

Reko Reports Results for Fourth Quarter and Year Ended July 31, 2023

- Consolidated fourth quarter sales of \$11.0 million compared to \$15.0 in the prior year
- Quarterly Net Income of \$0.08 million and EPS of \$0.01
- Working capital increased \$4.5M after repayment of a mortgage \$2.2 million

(Windsor, Ontario – October 12, 2023) - Reko International Group Inc. (TSX-V: REKO) today announced results for its fourth quarter and year ended July 31, 2023.

Financial Highlights:

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

	Three Months (unaudited)		Twelve Months (unaudited)	
	Fiscal	Fiscal	Fiscal	Fiscal
	2023	2022	2023	2022
Sales	\$10,982	\$15,002	\$46,751	\$53,884
Earned Revenue⁽¹⁾	7,960	8,419	32,141	31,223
Net Income	80	663	1,322	2,121
EPS Basic	0.01	0.11	0.23	0.36
Working Capital			23,291	18,757
Shareholders' Equity			45,907	46,412
Shareholders' Equity per Share			8.07	8.03

- (1) Earned revenue is a non-IFRS measure and is calculated as sales less costs associated with purchased material, subcontracting and inventory adjustments. A reconciliation of this non-IFRS measure is included in the MD&A.

Consolidated sales for the fourth quarter of 2023 were \$11.0 million compared to \$15.0 million in the same period last year, a decrease of \$4.0 million, or 26.8%. Consolidated sales for the year ended July 31, 2023 were \$46.8 million, compared to \$53.9 million in the prior year, a decrease of \$7.1 million or 13.2%. The reduction in sales was primarily attributed to lower volumes in certain sectors and delays in program kick-offs. Orders received during the quarter were at a high level, which resulted in a backlog of \$16.7 million by year end.

Despite a decline in sales, earned revenue for the year has increased \$0.9 million or 2.9% over the prior year as a result of a more selective go to market strategy, which, in turn, generated operational efficiencies and drove down the cost of materials purchased as percentage of sales; 22.9% compared to 31.5% in the prior year.

Gross profit for the quarter ended July 31, 2023 was \$1.4 million, or 12.6% of sales, compared to \$2.6 million, or 17.4% of sales in Fiscal 2022. Gross profit for the year ended July 31, 2023 was \$7.1 million, or 15.2% of sales, compared to \$8.7 million, or 16.2% of sales in the prior year. The decline in sales along with the inflationary pressures affecting wages, related labour expenses and certain input costs had an adverse impact on gross profit.

Selling and administrative expenses ("SG&A") for the fourth quarter totaled \$1.3 million, or 11.6% of sales, compared to \$1.8 million, or 11.9% of sales, in the prior year. SG&A for the year ended July 31, 2023 were \$5.8 million, or 12.5% of sales, compared to \$6.4 million, or 11.9% of sales in the prior year. The year-over-year improvement in SG&A was largely due to restructuring costs in the prior year.

Net income for the fourth quarter was \$0.08 million or \$0.01 per share compared to \$0.7 million or \$0.11 a share in the prior year. Net income for the year ended July 31, 2023 was \$1.3 million, or \$0.23 per share, compared to net income of \$2.1 million, or \$0.36 per share, in the prior year.

The year ended with a strong cash and working capital position; \$12.1 million and \$23.3 million, respectively, after the full repayment of a mortgage totaling \$2.2 million and investment activities which included \$3.4 million of capital asset purchases which supports the Company's growth and efficiency initiatives.

"While our sales level for the fourth quarter was disappointing, we expect improvement over the coming quarters as our backlog is completed" stated Diane Reko, CEO. "We continue to pursue projects that will keep our workload more stable, and as always, look for ways to improve our efficiency and cost structure."

During the quarter, the company purchased and subsequently cancelled 12,300 shares under the normal course issuer bid. During the fiscal year ended July 31, 2023, a total of 114,837 shares were purchased and cancelled.

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.

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Reko International Group Inc. (TSX-V:REKO) is a diversified, technology-driven manufacturing company located in Southwestern Ontario, just minutes from the U.S. border. With expertise in robotic automation equipment and precision machining services, Reko is a "go-to" supplier for companies in the automotive, aerospace, rail, power generation and capital equipment industries. Reko strives to be a pillar and protector of sustainable North American manufacturing and production. For more information, contact Kim Marks, Chief Financial Officer at (519) 727-3287.