

UNISYNC CORP.

**Management Discussion and Analysis
For the year ended September 30, 2023**

Prepared as at December 28, 2023

UNISYNC CORP.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS For the year ended September 30, 2023

BACKGROUND

The following discussion and analysis, prepared as of December 28, 2023, should be read together with the audited consolidated financial statements and the accompanying notes for the years ended September 30, 2023 and September 30, 2022 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 OTC market under the symbol "USYNF". Unisync Corp. and its subsidiaries are hereinafter referred to collectively as "Unisync" or the "Company".

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.

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, Canadian Coast Guard, Shoppers Drug Mart, Sobeys, Tim Hortons and WestJet.

UGL has a broad base of operations across Canada with four distribution and service facilities encompassing a total of 245,000 square feet which provide a unique capability to effectively service national and Quebec based customers. UGL's United States subsidiary, Unisync (Nevada) LLC ("UNV"), operates a 45,000 square foot distribution and service facility in Henderson, Nevada, as a base to distribute uniforms to its US clients and to develop new business in the US corporate apparel market.

Business Strategy

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.

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RESULTS OF OPERATIONS

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

Fiscal years ended	September 30, 2023	September 30, 2022	September 30, 2021
Consolidated statement of net loss data:			
Revenue	103,599,811	96,306,766	86,285,179
Direct expenses	90,730,003	72,767,010	66,678,240
General and administrative expenses	16,357,416	18,620,663	16,471,300
Depreciation and amortization	4,871,806	4,024,002	3,810,190
Interest expense	3,487,042	1,733,002	2,182,737
Restructuring expense	933,927	-	-
Gain on sale of New Jersey division	(334,602)	-	-
Share-based payment	-	407,961	424,596
Net loss before income taxes	(12,445,781)	(1,245,872)	(3,281,884)
Income tax expense (recovery)	(3,261,614)	102,356	(705,316)
Net loss	(9,184,167)	(1,348,228)	(2,576,568)
Attributable to Unisync Corp. shareholders	(9,262,244)	(1,544,711)	(2,829,887)
Attributable to minority partner	78,077	196,483	253,319
Net income (loss) per share attributable to Unisync Corp. shareholders:			
Basic	(0.49)	(0.08)	(0.15)
Diluted	(0.49)	(0.08)	(0.15)
Supplemental data:			
Gross profit (1)	7,998,002	19,515,754	15,796,749
Gross profit as a % of revenue	7.7%	20.3%	18.3%
Adjusted EBITDA (2)	(4,872,372)	4,919,093	3,135,639
Adjusted EBITDA as a % of revenue	-4.7%	5.1%	3.6%
Consolidated statement of financial position data:			
Working capital, excluding shareholder advances, minority interest and current portion of long-term	13,974,044	17,094,728	16,002,496
Total assets	109,420,771	104,363,765	88,019,763
Other liabilities:			
Mortgage loans	16,683,772	9,608,228	9,847,003
Long-term lease liabilities	16,453,942	9,934,987	10,979,093
Due to minority partner	1,500,000	1,500,000	1,500,000
Shareholder's equity - attributable to Unisync Corp.	19,126,228	28,363,348	29,373,598
Shareholder's equity - attributable to minority partner	(110,419)	(65,978)	(82,239)
<small>(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.</small>			

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Results for the years ended September 30, 2023 and September 30, 2022

Revenue for the year ended September 30, 2023 of \$103.6 million increased by \$7.3 million or 8% from the prior year due on a \$10.9 million revenue improvement in the UGL segment less a \$3.9 million revenue decrease in the Peerless segment plus a \$0.3 million decrease in intersegment sales eliminations. UGL segment revenue of \$92.4 million climbed by 13% over the prior year on a \$11.4 million or 37% improvement in sales to the segment's airline accounts, less a \$2 million decrease in personal protective equipment ("PPE") sales to a Canadian government entity, a \$1.2 million decline in the revenue contribution from the New Jersey operation that was sold in December 2022 and a temporary dip in sales to customers of the Montreal location during the September relocation of inventory to the Guelph distribution centre with the restructuring that was announced in August 2023. The increase in sales to the Company's airline accounts was caused by the continued post pandemic rebound in the airline industry where staffing levels have surged above pre-pandemic levels. The revenue decrease in the Peerless segment in the current year was due to lower uniform product sales to the Department of National Defence ("DND") on account of delays in the receipt of key fabric and the exercise of contract options by the DND.

