



K-BRO REPORTS FIRST QUARTER REVENUE AND EBITDA FOR 2020

(TSX: KBL)

Edmonton, Canada (May 7, 2020) – K-Bro Linen Inc. (“K-Bro” or the “Corporation”) today announces its 2020 Q1 financial and operating results.

2020 Financial and Operating Highlights

- Revenue for the three months ended March 31, 2020 was \$57.3 million and decreased by 0.9% over the comparable 2019 period. This reflects a period of significant growth through the end of February, with a significant decline in March after the COVID-19 restrictions began in Canada and the UK.
- EBITDA decreased in the first quarter to \$3.7 million compared to \$9.1 million over the comparable 2019 period. This includes a non-cash impairment to goodwill of \$5.5 million related to three smaller hospitality cash generating units within the Canadian Division, without which EBITDA would have been \$9.2 million.
- EBITDA margin for the first quarter including the impairment decreased to 6.5% from 15.8% for the comparative period of 2019. Excluding the non-cash impairment charge, EBITDA margin increased to 16.2% from 15.8%.
- On a consolidated basis excluding IFRS 16 Leases (“IFRS 16”) and the impairment of assets, the Corporation recorded adjusted EBITDA of \$7.1 million, adjusted EBITDA margin of 12.4%, and adjusted net earnings of \$1.0 million in the first quarter of 2020. This is an increase over the comparable 2019 period where adjusted EBITDA was \$6.8 million, adjusted EBITDA margin was 11.8% and adjusted net earnings was \$0.6 million.
- Net earnings in the first quarter of 2020 decreased by \$3.9 million to \$-3.4 million compared to \$0.5 million in the comparative period of 2019, and as a percentage of revenue decreased by 6.9% to 6.0% this includes the non-cash impairment charge of \$5.5 million.
- During the first quarter, K-Bro declared dividends of \$0.300 per common share and distributable cash was \$0.574 per common share on a fully diluted basis.

Linda McCurdy, President & CEO of K-Bro commented, “First and foremost, I would like to express my sincerest gratitude to the hundreds of front-line employees who are dedicated to ensuring our healthcare customers receive hygienically clean linen and our hotels continue to receive their products as required.”

“Although we came into 2020 in a position of strength, we are entering unprecedented times as the COVID-19 pandemic rapidly develops. We have seen many adverse effects from the pandemic, though we have developed and implemented plans to mitigate the effects of COVID-19 including consolidating operations, reducing headcount, and accessing available government assistance. We have a highly experienced team that has been crucial in managing the situation and in combination with our proven operating model, we will continue to leverage our experience for the challenges ahead,” continued McCurdy.

“We remain well-positioned from a balance sheet and liquidity perspective, in addition to having a strong concentration of our Canadian revenue being from the healthcare sector, at approximately 70%. We are continuing to monitor our situation carefully and will consider any and all actions, including any opportunities that will allow us to come out of this downturn with a stronger market position,” concluded McCurdy.

Highlights and Significant Events for Fiscal 2020

Capital Investment Plan

For fiscal 2020, K-Bro had previously anticipated capital spending to be approximately \$5.0 million on a consolidated basis. However, in light of the COVID-19 pandemic, the Corporation’s planned capital spending for fiscal 2020 is expected to be approximately \$3.0 million, as a result of the deferral of the Corporation’s plan to implement an enterprise wide operating system because pandemic-related workforce restrictions makes implementation very difficult. This guidance includes both strategic and maintenance capital requirements to support existing base business in both Canada and the United Kingdom (“UK”).

Alberta Contract Award

On March 1, 2020, the Corporation was awarded a one-year extension to provide laundry and linen services to Alberta Health Services Calgary. The contract extends the existing relationship between the Corporation and Alberta Health Services Calgary.

Loss of Whitbread Group Contract

Subsequent to the 2019 fiscal year, the Corporation was unsuccessful in renewing its UK-based contract with the Whitbread Group. The associated volume will be phased out of the relevant plant over the first two quarters of 2020. For the year ended December 31, 2019, this contract accounted for approximately 14% of the overall revenue of Fisher Topco Ltd. (“Fishers”).

