

UNISYNC CORP.

**Management Discussion and Analysis
For the year ended September 30, 2022**

Prepared as at December 28, 2022

UNISYNC CORP.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS For the year ended September 30, 2022

BACKGROUND

The following discussion and analysis, prepared as of December 28, 2022, should be read together with the audited consolidated financial statements and the accompanying notes for the years ended September 30, 2022 and September 30, 2021 prepared in accordance with International Financial Reporting Standards. All amounts are stated in Canadian dollars unless otherwise indicated.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, and actual results could vary considerably from these statements (see section headed "Forward-Looking Information"). Readers are cautioned not to put undue reliance on forward-looking statements.

Additional information related to Unisync Corp. is available for view on SEDAR at www.sedar.com.

DESCRIPTION OF BUSINESS

Unisync Corp. is a British Columbia corporation and reporting issuer in British Columbia, Alberta, Manitoba and Ontario. Unisync's voting Common Shares are listed and posted for trading on the TSX Exchange under the symbol "UNI" and on the OTCQX Best Market under the symbol "USYNF". Unisync Corp. and its subsidiaries are hereinafter referred to collectively as "Unisync" or the "Company".

Unisync operates through two business segments: Peerless Garments LP ("Peerless") of Winnipeg, Manitoba and Unisync Group Limited ("UGL") of Mississauga, Ontario. 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. UGL is a leading customer-focused provider of corporate apparel, serving a list of leading iconic brands such as Air Canada, Alaska Airlines, Purolator, Shoppers Drug Mart, Sobeys, Tim Hortons and WestJet.

UGL also operates Utility Garments Inc. ("Utility") of Saint-Laurent, Quebec and Red the Uniform Tailor ("RTUT") of Farmingdale, New Jersey. Utility is a designer, manufacturer and distributor of uniforms and career apparel to customers in Quebec and to national accounts across Canada. RTUT is a designer, manufacturer and distributor of uniforms and related apparel to hospitality industry customers in the United States. UGL operates a 45,000 square foot distribution and service facility in Henderson, Nevada, as a base to distribute uniforms to the employees of Alaska Airlines and to develop new business in the United States corporate apparel market. In December 2022, the Company sold its New Jersey based RTUT business (see "Subsequent Events") as part of a strategic positioning to pursue larger managed services opportunities in the US.

Unisync is a vertically integrated North American enterprise with exceptional capabilities in garment design, domestic manufacturing and offshore outsourcing, combined with state-of-the-art web based B2B and B2C ordering, distribution and program management systems.

Business Strategy

Unisync is one of the largest broadly based Canadian uniform providers. The business strategy is to market the combined manufacturing and distribution capabilities of Unisync to secure additional accounts in the Canadian and North American government and corporate sectors.

In addition, the Company will continue to pursue complimentary revenue producing business acquisition opportunities as they present themselves.

UNISYNC CORP.

**MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
For the year ended September 30, 2022**

RESULTS OF OPERATIONS

The following table sets out selected consolidated financial information for the previous three fiscal years.

