

Condensed interim consolidated financial statements of

# **Unisync Corp.**

As at and for the three month period ended December 31, 2021

# Unisync Corp.

December 31, 2021

## Table of contents

|  |      |
|--|------|
| Notice of no auditor review.....   | 2    |
| Condensed interim consolidated statements of income .....                      | 3    |
| Condensed interim consolidated statements of comprehensive income (loss) ..... | 4    |
| Condensed interim consolidated statements of financial position.....           | 5    |
| Condensed interim consolidated statements of changes in equity .....           | 6    |
| Condensed interim consolidated statements of cash flows .....                  | 7    |
| Condensed interim notes to the consolidated financial statements .....         | 8-21 |

## **Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Corporation discloses that its auditors have not reviewed these condensed unaudited interim consolidated financial statements as at and for the three months ended December 31, 2021.

# Unisync Corp.

Condensed interim consolidated statements of income (loss)

For the three months ended December 31, 2021 and December 31, 2020

(Expressed in Canadian dollars)

(Unaudited)

|  | three months ended  |                     |
|--|---------------------|---------------------|
|  | December 31<br>2021 | December 31<br>2020 |
|  | \$                  | \$                  |
| <b>Revenue</b>   | <b>21,835,467</b>   | 25,068,320          |
| Direct expenses (Note 16)  | <b>16,438,768</b>   | 17,958,276          |
| General and administrative expenses (Note 16)                          | <b>4,154,269</b>    | 4,395,704           |
| Depreciation and amortization (Notes 5,6,7)                            | <b>1,034,725</b>    | 943,664             |
|  | <b>207,705</b>      | 1,770,676           |
| Interest expense (Notes 9,10,11)                                       | <b>279,360</b>      | 556,866             |
| Share-based payment (Note 13)  | <b>58,088</b>       | 153,694             |
| <b>Net income (loss) before income taxes</b>                           | <b>(129,743)</b>    | 1,060,116           |
| Income tax expense (recovery) (Note 15)                                | <b>(28,733)</b>     | 298,942             |
| <b>Net income (loss)</b>   | <b>(101,010)</b>    | 761,174             |
| <b>Attributable to</b>   |                     |                     |
| Unisync Corp. shareholders   | <b>(172,067)</b>    | 674,832             |
| Minority partner   | <b>71,057</b>       | 86,342              |
|  | <b>(101,010)</b>    | 761,174             |
| <b>Net income per share attributable to Unisync Corp. shareholders</b> |                     |                     |
| Basic  | <b>(0.01)</b>       | 0.04                |
| Diluted  | <b>(0.01)</b>       | 0.04                |
| <b>Weighted average number of shares</b>                               | <b>19,005,435</b>   | 18,912,771          |
| <b>Diluted weighted number of shares outstanding</b>                   | <b>19,186,493</b>   | 18,912,771          |

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

# Unisync Corp.

Condensed interim consolidated statements of comprehensive income  
For the three months ended December 31, 2021 and December 31, 2020

(Expressed in Canadian dollars)

(Unaudited)

|   | three months ended   |                      |
|---|----------------------|----------------------|
|   | December 31,<br>2021 | December 31,<br>2020 |
|   | \$                   | \$                   |
| Net income (loss)   | (101,010)            | 761,174              |
| Items that may be reclassified subsequently to income or loss |                      |                      |
| Other comprehensive income, net of taxes                      |                      |                      |
| Currency translation adjustment                               | 192,822              | 7,205                |
| Comprehensive income  | 91,812               | 768,379              |
| <b>Attributable to</b>  |                      |                      |
| Unisync Corp. shareholders                                    | 20,755               | 682,037              |
| Minority partner  | 71,057               | 86,342               |
|   | 91,812               | 768,379              |

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

# Unisync Corp.

## Condensed interim consolidated statements of financial position

As at December 31, 2021 and September 30, 2021

(Expressed in Canadian dollars)

(Unaudited)

|  | December 31,<br>2021 | September 30,<br>2021 |
|--|----------------------|-----------------------|
|  | \$                   | \$                    |
| <b>Assets</b>  |                      |                       |
| Current assets   |                      |                       |
| Cash   | 320,461              | 275,456               |
| Trade and other receivables                              | 10,960,892           | 11,726,336            |
| Inventory (Note 4)                                       | 41,160,053           | 36,207,600            |
| Prepaid expenses and deposits                            | 5,150,518            | 4,195,412             |
|  | <b>57,591,924</b>    | <b>52,404,804</b>     |
| Non-current assets                                       |                      |                       |
| Cash surrender value of life insurance policy            | 86,601               | 86,601                |
| Property, plant and equipment (Note 5)                   | 8,749,931            | 8,886,789             |
| Right of use assets (Note 6)                             | 9,025,205            | 9,404,810             |
| Deferred tax asset (Note 15)                             | 2,205,075            | 2,176,342             |
| Intangible assets (Note 7)                               | 8,451,429            | 8,675,620             |
| Goodwill (Note 8)  | 6,384,797            | 6,384,797             |
|  | <b>92,494,962</b>    | <b>88,019,763</b>     |
| <b>Liabilities</b>                                       |                      |                       |
| Current liabilities                                      |                      |                       |
| Operating loan (Note 9)                                  | 20,672,056           | 19,019,847            |
| Trade payables and accrued liabilities                   | 5,752,462            | 5,008,596             |
| Deferred revenue   | 14,645,890           | 12,373,865            |
| Current portion of mortgage loans (Note 10)              | 273,099              | 245,035               |
| Current portion of long-term lease liabilities (Note 11) | 1,109,014            | 1,067,147             |
| Due to minority partner (Note 12)                        | 1,500,000            | -                     |
|  | <b>43,952,521</b>    | <b>37,714,490</b>     |
| Non-current liabilities                                  |                      |                       |
| Mortgage loans (Note 10)                                 | 9,534,017            | 9,601,968             |
| Long-term lease liabilities (Note 11)                    | 9,573,602            | 9,911,946             |
| Due to minority partner (Note 12)                        | -                    | 1,500,000             |
|  | <b>63,060,140</b>    | <b>58,728,404</b>     |
| Commitments and contingencies (Note 17)                  |                      |                       |
| <b>Equity</b>  |                      |                       |
| Share capital (Note 13)                                  | 30,447,488           | 30,389,749            |
| Share-based payment reserve                              | 1,900,299            | 1,856,200             |
| Retained earnings  | (2,851,596)          | (2,872,351)           |
| Equity attributable to Unisync Corp. shareholders        | 29,496,191           | 29,373,598            |
| Deficit attributable to minority partner                 | (61,369)             | (82,239)              |
|  | <b>29,434,822</b>    | <b>29,291,359</b>     |
|  | <b>92,494,962</b>    | <b>88,019,763</b>     |

