

## Reko Reports Best Quarter of the Fiscal Year

### **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, LLP

- **EPS of \$0.08 for Q4**
- **Over \$3M increase in working capital during the year.**

(Windsor, Ontario – October 15, 2020) - Reko International Group Inc. (TSX-V: REKO) today announced results for its year ended July 31, 2020.

#### Financial Highlights:

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

	Three Months (unaudited)		Twelve Months (unaudited)	
	Fiscal 2020	Fiscal 2019	Fiscal 2020	Fiscal 2019
Sales	\$11,353	\$10,659	\$40,226	\$47,989
Net income	501	526	763	1,577
EPS basic	0.08	0.08	0.12	0.25
Working capital			20,256	17,182
Shareholders' equity			46,909	46,418
Shareholders' Equity per Share			7.51	7.31

Consolidated sales for the fourth quarter of 2020 were \$11.4 million compared to \$10.7 million in the same period last year, an increase of \$0.7 or 6.5%. Consolidated sales for the year ended July 31, 2020, were \$40.2 million, compared to \$47.9 million in the prior year, a decrease of \$7.7 million or 16.1%. Lower overall sales volumes in certain sectors, particularly in automotive, impacted our results. Diversifying sales and breaking into new markets was challenging during the fiscal year but will continue to be pursued as an important strategy to improve our top line. Certain divisions also experienced a delayed timing of kick off and completion for certain jobs throughout the year. The COVID-19 pandemic did affect the Company's ability to secure new sales, particularly in Q4. Wide-spread shutdowns of businesses temporarily impacted customer demand during the fourth quarter and made overall contact with new or existing customers difficult at times. The decrease in revenue was partially offset by an increase in the foreign exchange rate for U.S. dollar sales, particularly in the latter half of the year.

Gross profit for the quarter ended July 31, 2020, was \$1.2 million, or 10.8% of sales, compared to \$2.1 million, or 19.9% of sales in the prior year. Gross profit for the year ended July 31, 2020, was \$4.4 million, or 11.0% of sales, compared to \$8.2 million, or 17.0% of sales in the prior year. The decrease in gross profit was mostly driven by the decrease in sales and earned revenue. The COVID-19 pandemic, as previously mentioned, also influenced the Company's profitability.

Selling and administrative expenses ("SG&A") for the quarter ended July 31, 2020, were \$1.4 million, or 12.3% of sales, compared to \$1.2 million, or 11.1% of sales, in the prior year. SG&A for the year ended July 31, 2020, were \$5.1 million, or 12.7% of sales, compared to \$5.3 million, or 11% of sales in the prior year. The decrease in SG&A was mostly attributed to efforts made by the Company to reduce discretionary and non-production spending. Those efforts resulted in an overall decrease in office expenses, travel, and wages.

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# **REKO INTERNATIONAL GROUP INC.**

## ***Fourth Quarter Report And Year Ended July 31, 2020***

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Fourth quarter net income was \$0.5 million or \$0.08 per share, a modest decline compared to the final quarter of fiscal 2019. Net income for the year ended July 31, 2020 was \$0.8 million or \$0.12 per share, compared to net income of \$1.6 million, or \$0.25 per share in the prior year. As previously explained, the lower sales volumes and efficiency challenges, partially a result of the COVID-19 pandemic, significantly impacted the Company's overall profitability.

These negatives were partially offset by foreign exchange fluctuations, a focused reduction in discretionary spending, and government assistance, specifically the Canada Emergency Wage Subsidy. These factors also contributed to the Company's strong year-end cash position.

"The impact of the COVID-19 pandemic upon Reko's sales has been significant," stated Diane Reko, chief executive officer. The company has made cost reductions a focus and secured government support to reduce the financial effects of the pandemic. We continue to prioritize the safety of our team, customers and suppliers and are using our innovation and flexibility to assist our customers through these challenging times."

During the quarter, the company re-purchased 20,600 shares under the normal course issuer bid. During fiscal 2020, the total shares repurchased under all bids totaled 109,600.

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.*