Fiscal years ended	September 30, 2022	September 30, 2021	September 30, 2020
Consolidated statement of net income (loss) data:			
Revenue	96,306,766	86,285,179	93,103,296
Direct expenses	72,767,010	66,678,240	72,247,767
General and administrative expenses	18,620,663	16,471,300	16,372,961
Depreciation and amortization	4,024,002	3,810,190	3,256,373
Interest expense	1,733,002	2,182,737	2,570,970
Share-based payment	407,961	424,596	79,232
Net income (loss) before income taxes	(1,245,872)	(3,281,884)	(1,424,007)
Income tax expense (recovery)	102,356	(705,316)	(419,200)
Net income (loss)	(1,348,228)	(2,576,568)	(1,004,807)
Attributable to Unisync Corp. shareholders	(1,544,711)	(2,829,887)	(1,264,116)
Attributable to minority partner	196,483	253,319	259,309
Net income (loss) per share attributable to Unisync Corp. shareholders:			
Basic	(0.08)	(0.15)	(0.07)
Diluted	(0.08)	(0.15)	(0.07)
Supplemental data:			
Gross profit (1)	19,515,754	15,796,749	17,599,156
Gross profit as a % of revenue	20.3%	18.3%	18.9%
Adjusted EBITDA (2)	4,919,093	3,135,639	4,482,568
Adjusted EBITDA as a % of revenue	5.1%	3.6%	4.8%
Consolidated statement of financial position data:			
Working capital, excluding shareholder advances, minority interest and current portion of long-term liabilities	17,094,728	16,002,496	17,955,382
Total assets	104,363,765	88,019,763	87,161,314
Other liabilities:			
Mortgage loans	9,608,228	9,847,003	-
Term loans	-	-	5,824,798
Long-term lease liabilities	9,934,987	10,979,093	8,867,429
Shareholder advances	-	-	4,488,981
Due to minority partner	1,500,000	1,500,000	1,500,000
Shareholder's equity - attributable to Unisync Corp.	28,363,348	29,373,598	31,202,022
Shareholder's equity - attributable to minority partner	(65,978)	(82,239)	(30,137)
(1) Gross profit is calculated by the Company as revenue less direct expenses, less depreciation and amortization.			
(2) Adjusted EBITDA (earnings before interest expense, income taxes, depreciation and amortization, share-based payment impairment losses and acquisition costs) is a non-GAAP financial measure. Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, they should not be considered in isolation. We have presented the nonGAAP measure of EBITDA because we believe that it is a widely accepted financial indicator of an entity's ability to incur and service debt and it is used by the investing community to value businesses.			

UNISYNC CORP.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS For the year ended September 30, 2022

Results for the years ended September 30, 2022 and September 30, 2021

Revenue for the year ended September 30, 2022 of \$96.3 million increased by \$10.0 million or 12% from the prior year due on a \$12.5 million revenue improvement in the UGL segment less a \$3.0 million revenue decrease in the Peerless segment plus a \$0.5 million decrease in intersegment sales eliminations. UGL segment revenue of \$81.4 million accelerated by 18% over the prior year on a \$17.0 million or 118% improvement in sales to the segment's airline accounts, expanded product line sales to a leading Canadian quick service restaurant chain, less a \$7.1 million decline in personal protective equipment ("PPE") sales to a Canadian government entity. The dramatic increase in sales to the Company's airline accounts was caused by the post pandemic rebound in the airline industry where staffing levels have surged above pre-pandemic levels to compensate for flight delays and employee absences and also included the impact of a new uniform rollout for WestJet employees which was shipped from June to September 2022. Sales volumes during new uniform rollouts are typically three times that of normal steady state replenishment levels of uniform sales. The revenue decrease in the Peerless segment to \$15.4 million was caused by the non-reoccurrence of PPE sales to the Department of National Defence ("DND") and to the Government of Manitoba in 2022.

Gross profit of \$19.5 million climbed by \$3.7 million or 23% year over year and to 20.3% of revenue from 18.3% of revenue in the prior year on the change in customer and product mix as well as greater absorption of fixed costs on the increase in revenue. As a result of the higher margin mix of sales and fixed cost leverage on the higher volume of sales experienced in the UGL segment, a gross profit of \$16.6 million or 20% of segment revenue was achieved compared to \$12.2 million or 18% of segment revenue in the prior fiscal year. The Peerless segment recorded gross profit of \$3.4 million in fiscal 2022, down \$0.6 million or 15% from the previous year on the reduced level of revenue but the segment's gross profit margin improved to 22% of segment revenue from 20% in the prior fiscal year on account of the higher margin product mix of sales in the current year.

Depreciation and amortization expense moved up by \$0.2 million from fiscal 2021 to \$4.0 million in the current year primarily on account of greater amortization of the Company's new Enterprise Resource Planning ("ERP") software that was completed in fiscal 2022 after being implemented in stages across the Company's locations beginning at its Henderson, Nevada location in September 2019, and ending at its St. Laurent, Quebec location in July 2022.