Approved by the Board

(Signed) Douglas F. Good, Douglas F. Good, Director

(Signed) Bruce W. Aunger, Bruce W. Aunger, Director

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

# Unisync Corp.

## Condensed interim consolidated statements of changes in equity

For the three months ended December 31, 2021 and December 31, 2020

(Expressed in Canadian dollars)

(Unaudited)

|  | Capital stock     |                   | Share-based payment reserve | Retained Earnings (Deficit) | Equity attributable to Unisync Corp. shareholders | Minority Interest | Total equity      |
|--|-------------------|-------------------|-----------------------------|-----------------------------|---|-------------------|-------------------|
|  | Common shares     | Amount            |                             |                             |   |                   |                   |
|  |                   | \$                | \$                          | \$                          | \$  | \$                | \$                |
| <b>Balance,</b>  |                   |                   |                             |                             |   |                   |                   |
| <b>September 30, 2020</b>                                | <b>18,687,228</b> | <b>29,589,432</b> | <b>1,674,421</b>            | <b>(61,831)</b>             | <b>31,202,022</b>                                 | <b>(30,137)</b>   | <b>31,171,885</b> |
| Shares issued on exercise of stock options (Note 13 (c)) | 250,000           | 632,960           | (195,460)                   | -                           | 437,500   | -                 | 437,500           |
| Share-based payment                                      | -                 | -                 | 153,694                     | -                           | 153,694   | -                 | 153,694           |
| Distribution to minority partner                         | -                 | -                 | -                           | -                           | -   | (88,055)          | (88,055)          |
| Net income   | -                 | -                 | -                           | 674,832                     | 674,832   | 86,342            | 761,174           |
| Other comprehensive income                               | -                 | -                 | -                           | 7,205                       | 7,205   | -                 | 7,205             |
| <b>Balance,</b>  |                   |                   |                             |                             |   |                   |                   |
| <b>December 31, 2020</b>                                 | <b>18,937,228</b> | <b>30,222,392</b> | <b>1,632,655</b>            | <b>620,206</b>              | <b>32,475,253</b>                                 | <b>(31,850)</b>   | <b>32,443,403</b> |
| <b>Balance,</b>  |                   |                   |                             |                             |   |                   |                   |
| <b>September 30, 2021</b>                                | <b>18,987,228</b> | <b>30,389,749</b> | <b>1,856,200</b>            | <b>(2,872,351)</b>          | <b>29,373,598</b>                                 | <b>(82,239)</b>   | <b>29,291,359</b> |
| Shares issued on exercise of stock options (Note 13 (c)) | 25,000            | 57,739            | (13,989)                    | -                           | 43,750  | -                 | 43,750            |
| Share-based payment                                      | -                 | -                 | 58,088                      | -                           | 58,088  | -                 | 58,088            |
| Distribution to minority partner                         | -                 | -                 | -                           | -                           | -   | (50,187)          | (50,187)          |
| Net income (loss)  | -                 | -                 | -                           | (172,067)                   | (172,067)   | 71,057            | (101,010)         |
| Other comprehensive income                               | -                 | -                 | -                           | 192,822                     | 192,822   | -                 | 192,822           |
| <b>Balance,</b>  |                   |                   |                             |                             |   |                   |                   |
| <b>December 31, 2021</b>                                 | <b>19,012,228</b> | <b>30,447,488</b> | <b>1,900,299</b>            | <b>(2,851,596)</b>          | <b>29,496,191</b>                                 | <b>(61,369)</b>   | <b>29,434,822</b> |

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

# Unisync Corp.

Condensed interim consolidated statements of cash flows

For the three months ended December 31, 2021 and December 31, 2020

(Expressed in Canadian dollars)

(Unaudited)

|   | three months ended   |                      |
|---|----------------------|----------------------|
|   | December 31,<br>2021 | December 31,<br>2020 |
|   | \$                   | \$                   |
| <b>Operating activities</b>                       |                      |                      |
| Net income (loss)                                 | (101,010)            | 761,174              |
| Adjustments for:                                  |                      |                      |
| Interest expense                                  | 279,360              | 556,866              |
| Income tax expense (recovery)                     | (28,733)             | 298,942              |
| Depreciation and amortization                     | 1,034,725            | 943,664              |
| Share-based payment                               | 58,088               | 153,694              |
|   | <b>1,242,430</b>     | <b>2,714,340</b>     |
| Changes in non-cash working capital items         |                      |                      |
| Trade and other receivables                       | 765,444              | (4,171,905)          |
| Inventory   | (4,952,453)          | (56,136)             |
| Prepaid expenses and deposits                     | (955,106)            | 1,588,280            |
| Trade payables and accrued liabilities            | 743,866              | 928,070              |
| Deferred revenue                                  | 2,272,025            | 121,991              |
| <b>Net cash used in/from operating activities</b> | <b>(883,794)</b>     | <b>1,124,640</b>     |
| <b>Investing activities</b>                       |                      |                      |
| Purchase of property, plant and equipment         | (28,435)             | (338,355)            |
| Purchase of intangible assets                     | (274,454)            | (193,198)            |
| <b>Net cash used in investing activities</b>      | <b>(302,889)</b>     | <b>(531,553)</b>     |
| <b>Financing activities</b>                       |                      |                      |
| Increase in operating loan                        | 1,652,209            | 296,701              |
| Mortgage loans repayments                         | (41,262)             | -                    |
| Term loans repayments                             | -                    | (285,750)            |
| Repayment of lease liabilities                    | (411,614)            | (381,333)            |
| Interest paid                                     | (148,633)            | (198,930)            |
| Distributions to minority partner                 | (50,187)             | (88,055)             |
| Proceeds on exercise of stock options             | 43,750               | -                    |
| <b>Net cash from financing activities</b>         | <b>1,044,263</b>     | <b>(657,367)</b>     |
| Effect of foreign exchange rates                  | 187,425              | 34,984               |
| Net cash inflows (outflows)                       | 45,005               | (29,296)             |
| Cash, beginning of period                         | 275,456              | 221,593              |
| <b>Cash, end of period</b>                        | <b>320,461</b>       | <b>192,297</b>       |

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



# Unisync Corp.

## Notes to the condensed interim consolidated financial statements

December 31, 2021

(Expressed in Canadian dollars)

(Unaudited)

---

### 1. Nature of business

Unisync Corp. (the "Company") is incorporated under the laws of British Columbia. Its head office, principal address, and registered and records office are located at Suite 1328, 885 West Georgia Street, Vancouver, British Columbia, Canada. Unisync Corp.'s voting Common Shares are listed and posted for trading on the TSX Exchange under the symbol "UNI" and on the OTCQX under the symbol "USYNF".