COVID-19 Pandemic

The ongoing COVID-19 pandemic has caused world governments to institute travel restrictions both in and out of and within Canada and the UK, which has had, and is expected to continue to have, a significant adverse impact on the Corporation’s hospitality business, the duration of which we are unable to predict with any degree of accuracy. Since mid-March, we have seen significantly reduced hotel occupancy rates compared to historical levels. Demand for both business and leisure airline travel has declined significantly on a global basis, and airlines are responding by cancelling international and domestic flights. Accordingly, hospitality volumes in all of our Canadian and UK markets have slowed to historically low levels. In addition to this, more recently, we have seen decreases in our healthcare business as the result of hospitals and health authorities taking measures to prepare for anticipated COVID-19 surges (i.e., cancellation of elective surgeries). Consolidated revenue for April 2020 decreased by approximately 45% with a decrease in consolidated healthcare revenue of approximately 10% and a decrease in consolidated hospitality revenue of approximately 90% compared to the same period last year with both the Canadian and UK divisions seeing hospitality revenues drop by the same percentages.

Although the Corporation has developed and implemented measures to mitigate the effects of the COVID-19 pandemic, including consolidating operations, reducing headcount, reducing non critical capital expenditures and accessing available government assistance programs, earnings will continue to be particularly affected if we continue to experience reductions in travel and reduced hospitality and

healthcare occupancy rates. The extent of such negative effects on our business and our financial and operational performance will depend on future developments, including the duration, spread and severity of the outbreak, the duration and geographic scope of related travel advisories and restrictions and the extent of the impact of the COVID-19 pandemic on overall demand for personal and business travel, all of which are highly uncertain and cannot be predicted with any degree of accuracy. If hotels and hospitals continue to experience significantly reduced occupancy rates for an extended period, our 2020 consolidated results of operations will be significantly impacted. Additionally, our suppliers or other third parties we rely upon may experience delays or shortages, which could have an adverse effect on our business prospects and results of operations.

As an ongoing risk, the duration and full financial effect of the COVID-19 pandemic is unknown at this time, and continues to be offset through the Corporation's business continuity plan and other mitigating measures. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and, accordingly, estimates of the extent to which the COVID-19 pandemic may materially and adversely affect the Corporation's operations, financial results and condition in future periods are also subject to significant uncertainty.

Therefore, uncertainty about judgments, estimates and assumptions made by management during the preparation of the Corporation's interim condensed consolidated financial statements related to potential impacts of the COVID-19 pandemic on revenue, expenses, assets, liabilities, and note disclosures could result in a material adjustment to the carrying value of the asset or liability affected.

Impairment of Assets

Management has assessed the impairment indicators that existed as at March 31, 2020 in certain CGUs. Specifically, we assessed five CGUs that rely primarily on hospitality revenues due to the significant impact that the COVID-19 pandemic has had on the hospitality industry. The recoverable amounts of these specific CGUs were recalculated using the value in use method by applying probability weightings to capture the increased risk and uncertainty arising from the COVID-19 pandemic.

Our probability-weighted approach has been evaluated based on an equally weighted probability of a one-year downturn in sales to the worst case of a two-year downturn in sales. The scenarios estimated a decline of 70% for year 1 and 50% for year 2, with sales returning to normalized levels thereafter with sales growth estimates used between 2% to 3%. An impairment loss of \$5,516 was recognized for three CGUs in the Canadian division, of which \$3,177 was allocated to goodwill and \$2,339 was allocated to PP&E.

EBITDA before impairment and gain/loss on disposal of PP&E was \$9,254 (2019 - \$9,115).

CGU	Allocated to Goodwill	Allocated to PP&E	Total impairment recorded	Recoverable Amount
Montreal	\$ 823	\$ -	\$ 823	\$ 2,485
Quebec	654	2,339	2,993	1,917
Victoria	1,700	-	1,700	5,433
	\$ 3,177	\$ 2,339	\$ 5,516	\$ 9,835

The recoverable amounts in respect of the UK division and Vancouver 2 CGUs were estimated to be £67,234 and \$24,008, respectively, as at March 31, 2020, which exceeded the carrying amount of both of the CGUs. No impairment was therefore required for either of these CGUs.

The key assumptions in calculating the recoverable amount of the five CGUs where impairment calculations were updated as at March 31, 2020 were as follows:

	March 31, 2020
Long-term growth rate %	2.0% to 3.0%
Pre-tax discount rate %	10.5% to 12.5%

For Vancouver 2 and the UK division, in addition to the key assumptions noted above, management has also evaluated other reasonable changes in estimates and assumptions and did not identify any other instances as at March 31, 2020 that could cause the carrying amount of these CGUs to exceed the recoverable amount.

