

Reko Reports Continued Increases in Sales Volumes

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 – June 9, 2022) - Reko International Group Inc. (TSX-V: REKO) today announced results for its quarter ended April 30, 2022.

Financial Highlights:

(in 000 's except for per share amounts)

	Three Months (unaudited)		Nine Months (unaudited)	
	Fiscal	Fiscal	Fiscal	Fiscal
	2022	2021	2022	2021
Sales	\$13,357	\$12,413	\$38,882	\$30,239
Net income	92	801	1,458	373
EPS basic	0.02	0.13	0.25	0.06
Working capital			20,939	20,270
Shareholders' equity			46,155	46,594
Shareholders' Equity per Share			7.90	7.74

Consolidated sales for the third quarter of 2022 were \$13.4 million compared to \$12.4 million in the same period last year, an increase of \$0.9 million, or 7.6%. Year to date sales for fiscal 2022 were \$38.9 million, a 29% increase from the year to date sales of \$30.2 million reported in fiscal 2021. Sales volumes continue to climb and we are experiencing a solid flow of work in all divisions.

Gross profit for the quarter ended April 30, 2022 was \$2.0 million compared to \$2.4 million for the same period in the prior year. Gross profit as a percentage of sales averaged 14.6% for the three months, compared to 19.1% for the same period last year. Due to contracted pricing negotiated prior to recent inflationary cost increases, Reko's profit margin was negatively affected on programs already underway.

Selling, general and administrative expenses ("SG&A") for the third quarter of fiscal 2022 totaled \$2.0 million compared to \$1.1 million for the same period in fiscal 2021. SG&A expenses for the nine months of the year totalled \$4.5 million, compared to \$4.2 million in the prior year. Near the end of the quarter, the company made a strategic decision to move from designing and building tooling to a more concentrated effort on machining. This decision resulted in some permanent layoffs; the cost for these layoffs was accrued for at the end of the third quarter. An increase in wage costs contributed to the remainder of the overall increase.

Net income for the three months ended April 30, 2022 was \$0.09 million, or \$0.02 per share compared to \$0.8 million, or \$0.13 per share, for the same period in the prior year. For the nine months ended April 30, 2022, net income was \$1.5 million, or \$0.25 per share, compared to net income of \$0.4 million, or \$0.06 per share, in the same period last year.

During the quarter, the company re-purchased 153,900 shares under the normal course issuer bid. Year-to-date, the company re-purchased 218,700 shares.

"We are pleased to report sales for both the quarter and year to date which exceed fiscal 2021 levels", stated Diane Reko, CEO. "Unfortunately, cost increases in almost everything that we purchase have negatively impacted profits on orders which were quoted and accepted before the full impact of these cost increases was known. Additionally, the company decided to pivot the sales focus of its mold division from building tooling to providing machining services. As a result, the company incurred restructuring costs of \$0.3 million during the quarter. Future capacity resulting from this decision will be used to support demand for our automation equipment and is expected to improve overall profitability once the transition is completed, later in calendar 2022."

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**Third Quarter Report
And Period Ended
April 30, 2022**

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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 automation solutions for manufacturers and producers and the precision machining of critical components for a variety of industries. Reko's vision is to be the "go-to" team by using innovative processes and providing creative solutions to any production need. For more information, visit, or contact Catia Longo, Chief Financial Officer at (519) 727-3287.