



UNISYNC CORP.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE & NINE MONTHS ENDED JUNE 30, 2025 AND 2024
(UNAUDITED)

Unisync Corp.

June 30, 2025

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Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Corporation discloses that its auditors have not reviewed these condensed unaudited interim consolidated financial statements as at and for the three and nine months ended June 30, 2025.

Unisync Corp.

Condensed Interim Consolidated Statements of Income (Loss)

(Expressed in Canadian dollars) (Unaudited)

	Three Months Ended June 30		Nine Months Ended June 30	
	2025	2024	2025	2024
Revenue	\$ 21,872,596	\$ 21,194,134	\$ 67,757,489	\$ 69,844,393
Direct expenses (Note 15)	15,144,761	16,779,784	50,571,044	54,056,733
General and administrative expenses (Note 15)	3,222,226	3,322,700	9,293,558	10,696,323
Depreciation and amortization (Notes 5,6,7)	877,594	1,321,500	3,438,489	4,009,561
	2,628,015	(229,850)	4,454,398	1,081,776
Interest expense (Notes 9,10,11)	820,913	1,001,824	2,669,250	2,776,218
Net Income (loss) before income taxes	1,807,102	(1,231,674)	1,785,148	(1,694,442)
Income tax expense (recovery) (Note 14)	437,948	(320,304)	1,091,884	(430,597)
Net Income (loss)	1,369,154	(911,370)	693,264	(1,263,845)
Attributable to				
Unisync Corp. shareholders	1,350,626	(971,382)	607,881	(1,394,226)
Minority partner	18,528	60,012	85,383	130,381
	\$ 1,369,154	\$ (911,370)	693,264	(1,263,845)
Net income (loss) per share attributable to Unisync Corp. shareholders				
Basic	0.07	(0.05)	0.03	(0.07)
Diluted	0.07	(0.05)	0.03	(0.07)
Weighted avg number of shares	19,012,229	19,012,229	19,012,229	19,012,229
Diluted weighted avg # of shares outstanding	19,012,229	19,012,229	19,012,229	19,012,229

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Unisync Corp.

Condensed Interim Consolidated Statements of Comprehensive Income (loss) (Expressed in Canadian dollars) (Unaudited)

	Three Months Ended June 30		Nine Months Ended June 30	
	2025	2024	2025	2024
Net income (loss) for the period	\$ 1,369,154	\$ (911,370)	\$ 693,264	\$ (1,263,845)
Other comprehensive income (loss), net of taxes:				
items that maybe reclassified to net income or loss				
Foreign currency translation differences for foreign operatons	(68,479)	(184,402)	(11,912)	(10,978)
Total Comprehensive income (loss) for the period	1,300,675	(1,095,772)	681,352	(1,274,823)
Attributable to				
Unisync Corp. shareholders	1,282,147	(1,155,784)	595,969	(1,405,204)
Minority partner	18,528	60,012	85,383	130,381
Total Comprehensive income (loss) for the period	\$ 1,300,675	\$ (1,095,772)	681,352	(1,274,823)

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Unisync Corp.

Condensed Interim Consolidated Statements of Financial Position (Expressed in Canadian dollars) (Unaudited)

	June 30, 2025	September 30, 2024
ASSETS		
Current		
Cash	\$ 437,229	\$ 791,019
Trade and other receivables	11,406,839	11,976,349
Inventory (Note 4)	40,724,629	42,741,189
Prepaid expenses and deposits	1,908,793	1,873,801
	54,477,490	57,382,358
Property, plant and equipment (Note 5)	6,971,204	7,562,063
Right of use assets (Note 6)	10,545,809	12,022,373
Deferred tax asset (Note 14)	6,874,946	7,761,117
Intangible assets (Note 7)	1,607,985	2,953,954
Goodwill (Note 8)	6,384,797	6,384,797
TOTAL ASSETS	\$ 86,862,231	\$ 94,066,662
LIABILITIES		
Current		
Operating loan (Note 9)	\$ 21,612,529	\$ 23,151,129
Trade payables and accrued liabilities	11,676,981	14,542,414
Deferred revenue	7,581,265	9,463,160
Current portion of mortgage loans (Note 10)	462,908	16,382,810
Current portion of long-term lease liabilities (Note 11)	1,843,994	1,670,985
Due to minority partner (Note 12)	1,249,500	1,249,500
	44,427,177	66,459,998
Mortgage loans (Note 10)	15,611,575	-
Long-term lease liabilities (Note 11)	11,875,683	13,274,094
TOTAL LIABILITIES	\$ 71,914,435	\$ 79,734,092
EQUITY		
Share capital (Note 13)	30,447,488	30,447,488
Share-based payments reserve	2,250,172	2,250,172
Deficit	(17,669,595)	(18,265,564)
Equity attributable to Unisync Corp. shareholders	15,028,065	14,432,096
Deficit attributable to minority partner	(80,269)	(99,526)
TOTAL EQUITY	\$ 14,947,796	\$ 14,332,570
TOTAL LIABILITIES & EQUITY	\$ 86,862,231	\$ 94,066,662

Commitments and contingencies (Note 16)

Approved by the Board:

Signed "Renting (Tim) Gu"
Renting (Tim) Gu,
Executive Chairman & Director

Signed "Ron Miller"
Ron Miller,
Director

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Unisync Corp.

