K·BRO



Interim Condensed Consolidated Financial Statements

Q3, 2026

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Interim Condensed Consolidated Statements of Financial Position

(unaudited, thousands of Canadian dollars)

	September 30, 2026	December 31, 2025
ASSETS		
Current assets		
Cash	$ 15,523	$ 23,355
Accounts receivable	101,622	83,876
Income tax receivable	1,194	466
Prepaids and other assets	13,858	11,861
Linen in service	77,153	75,229
	209,350	194,787
Assets classified as held for sale	805	789
	210,155	195,576
Derivative financial instruments (note 9)	1,164	-
Property, plant and equipment (note 4)	296,369	303,128
Intangible assets	55,180	62,459
Goodwill	145,481	143,280
	$ 708,349	$ 704,443
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 72,302	$ 74,076
Provisions	367	367
Current portion of long-term debt (note 5)	10,073	8,394
Lease liabilities	18,974	18,669
Income taxes payable	1,706	1,157
Dividends payable to shareholders	1,300	1,299
	104,722	103,962
Long-term debt (note 5)	217,184	229,157
Lease liabilities	62,698	64,154
Provisions	3,642	3,671
Deferred income taxes	30,183	29,654
	$ 418,429	$ 430,598
SHAREHOLDERS' EQUITY		
Share capital	284,381	284,902
Share repurchase deficit	(5,697)	(4,356)
Contributed surplus	4,240	3,056
Deficit	(7,638)	(17,907)
Accumulated other comprehensive income	14,634	8,150
	$ 289,920	$ 273,845
	$ 708,349	$ 704,443

Contingencies and commitments (note 6)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Earnings & Comprehensive Income

(unaudited, thousands of Canadian dollars, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	**2026**	2025
Revenue	**$ 160,054**	$ 155,948	**$ 449,521**	$ 359,991
Expenses				
Wages and benefits	**61,919**	60,645	**176,470**	137,814
Delivery	**18,471**	16,877	**52,491**	41,654
Linen	**15,618**	15,314	**44,547**	35,287
Utilities	**9,520**	9,526	**27,570**	22,681
Corporate	**5,918**	5,258	**17,392**	20,906
Materials and supplies	**6,987**	7,422	**21,013**	15,283
Repairs and maintenance	**5,391**	5,883	**16,389**	14,742
Occupancy costs	**3,236**	2,943	**9,481**	7,284
Fair value adjustments on derivative financial instruments (note 9)	**(2,002)**	-	**(1,164)**	-
Other expense (recovery)	**811**	46	**226**	(1,480)
	125,869	123,914	**364,415**	294,171
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**34,185**	32,034	**85,106**	65,820
Other expenses				
Depreciation of property, plant and equipment (note 4)	**11,778**	12,069	**36,358**	29,182
Amortization of intangible assets	**2,836**	2,845	**8,439**	5,409
Finance expense	**4,464**	5,024	**13,807**	11,920
	19,078	19,938	**58,604**	46,511
Earnings before income taxes	**15,107**	12,096	**26,502**	19,309
Current income tax expense	**838**	2,957	**4,230**	4,530
Deferred income tax (recovery) expense	**2,283**	284	**302**	(321)
Income tax expense	**3,121**	3,241	**4,532**	4,209
Net earnings	**$ 11,986**	$ 8,855	**$ 21,970**	$ 15,100
Other comprehensive income				
Items that may be subsequently reclassified to earnings:				
Foreign currency translation differences on foreign operations	**704**	126	**6,484**	5,044
Total comprehensive income	**$ 12,690**	$ 8,981	**$ 28,454**	$ 20,144
Net earnings per share:				
Basic	**$ 0.93**	$ 0.69	**$ 1.70**	$ 1.32
Diluted	**$ 0.92**	$ 0.68	**$ 1.69**	$ 1.31
Weighted average number of shares outstanding:				
Basic	**12,864,139**	12,859,822	**12,886,395**	11,470,790
Diluted	**12,976,201**	12,957,176	**12,970,566**	11,540,808

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Changes in Equity

(unaudited, thousands of Canadian dollars)

	Total Share Capital	Share repurchase deficit	Contributed surplus	Deficit	Accumulated other comprehensive income	Total equity
As at December 31, 2025	$ 284,902	$ (4,356)	$ 3,056	$ (17,907)	$ 8,150	$ 273,845
Total comprehensive income	-	-	-	21,970	6,484	28,454
Dividends declared (note 7)	-	-	-	(11,701)	-	(11,701)
Employee share based compensation expense (note 10)	-	-	2,153	-	-	2,153
Repurchase of shares (note 12)	(1,490)	(1,341)	-	-	-	(2,831)
Shares vested during the period	969	-	(969)	-	-	-
As at September 30, 2026	$ 284,381	$ (5,697)	$ 4,240	$ (7,638)	$ 14,634	$ 289,920