The Company operates in two main business segments. The Peerless segment includes the Company's 90% interest in the business of Winnipeg-based Peerless Garments LP ("Peerless") and 100% of Peerless Garments Inc. ("GP"), the general partner. Peerless manufactures harsh weather outerwear for the Canadian military and other government agencies.

The Unisync Group Limited ("UGL") segment comprises the operations of Unisync Group Limited of Mississauga, Ontario, Utility Garments Inc. ("Utility") of Saint-Laurent, Quebec and Unisync (Nevada) LLC of Henderson, Nevada. During the year ended September 30, 2019, Carleton Uniforms Inc. ("Carleton") of Carleton Place, Ontario and Omega Uniforms Systems Ltd. ("Omega") of Vancouver, British Columbia were each dissolved and the assets were transferred to and the liabilities were assumed by Unisync Group Limited. This segment is involved in the design, manufacture and distribution of direct sale uniforms, workwear, image apparel and related solutions. The UGL segment operates distribution centres in Guelph and Carleton Place, Ontario, Vancouver, British Columbia, Saint-Laurent, Quebec, Farmingdale, New Jersey and Henderson, Nevada.

#### Impact of COVID-19

Since March 2020, there has been a global pandemic of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the world governments on travel, and business operations. After some staff layoffs at the onset of the pandemic, the Company has brought most of its employees back to work while availing itself of the government stimulus subsidies described in Note 14 to support its cash flow. Although there are clear signs that the effectiveness of the current COVID-19 vaccination programs is allowing many businesses to resume normal operations, at this time, the extent that the impact the COVID-19 pandemic may have on the Company is uncertain as this will depend on future developments that cannot be predicted with confidence. While the duration of the COVID-19 pandemic is unknown, we anticipate that the economic impact of the pandemic may continue to cause some reduced customer demand, supply chain disruptions, and continued government regulations, all of which may negatively impact the Company's business and financial condition.

### 2. Basis of presentation and significant accounting policies

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standard ("IAS") 34, "Interim Financial Reporting". These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements but have been prepared following the same accounting policies and methods of computation as the consolidated financial statements of the Company for the year ended September 30, 2021. The disclosures provided herein are incremental to those included with the annual consolidated financial statements and certain disclosures, which are normally required to be included in the notes to the annual consolidated financial statements, have been condensed or omitted.

These condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto in the Company's annual filings for the year ended September 30, 2021 as filed on SEDAR at [www.sedar.com](http://www.sedar.com).

These condensed interim consolidated financial statements were approved by the Company's Board of Directors and authorized for issue on February 11, 2022.

# Unisync Corp.

## Notes to the condensed interim consolidated financial statements

December 31, 2021

(Expressed in Canadian dollars)

(Unaudited)

---

### 3. Critical accounting estimates and judgments

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The significant estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (a) Trade and other receivables

The Company makes a provision for doubtful accounts on a customer by customer basis to provide for possible uncollectible accounts. This requires judgment on the part of management and prior collection history.

#### (b) Inventory

The Company determines the value of work in progress inventory ("WIP") and estimated net realizable value at the end of each reporting period. Management allocates costs, such as for materials, labour attributable to goods in production and an allocation of overhead, to WIP based on management's estimate of the percentage completion of the goods, and the nature of the costs for producing that particular good. Estimates are required in relation to forecasted sales volumes and finished good inventory balances. In situations where excess or slow moving inventory balances are identified, the Company assesses its ability to recover customer payment for such inventory and estimates of net realizable values for the excess or slow moving volumes are made.

#### (c) Share-based payment

The Company provides incentives via share-based payment entitlements (Note 13). The fair value of entitlements is determined in accordance with the accounting policy in Note 2(n) of the audited consolidated financial statements for the year ended September 30, 2021. If certain assumptions used in the fair value calculation were to change, there would be an impact on the share-based payment expense recognized in the current period.

#### (d) Income taxes

The Company is subject to income taxes in Canada and the United States. Management has estimated the income tax provision and deferred income tax balances in accordance with its interpretation of the various income tax laws and regulations and has estimated the recoverability of deferred tax balances. It is possible, due to complexity inherent in estimating income taxes that the tax provision and deferred income tax balances could change. Deferred tax assets, including those arising from tax loss carry-forwards, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize tax losses recognized as deferred tax assets. Assumptions about the generation of future taxable profits depend on managements' estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize or recognize net deferred tax assets, if any, at the reporting date could be impacted.

#### (e) Estimated useful lives

Management estimates the useful lives of property, plant and equipment, and intangible assets based on the period during which the assets are available for use. The amounts and timing of depreciation and amortization for these amounts are affected by the useful lives. The estimates are reviewed annually and are updated for changes in the expected useful life.

# Unisync Corp.

## Notes to the condensed interim consolidated financial statements

December 31, 2021

(Expressed in Canadian dollars)

(Unaudited)

---

### 3. Critical accounting estimates and judgments (continued)

(f) *Impairment of long lived assets*

The Company considers both internal and external sources of information in assessing its tangible and intangible assets for indicators of impairment when events or circumstances indicate such. The Company determines the recoverable amount, which is the greater of its value in use and its fair value less costs to sell, using discounted cash flows expected to be derived from the tangible intangible asset, and the appropriate discount rate.

(g) *Impairment of goodwill*

The Company performs an assessment of its goodwill for impairment on an annual basis. The Company determines the recoverable amount, which is the greater of its value in use and its fair value less costs of disposal, using discounted cash flows expected to be derived from the Company's operations, and the appropriate discount rate. The projected cash flows are significantly affected by changes in assumptions about expected revenues from contracts, estimated costs of production, and the discount rate.

