

SHAPING OUR FUTURE TODAY





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rooted in
purpose





CHIEF EXECUTIVE
OFFICER MESSAGE

They say that “What you focus on grows”. I assume that the author meant our thoughts. If they are negative, negativity grows, and if they are positive, positivity grows. However, I’d argue that this statement can apply just as easily to operations within Reko as to events and relationships outside of the company as well.

When it comes to the past fiscal year, many things have clamored for our attention, both inside and outside of the company. We’ve tried to focus on the most important issues, but as those of you that are part of a manufacturing technology company know, there has been a lot going on.

Look over here!

We spent the early part of our fiscal year dealing with the cyclical U.S. election uncertainty that makes businesses cautious about investing. The automotive part of our business had already been quieter than usual, and it got even quieter. Our other markets were not as affected, and some of their volumes were steady, so the impact of the automotive decline was muted in our relatively small sales decline. We were focused on keeping our costs in check and were focused closely on sales opportunities.

Fortunately, our customers in the power generation space were experiencing very high demand and we focused upon their needs and upon ensuring that we could be flexible and adapt to what they needed most. Unfortunately, we continued to wait for the awards of projects quoted months before in other industries. Tariff rumbling turned into actual tariffs and suddenly our customers were asking things like, “How much will the tariff be on this equipment?” and “Can you assure me that the cost of this equipment will not increase due to tariffs?”. It was a flashback to the Covid era. Suddenly it mattered again that we were not located in the United States. As the months passed, we had to focus again on our cost structure and where our sales would be coming from, since some of the previous sources were no longer reliable.

Let's look at everything.

Our next critical area of focus was the size, capabilities and flexibility of our team. In combination with a strategy to develop and pursue new technologies in our own operations and for the benefit of our customers, we have executed a significant restructuring of our team. While never an easy task, we made some difficult decisions and provided severance and benefits beyond the statutory requirements to those who had been part of our past but wouldn't be part of our future. These types of changes are always difficult for everyone involved, and the decisions are never taken lightly. Moving forward with a smaller and more flexible team has been essential to the progress that we have experienced since that event.

In addition to our restructuring, we placed an order for a new, very large milling machine (our largest purchase ever) in order to meet the growing needs of our customers in the power generation market. Delivery will be in the spring of 2026, and we anticipate that the technology (functionality) and capacity (size) will be critical to achieving our strategic objectives and to supporting our customers' needs.

As we look forward.

Unfortunately, the tariff uncertainty that started in the early part of 2025 has no resolution as of the writing of this message and likely will continue until a new USMCA/CUSMA agreement has been negotiated. This is not a positive situation for the demand for capital investment and for the equipment that we provide. Nonetheless, we continue to innovate by looking for lower cost and lower tariff solutions as well as developing solutions that will allow our customers to achieve significant returns on the investment in our equipment and services.

Artificial intelligence is more than just a buzzword. We are focusing on the integration of AI tools into our everyday operations to provide efficiency and free employees up to spend more time on strategy and execution of our strategy. As with any new technology, there are always growing pains, but we are ready to face them and find the best solutions for achieving our goals.

During the year, we also hired our first dedicated software developer. His primary focus has been Reko's Parapro® software which, when used in conjunction with our automation equipment, allows our customers extreme flexibility to adapt to product variations and versions, eliminating the need for dedicated in-house controls engineering expertise. As we continue to develop the software for more and more applications, we will be focusing on keeping it user-friendly, increasingly flexible and bringing all the benefits of AI, as well.

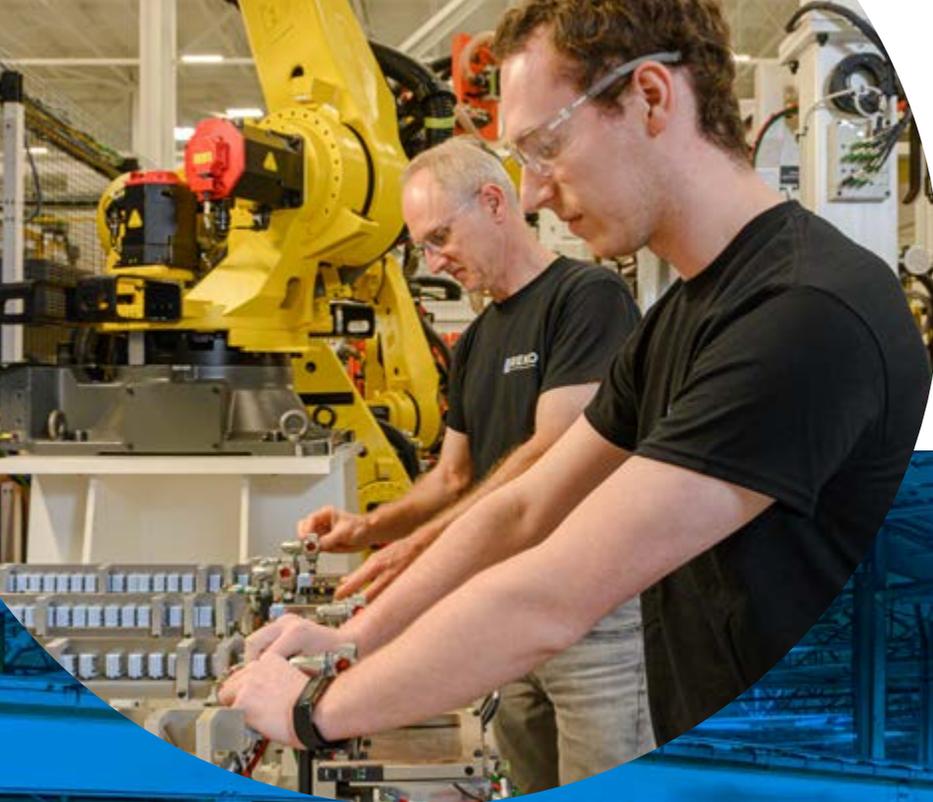
All forecasts that we have seen and conversations with customers indicate a continuing demand for equipment in the power generation market for the foreseeable future. Given the rapid growth of AI and demand for computing power and other large facilities which are power-dependent, this seems like a reasonable outlook. We are already well-positioned in this market and will continue to build upon this strength as we make decisions around investments in equipment and people. You can be sure that this will continue to be an area of focus for Reko.



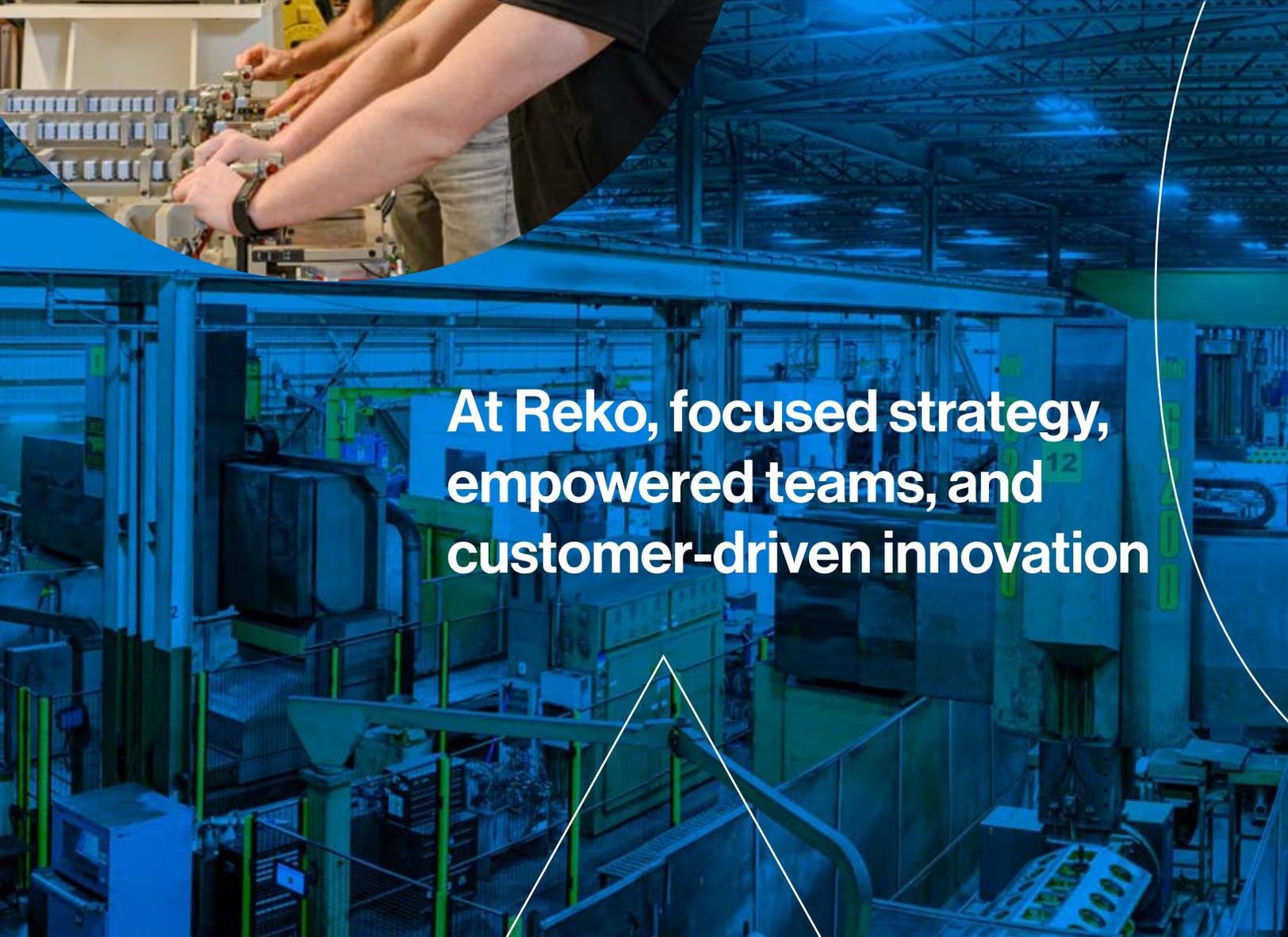
What you focus on grows.