At \$18.6 million or 19.3% of revenue, general and administrative expenses increased by \$2.1 million or by 13% for the year ended September 30, 2022 against \$16.4 million or 19.1% of revenue in the year before. The absolute increase in expenses occurred in the UGL segment where the rebound in airline sales and the addition of new accounts necessitated additional customer service personnel with a \$1.0 million rise in wages. Employee benefits and recruitment costs rose \$0.5 million with the increase in warehouse and customer service staff during tight labour market conditions for such personnel while data services, system maintenance, telecommunications and software licenses rose \$0.4 million due to a greater number of users on the fully deployed ERP system and due to IT security improvements.

Total interest expense of \$1.7 million for the year ended September 30, 2022 decreased by \$0.5 million from the prior year on account of the repayment of \$4.5 million in bank postponed shareholder advances and accrued interest and fees in late fiscal 2021 with funds received from mortgage loan advances totalling \$10.0 million. In fiscal 2022, the Company incurred interest of \$0.4 million on the mortgage loans at a lower fixed interest rate of 4.1% compared to \$0.8 million in fiscal 2021 on the high interest bank postponed shareholder advances.

The Company reported a net loss of \$1.3 million for the year ended September 30, 2022 against a loss of \$2.6 million in the year before. Cash flow from operations, before non-cash working capital items and distributions to minority partner, was \$4.8 million compared to \$3.0 million for the year ended September 30, 2021. Distributions to the 10% minority partner of the Peerless segment of \$0.2 million in the current year were down from \$0.3 million last year.

UNISYNC CORP.

**MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
For the year ended September 30, 2022**

Summary of Quarterly Results

(Canadian \$'s) (000's), except per share data

	12/31/2020	03/31/2021	06/30/2021	09/30/2021	12/31/2021	03/31/2022	06/30/2022	09/30/2022
Revenue	25,068	21,145	20,655	19,417	21,835	24,562	24,629	25,281
Direct expenses	17,958	16,606	16,099	16,015	16,439	18,355	18,991	18,982
Depreciation & amortization	944	1,018	1,114	734	1,035	1,114	1,169	706
General & administrative	4,396	3,980	4,271	3,825	4,154	4,866	4,411	5,190
Interest expense	557	483	484	659	279	395	453	606
Share based payment	153	110	88	73	58	152	114	84
Net income (loss) before income taxes	1,060	(1,052)	(1,401)	(1,889)	(130)	(320)	(509)	(287)
Income tax expense (recovery)	299	(269)	(361)	(374)	(29)	(35)	(93)	259
Net income (loss)	761	(783)	(1,040)	(1,515)	(101)	(285)	(416)	(546)
Net income (loss) attributable to Unisync shareholders	675	(854)	(1,101)	(1,550)	(172)	(342)	(445)	(586)
Income (loss) attributable to minority partner	86	71	61	35	71	57	29	40
Basic income (loss) per share	0.04	(0.05)	(0.06)	(0.08)	(0.01)	(0.02)	(0.02)	(0.03)
Diluted income (loss) per share	0.04	(0.05)	(0.06)	(0.08)	(0.01)	(0.02)	(0.02)	(0.03)
Supplemental data:								
Gross profit (1)	6,166	3,521	3,442	2,668	4,361	5,093	4,469	5,593
Gross profit %	24.5%	16.7%	16.7%	13.7%	20.0%	20.7%	18.1%	22.1%
Adjusted EBITDA (2)	2,714	559	285	(422)	1,242	1,341	1,226	1,109
Adjusted EBITDA %	10.8%	2.6%	1.4%	(2.2%)	5.7%	5.5%	5.0%	4.3%

(1) Gross profit is calculated by the Company as revenue less direct expenses, depreciation and amortization.

(2) Adjusted EBITDA (earnings before interest expense, income taxes, depreciation and amortization, share-based payment, impairment losses and acquisition costs) is a non-GAAP financial measure. Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, they should not be considered in isolation. We have presented the nonGAAP measure of EBITDA because we believe that it is a widely accepted financial indicator of an entity's ability to incur and service debt and it is used by the investing community to value businesses.