(h) *Allocation of purchase consideration*

Business combinations require judgment and estimates to be made at the date of acquisition in relation to determining the fair value of the asset acquired and liabilities assumed and the consideration paid. The information necessary to measure the fair values as at the acquisition date of assets acquired and liabilities assumed requires management to make certain judgments and estimates about future events, including but not limited to estimates of future earnings, future operating costs and capital expenditures, and discount rates. Changes to the provisional measurements of assets and liabilities acquired may be retrospectively adjusted when new information is obtained until the final measurements are determined.

### 4. Inventory

|                 | December 31,<br>2021 | September 30,<br>2021 |
|-----------------|----------------------|-----------------------|
|                 | \$                   | \$                    |
| Raw materials   | 6,862,393            | 5,944,815             |
| Work in process | 1,253,149            | 1,530,718             |
| Finished goods  | 33,044,511           | 28,732,067            |
|                 | <b>41,160,053</b>    | <b>36,207,600</b>     |

Cost of inventories recognized as an expense during the three months ended December 31, 2021 amounted to \$10,767,645 (December 31, 2020 - \$13,803,722). During the three months ended December 31, 2021, inventory was written down by \$nil (December 31, 2020 - \$nil) against the allowance for obsolescence reserve. The carrying amount of inventory recorded at net realizable value at December 31, 2021 was \$1,036,050 (September 30, 2021 – \$1,036,050), with the remaining inventory recorded at cost.

# Unisync Corp.

## Notes to the condensed interim consolidated financial statements

December 31, 2021

(Expressed in Canadian dollars)

(Unaudited)

### 5. Property, plant and equipment

|                                     | December 31,<br>2021 |                  |   |                       |   |                |                           |                   |
|-------------------------------------|----------------------|------------------|---|-----------------------|---|----------------|---------------------------|-------------------|
|                                     | Land                 | Buildings        | Warehouse and<br>manufacturing<br>equipment | Computer<br>equipment | Office<br>furnishings<br>and<br>equipment | Vehicles       | Leasehold<br>Improvements | Total             |
|                                     | \$                   | \$               | \$  | \$                    | \$  | \$             | \$                        | \$                |
| <i>Cost</i>                         |                      |                  |   |                       |   |                |                           |                   |
| Balance at September 30, 2021       | 2,622,730            | 5,022,933        | 1,993,916                                   | 999,976               | 404,835                                   | 115,938        | 1,915,672                 | 13,076,000        |
| Additions                           | -                    | -                | 9,312                                       | 546                   | 14,032                                    | -              | 4,545                     | 28,435            |
| Effect of foreign exchange rates    | -                    | -                | (1,366)                                     | (305)                 | (230)                                     | -              | (1,215)                   | (3,116)           |
| <b>Balance at December 31, 2021</b> | <b>2,622,730</b>     | <b>5,022,933</b> | <b>2,001,862</b>                            | <b>1,000,217</b>      | <b>418,637</b>                            | <b>115,938</b> | <b>1,919,002</b>          | <b>13,101,319</b> |
| <i>Accumulated depreciation</i>     |                      |                  |   |                       |   |                |                           |                   |
| Balance at September 30, 2021       | -                    | 1,049,226        | 1,313,636                                   | 712,526               | 218,423                                   | 118,928        | 776,472                   | 4,189,211         |
| Depreciation                        | -                    | 45,098           | 35,001                                      | 24,563                | 2,297                                     | (5,696)        | 61,644                    | 162,907           |
| Effect of foreign exchange rates    | -                    | -                | (326)                                       | (60)                  | (55)                                      | -              | (289)                     | (730)             |
| <b>Balance at December 31, 2021</b> | <b>-</b>             | <b>1,094,324</b> | <b>1,348,311</b>                            | <b>737,029</b>        | <b>220,665</b>                            | <b>113,232</b> | <b>837,827</b>            | <b>4,351,388</b>  |
| <i>Net carrying amount</i>          |                      |                  |   |                       |   |                |                           |                   |
| <b>At December 31, 2021</b>         | <b>2,622,730</b>     | <b>3,928,609</b> | <b>653,551</b>                              | <b>263,188</b>        | <b>197,972</b>                            | <b>2,706</b>   | <b>1,081,175</b>          | <b>8,749,931</b>  |

  

|                                      | September 30,<br>2021 |                  |   |                       |   |                |                           |                   |
|--------------------------------------|-----------------------|------------------|---|-----------------------|---|----------------|---------------------------|-------------------|
|                                      | Land                  | Buildings        | Warehouse and<br>manufacturing<br>equipment | Computer<br>equipment | Office<br>furnishings<br>and<br>equipment | Vehicles       | Leasehold<br>Improvements | Total             |
|                                      | \$                    | \$               | \$  | \$                    | \$  | \$             | \$                        | \$                |
| <i>Cost</i>                          |                       |                  |   |                       |   |                |                           |                   |
| Balance at September 30, 2020        | 2,622,730             | 5,008,980        | 1,997,390                                   | 917,870               | 348,629                                   | 115,938        | 1,560,302                 | 12,571,839        |
| Additions                            | -                     | 13,953           | 9,495                                       | 84,486                | 58,386                                    | -              | 366,897                   | 533,217           |
| Effect of foreign exchange rates     | -                     | -                | (12,969)                                    | (2,380)               | (2,180)                                   | -              | (11,527)                  | (29,056)          |
| <b>Balance at September 30, 2021</b> | <b>2,622,730</b>      | <b>5,022,933</b> | <b>1,993,916</b>                            | <b>999,976</b>        | <b>404,835</b>                            | <b>115,938</b> | <b>1,915,672</b>          | <b>13,076,000</b> |
| <i>Accumulated depreciation</i>      |                       |                  |   |                       |   |                |                           |                   |
| Balance at September 30, 2020        | -                     | 865,308          | 1,166,235                                   | 647,951               | 170,411                                   | 104,531        | 489,741                   | 3,444,177         |
| Depreciation                         | -                     | 183,918          | 148,469                                     | 64,841                | 48,230                                    | 14,397         | 287,883                   | 747,738           |
| Effect of foreign exchange rates     | -                     | -                | (1,068)                                     | (266)                 | (218)                                     | -              | (1,152)                   | (2,704)           |
| <b>Balance at September 30, 2021</b> | <b>-</b>              | <b>1,049,226</b> | <b>1,313,636</b>                            | <b>712,526</b>        | <b>218,423</b>                            | <b>118,928</b> | <b>776,472</b>            | <b>4,189,211</b>  |
| <i>Net carrying amount</i>           |                       |                  |   |                       |   |                |                           |                   |
| <b>At September 30, 2021</b>         | <b>2,622,730</b>      | <b>3,973,707</b> | <b>680,280</b>                              | <b>287,450</b>        | <b>186,412</b>                            | <b>(2,990)</b> | <b>1,139,200</b>          | <b>8,886,789</b>  |

