



UNISYNC Reports Fiscal 2021 Financial Results

TORONTO, Dec. 29, 2021 (GLOBE NEWSWIRE) -- **Unisync Corp.** ("Unisync") (TSX:"UNI") (OTCQX:"USYNF") announces its audited financial results for the fourth quarter and fiscal year ended September 30, 2021. 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, military operational clothing and accessories for a broad spectrum of Federal, Provincial and Municipal government departments and agencies.

Results for Fiscal 2021 versus Fiscal 2020

Revenue for the year ended September 30, 2021 of \$86.3 million decreased by \$6.8 million or 7% from the prior year on a \$4.6 million decline in revenue in the UGL segment to \$68.9 million and a \$2.2 million revenue reduction to \$18.5 million in the Peerless segment. UGL segment revenue decreased by 6% over the prior year as a result of the segment's transportation revenues falling \$11.1 million from a year ago due to massive employee layoffs caused by COVID-19 pandemic travel restrictions. These sales declines, mainly within the UGL segment's airline accounts, were partially offset by a \$4.7 million increase in personal protective equipment ("PPE") sales which Unisync began distributing for the first time during the third quarter of fiscal 2020. The Peerless segment's revenue fell 11% over the prior year, despite a \$2.7 million increase in PPE sales, with a decline in the release of new contracts and the exercise of outstanding options on existing contracts by the Department of National Defence ("DND"), the segment's largest customer.

Gross profit of \$15.8 million slipped to 18.3% of revenue from 18.9% of revenue in the prior year due to less absorption of fixed costs. The UGL segment recorded gross profit of \$12.2 million while the segment's gross profit margin dropped to 18% of revenue from 19% of revenue due to lower economies of scale. Stimulus subsidies in an amount of \$0.3 million (2020 - \$1.0 million) received from the Federal Governments of Canada under the Canada Emergency Wage Subsidy ("CEWS") and from the United States under the Paycheck Protection Program ("PPP") to help offset the negative impact of the COVID-19 pandemic reduced direct payroll costs in the UGL segment and minimized layoffs for employees that would have been otherwise affected. The Peerless segment's gross profit margin rose from 20% of revenue to 22% of revenue on account of the product mix of sales.

Depreciation and amortization expense rose by \$0.6 million from fiscal 2020 to \$3.8 million in the current year primarily on account of a full year's amortization of the Company's new Enterprise Resource Planning ("ERP") software.

General and administrative expenses increased by less than 1% to \$16.5 million for the year ended September 30, 2021 after receipt of CEWS and PPP amounts of \$0.1 million (2020- \$0.8 million). Total interest expense of \$2.2 million for the year ended September 30, 2021 decreased by \$0.4 million from the prior year on account of lower utilization on the Company's operating lines of credit and lower interest rates following the onset of the COVID-19 pandemic in March 2020. The share-based payment expense rose to \$0.4 million in the current year from \$0.1 million in the previous year with the grant of 1,250,000 (2020 – nil) stock options in October 2020.

The Company reported a net loss attributable to Unisync shareholders of \$2.8 million, (\$0.15 per share) for the year ended September 30, 2021 compared to a loss of \$1.3 million (\$0.07 per share) in the year before. Adjusted EBITDA (comprehensive income before interest expense, income taxes, depreciation and amortization, share-based payment, and acquisition related costs) was \$3.1 million for fiscal 2021 compared to \$4.5 million for fiscal 2020.

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.

Results for Q4 2021 versus Q4 2020

Revenue for the three months ended September 30, 2021 of \$19.4 million decreased by \$1.7 million or 8% over the three months ended September 30, 2020. Excluding PPE revenue, Q4 2021 revenues increased 15% over the corresponding quarter last year, while PPE related revenue decreased from \$6.7 million in Q4 2020 to \$2.8 million in Q4 2021.

Gross profit for the three months ended September 30, 2021 of \$2.7 million or 14% of revenue was down from 19% of revenue in the same period last year on account of reduced operating leverage on the lower volume of sales and a swing in foreign exchange rates as the Canadian dollar weakened by 3% against the US dollar in the current period compared to a strengthening of 2% in the 4th quarter of fiscal 2020. The UGL segment recorded gross profit of \$1.9 million or 12% of segment revenue compared to \$2.5 million or 16% of segment revenue in the same quarter of the prior fiscal year as an exchange loss of \$0.3 million was included in direct expenses in the current period compared to an exchange gain of \$0.2 million in the same period of the prior year. The Peerless segment recorded gross profit of \$0.8 million or 22% of segment revenue in the fourth

quarter of fiscal 2021 against \$1.5 million or 24% of segment revenue in the same quarter of the prior fiscal year.

At \$3.8 million, total general and administrative expenses for the three months ended September 30, 2021 were up \$0.1 million from the three months ended September 30, 2020.

Interest expense of \$0.7 million for the current quarter was up \$0.1 million from the same period last year due to interest incurred on the extension of long-term lease obligations at the Company's Guelph, Ontario distribution facility in the current quarter.

The Company reported a net loss of \$1.5 million in the quarter ended September 30, 2021 compared to a net loss of \$0.3 million in the same quarter last year for the reasons cited above. Adjusted EBITDA was a loss of \$0.4 million for the three months ended September 30, 2021 versus \$0.8 million for the three-month period ended September 30, 2020.

More detailed information is contained in the Company's Consolidated Financial Statements for the fiscal year ended September 30, 2021 and Management Discussion and Analysis dated December 23, 2021 which may be accessed at www.sedar.com.

Business Trends

The Company began seeing a build-up in orders in the transportation and hospitality sectors during the latter part of Q4 2021 and, notwithstanding the recent surge in COVID cases caused by the Omicron variant, continues to experience a strong increase in uniform orders from these sectors to pre-pandemic levels. With a resulting 50% increase in deferred revenue to \$12.4 million at the end of fiscal 2021 complimented by recent new account additions, management expects an improving revenue and profitability picture as we move through fiscal 2022.

On Behalf of the Board of Directors

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Forward Looking Statements

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