	Total Share Capital	Share repurchase deficit	Contributed surplus	Deficit	Accumulated other comprehensive income	Total equity
As at December 31, 2024	$ 206,010	$ (4,356)	$ 2,397	$ (21,507)	$ 6,867	$ 189,411
Total comprehensive income	-	-	-	15,100	5,044	20,144
Net proceeds from common shares issued	76,838	-	-	-	-	76,838
Dividends declared (note 7)	-	-	-	(10,493)	-	(10,493)
Employee share based compensation expense (note 10)	-	-	1,900	-	-	1,900
Shares vested during the period	845	-	(845)	-	-	-
As at September 30, 2025	$ 283,693	$ (4,356)	$ 3,452	$ (16,900)	$ 11,911	$ 277,800

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Cash Flow

(unaudited, thousands of Canadian dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	**2026**	2025
OPERATING ACTIVITIES				
Net earnings	**$ 11,986**	$ 8,855	**$ 21,970**	$ 15,100
Depreciation of property, plant and equipment (note 4)	**11,778**	12,069	**36,358**	29,182
Amortization of intangible assets	**2,836**	2,845	**8,439**	5,409
Accretion expense	**99**	(3)	**128**	39
Employee share based compensation expense	**667**	564	**2,153**	1,900
Other expense (recovery)	**803**	46	**756**	(1,480)
Fair value adjustments on derivative financial instruments (note 9)	**(2,002)**	-	**(1,164)**	-
Amortization of term loan fees (note 5)	**49**	49	**148**	49
Deferred income tax (recovery) expense	**2,283**	284	**302**	(321)
	28,499	24,709	**69,090**	49,878
Change in non-cash working capital items (note 8)	**(12,514)**	(4,100)	**(22,168)**	(8,864)
Cash provided by operating activities	**15,985**	20,609	**46,922**	41,014
FINANCING ACTIVITIES				
Net proceeds (repayment) from issuance of common shares (note 12)	**-**	(204)	**-**	75,611
Net repayments on revolving debt (note 5)	**(4,248)**	(5,367)	**(4,566)**	(9,341)
Repayments of term loan (note 5)	**(2,518)**	(1,679)	**(5,876)**	(1,679)
Fees paid relating to term loan (note 5)	**-**	-	**-**	(789)
Net proceeds from term loan (note 5)	**-**	-	**-**	134,300
Repurchase of shares (note 12)	**(402)**	-	**(2,831)**	-
Principal elements of lease payments	**(4,802)**	(4,452)	**(13,610)**	(10,308)
Dividends paid to shareholders	**(3,901)**	(3,897)	**(11,701)**	(10,252)
Cash (used) provided by financing activities	**(15,871)**	(15,599)	**(38,584)**	177,542
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(5,112)**	(4,128)	**(16,514)**	(9,186)
Proceeds from disposal of property, plant and equipment (note 4)	**47**	-	**151**	1,874
Purchase of intangible assets	**(63)**	(37)	**(84)**	(257)
Acquisition of businesses, net of cash (note 11)	**-**	-	**-**	(194,695)
Cash used in investing activities	**(5,128)**	(4,165)	**(16,447)**	(202,264)
Change in cash during the period	**(5,014)**	845	**(8,109)**	16,292
Effect of exchange rate changes on cash	**33**	103	**277**	296
Cash, beginning of period	**20,504**	25,063	**23,355**	9,423
Cash, end of period	**$ 15,523**	$ 26,011	**$ 15,523**	$ 26,011
Supplementary cash flow information				
Interest paid	**$ 4,327**	$ 4,935	**$ 13,564**	$ 11,745
Income taxes paid	**$ 2,389**	$ 1,602	**$ 4,405**	$ 4,532

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Statements

(unaudited, thousands of Canadian dollars except share and per share amounts,
nine months ended September 30, 2026 and 2025)

K-Bro Linen Inc. (the "Corporation" or “K-Bro”) is incorporated in Canada under the Business Corporations Act (Alberta). K-Bro is the largest owner and operator of laundry and linen processing facilities in Canada and a national market leader for laundry and textile services in the UK. K-Bro and its wholly owned subsidiaries, operate across Canada and the United Kingdom (“UK”), provide a range of linen services to healthcare institutions, hotels and other commercial organizations that include the processing, management and distribution of general linen and operating room linen.

The Corporation’s operations in Canada include eleven processing facilities and one distribution centre in nine Canadian cities: Québec City, Montréal, Toronto, Regina, Saskatoon, Edmonton, Calgary, Vancouver and Victoria. The processing facilities operate under the brands of K-Bro Linen Systems Inc. (“K-Bro”), Buanderie HMR, Paranet, Villeray and C.M.

The Corporation’s operations in the UK include five distinctive brands, Fishers Topco Ltd. ("Fishers") which was acquired by K-Bro on November 27, 2017, Shortridge Ltd. (“Shortridge”), which was acquired by K-Bro on April 30, 2024, and three brands acquired through the acquisition of Stellar Mayan Limited (“Stellar Mayan”) on June 11, 2025, previously known as Star Mayan Limited. The three brands acquired were Synergy Health Managed Services Limited (“Synergy”), Aeroserve (MSP) Limited and Aeroserve Euro Limited, jointly referred to as Aeroserve Linen (“Aeroserve”), and Grosvenor Contracts (London) Limited (“Grosvenor Contracts”, “GC”).