# Unisync Corp.

## Notes to the condensed interim consolidated financial statements

December 31, 2021

(Expressed in Canadian dollars)

(Unaudited)

### 6. Right of use assets

|                                      | December 31,<br>2021  |
|--------------------------------------|-----------------------|
|                                      | \$                    |
| <i>Cost</i>                          |                       |
| Balance at September 30, 2021        | 12,207,704            |
| Right of use leases added            | -                     |
| Effect of foreign exchange rates     | (9,292)               |
| <b>Balance at December 31, 2021</b>  | <b>12,198,412</b>     |
| <i>Accumulated depreciation</i>      |                       |
| Balance at September 30, 2021        | 2,802,894             |
| Depreciation                         | 373,701               |
| Effect of foreign exchange rates     | (3,388)               |
| <b>Balance at December 31, 2021</b>  | <b>3,173,207</b>      |
| <i>Net carrying amount</i>           |                       |
| <b>At December 31, 2021</b>          | <b>9,025,205</b>      |
|                                      | September 30,<br>2021 |
|                                      | \$                    |
| <i>Cost</i>                          |                       |
| Balance at September 30, 2020        | 9,184,533             |
| Right of use leases added            | 3,111,375             |
| Effect of foreign exchange rates     | (88,204)              |
| <b>Balance at September 30, 2021</b> | <b>12,207,704</b>     |
| <i>Accumulated depreciation</i>      |                       |
| Balance at September 30, 2020        | 1,366,671             |
| Depreciation                         | 1,455,288             |
| Effect of foreign exchange rates     | (19,065)              |
| <b>Balance at September 30, 2021</b> | <b>2,802,894</b>      |
| <i>Net carrying amount</i>           |                       |
| <b>At September 30, 2021</b>         | <b>9,404,810</b>      |

The Company's right of use leases are for its distribution, sales, and administrative facilities.

# Unisync Corp.

## Notes to the condensed interim consolidated financial statements

December 31, 2021

(Expressed in Canadian dollars)

(Unaudited)

### 7. Intangible assets

|                                     | December 31,<br>2021 |   |  |                            |                   |
|-------------------------------------|----------------------|---|--|----------------------------|-------------------|
|                                     | \$                   |   |  |                            |                   |
|                                     | Computer<br>software | Customer<br>relationships<br>from Carleton<br>acquisition | Customer<br>relationships<br>from Utility<br>acquisition | Standards<br>certification | Total             |
| <i>Cost</i>                         |                      |   |  |                            |                   |
| Balance at September 30, 2021       | 6,638,972            | 251,440   | 7,195,285  | 63,137                     | 14,148,834        |
| Additions                           | 274,454              | -   | -  | -                          | 274,454           |
| Effect of foreign exchange rate:    | (1,242)              | -   | -  | -                          | (1,242)           |
| <b>Balance at December 31, 2021</b> | <b>6,912,184</b>     | <b>251,440</b>  | <b>7,195,285</b>   | <b>63,137</b>              | <b>14,422,046</b> |
| <i>Accumulated amortization</i>     |                      |   |  |                            |                   |
| Balance at September 30, 2021       | 2,665,937            | 229,374   | 2,519,352  | 57,851                     | 5,472,514         |
| Amortization                        | 279,047              | 8,860   | 209,946  | 264                        | 498,117           |
| Effect of foreign exchange rate:    | (14)                 | -   | -  | -                          | (14)              |
| <b>Balance at December 31, 2021</b> | <b>2,944,970</b>     | <b>238,234</b>  | <b>2,729,298</b>   | <b>58,115</b>              | <b>5,970,617</b>  |
| <i>Net carrying amount</i>          |                      |   |  |                            |                   |
| <b>At December 31, 2021</b>         | <b>3,967,214</b>     | <b>13,206</b>   | <b>4,465,987</b>   | <b>5,022</b>               | <b>8,451,429</b>  |

  

|                                  | September 30<br>2021 |   |  |                            |                  |
|----------------------------------|----------------------|---|--|----------------------------|------------------|
|                                  | \$                   |   |  |                            |                  |
|                                  | Computer<br>software | Customer<br>relationships<br>from Carleton<br>acquisition | Customer<br>relationships<br>from Utility<br>acquisition | Standards<br>certification | Total            |
| <i>Cost</i>                      |                      |   |  |                            |                  |
| Balance at September 30, 2020    | 5,671,408            | 251,440   | 7,195,285  | 63,137                     | 13,181,270       |
| Additions                        | 969,854              | -   | -  | -                          | 969,854          |
| Effect of foreign exchange rate: | (2,290)              | -   | -  | -                          | (2,290)          |
| Balance at September 30, 2021    | 6,638,972            | 251,440   | 7,195,285  | 63,137                     | 14,148,834       |
| <i>Accumulated amortization</i>  |                      |   |  |                            |                  |
| Balance at September 30, 2020    | 1,947,284            | 193,574   | 1,679,568  | 45,224                     | 3,865,650        |
| Amortization                     | 718,953              | 35,800  | 839,784  | 12,627                     | 1,607,164        |
| Effect of foreign exchange rate: | (300)                | -   | -  | -                          | (300)            |
| Balance at September 30, 2021    | 2,665,937            | 229,374   | 2,519,352  | 57,851                     | 5,472,514        |
| <i>Net carrying amount</i>       |                      |   |  |                            |                  |
| <b>At September 30, 2021</b>     | <b>3,973,035</b>     | <b>22,066</b>   | <b>4,675,933</b>   | <b>5,286</b>               | <b>8,676,320</b> |

# Unisync Corp.

## Notes to the condensed interim consolidated financial statements

December 31, 2021

(Expressed in Canadian dollars)

(Unaudited)

### 8. Goodwill

|                 | December 31,     | September 30 |
|-----------------|------------------|--------------|
|                 | 2021             | 2021         |
|                 | \$               | \$           |
| <i>Cost</i>     |                  |              |
| Peerless and GP | <b>2,586,000</b> | 2,586,000    |
| Carleton        | <b>305,049</b>   | 305,049      |
| Omega           | <b>342,893</b>   | 342,893      |
| Utility         | <b>3,150,855</b> | 3,150,855    |
|                 | <b>6,384,797</b> | 6,384,797    |

Goodwill arose on the acquisitions of Peerless and GP in 2010, the acquisitions of Carleton and Omega in 2015 and the acquisition of Utility in 2018. For impairment testing purposes, the goodwill is allocated to the cash-generating unit ("CGU"). There has been no change to the goodwill since each acquisition.

