

## Reko Reports Profitable Quarter

### **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 Services Inc.
- Reko International Holdings Inc.
- Concorde USA, LLC

(Windsor, Ontario – March 10, 2022) - Reko International Group Inc. (TSX-V: REKO) today announced results for its quarter ended January 31, 2022.

#### Financial Highlights: (in 000 's except for per share amounts)

	Three Months (unaudited)		Six Months (unaudited)	
	Fiscal 2022	Fiscal 2021	Fiscal 2022	Fiscal 2021
Sales	\$13,419	\$10,982	\$25,525	\$17,825
Net income	872	468	1,366	(428)
EPS basic	0.15	0.07	0.23	(0.07)
Working capital			22,390	19,890
Shareholders' equity			46,813	46,031
Shareholders' Equity per Share			7.81	7.57

Consolidated sales for the second quarter of 2022 were \$13.4 million compared to \$11.0 million in the same period last year, an increase of \$2.4 million, or 22.2%. Sales for the first six months of the current fiscal were 43% higher than sales for the first half of the prior year, totaling \$25.5 million, compared to \$17.8 million. The increase in sales is attributable to a rebound from the negative effects the COVID-19 pandemic had on sales efforts during the first half of last year. Momentum has picked up, and our teams are busy quoting and kicking off new work.

Gross profit for the quarter ended January 31, 2022 was \$2.2 million compared to \$1.1 million for the same period in the prior year. Gross profit as a percentage of sales averaged 16.6% for the three months, a significant improvement compared to 9.8% for the same period last year. Improved sales volumes contributed to the increase, as did a continued focus on operational efficiencies. These increases were partly offset, however, by continued increase in material and labour costs, as well as shipping.

Selling, general and administrative expenses ("SG&A") for the second quarter of fiscal 2022 totaled \$1.3 million compared to \$1.0 million for the same period in fiscal 2021. SG&A expenses for the six months of the year totalled \$2.5 million, compared to \$3.0 million in the prior year. The decrease in year-to-date costs compared to last year's are mostly due to severance payments accounted for in Q1 of last year from the restructuring that took place at that time because of reduced workloads.

Net income for the three months ended January 31, 2022 was \$0.9 million, or \$0.15 per share compared to \$0.5 million, or \$0.07 per share, for the same period in the prior year. For the six months ended January 31, 2022, net income was \$1.4 million, or \$0.23 per share, compared to net loss \$0.4 million, or (\$0.07) per share, in the same period last year.

During the quarter, the company re-purchased 35,800 shares under the normal course issuer bid. On December 2, 2021, Reko paid out a special cash dividend of \$0.25 per share to all shareholders of record November 2, 2021.

"We are pleased with the sales improvement of over 40% over the first half of fiscal 2021", stated Diane Reko, CEO, "and even more pleased with the significantly higher increases in gross profit and net income. Quoting is robust and demand is much improved since the beginning of the pandemic. Unfortunately, we continue to be challenged with supply chain problems like component availability, significant price increases and delivery delays. These challenges, combined with inflationary pressures may impact margins on orders which were awarded before these cost and timing delay effects were evident."

# **REKO INTERNATIONAL GROUP INC.**

## **Second Quarter Report And Period Ended January 31, 2022**

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[www.rekointl.com](http://www.rekointl.com)

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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.

#### **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.*