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 of England. The company operates in five cities, in Scotland and the North of England with facilities in Cupar, Perth, Newcastle, Livingston and Coatbridge.

Shortridge was established in 1845 and is an operator of laundry and linen processing facilities in North West England, providing high quality laundry services to local independent hospitality businesses, including hotels, B&Bs, self-catering units and restaurants. The company operates laundry processing sites in Lillyhall and Dumfries and a distribution centre in Darlington.

Stellar Mayan, doing business as Synergy, Grosvenor Contracts and AeroServe, 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. Stellar Mayan has seven operating facilities strategically located across England: London, Derby, Dunstable, Sheffield, Slough (2), and St. Helens, in addition to a distribution depot in Manchester.

The Corporation’s common shares are traded on the Toronto Stock Exchange under the symbol “KBL”. The address of the Corporation’s registered head office is 14903 – 137 Avenue, Edmonton, Alberta, Canada.

These unaudited Interim Condensed Consolidated Financial Statements were approved and authorized for issuance by the Board of Directors (“the Board”) on November 12, 2026.

1 Basis of Presentation

These unaudited Interim Condensed Consolidated Financial Statements have been prepared in accordance with IFRS Accounting Standards (as issued by the International Accounting Standards Board) applicable to preparation of interim financial statements under IAS 34, Interim Financial Reporting, and should be read in conjunction with the annual consolidated audited financial statements for the year ended December 31, 2025 which have been prepared in accordance with IFRS Accounting Standards. The

accounting policies followed in these unaudited Interim Condensed Consolidated Financial Statements are consistent with those of the previous year, except as described below.

Recent Developments and Impact on Estimation Uncertainty

The timely preparation of the consolidated interim financial statements, in conformity with IFRS Accounting Standards, requires management of the Corporation to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. These estimates and judgments have been applied in a manner consistent with prior periods.

Economic Conditions

Evolving global and Canadian foreign policies, geopolitical events and economic conditions may impact inflation, energy pricing, labour availability, supply chain efficiency, trade policies, tariffs, and/or other items, which may have a direct or indirect impact on the Corporation's business.

The Corporation's Credit Facility is subject to floating interest rates and, therefore, is subject to fluctuations in interest rates which are beyond the Corporation's control. Changes in interest rates, both domestically and internationally, could affect the Corporation's cost of financing its operations and investments.

Uncertainty about judgments, estimates and assumptions made by management during the preparation of the Corporation's consolidated financial statements related to potential impacts of geopolitical events and changing interest rates on revenue, expenses, assets, liabilities, and note disclosures could result in a material adjustment to the carrying value of the asset or liability affected.

2 New Accounting Pronouncements Adopted

The Corporation adopted the following accounting standards and amendments that were effective for our interim and annual consolidated financial statements commencing January 1, 2026. These changes did not have a material impact on our financial results and are not expected to have a material impact in the future.

- Amendments to IFRS 7, Classification and Measurement of Financial Instruments, including disclosure requirements relating to contractual financial assets and liabilities referencing a contingent event.
- Amendments to IFRS 9, Classification and Measurement of Financial Instruments, including guidance regarding electronic payments and clarify the date of recognition and derecognition of financial assets and liabilities.

3 New standards and interpretations not yet adopted

New standards, interpretations, or amendments that have been issued, or are not yet effective, have not been further described or early adopted, where no material impact is expected on the Corporation's consolidated financial statements.

The IASB has issued the following new standard and amendments to existing standards that will become effective in future years.

- Introduction of IFRS 18, Presentation and Disclosure in Financial Statements, which will replace IAS 1, Presentation in Financial Statements. The issuance introduces new categories and subtotals in the statement of comprehensive income (loss), requires disclosure of management-defined performance measures ("MPMs"), and includes new requirements for the location, aggregation and disaggregation of financial information. The Corporation has identified the following potential impacts as part of a preliminary assessment:

    - There is not expected to be an impact on net income; however, items of income and expenses in the consolidated statement of comprehensive income (loss) may be grouped into new categories resulting in new subtotals and/or line items being presented.
    - There will be new disclosures required for MPMs, which the standards define as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate management's view of an aspect of the financial performance of the entity as a whole.

  IFRS 18 will be effective for annual periods beginning on or after January 1, 2027 and will apply retrospectively. Early adoption is permitted and must be disclosed. The Corporation is still in the process of evaluating the impact of this standard on its Consolidated Financial Statements.

The Corporation has not adopted any standard, interpretation or amendment that has been issued but is not yet effective and no material impact is expected on the Corporation's Consolidated Financial Statements. The Corporation will continue to assess the impacts, if any, the amendments to existing standards will have on our Consolidated Financial Statements.

