

Reko Reports Results for First Quarter of Fiscal 2024

- Consolidated first quarter sales of \$13.7M relatively flat to prior year and \$2.7M or 24.8% favourable compared to Q4 of prior fiscal
- Quarterly Net Income of \$311 and EPS of \$0.06
- Strong financial position with working capital increase of \$2.7M over prior year

(Windsor, Ontario – December 7, 2023) - Reko International Group Inc. (TSX-V: REKO) today announced results for its first fiscal quarter of 2024.

Financial Highlights:

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

	Three months ended October 31 (unaudited)	
	Fiscal 2024	Fiscal 2023
Sales	\$13,703	\$13,796
Earned Revenue⁽¹⁾	8,337	8,193
Net Income	311	704
EPS Basic	0.06	0.12
Working Capital	23,009	20,329
Shareholders' Equity	45,819	46,905
Shareholders' Equity per Share	8.17	8.19

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

Consolidated sales in the first quarter were \$13.7 million, reflecting a marginal decrease from \$13.8 million in the same quarter of the prior year. Despite a year-over-year strengthening in the US Dollar, the sales increase due to FX did not materialize to the same extent observed in the previous fiscal as the proportion of Canadian sourced revenue increased to 27% of total sales, up from 17.5% in the prior year, driven by the timing of customer kick-offs and project mix.

Earned revenue for the quarter improved \$144 or 1.8% compared to the prior year through a strategic reduction of subcontracting services and enhanced procurement practices to counter ongoing inflation challenges.

Gross profit for the quarter ended October 31, 2023 was \$2.0 million, or 14.4% of sales, compared to \$2.2 million, or 16.1% in the preceding year. Margins were impacted by various factors including project mix, inflationary pressures affecting wages and a temporary decline in efficiency attributed to the training of new employees. In response, the company is actively addressing these challenges through strategic cost management initiatives, streamlined processes and innovative solutions for enhanced operational efficiency and profitability.

Selling and administrative expenses (“SG&A”) were \$1,540 or 11.2% of sales which is slightly improved when compared to the same period of the prior year; \$1,572 or 11.4% of sales.

Net income for the quarter ended October 31, 2023 was \$311 or \$0.06 per share compared to \$704 or \$0.12 a share in the prior year. Included in net income is \$54 of losses relating to the sale of redundant capital assets and a year-over-year decline of \$135 in net gains relating to foreign exchange translation.

“I am encouraged by the improved sales level, net income and shareholders’ equity per share, compared to the fourth quarter of last year” stated Diane Reko, CEO. “We will continue to seek opportunities to improve margins via increased efficiency and expansion into markets with high demand for our products and services.”

During the quarter, the company purchased and subsequently cancelled 83,500 shares under the normal course issuer bid at a net cost of \$417.

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 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.