Condensed Interim Consolidated Statements of Changes in Equity (Expressed in Canadian dollars) (Unaudited)

	Equity attributable to equity holders of the Company						
	Number of Shares	Share Capital (\$)	Share based Payments		Total (\$)	Minority Interest (\$)	Total Equity (\$)
			Reserve (\$)	Deficit (\$)			
Balance, September 30, 2023	19,012,229	30,447,488	2,250,172	(13,571,432)	19,126,228	(110,419)	19,015,809
Distribution to minority partner	-	-	-	-	-	(91,814)	(91,814)
Net income (loss) for the period	-	-	-	(1,394,226)	(1,394,226)	130,381	(1,263,845)
Other comprehensive income	-	-	-	(10,978)	(10,978)	-	(10,978)
Balance, June 30, 2024	19,012,229	30,447,488	2,250,172	(14,976,636)	17,721,024	(71,852)	17,649,172
Balance, September 30, 2024	19,012,229	30,447,488	2,250,172	(18,265,564)	14,432,096	(99,526)	14,332,570
Distribution to minority partner	-	-	-	-	-	(66,126)	(66,126)
Net income for the period	-	-	-	607,881	607,881	85,383	693,264
Other comprehensive income	-	-	-	(11,912)	(11,912)	-	(11,912)
Balance, June 30, 2025	19,012,229	30,447,488	2,250,172	(17,669,595)	15,028,065	(80,269)	14,947,796

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Unisync Corp.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars) (Unaudited)

	Three Months Ended June 30		Nine Months Ended June 30	
	2025	2024	2025	2024
CASH (USED IN) PROVIDED BY:				
OPERATING ACTIVITIES				
Net income (loss) for the period	\$ 1,369,154	\$ (911,370)	\$ 693,264	\$ (1,263,845)
Items not affecting cash:				
Interest expense	820,913	1,001,824	2,669,250	2,776,218
Income tax expense (recovery)	437,948	(320,304)	1,091,884	(430,597)
Depreciation and amortization	877,594	1,321,500	3,438,489	4,009,561
	3,505,609	1,091,650	7,892,887	5,091,337
Changes in non-cash working capital items:				
Trade and other receivables	1,243,381	(692,532)	661,963	(2,517,815)
Inventory	634,887	1,700,789	2,111,121	8,893,567
Prepaid expenses and deposits	287,025	(396,939)	(17,970)	966,709
Trade payables and accrued liabilities	(2,003,235)	(3,181,782)	(2,460,185)	(7,565,390)
Deferred revenue	(644,083)	2,932,479	(2,039,973)	1,860,740
	(482,025)	362,015	(1,745,044)	1,637,811
Income taxes paid	(110,309)	-	(661,650)	-
Net cash from operating activities	\$ 2,913,275	\$ 1,453,665	\$ 5,486,193	\$ 6,729,148
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	-	-	-	(136,561)
Purchase of intangible assets	-	(9,460)	-	(11,510)
Proceeds from cash surrender value of life insurance policy	-	-	-	86,601
Net cash used in investing activities	\$ -	\$ (9,460)	\$ -	\$ (61,470)
FINANCING ACTIVITIES				
Increase (decrease) in operating loan	(1,520,889)	312,193	(1,610,600)	(2,027,731)
Mortgage loans repayments	(106,757)	(73,716)	(316,430)	(218,904)
Repayment of lease liabilities	(628,585)	(600,498)	(1,878,364)	(1,784,989)
Interest paid	(618,249)	(801,360)	(2,041,420)	(2,184,467)
Distributions to minority partner	(44,342)	(67,651)	(66,126)	(91,814)
Net cash used in financing activities	\$ (2,918,822)	\$ (1,231,032)	\$ (5,912,940)	\$ (6,307,905)
Effects of foreign exchange rates on cash	(596,534)	(199,030)	72,957	(35,280)
INCREASE (DECREASE) IN CASH	(602,081)	14,143	(353,790)	324,493
CASH, BEGINNING OF PERIOD	1,039,310	312,512	791,019	2,162
CASH, END OF PERIOD	\$ 437,229	\$ 326,655	\$ 437,229	\$ 326,655

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Unisync Corp.

Notes to Condensed Interim Consolidated Financial Statements (Expressed in Canadian dollars) (Unaudited)

1. Nature of business

Unisync Corp. (the "Company") is incorporated under the laws of British Columbia. Its head office, principal address, and registered and records office are located at Suite 1328, 885 West Georgia Street, Vancouver, British Columbia, Canada. Unisync Corp.'s voting Common Shares are listed and posted for trading on the TSX Exchange under the symbol "UNI" and on the OTC under the symbol "USYNF".

The Company operates in two main business segments. The Peerless segment includes the Company's 90% interest in the business of Winnipeg-based Peerless Garments LP ("Peerless") and 100% of Peerless Garments Inc. ("GP"), the general partner. Peerless manufactures harsh weather outerwear for the Canadian military and other government agencies.

