



K-BRO COMPLETES TRANSFORMATIVE ACQUISITION OF U.K.-BASED STAR MAYAN

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(TSX:KBL)

Edmonton, Canada (June 11, 2025) – K-Bro Linen Inc. (“**K-Bro**” or the “**Corporation**”) is pleased to announce that it has completed its previously-announced acquisition of U.K.-based STAR Mayan Limited (“**Star Mayan**”) for a cash purchase price of £107.2 million (the “**Acquisition**”). The Acquisition is highly complementary to K-Bro’s existing U.K. businesses, Fishers and Shortridge, and creates a national footprint in the U.K.’s £1.6 billion commercial laundry and textile rental sector.

“We are excited to close the acquisition of Star Mayan. Today’s milestone represents the start of an exciting new chapter for K-Bro as we build upon the vision we had set out in 2017 when we first entered the U.K. market. Our focus now shifts towards execution of our integration plan with the goal of creating the leading national U.K. platform along with Fishers and Shortridge. We look forward to the multitude of opportunities ahead to continue growing the overall K-Bro business,” said Linda McCurdy, Director, President and Chief Executive Officer of K-Bro.

ACQUISITION FINANCING

The Acquisition was partially funded by the previously-closed bought deal financing (the “**Offering**”) whereby K-Bro issued 2,334,500 subscription receipts (the “**Subscription Receipts**”) at a price of C\$34.55 per Subscription Receipt, which included the full exercise of the over-allotment option. The remainder of the Acquisition was funded by the Corporation’s new C\$134.3 million, four-year amortizing term loan.

With the closing of the Acquisition now complete, each Subscription Receipt will be exchanged today for one common share of K-Bro (a “**Common Share**”), without additional consideration and without further action by the holders of Subscription Receipts. Holders of Subscription Receipts of record on June 6, 2025 are also entitled to receive a cash amount for each Subscription Receipt equivalent to the dividend per share payable by the Corporation to holders of Common Shares of record on May 30, 2025, with such payment occurring on June 13, 2025.

As per established TSX guidelines, trading in the Subscription Receipts on the Toronto Stock Exchange (the “**TSX**”) (TSX: KBL.R) will be halted effective prior to the opening of trading on the TSX today and the Subscription Receipts will be delisted as at the close of business today. The transfer register maintained by the subscription receipt agent for the Subscription Receipts will be closed as at the close of business today. The underlying Common Shares to be issued pursuant to the terms of the Subscription Receipts are expected to commence trading on the TSX today.

DESCRIPTION OF K-BRO

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 eleven processing facilities in eight Canadian cities: Québec City, Montréal, Toronto, Regina, Edmonton, Calgary, Vancouver and Victoria.

Fishers was established in 1900 and is an 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. Fishers' client base includes major hotel chains and prestigious venues across Scotland and the North East of England. The company operates five sites in Scotland and the North East of England with facilities in Cupar, Perth, Newcastle, Livingston and Coatbridge.

Shortridge has operated as a family run business since the 1990s and is based in Cumbria, with plants in Workington, Dumfries and a distribution depot in Darlington. It specializes in providing high quality laundry services to local independent hospitality businesses, including hotels, B&Bs, self-catering units and restaurants.

Additional information regarding the Corporation including required securities filings are available on our website at www.k-brolinen.com and through SEDAR+ at www.sedarplus.ca.

DESCRIPTION OF STAR MAYAN

Star Mayan is a holding company that owns 100% interests in three operating businesses: Synergy, Grosvenor and AeroServe. Star Mayan is a leading commercial laundry business in England, serving the healthcare and hospitality markets. Typical services offered include processing, management and distribution of healthcare and hospitality linens, including sheets, blankets, towels, surgical gowns and other linen. Star Mayan has seven operating facilities strategically located across England: Bermondsey, Derby, Dunstable, Sheffield, Slough (2), and St. Helens, in addition to a distribution depot in Manchester.

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. In particular, this news release contains forward-looking statements pertaining to the Corporation's business strategy, plans and other expectations, beliefs, goals and objectives, including relating to: the Acquisition; anticipated benefits arising from the Acquisition, including increased expansion opportunities; the timing of the distribution of Common Shares in connection with the completion of the Acquisition; the effects of the Acquisition on the Corporation's financial and operational outlook and performance following the completion of the Acquisition; the delisting from the TSX of the Subscription Receipts and the listing on the TSX of the Common Shares issuable pursuant to the terms of the Subscription Receipts; and the Corporation's corporate strategy and its financial guidance and outlook. The use of any of the words "anticipate", "continue", "expect", "may", "will", "project", "intend", "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 the Corporation's actual performance and financial results in future periods to differ materially from the forward-looking information contained in this news release. Such information is based on numerous assumptions regarding present and future business strategies and the environment in which the Corporation will operate in the future, including expected volumes and revenues from certain contracts, expected impact of labour cost initiatives, expected levels of capital expenditure and ability to achieve goals. In particular, the assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information described above include the expectations that: Star Mayan will be successfully integrated into the Corporation's existing business on the timeline currently established by management; the Acquisition will enhance the Corporation's ability to retain and attract new business in the U.K.; the Corporation will be able to achieve the expected cost savings associated with the integration of Star Mayan; the Corporation will be able to retain key employees of Star Mayan in connection with its integration into the Corporation's business; future economic and business conditions and other factors in the U.K. will remain stable and will not materially deteriorate; Star Mayan's business will continue to perform in a manner that is consistent with historical results; the diversity of Star Mayan's revenue sources will remain consistent with historical results; the information (including financial information) provided by Star Mayan to the Corporation during its due diligence for the Acquisition was accurate and complete; and there are no significant undisclosed costs or liabilities associated with the Acquisition.

In evaluating these forward-looking statements, investors should also consider various risk factors, which, if realized, could cause the Corporation's actual results to differ materially from those expressed or implied in forward-looking statements. Such risk factors include, but are not limited to, risks relating to: the Acquisition; the possibility of undisclosed material liabilities, disputes or contingencies relating to the Acquisition and the Corporation more generally; the failure to realize the anticipated benefits or synergies of the Acquisition following completion thereof due to integration or other issues; challenges or delays in achieving synergies and integration targets; risks associated with historical and pro forma financial information; adverse general economic and market conditions in Canada and the U.K., including in connection with actual and threatened tariff policies and other trade barriers; the diversion of management's time and focus from other business concerns; the use of resources that may be needed in other parts of our business; the Corporation's competitive environment; utility costs, minimum wage legislation and labour costs; the Corporation's dependence on long-term contracts with the associated renewal risk and the risks associated with (i) maintaining short term contracts; (ii) increased capital expenditure requirements; and (iii) reliance on key personnel; changing trends in government outsourcing; changes or proposed changes to minimum wage laws in Ontario, British Columbia, Alberta, Quebec, Saskatchewan and the U.K.; textile demand; availability and access to labour; rising wage rates in all jurisdictions in which the Corporation operates; foreign currency risk; and certain other risks and uncertainties detailed in the Annual Information Form for the year ended December 31, 2024, Management's Discussion and Analysis for the years ended December 31, 2024 and 2023 and Management's Discussion and Analysis for the three months ended March 31, 2025 and from time to time in the Corporation's public disclosure documents available at www.sedarplus.ca and the Corporation's website at www.k-brolinen.com.

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, 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.

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, the Corporation 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 “Non-IFRS Measures” for further discussion.

For more information, please contact:

Linda McCurdy
President & Chief Executive Officer

Kristie Plaquin
Chief Financial Officer

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