



K·BRO

Strategic
growth.
Dependable
income.



Forward-looking statements

This presentation contains forward-looking information within the meaning of applicable securities laws. 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 presentation. These risks and uncertainties are detailed in our publicly filed documents. Although the forward-looking information contained in this presentation 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 presentation may be considered “financial outlook” for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this presentation.

All forward-looking information in this presentation is qualified by these cautionary statements. Forward-looking information in this presentation 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.

K-Bro is the largest healthcare and hospitality laundry and linen processor in Canada, and one of the largest in the UK and Europe

There are 15 locations in Canada and UK



Investment highlights

- ▣ Disciplined, proven growth strategy
- ▣ K-Bro continues to grow its market share in the laundry and linen processing sector
- ▣ Stable, recurring revenue from long-term contracts
- ▣ Vertically integrated business model controls process and costs
- ▣ Track record of value creation through operating and financial strategy

Financial Snapshot

Revenue split between hospitality and healthcare
(Fiscal 2022)

37%

Hospitality
& other

63%

Healthcare

2022 Annual Results

\$276.6M

Annual revenues

\$36.5M

EBITDA

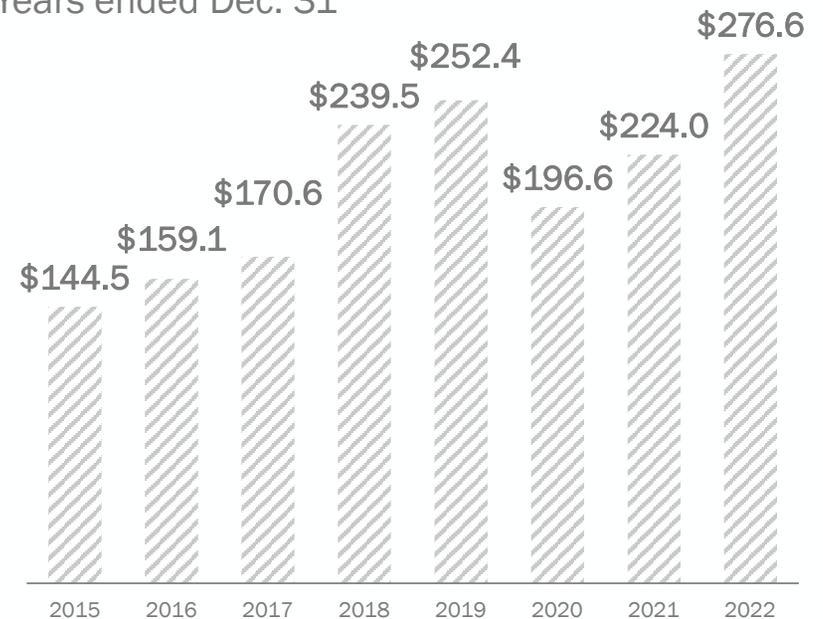
\$3.8M

Annual net earnings

\$0.36

Annual EPS

Annual Revenue (in millions of Canadian dollars)
Years ended Dec. 31



Diversified long-term contracts offer steady, recurring revenue

5 to 10 year healthcare contracts

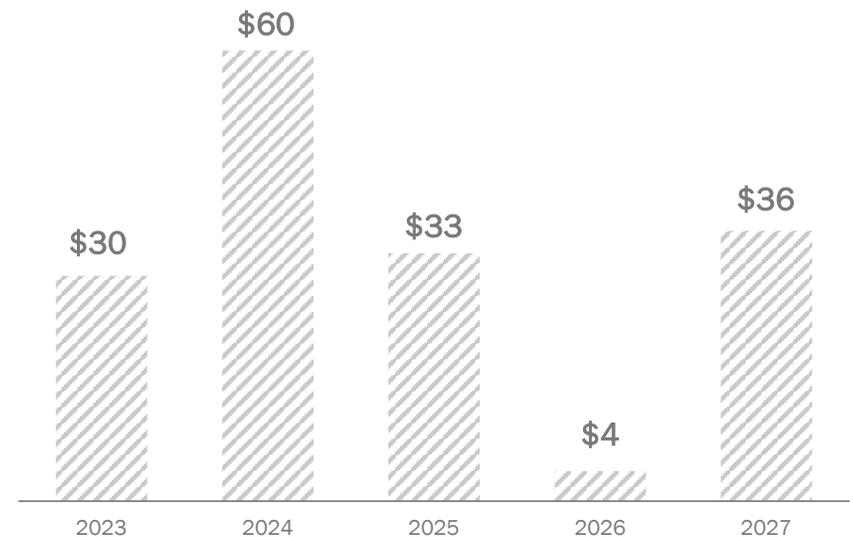
2 to 5 year hospitality contracts

Automatic price increase mechanisms and proven ability to achieve further price increases to offset inflation-related costs