There were no other CGUs that were showing signs of impairment as at March 31, 2020 and as such we have not updated any of the other impairment calculations. The Corporation will continue to carefully monitor the situation as it pertains to COVID-19 and further consider if there are new or additional indicators that exist during fiscal 2020.

With the ongoing evolution of the COVID-19 pandemic, the length and severity of these developments is subject to significant uncertainty. Accordingly, new developments may materially and adversely affect assumptions used in the consideration of the impairment of assets, impact whether a CGU has been impaired and may change prior recorded impairment amounts.

Financial Results

For the three months ended March 31,

(thousands, except per share amounts and percentages)	Canadian Division 2020	UK Division 2020	(2)(4) 2020	Canadian Division 2019	UK Division 2019	2019	\$ Change	% Change
Revenue	\$ 43,711	\$ 13,564	\$ 57,275	\$ 44,533	\$ 13,250	\$ 57,783	(508)	-0.9%
Expenses included in EBITDA	40,917	12,615	53,532	37,149	11,519	48,668	4,864	10.0%
EBITDA ⁽¹⁾	2,794	949	3,743	7,384	1,731	9,115	(5,372)	-58.9%
EBITDA as a % of revenue	6.4%	7.0%	6.5%	16.6%	13.1%	16.6%	-10.1%	-60.8%
Adjusted EBITDA without adoption of IFRS 16 ⁽¹⁾	6,848	261	7,109	5,960	843	6,803	306	4.5%
Adjusted EBITDA without adoption of IFRS 16 as a % of revenue	15.7%	1.9%	12.4%	13.4%	6.4%	13.4%	-	100.0%
Net earnings (loss)	(2,472)	(936)	(3,408)	731	(236)	495	(3,903)	-788.5%
Basic earnings (loss) per share	\$ (0.235)	\$ (0.089)	\$ (0.323)	\$ 0.070	\$ (0.022)	\$ 0.047	\$ (0.370)	-787.2%
Diluted earnings (loss) per share	\$ (0.233)	\$ (0.088)	\$ (0.322)	\$ 0.069	\$ (0.022)	\$ 0.047	\$ (0.369)	-785.1%
Dividends declared per diluted share			\$ 0.30			\$ 0.300	\$ -	0.0%
Adjusted net earnings without adoption of IFRS 16 ⁽¹⁾	1,863	(878)	985	787	(229)	558	427	76.5%
Basic adjusted net earnings without adoption of IFRS 16 per share	\$ 0.177	\$ (0.083)	\$ 0.093	\$ 0.075	\$ (0.022)	\$ 0.053	\$ 0.040	100.0%
Diluted adjusted net earnings without adoption of IFRS 16 per share	\$ 0.176	\$ (0.083)	\$ 0.093	\$ 0.075	\$ (0.022)	\$ 0.053	\$ 0.040	100.0%
Total assets			336,127			360,563	(24,436)	-6.8%
Long-term debt, end of period			54,693			67,444	(12,751)	-18.9%
Cash provided by operating activities			11,588			9,670	1,918	19.8%
Net change in non-cash working capital items			3,011			1,484	1,527	102.9%
Share-based compensation expense			507			540	(33)	-6.1%
Maintenance capital expenditures			328			374	(46)	-12.3%
Principal elements of lease payments			1,666			1,648	18	1.1%
Distributable cash flow ⁽³⁾			6,076			5,624	452	8.0%
Dividends declared			3,181			3,168	13	0.4%
Payout ratio			52.4%			56.3%	-3.9%	-6.9%

(1) See "Terminology" for further details

(2) Effective January 1, 2019, the Corporation has adopted IFRS 16 using the modified retrospective method but has not restated comparatives for the prior periods, as permitted under the specific transitional provisions of IFRS 16. To enable the comparability of previous periods, the Corporation has provided the 2019 figures for both EBITDA and net earnings without adoption of IFRS 16 as separate line items. See "Accounting Changes" in the Corporation's MD&A for the three month period ending March 31, 2020 for more information.

(3) Effective January 1, 2019, distributable cash flow includes the addition of principal elements of lease payments. This accounts for the change in accounting policies and the adoption of IFRS 16, where now the principal elements of lease payments flow through financing outflows as opposed to operating cash flows.