Returning to the opening sentence of this message, Reko will continue to focus on the investments, the team and its skills, and most importantly, meeting the evolving needs of our customers in order to drive growth in our market share, strengthen our contribution to the economy and enhance our bottom-line profitability ensuring a foundation for sustainable growth. No doubt we will face ongoing and potentially new distractions. Nonetheless, we will persevere in making the best decisions to accelerate growth and improve profitability. By staying focused on these priorities, **we are shaping our future today.**





**At Reko, focused strategy,
empowered teams, and
customer-driven innovation**



are what shapes
our resilience and
long-term growth.





focused on
innovation

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is management's discussion and analysis of operations and financial position ("MD&A") and should be read in conjunction with the audited consolidated financial statements for the years ended July 31, 2025 and July 31, 2024 and MD&A for the years ended July 31, 2025 and July 31, 2024 included in our 2025 Annual Report to Shareholders. The audited consolidated financial statements for the years ended July 31, 2025 and July 31, 2024 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). Reko's Chief Executive Officer and Chief Financial Officer have signed a statement outlining management's responsibility for financial information in the annual consolidated financial statements and MD&A. The statement, which can be found on page 29, also explains the roles of the Audit Committee and Board of Directors in respect of that financial information. When we use the terms "we", "us", "our", "Reko", or "Company", we are referring to Reko International Group Inc. and its subsidiaries.

This MD&A contains forward-looking information and forward-looking statements within the meaning of applicable securities laws. We use words such as "anticipate," "plan", "may", "will", "should", "expect", "believe", "estimate" and similar expressions to identify forward-looking information and statements. Such forward-looking information and statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe to be relevant and appropriate in the circumstances. Readers are cautioned not to place undue reliance on forward-looking information and statements, as there can be no assurance that the assumptions, plans, intentions or expectations upon which such statements are based will occur. Forward-looking information and statements are subject to known and unknown risks, uncertainties, assumptions and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed, implied or anticipated by such information and statements. These risks are described in the Company's MD&A and, from time to time, in other reports and filings made by the Company with securities regulators.

While the Company believes that the expectations expressed by such forward-looking information and statements are reasonable, there can be no assurance that such expectations and assumptions will prove to be correct. In evaluating forward-looking information and statements, readers should carefully consider the various factors, which could cause actual results or events to differ materially from those indicated in the forward-looking information and statements. Readers are cautioned that the foregoing list of important factors is not exhaustive. Furthermore, the Company disclaims any obligations to update publicly or otherwise revise any such factors of any of the forward-looking information or statements contained herein to reflect subsequent information, events or developments, changes in risk factors or otherwise.

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 "Continuous Disclosure Obligations" ("NI 51-102") of the Canadian Securities Administrators. Additional information regarding Reko International Group Inc., including copies of our continuous disclosure materials, is available on our website at www.rekointl.com or through the SEDAR+ website at www.sedarplus.com.

In this MD&A, reference is made to earned revenue, which is not a measure of financial performance under IFRS. The Company calculates earned revenue as sales less the cost of materials and subcontracting. The Company also references adjusted EBITDA, which is defined as earnings before interest, taxes, depreciation, and amortization, adjusted for certain items that management believes are not indicative of ongoing operational performance. The Company further references adjusted earnings per share ("adjusted EPS"), which represents basic earnings per share excluding items not considered reflective of ongoing operations. The Company includes information on earned revenue, adjusted EBITDA and adjusted EPS because these metrics are used by management to assess performance, and management believes they are also used by certain investors and analysts to evaluate the Company's financial performance. These measures are not necessarily comparable to similarly titled measures used by other companies.

All amounts in this MD&A are expressed in 000's of Canadian dollars, except per share amounts and where otherwise indicated.

This MD&A is current to October 15, 2025 and was authorized for issue by the Board of Directors on October 9, 2025.

OVERVIEW

Reko International Group Inc. is a diversified, technology-driven manufacturing organization. Our mission is to be a pillar and protector of the North American manufacturing industry. We provide support to manufacturers and producers as their “go-to” supplier of automation equipment and machining services so that they can be more successful.

Reko designs and builds engineered products and solutions for a wide range of customers, including original equipment manufacturers and their tier suppliers, and other industrial manufacturers and contractors. Our capabilities include the design and construction of specialty machines, lean cell factory automation systems, robotics integration, and the high-precision machining of very large, critical components and assemblies. The Company has established a diversified customer base across multiple sectors, including automotive, aerospace, rail, power generation, offsite construction, mining, infrastructure, and capital equipment.

For the transportation and power generation industries, the Company machines customer supplied metal castings to customer indicated specifications. For the automotive industry, the Company conceptualizes, designs and builds innovative solutions to manufacturing challenges, including specialty machines for plastic punch and weld assembly equipment; unique material handling applications; and work cell solutions. Across our target industries, Reko is known for outstanding quality and customer focus and for an unwavering commitment to exceeding customer expectations and deliverables while striving for constant improvement across all our chosen metrics.

Our operations are carried out in three manufacturing plants located on adjacent parcels of land in Lakeshore, Ontario - a suburb of the City of Windsor in Southwestern Ontario.



defined by
precision

FINANCIAL HIGHLIGHTS

For the year ended July 31, 2025, the Company delivered stronger earnings despite a modest decline in sales. Demand across several customer sectors was impacted by post-election uncertainty in North America and signs of a weakening economy, leading to delays and lower volumes, most notably in automotive. Profitability improved through a favourable project mix, stronger execution, disciplined labour cost management, and growth in markets with greater pricing resilience.

Both reported basic earnings per share and adjusted EPS improved year-over-year, underscoring the Company's underlying operating performance (see reconciliation of non-IFRS measures reconciliation). Diversification efforts continued to advance, with new customer wins and increased volumes in non-automotive markets. Cash flow from operations increased significantly, supported by improved net income and strong collections of customer receivables. The balance sheet remains strong, with low leverage, solid liquidity, and no increase in debt during the year, positioning the Company to navigate near-term challenges while pursuing long-term sustainable growth.

The purpose of providing normalized earnings on a per-share basis is to supplement reported results with additional context, enabling readers to better assess underlying performance trends and the comparability of results across reporting periods.





ignited by
progress



RECONCILIATION OF NON-IFRS ACCOUNTING STANDARDS MEASURES

The Company uses certain non-GAAP financial measures, including earned revenue, adjusted EBITDA, and adjusted earnings per share. These measures do not have standardized meanings under IFRS Accounting Standards and may not be comparable to those reported by other companies. Management believes they provide additional insight into underlying operating performance. The reconciliation to the most directly comparable IFRS Accounting Standards measures is provided in the following table:

	Three months ended		Twelve months ended	
	7/31/2025	7/31/2024	7/31/2025	7/31/2024
Sales	\$ 10,781	\$ 9,019	\$ 42,154	\$ 44,277
Less: Materials	2,133	1,902	7,563	10,532
Sub-contracting	625	282	2,590	3,620
Earned revenue	\$ 8,023	\$ 6,835	\$ 32,001	\$ 30,125
Net income (loss)	\$ 996	\$ (3,459)	\$ 1,045	\$ (3,894)
Add: Net Interest (income) expense	(36)	48	(50)	274
Income tax (recovery) expense	(199)	3,016	(617)	2,674
Depreciation	903	990	3,866	3,976
EBITDA	\$ 1,664	\$ 595	\$ 4,244	\$ 3,030
Add:				
(Gain) loss on change in fair value of foreign exchange contracts	(121)	(47)	(25)	185
Net FX losses (gains)	79	(5)	679	(315)
Restructuring expense	-	(27)	892	179
Accounts receivable collection and settlement costs	96	26	286	76
Impairment on assets	-	-	250	-
Net proceeds from insurance	(18)	-	(277)	-
Adjusted EBITDA	\$ 1,700	\$ 542	\$ 6,049	\$ 3,155
Basic earnings per share as reported	\$ 0.18	\$ (0.62)	\$ 0.19	\$ (0.70)
Add:				
Adjustments to deferred tax valuation allowance	(0.13)	0.55	(0.13)	0.55
Net FX (gains) losses	(0.01)	(0.01)	0.12	(0.02)
Restructuring expense	-	-	0.16	0.03
Accounts receivable collection and settlement costs	0.02	-	0.05	0.01
Impairment on assets	-	-	0.05	-
Net proceeds from insurance	-	-	(0.05)	-
Adjusted earnings per share⁽¹⁾	\$ 0.06	\$ (0.08)	\$ 0.39	\$ (0.13)

⁽¹⁾ Per-share adjustments of less than one cent have been omitted from the table above, as their impact is not considered to be material.



motivated by
vision



RESULTS OF OPERATIONS

SALES

Sales for the year ended July 31, 2025 decreased by 4.8%, or \$2,123, to \$42,154 compared to the prior year. The reduction in sales was primarily attributable to lower volumes across certain sectors and delays in program kickoffs. These challenges were compounded by trade tariff pressures, broader economic uncertainty and capital investment hesitancy tied to both the Canadian and U.S. elections, which slowed customer decision-making and resulted in the deferral of certain project commitments.

The Company remains focused on stabilizing sales through targeted initiatives while pursuing diversification into new sectors such as offsite construction and infrastructure. At the same time, Reko continues to invest in its long-standing customer relationships, including within power generation, to ensure it can respond to growing demand and evolving needs. Management remains committed to disciplined execution of its strategy, supporting both diversification and the long-term growth of its core markets.

Foreign exchange fluctuations continue to affect sales and are an inherent risk when doing business in other currencies. In fiscal 2025, the strengthening of the U.S. dollar relative to the Canadian dollar had a favourable impact on reported sales.

EARNED REVENUE

Earned revenue is a non-standard IFRS measurement. The Company's explanation of how it measures earned revenue is noted previously. Earned revenue effectively reflects the portion of total revenue available to cover labour expenses and employee compensation, fixed and operating costs, and to generate profit. Management believes it is an effective measure of performance.