Gross profit of \$8.0 million dropped by \$11.5 million or 59% year over year and to 7.7% of revenue from 20.3% of revenue in the prior year. The UGL segment experienced a decline in gross profit to \$6.3 million or 7% of segment revenue compared to \$16.6 million or 20% of segment revenue in the previous fiscal year because of the inflationary impact of rising product and labour costs that the Company was not able to pass on to customers on fixed price or capped price increase contracts, a non-cash \$3.4 million revaluation of the weighted average cost of inventory in the current year to adjust for the sharp drop in offshore container delivery costs since the peak experienced in June 2022, a non-cash \$2.0 million increase in the inventory obsolescence reserve to write-off PPE inventory and to revalue inventory to net realizable value, the absorption of higher outbound courier costs to deliver product to customers and costs associated with the startup of the new Guelph satellite 40,000 sq. ft. distribution facility which opened in July 2023. The Peerless segment recorded gross profit of \$2.0 million in fiscal 2023, down \$1.3 million or 38% from the previous year on the reduced level of revenue. The Peerless segment's gross profit margin fell to 18% of segment revenue from 22% in the prior fiscal year on account of a \$0.4 million raw material non-cash inventory adjustment to net realizable value.

Depreciation and amortization expense rose by \$0.8 million from fiscal 2022 to \$4.9 million in the current year on account of the amortization of the lease on the new Guelph distribution facility and a full year's amortization of the Company's new Enterprise Resource Planning ("ERP") software that was completed in fiscal 2022.

At \$16.3 million, total general and administrative expenses for the year ended September 30, 2023 were down \$2.3 million or 12% from fiscal 2022 on a reduction in senior management and customer service staff levels and with the sale of the New Jersey operation.

Interest expense of \$3.5 million in the current year doubled from \$1.7 million in the prior year due to higher interest rates on the Company's floating rate operating loan borrowings, the high interest rate and processing fees charged on \$2 million of shareholder advances received and repaid during the year and the amortization of interest on the new Guelph distribution facility lease.

A restructuring charge of \$0.9 million was recognized for employee severance costs, legal fees, lease termination and inventory relocation costs on the shutdown of distribution and sewing activities at the Company's Carleton Place, Ontario and Montreal locations in September 2023. A \$0.3 million gain was realized on the sale of the assets of the New Jersey operation in December 2022.

The Company reported a net loss of \$9.2 million for the year ended September 30, 2023 against a loss of \$1.3 million in the year before. Cash flow from operations, before non-cash working capital items and distributions to minority partner, was a loss of \$4.2 million compared to \$4.8 million for the year ended September 30, 2022. Distributions to the 10% minority partner of the Peerless segment of \$0.1 million in the current year were down from \$0.2 million last year.

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Summary of Quarterly Results

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

	12/31/2021	03/31/2022	06/30/2022	09/30/2022	12/31/2022	03/31/2023	06/30/2023	09/30/2023
Revenue	21,835	24,562	24,629	25,281	28,872	28,655	25,361	20,711
Direct expenses	16,439	18,355	18,991	18,982	22,429	23,289	22,210	22,801
Depreciation & amortization	1,035	1,114	1,169	706	1,110	1,232	1,277	1,253
General & administrative	4,154	4,866	4,411	5,190	4,372	4,287	4,001	3,697
Interest expense	279	395	453	606	671	853	835	1,128
Restructuring expense	-	-	-	-	-	-	-	934
(Gain)/loss on sale of New Jersey division	-	-	-	-	(423)	99	(1)	(10)
Share based payment	58	152	114	84	-	-	-	-
Net income (loss) before income taxes	(130)	(320)	(509)	(287)	713	(1,105)	(2,961)	(9,092)
Income tax expense (recovery)	(29)	(35)	(93)	259	201	(277)	(771)	(2,415)
Net income (loss)	(101)	(285)	(416)	(546)	512	(828)	(2,190)	(6,677)
Net income (loss) attributable to Unisync shareholders	(172)	(342)	(445)	(586)	508	(861)	(2,222)	(6,686)
Income (loss) attributable to minority partner	71	57	29	40	4	33	32	9
Basic income (loss) per share	(0.01)	(0.02)	(0.02)	(0.03)	0.03	(0.05)	(0.12)	(0.35)
Diluted income (loss) per share	(0.01)	(0.02)	(0.02)	(0.03)	0.03	(0.05)	(0.12)	(0.35)
Supplemental data:								
Gross profit (1)	4,361	5,093	4,469	5,593	5,333	4,134	1,874	(3,343)
Gross profit %	20.0%	20.7%	18.1%	22.1%	18.5%	14.4%	7.4%	(16.1%)
Adjusted EBITDA (2)	1,242	1,341	1,226	1,109	2,070	1,079	(850)	(5,787)
Adjusted EBITDA %	5.7%	5.5%	5.0%	4.3%	7.2%	3.8%	(3.4%)	(27.9%)

(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, gain/losses on divestitures, restructuring expenses 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. The Company has presented the nonGAAP measure of EBITDA because it believes that EBITDA 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.