UNISYNC CORP.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS For the year ended September 30, 2022

Results for the quarter ended September 30, 2022 versus the quarter ended September 30, 2021

Revenue for the three months ended September 30, 2022 of \$25.3 million increased by \$5.9 million or 27% over the three months ended September 30, 2021 as revenue jumped \$6.6 million or 41% in the UGL segment, while revenue fell \$0.5 million or 15% in the Peerless segment and intersegment sales were up \$0.2 million. The rise in fourth quarter 2022 UGL segment revenue to \$22.6 million was attributed to airline customer sector revenue growth of \$5.5 million or 118% over the 4th quarter a year ago, expanded product line sales to a leading Canadian quick service restaurant chain and an uptick in sales volumes from hospitality industry customers in the United States, while PPE sales were down by \$1.7 million from the same quarter last year. The decrease in the Peerless segment revenue to \$2.9 million in the current quarter was due to a reduction in PPE product sales.

Gross profit for the three months ended September 30, 2022 of \$5.6 million or 22% of revenue grew by \$2.9 million and increased from 14% of revenue in the same period last year on account of the higher margin mix of sales and fixed cost leverage on the greater volume of sales. The UGL segment recorded gross profit of \$4.9 million or 22% of segment revenue compared to \$2.0 million or 12% of segment revenue in the same quarter of the prior fiscal year. The Peerless segment recorded gross profit of \$0.7 million or 25% of segment revenue in the fourth quarter of fiscal 2022 against \$0.8 million or 22% of segment revenue in the same quarter of the prior fiscal year.

At \$5.2 million, total general and administrative expenses for the three months ended September 30, 2022 were up \$1.4 million or 36% from the three months ended September 30, 2021 primarily because of increases in the UGL segment of \$0.4 million in cost of living related employee pay adjustments, of \$0.3 million in customer service staff additions, \$0.2 million in employee severance accruals and \$0.1 million in employee benefits and recruitment costs.

Interest expense of \$0.6 million for the current quarter was unchanged from the same period last year as higher interest rates and greater utilization of the Company's operating lines of credit were offset by the repayment of high interest bank postponed shareholder advances and accrued interest and fees in late fiscal 2021 with funds received from mortgage loan advances at a lower fixed interest rate of 4.1%.

The Company's reported a net loss of \$0.1 million in the quarter ended September 30, 2022 compared to a net loss of \$1.5 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 minority partner, was \$1.1 million for the three months ended September 30, 2022 versus negative \$0.4 million for the three-month period ended September 30, 2021. Distributions to minority partner of the Peerless segment decreased to \$0.0 million in the current quarter from \$0.1 million in the same period last year.

Business Trends

With most of the world learning to accept living with the variants of COVID-19, the Company has experienced an improvement in demand from its customer base as restrictions are lifted and confidence returns. In particular, the Company's North American airline accounts are experiencing increased demand and have returned to pre-pandemic passenger volumes in 2022. The Company expects that this will continue to cause a strong increase in uniform sales to its airline accounts and when complimented by recent new account additions, will result in an improving revenue and profitability picture. Across the global supply chain, delays were being experienced on the importation of goods to North America from offshore suppliers. Accordingly, Unisync adjusted its planning and purchasing schedule lead times and worked with its customers to accept substitute catalogue products from North American distributors and reduced order fulfillment quantities to ship available product. Recently the flow of offshore ocean shipments has begun to improve, and the costs of container shipments has declined from the inflated levels experienced during the pandemic. The Company believes that these trends will allow it to reduce its order backlog and to right size the quantity of uniform products held in its distribution centres over the coming months.

With \$16 million in firm contracts and options on hand as at September 30, 2022, the Peerless business segment is positioned to maintain its current level of revenues and profitability in fiscal 2023.

UNISYNC CORP.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS For the year ended September 30, 2022

LIQUIDITY

At September 30, 2022, Unisync holds two operating loan facilities totalling \$24.0 million with a Canadian chartered bank and an operating loan facility of USD5.0 million with the United States affiliate of the Canadian chartered bank to finance its working capital requirements. The maximum amount available under the facilities is based on certain margin requirements and covenants as stipulated in the loan facility agreements as described in accompanying notes 11 and 22 to the audited consolidated financial statements for the years ended September 30, 2022 and September 30, 2021.