The Unisync Group Limited ("UGL") segment comprises the operations of Unisync Group Limited of Mississauga, Ontario, and Unisync (Nevada) LLC of Henderson, Nevada. During the year ended September 30, 2019, Carleton Uniforms Inc. ("Carleton") of Carleton Place, Ontario and Omega Uniforms Systems Ltd. ("Omega") of Vancouver, British Columbia were each dissolved and the assets were transferred to and the liabilities were assumed by Unisync Group Limited. During the year ended September 30, 2023, Utility Garments Inc. ("Utility") of Saint-Laurent, Quebec was amalgamated with Unisync Group Limited to continue as Unisync Group Limited. This segment is involved in the design, manufacture and distribution of direct sale uniforms, workwear, image apparel and related solutions. The UGL segment operates distribution centres in Guelph, Ontario, Vancouver, British Columbia and Henderson, Nevada.

2. Basis of presentation and significant accounting policies

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standard ("IAS") 34, "Interim Financial Reporting". These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements but have been prepared following the same accounting policies and methods of computation as the consolidated financial statements of the Company for the year ended September 30, 2024. The disclosures provided herein are incremental to those included with the annual consolidated financial statements and certain disclosures, which are normally required to be included in the notes to the annual consolidated financial statements, have been condensed or omitted.

These condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto in the Company's annual filings for the year ended September 30, 2024, as filed on SEDAR+ at www.sedarplus.ca.

These condensed interim consolidated financial statements were approved by the Company's Board of Directors and authorized for issue on August 11, 2025.

3. Critical accounting estimates and judgments

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The significant estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Trade and other receivables

The Company maintains an allowance for doubtful accounts to reflect an impairment risk for trade accounts receivable based on an expected credit loss model which factors in changes in credit quality

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Unisync Corp.

Notes to Condensed Interim Consolidated Financial Statements (Expressed in Canadian dollars) (Unaudited)

3. Critical accounting estimates and judgments (continued)

since the initial recognition of trade accounts receivable based on customer risk types (insured and non-receivables, government receivables). Expected credit losses are also provided for based on collection history and specific risks identified on a customer-by-customer basis.

(b) Inventory

The Company determines the carrying value of work in progress inventory (“WIP”) and estimated net realizable value at the end of each reporting period. Management allocates costs, such as for materials, labour attributable to goods in production and an allocation of overhead, to WIP based on management’s estimate of the percentage completion of the goods, and the nature of the costs for producing that particular good. Estimates are required in relation to forecasted sales volumes and finished good inventory balances. In situations where excess or slow moving inventory balances are identified, the Company assesses its ability to recover customer payment for such inventory and estimates of net realizable values for the excess or slow moving volumes are made.

(c) Share-based payment

The Company provides incentives via share-based payment entitlements (Note 13). The fair value of entitlements is determined in accordance with the accounting policy in Note 2(n) of the audited consolidated financial statements for the year ended September 30, 2024. If certain assumptions used in the fair value calculation were to change, there would be an impact on the share-based payment expense recognized in the current period.

(d) Income taxes

The Company is subject to income taxes in Canada and the United States. Management has estimated the income tax provision and deferred income tax balances in accordance with its interpretation of the various income tax laws and regulations and has estimated the recoverability of deferred tax balances. It is possible, due to complexity inherent in estimating income taxes that the tax provision and deferred income tax balances could change. Deferred tax assets, including those arising from tax loss carry-forwards, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize tax losses recognized as deferred tax assets. Assumptions about the generation of future taxable profits depend on managements’ estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize or recognize net deferred tax assets, if any, at the reporting date could be impacted.

(e) Estimated useful lives

Management estimates the useful lives of property, plant and equipment, and intangible assets based on the period during which the assets are available for use. The amounts and timing of depreciation and amortization for these amounts are affected by the useful lives. The estimates are reviewed annually and are updated for changes in the expected useful life.

(f) Impairment of long lived assets

The Company considers both internal and external sources of information in assessing its tangible and intangible assets for indicators of impairment when events or circumstances indicate such. The Company determines the recoverable amount, which is the greater of its value in use and its fair value less costs to sell, using discounted cash flows expected to be derived from the tangible intangible asset, and the appropriate discount rate.

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Unisync Corp.

Notes to Condensed Interim Consolidated Financial Statements (Expressed in Canadian dollars) (Unaudited)

3. Critical accounting estimates and judgments (continued)

(g) *Impairment of goodwill*

The Company performs an assessment of its goodwill for impairment on an annual basis. The Company determines the recoverable amount, which is the greater of its value-in-use and its fair value less costs of disposal, using discounted cash flows expected to be derived from the Company's operations, and the appropriate discount rate. The projected cash flows are significantly affected by changes in assumptions about expected revenues from contracts, estimated costs of production, and the discount rate.

(h) *Allocation of purchase consideration*

Business combinations require judgment and estimates to be made at the date of acquisition in relation to determining the fair value of the asset acquired and liabilities assumed, and the consideration paid. The information necessary to measure the fair values as at the acquisition date of assets acquired and liabilities assumed requires management to make certain judgments and estimates about future events, including but not limited to estimates of future earnings, future operating costs and capital expenditures, and discount rates. Changes to the provisional measurements of assets and liabilities acquired may be retrospectively adjusted when new information is obtained until the final measurements are determined.

