

## Reko Reports Results for Second Quarter of Fiscal 2024

- Consolidated second quarter sales of \$11.95M are \$0.28M or 2.4% favourable to same quarter of the prior year
- Quarterly net income of \$102 and EPS of \$0.02
- Strong balance sheet with working capital increase of \$3.4M over prior year

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

### Financial Highlights:

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

	Three Months ended January 31 (unaudited)		Six Months ended January 31 (unaudited)	
	Fiscal 2024	Fiscal 2023	Fiscal 2024	Fiscal 2023
<b>Sales</b>	<b>\$11,948</b>	<b>\$11,666</b>	<b>\$25,651</b>	<b>\$25,462</b>
<b>Earned Revenue<sup>(1)</sup></b>	<b>7,865</b>	<b>8,328</b>	<b>16,201</b>	<b>16,522</b>
<b>Net Income</b>	<b>102</b>	<b>483</b>	<b>414</b>	<b>1,187</b>
<b>EPS Basic</b>	<b>0.02</b>	<b>0.08</b>	<b>0.07</b>	<b>0.21</b>
<b>Working Capital</b>			<b>23,168</b>	<b>19,730</b>
<b>Shareholders' Equity</b>			<b>45,654</b>	<b>45,972</b>
<b>Shareholders' Equity per Share</b>			<b>8.21</b>	<b>8.00</b>

- (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 second quarter were \$11,948 compared to \$11,666 in the same quarter of the prior year, an increase of \$282 or 2.4%. Year to date sales for fiscal 2024 were \$25,651 compared to \$25,462 in the previous fiscal, an improvement of 0.7% or \$189.

Earned revenue for the quarter declined \$463 or 5.6% compared to the same period of the prior year. This decrease was driven by material and subcontracting cost overruns for projects initiated, progressed or completed during the quarter and persistent pricing pressures.

Gross profit for the quarter ended January 31, 2024 was \$1,502 or 12.6% of sales, compared to \$2,227 or 19.1% in the preceding year. The decline is attributed to decreased earned revenue and unforeseen challenges affecting labour costs on a certain multi-year fixed price project. Continued skilled labour shortages have compounded recruitment, retention and throughput challenges consequently leading to increased labour expenses. This, in turn, has also impacted margins when compared to the prior year.

Selling and administrative expenses ("SG&A") were \$1,453 or 12.2% of sales which is improved by \$116 or 7.4% when compared to SG&A expenses of \$1,569 in the same period of the prior year.

Net income for the quarter ended January 31, 2024 was \$102 or \$0.02 per share compared to \$483 or \$0.08 a share in the prior year.

“This quarter reflects the impact of what might be called “the perfect storm”, stated Diane Reko, CEO. “As we see the impact of a timing failure in the introduction of new electric vehicles, both material and labour costs are rising rapidly, while many new projects are on hold. Additionally, fixed price contracts have impacted margins due to the unexpected labour cost increase rates and skilled labour shortages. We are taking action to improve our margins, but this will require time due to our project timelines and existing contracts.”

During the quarter, the Company purchased and subsequently cancelled 71,800 shares under the normal course issuer bid which expired on January 8, 2024 at a net cost of \$358. No shares have been repurchased under the renewed bid announced on January 5, 2024.

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.*