4 Property, plant and equipment

	Land	Buildings	Laundry Equipment[1]	Office Equipment	Delivery Equipment	Computer Equipment	Leasehold Improvements	Spare Parts	Total
Year ended, December 31, 2025									
Opening net book amount	$ 4,574	$ 54,145	$ 125,652	$ 238	$ 13,692	$ 673	$ 23,695	$ 2,156	$ 224,825
Additions [2][3][4]	$ -	$ 122	$ 13,904	$ 51	$ 16,378	$ 506	$ 187	$ 390	$ 31,538
Change in asset retirement obligation	$ -	$ -	$ -	$ -	$ -	$ -	$ 2	$ -	$ 2
Acquisition of business [4] (note 11)	$ -	$ 38,685	$ 41,022	$ 874	$ 7,662	$ 477	$ 246	$ -	$ 88,966
Disposals	$ -	$ -	$ (51)	$ -	$ (1,098)	$ -	$ -	$ -	$ (1,149)
Transfers	$ -	$ (127)	$ 618	$ (17)	$ (355)	$ -	$ (124)	$ -	$ (5)
Depreciation charge	$ -	$ (10,919)	$ (17,683)	$ (553)	$ (8,105)	$ (789)	$ (3,481)	$ -	$ (41,530)
Effect of movement in exchange rates	$ 29	$ (43)	$ 281	$ (4)	$ 223	$ (5)	$ -	$ -	$ 481
Closing net book amount	$ 4,603	$ 81,863	$ 163,743	$ 589	$ 28,397	$ 862	$ 20,525	$ 2,546	$ 303,128
At December 31, 2025									
Cost	$ 4,603	$ 133,210	$ 305,121	$ 2,393	$ 54,737	$ 5,762	$ 61,621	$ 2,546	$ 569,993
Accumulated impairment losses	-	(207)	(2,113)	-	(5)	(14)	-	-	(2,339)
Accumulated depreciation	-	(51,140)	(139,265)	(1,804)	(26,335)	(4,886)	(41,096)	-	(264,526)
Net book amount	$ 4,603	$ 81,863	$ 163,743	$ 589	$ 28,397	$ 862	$ 20,525	$ 2,546	$ 303,128
Period ended, September 30, 2026									
Opening net book amount	**$ 4,603**	**$ 81,863**	**$ 163,743**	**$ 589**	**$ 28,397**	**$ 862**	**$ 20,525**	**$ 2,546**	**$ 303,128**
Additions [2][3][4]	**-**	**4,783**	**15,644**	**74**	**6,936**	**360**	**79**	**180**	**28,056**
Change in asset retirement obligation	**-**	**-**	**-**	**-**	**-**	**-**	**(176)**	**-**	**(176)**
Disposals	**-**	**-**	**(849)**	**-**	**(58)**	**-**	**-**	**-**	**(907)**
Transfers	**-**	**93**	**(104)**	**-**	**-**	**(11)**	**-**	**-**	**(22)**
Depreciation charge	**-**	**(9,875)**	**(15,674)**	**(441)**	**(7,045)**	**(678)**	**(2,645)**	**-**	**(36,358)**
Effect of movement in exchange rates	**25**	**863**	**1,329**	**5**	**414**	**4**	**8**	**-**	**2,648**
Closing net book amount	**$ 4,628**	**$ 77,727**	**$ 164,089**	**$ 227**	**$ 28,644**	**$ 537**	**$ 17,791**	**$ 2,726**	**$ 296,369**
At September 30, 2026									
Cost	**$ 4,628**	**$ 139,252**	**$ 319,703**	**$ 2,431**	**$ 60,567**	**$ 6,134**	**$ 61,536**	**$ 2,726**	**$ 596,977**
Accumulated impairment losses	**-**	**(207)**	**(2,113)**	**-**	**(5)**	**(14)**	**-**	**-**	**(2,339)**
Accumulated depreciation	**-**	**(61,318)**	**(153,501)**	**(2,204)**	**(31,918)**	**(5,583)**	**(43,745)**	**-**	**(298,269)**
Net book amount	**$ 4,628**	**$ 77,727**	**$ 164,089**	**$ 227**	**$ 28,644**	**$ 537**	**$ 17,791**	**$ 2,726**	**$ 296,369**

(1) Included in laundry equipment are assets under development in the amount of $765 (2025 - $76). These assets are not available for service and accordingly are not presently being depreciated.

(2) Total property, plant and equipment additions are inclusive of amounts incurred in the period that are yet be paid, with amounts remaining in accounts payable and accrued liabilities of $324 (2025 - $390).

(3) Additions include amounts from the Canadian Segment of $11,345 (2025 - $12,967) and from the UK Segment of $16,711 (2025 - $18,571).

(4) Includes ROUA additions from the Canadian Segment of $4,808 (2025 - $4,993), comprised of buildings of $1,514 (2025 - $0) and vehicles of $3,294 (2025 - $4,993). From the UK Segment, ROUA additions were $6,852 (2025 - $44,039), comprised of buildings of $3,193 (2025 - $87), vehicles of $3,659 (2025 - $11,396) and through acquisition of business of $0 (2025 - $32,556). This has resulted in corresponding increases to the lease liabilities in the amount of $4,808 (2025 - $4,993) for the Canadian Segment and $6,852 (2025 - $39,375) for the UK Segment.

