

**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 Sales Inc.
- Reko International Holdings Inc.
- Concorde USA, LLP

Reko reports profitable quarter to end the fiscal year

(Windsor, Ontario – October 4, 2018) - Reko International Group Inc. (TSX-V: REKO) today announced results for its year ended July 31, 2018.

Financial Highlights:

(in 000's except for per share amounts)	Three Months ended July 31, 2018 (unaudited)		Twelve Months ended July 31, 2018 (unaudited)	
	Fiscal 2018	Fiscal 2017	Fiscal 2018	Fiscal 2017
	Sales	\$10,206	\$9,695	\$42,272
Net income	713	560	2,035	2,545
EPS basic	0.11	0.09	0.32	0.40
Working capital			13,482	16,610*
Shareholders' equity			45,181	43,115
Shareholders' Equity per Share			7.02	6.70

(*Calculation amended as a result of reclassification discussed below.)

Consolidated sales for the fourth quarter of 2018 were \$10.2 million compared to \$9.7 million in the same period last year, an increase of \$0.5 million or 5.3%. This was largely due to the number of projects completed during the quarter. Consolidated sales for the year ended July 31, 2018, were \$42.3 million, compared to \$43.0 million in the prior year, a decrease of \$0.7 million or 1.6%. The decrease in sales was related to consistently lower currency exchange rates particularly in the early part of the fiscal year.

Gross profit for the quarter ended July 31, 2018 was \$1.9 million compared to \$1.7 million for the same period in the prior year. Consistent with sales, this was due to the timing of completion of a number of successful projects. Gross profit for the year ended July 31, 2018, was \$6.7 million, or 15.9% of sales, compared to a gross profit of \$7.5 million, or 17.4% of sales in the prior year. The decrease is a result of a combination of lower currency exchange rates and investment in people to prepare for future sales growth.

Selling and administrative expenses for the fourth quarter of fiscal 2018 totaled \$1.4 million compared to \$0.8 million for the same period in fiscal 2017 – an increase of \$0.6 million or 81.2%. The increase in S&A relates primarily to the addition of staff including a director of business development, and expenses associated with the recent capacity expansion, offset by decreases in accounts receivable, insurance and sales commission. Selling and administrative expenses for the year ended July 31, 2018 were \$4.7 million, or 11.2% of sales, compared to \$4.0 million, or 9.2% of sales in the prior year. The increase in S&A for the year are consistent with those described above for the fourth quarter.

Net income for the three months ended July 31, 2018 was \$0.7 million or \$0.11 per share compared to \$0.6 million or \$0.09 per share for the same period in the prior year. Net income for the year ended July 31, 2018 was \$2.0 million or \$0.32 per share, compared to net income of \$2.5 million, or \$0.40 per share in the prior year.

“Reko’s fourth quarter results represent the strongest quarter for fiscal 2018,” stated Diane Reko, Chief Executive Officer. “We reported a 27% increase in net income compared to the same period last year. While sales remained steady throughout the quarter, we continue to be impacted by delays in the launch of new tooling programs as well as in portions of the energy industry. A favorable resolution to trade agreements and tariff reductions to steel and aluminum would assist the flow of new orders from our customers and prospects.”

It should be noted that on its financial statements for the year ended July 31, 2018, the Company will be reclassifying an existing debt from long term to current – including in comparative balances - as the loan facility has a demand feature which gives the lender the right to require repayment of term facilities. Despite this feature and reclassification, it is not anticipated that any demand will be made in the next twelve months and regularly scheduled principal and interest payments are expected to continue throughout the remaining term of the debt. As a result of this reclassification, \$996 thousand of debt recorded at July 31, 2017 as long-term debt has been moved to current liabilities.

REKO INTERNATIONAL GROUP INC.

**Fourth Quarter Report
And Year Ended
July 31, 2018**

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 Sales Inc.
- Reko International Holdings Inc.
- Concorde USA, LLP

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 Marilyn Crowley, Chief Financial Officer at (519) 727-3287.