(4) Q1 2020 includes an adjustment of \$5.5 million for an impairment related charge to the Canadian Division, and is excluded in adjusted EBITDA and adjusted net earnings (loss).

Dividends

The Board of Directors has declared a monthly dividend of \$0.10 per common share for the period from May 1 to May 31, 2020, to be paid on June 15, 2020 to shareholders of record on May 31, 2020. The Corporation's policy is for shareholders of record on the last business day of a calendar month to receive dividends during the fifteen days following the end of such month. K-Bro designates this dividend as an eligible dividend pursuant to subsection 89(14) of the *Income Tax Act* (Canada) and similar provincial and territorial legislation.

Outlook

While the COVID-19 pandemic will have a significant negative impact on our hospitality revenue, management believes the prospects for the Corporation's healthcare business remain strong in the medium-to-long-term. By providing integral laundry and linen processing services to the hospitality and healthcare sectors, the Corporation has been designated an "essential" service in the jurisdictions in which it operates, which has allowed the Corporation's facilities to remain open and continue "normal" operations. This has mitigated some of the more dramatic financial and operational impacts experienced by many other businesses in other industries. In addition, management believes that the financial flexibility provided by our strong balance sheet will enable us to operate without disruption to our business model while maintaining our ability to service the healthcare and hospitality sectors in our Canadian and UK markets.

CORPORATE PROFILE

K-Bro is the largest owner and operator of laundry and linen processing facilities in Canada and a market leader for laundry and textile rental services in Scotland and the North East of England. K-Bro and its wholly-owned subsidiaries operate across Canada and the UK, providing a range of linen services to healthcare institutions, hotels and other commercial accounts that include the processing, management and distribution of general linen and operating room linen.

The Corporation's operations in Canada include nine processing facilities and two distribution centres under three distinctive brands: K-Bro Linen Systems Inc., Buanderie HMR and Les Buanderies Dextraze. The Corporation operates in ten Canadian cities: Québec City, Montréal, Toronto, Regina, Saskatoon, Prince Albert, Edmonton, Calgary, Vancouver and Victoria.

The Corporation's operations in the UK include Fishers, which was acquired by K-Bro on November 27, 2017. Fishers was established in 1900 and is a leading operator of laundry and linen processing facilities in Scotland, providing linen rental, workwear hire and cleanroom garment services to the hospitality, healthcare, manufacturing and pharmaceutical sectors. The Corporation operates six UK sites located in Cupar, Perth, Newcastle, Livingston and Coatbridge.

Additional information regarding the Corporation including required securities filings are available on our website at www.k-brolinen.com and on the Canadian Securities Administrators' website at www.sedar.com; the System for Electronic Document Analysis and Retrieval ("SEDAR").

TERMINOLOGY

Throughout this news release and other documents referred to herein, and in order to provide a better understanding of the financial results, K-Bro uses the terms "EBITDA", "Adjusted EBITDA", "Adjusted net earnings", "Adjusted net earnings per share", "debt to total capital", "distributable cash" and "payout ratio". These terms do not have any standardized meaning under International Financial Reporting Standards ("IFRS") as set out in the CICA Handbook. Therefore, EBITDA, Adjusted EBITDA, Adjusted net earnings, Adjusted net earnings per share, distributable cash and payout ratio may not be comparable to similar measures presented by other issuers. Specifically, the terms "EBITDA", "Adjusted EBITDA", "Adjusted net earnings", "Adjusted net earnings per share", "distributable cash", and "payout ratio" have been defined as follows:

“EBITDA” is defined as earnings before finance expense, income taxes, depreciation, and amortization. EBITDA is not a recognized measure for financial statement presentation under IFRS. EBITDA is not intended to represent cash flow from operations, as defined by IFRS, and it should not be considered as an alternative to net earnings, cash flow from operations, or any other measure of performance prescribed by IFRS. The Corporation’s EBITDA may also not be comparable to EBITDA used by other corporations, which may be calculated differently. The Corporation considers EBITDA to be a meaningful measure to assess its operating performance in addition to standardized IFRS measures. It is included because the Corporation believes it can be useful in measuring its ability to service debt, fund capital expenditures and expand its business.