4. Inventory

	June 30, 2025	September 30, 2024
Raw Materials	\$ 3,061,791	\$ 5,086,156
Work in Progress	927,688	895,797
Finished goods	35,476,556	34,483,776
Raw materials and finished goods in-transit	1,258,594	2,275,460
	\$ 40,724,629	\$ 42,741,189

Cost of inventories recognized as an expense during the nine months ended June 30, 2025, amounted to \$40,381,704 (June 30, 2024 - \$39,732,692). The carrying amount of inventory recorded at net realizable value at June 30, 2025, was \$nil (September 30 2024 – \$nil), with the remaining inventory recorded at cost.

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Unisync Corp.

Notes to Condensed Interim Consolidated Financial Statements (Expressed in Canadian dollars) (Unaudited)

5. Property, plant and equipment

Cost			Warehouse and	Computer	Office			Total
	Land	Buildings	Manufacturing Equipment	Equipment	Furnishings & Equipment	Vehicles	Leashold Improvements	
Balance, September 30, 2023	\$ 2,622,730	\$ 5,050,357	\$ 1,914,382	\$ 1,013,030	\$ 438,089	\$ 115,938	\$ 2,815,661	\$ 13,970,187
Additions	-	-	107,858	-	3,939	-	24,764	136,561
Disposals	-	-	-	-	-	(28,313)	-	(28,313)
Foreign currency translation adjustment	-	-	(190)	(24)	(69)	-	(287)	(570)
Balance, September 30, 2024	\$ 2,622,730	\$ 5,050,357	\$ 2,022,050	\$ 1,013,006	\$ 441,959	\$ 87,625	\$ 2,840,138	\$ 14,077,865
Foreign currency translation adjustment	-	-	(9,511)	163	474	-	1,968	(6,906)
Balance, June 30, 2025	\$ 2,622,730	\$ 5,050,357	\$ 2,012,539	\$ 1,013,169	\$ 442,433	\$ 87,625	\$ 2,842,106	\$ 14,070,959
Accumulated Depreciation								
Balance, September 30, 2023	\$ -	\$ 1,409,572	\$ 1,450,014	\$ 817,032	\$ 316,685	\$ 114,613	\$ 1,474,373	\$ 5,582,289
Depreciation	-	177,136	77,480	92,803	33,409	811	580,978	962,617
Disposals	-	-	-	-	-	(28,313)	-	(28,313)
Foreign currency translation adjustment	-	-	(192)	(35)	(70)	-	(494)	(791)
Balance, September 30, 2024	\$ -	\$ 1,586,708	\$ 1,527,302	\$ 909,800	\$ 350,024	\$ 87,111	\$ 2,054,857	\$ 6,515,802
Depreciation	-	131,933	55,190	9,029	20,498	72	364,856	581,578
Foreign currency translation adjustment	-	-	817	44	311	-	1,203	2,375
Balance, June 30, 2025	\$ -	\$ 1,718,641	\$ 1,583,309	\$ 918,873	\$ 370,833	\$ 87,183	\$ 2,420,916	\$ 7,099,755
Carrying Value								
At September 30, 2024	\$ 2,622,730	\$ 3,463,649	\$ 494,748	\$ 103,206	\$ 91,935	\$ 514	\$ 785,281	\$ 7,562,063
At June 30, 2025	\$ 2,622,730	\$ 3,331,716	\$ 429,230	\$ 94,296	\$ 71,600	\$ 442	\$ 421,190	\$ 6,971,204

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Unisync Corp.

Notes to Condensed Interim Consolidated Financial Statements (Expressed in Canadian dollars) (Unaudited)

6. Right of use assets

Cost	
Balance September 30, 2023	\$ 19,572,550
Foreign currency translation adjustment	(6,595)
Balance, September 30, 2024	\$ 19,565,955
Foreign currency translation adjustment	41,289
Balance, June 30, 2025	19,607,244
Accumulated Depreciation	
Balance September 30, 2023	5,619,749
Depreciation	1,930,269
Foreign currency translation adjustment	(6,436)
Balance, September 30, 2024	\$ 7,543,582
Depreciation	1,510,170
Foreign currency translation adjustment	7,683
Balance, June 30, 2025	9,061,435
Net Carrying Value, September 30, 2024	\$ 12,022,373
Net Carrying Value, June 30, 2025	\$ 10,545,809

The Company's right of use leases are for its distribution, sales, and administrative facilities.

