

**REKO INTERNATIONAL  
GROUP INC.**

469 Silver Creek Industrial Drive  
Lakeshore, Ontario  
N8N 4W2  
[www.rekointl.com](http://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 Year End Profit**

(Windsor, Ontario – October 14, 2021) - Reko International Group Inc. (TSX-V: REKO) today announced results for its fourth quarter and year ended July 31, 2021.

Financial Highlights:

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

	Three Months		Twelve Months	
	(unaudited)		(unaudited)	
	Fiscal 2021	Fiscal 2020	Fiscal 2021	Fiscal 2020
Sales	\$8,957	\$11,353	\$39,196	\$40,226
Net income	491	502	864	763
EPS basic	0.08	0.08	0.14	0.12
Working capital			20,274	20,256
Shareholders' equity			47,056	46,909
Shareholders' Equity per Share			7.84	7.51

Consolidated sales for the fourth quarter of 2021 were \$9.0 million compared to \$11.4 million in the same period last year, a decrease of \$2.4 million, or 21.1%. Consolidated sales for the year ended July 31, 2021 were \$39.2 million, compared to \$40.2 million in the prior year, a decrease of \$1.0 million or 2.5%. Continued border restrictions impacted the ability to get customers in the facility to review and sign off on their equipment. This impacted sales for the quarter, as a portion of revenues shift to fiscal 2022, rather than being recognized in fiscal 2021. We continue to recognize the importance of diversifying sales and are actively pursuing work that diversifies our customer base, while still fitting our wheelhouse. Significant headway has been made in that regard, particularly in recent months. The Company strives to minimize volatility in our workload. Diversifying our customer base while maintaining strong connections with current customers will decrease the variability of the revenue stream.

Gross profit for the quarter ended July 31, 2021 was \$1 million, or 11.5% of sales, compared to \$1.2 million, or 10.8% of sales in the prior year. Gross profit for the year ended July 31, 2021 was \$4.8 million, or 12.3% of sales, compared to \$4.4 million, or 11.0% of sales in the prior year. The Company continues to encourage staff to work as efficiently as possible, while maintaining quality and excellence. The organization restructuring that occurred in the first quarter also contributed to an increase in gross margin. As teams became busier, there was also a natural tendency to find more efficient ways to get things done. Securing the best pricing from our suppliers when possible has also helped improve profitability.

Selling and administrative expenses ("SG&A") for the fourth quarter were \$1.2 million, or 13.7% of sales, compared to \$1.4 million, or 12.3% of sales, in the prior year. SG&A for the year ended July 31, 2021 were \$5.4 million, or 13.8% of sales, compared to \$5.1 million, or 12.7% of sales in the prior year. The increase in SG&A was due to the costs associated with the restructuring that occurred during the year. The Company continuously challenges its staff to be mindful of discretionary spending and this has helped offset the severance payments associated with the restructuring.

*Continued...*

# **REKO INTERNATIONAL GROUP INC.**

## **Fourth Quarter Report And Year Ended July 31, 2021**

### **REKO INTERNATIONAL GROUP INC.**

469 Silver Creek Industrial Drive  
Lakeshore, Ontario  
N8N 4W2  
[www.rekointl.com](http://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 year ended July 31, 2021 was \$0.9 million, or \$0.14 per share, compared to net income of \$0.8 million, or \$0.12 per share, in the prior year.

With the COVID-19 pandemic continuing to have its effect, the Company has been eligible for Canada Emergency Wage Subsidy (CEWS). During the fiscal, the Company has received \$2.4 million in CEWS funding.

Reko ended the year with a strong balance sheet, with cash and short-term investments totaling \$10.7 million, and working capital totaling \$20.2 million. This strong cash position helps support some strategic capital expenditure commitments, most notably a new APEC machine, robots and equipment for research and development, as well as additional simulation software licenses to increase capacity.

During the quarter ended July 31, 2021, the company purchased and subsequently cancelled 11,900 shares under the provision of the normal course issuer bid. During the fiscal year ended July 31, 2021, a total of 238,800 shares were purchased and cancelled at a cost of \$0.8 million.

“I am pleased with our results considering the challenges that we faced as a Canadian exporter in fiscal 2021”, stated Diane Reko, CEO. “The long delay in the decision to allow fully vaccinated US citizens into Canada cost us in many ways and will have a long-term impact. We also incurred significant additional costs in supporting our installed equipment due to border restrictions and COVID-driven requirements. Nonetheless, we continue to pursue new markets, innovate, and control costs in order to improve 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, 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.*