Three Months Ended March 31,		
(thousands)	2020	2019
Net earnings (loss)	\$ (3,408)	\$ 495
Add:		
Income tax (recovery) expense	(1,123)	191
Finance expense	1,193	1,513
Depreciation of property, plant and equipment	6,115	6,135
Amortization of intangible assets	966	781
EBITDA	\$ 3,743	\$ 9,115

Adjusted EBITDA without adoption of IFRS 16 is a measure which has been reported in order to assist in the comparison of historical EBITDA to current results. “Adjusted EBITDA” without adoption of IFRS 16 is defined as EBITDA (defined above) with the exclusion of IFRS 16 and certain material items that are unusual in nature, infrequently occurring or not considered part of our core operations.

Three Months Ended March 31,						
(thousands)	Canadian Division 2020	UK Division 2020	2020	Canadian Division 2019	UK Division 2019	2019
EBITDA	\$ 2,794	\$ 949	\$ 3,743	\$ 7,384	\$ 1,731	\$ 9,115
Add back IFRS 16 Adjustments:						
Delivery	(358)	(397)	(755)	(326)	(562)	(888)
Occupancy costs	(1,104)	(291)	(1,395)	(1,098)	(326)	(1,424)
EBITDA without adoption of IFRS 16	\$ 1,332	\$ 261	\$ 1,593	\$ 5,960	\$ 843	\$ 6,803
Add back non-reoccurring items:						
Impairment of assets	5,516	-	5,516	-	-	-
Adjusted EBITDA without adoption of IFRS 16	\$ 6,848	\$ 261	\$ 7,109	\$ 5,960	\$ 843	\$ 6,803

Adjusted net earnings and adjusted net earnings per share are measures which have been reported in order to assist in the comparison of historical net earnings to current results. "Adjusted net earnings" is defined as net earnings with the exclusion of IFRS 16 and certain material items that are unusual in nature, infrequently occurring or not considered part of our core operations. The calculation of adjusted net earnings normalizes the impact of the transaction costs related to the acquisition of Fishers, and the related impact on net earnings and net earnings per share. The normalization of this net expense in the calculation of adjusted net earnings and adjusted net earnings per share is considered by management to be a more accurate representation of the net earnings from core operations.

Three Months Ended March 31,						
	Canadian Division 2020	UK Division 2020	2020	Canadian Division 2019	UK Division 2019	2019
<i>(thousands)</i>						
Net earnings (loss)	\$ (2,472)	\$ (936)	\$ (3,408)	\$ 731	\$ (236)	\$ 495
Add back IFRS 16 Adjustments:						
Delivery	(358)	(397)	(755)	(326)	(562)	(888)
Occupancy costs	(1,104)	(291)	(1,395)	(1,098)	(326)	(1,424)
Depreciation of property, plant and equipment	1,113	657	1,770	1,087	773	1,860
Finance expense	384	101	485	413	124	537
Income tax	(9)	(12)	(21)	(20)	(2)	(22)
Net earnings (loss) without adoption of IFRS 16	\$ (2,446)	\$ (878)	\$ (3,324)	\$ 787	\$ (229)	\$ 558
Add back non-reoccurring items (net of income taxes):						
Impairment of assets	4,309	-	4,309	-	-	-
Adjusted net earnings (loss) without adoption of IFRS 16	\$ 1,863	\$ (878)	\$ 985	\$ 787	\$ (229)	\$ 558
Weighted average number of shares outstanding:						
Basic	10,539,458	10,539,458	10,539,458	10,496,590	10,496,590	10,496,590
Diluted	10,590,526	10,590,526	10,590,526	10,545,970	10,545,970	10,545,970
Adjusted net earnings (loss) without adoption of IFRS 16 per share:						
Basic	\$0.177	(\$0.083)	\$0.093	\$0.070	(\$0.022)	\$0.053
Diluted	\$0.176	(\$0.083)	\$0.093	\$0.069	(\$0.022)	\$0.053

Distributable cash flow is a measure used by management to evaluate the Corporation's performance. While the closest IFRS measure is cash provided by operating activities, distributable cash flow is considered relevant because it provides an indication of how much cash generated by operations is available after capital expenditures. It should be noted that although we consider this measure to be distributable cash flow, financial and non-financial covenants in our credit facilities and dealer agreements may restrict cash from being available for dividends, re-investment in the Corporation, potential acquisitions, or other purposes. Investors should be cautioned that distributable cash flow may not actually be available for growth or distribution from the Corporation. Management refers to "Distributable cash flow" as to cash provided by (used in) operating activities with the addition of net changes in non-cash working capital items, less share-based compensation, maintenance capital expenditures and principal elements of lease payments.