~50%

of consolidated revenue is from contracts that extend beyond 2026

Consolidated revenue by contract expiration
in millions of Canadian dollars





Continued shift towards outsourcing laundry and linen services

Along with K-Bro, competitive landscape includes:

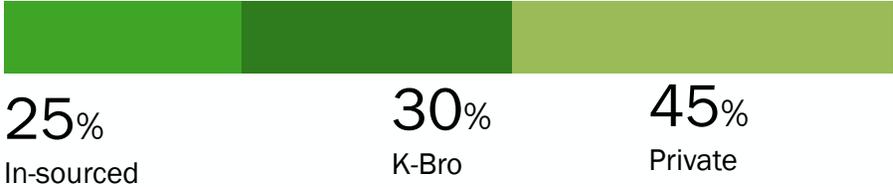
- Independent privately-owned facilities (small and single facility companies)
- Public sector central laundries
- Public and private sector on-premise laundries

Non-core service to both health care and hospitality sectors

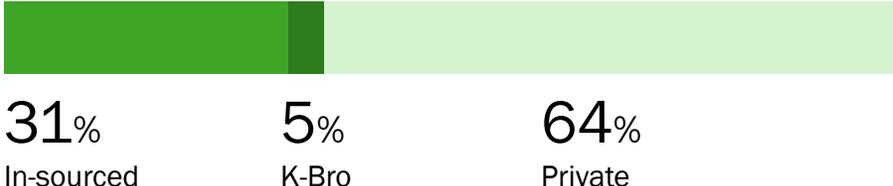
- Outsourced services provide capital and operating savings to customers
- Trend towards consolidation

The Canadian and UK markets are large with significant organic and acquisition growth opportunity

