



Unisync Reports Year Over Year Improvement in Q3 EBITDA Despite Unprecedented Economic Challenges Caused by COVID-19

TORONTO, Aug. 14, 2020 -- Unisync Corp. (TSX: "UNI") (the "Company") operates through two business segments: Unisync Group Limited ("UGL") headquartered in Mississauga, Ontario and Peerless Garments LP ("Peerless") based in Winnipeg, Manitoba.

Consolidated revenue for the three months ended June 30, 2020 ("Q3 2020") of \$17.2 million decreased by \$4.4 million or 20% over the three months ended June 30, 2019 ("Q3 2019") on a \$5.5 million revenue drop in the UGL segment partially offset by a \$1.1 million revenue improvement in the Peerless segment. Revenue for the 9 month period ended June 30, 2020 of \$72.0 million was 25% higher than the \$57.6 million reported for the same period last year.

UGL segment revenue of \$12.2 million decreased by 31% over Q3 2019 caused by the impact of the COVID-19 pandemic which particularly effected its customers in the airline and hospitality sectors. UGL's major airline customers announced substantial reductions in flights in conjunction with substantial staff layoffs resulting in a combined \$3.2 million decrease in uniform sales to these customers from Q3 2019. Hospitality sector uniform sales to casino and amusement park operators were down \$1.4 million as these businesses were either closed or at limited capacity for most of the current quarter across North America. The UGL segment's sales to customers in the retail and food services industries were also negatively impacted to varying degrees in the quarter while public safety sector sales were steady. In order to minimize the impact of the pandemic on Company revenues and to react to the changing marketplace, the UGL segment pivoted to pursue personal protective equipment ("PPE") opportunities generating sales with existing and new customers of \$3.0 million in Q3 2020. Most of these PPE sales were in the form of disposable and reusable non-medical masks. Included in the revenue increase experienced by the Peerless segment in Q3 2020 was \$0.3 million of PPE sales in the form of masks and gowns manufactured at the segment's Winnipeg facility.

Gross profit for Q3, 2020 of \$2.1 million or 12% of revenue was down from \$2.9 million or 13% of revenue in Q3 2019. The UGL segment recorded gross profit of \$1.2 million or 10% of segment revenue compared to \$2.3 million or 13% of segment revenue in Q3 2019. The decline in gross profit in the UGL segment was caused by both the change in sales mix with higher margin managed uniform program sales being substituted with lower margin PPE sales plus the effect of a lower volume of sales on the fixed facility costs. To lessen the impact caused by the decline in revenues, the UGL segment reduced staffing by 117 employees or 44% at the beginning of Q3 2020 and accessed the Canadian Emergency Wage Subsidy and the United States Paycheck Protection programs to support the payroll costs of the remaining employees. The Peerless segment recorded gross profit of \$1.1 million or 22% of segment revenue in Q3 2020 against \$1.0 million or 25% of segment revenue in Q3 2019.

Total general and administrative expenses of \$3.3 million for Q3 2020 fell \$1.3 million or 28% from Q3 2019 primarily due to both staff reductions and the wage subsidy programs.

The Company's net loss of \$1.1 million in Q3 2020 compared to a net loss of \$1.6 million in Q3 2019. Adjusted EBITDA (comprehensive income before interest expense, income taxes, depreciation and amortization, share-based payment, and acquisition related costs) was a loss of \$0.4 million compared to a loss of \$0.9 million for the comparable quarter last year.

More detailed information is contained in the Company's Interim Financial Statements for the three months ended June 30, 2020 and Management Discussion and Analysis dated August 13, 2020 which may be accessed at www.sedar.com.

Business Outlook

Notwithstanding the significant downturn in business caused by the pandemic, Unisync continues to build its base of long-term managed uniform customers with major well-known corporations and government agencies during these difficult times. The UGL segment has added a number of new corporate clients this fiscal year and is placing an increased focus on government accounts which has resulted in the award of a long-term managed contract for the supply of uniforms to the Canadian Coast Guard. We are also short-listed on a number of other Requests for Proposals ("RFPs") both in Canada and the US. As our base of long-term managed uniform accounts continues to expand and our larger existing long-term accounts currently experiencing major layoffs start to gradually return to normal capacity levels over the next year or two, Unisync is positioned to achieve continued growth combined with more normal levels of profitability.

Unisync recently announced the launch of its new eCommerce venture, Tactical Gear Experts ("TGE"), targeting the Outdoor, Tactical and Lifestyle product markets across Canada and the USA. This B2C and B2B eCommerce platform represents a major growth opportunity for Unisync that will provide consumers with a broad selection of the very best Tactical and Outdoor equipment shipped across Canada and the USA drawing on our decades of experience as a major Canadian military and public safety supplier.

In addition, our management team is working aggressively to pursue significant opportunities in the PPE space with bids ongoing for large volume contracts at all levels of government in Canada and the United States.

An RFP document for the supply and management of operational clothing and footwear ("OCFC2") was released by the Canadian Federal Government in 2019 soliciting bidders for a 20-year \$1 billion contract. The OCFC2 contract involves the

DND's plans to outsource the procurement, warehousing and distribution of operational clothing, footwear, and personal equipment under one contract. The contract is expected to include provisions for the development of a direct delivery system between the contractor and the individual military member for select items and include a services component for the improvement and development of related items. UGL's Canadian distribution capabilities combined with Peerless' domestic manufacturing experience with the DND provide industry leading domestic qualifications for the Company's bid. Responses to the OCFC2 RFP bid are now due in January 2021.

On Behalf of the Board of Directors

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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.