5 Long-term debt

	Revolving Credit Facility [1, 3, 4]	Term Loan [2, 3, 4]	Total
At January 1, 2025	$ 123,778	$ -	$ 123,778
Net proceeds from term loan	-	134,300	134,300
Net repayments of debt	(16,479)	(3,358)	(19,837)
Fees paid related to term loan	-	(789)	(789)
Amortization of term loan fees	-	99	99
Closing balance at December 31, 2025	$ 107,299	$ 130,252	$ 237,551

At January 1, 2026	**$ 107,299**	**$ 130,252**	**$ 237,551**
Net repayments of debt	**(4,566)**	**(5,876)**	**(10,442)**
Amortization of term loan fees	**-**	**148**	**148**
Closing balance at September 30, 2026	**$ 102,733**	**$ 124,524**	**$ 227,257**
Current portion of long-term debt	**-**	**10,073**	**10,073**
Non-current portion of long-term debt	**102,733**	**114,451**	**217,184**
Closing balance at September 30, 2026	**$ 102,733**	**$ 124,524**	**$ 227,257**

(1) The revolving credit facility is collateralized by a general security agreement, bears interest at prime, applicable banker's acceptance rate, SOFR or CORRA, plus an interest margin dependent on certain financial ratios, with a monthly repayment of interest only, maturing on June 10, 2029.

(2) The term loan is collateralized by a general security agreement, bears interest at prime, applicable banker's acceptance rate, SOFR or CORRA, plus an interest margin dependent on certain financial ratios, with quarterly principal repayments, maturing on June 10, 2029. The original principal amount of the term loan is required to be repaid in quarterly installments commencing September 30, 2025. The principal repayment amounts per year are equal to: Year 1: 5.00%, Year 2: 7.50%, Year 3: 7.50%, Year 4: 10.00%.

(3) The additional interest margin can range between 0.0% to 2.00% dependent upon the calculated Total Funded Debt / Credit Facility EBITDA financial ratio, with a range between 0 to 3.50x. The Funded Debt to EBITDA Ratio requirement has an increase to 4.00x for the first four quarters following any material acquisition. The required calculated Funded Debt / Credit Facility EBITDA financial ratio is subject to change based off certain terms and conditions. As at September 30, 2026 the combined interest rate was 5.45% (December 31, 2025 – 5.70%).

(4) The term loan had drawdowns of $0 (2025 - $134,300) and a principal repayment of $5,876 (2025 - $3,358), as well as term loan fees of $0 (2025 - $789), of which $148 (2025 - $99) were amortized. The revolving credit facility had repayments of $0 (2025 - $16,000) and net outflows of $4,566 (2025 - $479) as a result of operating activities.

On June 11, 2025, the Corporation amended its existing three-year committed Syndicated Credit Facility Agreement to include a $134,300 four-year amortizing term loan and to extend the term of the facility from March 25, 2027 to June 10, 2029. The amendment included a reduction in the accordion to $50,000 from $75,000.

Under the credit facility, the Corporation is required, among other conditions, to respect certain covenants on a consolidated basis. The main covenants are in regard to its Funded Debt to Credit Facility EBITDA ratio and Total Fixed Charge Coverage ratio. Management reviews compliance with these covenants on a quarterly basis in conjunction with filing requirements under its credit facility. All covenants have been met as at September 30, 2026 and December 31, 2025.

The Corporation has a syndicated credit facility of up to $309,300 plus a $50,000 accordion comprised of a revolving credit facility and a 4-year amortizing term loan, of which $232,912 is utilized (including letters of credit totaling $5,113) as at September 30, 2026. Interest payments only are due during the term for the revolving portion of the syndicated credit facility. For the term loan portion of the syndicated credit

facility, repayments of the principal amount shall be repaid in quarterly installments which commenced September 30, 2025, in addition to required interest payments.

Drawings under the revolving credit facility are available by way of Bankers' Acceptances, Canadian prime rate loans, SOFR and CORRA pounds based loans, letters of credit or standby letters of guarantee. Drawings under the revolving credit facility bear interest at a floating rate, plus an applicable margin based on certain financial performance ratios.

A general security agreement over all assets, a mortgage against all leasehold interests and real property, insurance policies and an assignment of material agreements have been pledged as collateral.

The carrying value of borrowings approximate their fair value as the debt is based on a floating rate and the impact of discounting is not significant.

The Corporation has incurred no events of default under the terms of its credit facility agreement.

6 Contingencies and commitments

a) Contingencies

Contingent liabilities

The Corporation has standby letters of credit issued as part of normal business operations in the amount of $5,113 (December 31, 2025 – $5,028) which will remain outstanding for an indefinite period of time.

Grievances for unspecified damages were lodged against the Corporation in relation to labour matters. The Corporation has disclaimed liability and is defending the actions. It is not practical to estimate the potential effect of these grievances but legal advice indicates that it is not probable that a significant liability will arise.

