



REKO INTERNATIONAL GROUP INC.

*Fourth Quarter Report
And Year Ended
July 31, 2019*

**REKO INTERNATIONAL
GROUP INC.**

469 Silver Creek Industrial Drive
Lakeshore, Ontario
N8N 4W2

SUBSIDIARIES/DIVISIONS:

Canada:

- Concorde Precision Machining Inc.
- Reko Manufacturing Group Inc.

United States:

- Reko International Sales Inc.
- Reko International Holdings Inc.
- Concorde USA, LLP

Reko Reports Strong Fiscal Year End

- Sales grows 14% over last year
- Year over year gross profit increases by 22%
- Continued commitment to research and development and market diversification

(Windsor, Ontario – October 2, 2019) - Reko International Group Inc. (TSX-V: REKO) today announced results for its year ended July 31, 2019.

Financial Highlights:

(in 000's, except for per share data)

	Three Months (unaudited)		Twelve Months (unaudited)	
	Fiscal 2019	Fiscal 2018	Fiscal 2019	Fiscal 2018
Sales	\$10,659	\$10,206	\$47,989	\$42,272
Net income	526	713	1,577	2,035
EPS basic	0.08	0.11	0.25	0.32
Working capital			17,182	13,482
Shareholders' equity			46,418	45,181
Shareholders' Equity per Share			7.31	7.02

Consolidated sales for the fourth quarter of 2019 were \$10.6 million compared to \$10.2 million in the same period last year, an increase of \$0.5 or 4.4%. The increase in sales was related to improved throughput and a continued strong exchange rate. Consolidated sales for the year ended July 31, 2019, were \$47.9 million, compared to \$42.2 million in the prior year, an increase of \$5.7 million or 13.5%.

Gross profit for the quarter ended July 31, 2019, was \$2.1 million, or 19.8% of sales, compared to \$1.9 million, or 18.6% of sales in the prior year. The increase in gross profit is consistent with the increase in sales. Gross profit for the year ended July 31, 2019, was \$8.2 million, or 17.0% of sales, compared to a gross profit of \$6.7 million, or 15.9% of sales in the prior year.

Selling and administrative expenses for the quarter ended July 31, 2019, were \$1.2 million, or 11.3% of sales, compared to \$1.4 million, or 13.7% of sales, in the prior year. The decrease in SG&A relates to one-time expenses associated with expansion in the prior year quarter. Selling and administrative expenses for the year ended July 31, 2019, were \$5.3 million, or 11.0% of sales, compared to \$4.7 million, or 11.2% of sales in the prior year. The increase in SG&A relates to expenses such as employee benefits and wages in conjunction with new hires since the prior year's fourth quarter.

Net income for the year ended July 31, 2019 was \$1.6 million or \$0.25 per share, compared to net income of \$2.0 million, or \$0.32 per share in the prior year. Foreign currency fluctuations, continued research and development investment, and some proactive debt restructuring activities made in the interest of strengthening our net cash position contributed to the lower year over year net income.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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During the quarter, the company re-purchased 63,600 shares under the normal course issuer bid which expires December 30, 2019. During fiscal 2019 the total shares repurchased under all bids totaled 118,300.

“I am very proud of everyone on the Reko team for achieving 31% increase in operating income over the prior year,” stated Diane Reko, chief executive officer. “We have posted stronger revenue and gross margin gains and we continue to invest in research and product development that will open new opportunities down the road within diverse and growing business sectors.”

About Reko International Group Inc.

Reko International Group Inc. (TSX-V:REKO) is a diversified, technology-driven manufacturing organization located in Southwestern Ontario, just minutes from the U.S. border. Areas of expertise include robotic factory automation solutions, the precision machining of large critical parts, and plastic injection and low compression acoustic tooling. Reko's family-oriented culture embraces past experience, fosters innovation, and always ensures the highest standard of quality. Reko believes in strengthening communities by advancing manufacturing. For more information, visit, or contact Catia Longo, Chief Financial Officer at (519) 727-3287.