	Three Months Ended March 31,	
(thousands)	2020 ⁽¹⁾	2019
Cash provided by operating activities	\$ 11,588	\$ 9,670
Deduct (add):		
Net changes in non-cash working capital items	3,011	1,484
Share-based compensation expense	507	540
Maintenance capital expenditures	328	374
Principal elements of lease payments ⁽²⁾	1,666	1,648
Distributable cash flow ⁽²⁾	\$ 6,076	\$ 5,624

- (1) Effective January 1, 2019, the Corporation has adopted IFRS 16 using the modified retrospective method but has not restated comparatives for the prior periods, as permitted under the specific transitional provisions of IFRS 16. See "Accounting Changes" in the Corporation's MD&A for the three month period ending March 31, 2020 for more information.
- (2) Effective January 1, 2019, distributable cash flow includes the addition of principal elements of lease payments. This accounts for the change in accounting policies and the adoption of IFRS 16, where now the principal elements of lease payments flow through financing outflows opposed to operating cash flows.

"Payout ratio" is defined by management as the actual cash dividend divided by distributable cash. This is a key measure used by investors to value K-Bro, assess its performance and provide an indication of the sustainability of dividends. The payout ratio depends on the distributable cash and the Corporation's dividend policy.

	Three Months Ended March 31,	
(thousands)	2020	2019
Cash dividends	3,181	3,168
Distributable cash flow	6,076	5,624
Payout ratio	52.4%	56.3%

FORWARD LOOKING STATEMENTS

This news release contains forward-looking information that represents internal expectations, estimates or beliefs concerning, among other things, future activities or future operating results and various components thereof. The use of any of the words “anticipate”, “continue”, “expect”, “may”, “will”, “project”, “should”, “believe”, and similar expressions suggesting future outcomes or events are intended to identify forward-looking information. Statements regarding such forward-looking information reflect management’s current beliefs and are based on information currently available to management.

These statements are not guarantees of future performance and are based on management’s estimates and assumptions that are subject to risks and uncertainties, which could cause K-Bro’s actual performance and financial results in future periods to differ materially from the forward-looking information contained in this news release. These risks and uncertainties include, among other things: (i) risks associated with acquisitions, including the possibility of undisclosed material liabilities; (ii) K-Bro’s competitive environment; (iii) utility costs, minimum wage legislation and labour costs; (iv) K-Bro’s dependence on long-term contracts with the associated renewal risk; (v) increased capital expenditure requirements; (vi) reliance on key personnel; (vii) changing trends in government outsourcing; (viii) changes or proposed changes to minimum wage laws in Ontario, British Columbia, Alberta, Quebec, Saskatchewan and the UK; (ix) the availability of future financing; (x) textile demand; (xi) the adverse impact of the COVID-19 pandemic on the Corporation, which has been significant to date and which we believe will continue to be significant for the near-to-medium term; and (xii) foreign currency risk. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information include: (i) volumes and pricing assumptions; (ii) expected impact of labour cost initiatives; (iii) frequency of one-time costs impacting quarterly and annual financial results; (iv) foreign exchange rates; and (v) the level of capital expenditures. Although the forward-looking information contained in this news release is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Certain statements regarding forward-looking information included in this news release may be considered “financial outlook” for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this news release. Forward looking information included in this news release includes the expected annual healthcare revenues to be generated from the Corporation’s contracts with new customers, the anticipated capital costs for the Corporation’s Toronto and Vancouver facilities, calculation of costs, including one-time costs impacting the quarterly financial results, anticipated future capital spending and statements with respect to future expectations on margins and volume growth, as well as statements related to the impact of the COVID-19 pandemic on the Corporation.

All forward-looking information in this news release is qualified by these cautionary statements. Forward-looking information in this news release is presented only as of the date made. Except as required by law, K-Bro does not undertake any obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

This news release also makes reference to certain measures in this document that do not have any standardized meaning as prescribed by IFRS and, therefore, are considered non-GAAP measures. These measures may not be comparable to similar measures presented by other issuers. Please see “Terminology” for further discussion.

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