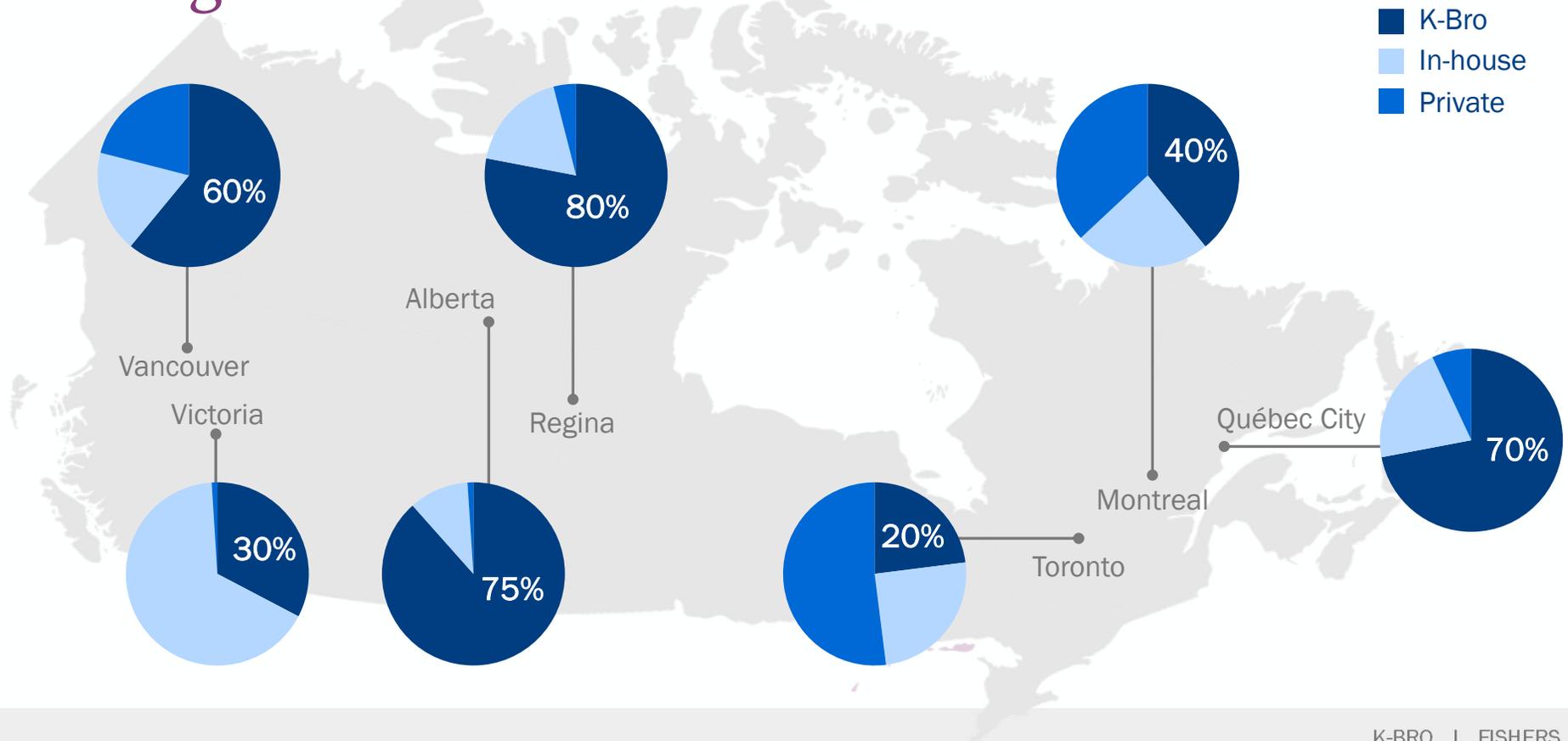
Canada - \$600M market



Total U.K. - £756M market



K-Bro has strong market positions throughout Canada and the U.K.



U.K. (Fishers) Market

Total Scotland & northern England -
£106M market



32%
In-sourced

37%
K-Bro

31%
Private



Solid customer base
with top-tier
companies in both
healthcare and
hospitality



K-Bro is a valued partner and essential service provider

Most customers require our linen daily in order to operate their businesses

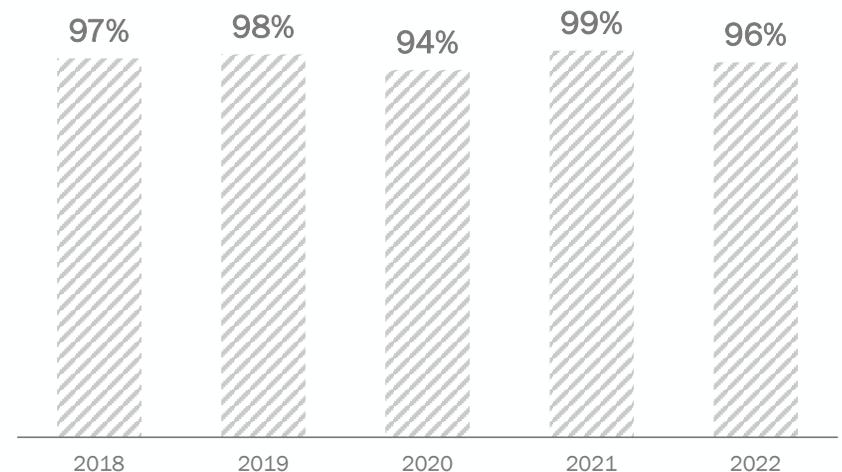
Linen is not a top cost item for our customers