Contingent assets

At September 30, 2026, the amount held in escrow at closing as part of the Shortridge Share Purchase Agreement remains under dispute. The escrow was established to secure the counter-party's obligations under the agreement in relation to certain post-closing conditions. The Corporation and through advisory from their legal counsel have determined those conditions were not met by the counterparty, and the Corporation has asserted their rights to retain the escrowed funds. The counterparty disputes this position and has contested the Corporation's claim to the escrow funds. Management continues to monitor the progress of negotiations with the counterparty, however a contingent asset has not been recognized as a receivable at September 30, 2026, as receipt of the escrow amount is dependent on the outcome of the negotiation process and may require settlement through court.

b) Commitments and contractual obligations

Utility commitments

The Corporation was committed to estimated natural gas and electricity commitments for the next five calendar years and thereafter as follows:

Remainder of 2026	$ 4,568
2027	2,465
2028	2,122
2029	1,720
2030	165
Subsequent	-
	$ 11,040

Linen purchase commitments

At September 30, 2026, the Corporation was committed to linen expenditure obligations in the amount of $17,557 (December 31, 2025 – $21,397) to be incurred within the next year.

Property, plant and equipment commitments

At September 30, 2026, the Corporation was committed to capital expenditure obligations in the amount of $2,227 (December 31, 2025 – $6,862) to be incurred within the next year.

7 Dividends to shareholders

During the three months ended September 30, 2026, the Corporation declared total dividends to shareholders of $3,901 or $0.300 per share (September 30, 2025 - $3,897 or $0.300 per share). During the nine months ended September 30, 2026, the Corporation declared total dividends to shareholders of $11,701 or $0.900 per share (September 30, 2025 - $10,493 or $0.900 per share).

8 Net change in non-cash working capital items

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Accounts receivable	$ (8,885)	$ (7,364)	$ (16,721)	$ (11,077)
Linen in service	(127)	(1,769)	(938)	(4,864)
Prepaids and other	(1,826)	1,089	(1,801)	(459)
Accounts payable and other liabilities [1][2]	(140)	2,607	(2,546)	7,558
Income taxes payable / receivable	(1,536)	1,337	(162)	(22)
	$ (12,514)	$ (4,100)	$ (22,168)	$ (8,864)

1) Accounts payable and other liabilities, include the net change of accounts payable, accrued liabilities, and current provision, but exclude the net change in non-cash amounts related to the acquisition of property, plant and equipment that have been committed to and accrued (paid) for in 2026 of ($66)and 2025 of ($15).
2) The Corporation applies the amendments to IFRS 9 (issued in May 2024) as at January 1, 2026 without restating prior periods. Accounts payable and other liabilities includes the settlement of the liability of $246 via cheque reflected as operating cash outflow in the period ending December 31, 2025. For the three and nine months ended September 30, 2026, the change in accounts payable and other liabilities would be $(386) and $(2,792) respectively, when excluding the adjustment on initial application of amendments to IFRS 9 on January 1, 2026.

9 Financial instruments

The Corporation’s financial instruments at September 30, 2026 and December 31, 2025 consist of cash, accounts receivable, accounts payable and accrued liabilities, lease liabilities, dividends payable to shareholders, long term debt, and derivative financial instruments. The carrying value of accounts receivable, accounts payable and accrued liabilities, lease liabilities, and dividends payable to shareholders, approximate fair value due to the immediate or short-term maturity of these financial instruments. The fair value of the Corporation's interest-bearing debt approximates the respective carrying amount due to the floating rate nature of the debt. The fair value of the derivative financial

instruments is measured at fair value using valuation techniques based on observable market data, including forward interest rates and discounting methodologies. As the swap is recorded at fair value, the carrying amount approximates fair value.

Credit Risk

As per the Corporation's existing policy for accounts receivable as disclosed in the Corporation's annual Consolidated Financial Statements for the year ended December 31, 2025, the Corporation applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due, and with an expected loss rate applied. The historical loss rates are adjusted to reflect current and forward-looking information based on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at September 30, 2026 was reviewed by management and adjusted for accordingly based off adjusted historical loss rates, in addition to considering the impact of rising interest rates and the incremental risk to the hospitality industry. Given the current economic environment, management has taken extra steps to mitigate the additional credit risk with a detailed review of amounts that are not current. This includes detailed assessments of the recoverability of accounts receivable balances of each customer taking into account historic collection trends, the contractual relationship with the customer and the nature of the customer.

Interest Rate Risk

The Corporation is exposed to interest rate risk as changes in interest rates may impact future cash flows and fair value of its financial instruments. Interest rate risk also arises as the fair value of future cash flows from a financial instrument fluctuates due to changes in market interest rates.

To manage its exposure to fluctuations in interest rates, on June 4, 2026 the Corporation entered into an interest rate swap in connection with the term loan portion of its syndicated credit facility. Under the terms of the swap, the Corporation economically converts the floating interest rate exposure on the term loan to a fixed rate.