### 9. Operating loan

The Company has established two operating loan facilities totalling \$25,500,000 with a Canadian chartered bank and an operating loan facility of US\$5,000,000 with the United States affiliate of the Canadian chartered bank to finance its working capital requirements. Borrowings under these revolving loan facilities are subject to normal margining requirements that limit borrowings to acceptable accounts receivable and inventory and the appraised value of land and buildings. As at December 31, 2021, combined drawings under the operating loan facilities were \$20,672,056 (September 30, 2021 - \$19,019,847). The borrowings under the operating loan facilities are available by way of prime rate advances, banker's acceptances or LIBOR advances. Prime rate advances under the operating loan facilities bear interest at bank prime rate plus 0.75%. During the period ended December 31, 2021, the Company incurred interest expense of \$79,991 (December 31, 2020 - \$160,060) on borrowings under its operating loan facilities. In addition, the Company has an unutilized foreign exchange loan facility to purchase foreign exchange contracts up to an aggregate of USD18,000,000, a \$200,000 credit card facility and an unutilized \$17,500,000 interest rate swap facility. Security for the loan facilities include a second mortgage on the Company's land and buildings, general security agreements, a specific pledge of certain assets and inter-company guarantees. As at December 31, 2021, the Company was in compliance with the covenants of its operating loan facilities.

# Unisync Corp.

## Notes to the condensed interim consolidated financial statements

December 31, 2021

(Expressed in Canadian dollars)

(Unaudited)

### 10. Mortgage loans

|   | December 31,<br>2021 |
|---|----------------------|
|   | \$                   |
| Balance at September 30, 2021                 | 9,847,003            |
| Repayment of mortgage loans                   | (41,262)             |
| Amortization of mortgage loans financing fees | 1,375                |
| Balance at December 31, 2021                  | 9,807,116            |
| Less: current portion of<br>mortgage loans    | 273,099              |
| Balance at December 31, 2021                  | 9,534,017            |

  

|  | September 30,<br>2021 |
|--|-----------------------|
|  | \$                    |
| Balance at September 30, 2020              | -                     |
| Proceeds from mortgage loans               | 10,000,000            |
| Mortgage loans financing costs             | (152,997)             |
| Balance at September 30, 2021              | 9,847,003             |
| Less: current portion of<br>mortgage loans | 245,035               |
| Balance at September 30, 2021              | 9,601,968             |

On July 26, 2021, the Company established two mortgage loan facilities with the Business Development Bank of Canada ("BDC") in amounts of \$3,880,000 (the "Peerless" mortgage loan) and \$6,120,000 (the "Utility" mortgage loan) secured by first mortgages over the Companies land and buildings, by general security agreements and inter-company guarantees. The BDC mortgage loans were used to repay outstanding balances under existing term loans facilities and to repay postponed shareholder advances. Advances under the Peerless and Utility mortgage loans bear interest at a fixed rate of 4.10% until May 1, 2026. The Peerless mortgage loan is repayable in blended monthly instalments of principal and interest of \$23,717 beginning on November 1, 2021 over a 240 month term. The Utility mortgage loan is repayable in blended monthly instalments of principal and interest of \$32,642 beginning on November 1, 2021 over a 300 month term. During the three months ended December 31, 2021, the Company recorded interest expense of \$70,019 (December 31, 2020 - \$nil) on borrowings under its BDC mortgage loans. As at December 31, 2021, the Company was in compliance with the covenants of its mortgage loan facilities.



# Unisync Corp.

## Notes to the condensed interim consolidated financial statements

December 31, 2021

(Expressed in Canadian dollars)

(Unaudited)

### 11. Long-term lease liabilities

|   | December 31,<br>2021  |
|---|-----------------------|
|   | \$                    |
| Balance at September 30, 2021                           | 10,979,093            |
| Leases added  | -                     |
| Repayment of lease liabilities                          | (411,614)             |
| Interest accretion                                      | 129,350               |
| Effect of foreign exchange rates                        | (14,213)              |
| Balance at December 31, 2021                            | 10,682,616            |
| Less: current portion of<br>long-term lease liabilities | 1,109,014             |
| Balance at December 31, 2021                            | 9,573,602             |
|   |                       |
|   | September 30,<br>2021 |
|   | \$                    |
| Balance at September 30, 2020                           | 8,867,429             |
| Leases added  | 3,111,375             |
| Repayment of lease liabilities                          | (1,635,720)           |
| Interest accretion                                      | 667,208               |
| Effect of foreign exchange rates                        | (31,199)              |
| Balance at September 30, 2021                           | 10,979,093            |
| Less: current portion of<br>long-term lease liabilities | 1,067,147             |
| Balance at September 30, 2021                           | 9,911,946             |

During the period ended December 31, 2021, the Company accreted interest expense of \$129,350 (December 31, 2020 - \$129,812) on its long term lease liabilities.

### 12. Due to minority partner

As part of the acquisition of Peerless in 2010, the Company and the minority partner entered into a put/call agreement at a fixed price of \$1,500,000. The notice period is a minimum duration of one year plus one day for a triggering event under the triggering events of the put/call agreement. On April 9, 2020, the Company received notice from the minority partner of Peerless that the minority partner was exercising its put option to receive payment of \$1,500,000 from the Company for the minority partner's interest in Peerless by no later than April 10, 2021. On September 30, 2021, the minority partner agreed to defer payment of the put option until October 15, 2022.

# Unisync Corp.

## Notes to the condensed interim consolidated financial statements

December 31, 2021

(Expressed in Canadian dollars)

(Unaudited)

### 13. Capital stock

#### (a) Authorized

Unlimited number of the following classes of shares:

- Common shares without par value.
- Class A preferred shares issuable in series with no voting rights.