Re-Insourcing would not be a core operation for our customers

+94%

Customer contract retention throughout COVID

Strong Contract Retention Canadian & UK Customer Base Years ended Dec. 31

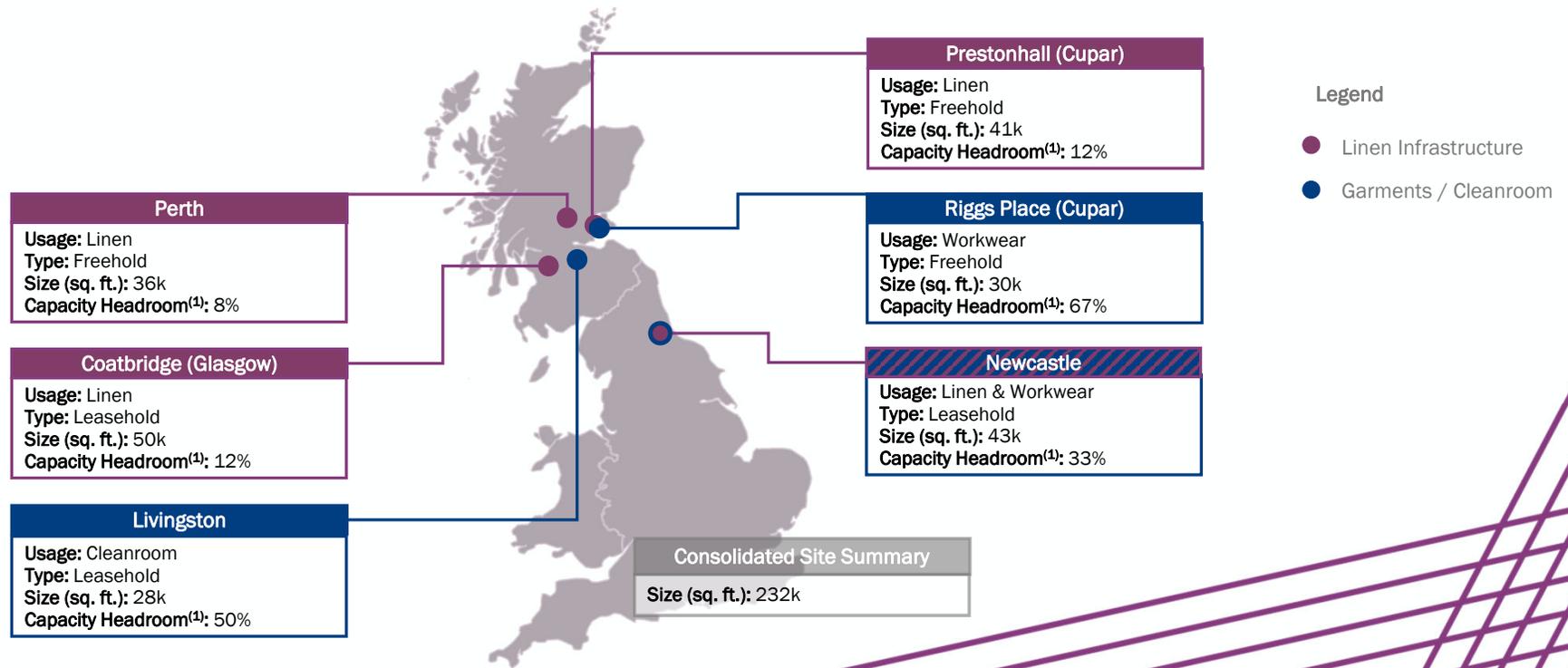


Canadian operations offer room to grow with existing capacity at each facility

Facility	Utilization	Year built/acquired	Date of refurbishment
Victoria, B.C.	75%	2006	2017
Vancouver, B.C. (2 facilities)	50%	2018	2018
Edmonton, AB	50%	2013	
Calgary, AB	50%	2007	
Regina, SK	50%	2015	
Toronto, ON	65%	2017	
Montreal, QC	75%	2011	2017
Quebec City, QC	75%	2008	

Strategic Footprint with Critical Mass

Fishers' six strategically located sites provide critical mass with coast-to-coast coverage



(1) Based on an assumed 96 operating hours per week

Recent acquisitions

Deeside

- Aberdeen-based hospitality processor
- £0.8M / C\$1.4M purchase price
- Volume consolidated into existing Fisher's infrastructure
- Accretive

Linitek

- Calgary-based hospitality processor
- \$4.7M purchase price
- \$3.5M revenue
- \$0.6M EBITDA
- Volume consolidated into existing Calgary plant
- Accretive

Fishers

- £35.0M / C\$59.3M purchase price
- ~£35.0M revenue / C\$59.5M
- ~£5.0M EBITDA C\$8.5M
- Largest player in Scotland and northern England
- Foothold for K-Bro in large U.K. market and Europe
- Accretive

