



K-BRO LINEN INC.

AUDIT COMMITTEE CHARTER

This charter (the “**Charter**”) sets forth the purpose, reports to the Board of Directors (the “**Board**”), composition, duties and responsibilities, meetings, resources and authority, and annual evaluation of the Audit Committee (the “**Committee**”) of the Board of K-Bro Linen Inc. (the “**Corporation**”).

1. Purpose

The main objective of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- the quality and integrity of the Corporation’s financial statements and related disclosures;
- the Corporation’s internal controls systems, including its internal control over financial reporting systems;
- compliance by the Corporation with legal and regulatory requirements including, among other things, in respect of financial disclosure;
- the qualification, independence and performance of the Corporation’s independent auditor;
- the performance of the Corporation’s Chief Financial Officer (the “**CFO**”);
- the Corporation’s financial risk management systems; and
- any additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

In addition, the Committee provides an avenue for communication between the independent auditor, management, other employees and the Board concerning accounting and auditing matters.

The Committee is directly responsible for the appointment, compensation, retention, termination and oversight of the independent auditor and its work, including oversight of the resolution of any disagreements between management and the independent auditor regarding financial reporting. The Committee is not responsible for:

- planning or conducting audits,
- certifying or determining the completeness or accuracy of the Corporation’s financial statements or that those financial statements are in accordance with generally accepted accounting principles, or
- guaranteeing the report of the Corporation’s independent auditor.

The fundamental responsibility for the Corporation’s financial statements and disclosure rests with management, and the independent auditor is responsible for auditing those financial statements. It is not the duty of the Committee to conduct investigations, resolve disagreements (if any) between management and the independent auditor or ensure compliance with applicable legal and regulatory requirements.

2. Reports to the Board

The Committee shall report to the Board on a regular basis and, in any event, before the public disclosure by the Corporation of its quarterly and annual financial results. The reports of the Committee shall include any issues of which the Committee is aware with respect to:

- the quality and integrity of the Corporation's financial statements and related disclosures;
- the compliance by the Corporation with legal and regulatory requirements including, among other things, in respect of financial matters and disclosure;
- the performance and independence of the Corporation's independent auditor;
- the effectiveness of systems of control (including risk management) established by management to safeguard the assets (real and intangible) of the Corporation; and
- the proper maintenance of accounting and other records.

The Committee shall also prepare, as required by applicable law, any audit committee report required for inclusion in the Corporation's publicly filed documents.

3. Composition

The Committee shall consist of three or more directors of the Corporation who are appointed (and may be replaced) by the Board. Each of the members of the Committee shall meet the independence, experience and other requirements under applicable regulatory, stock exchange and securities law requirements and, without limitation, shall be financially literate or become financially literate within a reasonable period of time following his or her appointment. This shall, at a minimum, include the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

The members of the Committee will be appointed to hold office until the next annual general meeting of shareholders of the Corporation or until their successors are appointed. The Board may remove a member of the Committee at any time and may fill any vacancy occurring on the Committee by appointment from among qualified directors of the Corporation. A member of the Committee may resign at any time, and a member will automatically cease to be part of the Committee upon ceasing to be a director of the Corporation.

No member of the Committee shall (i) accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation, other than remuneration for acting in his or her capacity as a member of the Board or any Board committee, or (ii) be an "affiliated person" of the Corporation (for this purpose, an "affiliate" of a person is a person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the first person). Without the approval of the Board, no member of the Committee shall concurrently serve on the audit committee of a competitor or client.

4. Duties and Responsibilities

It is recognized that, in fulfilling their responsibilities, members of the Committee are not full-time employees of the Corporation. As such, it is not the duty or responsibility of the Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures, or to determine that the Corporation's financial statements are complete and accurate. Each member of the Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Corporation from which he or she receives information, and (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations, absent actual knowledge to the contrary (which shall be promptly reported to the Board).