For 2025, earned revenue increased by 6.2%, or \$1,876, to \$32,001, representing 75.9% of sales, compared to \$30,125, or 68.0% of sales, in fiscal 2024. The increase was largely attributable to lower material purchases, resulting from a higher proportion of sales generated from non-automotive customers, which historically carry lower material requirements than automotive programs.

GROSS PROFIT

Gross profit for fiscal 2025 increased by \$2,884 to \$7,203, or 17.1% of sales, compared to 9.8% of sales in 2024. Despite a year-over-year decline in sales, gross profit improved due to a more favourable sales mix, stronger execution on fixed-price contracts, and a more selective go-to-market strategy. The improvement was also supported by higher earned revenue and reduced labour expenses, reflecting management's efforts to more effectively align fixed labour costs with current sales levels.

Management continues to evaluate opportunities to enhance and protect margins through process improvements, increased use of automation, and investments in technology. Recruitment and training programs are also being streamlined to improve workforce efficiency and accelerate new-hire productivity.

SELLING AND ADMINISTRATIVE

Selling and administration expenses for 2025 increased to \$6,543, or 15.5% of sales, compared to \$5,226, or 11.8% of sales, in 2024. The increase includes one-time restructuring costs of \$892 (2024 - \$179), \$286 related to the collection and settlement of a receivable from a customer of Reko's former Tool and Mould division (2024 - \$76), and \$65 in professional fees tied to amendments to banking agreements (2024 - \$Nil).

EARNINGS OVERVIEW

For the year ended July 31, 2025, the Company reported net income of \$1,045, or \$0.19 per share, compared to a net loss of (\$3,894), or (\$0.70) per share in the prior year.

Results included a \$0.13 per share benefit from the re-recognition of deferred tax assets, compared to a (\$0.55) per share charge in the prior year. In addition, fiscal 2025 included restructuring costs of (\$0.16) per share (2024 – (\$0.03) per share), net foreign exchange losses of (\$0.12) per share (2024 – gain of \$0.02 per share), a (\$0.05) per share charge related to a legacy accounts receivable collection and settlement (2024- (\$0.01) per share) and several items not applicable in the prior year: a (\$0.05) per share impairment charge and a \$0.05 benefit resulting from an insurance claim that was settled during the year.

On an adjusted basis, earnings per share were \$0.39, compared to a loss of (\$0.13) in fiscal 2024, while adjusted EBITDA improved to \$6,049, up from \$3,155 in the prior year. These results reflect higher earned revenue, stronger margins and disciplined cost management, highlighting the Company's progress toward a more resilient earnings base.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operations was \$10,404 compared to \$3,244 in the prior year, an increase of \$7,160. The favourable variance was primarily driven by a \$4,939 improvement in net income and a \$6,035 favourable change in non-cash working capital. The working capital change was largely attributable to strong cash collections, which fluctuated with sales volume, customer payment terms, project-specific milestones, and the stage of projects as at the reporting date.

The Company's financial covenants are calculated on a trailing twelve-month basis, and all requirements were met at each measurement date throughout the fiscal year. However, with respect to the fourth quarter, no covenant testing was required as the Company was in the process of transitioning to a new banking relationship. At that time, the Company's only remaining obligation to the former lender was a mortgage, which was repaid in full subsequent to year-end. The Company remained in compliance with all other financial covenants on its debt throughout the year.

CAPITAL ASSETS AND INVESTMENT SPENDING

For the year ended July 31, 2025, the Company invested \$2,883 in capital assets, a decline of \$656 compared to the prior year. This amount includes a \$1,653 deposit on new machinery and equipment scheduled for installation in fiscal 2026, for which the Company is currently evaluating financing options.

CASH RESOURCES/WORKING CAPITAL REQUIREMENTS

As at July 31, 2025, the Company had cash on hand of \$17,996 compared to \$11,434 at July 31, 2024 and \$19,974 at April 30, 2025. Subsequent to year-end, the Company repaid in full one of its outstanding mortgage obligations in the amount of \$2,721 (USD \$1,965) using available cash. At year end this mortgage payable was reported in current liabilities.

At year-end, Reko had access to a \$20,000 demand revolving facility. Based on lender-defined margining, availability was limited to \$10,358, all of which remained unused. The Company also had an equipment facility of up to \$1,500 to finance machinery and equipment purchases, with no borrowings outstanding as at July 31, 2025.

Subsequent to year-end, the Company entered into a new credit agreement with a different lender, replacing the prior revolving facility. The new agreement provides (i) a revolving operating line of up to \$20,000, subject to borrowing base calculations, and (ii) a USD \$7,500 demand loan to finance equipment purchases secured by the related assets. As at the date of this MD&A, there have been no borrowings under these facilities. Management believes the Company's cash position, together with available credit, provides adequate liquidity to support operating requirements and planned capital investments.

Contractual obligations and off-balance sheet financing

CONTRACTUAL OBLIGATIONS	PAYMENTS DUE BY PERIOD				
	TOTAL	LESS THAN 1 YEAR	2-3 YEARS	4-5 YEARS	AFTER 5 YEARS
Long-term debt	\$ 9,403	\$ 4,139	\$ 1,904	\$ 3,360	\$ -
Lease liabilities	19	9	10	-	-
Total contractual obligations	\$ 9,422	\$ 4,148	\$ 1,914	\$ 3,360	\$ -

Subsequent to year-end, the Company repaid in full a mortgage obligation in the amount of \$2,817. Accordingly, this obligation is no longer outstanding as at the date of this MD&A.

There have been no other material changes with respect to the contractual obligations of the Company.

The Company does not maintain any off-balance sheet financing.

SHARE CAPITAL

The Company had 5,499,113 common shares outstanding at July 31, 2025. A total of 295,500 options are outstanding as at year end.

Outstanding share data

DESIGNATION OF SECURITY	NUMBER OUTSTANDING	MAXIMUM NUMBER ISSUABLE IF CONVERTIBLE, EXERCISABLE OR EXCHANGEABLE FOR COMMON SHARES
Common Shares	5,499,113	
Stock options exercisable	232,000	
Total (maximum) number of common shares		5,731,113



QUARTERLY RESULTS

The following table sets out certain unaudited financial information for each of the eight fiscal quarters up to and including the fourth quarter of fiscal 2025, ended July 31, 2025. The information has been derived from the Company's unaudited condensed consolidated financial statements, which in management's opinion, have been prepared on a basis consistent with the audited consolidated financial statements contained elsewhere in the Annual Report for the year ended July 31, 2025, and include all adjustments necessary for a fair presentation of the information presented. Past performance is not a guarantee of future performance, and this information is not necessarily indicative of results for any future period.

F2024		Oct/23		Jan/24		Apr/24		Jul/24
Sales	\$	13,703	\$	11,948	\$	9,606	\$	9,019
Net income		312		102		(849)		(3,459)
Earnings per share: Basic		0.05		0.02		(0.15)		(0.62)
Diluted		0.05		0.02		(0.15)		(0.59)
F2025		Oct/24		Jan/25		Apr/25		Jul/25
Sales	\$	10,239	\$	10,786	\$	10,348	\$	10,781
Net income		88		313		(352)		996
Earnings per share: Basic		0.02		0.05		(0.06)		0.18
Diluted		0.02		0.05		(0.06)		0.18



INDUSTRY TRENDS AND RISKS

While the Company has broadened its diversification across industries, sales volumes continue to be influenced by the timing of new car and light truck model releases from OEMs, as well as by the construction, expansion, or retooling of production facilities and our ability to secure automation programs from them through Tier suppliers. New model releases in the automotive sector can be impacted by many factors, including general economic and political conditions, interest rates, energy and fuel prices, labour relations issues, regulatory requirements, infrastructure, legislative changes, environmental emissions and safety considerations. The Company's sales levels are also impacted by demand levels in the transportation and power generation sectors. Demand in these areas can be affected by many factors, including general economic and political conditions, interest rates, energy and fuel prices, regulatory requirements, transportation infrastructure and safety issues.

The following additional risk factors, as well as the other information contained in this MD&A, for the year ended July 31, 2025, or otherwise incorporated herein by reference, should be considered carefully. These risk factors could materially and adversely affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements related to the Company.



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OPERATIONAL RISK

CURRENT OUTSOURCING AND IN-SOURCING TRENDS

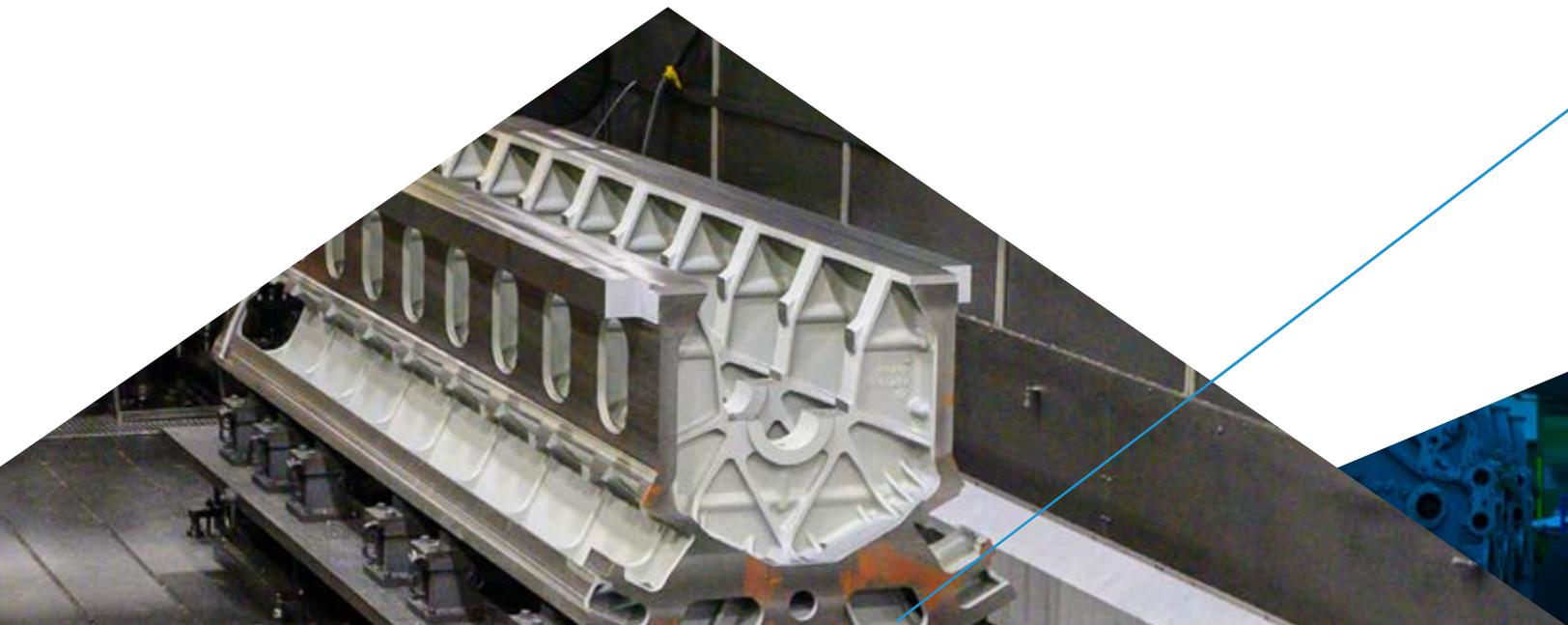
During periods of weakened demand, our customers traditionally revisit outsourcing decisions as a method of maintaining their employment levels. Then, during periods of strong demand, they return to previous levels of outsourcing. As a result of this and other factors, our demand levels will swing with general economic activity related to the industries we serve. Depending on how the current economic climate impacts particular customers, Reko may experience reductions in outsourced work orders.