The notional amount of the interest rate swap corresponds to the full outstanding principal of the term loan, with the contractual term structured to align with the maturity profile and amortization schedule of the underlying term loan. The interest rate swap is measured at fair value and recorded as “Derivative financial instruments” on the Consolidated Statements of Financial Position, with changes in fair value recognized in "Fair value adjustments on derivative financial instruments” within operating costs in the Consolidated Statements of Income. Realized gains and losses on the interest rate swap are recognized in finance expense, consistent with the presentation of interest on the underlying term loan.

10 Segmented information

The Chief Executive Officer ("CEO") is the Corporation's chief operating decision-maker. The Chief Executive Officer examines the Corporation's performance and allocation of resources both from geographic perspective and service type, and has identified two reportable segments of its business:

1. Canadian segment - provides laundry and linen services to the healthcare and hospitality sectors through eleven sites located in Vancouver, Victoria, Calgary, Edmonton, Regina, Toronto, Montréal, and Québec City. Management has assessed that the services offered and the economic characteristics associated with these sites are similar, and therefore they have been aggregated into one reportable segment which operates exclusively in Canada.

2. UK segment - provides laundry and linen services primarily to the healthcare and hospitality sectors, through fourteen sites which are located in Cupar, Perth, Newcastle, Livingston, Coatbridge, Lillyhall, Dumfries, London, Derby, Dunstable, Sheffield, Slough (2), and St. Helens, in addition to a distribution depot in Manchester. Management has assessed that the services offered and the economic characteristics associated with these sites are similar, and therefore they have been aggregated into one reportable segment which operates exclusively in UK.

The aggregation assessment requires significant judgment by management. Economic indicators used by management to assess the economic characteristics are the gross margin and the growth rate of each segment.

The CEO primarily uses a measure of EBITDA to assess the performance of the operating segments. In addition, the CEO also receives information about the segments' revenue, certain expenses and assets on a monthly basis.

a) Segment revenue

The Corporation disaggregates revenue from contracts with customers by geographic location and customer-type for each of our segments, as we believe it best depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors.

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties is measured in the same manner as in the consolidated statements of earnings & comprehensive income.

In Edmonton and Calgary, the Corporation is the significant supplier of laundry and linen services to the entity which manages all major healthcare facilities in the region and is contractually committed to July 31, 2032. In Vancouver, the major customer is contractually committed to March 1, 2027, and in Saskatchewan the major customer is contractually committed to June 1, 2031. For the nine months ended September 30, 2026, from these three major customers the Corporation has recorded revenue of $115,180 (2025 – $110,612), representing 25.6% (2025 – 30.7%) of total revenue.

	Nine Months Ended September 30, 2026		Nine Months Ended September 30, 2025	
Healthcare	$ 155,059	34.5%	$ 148,213	41.0%
Hospitality	62,080	13.8%	60,473	16.8%
Canadian segment	$ 217,139	48.3%	$ 208,686	57.8%
Healthcare	$ 104,642	23.3%	$ 42,682	12.0%
Hospitality	127,740	28.4%	$ 108,623	30.2%
UK segment	$ 232,382	51.7%	$ 151,305	42.2%
Total segment revenue	$ 449,521	100.0%	$ 359,991	100.0%

b) Segment net earnings and EBITDA

Segment net earnings and EBITDA are calculated consistent with the presentation in the financial statements. The net earnings and EBITDA is allocated based on the operations of the segment, and where the earnings and costs are generated from.

Nine Months Ended September 30, 2026	Canadian segment	UK segment	Total
Net earnings	$ 12,146	$ 9,824	$ 21,970
EBITDA	$ 46,932	$ 38,174	$ 85,106

Nine Months Ended September 30, 2025	Canadian segment	UK segment	Total
Net earnings	$ 7,568	$ 7,532	$ 15,100
EBITDA	$ 40,707	$ 25,113	$ 65,820

Nine Months Ended September 30, 2026	Canadian segment	UK segment	Total
Revenue	$ 217,139	$ 232,382	$ 449,521
Expenses			
Wages and benefits	84,879	91,591	176,470
Delivery	25,133	27,358	52,491
Linen	18,826	25,721	44,547
Utilities	10,600	16,970	27,570
Corporate	12,586	4,806	17,392
Materials and supplies	6,841	14,172	21,013
Repairs and maintenance	9,178	7,211	16,389
Occupancy costs	3,379	6,102	9,481
Gain on settlement of contingent consideration	(1,164)	-	(1,164)
Other (recovery) expense	(51)	277	226
EBITDA	**46,932**	**38,174**	**85,106**
Depreciation of property, plant and equipment (note 4)	18,050	18,308	36,358
Amortization of intangible assets	1,314	7,125	8,439
Finance expense			13,807
Current income tax expense			4,230
Deferred income tax recovery			302
Net earnings			**21,970**