7. Intangible assets

Cost	Computer Software	Customer relationships from Utility acquisition	Standards Certification	Total
Balance, September 30, 2023	\$ 7,411,767	\$ 7,195,285	\$ 74,143	\$ 14,681,195
Additions	13,670	-	-	13,670
Foreign currency translation adjustment	(181)	-	-	(181)
Balance, September 30, 2024	\$ 7,425,256	\$ 7,195,285	\$ 74,143	\$ 14,694,684
Additions	-	-	-	-
Foreign currency translation adjustment	1,239	-	-	1,239
Balance, June 30, 2025	\$ 7,426,495	\$ 7,195,285	\$ 74,143	\$ 14,695,923
Accumulated Depreciation				
Balance, September 30, 2023	\$ 5,087,300	\$ 4,126,037	\$ 65,898	\$ 9,279,235
Amortization	1,619,807	839,784	2,201	2,461,792
Foreign currency translation adjustment	(297)	-	-	(297)
Balance, September 30, 2024	\$ 6,706,810	\$ 4,965,821	\$ 68,099	\$ 11,740,730
Depreciation	715,252	629,838	1,651	1,346,741
Foreign currency translation adjustment	467	-	-	467
Balance, June 30, 2025	\$ 7,422,529	\$ 5,595,659	\$ 69,750	\$ 13,087,938
Carrying Value				
At September 30, 2024	\$ 718,446	\$ 2,229,464	\$ 6,044	\$ 2,953,954
At June 30, 2025	\$ 3,966	\$ 1,599,626	\$ 4,393	\$ 1,607,985

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Unisync Corp.

Notes to Condensed Interim Consolidated Financial Statements (Expressed in Canadian dollars) (Unaudited)

8. Goodwill

	June 30, 2025	September 30, 2024
<i>Cost</i>		
Peerless and GP	\$ 2,586,000	\$ 2,586,000
Carleton	305,049	305,049
Omega	342,893	342,893
Utility	3,150,855	3,150,855
	\$ 6,384,797	\$ 6,384,797

Goodwill arose on the acquisitions of Peerless and GP in 2010, the acquisitions of Carleton and Omega in 2015 and the acquisition of Utility in 2018. For impairment testing purposes, the goodwill is allocated to the cash-generating unit ("CGU"). There has been no change to the goodwill since each acquisition.

9. Operating loan

The Company has established two operating loan facilities totalling \$24,000,000 with a Canadian chartered bank and an operating loan facility of US\$5,000,000 to finance its working capital requirements. Borrowings under the \$24,000,000 loan facility is subject to normal margining requirements that limit borrowings to acceptable accounts receivable and inventory. The USD 5,000,000 facility is secured by a letter of guarantee from Export Development Canada. As at June 30, 2025, combined drawings under the operating loan facilities were \$21,612,529 (September 30, 2024 - \$23,151,129). The borrowings under the operating loan facilities are available by way of prime rate advances, CORRA or SOFR advances. Prime rate advances under the operating loan facilities bear interest at bank prime rate plus 1.25%. During the nine months ended June 30, 2025, the Company incurred interest expense of \$1,372,089 (June 30, 2024 - \$1,509,046) on borrowings under its operating loan facilities. In addition, the Company has a \$2,000,000 letter of guarantee facility (see Note 16(a)), an unutilized foreign exchange loan facility to purchase foreign exchange contracts up to an aggregate of USD18,000,000, a \$200,000 credit card facility and an unutilized \$19,000,000 interest rate swap facility. Security for the loan facilities include a second mortgage on the Company's land and buildings, general security agreements, a specific pledge of certain assets and inter-company guarantees. Under the terms of its operating loan agreement, the Company must satisfy certain restrictive covenants as to minimum financial ratios as follows:

- (i) The ratio of debt to tangible assets must not be greater than 3:1
- (ii) The ratio of current assets to current liabilities must be greater than 1.25:1
- (iii) The debt service coverage ratio of cash flow from operations to debt obligations must be greater than 0.42: 1 for the trailing twelve months ending June 30, 2025, and 1.25:1 for the trailing twelve months ending September 30, 2025 and thereafter.

As at June 30, 2025, the Company was in compliance with the covenants of its operating loan facilities.

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Unisync Corp.

Notes to Condensed Interim Consolidated Financial Statements (Expressed in Canadian dollars) (Unaudited)

10. Mortgage loans

Balance, September 30, 2023	\$	16,683,772
Repayment of mortgage loans		(312,415)
Amortization of mortgage loan financing fees		11,453
Balance, September 30, 2024		16,382,810
Repayment of mortgage loans		(316,430)
Amortization of mortgage loan financing fees		8,103
Balance, June 30, 2025		16,074,483
Less: current portion of mortgage loans		462,908
Balance, June 30, 2025		15,611,575

On July 26, 2021, the Company established two mortgage loan facilities with the Business Development Bank of Canada ("BDC") in amounts of \$3,880,000 (the "Peerless" mortgage loan) and \$6,120,000 (the "Utility" mortgage loan) secured by first mortgages over the land and buildings, by general security agreements and inter-company guarantees. Advances under the Peerless and Utility mortgage loans bear interest at a fixed rate of 4.10% until May 1, 2026, following which the interest rate will be adjusted to the BDC's fixed rate then in effect. The Peerless mortgage loan is repayable in blended monthly instalments of principal and interest of \$23,717 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 \$32,642 that began on November 1, 2021, over a 300 month term. Following an updated appraisal of the Company's land and buildings in Saint-Laurent, Quebec, the BDC increased the Utility mortgage loan by \$7,450,000 on August 18, 2023. This additional Utility financing is repayable in blended monthly instalments of principal and interest of \$51,708 commencing on August 1, 2024, for a term of 25 years at a fixed interest rate of 6.7% for the first five years, following which the interest rate will be adjusted to the BDC's fixed rate then in effect. Proceeds from this additional Utility financing were used to repay shareholder advances and to reduce operating loan advances. During the nine months ended June 30, 2025, the Company recorded interest expense of \$656,179 (June 30, 2024 - \$668,280) on borrowings under its BDC mortgage loans.

