

Reko Returns to Profit In Its First Quarter of Fiscal 2025

(Windsor, Ontario – December 5, 2024) - Reko International Group Inc. (TSX-V: REKO) today announced results for its first quarter ended October 31, 2024.

First Quarter Highlights:

- Quarterly net income of \$88 and EPS of \$0.02 improved by \$3,547 and \$0.64 per share over the fourth quarter of the prior fiscal year
- Gross profit of 19.5% compared to 14.4% a year ago
- Improved cash position of \$2.4M over prior quarter and \$6.1M over first quarter of fiscal 2024

Financial Highlights:

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

	Three months ended			
	October 31			
	(unaudited)			
	Fiscal 2025	Fiscal 2024	Variance	Variance
	\$	\$	\$	%
Sales	\$ 10,238	\$ 13,703	\$ (3,465)	-25.3%
Earned Revenue ⁽¹⁾	\$ 8,156	\$ 8,337	\$ (181)	-2.2%
Earned Revenue Margin ⁽¹⁾	79.7%	60.8%	-	18.8%
Net Income	\$ 88	\$ 311	\$ (223)	-71.7%
EPS Basic	\$ 0.02	\$ 0.05	\$ (0.03)	-60.0%
Adjusted EBITDA ⁽²⁾	\$ 1,528	\$ 1,353	\$ 175	12.9%
Working Capital	\$ 25,925	\$ 23,009	\$ 2,916	12.7%
Shareholders' Equity	\$ 41,509	\$ 45,819	\$ (4,310)	-9.4%
Shareholders' Equity per Share	\$ 7.47	\$ 8.17	\$ (0.70)	-8.6%

- (1) Earned revenue is a non-IFRS measure and is calculated as sales less costs associated with purchased material and subcontracting. Earned revenue margin is an expression of earned revenue as a percentage of sales. A reconciliation of this non-IFRS measure is included in the MD&A.
- (2) Adjusted EBITDA is a non-IFRS measure and is defined as adjusted earnings from operations excluding depreciation and amortization. A reconciliation of this non-IFRS measure is included in the MD&A.

Consolidated sales for the quarter ended October 31, 2024 decreased by 25.3%, or \$3,465 compared to the same period last year. Sales in certain areas of the business are influenced by the number of active projects, the value of awards, and the timing of project milestones, which can vary significantly by job, sector and by customer. During the first quarter, a higher proportion of projects were at earlier stages of completion, contributing to lower sales recognition relative to the previous year. Additionally, while project kick-offs from automotive customers showed some improvement compared to the latter half of fiscal 2024, the overall backlog at the start of this fiscal year was lower than at the beginning of the previous year in that sector.

Gross profit margin improved by 5.1%, reaching 19.5% of sales in the first quarter, despite a year-over-year sales decline. This was driven by an 18.8% increase in earned revenue to 79.7% of sales, reflecting both a strategic focus on higher-margin projects with lower material and subcontracting needs and better fixed-cost absorption from project volume and stage of completion.

Net earnings for the quarter ended October 31, 2024, were \$88, or \$0.02 per share, compared to \$311, or \$0.05 per share, in the same quarter last year. This includes a year-over-year net foreign exchange loss of \$544, or \$0.10 per share. Excluding the impact of this change, earnings improved by \$0.07 per share compared to the prior year.

“This quarter's performance highlights meaningful progress, with improved financial results compared to recent quarters” stated Diane Reko, CEO. “These results indicate that our strategic initiatives are beginning to translate into financial gains, and we are confident this momentum will continue. We remain committed to driving growth through operational excellence and expanding into high-opportunity markets.”

During the quarter, the company purchased and subsequently cancelled 3,000 shares under the normal course issuer bid at a net cost of \$10.

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, offsite construction, infrastructure 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.