



Unisync Reports Improving Q3 Financial Performance on Lower Revenues

TORONTO, Aug. 15, 2024 -- **Unisync Corp.** ("Unisync") (TSX:"UNI") (OTC:"USYNF") announces its unaudited financial results for the third quarter ended June 30, 2024 ("Q3 2024"). Unisync operates through two business units: Unisync Group Limited ("UGL") with operations throughout Canada and the USA and majority 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 Q3 2024 versus Q3 2023

Consolidated revenue for Q3 2024 of \$21.2 million was down \$4.2 million or 16.5% from Q3 2023. UGL segment revenue of \$18.1 million in the current quarter was off \$4.6 million or 20.2% due to an above normal seasonal slowdown in replenishment orders and orders from customers for new hires who require a full complement of work wear. Peerless segment revenue of \$3.2 million for the quarter was higher than Q3 2023 by \$0.5 million.

Despite lower revenues, the UGL segment experienced a \$1.0 million increase in gross profit to \$2.3 million or 12.6% of segment revenue compared to \$1.3 million or 5.9% of segment revenue in Q3 2023.

The Peerless segment experienced an increase in revenue of \$0.5 million compared to the same quarter last year and recorded gross profit of \$0.9 million or 28.6% of segment revenue against \$0.7 million or 23.7% of segment revenue on a higher margin mix of product sales while discontinuing the use of subcontractors to perform a portion of manufacturing output.

At \$3.3 million, consolidated general and administrative expenses were down \$0.7 million or 17.0% from Q3 2023 due to overhead reductions associated with the consolidation of the Carleton Place, Ontario and the Saint-Laurent, Quebec facilities into the more efficient Mississauga and Guelph facilities.

Interest expense of \$1.0 million in the current quarter was higher than the same quarter of fiscal 2023 due to an increase in average debt outstanding, which was partially offset by lower borrowing costs with the August 2023 BDC mortgage loan financing that replaced previously availed high-interest rate shareholder loans.

The Company reported a net loss before tax of \$1.2 million in the quarter compared to a loss of \$2.9 million in the same quarter last year. Adjusted EBITDA in the current quarter was \$1.1 million versus a loss of \$0.9 million for the corresponding 3-month period last year.

Business Outlook

During the third quarter of fiscal 2024, the Company continued to gain positive pricing adjustments under its customer contracts and has relocated offshore production from a number of factories with higher labour costs and subject to import duty, to those that offer lower labour costs and/or are duty-free. We expect these initiatives to positively impact future margins for UGL as these reduced input costs get reflected in the weighted average cost of inventory, although we are again experiencing increases in offshore container costs as a result of the geopolitical disruptions in the Middle East that could offset some of these input cost gains. In addition, the UGL segment continues to pursue additional headcount reductions and operational efficiencies that should result in lower Direct and Administrative costs going forward. We are also aggressively pursuing a tenant to lease out the resulting 40,000+ square feet of vacated space at its Saint-Laurent facility or an outright sale of the 60,000 square foot facility which, in either case, will materially reduce UGL's direct overhead costs.

With respect to new business, UGL management continues to actively pursue a number of material business opportunities that are currently under bid or coming to market during the 2024 calendar year in both the Canadian and US marketplace.

With \$36 million in firm contracts and options on hand as of June 30, 2024, the Peerless business segment is positioned to maintain its current level of revenues and profitability over the balance of fiscal 2024 and into fiscal 2025, although production levels will continue to fluctuate due to delays being experienced in the supply of materials and the timely release of production schedules by the Department of National Defense.

More detailed information is contained in the Company's Consolidated Financial Statements for the quarter ended June 30, 2024 and Management Discussion and Analysis dated August 13, 2024 which may be accessed at www.sedarplus.com.

On Behalf of the Board of Directors

Douglas F Good
CEO

Investor relations contact:

Adjusted EBITDA.

Adjusted EBITDA does not have a standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers and should not be considered in isolation nor as a substitute for financial information reported under IFRS. Unisync uses non-IFRS measures, including Adjusted EBITDA, to provide shareholders with supplemental measures of its operating performance. Unisync believes adjusted EBITDA is a widely accepted indicator of an entity's ability to incur and service debt and commonly used by the investing community to value businesses.

Forward Looking Statements

This news release may contain forward-looking statements that involve known and unknown risk and uncertainties that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in these forward-looking statements. Any forward-looking statements contained herein are made as of the date of this news release and are expressly qualified in their entirety by this cautionary statement. Except as required by law, the Company undertakes no obligation to publicly update or revise any such forward-looking statements to reflect any change in its expectations or in events, conditions or circumstances on which any such forward-looking statements may be based, or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements. Neither the TSX nor its Regulation Services Provider (as that term is defined in the policies of the TSX) accepts responsibility for the adequacy or accuracy of this release.