Under the terms of its mortgage loan agreement, the Company must satisfy an annual restrictive covenant as to minimum debt service coverage ratio of cash flow from operations to debt obligations must be greater than 1:10:1. The Company is subject to this annual covenant on the mortgage loan facilities, which was not in compliance as at September 30, 2024, but subsequently received a waiver from BDC.

11. Long-term lease liabilities

Balance September 30, 2023	\$	16,453,942
Repayment of lease liabilities		(2,343,666)
Interest accretion		836,398
Foreign currency translation adjustment		(1,595)
Balance, September 30, 2024	\$	14,945,079
Repayment of lease liabilities		(1,878,363)
Interest accretion		619,726
Foreign currency translation adjustment		33,235
Balance, June 30, 2025	\$	13,719,677
Less: current portion of long-term lease liabilities		1,843,994
Balance, June 30, 2025	\$	11,875,683

During the nine months ended June 30, 2025, the Company accreted interest expense of \$619,726 (June 30, 2024 - \$581,250) on its long-term lease liabilities.

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Unisync Corp.

Notes to Condensed Interim Consolidated Financial Statements (Expressed in Canadian dollars) (Unaudited)

12. Due to minority partner

As part of the acquisition of Peerless in 2010, the Company and the minority partner entered into a put/call agreement to purchase the 10% interest in Peerless held by the minority partner at a fixed price of \$1,500,000. The notice period is a minimum duration of one year plus one day for a triggering event under the triggering events of the put/call agreement. On April 9, 2020, the Company received notice from the minority partner of Peerless that the minority partner was exercising its put option to receive payment of \$1,500,000 from the Company for the minority partner's interest in Peerless by no later than April 10, 2021. On September 30, 2021, the minority partner agreed to defer payment of the put option until October 15, 2022. During the year ended September 30, 2024, the Company paid \$250,500 under the put option which reduced the minority partners interest to 8.33%. The Company is working in co-operation with the minority partner to effect the balance of payment under the put option as it is financially viable to do so.

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Unisync Corp.

Notes to Condensed Interim Consolidated Financial Statements (Expressed in Canadian dollars) (Unaudited)

13. Capital stock

(a) Authorized

Unlimited number of the following classes of shares:

- Common shares without par value.
- Class A preferred shares issuable in series with no voting rights.

(b) Shares issued and fully paid

	Number of Common Shares	Amount
Balance, September 30, 2024	19,012,229 \$	30,447,488
Balance, June 30, 2025	19,012,229 \$	30,447,488

(c) Stock options

The stock option plan provides that, subject to the requirements of the TSX Exchange (the "Exchange"), the aggregate number of common shares reserved for issuance under the stock option plan may not exceed 10% of the issued and outstanding common shares of the Company.

The following table summarizes stock options outstanding:

	Number of Stock Options Outstanding	Weighted Average Exercise Price
Balance, September 30, 2023	1,815,000 \$	2.08
Granted	100,000	2.00
Forefeited	(385,000)	2.09
Balance, June 30, 2024	1,530,000	2.07
Balance, September 30, 2024	1,315,000 \$	2.09
Forefeited	(110,000)	1.81
Balance, June 30, 2025	1,205,000 \$	2.12

Range of exercise prices	Number of outstanding options	Weighted Average remaining life	Weighted Average Exercise Price	Number of exercisable options	Weighted Average Exercise Price of exercisable options
\$2.90	300,000	1.70 \$	2.9 \$	240,000 \$	2.90
\$2.00	405,000	3.11	2.0	169,333	2.00
\$1.75	500,000	0.32	1.75	400,000	1.75
\$ 1.75 to \$2.90	1,205,000	1.64 \$	2.12 \$	809,333 \$	2.22

Based on the vesting schedule, a stock option compensation expense of \$65,805 was determined for the nine months ended June 30, 2025, but due to a carry over forfeitures true-up, a stock option compensation expense of \$nil was recognized for the nine-month period ended June 30, 2025 (June 30, 2024 - \$nil). Option pricing models require the use of highly subjective estimates and assumptions, changes in which can materially affect the value estimates.

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Unisync Corp.