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Results for the quarter ended September 30, 2023 versus the quarter ended September 30, 2022

Revenue for the three months ended September 30, 2023 of \$20.7 million decreased by \$4.6 million or 18% over the three months ended September 30, 2022 as revenue fell \$5.3 million or 23% in the UGL segment, while revenue increased \$0.5 million or 17% in the Peerless segment and intersegment sales were down \$0.2 million. The decline in fourth quarter 2023 UGL segment revenue to \$17.3 million was attributed to a \$2.4 million or 26% slowdown in airline customer sector demand compared to the dramatic post pandemic growth experienced in the 4th quarter a year ago, lost revenue of \$2.4 million from the December 2022 sale of the New Jersey operation and a temporary dip in sales to customers of the Montreal location during the September relocation of inventory to the Guelph distribution centre. The increase in the Peerless segment revenue to \$3.4 million in the current quarter was due to the indirect sale of uniforms to the Australia Government Defence.

Gross profit for the three months ended September 30, 2023 of negative \$3.3 million dropped by \$8.9 million from the same period last year with the UGL segment experiencing a gross profit decline of \$8.6 million on account of the inflationary impact of rising product and labour costs that the Company was not able to pass on to customers on fixed price or capped price increase contracts, a non-cash \$1.6 million revaluation of the weighted average cost of inventory in the current year to adjust for the sharp drop in offshore container delivery costs since the peak experienced in June 2022 and a non-cash \$2.0 million increase in the inventory obsolescence reserve to write-off PPE inventory and to revalue inventory to net realizable. The Peerless segment recorded a gross profit decline to \$0.4 million or 11% of segment revenue in the fourth quarter of fiscal 2023 due to a \$0.4 million raw material non-cash inventory adjustment to net realizable value against gross profit of \$0.7 million or 25% of segment revenue in the same quarter of the prior fiscal year.

At \$3.7 million, total general and administrative expenses for the three months ended September 30, 2023 were down \$1.5 million or 29% from the three months ended September 30, 2022 on a reduction in senior management and customer service staff levels and with the sale of the New Jersey operation.

Interest expense of \$1.1 million for the current quarter was up \$0.5 million from the same period last year due to higher interest rates on the Company's floating rate operating loan borrowings, the high interest rate and processing fees charged on \$2 million of shareholder advances that were repaid during the quarter and the amortization of interest on the new Guelph distribution facility lease.

A restructuring charge of \$0.9 million was recognized for employee severance costs, legal fees, lease termination and inventory relocation costs on the shutdown of distribution and sewing activities at the Company's Carleton Place, Ontario and Montreal locations in September 2023.

The Company's reported a net loss of \$6.7 million in the quarter ended September 30, 2022 compared to a net loss of \$0.5 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 negative \$6.8 million for the three months ended September 30, 2023 versus \$1.1 million for the three-month period ended September 30, 2022.

Business Trends

The UGL segment is focused on customer negotiations to increase its contract pricing to compensate it for rising product and labour costs absorbed during the inflationary post pandemic period. To date, it has successfully achieved several positive agreements that will improve profitability in fiscal 2024. In addition, it has obtained approval from a number of major accounts to relocate its offshore production from higher labour cost manufacturers and jurisdictions subject to North American duties to those that offer lower labour costs and or duty-free products. In addition, the consolidation of the UGL segment's distribution operations at its main Guelph distribution facilities will provide greater efficiency and control of inventory while yielding an estimated annual savings of \$2.5 million in direct and administrative labour costs on a net reduction of 20% of the UGL segment's headcount.

UGL management continues to place strong focus on the US market and is in advanced discussions with

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a number of major corporations with respect to their image wear programs totalling close to US\$100 million annually in potential new business. Additionally, UGL has been added as an approved supplier to an extensive list of major customers that are also scheduled to come to market during the 2024 calendar year.

With \$16 million in firm contracts and options on hand as at September 30, 2023 and a recently awarded \$13.2 million contract to supply protective combat uniforms to the DND over a 5 year period, the Peerless business segment is positioned to maintain its current level of revenues and profitability in fiscal 2024.

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 24 to the audited consolidated financial statements for the years ended September 30, 2023 and September 30, 2022.

The Company has three mortgage loan facilities with the Business Development Bank of Canada ("BDC") with amounts of \$3.6 million (the "Peerless" mortgage loan) and two facilities totalling \$13.1 million (the "Utility" mortgage loans) outstanding at September 30, 2023 on the Company's properties in Winnipeg and Montreal having appraised values of \$5.7 million and \$15.7 million, respectively. The BDC mortgage loans were used to repay outstanding balances under the previously existing term loan facilities, repay shareholder advances and accrued interest, processing and extension fees thereon and to reduce operating loan advances. Advances under the Peerless and the first Utility mortgage loans (outstanding balance \$5.7 million) 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 first 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. Advances under the second Utility mortgage loan (outstanding balance \$7.4 million) bear interest at a fixed interest rate of 6.7% until August 18, 2028. The second Utility mortgage loan is repayable in blended monthly instalments of principal and interest of \$0.042 million that began on October 1, 2023 over a 310 month term.

