



## UNISYNC Reports Improved Fourth Quarter Financial Results

VANCOUVER, British Columbia, Dec. 18, 2019 -- Unisync Corp. (the "Company")(TSX:"UNI") generated revenue of \$20.4 million for the three months ended September 30, 2019, an increase of \$8.6 million or 73% over the three months ended September 30, 2018.

The Company operates through two business segments: Unisync Group Limited ("UGL") with its North American head office in Mississauga, Ontario and Peerless Garments LP based in Winnipeg, Manitoba ("Peerless"). 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, military operational clothing and accessories for a broad spectrum of Federal, Provincial and Municipal government departments and agencies.

The revenue improvement in Q4 2019 over Q4 2018 was the result of a \$7.2 million revenue increase in the UGL segment and a \$1.4 million revenue improvement in the Peerless segment. Fourth quarter 2019 UGL segment revenue of \$17.2 million represented an increase of 72% over the same period in the prior year with the addition of \$4.9 million of revenue from the Utility Garments Inc ("Utility") acquisition and \$2.3 million in US market sales.

With the increase in sales experienced in both the UGL and Peerless segments, gross profit for the three months ended September 30, 2019 of \$4.4 million or 22% of revenue was up from \$0.7 million or 6% of revenue during the three months ended September 30, 2018. The UGL segment recorded gross profit of \$4.0 million or 24% of segment revenue compared to \$0.5 million or 5% of segment revenue in the same quarter of the prior fiscal year. The Peerless segment recorded gross profit of \$0.4 million or 14% of segment revenue in the fourth quarter of fiscal 2019 against \$0.2 million or 11% of segment revenue in the same quarter of the prior fiscal year.

At \$3.9 million, total general and administrative expenses for the three months ended September 30, 2019 were up \$1.7 million or 77% from the three months ended September 30, 2018 due to the Utility acquisition (\$0.7 million), the new US locations opened in New Jersey and Nevada (\$0.4 million) and increases of \$0.8 million and \$0.3 million in the existing UGL and Peerless segments respectively. General and administrative expenses rose in the UGL segment due to additional sales and customer service staffing, partially in preparation for a major uniform rollout for its second largest airline account in subsequent quarters, while the Peerless segment recorded an increase in compensation and related costs.

The Company reported a net loss of \$0.2 million in the quarter ended September 30, 2019 compared to a net loss of \$1.2 million in the same quarter last year for the reasons cited above. Cash flow from operations, before non-cash working capital items and distributions to a minority partner, was \$0.9 million for the three months ended September 30, 2019 versus negative \$1.3 million for the three-month period ended September 30, 2018.

### Fiscal Year 2019 Financial Results

Revenue for the 2019 fiscal year ended September 30, 2019 of \$78.0 million represented a \$1.2 million increase or 2% from the prior year on a \$0.3 million rise in revenue in the UGL segment to \$66.2 million and a \$0.9 million revenue increase to \$11.8 million in the Peerless segment. Revenue remained essentially flat in the UGL segment as the contribution of \$20.5 million from the Utility acquisition and \$3.9 million from the New Jersey operations were offset by the expected decline in revenue from the UGL segment's existing customer base particularly coming off the prior year's strong comparatives related to that year's major uniform rollout to its largest Canadian airline customer. In fiscal 2019, the UGL segment did not have the benefit of the economies of scale resulting from those significant new uniform shipments in the prior year to that airline customer nor to its largest drug store account. Revenues from these two sources were down \$18.0 million and \$1.5 million respectively year over year as these customers under long-term contract returned to normal replenishment levels.

The Company reported a net loss of \$4.0 million for the year ended September 30, 2019 compared to a profit of \$7.2 million in the year before. Cash flow from operations, before non-cash working capital items and distributions to a minority partner, improved through Q4 2019 but ended as a loss of \$1.7 million for the fiscal 2019 year, down from a positive cash flow of \$9.9 million in fiscal 2018.

### Business Outlook

The UGL segment's next significant new uniform rollout for its second largest airline account began out of its newly established US based distribution and service facility during mid-September 2019 and is expected to continue through March 2020 and then return to normal replenishment levels.

Fiscal 2019 was a foundation building year for the Company that saw key operational executive changes, the transition to a more stable and higher maintainable revenue base with the recently announced addition of two new airline uniform programs, and the expansion of its geographical footprint through two recently announced acquisitions. During fiscal 2019, the Company also enhanced its electronic store front capabilities through the implementation of a more user-friendly proprietary system and made significant progress in the launch of a new and improved ERP system. These enhanced capabilities will improve future operational efficiencies and build on our market position as a formidable contender for large managed uniform programs.

With the delivery of the new uniform program for our second largest airline and the recent assumption of the WestJet managed

uniform program, the UGL segment ended the 2019 fiscal year with \$14 million in deferred revenue representing customer partial deposits on custom uniform orders in process - a large increase from only \$1 million at the end of fiscal 2018. Based on an escalation in shipments of US based orders already secured with confirmed shipping dates, the Company expects an increase in revenues and significantly improved profitability commencing in the current quarter ended December 31, 2019.

In anticipation of future growth opportunities in the US and upon receipt of an Export Development Canada guarantee issued under the EDC Export Guarantee Program, the Company established a US\$5 million operating loan facility to be provided to Unisync's US operating subsidiary, Unisync (Nevada) LLC.

The combined operations of UGL and Peerless represent a vertically integrated North American enterprise with exceptional capabilities in garment design, domestic manufacturing and off-shore outsourcing, including state-of-the-art web based B2B ordering, distribution and program management systems.

On Behalf of the Board of Directors

Douglas F Good  
Executive Chairman

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**Forward Looking Statements**

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