A SHIFT AWAY FROM TECHNOLOGIES IN WHICH THE COMPANY IS INVESTING

Like our OEM and Tier 1 customers, we continue to invest in technologies and innovations, which the Company believes are critical to long-term growth. Our ability to anticipate changes in technology and to successfully develop and introduce new and enhanced products on a timely basis using such technologies will be a significant factor in our ability to remain competitive. Current technological shifts in the industry would include the application of artificial intelligence, the Internet of Things, integration of additive manufacturing capabilities into our processes and the transition to electric and autonomous vehicles. If there is a movement away from the use of specific technologies that the Company is focused on developing or someone applies these technologies more quickly or effectively, our costs may not be fully recovered. In addition, if other technologies in which our investment is not as great, or our expertise is not as fully developed emerge as the industry-leading technologies, we may be placed at a competitive disadvantage, which could have a material adverse effect on our profitability and financial condition. Management pays particular attention to the emergence of new technologies and updates our investments in these emerging technologies accordingly.

DIVERSIFICATION OF OUR SALES

While we have diversified our customer base in recent years, and continue to attempt to further diversify, we may experience varying degrees of success. The inability to successfully increase our sales to non-traditional customers or the speed upon which we can successfully do so could have an adverse effect on our profitability and financial condition.



CUSTOMER CONCENTRATION

A significant portion of the Company's sales and accounts receivable are concentrated with a limited number of customers. The loss of, or a significant reduction in business with, any of these customers, or a material deterioration in their financial condition, could adversely affect the Company's sales, results of operations, and financial position.

CHALLENGES SUCCESSFULLY COMPETING AGAINST SUPPLIERS WITH OPERATIONS IN DEVELOPING MARKETS

Many of our customers have sought and will likely continue to seek to take advantage of lower operating costs in Mexico, China, India, Southeast Asia, and other developing markets. We continue to investigate opportunities to expand our manufacturing sources, with a view to taking advantage of these lower cost countries. However, we cannot guarantee that we will be able to fully realize such opportunities. The inability to quickly adjust our manufacturing sources to take advantage of opportunities in these markets could harm our ability to compete with competitors and suppliers operating in or from such markets, which could have an adverse effect on our profitability and financial condition.

THE CONSEQUENCES OF THE AUTOMOTIVE INDUSTRY'S DEPENDENCE ON CONSUMER SPENDING AND GENERAL ECONOMIC CONDITIONS

The global automotive industry is cyclical and largely tied to general economic conditions. As our customers revisit their business models and make design changes to existing models and new vehicle introductions, the market for factory automation may decline. Management believes that their diversification strategy, focused on reducing reliance on the automotive industry, will help moderate the impact of potential declines.

CHANGES IN CONSUMER DEMAND FOR SPECIFIC VEHICLES INCLUDING ELECTRIC VEHICLES

The demand for electric vehicles remains volatile, with leading automakers adjusting production schedules in response to affordability constraints, supply chain pressures including battery raw materials, and infrastructure limitations. These adjustments are contributing to softer near-term order backlog, including programs with delayed launches. While only a portion of Reko's sales are tied directly to EV programs, prolonged softness in this segment could reduce vehicle production volumes, affect the financial health of Tier customers, and negatively impact the timing or margins of new contract awards. The Company is responding by monitoring EV program schedules with customers, adjusting product mix where possible, and seeking opportunities in non-EV growth sectors to balance demand risk.



RELIANCE ON KEY PERSONNEL AND SUCCESSFULLY RECRUITING TALENT IN CRITICAL AREAS

The success of Reko is dependent on many people including our design engineers, control engineers, machinists, and our management team. The experience and talents of these individuals are a significant factor in the Company's continued growth and success. While the Company continues to develop appropriate succession plans for these positions, the loss of one or more of these individuals without adequate replacement, or the inability to recruit appropriate talent in a competitive labour market, could have a material adverse effect on the Company's operations and business prospects. Management has implemented several innovative recruitment and retention strategies to effectively reduce the risks in this area.

SHORTAGE OF SKILLED LABOUR IN THE MANUFACTURING SECTOR

The manufacturing sector is currently facing a significant shortage of skilled labour which has intensified competition for qualified workers, necessitating strategic investments in recruitment and retention efforts which have also adversely impacted the cost of labour. Reko is increasingly focused on upskilling, reskilling and other initiatives to bridge the skills gap and ensure that our operations remain efficient and competitive.

THE SECURITY OF OUR INFORMATION TECHNOLOGY (IT) SYSTEM

While the Company has established (and continues to monitor and enhance) security controls and has appropriate employee training in order to protect the Company's IT systems, there is no guarantee that these measures will be effective in preventing unauthorized access or cyberattacks. A significant failure or breach of the Company's IT systems could cause disruption to manufacturing processes; loss, destruction or inappropriate use of data; or result in the theft of intellectual property or confidential information of the Company or its key customers. While the Company carries what it considers to be an adequate amount of cybersecurity insurance coverage and continuously monitors its system, the consequences of these events could have a material adverse effect on the Company, its profitability, and financial condition.

ADOPTION OF ARTIFICIAL INTELLIGENCE (AI) AND RELATED RISKS

As the Company explores the integration of artificial intelligence ("AI") technologies into its operations, it recognizes the transformative potential of AI to drive efficiencies across key functions, including process optimization, data analytics, and operational decision-making. However, the implementation of AI may present several challenges, including data security and data inaccuracy which could impact decision-making and operational outcomes. Additionally, the speed of AI adoption, if slower than industry peers, could impact competitive position and overall operational efficiency.

The Company is committed to taking a responsible approach to AI adoption, ensuring that its implementation is both ethical and aligned with best practices for data integrity and security. By closely monitoring advancements in AI technology, the Company will adapt its strategy, as needed, to mitigate risks while maximizing the value derived from AI innovations.

FINANCIAL AND CAPITAL MANAGEMENT RISK

CHANGES TO TRADE POLICIES AND TARIFFS

The Company is exposed to risks associated with changes in trade policies, including the introduction or escalation of tariffs. As a significant portion of exports are directed to U.S. markets, such measures could reduce competitiveness through higher costs for customers or import restrictions. Canada has announced the removal of many tariffs on U.S. imports qualifying under the Canada–United States–Mexico Agreement (“CUSMA”), although tariffs on steel, aluminum, and automotive products remain in place. In addition, the scheduled CUSMA review in 2026 introduces further uncertainty that may affect customer investment decisions and supply chain dynamics. Management evaluates these developments on an ongoing basis and considers mitigation strategies to limit potential impacts on financial performance.

CONTINUED UNCERTAIN ECONOMIC CONDITIONS

Ongoing geopolitical tensions, including the conflicts in Ukraine and Gaza, could contribute to market disruptions, commodity price volatility, and supply chain challenges. While our primary markets and suppliers are North American-based, and we currently assess our direct exposure as minimal, the duration and broader economic impact of these conflicts remain uncertain. We continue to monitor the situation closely for potential risks.

PRICING PRESSURES AND PRESSURES TO ABSORB ADDITIONAL COSTS

We face significant pricing pressure, as well as pressure to absorb costs related to machine design and program management, as well as other items previously paid for directly by automobile manufacturers and non-automotive OEMs (such as support in remote production facility locations). These pressures are expected to continue. The continuation or intensification of these pricing pressures and pressure to absorb additional costs and assume additional design, engineering, and management responsibilities could have an adverse effect on our profitability and financial condition.

SIGNIFICANT LONG-TERM FLUCTUATIONS IN RELATIVE CURRENCY VALUES

Although our financial results are reported in Canadian dollars, significant portions of our sales are realized in US dollars. Movements in the US dollar against the Canadian dollar affect our profitability. As a result of the purchase of appropriate amounts of forward exchange contracts and options, foreign currency transactions are not fully impacted by movements in exchange rates. Due to this program, our accounting risk (i.e., the risk associated with our foreign exchange balances on our balance sheet at any point in time) is reduced. This program does not necessarily reduce our economic risk (i.e., the risk associated with our foreign exchange balances and potential balances regardless of whether those balances and potential balances are on our balance sheet at any one particular time). Despite these measures, significant long-term fluctuations in relative currency values could have an adverse effect on our profitability and financial condition and any sustained change could adversely impact our competitiveness.

