” (as defined in subsection 207.01(4) of the Tax Act) in the Company. In addition, a Common Share will not be a “prohibited investment” if the Common Share is “excluded property” (as defined in the Tax Act) for a trust governed by a Registered Plan. Resident Holders who intend to invest through a Registered Plan should consult their own tax advisors as to whether the Common Shares will be a prohibited investment in their particular circumstances.

Resident Holders who intend to hold Common Shares in a Registered Plan or DPSP should consult their own tax advisors.

RISK FACTORS

In addition to the risk factors set forth below, prospective purchasers of Common Shares should carefully consider the risk factors related to the Company’s business and operations set out in the AIF and those described in, and in documents incorporated by reference in this Prospectus (including subsequently filed documents incorporated by reference). An investment in Common Shares is subject to various risks, including without limitation those risks inherent to the industries in which KITS operates. If any of the events contemplated by these risk factors occurs, Kit’s revenues or financial condition could be materially harmed, which could adversely affect the value of the Common Shares. In addition to the below, discussions of certain risks affecting the Company in connection with its business are provided in the Company’s disclosure documents filed with the various securities regulatory authorities which are incorporated by reference in this Prospectus. Additional risks not presently known to us or that we currently consider immaterial may also materially and adversely affect us. If any of the events identified in these risks and uncertainties were to actually occur, our business, financial condition or results of operations could be materially harmed.

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; Sabrina Liak; Joe Thompson; LD Group Holdings Ltd., formed in the restructuring of the shareholders of LD Vision Group, which is controlled by Arshil Abdulla, a 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 the AIF.

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 Offerings may Dilute Existing Shareholders and/or Adversely Impact the Price of 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.

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.

LEGAL MATTERS

The matters referred to under “Eligibility for Investment” and “Certain Canadian Federal Income Tax Considerations”, as well as certain other legal matters relating to the issue and sale of Common Shares, will be passed upon on our behalf by McCarthy Tétrault LLP and on behalf of the Underwriters by Blake, Cassels and Graydon LLP. As at the date of this Prospectus, the partners and associates of each of McCarthy Tétrault LLP and Blake, Cassels and Graydon LLP, beneficially own, directly and indirectly, less than 1% of our issued and outstanding securities or securities of our affiliates or associates.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditor of the Company is MNP LLP, located in Vancouver, British Columbia. MNP LLP is independent with respect to the Company within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

The Company’s transfer agent and registrar is Computershare Investor Services Inc. at its office at 510 Burrard St., 3rd Floor, Vancouver, British Columbia, V6C 3B9.

PURCHASER’S STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after the later of (a) the date that the issuer (i) filed the prospectus or any amendment on SEDAR+ and a receipt is issued and posted for the document, and (ii) issued and filed a news release on SEDAR+ announcing that the document is accessible through SEDAR+, and (b) the date that the purchaser or subscriber has entered into an agreement to purchase the securities or a contract to purchase or a subscription for the securities. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus or the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal advisor.

CERTIFICATE OF
KITS EYECARE LTD.

Dated: September 9, 2024

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the provinces of Canada, except the province of Québec.

(Signed) *Roger Hardy*
Chief Executive Officer

(Signed) *Zhe Choo*
Chief Financial Officer

On Behalf of the Board of Directors

(Signed) *Nick Bozikis*
Director

(Signed) *Sabrina Liak*
Director

CERTIFICATE OF
UNDERWRITERS

Dated: September 9, 2024

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the provinces of Canada, except the province of Québec.

CANACCORD GENUITY CORP.

(Signed) "*Jamie Brown*"

Jamie Brown
Managing Director,
Head of Capital Markets – Western Canada

BEACON SECURITIES LIMITED

(Signed) "*Justin Gilman*"

Justin Gilman
Managing Director, Investment Banking

STIFEL NICOLAUS CANADA INC.

(Signed) "*Mathieu L'Allier*"

Mathieu L'Allier
Vice Chairman,
Head of Investment Banking, Eastern Canada

HAYWOOD SECURITIES INC.

(Signed) "*Sean MacGillis*"

Sean MacGillis
Managing Director, Investment Banking

ROTH CANADA, INC.

(Signed) "*Brady Fletcher*"

Brady Fletcher
President

VENTUM FINANCIAL CORP.

(Signed) "*John Rak*"

John Rak
Managing Director, Investment Banking