The Company has two mortgage loan facilities with the Business Development Bank of Canada (“BDC”) with amounts of \$3.8 million (the “Peerless” mortgage loan) and \$6.0 million (the “Utility” mortgage loan) outstanding at September 30, 2022 on the properties having appraised values of \$5.7 million and \$7.2 million, respectively. The BDC mortgage loans were used to repay outstanding balances under the previously existing term loan facilities and to repay the postponed shareholder advances and accrued interest, processing and extension fees thereon. Advances under the Peerless and Utility mortgage loans bear interest at a fixed rate of 4.10% until May 1, 2026. The Peerless mortgage loan is repayable in blended monthly instalments of principal and interest of \$0.023 million that began on November 1, 2021 over a 240 month term. The Utility mortgage loan is repayable in blended monthly instalments of principal and interest of \$0.033 million that began on November 1, 2021 over a 300 month term.

Excluding the current portions of the mortgage loan and long-term lease facilities, Unisync had working capital of \$17.1 million and \$16.0 million at September 30, 2022 and September 30, 2021, respectively. As at September 30, 2022, the Company had outstanding foreign exchange contracts of \$nil (September 31, 2021 - \$nil) and letters of credit of \$1.5 million (September 30, 2021 - \$2.5 million) in support of government contracts along with operating loans outstanding of \$25.8 million (September 30, 2021 - \$19.0 million) under its three operating loan facilities. As the Company grows its US customer base, its US dollar revenues are expected to increase, creating a natural hedge against its US dollar offshore purchases and thereby reducing the Company’s exposure to changes in the Canadian/US dollar exchange rate.

Cash flow from operations, before non-cash working capital items and distributions to minority partner of \$4.8 million and a \$6.7 million increase in the operating loan balance during the 2022 fiscal year funded a \$7.9 million increase in working capital to fulfill rising product orders from existing and new customers, \$1.9 million of mortgage loan and long-term lease facilities payments, interest payments of \$1.1 million and capital expenditures of \$0.7 million. Capital expenditures consisted of leasehold improvements at the Richmond, British Columbia facility and implementation costs of the ERP system at the UGL segment’s Carleton Place, Ontario, Richmond, British Columbia and St. Laurent, Quebec locations during the year.

SHARE CAPITAL

The following table sets out the share capitalization of the Company as at September 30, 2022 and the date of this MD&A.

Description	Authorized	Outstanding as at September 30, 2022	Outstanding as at the date of this MD&A
Common Shares	Unlimited	19,012,228	19,012,228
Stock Options – Common Shares	1,901,223	1,515,000	1,435,000
Class A Preferred Shares	Unlimited in series	Nil	Nil

UNISYNC CORP.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS For the year ended September 30, 2022

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements other than letters of credit granted in the ordinary course as set out in the Section headed "Liquidity".

CRITICAL ACCOUNTING ESTIMATES

Measurement Uncertainty

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Key areas of estimates and judgments are listed in Note 5 to the consolidated financial statements and include but are not limited to the inventory recognition of deferred income taxes, costing allocations of labour and overhead for inventories, the estimated useful lives of property, plant and equipment, recording of accrued liabilities and contingencies, due to minority partner, valuation of investments, valuation of receivables and inventory obsolescence, valuation of goodwill and share based payments and the allocation of purchase consideration on the acquisition of businesses. Actual results could differ from these estimates.

CHANGE IN ACCOUNTING POLICIES

Accounting standards issued but not yet applied

The reader is referred to Note 4 to the consolidated financial statements for a summary of new standards which will be effective for future years. The Company is in the process of assessing the impact of these new standards.

FORWARD-LOOKING INFORMATION

This Management Discussion and Analysis contains forward-looking information. Specific forward-looking statements included or incorporated by reference in this document include, but are not limited to, statements with respect to:

- that the Company believes that it will see a continued improvement in the business conditions of its general customer base and supply chain delays are rectified following the COVID-19 pandemic as outlined in the Business Outlook section.
- that as the Company grows its US customer base, its US dollar revenues are expected to increase, creating a natural hedge against its US dollar offshore purchases and thereby reducing the Company's exposure to changes in the Canadian/US dollar exchange rate as outlined in the Liquidity section;

Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "believes", "anticipates" or "does not anticipate", or variations of such words and phrases or states that certain actions, events, or results "may", "could", "would", "might", "will be taken", "occur", or "be achieved". Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Unisync to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Although Unisync has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended.