Notes to Condensed Interim Consolidated Financial Statements (Expressed in Canadian dollars) (Unaudited)

14. Income taxes

Income tax expense is recognized based on management's estimate of the weighted average annual income tax rate (see below) applicable to consolidated profits of the Company are as follows:

	Three months ended June 30		Nine months ended June 30	
	2025	2024	2025	2024
Income tax expense (recovery)	\$ (19,584)	\$ -	\$ 205,713	\$ -
Deferred tax expense (recovery)	457,532	(320,304)	886,171	(430,597)
Income tax expense (recovery)	\$ 437,948	\$ (320,304)	\$ 1,091,884	\$ (430,597)

The tax on the Company's net income (loss) before tax differs from the amount that would arise using the weighted average tax rate applicable to consolidated profits of the Company as follows:

	Three months ended June 30		Nine months ended June 30	
	2025	2024	2025	2024
Net Income (loss) before income taxes	\$ 1,807,102	\$ (1,231,674)	\$ 1,785,148	\$ (1,694,442)
Tax rate	26.5%	26.2%	26.5%	26.2%
	478,882	(322,699)	473,064	(443,944)
Taxes attributable to minority partner	(5,014)	(15,731)	(22,838)	(34,250)
Tax audit and True-ups	(34,018)	17,895	677,537	44,933
Permanent differences	(1,902)	231	(35,879)	2,664
Income tax expense (recovery)	\$ 437,948	\$ (320,304)	\$ 1,091,884	\$ (430,597)

The Company's deferred tax asset (liability) consists of the following:

	June 30, 2025	September 30, 2024
Deferred tax assets		
Available non-capital losses and other tax deductions	\$ 7,057,520	\$ 8,423,831
Deferred tax liabilities		
Property, plant and equipment	(182,574)	(662,714)
	6,874,946	7,761,117

The Company has non-capital losses of approximately \$16,472,911 (September 30, 2024 - \$22,307,669) that can be applied against future years' taxable income for Canadian income tax purposes. These losses were recognized as a deferred tax asset in the amount of \$4,408,405 (September 30, 2024 - \$5,957,771) that is included in the deferred tax asset balance at June 30, 2025. The Company has recognized these losses as a deferred income tax asset as it expects to utilize these losses against income from the sale of uniform products for which the Company held contracts at June 30, 2025.

The Canadian Revenue Agency ("CRA") issued Notices of Reassessment for taxation years 2019 and 2020 on the Company's subsidiary Unisync Group Limited ("UGL") as a result of miscommunications between the CRA and the Company. Notwithstanding reported losses in each of the years, the Reassessments disallowed all of the cost of materials and the majority of operating expenses resulting in a reassessment totalling \$18.1 million including interest and penalties. UGL had filed its Notice of Objection and has submitted all of the outstanding support material requested by the CRA Audit Division. During the six months ended March 31, 2025, the CRA audit was concluded and resulted in a reduction of \$2.6 million in non-capital losses related to certain expenditures in 2019 and 2020. The audit resulted in nil interest and penalties and no taxes are due on part of the company as a result

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Unisync Corp.

Notes to Condensed Interim Consolidated Financial Statements (Expressed in Canadian dollars) (Unaudited)

of the audit findings by the CRA. The reduction in non-capital losses resulted in a reduction in deferred tax assets and the recognition of a deferred tax expense of \$702,000 during the three months ended March 31, 2025.

15. Expenses by nature

	Three months ended June 30		Nine months ended June 30	
	2025	2024	2025	2024
Direct expenses:				
Materials	\$ 10,961,431	\$ 12,001,487	\$ 37,570,326	\$ 39,732,692
Wages and benefits	2,222,937	2,122,173	6,621,863	6,653,339
Delivery	1,116,734	1,744,021	3,485,909	4,331,971
Rent, utilities and other property costs	468,248	480,696	1,521,284	1,618,510
Subcontract fees	355,847	398,904	1,302,774	1,608,074
Insurance	-	1,008	-	2,633
Other	19,564	31,495	68,888	109,514
	\$ 15,144,761	\$ 16,779,784	\$ 50,571,044	\$ 54,056,733
General and administrative expenses:				
Wages and benefits	\$ 1,554,074	\$ 2,069,687	\$ 4,776,932	\$ 6,536,615
Data services, system maintenance, telecommunications and software licenses	391,864	450,670	1,240,882	1,571,776
Legal, bank, insurance and professional services	833,456	547,959	2,068,306	1,268,834
Rent, utilities and other property costs	170,284	74,765	515,310	334,615
Advertising, marketing and other promotion costs	36,521	14,797	141,965	96,014
Other	236,027	164,822	550,163	888,469
	\$ 3,222,226	\$ 3,322,700	\$ 9,293,558	\$ 10,696,323

16. Commitments and contingencies

(a) At June 30, 2025, the Company had \$1,485,500 (September 30, 2024 - \$1,485,500) in letters of credit outstanding.

17. Economic dependence

During the nine-month period ended June 30, 2025, revenue from the Canadian military and other Canadian governmental agencies accounted for 7% of total revenue (June 30, 2024 - 5%), and revenue from two airline industry customers accounted for 36% of total revenue (June 30, 2024 - 35%).

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Unisync Corp.

Notes to Condensed Interim Consolidated Financial Statements (Expressed in Canadian dollars) (Unaudited)

18. Segmented information

The Company has two reportable operating segments, Peerless and UGL. While both segments are involved in the distribution and manufacture of garments and uniforms and the sale of product to government agencies and corporate entities in Canada, Peerless is primarily engaged in manufacturing products for government agencies while UGL is primarily involved in distributing products to corporate entities. The segments are separately managed for reporting purposes.

Performance is measured based on segment income before income taxes, as included in the internal management reports reviewed by the Company's chief operating decision maker. Management has determined that this measure is the most relevant in evaluating segment results.