FINANCIAL COVENANTS AND ECONOMIC CONDITIONS

The Company is subject to financial covenants under its credit facilities, which are calculated on a trailing twelve-month basis. Adverse changes in general economic conditions, including economic slowdowns, inflationary pressures or continued political and trade policy uncertainty could negatively impact earnings, which may affect the Company's ability to maintain compliance with its financial covenants. A breach of covenants, if not cured or waived, could result in the acceleration of repayment obligations and have an adverse effect on the Company's liquidity and financial flexibility. Management actively monitors covenant compliance and believes the Company has adequate financial resources in place to mitigate this risk.

FOREIGN EXCHANGE AND OTHER FINANCIAL INSTRUMENTS

The Company's operating results and cash flows are sensitive to movements in the Canadian dollar relative to the U.S. dollar, given the significant proportion of sales and costs denominated in U.S. currency. More specifically, between 60% and 70% of the Company's sales and 20% of its costs are incurred in US dollars. In addition, the Company maintains certain working capital balances in US funds.

In order to manage a portion of this exposure, the Company enters into financial instruments such as forward contracts and structured foreign exchange options to hedge approximately 50% to 80% of its net exposure. Hedging decisions are based on existing customer contracts, current market conditions, and the Company's past experience. The program is designed to mitigate currency movements over a three-to twelve-month period and is not used for trading or speculative purposes. Contracts are reviewed periodically.

The Company's outstanding structured FX options have predetermined floor and ceiling rates. If the spot rate falls below the floor, the Company must sell the notional amount at the floor rate. If the spot rate exceeds the ceiling, the Company is required to deliver an additional notional amount at the ceiling rate. If the spot rate remains between the floor and ceiling, the option expires worthless, and the Company may transact at prevailing rates at its discretion.

Foreign currency transactions are recorded at rates in effect at the time of the transaction. Forward exchange contracts are recorded at month-end at their fair value, with unrealized holding gains and losses recorded in foreign exchange gain (loss). Additional information with respect to financial instruments is provided in Notes 3 and 5 to Reko's audited consolidated financial statements, which are incorporated herein by reference

At July 31, the Company held the following foreign exchange contracts:

As at July 31, 2025									
	CURRENCY	NOTIONAL USD EQUIVALENT	FLOOR RATE	CEILING RATE	FORWARD RATE	CONTINGENT NOTIONAL USD	FAIR VALUE ASSET (LIABILITY)	MATURITY	
OPTIONS	Sell USD / Buy CAD	\$1,625	1.3700	1.4000	NA	\$2,500	(\$18)	0 – 5 months	

As at July 31, 2024									
	CURRENCY	NOTIONAL USD EQUIVALENT	FLOOR RATE	CEILING RATE	FORWARD RATE	CONTINGENT NOTIONAL USD	FAIR VALUE ASSET (LIABILITY)	MATURITY	
OPTIONS	Sell USD / Buy CAD	\$3,000	1.3650	1.3925	NA	\$6,000	(\$43)	0 – 3 months	

The table below presents a comparison between actual foreign exchange rates and Reko's effective rate on its booked FFECs:

	FOR THE THREE MONTHS ENDED JULY 31				FOR THE YEAR ENDED JULY 31			
	2025		2024		2025		2024	
	ACTUAL	REKO EFFECTIVE RATE	ACTUAL	REKO EFFECTIVE RATE	ACTUAL	REKO EFFECTIVE RATE	ACTUAL	REKO EFFECTIVE RATE
US Dollar equals Canadian Dollar	1.3749	1.3550	1.3689	1.3390	1.3954	1.3506	1.3587	1.3498

At July 31, 2025, the Company held only structured foreign exchange options with strike prices between 1.3700 and 1.4000. At the year-end spot rate of 1.3844, these contracts were in-the-money resulting in a non-cash mark to market gain of \$25 compared to a loss of \$185 in the prior year.

A ten cent strengthening or weakening of the Canadian dollar relative to the U.S. dollar within this range would have resulted in an immaterial change in fair value and, therefore, an immaterial impact on pre-tax earnings.

NORMAL COURSE ISSUER BID

On January 5, 2024, the Company announced the approval of a normal course issuer bid to purchase up to 278,170 of its outstanding Common Shares on the TSX Venture Exchange during the twelve-month period which expired on January 8, 2025. A total of 47,100 shares were purchased under this bid, all of which was purchased during fiscal 2025.

On January 6, 2025, the Company announced the approval of another normal course issuer bid to purchase up to 276,066 of its outstanding Common Shares on the TSX Venture Exchange during the twelve-month period commenced on January 9, 2025, and ending on January 8, 2026. The 276,066 Common Shares represent approximately 5% of the total Common Shares outstanding. The price that the Company will pay for any such shares will be the market price at the time of acquisition and all shares acquired under the bid will be cancelled by the Company. A total of 22,200 shares were purchased under this bid during the year ended July 31, 2025.

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anchored in
integrity

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements and other financial information in this annual report were prepared by management of Reko International Group Inc., reviewed by the Audit Committee, and approved by the Board of Directors.

Management is responsible for the consolidated financial statements and believes that they fairly present the Company's financial condition and results of operation in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). Management has included in the Company's consolidated financial statements amounts based on estimates and judgments that it believes are reasonable, under the circumstances.

To discharge its responsibilities for financial reporting and safeguarding of assets, management believes that it has established appropriate systems of internal accounting control which provide reasonable assurance that the financial records are reliable and form a proper basis for the timely and accurate preparation of financial statements. Consistent with the concept of reasonable assurance, the Company recognizes that the relative cost of maintaining these controls should not exceed their expected benefits. Management further assures the quality of the financial records through careful selection and training of personnel and through the adoption and communication of financial and other relevant policies.

These financial statements have been audited by the shareholders' auditors, PricewaterhouseCoopers LLP, and their report is presented herein.

"Diane Reko"
Diane Reko, B.Comm
Chief Executive Officer

"Kim Marks"
Kim Marks, CPA, CA
Chief Financial Officer

October 9, 2025



committed to
quality



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Reko International Group Inc.

OUR OPINION

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Reko International Group Inc. and its subsidiaries (together, the Company) as at July 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at July 31, 2025 and 2024;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of income (loss) and comprehensive income (loss) for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended July 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Evaluation of the estimated costs at completion for revenue recognition</p> <p>Refer to note 1 – Basis of preparation and significant accounting policies and note 6 – Work-in-progress and unearned revenue on work-in-progress to the consolidated financial statements.</p> <p>For the year ended July 31, 2025, the Company recognized revenue of \$42.2 million. Revenue is recognized over time as performance obligations are satisfied based on the extent of progress towards completion of the performance obligations. Management generally determined the progress of performance obligations based on the proportionate share of accumulated costs to date compared to the total expected costs (the cost input method). Revenue is recognized proportionately as costs are incurred. Due to the nature of the work required to be performed on each performance obligation, management’s estimation of costs at completion is complex and requires significant judgment. The significant assumptions used by management in estimating the costs at completion included costs of material and costs of labour and additional costs from delays or penalties.</p> <p>We considered this a key audit matter due to the significant judgment and assumptions used by management to estimate the costs at completion for revenue recognition. This in turn resulted in significant audit effort and subjectivity in performing procedures.</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none">□ Tested how management determined the estimated costs at completion for revenue recognition, which included the following:<ul style="list-style-type: none">– For a sample of revenue transactions:<ul style="list-style-type: none">○ Agreed key contractual terms to signed contracts, including contract amendments and correspondence with customers.○ Agreed the costs of labour incurred to date to supporting payroll records and timesheets for a selection of cost items.○ Agreed the costs of material to supporting documents for a selection of cost items.○ Evaluated the reasonableness of significant assumptions related to estimating the costs at completion including costs of material and costs of labour and the additional costs from delays or penalties by:<ul style="list-style-type: none">- testing the estimated costs to complete by comparing the costs of labour and material initially budgeted for the contracts to the actual costs of labour and material incurred;- interviewing project managers to evaluate (i) progress to date; (ii) deviation between initial and revised costs of material and costs of labour at completion; and (iii) impact of any delays and penalties applicable; and- considering supporting documents obtained from interviewing project managers.– Performed look-back procedures for a selection of contracts completed during the year to compare the originally estimated costs to actual costs.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is David Beaudoin.

(Signed) “PricewaterhouseCoopers LLP”

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

October 9, 2025





CONSOLIDATED BALANCE SHEETS

As at July 31 (in 000's)	2025	2024
ASSETS		
Current		
Cash	\$ 17,996	\$ 11,434
Accounts receivable	9,619	12,286
Work-in-progress (Note 6)	3,670	5,561
Prepaid expenses and other current assets	825	822
	32,110	30,103
Capital assets (Note 7)	24,024	25,855
Deferred income taxes (Note 4)	790	-
	\$ 56,924	\$ 55,958
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 15)	\$ 4,701	\$ 2,895
Unearned revenue on work-in-progress (Note 6)	35	301
Non-hedging financial derivatives (Note 5)	18	43
Income taxes payable	553	-
Current portion of long-term debt and lease liabilities (Note 8 and 17)	4,139	1,565
	9,446	4,804
Long-term debt and lease liabilities (Note 8 and 17)	5,264	9,394
Deferred income tax (Note 4)	-	379
	14,710	14,577
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	16,014	16,235
Contributed surplus (Note 10)	848	839
Retained earnings	25,352	24,307
	42,214	41,381
	\$ 56,924	\$ 55,958

Contingencies and commitments (Note 16)

On behalf of the Board	"Diane Reko"	"Diana Colella"
	Diane Reko	Diana Colella
	Director	Director

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in 000's)	SHARE CAPITAL	CONTRIBUTED SURPLUS	RETAINED EARNINGS	TOTAL EQUITY
Balance at July 31, 2023	\$ 16,436	\$ 1,270	\$ 28,201	\$ 45,907
Share based compensation (Notes 9 and 10)	9	(13)	-	(4)
Share repurchases (Note 9)	(210)	(418)	-	(628)
Net loss	-	-	(3,894)	(3,894)
Balance at July 31, 2024	\$ 16,235	\$ 839	\$ 24,307	\$ 41,381
Balance at July 31, 2024	\$ 16,235	\$ 839	\$ 24,307	\$ 41,381
Share based compensation (Notes 9 and 10)	20	9	-	29
Share repurchases (Note 9)	(241)	-	-	(241)
Net income	-	-	1,045	1,045
Balance at July 31, 2025	\$ 16,014	\$ 848	\$ 25,352	\$ 42,214