Known and unknown factors could cause actual results or events to differ materially from those projected in the forward-looking statements. Such material factors include, but are not limited to competition, operational risk, litigation, a change in the timing or bidding conditions of future government contracts,

UNISYNC CORP.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS For the year ended September 30, 2022

customer concentration/economic dependence, working capital, potential conflicts of interest, volatility of stock price, disruptions in production, government budgetary restraint, reliance on key personnel, reliance on few suppliers, reliance on subcontractors, technological milestones, operating cost fluctuations, increases in interest rates, decreases in the value of the Canadian dollar against the U.S. dollar and other foreign currencies, access to credit, and potential unknown liabilities. Accordingly, readers should not place undue reliance on forward-looking information. Unisync does not undertake any obligation to update forward-looking information except as otherwise required by law.

RELATED PARTY TRANSACTIONS

Darryl Eddy and Joel Mclean, members of the Company's board of directors, are also board members of a company to which the Company paid rent of \$29,268 (2021 - \$29,268) for its head office location.

The Company expensed \$52,264 (2021 - \$126,628) in share-based payment to Bruce Auger, Darryl Eddy, Joel McLean, Michael O'Brian and Scott Shepherd, non-salaried members of the Company's board of directors.

The Company paid subcontract fees of \$508,943 (2021 - \$372,536) to a garment manufacturing company owned by Tim Gu, a member of the board of directors.

Albert El Tassi, the Company's minority partner in the Peerless segment received an income allocation of \$196,483 (2021 - \$253,319) and a distribution of \$180,222 (2021 - \$305,421).

Related party transactions are recorded at the exchange amounts, which are the amounts agreed upon by the related parties.

SUBSEQUENT EVENTS

In November 2022, the Company received \$2,000,000 of shareholder advances. The advances bear interest at 12% per annum payable quarterly in arrears and are subject to a processing fee of 1.5% per quarter payable quarterly in arrears. The advances and any accrued interest and processing fees are to be repaid at the earlier of November 28, 2023, or on demand by a majority of the shareholder lenders. If the advances and any accrued interest and processing fees are not repaid by November 28, 2023, a majority of the shareholder lenders may request, and the Company will grant security for the outstanding advances and any accrued interest and processing fees behind that of the Company's operating loan and term loan lenders. In addition, any amounts not repaid by November 28, 2023, will be subject to a minimum interest rate increase of 3% per annum and additional processing fees to be negotiated but shall at a minimum be 6% per annum payable in advance. The Company may repay the advances in whole or in part prior to November 23, 2023, without penalty.

On December 1, 2022, the Company entered into a lease of a 40,561 square foot facility in Guelph, Ontario in which the Company intends to establish a new satellite distribution centre to its existing Guelph facility to accommodate the growth of its Canadian based customers. Under the terms of the 122-month lease commencing December 1, 2022, the Company is committed to minimum lease payments with respect to the basic rent of the business premises as follows:

	\$
2023	471,522
2024	645,199
2025	667,781
2026	691,153
2027	715,343
Thereafter	4,293,480
	<u>7,484,478</u>

UNISYNC CORP.

**MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
For the year ended September 30, 2022**

On December 14, 2022, the Company sold its New Jersey based hospitality business and assets (consisting of inventory, prepaid deposits, equipment and goodwill less deferred revenue) operated under the trade name Red the Uniform Tailor for an estimated \$1.9 million. The sales proceeds received were in the form of cash of \$1.4 million at closing and a \$0.5 million promissory note to be paid in four equal consecutive semi-annual payments commencing six (6) months following the closing.

INVESTOR RELATIONS

Investor relations inquiries should be addressed to the Company's Executive Chairman.

Venture Liquidity Providers Inc. provides market-making services and maintains an orderly trading market for the shares of the Company.