The duties and responsibilities of the Committee as they relate to the following specific matters are as follows:

4.1. Relationship with the Independent Auditor

The Committee shall:

- Recommend the independent auditor to be appointed for the purpose of preparing and issuing an auditor's report or performing other audit, review or attestation services.
- Establish and maintain a direct line of communication with the independent auditor.
- Establish the compensation of the independent auditor.
- Advise the independent auditor that it will report directly to the Committee, and not management of the Corporation or the wider Board.
- Oversee the work of the independent auditor in preparing and issuing an auditor's report or performing other audit, review or attestation services for the Corporation, including any disagreement between management and the independent auditor regarding financial reporting and the resolution of each such disagreement.
- Adopt policies and procedures for the pre-approval of all non-audit services to be provided by the independent auditor, subject to any restrictions on such services imposed by applicable legislation, including procedures for the delegation of authority to provide such approval to one or more members of the Committee.
- At least annually, review the qualifications, performance and independence of the independent auditor. In doing so, the Committee should, among other things, undertake the measures set forth in Appendix "A" to this Charter.
- Periodically review with the independent auditor:
 - internal controls and other steps that management has taken to control financial reporting risk;
 - the quality and acceptability of the accounting principles that have been applied;
 - the integrity of the Corporation's internal and external financial reporting processes;
 - any changes to the Corporation's significant accounting principles and practices suggested by the independent auditor and/or members of management;
 - any problems or difficulties the independent auditor may have encountered during the provision of its audit-related services, including any restrictions on the scope of activities or access to requested information and any significant disagreements with management;
 - any management letter or other material communication provided by the independent auditor to management, and management's response to that letter or communication; and
 - any significant risks or exposures facing the Corporation.
- Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

4.2. Financial and Related Disclosures

- The Committee shall, with management and the independent auditor:
 - before public disclosure, review the Corporation’s annual audited financial statements and quarterly unaudited financial statements, the accompanying management’s discussion and analysis (“**MD&A**”) and annual and interim earnings press releases, and make recommendations to the Board as to the approval and dissemination of those statements and disclosure;
 - review the adequacy of procedures in place for the review of the Corporation’s public disclosure of financial information extracted or derived from the Corporation’s financial statements, other than the public disclosure referred to in the immediately preceding paragraph, and periodically assess the adequacy of those procedures and consider whether they are complete and consistent with the information known to Committee members;
 - review any disclosures concerning any weaknesses or deficiencies in the design or operation of internal controls or disclosure controls made to the Committee by the Chief Executive Officer (the “**CEO**”) or CFO during their certification process in documents filed with applicable securities regulators; and
 - review financial information and any earnings guidance provided to analysts and rating agencies, recognizing that this review and discussion may be done generally (consisting of a discussion of the types of information to be disclosed and the types of presentations to be made) and need not take place in advance of the disclosure of each release or provision of guidance.

4.3. Oversight of the Audit Process

The Committee shall:

- Review with management and the independent auditor:
 - the proposed audit plan and scope of review by the independent auditor before the commencement of any audit, including the external auditor’s engagement letter, post-audit management letter, if any, and the form of the audit report;
 - any significant financial reporting issues and judgments made in connection with the preparation of the Corporation’s financial statements, including any significant changes in the selection or application of accounting principles, any major issues regarding auditing principles and practices, and the adequacy of internal controls that could significantly affect the Corporation’s financial statements;
 - all critical accounting policies and practices used;
 - the effect of regulatory and accounting initiatives, as well as any off-balance sheet structures, transactions, arrangements and obligations (contingent or otherwise), on the Corporation’s financial statements;
 - all alternative disclosures and treatments of financial information within International Financial Reporting Standards (“**IFRS**”) that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the disclosure and treatment preferred by the independent auditor;
 - the use of “pro forma” or “adjusted” non-IFRS information; and

- the adequacy of the Corporation's (i) internal accounting controls and management information systems and (ii) financial, auditing and accounting organizations and personnel, and any special steps adopted in light of any material control deficiencies.
- Review with management:
 - the Corporation's guidelines and policies with respect to risk assessment, the Corporation's major financial and business risk exposures, and the steps management has taken to monitor and control such exposures; and
 - the disclosure of all related-party transactions and the development of policies and procedures related to these transactions.
- Following completion of the annual audit, review with each of management and the independent auditor any significant issues, concerns or difficulties encountered during the course of the audit, including:
 - restrictions on the scope of work or on access to required or requested information;
 - issues or concerns that arose during the course of the audit concerning the Corporation's internal accounting controls or fair presentation, completeness or accuracy of the financial statements; and
 - analyses prepared by management or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements (including analysis of the effects of alternative treatments under generally accepted accounting principles).
- Receive and review reports from other Board committees with regard to matters that could affect the audit or results of operations.
- Oversee appropriate disclosure of the Charter, and other information required to be disclosed by applicable legislation in the Corporation's public disclosure documents, including any management information circular distributed in connection with the solicitation of proxies from the Corporation's securityholders.

