UNISYNC Reports Q2 Fiscal 2025 Operating Results Showing Continued Improvement in Profitability

TORONTO, May 13, 2025 -- **Unisync Corp. (“Unisync”) (TSX:"UNI") (OTC:“USYNF”**) is pleased to report a net income before tax of $1.0 million($0.05/share) and an Adjusted EBITDA of $3.1 million($0.16/share) on revenues of $24.5 million for the three months ended March 31, 2025. Unisync operates through two business units: Unisync Group Limited (“UGL”) with operations throughout Canada and the USA and 92% owned Peerless Garments LP (“Peerless”), a domestic manufacturing operation based in Winnipeg, Manitoba. UGL is a leading customer-focused provider of corporate apparel, serving many leading Canadian and American iconic brands. Peerless specializes in the production and distribution of highly technical protective garments, military operational clothing, and accessories for a broad spectrum of Federal, Provincial and Municipal government departments and agencies.

Consolidated revenue for the quarter came in at $24.5 million versus $25.7 million for same period in the prior year. UGL revenues experienced a decrease of $3.4 million due mainly to a decrease in airline account revenue, resulting in a decrease in gross profit from $4.4 million in the same period last year to $4.0 million. While gross profit decreased, gross margins improved to 20.1% of segment revenues from 18.6% in the same period last year. The improvement in gross margin was mainly attributed to customer price increases, lower product costs from the relocation of offshore vendors and the realized savings from the previously announced consolidation of operations. The Peerless segment revenues increased by $1.9 million over the same quarter last year due to timing of the shipments on government contracts.

At $3.1 million, consolidated general and administrative expenses were lower by $0.6 million or 19% from the same quarter last year due to overhead reductions associated with the aforenoted consolidation of operations that began in September 2023.

Interest expense of $0.9 million was slightly higher than the same quarter last year due to higher USD denominated borrowings combined with a depreciation in the Canadian Dollar.

Income tax expense during the quarter was $0.9 million, which was mainly attributable to the conclusion of a CRA audit that resulted in a reduction of the company’s non-capital losses by $2.6 million and a $0.7 million non-cash adjustment to deferred tax expense.

The Company reported a net income before tax of $1.0 million for the three months ended March 31, 2025, compared to a net income before tax of $0.6 million in the same quarter last year. Adjusted EBITDA for the quarter was $3.1 million versus $2.8 million for the same quarter last year.

Because of the effect of the unprecedented drop in the value of the Canadian dollar versus the US dollar from 1.34 as of Sept 30, 2024 to 1.43 as of March 31, 2025, net income for the six months ending March 31, 2025 was negatively affected by unrealized foreign exchange losses totaling $1.4 million on US domiciled liabilities of UGL’s Canadian operations. As a result, the Company reported a small net loss before tax of $0.02 million compared to a loss of $0.5 million for the same six-month period in the prior year. Adjusting for unrealized foreign exchange losses, net Income before tax was $1.4 million and EBITDA was $5.8 million.

Business Outlook

During the three months ended March 31, 2025, the UGL segment continued to benefit from positive contract pricing adjustments and relocating offshore production from a number of factories with higher labour costs and/or who were import duty subject, to those that offer lower labour costs and/or duty-free status. These initiatives have yielded improved margins and are expected to continue to positively impact future margins for UGL as these reduced input costs get reflected in the weighted average cost of inventory. We also continue to aggressively pursue opportunities to reduce our facility costs to further improve operating margins.

The recent upward momentum in the value of the Canadian dollar bodes well for an eventual recovery of the first quarter unrealized foreign exchange losses. However, the Company is still facing a lack of visibility on the outcome of the trade war with the US and its ultimate effect on the relative value of the Canadian dollar and our clients’ business activities, especially in the airline sector.

UGL segment management continue to actively pursue several material business opportunities that are coming to market in both the Canadian and US marketplace during the 2025 calendar year. With $31.8 million in firm contracts and options on hand as at March 31, 2025, the Peerless business segment is positioned to maintain its current level of revenues and profitability in fiscal 2025.

More detailed information is contained in the Company’s Consolidated Financial statements for the quarter ended March 31, 2025 and Management Discussion and Analysis dated May 12, 2025, which may be accessed at www.sedarplus.ca .

On Behalf of the Board of Directors

Douglas F Good
CEO

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Adjusted EBITDA
Adjusted EBITDA does not have a standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers and should not be considered in isolation nor as a substitute for financial information reported under IFRS. Unisync uses non-IFRS measures, including Adjusted EBITDA, to provide shareholders with supplemental measures of its operating performance. Unisync believes adjusted EBITDA is a widely accepted indicator of an entity's ability to incur and service debt and commonly used by the investing community to value businesses.

Forward Looking Statements
This news release may contain forward-looking statements that involve known and unknown risk and uncertainties that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in these forward-looking statements. Any forward-looking statements contained herein are made as of the date of this news release and are expressly qualified in their entirety by this cautionary statement. Except as required by law, the Company undertakes no obligation to publicly update or revise any such forward-looking statements to reflect any change in its expectations or in events, conditions or circumstances on which any such forward-looking statements may be based, or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements. Neither the TSX nor its Regulation Services Provider (as that term is defined in the policies of the TSX) accepts responsibility for the adequacy or accuracy of this release.