



dependable.

K-Bro Linen Inc.

K-BRO ANNOUNCES NEW ELEVEN YEAR PROVINCE WIDE CONTRACT WITH ALBERTA HEALTH SERVICES

(TSX: KBL)

Edmonton, Canada (July 26, 2021) – K-Bro Linen Inc. (the “Company”) announced today that it has signed a new 11-year contract, with renewal options for up to an additional 9 years, to provide laundry and linen services for Alberta Health Services (“AHS”) province-wide. The contract is the result of a competitive RFP process and extends K-Bro’s existing relationship with AHS. The award renews all of K-Bro’s existing AHS volume in Edmonton and Calgary and awards additional healthcare volume for rural Alberta. The new volume will be serviced from K-Bro’s existing state-of-the-art facilities in Edmonton and Calgary.

“We are very pleased to have signed our new contract with AHS that extends our decades-long relationship with AHS and its predecessors. We are excited that we will extend our relationship to the entire province”, said Linda McCurdy, President & Chief Executive Officer. “We will work closely with all AHS facilities to ensure a smooth and rapid transition.”

Ms. McCurdy went on to say that “we expect incremental annual revenue of approximately \$10 million, and margins on that revenue to be consistent with K-Bro’s historical margins. While we expect some one-time transition costs and temporary margin impact as we move all of the new volume into our two facilities in Edmonton and Calgary, we expect to return to normalized margins once our transition is complete in mid-2022. We expect capital expenditures of approximately \$11 million in new linen carts and additional equipment to support the new business.”

CORPORATE PROFILE

K-Bro is the largest owner and operator of laundry and linen processing facilities in Canada. K-Bro provides a comprehensive range of general linen and operating room linen processing, management and distribution services to healthcare institutions, hotels and other commercial accounts. K-Bro currently operates nine processing facilities under three distinctive brands, including K-Bro Linen Systems Inc., Buanderie HMR and Les Buanderies Dextraze, in eight Canadian cities: Québec City, Montréal, Toronto, Regina, Edmonton, Calgary, Vancouver and Victoria.

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”).

K-Bro est le plus important propriétaire et exploitant de buanderies au Canada. K-Bro fournit une gamme étendue de services de buanderie aux établissements de soins de santé, hôtels et autres clients commerciaux. K-Bro exploite actuellement neuf usines sous trois marques distinctives, incluant K-Bro Linen Systems Inc., Buanderie HMR et Les Buanderies Dextraze, dans huit villes canadiennes: Québec, Montréal, Toronto, Regina, Edmonton, Calgary, Vancouver et 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.

Vous pouvez obtenir des renseignements supplémentaires sur la Société, y compris les documents déposés auprès des autorités de réglementation, sur notre site Web, au www.k-brolinen.com et sur le site Web des autorités canadiennes en valeurs mobilières au www.sedar.com, le site Web du Système électronique de données, d'analyse et de recherche (« SEDAR »).

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 including, without limitation, in connection with the settlement of definitive documentation in respect thereof; (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 United Kingdom (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 short 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; (v) the level of capital expenditures and (vi) the expected impact of the COVID-19 pandemic on the Corporation. Although the forward-looking information contained in this MD&A 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 MD&A may be considered “financial outlook” for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this MD&A. Forward looking information included in this MD&A includes the expected annual healthcare revenues to be generated from the Corporation’s contracts with new customers, 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.

For more information, please contact:

Linda McCurdy
President & Chief Executive Officer

K-Bro Linen Inc. (TSX: KBL)
Phone: 780.453.5218
Email: inquiries@k-brolinen.com
Web: www.k-brolinen.com