4.4. **Compliance**

The Committee shall, as it determines appropriate:

- Review with the CFO, other members of management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Corporation's financial statements or accounting policies.
- Review with the Corporation's external legal counsel legal matters that may have a material impact on the financial statements or accounting policies.
- Establish whistle-blowing procedures, including procedures for:
 - the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters; and
 - the confidential, anonymous submission by employees of the Corporation of concerns regarding any accounting or auditing matters.

- Periodically review reports on the Corporation’s information technology systems that support the financial reporting process.
- Review independent financial analyst commentary concerning the Corporation and its financial reporting.

4.5. Delegation

To avoid any confusion, the Committee responsibilities identified above are the sole responsibility of the Committee and may not be delegated to a different committee. The Committee may delegate any or all of its functions to any of its members or any sub-set thereof from time to time as it sees fit.

5. Meetings

The chair of the Committee (the “**Chair**”) shall be selected by the Board. If the Chair is present, the Chair will act as chair of the meeting of the Committee. If the Chair is not present, the members of the Committee may designate a chair for the meeting by majority vote of the members of the Committee present. Minutes shall be maintained for all meetings of the Committee and copies of the minutes shall be made available to all members of the Board.

The Committee shall meet not less than once per quarter, in accordance with a schedule established each year by the Committee, and at other times that the Committee may determine. At the discretion of the Committee, members of management and others may attend Committee meetings, other than the separate sessions with the independent auditor, the CFO and the external legal counsel. The Committee shall meet periodically with the CFO, the independent auditor and external legal counsel in separate sessions.

Quorum for all meetings shall be a majority of the Committee members. Each member of the Committee will have one vote and decisions of the Committee will be made by an affirmative vote of the majority. The Chair will not have a deciding or casting vote in the case of an equality of votes.

A member may participate in a Committee meeting by means of telephone, electronic communication facilities, or such other communication facilities which permit all persons participating in the meeting to communicate with each other, and a member participating in such a meeting by such means is deemed to be present at the meeting. Powers of the Committee may also be exercised by written resolutions signed (physically or electronically) by all Committee members.

Meeting agendas shall be developed by the Chair in consultation with management and the independent auditor. Committee members may propose agenda items through communication with the Chair or the CFO. Agendas, together with appropriate briefing materials, shall be circulated to Committee members prior to meetings.

Between meetings, the Chair or any member of the Committee designated for such purpose by the Committee may, if required under the circumstances, exercise any power delegated by the Committee on an interim basis. The Chair or other designated member of the Committee will promptly report to the other members in any case in which this interim power is exercised.

6. Resources and Authority

The Committee shall have the resources and authority appropriate to discharge its responsibilities, including the authority to engage and establish the compensation of, at the expense of the Corporation, outside advisors including experts in particular areas of accounting, legal counsel and other experts or consultants as it determines necessary to carry out its duties, without seeking approval of the Board or management. The Committee will advise the Board of any such action taken.

The Committee has the authority to conduct any investigation that is necessary or desirable to fulfill its responsibilities, and has direct access to the independent auditor as well as anyone in the Corporation, including any internal auditors.

Nothing in this Charter is intended or may be construed as imposing on any member of the Committee or the Board a standard of care or diligence that is in any way more onerous or extensive than the standard to which directors are subject under applicable law.

7. Annual Evaluation

The Committee shall, in a manner it determines to be appropriate:

- At least annually, review and evaluate the performance of the Committee and its members, including the compliance of the Committee and its members with this Charter.
- Periodically, review and assess the adequacy of this Charter (including with respect to the procedures regarding the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements) and recommend to the Board any changes to this Charter that the Committee determines to be appropriate.

APPROVED by the Board of Directors and Audit Committee of K-Bro Linen Inc. on November 13, 2024.

Appendix “A”

Qualifications, Performance and Independence of Independent Auditor

- Review the experience and qualifications of the senior members of the independent auditor’s team.
- Confirm with the independent auditor that it is in compliance with applicable legal, regulatory and professional standards relating to auditor independence.
- Review and approve the Corporation’s hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.
- Review annual reports from the independent auditor regarding its independence, consider whether there are any non-audit services or relationships that may affect the objectivity and independence of the independent auditor and, if so, recommend that the Board take appropriate action to satisfy itself of the independence of the independent auditor.
- Obtain and review such report(s) from the independent auditor as may be required by applicable legal and regulatory requirements.
- Conduct an evaluation (taking into account the opinions of management) of the independent auditor’s qualifications, performance and independence and present to the Board the Committee’s conclusion in such regard.
- Review, as required, the independent auditor’s plans with respect to partner rotation.