#### (b) Shares issued and fully paid

|  | Number of shares  |                   |
|--|-------------------|-------------------|
|  | Common shares     | Amount            |
| Balance, September 30, 2020                              | 18,687,228        | 29,589,432        |
| Shares issued on exercise of stock options (Note 13 (d)) | 300,000           | 800,317           |
| Balance, September 30, 2021                              | 18,987,228        | 30,389,749        |
| Shares issued on exercise of stock options (Note 13 (d)) | 25,000            | 57,739            |
| <b>Balance, December 31, 2021</b>                        | <b>19,012,228</b> | <b>30,447,488</b> |

#### (c) Stock options

The stock option plan provides that, subject to the requirements of the TSX Exchange (the "Exchange"), the aggregate number of common shares reserved for issuance under the stock option plan may not exceed 10% of the issued and outstanding common shares of the Company.

On October 27, 2020, 1,250,00 stock options were granted for a term of five years of which 1,020,000 stock options vest over five years annually in arrears from the date in which they were granted and 230,000 stock options vest over three years annually in arrears from the date in which they were granted.

During the three months ended December 31, 2021, 25,000 options were exercised (December 31, 2020 – 250,000) and 50,000 options were forfeited (December 31, 2020 – 211,250).

The following table summarizes stock options outstanding:

|                                  | three months ended |                                 | three months ended |                                 |
|----------------------------------|--------------------|---------------------------------|--------------------|---------------------------------|
|                                  | December 31, 2021  |                                 | December 31, 2020  |                                 |
|                                  | Number of options  | Weighted average exercise price | Number of options  | Weighted average exercise price |
| Outstanding, beginning of period | 1,740,000          | 2.13                            | 1,045,000          | 2.48                            |
| Granted during the period        | -                  | -                               | 1,250,000          | 1.75                            |
| Exercised during the period      | (25,000)           | 1.75                            | (250,000)          | 1.75                            |
| Forfeited during the period      | (50,000)           | 1.75                            | (211,250)          | 1.99                            |
| Outstanding, end of period       | 1,665,000          | 2.15                            | 1,833,750          | 2.14                            |

Based on the above vesting schedule, a stock option compensation expense of \$58,088 was recognized for the three month period ended December 31, 2021 (December 31, 2020 - \$153,694) and a corresponding amount was added to share-based payment reserve as a reserve for share-based payments. Option pricing models require the use of highly subjective estimates and assumptions, changes in which can materially affect the value estimates.

# Unisync Corp.

## Notes to the condensed interim consolidated financial statements

December 31, 2021

(Expressed in Canadian dollars)

(Unaudited)

### 14. Government Stimulus Subsidy

The Company has participated in the Canada Emergency Wage Subsidy ("CEWS") stimulus offered by the Federal Government of Canada to help offset the negative impact of the COVID-19 pandemic. The CEWS provides qualifying companies with a monthly financial support grant based on payroll, subject to certain caps. Eligibility is triggered by and scaled according to the reduction in year-over-year Canadian revenue on a month by month basis. The Company recognized government stimulus subsidy income as reductions of \$8,745 (December 31, 2020 - \$43,116) to direct expenses and \$3,001 (December 31, 2020 - \$16,740) to general and administrative expenses.

### 15. Income taxes

Income tax expense is recognized based on management's estimate of the weighted average annual income tax rate (see below) applicable to consolidated profits of the Company are as follows:

|                                 | three months ended<br>December 31,<br>2021 | three months ended<br>December 31,<br>2020 |
|---------------------------------|--|--|
|                                 | \$   | \$   |
| Income tax (recovery) expense   | -  | -  |
| Deferred tax (recovery) expense | <b>(28,733)</b>                            | 298,942                                    |
| Income tax (recovery) expense   | <b>(28,733)</b>                            | 298,942                                    |

The tax on the Company's net (loss) income before tax differs from the amount that would arise using the weighted average tax rate applicable to consolidated profits of the Company as follows:

|  | three months ended<br>December 31,<br>2021 | three months ended<br>December 31,<br>2020 |
|--|--|--|
|  | \$   | \$   |
| Net income (loss) before income taxes  | <b>(129,743)</b>                           | 1,060,116                                  |
| Tax rate                               | <b>26.2%</b>                               | 26.2%                                      |
|  | <b>(34,056)</b>                            | 278,269                                    |
| Taxes attributable to minority partner | <b>(18,640)</b>                            | (22,625)                                   |
| True-ups                               | <b>6,104</b>                               | -  |
| Permanent differences                  | <b>17,859</b>                              | 43,298                                     |
| Income tax expense                     | <b>(28,733)</b>                            | 298,942                                    |

The Company's deferred tax asset (liability) consists of the following:

|   | December 31,<br>2021 | September 30,<br>2021 |
|---|----------------------|-----------------------|
|   | \$                   | \$                    |
| Deferred tax assets                                   |                      |                       |
| Available non-capital losses and other tax deductions | <b>4,330,124</b>     | 4,330,385             |
| Deferred tax liabilities                              |                      |                       |
| Property, plant and equipment                         | <b>(2,125,049)</b>   | (2,154,043)           |
|   | <b>2,205,075</b>     | 2,176,342             |

# Unisync Corp.

## Notes to the condensed interim consolidated financial statements

December 31, 2021

(Expressed in Canadian dollars)

(Unaudited)

### 15. Income taxes (continued)

The Company has non-capital losses of approximately \$14,860,000 (September 30, 2021 - \$14,860,000) that can be applied against future years' taxable income for Canadian income tax purposes. These losses were recognized as a deferred tax asset in the amount of \$4,012,200 (September 30, 2021 - \$4,012,200) that is included in the deferred tax asset balance at December 31, 2021. The Company has recognized these losses as a deferred income tax asset as it expects to utilize these losses against income from the sale of uniform products for which the Company held contracts at December 31, 2021.