Paranet

- Quebec based healthcare & hospitality processor
- \$11.5M purchase price with \$1.9M earn-out
- \$10M revenue
- Accretive

Villeray

- Montreal based healthcare & hospitality processor
- \$11.5M purchase price with \$1.0M earn-out
- \$10M revenue
- Accretive

Growing the business in Canada

Extend core services and introduce new related services to existing and new contracts

Strategic capital spending

- Greenfield construction
- Upgrades to existing facilities

Continue tuck-in and larger, strategic acquisitions





2023 Outlook

- Continued momentum in volumes with steady healthcare trend and a good level of activity in hospitality
- Continue to pursue price increases to offset inflation-related costs
- Managing regional labour availability with complementary temporary foreign workers
- In the second half of the year, we anticipate returning to historical 2019 margin levels, consistent with historical seasonal trends
- Maintain a strong balance sheet while pursuing organic and acquisitive growth
- Intend to publish K-Bro's inaugural sustainability report by year end

Management Team

Linda McCurdy, President & Chief Executive Officer

Ms. McCurdy joined K-Bro in May 1998 as Chief Financial Officer and became President & Chief Executive Officer in January 2000. Prior to joining K-Bro, she was Chief Financial Officer of Canadian Inovotech Inc., a biochemical products processor. Ms. McCurdy's prior experience also includes six years at the Overwaitea Food Group where she held a number of financial positions. Ms. McCurdy is a Certified General Accountant and has an MBA from the University of Western Ontario.

Sean Curtis, Senior Vice-President

Mr. Curtis joined K-Bro in 1984 and has over 35 years of experience in the laundry and linen services industry. As Senior Vice President, Mr. Curtis works directly with K-Bro's President & CEO in the areas of plant expansions, capital equipment installations and business development into new markets.

Kristie Plaquin, Chief Financial Officer

Ms. Plaquin has been with K-Bro since 2001 and was the Chief Financial Officer from January 2004 through May 2005 during which time the company completed its Initial Public Offering and debt financings. After stepping away from K-Bro for a year through 2005 - 2006, Ms. Plaquin has served as Director of Financial Planning during which time she has played a lead role in all of K-Bro's growth and financing initiatives. Ms. Plaquin joined K-Bro from PricewaterhouseCoopers LLP and holds a Bachelor of Commerce degree from the University of Alberta and a Chartered Accountant designation.

Business Model



**Linen Purchases
& Management**



**Collection &
Transportation**



Sorting



Washing

Business Model (continued)



Drying



Ironing & Folding



Cart Make-Up



Delivery



Business Model (continued)