Nine Months Ended September 30, 2025	Canadian segment	UK segment	Total
Revenue	$ 208,686	$ 151,305	$ 359,991
Expenses			
Wages and benefits	82,038	55,776	137,814
Delivery	23,294	18,360	41,654
Linen	18,371	16,916	35,287
Utilities	11,157	11,524	22,681
Corporate	14,854	6,052	20,906
Materials and supplies	7,372	7,911	15,283
Repairs and maintenance	9,015	5,727	14,742
Occupancy costs	3,415	3,869	7,284
Other expense	(1,537)	57	(1,480)
EBITDA	**40,707**	**25,113**	**65,820**
Depreciation of property, plant and equipment (note 4)	17,737	11,445	29,182
Amortization of intangible assets	1,285	4,124	5,409
Finance expense			11,920
Current income tax expense			4,530
Deferred income tax expense			(321)
Net earnings			**15,100**

The Canadian segment net earnings includes non-cash employee share based compensation expense of $2,153 (2025 – $1,900).

c) Segment assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

The Corporation's cash is not considered to be a segment asset but is managed by the treasury function.

At September 30, 2026	Canadian segment	UK segment	Total
Total assets	$ 281,986	$ 426,363	**$ 708,349**
Other:			
Cash	(1,320)	(14,203)	**(15,523)**
Total segment assets	**$ 280,666**	**$ 412,160**	**$ 692,826**

At December 31, 2025	Canadian segment	UK segment	Total
Total assets	$ 277,326	$ 427,117	**$ 704,443**
Other:			
Cash	(3,715)	(19,640)	**(23,355)**
Total segment assets	**$ 273,611**	**$ 407,477**	**$ 681,088**

d) Segment liabilities

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment. The Corporation's borrowings are not considered to be segment liabilities but are managed by the treasury function.

At September 30, 2026	Canadian segment	UK segment	Total
Total liabilities	$ 319,934	$ 98,495	**$ 418,429**
Other:			
Debt (note 5)	(227,257)	-	**(227,257)**
Total segment liabilities	**$ 92,677**	**$ 98,495**	**$ 191,172**

At December 31, 2025	Canadian segment	UK segment	Total
Total liabilities	$ 327,939	$ 102,659	**$ 430,598**
Other:			
Debt (note 5)	(237,551)	-	**(237,551)**
Total segment liabilities	**$ 90,388**	**$ 102,659**	**$ 193,047**

11 Business Acquisitions

a) Business Acquisition – Shortridge

As previously disclosed in the December 31, 2025 Annual Financial Statements, a contingent asset related to the Shortridge business acquisition remains in escrow as at September 30, 2026.

b) Business Acquisition – Stellar Mayan

As previously disclosed in the December 31, 2025 Annual Financial Statements, during 2025 the Corporation finalized the provisional purchase price allocation for the UK based Stellar Mayan Acquisition, a leading commercial laundry business in England serving the healthcare and hospitality markets. Stellar Mayan includes three operating businesses: (i) Synergy Health Managed Services Limited ("Synergy"); (ii) Grosvenor Contracts (London) Limited ("Grosvenor Contracts", "GC"); and (iii) Aeroserve (MSP) Limited and Aeroserve Euro Limited, jointly referred to as Aeroserve Linen Services ("AeroServe").

12 Share capital

a) Issued

On June 11, 2025, the Corporation closed the Stellar Mayan Acquisition. Through a bought deal, the Corporation issued 2,334,500 common shares at $34.55 per share, which included full exercise of the over-allotment option. The proceeds of the common share offering were used to finance a portion of the Stellar Mayan Acquisition (Note 11) and pay certain fees and expenses related to acquisition and offering. The net proceeds of the offering after deducting expenses of the offering and the underwriter's fee were $75,611.

	2026	2025
Balance, beginning of year	**12,990,517**	10,578,364
Common shares issued under LTI	**74,296**	77,653
Common shares issued under equity offering	**-**	2,334,500
Common shares repurchased	**(67,457)**	-
As at September 30, 2026	**12,997,356**	12,990,517
Unvested common shares held in trust for LTI	**138,507**	130,694

		2025
Gross proceeds from share issuance	$	80,657
Underwriter fee		(3,460)
Costs associated with share issuance		(1,586)
Net proceeds from share issuance		75,611
Deferred income tax impact of share issuance		1,227
Total impact to share capital	$	76,838

b) Normal Course Issuer Bid

On May 8, 2026, the Corporation announced its intention to proceed with a normal course issuer bid (NCIB) to purchase up to 1,229,584 of its common shares ("Shares") through the TSX and / or alternative Canadian trading systems, representing approximately 10% of the public float of 12,295,846 shares as at April 30, 2026, during the twelve-month period commencing May 12, 2026 and ending May 11, 2027.

For the nine months ended September 30, 2026, the Corporation repurchased and cancelled 67,457 common shares for $2,831 under the NCIB, net of transaction costs of $1 which were recorded in share capital. The average share price was $42.24.

13 Subsequent events

a) Dividends

On October 15, 2026, the Board declared an eligible dividend of $0.1000 per common share of the Corporation payable on November 13, 2026 to shareholders of record on October 31, 2026.