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

Year Ended July 31 (in 000's, except for per share data)	2025	2024
Sales	\$ 42,154	\$ 44,277
Costs and expenses		
Cost of sales	31,085	35,982
Depreciation	3,866	3,976
	34,951	39,958
Gross profit (Note 1)	7,203	4,319
Selling and administrative (Note 1)	6,543	5,226
Income (loss) before the following items	660	(907)
Foreign exchange loss (gain)	654	(130)
Other (income) expense	(373)	49
Impairment loss on capital assets (Note 7)	250	-
Proceeds from insurance, net (Note 1)	(277)	-
Loss on sale of capital assets	28	120
Interest on long-term debt and lease liabilities	463	479
Interest income, net	(513)	(205)
	232	313
Income (loss) before income taxes	428	(1,220)
Current taxes	553	-
Deferred income tax (recovery) expense	(1,170)	2,674
Income tax recovery (expense)	(617)	2,674
Net income (loss) and comprehensive income	\$ 1,045	\$ (3,894)
Earnings (loss) per common share (Note 9)		
Basic	\$ 0.19	\$ (0.70)
Diluted	0.19	(0.67)

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year Ended July 31 (in 000's)	2025	2024
OPERATING ACTIVITIES		
Net income (loss) for the year	\$ 1,045	\$ (3,894)
Adjustments for:		
Depreciation	3,866	3,976
Impairment loss on capital assets	250	-
Income tax provision	(617)	2,674
Interest (income) expense, net	(50)	274
Change in non-hedging financial derivatives	(25)	186
Unrealized foreign exchange (gain) loss	10	403
Stock-based compensation	29	(4)
Loss on sale of capital assets	28	120
	4,536	3,735
Net change in non-cash working capital (Note 14)	5,818	(217)
Interest received (paid)	50	(274)
CASH PROVIDED BY OPERATING ACTIVITIES	10,404	3,244
FINANCING ACTIVITIES		
Cost of repurchase of capital stock	(241)	(628)
Repayments of long-term debt and lease liabilities	(1,566)	(1,507)
CASH USED IN FINANCING ACTIVITIES	(1,807)	(2,135)
INVESTING ACTIVITIES		
Investment in capital assets	(2,883)	(2,227)
Proceeds from insurance, net	277	-
Proceeds on sale of capital assets	571	413
CASH USED IN INVESTING ACTIVITIES	(2,035)	(1,814)
Net change in cash	6,562	(705)
Cash, beginning of year	11,434	12,139
Cash, end of year	\$ 17,996	\$ 11,434

The accompanying notes are an integral part of these consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NATURE OF OPERATIONS

Reko International Group Inc. (the “Company” or “Reko”) is a diversified, technology-driven manufacturing organization located in Southwestern Ontario with areas of expertise including robotic factory automation solutions and precision machining of large, critical parts. The Company, incorporated under the laws of Ontario, has several subsidiaries, which operate or exist in the Province of Ontario in Canada and the State of Michigan in the United States.

Reko is listed on the TSX Venture Exchange under the symbol REKO. The Company’s shares are traded in Canadian dollars. The registered head office is located at 469 Silver Creek Industrial Drive, Lakeshore, Ontario, Canada.

All amounts are in thousands and in Canadian dollars, unless otherwise noted.

The consolidated financial statements were authorized for issue by the Board of Directors on October 9, 2025.

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). These consolidated financial statements were prepared on a going concern basis, under the historical cost convention, except for certain financial assets and financial liabilities (including derivative instruments) at fair value or at a revalued amount.

CONSOLIDATION

These consolidated financial statements represent the accounts of Reko and its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when Reko has the power, directly or indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany balances and transactions have been eliminated.

Intragroup balances, and any unrealized gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Reko’s subsidiaries are as follows:

SUBSIDIARY	LOCATION	PERCENTAGE OWNERSHIP	CONSOLIDATION
Concorde Precision Machining Inc.	Ontario	100%	Full
Reko Automation Group Inc.	Ontario	100%	Full
Reko International Holdings, Inc.	Michigan	100%	Full
Reko International Services, Inc.	Michigan	100%	Full
Concorde USA, LLC	Michigan	100%	Full

CHANGES IN PRESENTATION

The Company has reclassified certain prior year amounts to conform to the current year's consolidated financial statement presentation to better reflect their nature within the consolidated statement of income and comprehensive income. Labour expenses previously reported within selling and administrative expenses are now presented in cost of sales based on the assumptions of the allocation of time spent. Accordingly, the comparative figures for the year ended July 31, 2024 have been reclassified, resulting in \$532 being reclassified from selling and administrative expenses to cost of sales.

FOREIGN CURRENCY TRANSLATION

The reporting currency of the reporting entity is Canadian dollars. All subsidiaries located in Canada have a functional currency of Canadian dollars while the subsidiaries located in the United States, have a functional currency of US dollars. Transactions in foreign currencies are translated at the foreign exchange rate in effect at the date of the transaction. The Company translates monetary assets and liabilities denominated in foreign currencies at the exchange rate as at the balance sheet date. Foreign exchange differences arising on translation are recognized in profit or loss. Revenues and expenses are translated at rates prevailing on the date of the transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates at the dates the fair value was determined.

FINANCIAL INSTRUMENTS

Reko utilizes financial instruments in the management of its foreign currency exposure by economically hedging its foreign exchange exposure on anticipated net cash inflows in US dollars through the use of US dollar denominated debt and forward foreign exchange contracts. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading or speculative purposes.

Financial assets and financial liabilities are initially recognized at fair value. Subsequent to initial recognition, financial instruments are remeasured depending on their classification as described below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and Reko's designation of such instruments. Settlement date accounting is used. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss. The following table outlines the classification of financial instruments under IFRS 9:

CLASSIFICATION	Classification under IFRS 9
Cash	FVTPL
Non-hedging financial derivatives	FVTPL
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Long-term debt	Amortized cost

FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FVTPL

Financial assets designated as fair value through profit or loss ("FVTPL") are financial assets typically held for trading or that are designated as FVTPL. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in non-operating items. Financial liabilities designated as FVTPL are those non-derivative financial liabilities that the Company elects to designate on initial recognition as instruments that it will measure at fair value through profit or loss. These are accounted for in the same manner as FVTPL assets.

AMORTIZED COST FINANCIAL ASSETS

Financial assets at amortized cost are non-derivative financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset is initially measured at fair value, including transaction costs, and subsequently at amortized cost.

OTHER FINANCIAL LIABILITIES

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method and include all financial liabilities, other than derivative instruments.

TRANSACTION COSTS

Transaction costs related to FVTPL financial assets are expensed as incurred. Transaction costs related to available-for-sale financial assets, held-to-maturity financial assets, other financial liabilities and loans and receivables are netted against the carrying value of the asset or liability and are then recognized over the expected life of the instrument using the effective interest method.

IMPAIRMENT OF FINANCIAL ASSETS

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The carrying amount of all financial assets, excluding accounts receivable, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. The Company uses an expected credit loss ("ECL") model. This impairment model applies to financial assets measured at amortized cost and contract assets.

The Company is using the simplified approach to recognize lifetime expected credit losses for its trade receivables and contract assets that are within the scope of IFRS 15 and that do not have a significant financing component. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the asset.

EFFECTIVE INTEREST METHOD

Reko uses the effective interest method to recognize interest income or expense, which includes transaction costs or fees, premiums or discounts, earned or incurred for financial instruments.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of the financial asset are transferred.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

USE OF SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. These estimates are made on the assumption Reko will continue as a going concern and are based on information available at the time of preparation. Estimates may be revised where the circumstances on which they are based change or where new information becomes available.

Judgment is commonly used in determining whether a balance or transaction should be recognized in the consolidated financial statements and estimates and assumptions are more commonly used in determining the measurement of recognized transactions and balances. However, judgment and estimates are often interrelated.

The Company has applied judgment in its use of the going concern assumption, identifying cash generating units, identifying indicators for impairment of long-lived assets, evaluating cost at completion for determining revenue recognized, assessing the recoverability of deferred taxes and assessing the Company's functional currency. In the absence of standards or interpretations applicable to a specific transaction, management uses its judgment to define and apply accounting policies that provide relevant and reliable information in the context of the preparation of the financial statements.

Estimates are used when estimating the useful lives of long-lived assets for the purposes of quantifying amortization, when accounting for or measuring such items as allowance for uncollectible accounts, allowances for provisions on loss contracts, realizable value of tax losses and other tax credits, assessing the percent complete of work-in progress, certain fair value measures including those related to financial instruments, and when testing long-lived assets for impairment. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

REVENUE RECOGNITION

Reko enters into contracts with customers to design and manufacture a variety of engineered products and services. These contracts are entered into with a customer when the Company can identify each parties' rights and the contract has commercial substance, where the parties have approved the contract in accordance with customary Company business practices, both parties are committed to their obligations and payment terms are identifiable and collectible. Contracts are typically priced based on estimated expected costs plus a margin approach.

The Company recognizes revenue over time as performance obligations are satisfied. Revenue is recognized based on the extent of progress towards completion of performance obligations. Reko generally determines the progress of performance obligations based on the proportionate share of accumulated costs to date compared to the total expected costs (the cost input method). Due to the nature of the work required to be performed on each performance obligation, management's estimation of costs at completion is complex and requires significant judgement. The significant assumptions used by management in estimating the costs at completion included costs of material and costs of labour and additional costs from delays and penalties, and such costs, if probable, are included in estimated costs at completion. The Company considers all jobs, which have completed all aspects of engineering and design to have progressed to the point where total expected costs can be reasonably estimated. Revenues, including estimated reasonable profits, are then recorded proportionately as costs are incurred.