**On-site
Services**



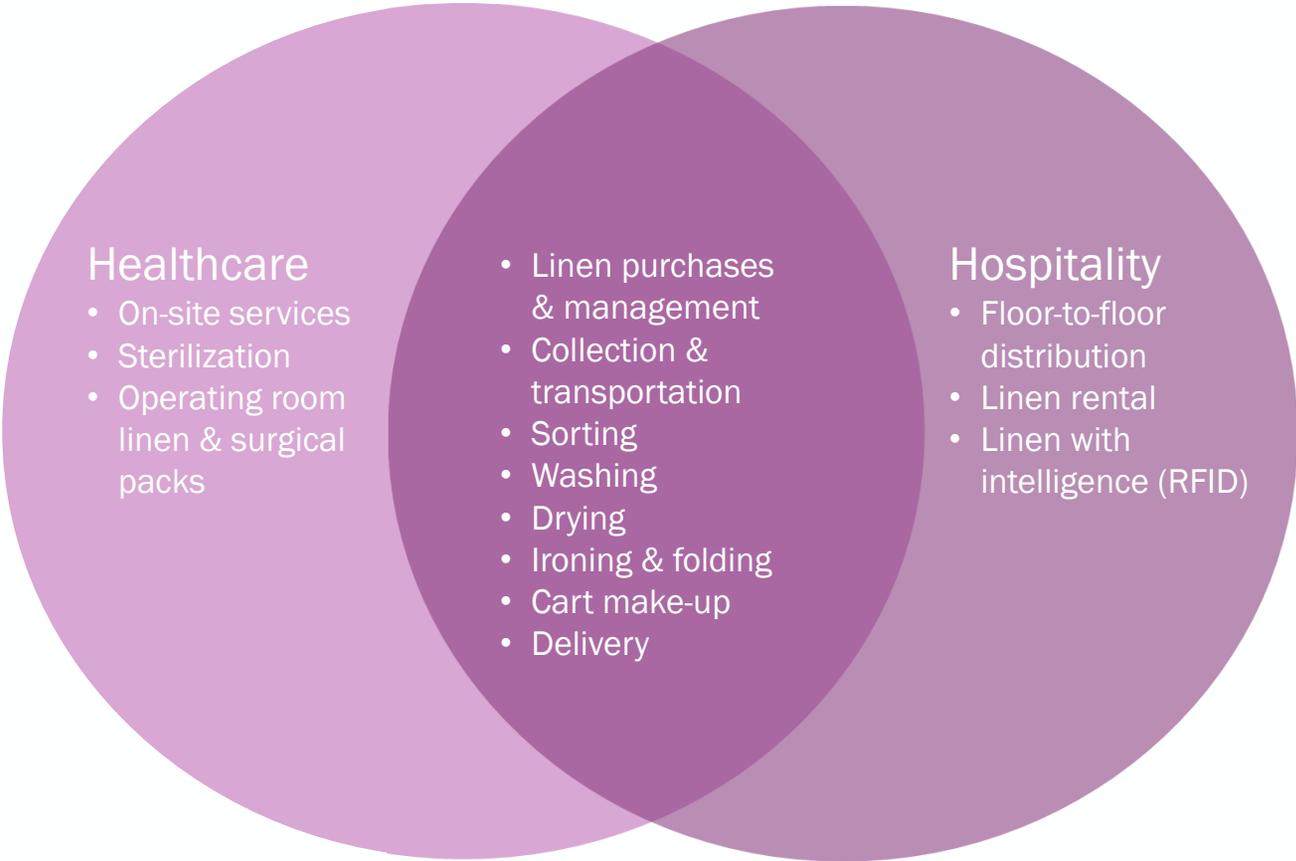
**Operating
Room Linen
and
Surgical Packs**



Sterilization



Integrated
services reduce
costs, strengthens
competitive
advantage



Healthcare

- On-site services
- Sterilization
- Operating room linen & surgical packs

- Linen purchases & management
- Collection & transportation
- Sorting
- Washing
- Drying
- Ironing & folding
- Cart make-up
- Delivery

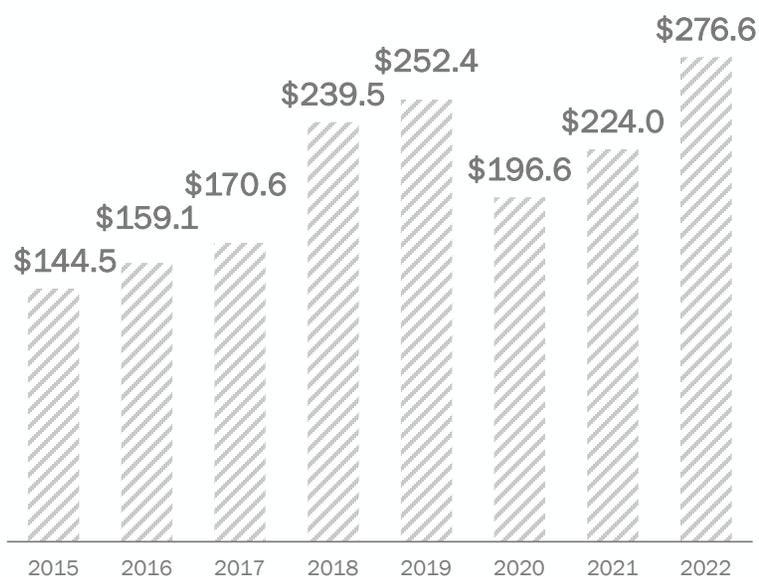
Hospitality

- Floor-to-floor distribution
- Linen rental
- Linen with intelligence (RFID)