### 16. Expenses by nature

|  | three months ended<br>December 31,<br>2021 | three months ended<br>December 31,<br>2020 |
|--|--|--|
|  | \$   | \$   |
| <b>Direct expenses:</b>  |  |  |
| Materials  | 10,767,645                                 | 13,803,722                                 |
| Wages and benefits   | 2,574,104                                  | 2,111,163                                  |
| Subcontract fees   | 1,451,849                                  | 756,366                                    |
| Delivery   | 1,236,278                                  | 834,654                                    |
| Rent, utilities and other property costs                                       | 377,375                                    | 369,160                                    |
| Insurance  | 2,545                                      | 268  |
| Other  | 28,972                                     | 82,943                                     |
|  | <b>16,438,768</b>                          | <b>17,958,276</b>                          |
| <b>General and administrative expenses:</b>                                    |  |  |
| Wages and benefits   | 2,326,448                                  | 2,646,973                                  |
| Data services, system maintenance, telecommunications<br>and software licenses | 642,289                                    | 528,046                                    |
| Legal, bank, insurance and professional services                               | 505,291                                    | 641,869                                    |
| Advertising, marketing and other promotion costs                               | 119,009                                    | 111,869                                    |
| Rent, utilities and other property costs                                       | 106,882                                    | 76,919                                     |
| Other  | 454,350                                    | 390,028                                    |
|  | <b>4,154,269</b>                           | <b>4,395,704</b>                           |

### 17. Commitments and contingencies

- (a) At December 31, 2021, the Company had \$2,871,000 (September 30, 2021 - \$2,471,000) in letters of credit outstanding.
- (b) The Company is the subject of litigation by former employees claiming damages for termination without cause. Management believes that these claims are without merit and the Company has countersued the employees for conflict of interest and dishonesty. No provision or recovery for these claims was recorded as of December 31, 2021 (September 30, 2021 - \$nil)

### 18. Economic dependence

During the three month period ended December 31, 2021, revenue from the Canadian military and other Canadian governmental agencies accounted for 21% of total revenue (December 31, 2020 - 24%), and revenue from a Canadian airline industry customer accounted for 11% of total revenue (December 31, 2020 - 5%).

# Unisync Corp.

## Notes to the condensed interim consolidated financial statements

December 31, 2021

(Expressed in Canadian dollars)

(Unaudited)

### 19. Segmented information

The Company has two reportable operating segments, Peerless and UGL. While both segments are involved in the distribution and manufacture of garments and uniforms and the sale of product to government agencies and corporate entities in Canada, Peerless is primarily engaged in manufacturing products for government agencies while UGL is primarily involved in distributing products to corporate entities. The segments are separately managed for reporting purposes.

Performance is measured based on segment income before income taxes, as included in the internal management reports reviewed by the Company's chief operating decision maker. Management has determined that this measure is the most relevant in evaluating segment results.

|   | December 31, |            |   |                   |
|---|--------------|------------|---|-------------------|
|   | 2021         |            |   |                   |
|   | Peerless     | UGL        | Eliminations<br>adjustments and<br>corporate expenses | Total             |
|   | \$           | \$         | \$  | \$                |
| Revenue   | 4,348,690    | 17,495,164 | (8,387)   | <b>21,835,467</b> |
| Direct expenses                                       | 3,257,515    | 13,189,640 | (8,387)   | <b>16,438,768</b> |
| General and administrative expenses                   | 347,570      | 3,527,114  | 279,585   | <b>4,154,269</b>  |
| Depreciation and amortization                         | 12,593       | 912,372    | 109,760   | <b>1,034,725</b>  |
|   | 731,012      | (133,962)  | (389,345)   | <b>207,705</b>    |
| Interest expense                                      | 20,439       | 258,921    | -   | <b>279,360</b>    |
| Share based payment                                   | -            | -          | 58,088  | <b>58,088</b>     |
| Net income (loss) before income taxes                 | 710,573      | (392,883)  | (447,433)   | <b>(129,743)</b>  |
| Capital expenditures on property, plant and equipment | 4,350        | 24,085     | -   | <b>28,435</b>     |
| Capital expenditures on intangible assets             | -            | 274,454    | -   | <b>274,454</b>    |
| Total assets  | 11,563,294   | 67,686,406 | 13,245,262  | <b>92,494,962</b> |
| Property, plant and equipment                         | 900,441      | 4,413,618  | 3,435,872   | <b>8,749,931</b>  |
| Right of use assets                                   | -            | 9,025,205  | -   | <b>9,025,205</b>  |
| Intangible assets                                     | -            | 5,734,598  | 2,716,831   | <b>8,451,429</b>  |
| Goodwill  | -            | 1,221,695  | 5,163,102   | <b>6,384,797</b>  |
| Liabilities, excluding due to minority partner        | 7,014,430    | 54,545,710 | -   | <b>61,560,140</b> |

# Unisync Corp.

## Notes to the condensed interim consolidated financial statements

December 31, 2021

(Expressed in Canadian dollars)

(Unaudited)

### 19. Segmented information (continued)

|   | December 31,<br>2020 |            |   |                   |
|---|----------------------|------------|---|-------------------|
|   | Peerless             | UGL        | Eliminations<br>adjustments and<br>corporate expenses | Total             |
|   | \$                   | \$         | \$  | \$                |
| Revenue   | 5,276,036            | 20,273,490 | (481,206)   | <b>25,068,320</b> |
| Direct expenses                                       | 4,067,650            | 14,371,832 | (481,206)   | <b>17,958,276</b> |
| General and administrative expenses                   | 341,521              | 3,690,815  | 363,368   | <b>4,395,704</b>  |
| Depreciation and amortization                         | 17,229               | 818,733    | 107,702   | <b>943,664</b>    |
|   | 849,636              | 1,392,110  | (471,070)   | <b>1,770,676</b>  |
| Interest expense                                      | 13,885               | 317,816    | 225,165   | <b>556,866</b>    |
| Share based payment                                   | -                    | -          | 153,694   | <b>153,694</b>    |
| Net income (loss) before income taxes                 | 835,751              | 1,074,294  | (849,929)   | <b>1,060,116</b>  |
| Capital expenditures on property, plant and equipment | 25,602               | 312,753    | -   | <b>338,355</b>    |
| Capital expenditures on intangible assets             | -                    | 193,198    | -   | <b>193,198</b>    |
| Total assets  | 8,870,357            | 67,352,303 | 12,738,448  | <b>88,961,108</b> |
| Property, plant and equipment                         | 962,842              | 4,802,828  | 3,461,606   | <b>9,227,276</b>  |
| Right of use assets                                   | -                    | 7,369,470  | -   | <b>7,369,470</b>  |
| Intangible assets                                     | -                    | 6,034,205  | 3,119,324   | <b>9,153,529</b>  |
| Goodwill  | -                    | 1,221,695  | 5,163,102   | <b>6,384,797</b>  |
| Liabilities, excluding due to minority partner        | 4,028,502            | 47,155,983 | 3,833,220   | <b>55,017,705</b> |