



UNISYNC Reports Rising Q2 Fiscal 2023 Revenues

Toronto, ON May 15, 2023: Unisync Corp. ("Unisync") (TSX:"UNI") (OTCQX:"USYNF") announces its audited financial results for the second quarter ended March 31, 2023 of its 2023 fiscal year ("Q2 2023"). Unisync operates through two business units: Unisync Group Limited ("UGL") with operations throughout Canada and the USA and 90% owned Peerless Garments LP ("Peerless"), a domestic manufacturing operation based in Winnipeg, Manitoba. UGL is a leading customer-focused provider of corporate apparel, serving many leading Canadian and American iconic brands. Peerless specializes in the production and distribution of highly technical protective garments, including military operational clothing and accessories for a broad spectrum of Federal, Provincial and Municipal government departments and agencies.

Results for Q2 2023 versus Q2 2022

Revenue for Q2 2023 of \$28.7 million rose by \$4.1 million or 17% from Q2 2022, due to a \$6.4 million revenue improvement in the UGL segment less a \$2.3 million revenue decrease in the Peerless segment. UGL segment revenue of \$25.9 million increased by 33% over the same period in the prior year on an improvement in sales to the segment's airline accounts. The dramatic increase in sales to the Company's airline accounts was caused by the continued post pandemic rebound in the airline industry where staffing levels have surged above pre-pandemic levels. The revenue decrease in the Peerless segment in the current quarter was due to lower uniform product sales to the Department of National Defence ("DND") on account of delays in the receipt of key fabric and the exercise of contract options by the DND.

Gross profit for Q2 2023 of \$4.1 million was down \$1.0 million from Q2 2022 and the gross profit margin declined to 14.4% of revenue from 20.7% on account of the lower volume of sales in the Peerless segment and the absorption of higher freight costs in the UGL segment. The UGL segment realized a gross profit of \$3.4 million or 13% of segment revenue compared to \$4.3 million or 22% of segment revenue in the same quarter of the prior fiscal year. Gross profit margins continue to be squeezed as UGL works through higher-than-normal product costs caused in part by the unprecedented increase in offshore delivery costs when container rates peaked for an extended period at up to 10 times pre-pandemic levels.

At \$4.3 million, total general and administrative expenses for Q2 2023 were down \$0.6 million or 12% from Q2 2022 when separation costs were incurred on the transition to a new focused senior management leadership structure.

Interest expense of \$0.9 million in Q2 2023 was up \$0.5 million from Q2 2022 due to higher interest costs combined with the need for greater short-term borrowings to finance the growth in inventory and receivable levels.

The Company reported a net loss before tax of \$0.8 million in Q2 2023 compared to a net loss of \$0.3 million in Q2 2022. Adjusted EBITDA was \$1.1 million for Q2 2022 versus \$1.3 million for Q2 2022.

More detailed information is contained in the Company's Consolidated Financial Statements for the quarter ended March 31, 2023 and Management Discussion and Analysis dated May 12, 2023 which may be accessed at www.sedar.com.

Business Outlook

The Company's North American airline accounts continue to experience strong demand and have returned to pre-pandemic passenger volumes. The Company expects that this will continue to result in strong uniform sales to its airline accounts throughout fiscal 2023. The flow of offshore ocean shipments continues to improve, and the costs of container shipments have stabilized at pre-pandemic levels following the inflated levels experienced during the pandemic. New product orders are at an all-time high as evidenced by the increase in deferred revenue to \$21.4 million at March 31, 2023 compared to \$16.7 million as at September 30, 2022 and \$5.0 million as at September 30, 2021. Approximately 60% of the deferred revenue at the end of Q2 2023 represents deposits on custom garment production in process, with the balance representing customer deposits at full selling prices covering slow moving inventory awaiting a disposition decision. The Company believes that these trends will allow the Company to continue to reduce its order delivery backlog and to right-size the quantity of uniform products held in its distribution centres over the balance of the fiscal year.

The Company continues to place strong focus on the US market. UGL is in advanced discussions with a number of major corporations with respect to their image wear programs totalling close to US\$100 million annually in potential new business. Additionally, UGL has been added as an approved supplier to an extensive list of major customers that are also scheduled to come to market during the 2023 calendar year.

With \$13 million in firm contracts and options on hand as at March 31, 2023, the Peerless business segment is positioned to maintain its current level of revenues and profitability over the balance of fiscal 2023.

Our primary strategy has been concentrated to date on building an infrastructure of strong management and advanced systems and a referenceable base of iconic clients to fuel future growth and profitability. As we move out of this platform building phase, management and your board are committed to achieving continued future growth and the development of an improved level of profitability to enhance shareholder value.

On Behalf of the Board of Directors

Douglas F Good
CEO

Investor relations contact:

Douglas F Good, CEO at 778-370-1725 [Email: dgood@unisyncgroup.com](mailto:dgood@unisyncgroup.com)

Forward Looking Statements

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