Revenue and EBITDA are Recovering Post-COVID

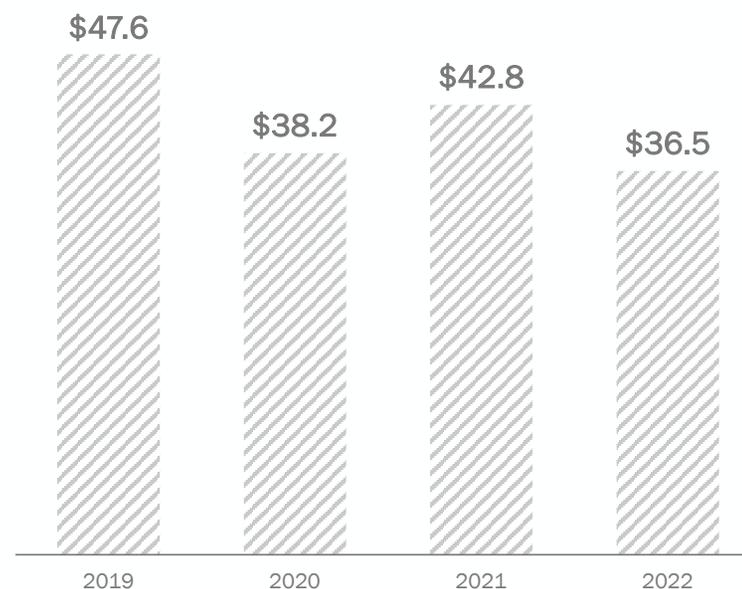
Revenue (in millions of Canadian dollars)

Years ended Dec. 31



EBITDA (in millions of Canadian dollars)

Years ended Dec. 31



2020, 2021, 2022 reflect the impact of COVID.

2022 EBITDA reflects timing differences related to increases in inflation-related costs in the period, while the full impact of customer price increases will take place in 2023.

K-Bro's business mix is diversified and integrated services reduce cost and strengthen competitive advantage

Business Mix (2022 Revenue C\$M)



Fishers Contribution (2022 Revenue C\$M)



⁽¹⁾ Includes revenue from non-hospitality operations, including healthcare, garments and clean room, net of rebates and commissions.

Financial Summary

	Quarterly Results		Annual Results	
	Q3 2023	Q3 2022	2022	2021
Revenue (\$M)	\$86.9	\$73.6	\$276.6	\$224.0
EBITDA (\$M)	\$17.7	\$11.0	\$36.5	\$42.8
Net Earnings (Loss) (\$M)	\$6.7	\$2.5	\$3.9	\$8.7
Earnings (loss) per share (Diluted)	\$0.62	\$0.23	\$0.36	\$0.81
Distributable cash flow (\$M)	\$11.2	\$7.5	\$19.6	\$27.5
Dividends declared	\$0.30	\$0.30	\$1.20	\$1.20
Debt (excl. lease liabilities) (\$M)	\$55.2	\$39.1	\$45.3	\$38.0



Disciplined and systematic management of the business has provided strong cash flow

Stated intention to pay dividends on a monthly basis at a rate of \$0.10 per common share (\$1.20 annualized per share)

The continued ability to maintain and grow available cash flow is made possible by:

- Increasing market share by negotiating new contracts
- Extending core services to new markets through greenfield activity and targeted acquisitions
- Introducing new related services
- Undertaking accretive strategic capital expenditures
- Controlling costs by entering into fixed rate supply contracts

Balance sheet provides the right mix of leverage with flexibility to grow the business

	Sept 30, 2023	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020
LT Debt / Adjusted EBITDA ⁽¹⁾ ratio (TTM)	1.4x	1.7x	0.9x	0.9x
Long-term debt	\$55.1 million	\$45.2 million	\$38.0 million	\$40.7 million
Payout ratio (TTM)	28.7%	65.9%	46.8%	40.9%
Available credit facility under current bank agreement	\$68.0 million	\$53.0 million	\$59.6 million	\$58.7 million

(1) In addition, in Q1 2020 the Corporation recorded an impairment to goodwill that has been removed from the EBITDA numbers reported above in the amount of \$5.5 million.

Investment Summary

- Established long-term relationships
- Industry experience and reputation
- Long-term exclusive contracts
- Up-front capital and linen investment in place
- Transitioning of large customers is complex
- Strong financial position and credit profile



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