The Company has elected to use the practical expedient provided under IFRS 15 for unsatisfied or partially unsatisfied performance obligations of contracts that have an expected duration of one year or less. Any projected loss is recognized immediately.

WORK-IN-PROGRESS

Work-in-progress includes unbilled contract revenue and inventory. Inventory is valued at the lower of cost and net realizable value, less any amounts billed to the customer. Cost includes the cost of materials, direct labour applied to the product and specifically identified manufacturing overhead. The results reported under the percentage of completion method are based on management's estimates. Actual results could differ from these estimates.

CONSIDERATION GIVEN TO CUSTOMERS

Cash consideration given by Reko to a customer, such as cash discounts and rebates, are presumed to be a reduction of the selling prices of the Company's products or services and are, therefore, accounted for as a reduction of revenue when recognized in the statement of income.

LEASES

The Company leases certain property, plant and equipment as right-of-use assets. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Assets and liabilities arising from a lease are initially measured on a present value basis, discounted using the interest rate implicit in the lease. Lease liabilities include the present value of fixed and variable payments, residual value guarantees, exercise of purchase options if reasonably certain to be exercised and any penalties for terminating the lease is reasonably certain to terminate. Right-of-use assets are measured at cost and are comprised of the amount of the initial measurement of the lease liability plus any lease payments made before the lease commencement date, any initial direct costs and restoration costs. Lease payments are allocated between finance charges and a reduction of the outstanding lease obligation.

CASH

Cash includes cash on hand and balances with maturities less than 90 days.

ACCOUNTS RECEIVABLE

Accounts receivable are stated at their cost less allowances for doubtful accounts. The allowance for doubtful accounts is determined by taking into consideration the age of receivables, Reko's prior experience with the customer including their ability to pay and/or an assessment of the current economic conditions. Accounts receivable and allowance for doubtful accounts are written off when the balance is no longer considered to be collectible under the ECL model.

CAPITAL ASSETS AND DEPRECIATION

OWNED ASSETS

Capital assets are stated at cost less accumulated depreciation and impairment losses (see impairment loss accounting policy). The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads. The cost of self-constructed assets and acquired assets includes (i) the initial estimate at the time of installation and during the period of use, when relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and (ii) changes in the measurement of existing liabilities recognized for these costs resulting from changes in the timing or outflow of resources required to settle the obligation or from changes in the discount rate.

When parts of capital assets have different useful lives, those components are accounted for as separate items of capital assets.

RIGHT OF USE ASSETS

Leases for which the Company assumes substantially all of the risks and rewards of ownership are classified as a right-of-use asset. Each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

SUBSEQUENT COSTS

Reko recognizes in the carrying amount of a capital asset the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized in profit or loss as an expense as incurred.

DEPRECIATION

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each capital asset. Land and equipment under construction is not depreciated. The estimated useful lives are as follows:

Buildings	10 - 50 years
Machinery and equipment	3 - 30 years
Leasehold improvements	5 - 25 years

The residual value and estimated useful life is reassessed annually.

INSURANCE PROCEEDS

Proceeds from insurance are recognized when the amount is virtually certain to be received and no longer contingent. Amounts are recorded in the period when cash is received or when the Company's entitlement to recovery is confirmed. Insurance proceeds related to business interruption or other contingent claims are not recognized until the likelihood of recovery is virtually certain.

BORROWING COSTS

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

TRADE AND OTHER PAYABLES

Trade and other payables are stated at amortized cost.

UNEARNED REVENUE ON WORK-IN-PROGRESS

In situations where the customer is billed more than the Company has recognized as revenue for an individual project on the reporting date, the invoiced amount in excess of the revenue recognized is recorded as unearned revenue on work-in-progress.

INCOME TAXES

Income tax on the profit or loss from the periods presented comprises any current (if applicable) and deferred income tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in comprehensive income, in which case it is recognized in comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, if any after application of available losses and deductions, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is calculated using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting, nor taxable profit; and, differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date that are expected to apply when the deferred tax is realized/settled.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

SHARE CAPITAL

When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and presented as a deduction from total equity.

COMPREHENSIVE INCOME (LOSS)

Other comprehensive income is the change in the Company's net assets that result from translations, events and circumstances from sources other than the Company's shareholders. When it occurs, other comprehensive income is presented below net income on the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss). Comprehensive income (loss) is composed of net income (loss) and other comprehensive income.

Accumulated other comprehensive income is a separate component of shareholders' equity which includes the accumulated balances of all components of other comprehensive income which are recognized in comprehensive income but excluded from net income.

EARNINGS (LOSS) PER SHARE

Basic earnings per share is calculated on net income using the weighted average number of common shares outstanding during the year.

Diluted earnings per share is calculated on the weighted average number of common shares that would have been outstanding during the year had all "in the money" stock options outstanding been exercised and converted into common shares using the treasury method.

IMPAIRMENT LOSSES

The carrying amounts of Reko's long-lived non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such impairment indicator exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

REVERSALS OF IMPAIRMENT LOSSES

An impairment loss, with the exception of goodwill, is reversed if there has been an indicator of reversal and a change in the estimate used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

DEFINED CONTRIBUTION EMPLOYEE BENEFIT PLANS

Obligations for contributions to defined contribution pension plans are recognized as an expense in profit or loss as incurred.

PROVISIONS

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

STOCK-BASED COMPENSATION

The share option programme allows certain Company employees to acquire shares of the Company. The fair value of options granted is recognized as an employee expense with a corresponding increase in equity. The Company measures the fair value of stock options at the grant date and spreads the expense over the period during which the employees become unconditionally entitled to the options. The fair value of the options is measured using the Black-Scholes option-pricing model. This model requires the input of a number of assumptions, including expected dividend yields, expected stock volatility, expected forfeiture rates, expected time until exercise and risk-free interest rates. Although the assumptions used reflect management's best estimates, they involve inherent uncertainties based on market conditions generally outside the Company's control. If other assumptions are used, stock-based compensation expense could be significantly impacted. As stock options are exercised, the proceeds received on exercise, in addition to the portion of the contributed surplus balance related to those stock options, is credited to share capital and contributed surplus is reduced accordingly.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENT

IFRS 18, Presentation and Disclosure in Financial Statements.

In April 2024, IFRS 18 was issued to achieve comparability of the financial performance of similar entities. The standard, which replaces IAS 1, impacts the presentation of primary financial statements and notes, including the statement of earnings (loss) where companies will be required to present separate categories of income and expense for operating, investing, and financing activities with prescribed subtotals for each new category. The standard will also require management-defined performance measures to be explained and included in a separate note within the consolidated financial statements. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements, and requires retrospective application. The company has not yet assessed the impact of the new standard on the consolidated financial statements.

2. GEOGRAPHIC INFORMATION

The following information reflects the geographic breakdown of revenues and capital assets based on the physical location of the Company's operations. The Company does not track revenues based on ship to locations.

	2025		2024	
	REVENUES	CAPITAL ASSETS	REVENUES	CAPITAL ASSETS
Canada	\$ 42,144	\$ 24,024	\$ 44,264	\$ 25,855
United States	10	-	13	-
	\$ 42,154	\$ 24,024	\$ 44,277	\$ 25,855

3. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable, non-hedging financial derivatives, accounts payable, accrued liabilities and long-term debt.

Fair Value

The Company has determined the estimated fair value of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. Accordingly, these estimated fair values are not necessarily indicative of the amounts the Company could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies. The methods and assumptions used to estimate the fair value of financial instruments are described below:

ACCOUNTS RECEIVABLE, ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Due to the short period of maturity of the instruments, the carrying values as presented in the consolidated balance sheets are reasonable estimates of fair value.

FAIR VALUE HIERARCHY

The following table provides an analysis of cash, non-hedging financial derivatives and long-term debt that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	LEVEL 1	LEVEL 2	LEVEL 3	2025
Cash	\$ 17,996	\$ -	\$ -	\$ 17,996
Non-hedging financial derivatives	-	(18)	-	(18)
	\$ 17,996	\$ (18)	\$ -	\$ 17,978

	LEVEL 1	LEVEL 2	LEVEL 3	2024
Cash	\$ 11,434	\$ -	\$ -	\$ 11,434
Non-hedging financial derivatives	-	(43)	-	(43)
	\$ 11,434	\$ (43)	\$ -	\$ 11,391

NON-HEDGING FINANCIAL DERIVATIVES

The Company's non-hedging financial derivatives are the Company's future forward exchange contracts and are subject to fluctuations in foreign exchange rates between the Canadian and US dollar. The Company's non-hedging financial derivatives are valued based on discounting the future cash outflows associated with the contract based on the closing foreign exchange rate between the Canadian and US dollar.

LONG-TERM DEBT

Reko's long-term debt of CDN \$2,817 and USD \$1,965 (currently valued at CDN \$2,721) is subject to fixed interest rates. The Company's long-term debt is valued based on discounting the future cash outflows associated with the long-term debt. The discount rate is based on the incremental premium above market rates for Government of Canada securities of similar duration. In each period thereafter, the incremental premium is held constant while the Government of Canada security is based on the then current market value to derive the discount rate.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about Reko's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and has delegated authority to the Audit Committee. The Audit committee is responsible for developing and monitoring the Company's risk management policies, overseeing management compliance with those policies, and reviewing the adequacy of the overall framework in relation to the risks faced by the Company. Management is responsible for implementing the risk management policies on a day-to-day basis, including identifying, assessing, and mitigating risks across the Company's operations, as well as maintaining effective internal controls.

Reko's risk management policies are designed to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to those limits. Policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. Through training, management standards, and procedures, Reko fosters a disciplined and constructive control environment in which all employees understand their roles and obligations.

CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and foreign exchange contracts.

ACCOUNTS RECEIVABLE

Reko's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which the customers operate, has less of an influence on credit risk. Approximately 41.4% of the Company's revenue is derived from customers in the power generation industry. Annually, between 60% and 70% of the Company's revenue is derived from customers who pay in United States dollars.