Three months ended June 30, 2025

	Peerless	UGL	Eliminations adjustments and corporate expenses	Total
Revenue	\$ 3,189,792	\$ 18,711,968	\$ (29,164)	\$ 21,872,596
Direct expenses	2,630,123	12,543,802	(29,164)	15,144,761
General and administrative expenses	312,486	2,709,474	200,266	3,222,226
Depreciation and amortization	8,066	760,533	108,995	877,594
	\$ 239,117	\$ 2,698,159	\$ (309,261)	\$ 2,628,015
Interest expense	16,960	790,803	13,150	820,913
Net income (loss) before income taxes	\$ 222,157	\$ 1,907,356	\$ (322,411)	\$ 1,807,102
Capital expenditures on property, plant and equipment	-	-	-	-
Capital expenditures on intangible assets	-	-	-	-

Nine months ended June 30, 2025

	Peerless	UGL	Eliminations adjustments and corporate expenses	Total
Revenue	\$ 10,136,450	\$ 57,892,299	\$ (271,260)	\$ 67,757,489
Direct expenses	8,031,111	42,811,193	(271,260)	50,571,044
General and administrative expenses	995,222	7,767,078	531,258	9,293,558
Depreciation and amortization	24,199	3,087,304	326,986	3,438,489
	\$ 1,085,918	\$ 4,226,724	\$ (858,244)	\$ 4,454,398
Interest expense	62,142	2,593,958	13,150	2,669,250
Net income (loss) before income taxes	\$ 1,023,776	\$ 1,632,766	\$ (871,394)	\$ 1,785,148
Capital expenditures on property, plant and equipment	-	-	-	-
Capital expenditures on intangible assets	-	-	-	-
Total assets	8,674,154	63,148,619	15,039,458	86,862,231
Property, plant and equipment	758,365	6,212,839	-	6,971,204
Right of use assets	-	10,545,809	-	10,545,809
Intangible assets	-	1,607,985	-	1,607,985
Goodwill	2,586,000	3,798,797	-	6,384,797
Liabilities, excluding due to minority partner	4,361,969	66,302,966	-	70,664,935

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Unisync Corp.
Notes to Condensed Interim Consolidated Financial Statements
(Expressed in Canadian dollars) (Unaudited)

18. Segmented information (continued)

Three months ended June 30, 2024

	Peerless	UGL	Eliminations adjustments and corporate expenses	Total
Revenue	\$ 3,211,116	\$ 18,081,295	\$ (98,277)	\$ 21,194,134
Direct expenses	2,283,562	14,594,499	(98,277)	16,779,784
General and administrative expenses	296,748	2,822,924	203,028	3,322,700
Depreciation and amortization	9,236	1,202,997	109,267	1,321,500
	\$ 621,570	\$ (539,125)	\$ (312,295)	\$ (229,850)
Interest expense	21,452	980,372	-	1,001,824
Net income (loss) before income taxes	\$ 600,118	\$ (1,519,497)	\$ (312,295)	\$ (1,231,674)
Capital expenditures on property, plant and equipment	-	-	-	-
Capital expenditures on intangible assets	-	(9,460)	-	(9,460)

Nine months ended June 30, 2024

	Peerless	UGL	Eliminations adjustments and corporate expenses	Total
Revenue	\$ 8,357,513	\$ 62,072,400	\$ (585,520)	\$ 69,844,393
Direct expenses	5,959,497	48,682,756	(585,520)	54,056,733
General and administrative expenses	986,753	9,214,031	495,539	10,696,323
Depreciation and amortization	27,709	3,654,051	327,801	4,009,561
	\$ 1,383,554	\$ 521,562	\$ (823,340)	\$ 1,081,776
Interest expense	79,746	2,696,472	-	2,776,218
Net income (loss) before income taxes	1,303,808	(2,174,910)	(823,340)	\$ (1,694,442)
Capital expenditures on property, plant and equipment	-	(136,561)	-	(136,561)
Capital expenditures on intangible assets	-	(11,510)	-	(11,510)
Total assets	9,019,279	77,282,710	12,617,158	98,919,147
Property, plant and equipment	791,800	6,998,567	-	7,790,367
Right of use assets	-	12,556,895	-	12,556,895
Intangible assets	-	3,567,744	-	3,567,744
Goodwill	2,586,000	3,798,797	-	6,384,797
Liabilities, excluding due to minority partner	4,571,770	75,198,205	-	79,769,975

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Unisync Corp.

Notes to Condensed Interim Consolidated Financial Statements (Expressed in Canadian dollars) (Unaudited)

18. Segmented information (continued)

The Company operates in two geographic segments as follows:

	Three months ended June 30,		Nine months ended June 30,	
	2025	2024	2025	2024
Revenue				
Canada	\$ 17,542,585	\$ 16,557,615	\$ 53,780,248	\$ 56,229,402
United States of America	4,330,011	4,636,519	13,977,241	13,614,991
	\$ 21,872,596	\$ 21,194,134	\$ 67,757,489	\$ 69,844,393
Total assets				
Canada			74,735,704	84,400,422
United States of America			12,126,527	14,518,725
			\$ 86,862,231	\$ 98,919,147

The accompanying notes form an integral part of these interim condensed consolidated financial statements.