

**REKO INTERNATIONAL
GROUP INC.**

469 Silver Creek Industrial Drive
Lakeshore, Ontario
N8N 4W2
www.rekointl.com

SUBSIDIARIES/DIVISIONS:

Canada:

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

United States:

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

Reko Reports Strong Year End Results

(Windsor, Ontario – October 13, 2022) - Reko International Group Inc. (TSX-V: REKO) today announced results for its fourth quarter and year ended July 31, 2022.

Financial Highlights:

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

	Three Months		Twelve Months	
	(unaudited)		(unaudited)	
	Fiscal 2022	Fiscal 2021	Fiscal 2022	Fiscal 2021
Sales	\$15,002	\$8,957	\$53,884	\$39,196
Net Income	663	491	2,121	864
EPS Basic	0.11	0.08	0.36	0.14
Working Capital			18,757	20,274
Shareholders' Equity			46,412	47,056
Shareholders' Equity per Share			8.03	7.84

Consolidated sales for the fourth quarter of 2022 were \$15.0 million compared to \$9.0 million in the same period last year, an increase of \$6.0 million, or 67%. Consolidated sales for the year ended July 31, 2022 were \$53.9 million, compared to \$39.2 million in the prior year, an increase of \$14.7 million or 37.5%. The increase in sales volume is a result of a number of our strategic actions. Investments in machinery and in our new automation facility contributed to this sales growth. Additionally, the development of innovative flexible automation equipment allowed us to quote and win larger projects, thus growing sales.

Gross profit for the quarter ended July 31, 2022 was \$2.6 million, or 17.4% of sales, compared to \$1.0 million, or 11.7% of sales in the prior year. Gross profit for the year ended July 31, 2022 was \$8.7 million, or 16.2% of sales, compared to \$4.8 million, or 12.3% of sales in the prior year. The increase in sales volumes had a positive effect on the gross profit. However, increases in material costs negatively impacted gross margin. At times, our teams successfully managed these pricing challenges by better negotiating with suppliers or buying in bulk. Other times, our contracted pricing with customers was negotiated prior to significant cost increases, and the company had to absorb the full impact of these increases. To manage the effect of cost inflation, the teams focused on operational efficiencies. Project financial performance is reviewed frequently to help the Company manage potential negative impacts to a project's bottom line. Overall, this focus on project efficiency has helped to offset some of the impacts of material cost increases.

Selling and administrative expenses ("SG&A") for the fourth quarter totalled \$1.8 million, or 11.9% of sales, compared to \$1.2 million, or 13.9% of sales, in the prior year. SG&A for the year ended July 31, 2022 were \$6.4 million, or 11.8% of sales, compared to \$5.4 million, or 13.8% of sales in the prior year. Restructuring costs of \$0.9 million during the year were the main reason for the increase. Other costs have remained at similar levels compared to the previous fiscal year.

Continued...

REKO INTERNATIONAL GROUP INC.

Fourth Quarter Report And Year Ended July 31, 2022

REKO INTERNATIONAL GROUP INC.

469 Silver Creek Industrial Drive
Lakeshore, Ontario
N8N 4W2
www.rekointl.com

SUBSIDIARIES/DIVISIONS:

Canada:

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

United States:

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

Net income for the fourth quarter was \$0.7 million or \$0.11 per share compared to \$0.5 million or \$0.08 a share in the prior year. Net income for the year ended July 31, 2022 was \$2.1 million, or \$0.36 per share, compared to net income of \$0.9 million, or \$0.14 per share, in the prior year.

Reko ended the year with a strong balance sheet, with cash of \$14 million, and working capital totaling almost \$19 million. The Company has focused on maintaining a strong cash position in support of several key strategic initiatives, including potential corporate acquisitions.

During the quarter, the company purchased and subsequently cancelled 72,600 shares under the normal course issuer bid. During the fiscal year ended July 31, 2022, a total of 291,300 shares were purchased and cancelled.

“We are pleased with the improvement of both sales level and earnings per share over last fiscal year” stated Diane Reko, CEO. “Our strategic decision to focus on robotic automation and machining services positively impacts both cash flow and profitability.”

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.

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 and the precision machining of large critical parts, along with 5 axis machining services. Reko’s family-oriented culture embraces past experience, fosters innovation, and always ensures the highest standard of quality. For more information, visit, or contact Catia Longo, Chief Financial Officer at (519) 727-3287.