At September 30, 2023, the Company was not in compliance with its working capital covenant on its operating loan facilities and its debt service coverage covenants on its operating loan facilities and on its mortgage loan facilities. The Company expects to receive forbearance from its lenders on these defaults.

Excluding the current portions of the mortgage loan and long-term lease facilities, Unisync had working capital of \$14.0 million and \$17.1 million at September 30, 2023 and September 30, 2022, respectively. As at September 30, 2023, the Company had outstanding foreign exchange contracts of \$nil (September 30, 2022 - \$nil) and letters of credit of \$1.5 million (September 30, 2022 - \$1.5 million) in support of government contracts along with operating loans outstanding of \$26.1 million (September 30, 2022 - \$25.8 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.

Negative cash flow from operations, before non-cash working capital items and distributions to minority partner of \$4.5 million, the repayment of lease liabilities of \$2.1 million, cash interest of \$2.4 million on all debt obligations and capital expenditures of \$1.3 million were funded by cash from working capital of \$1.2 million, proceeds of \$1.5 million from the sale of the New Jersey division, a net \$7.1 million increase in BDC loans and a \$0.3 million increase in the operating loan balance during the 2023 fiscal year. Capital expenditures on property plant and equipment were primarily for leasehold improvements and racking at the new Guelph distribution centre and intangible expenditures were for ERP system enhancements. The Company does not anticipate any significant capital expenditures in fiscal 2024.

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SHARE CAPITAL

The following table sets out the share capitalization of the Company as at September 30, 2023 and the date of this MD&A.

Description	Authorized	Outstanding as at September 30, 2023	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	1,815,000	1,815,000
Class A Preferred Shares	Unlimited in series	Nil	Nil

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.

Going Concern

The determination if the Company has the ability to continue as a going concern is dependent on its ability to achieve profitable operations. There is an assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Certain judgments are made by management when determining if and when the Company will return to profitable operations.

While its revenues have grown since its 2018 fiscal year, the Company has incurred losses because of the costs associated with the consolidation and restructuring of its acquisitions in Canada, the pursuit of Canadian government contracts, entry into the US market and the implementation of a new ERP system. In addition, in the fiscal years from 2020 to 2022, the COVID-19 pandemic significantly impacted the Company’s customers in the hospitality and travel sectors. Following the pandemic, the Company has absorbed the inflationary effect of higher product, labour and borrowing costs as customer contract pricing adjustments lag these cost increases. The Company believes that, based on its forecasts and its initiatives to adjust customer pricing, resource offshore production to lower cost locations and its initiatives to reduce expenditures, it will be able to continue as a going concern for the foreseeable future.

Impact of Rising Interest Rates

The impact of the current environment of rising interest rates and economic uncertainty can be far reaching and difficult to predict and may potentially impact the Company’s ability to continue as a going concern. Interest rates can affect many areas within the consolidated financial statements, including accounting estimates, concentration risks, impairment assessments, borrowing costs, debt covenants, and more.

The Company’s operating loans with variable rates of interest may be faced with higher repayments because of increased interest rates and may be unable to meet immediate future repayments. The Company’s fixed rate

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mortgage loans may be subject to higher interest rates at the expiry of the current fixed rate periods on the facilities, meaning higher repayments in the future. Although a significant portion of the Company's accounts receivables are insured and/or with government entities, rising interest rates may also result in expectations of increased credit losses.

These risks have been considered when forecasting future cash flows. The Company has taken steps to improve its cash flows through the sale of its non-core New Jersey division, the restructuring of its Canadian distribution and sewing operations, the resourcing of offshore production to lower cost locations and the negotiation of customer contract pricing to respond to the inflationary post pandemic and higher interest rate environment.

Other 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 improved profitability from customer contract pricing increases, offshore vendor relocation to lower labour cost providers and duty free jurisdictions and from the September 2023 restructuring and consolidation of its distribution and sewing operations as outlined in the Business trends section;
- that the Company will receive forbearance on its covenant defaults from its lenders as outlined in the Liquidity 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,

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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

During the year ended September 30, 2023, interest and processing fees of \$246,101 (2022 - nil) were paid on \$1,800,000 of shareholder advances that were repaid in the year and were provided by Bruce Auger, Darryl Eddy, Douglas Good, Tim Gu, Joel McLean and Michael O'Brian, members of the Company's board of directors.

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 (2022 - \$29,268) for its head office location.

The Company expensed \$nil (2022 - \$52,264) 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 \$nil (2022 - \$508,943) 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 \$78,077 (2022 - \$196,483) and a distribution of \$122,518 (2022 - \$180,222).

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

SUBSEQUENT EVENTS

None.

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.