



UNISYNC UPDATE ON COVID-19 AFFECT ON OPERATIONS

TORONTO, April 03, 2020 -- Unisync is a broad-based vertically integrated North American enterprise with exceptional capabilities in garment design, domestic manufacturing, and off-shore outsourcing, including state-of-the-art web based B2B ordering, distribution, and program management systems. Unisync operates through two business units: Unisync Group Limited ("UGL") and 90% owned Peerless Garments LP ("Peerless"). The Canadian operations of UGL and Peerless are considered essential services and, as such, are expected to continue to operate.

UGL provides full-service, managed apparel programs for major corporations and government-related entities through operations across Canada and has recently expanded into the US marketplace through the establishment of a 45,000 sq. ft. distribution and service facility in Henderson, Nevada, and a sales and service facility in Farmingdale, New Jersey.

UGL Canadian Operations

UGL's larger managed apparel programs in Canada include major airlines such as Air Canada and WestJet, both of whom have announced substantial reductions in their flights in conjunction with temporarily laying off 60% or more of their staff. In addition, we service a number of companies in the hospitality sector, including casinos, which have been severely impacted by the Covid-19 pandemic. These layoffs will have an immediate and proportional effect on our business revenues during the shutdown period, gradually returning to more normal levels over the following months.

On a more positive note, the transit, grocery and drug store business segments as well as the public safety sectors do not appear to be as impacted and, in some cases, we are seeing signs of improvement over last year. In addition, we have brought on new major corporate accounts, as well as the Canadian Coast Guard in the public safety sector, which will mitigate some of the fall off in sales being experienced in the transportation and hospitality sectors.

Overall, we are estimating that we could experience a reduction in Q3 revenues from UGL's Canadian operations by as much as 60% from the same quarter last year. As a result, we have no alternative but to place 112 of UGL's 254 Canadian employees on temporary layoff effective close of business this Friday, April 3rd. Based on the projected drop-off in revenues, UGL expects to recover 75% of the base salary of the employees who continue to work, up to an annualized maximum of \$44,000 per employee under the Canada emergency wage subsidy (CEWS).

UGL US Operations

As at the end of last month, we completed the kitting and delivery of new uniforms for all Alaska/Horizon Airline employees with the exception of the Alaska pilots. Alaska converted over to these new uniforms in mid-March, at which time we officially assumed full responsibility for the ongoing management of this portion of the program. The new uniforms are on hand for the pilot portion of the program but kitting and delivery has been temporarily deferred as a result of the current disruption caused by the pandemic.

A ramp up in staff at our Henderson, NV distribution facility was commenced last year to receive and stock the incoming inventory and then process and deliver the online starter uniform kits to Alaska employees. Since the bulk of that roll-out is now complete, peak temporary staffing levels will drop significantly as we move into the maintenance and ongoing service aspect of this long-term contract.

As our Farmingdale NJ operation primarily services the hospitality sector, we were forced to temporarily lay off 5 of 14 employees at that location also on April 3, 2020.

Peerless Operations

Winnipeg based Peerless specializes in the manufacturing and distribution of highly technical protective garments, military operational clothing, and accessories for a broad spectrum of Federal, Provincial and Municipal government agencies in Canada. Peerless is expected to continue to outperform last year through the balance of Fiscal 2020. No Federal Government support is expected or needed for Peerless at this time.

Effect on 2020 Fiscal performance

Prior to the Covid-19 pandemic, Unisync was on target for consolidated revenues to reach a new milestone of over \$100 million for the current fiscal year. We estimate that consolidated revenues for the just completed first 6 months of fiscal 2020 were approximately \$55 million, a 52% increase over the \$36 million reported for the corresponding period in fiscal 2019. We are implementing cost saving measures where appropriate including eliminating 100% of directors fees for at least 6 months and implementing temporary reductions in compensation at the senior executive levels.

We raised \$3 million in additional equity capital at the end of last December and obtained a US\$5 million loan facility to fund our US operations. Combined with the support of our Federal Government in the form of wage subsidies and a positive cash flow from operations for the just completed first half of fiscal 2020, Unisync is in a good position to weather the projected drop in revenues associated with the substantial lay offs of the many uniformed employees of our valued clients.

We are seeing a build-up in business opportunities both here in Canada and the US which when coupled with the long-term contracts we have with most of our larger clients, causes us to be optimistic that our business will gradually return to normal

levels once the pandemic is controlled.

We want to thank our dedicated and capable staff who are working every day to see us through this truly unprecedented event. For those of you who have been laid off, we appreciate the stress you are under and can only hope, as much as possible, that you are able to spend much of this time with your family – your Unisync family will be waiting for you when you return. We believe in the future of Unisync and will work to earn the continued support of our shareholders.

For more information on our capabilities, products and services please visit the Unisync website at www.unisyncgroup.com.

On Behalf of the Board of Directors

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Forward Looking Statements

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