For the year ended July 31, 2025, sales to the Company's three largest customers (inclusive of all divisions of the same parent company) represented 21.3%, 20.1% and 9.8%, respectively, of total sales (2024- 21.1%, 18.6%, and 16.0%). These same customers represent approximately 36.4%, 19.5% and 5.9%, of total accounts receivable, respectively as at July 31, 2025 (2024- 25.9%, 30.2% and 11.9%)

The Audit Committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions

are offered. Reko's review generally also includes application for accounts receivable insurance, and in some cases bank references. Open amount limits are established for each customer. Customers that fail to meet Reko's benchmark creditworthiness may transact with the Company only on a prepayment basis.

Goods are sold subject to available financial liens, so that in the event of non-payment Reko may have a secured claim. The Company does not require collateral in respect of accounts receivable. In addition, Reko maintains, to the extent available, industry standard accounts receivable insurance programs to reduce its exposure to credit risk.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of accounts receivable. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

Reko's financial assets that are exposed to credit risk consist primarily of cash, accounts receivable, non-hedging financial instruments and unbilled contract revenue.

Cash and non-hedging financial instruments are subject to counterparty credit risk. The Company mitigates this credit risk by dealing with counterparties who are major financial institutions that the Company anticipates will be able to satisfy its obligations with the Company.

LIQUIDITY RISK

Liquidity risk is the risk that Reko will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, Reko ensures that it has sufficient cash on hand to meet expected operational expenses for a period of twelve months, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As part of that ability, the Company maintains a \$20,000 demand revolving facility ("revolver") subject to a lender defined borrowing base calculation that is secured against the assets of the Company and its subsidiaries. Interest is payable on the drawn portion of the revolver at Prime Rate +0.25% per annum on amounts drawn in \$CDN and US Base Rate +0.25% per annum for borrowings in \$USD. As at July 31, 2025, the Company has cash on hand of \$17,996 in addition to the amounts available under the borrowing base in the amount of \$10,358. Subsequent to year end, the Company repaid one of its outstanding mortgage obligations using available cash as described in note 17.

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Reko buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Audit Committee.

CURRENCY RISK

Reko is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the parent Company, the Canadian dollar. The Company's objective is to maintain foreign currency forward contracts or structured foreign exchange options that cover approximately 50% to 80% of its total foreign currency exposure over a three to twelve month period following each reporting date.

INTEREST RATE RISK

Reko is not exposed to significant interest rate risk due to the short-term maturity of its monetary current assets and current liabilities.

The Company's interest rate risk primarily arises from its floating rate debt, in particular its bank indebtedness. At July 31, 2025, none of Reko's total debt portfolio is subject to movements in floating interest rates.

OTHER MARKET PRICE RISK

The Company does not enter into commodity contracts other than to meet the Company's expected usage and sale requirements; such contracts are not settled net.

CAPITAL MANAGEMENT

The Board's policy is to ensure sufficient liquidity to pursue its organic growth strategy, while at the same time taking a conservative approach to financial leverage and management of financial risk. The Company's capital is composed of net debt and shareholders' equity. Net debt consists of interest-bearing debt and lease liabilities less cash. Reko's primary uses of capital are to finance increases in non-cash working capital and capital expenditures for capacity expansion. The Company currently funds these requirements out of its internally generated cash flows and when internally generated cash flow is insufficient, its revolving bank credit facility.

The primary measure used by Reko to monitor its financial leverage is its ratio of net debt to shareholders' equity, which it aims to maintain at less than 1:1. As at July 31, 2025 and July 31, 2024, the above capital management criteria can be illustrated as follows:

	2025	2024
Net debt		
Current portion of long-term debt and lease liabilities	\$ 4,139	\$ 1,565
Long-term debt and lease liabilities	5,264	9,394
Less: cash	(17,996)	(11,434)
Net debt	\$ (8,593)	\$ (475)
Shareholders' equity	\$ 42,214	\$ 41,381
Ratio	(0.20)	(0.01)

From time to time, the Company purchases its own shares on the market; the timing of these purchases depends on market prices.

There were no changes in the Company's approach to capital management during the year.

As part of the Company's existing debt agreements, three financial covenants are monitored and communicated, as required by the terms of credit agreements, on a quarterly basis, by management, to ensure compliance with the agreements. The quarterly covenants are: i) debt to equity ratio – calculated as total debt, excluding deferred income taxes divided by shareholders' equity minus minority interest, if any; ii) current ratio – calculated as current assets divided current liabilities and (iii) fixed charge coverage ratio – calculated as EBITDA less cash taxes, distributions, cash for permitted acquisitions, and non-financed capital expenditures (for previous 52 weeks) divided by interest expense plus repayments of long-term debt (based on upcoming 52 weeks).

At July 31, 2025, the Company was in the process of transitioning its day-to-day banking relationship and available credit facilities to a new bank. The mortgage debt with the prior lender, which represented the Company's only obligation with that lender, was classified as a current liability within the consolidated balance sheet, as the Company intended to repay the obligation at the expiry of its term rather than renew or refinance. This debt was subsequently repaid in full after year end, as further described in Note 17. Accordingly, the Company was not subject to any financial covenant testing at year end with respect to our former lending agreement and was in compliance with all other financial covenants on other debt during the year.

EBITDA for the purpose of debt covenant compliance is defined as earnings before interest, taxes, depreciation and amortization. EBITDA is a non-GAAP measure but can be used as an indicator of the overall profitability of a company.

4. INCOME TAXES

Significant components of the Company's deferred income taxes are as follows:

	2025	2024
Deferred income tax asset		
SR & ED tax credits	\$ 1,556	\$ 1,708
Non-capital losses	110	218
Other	302	149
Deferred income tax asset	\$ 1,968	\$ 2,075
Deferred income tax liability		
Tax impact of SR & ED tax credits	\$ 432	\$ 293
Unbilled contract revenue	535	1,590
Capital assets	211	571
Deferred income tax liability	\$ 1,178	\$ 2,454
Net deferred tax asset (liability)	\$ 790	\$ (379)

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of deferred taxable income during the years in which these temporary differences and loss carry forwards are deductible. Management considers the scheduled reversal of deferred tax liabilities, the character of deferred income tax assets and available tax planning strategies in making this assessment.

During the year, the Company recognized \$720 of previously unrecognized deferred tax assets to offset current period taxable income. Deferred tax assets of \$3,520 remain unrecognized as they are not more likely than not to be utilized, which will be adjusted in future periods if it becomes more likely than not that they will be realized.

The provision for income taxes reflects an effective tax rate, which differs from the combined Federal and Provincial rate for the following reasons:

	2025	2024
Combined Federal and Provincial rate	26.50%	26.50%
Manufacturing and processing deduction	(0.50%)	(0.50%)
Permanent and other differences	27.7%	(66.6%)
Tax impact of unrecognized SR&ED credits	(15.3%)	(91.2%)
Impact of unrecognized deferred tax assets	(182.4%)	351.0%
Effective rate	(144.04%)	219.20%

The details of taxable losses by jurisdiction are as follows:

	2025	2024
Canada, which begin to expire, at the earliest, in 2037	\$ 802	\$ 822
United States, which expire between 2026 and 2035	\$ 9,927	\$ 11,665

The deferred income tax asset attributable to the taxable losses in the United States is not recognized.

5. NON-HEDGING FINANCIAL DERIVATIVES

The company utilizes financial instruments, including forward contracts and foreign exchange options, to manage its exposure to foreign exchange risk. Under the terms of the FX options, a floor and a ceiling exchange rate are predetermined. If the spot rate falls below the floor, the Company will sell the notional amount at the floor rate. If the spot rate exceeds the ceiling, the Company will be required to sell 1.54x the notional amount. If the spot rate remains between the floor and ceiling, the option expires worthless, allowing the Company to sell at the prevailing spot rate at its discretion.

The mark-to-market value on these financial instruments as at July 31, 2025 was an unrealized loss of \$18 (2024-unrealized loss of \$43), which has been recorded in net income for the year.

As at July 31, 2025								
	CURRENCY	NOTIONAL USD EQUIVALENT	FLOOR RATE	CEILING RATE	FORWARD RATE	CONTINGENT NOTIONAL USD	FAIR VALUE ASSET (LIABILITY)	MATURITY
OPTIONS	Sell USD / Buy CAD	\$ 1,625	1.3700	1.4000	NA	\$ 2,500	(\$18)	0 – 5 months

As at July 31, 2024								
	CURRENCY	NOTIONAL USD EQUIVALENT	FLOOR RATE	CEILING RATE	FORWARD RATE	CONTINGENT NOTIONAL USD	FAIR VALUE ASSET (LIABILITY)	MATURITY
OPTIONS	Sell USD / Buy CAD	\$3,000	1.3650	1.3925	NA	\$6,000	(\$43)	0 – 3 months

6. WORK-IN-PROGRESS AND UNEARNED REVENUE ON WORK-IN-PROGRESS

A reconciliation of the beginning and ending carrying amounts of work-in-progress and unearned revenue on work-in-progress is as follows:

For the year ended July 31	2025		2024	
	WORK-IN-PROGRESS	UNEARNED REVENUE ON WORK-IN-PROGRESS	WORK-IN-PROGRESS	UNEARNED REVENUE ON WORK-IN-PROGRESS
Balance outstanding - beginning of year	\$ 5,561	(\$301)	\$ 10,230	(\$655)
Revenue earned in the year	42,154	266	44,277	354
Billings in the year	(44,045)	-	(48,946)	-
Balance outstanding - end of year	\$ 3,670	(\$35)	\$ 5,561	(\$301)

7. CAPITAL ASSETS

Capital assets are comprised of:

	LAND	BUILDINGS	MACHINERY AND EQUIPMENT	LEASEHOLD IMPROVEMENTS	EQUIPMENT UNDER CONSTRUCTION	TOTAL
Cost						
Balance at July 31, 2023	\$ 661	\$ 14,919	\$ 61,096	\$ 859	\$ 700	\$ 78,235
Additions	-	3	-	-	2,224	2,227
Transfers	-	-	2,680	10	(2,690)	-
Disposals	-	-	(2,558)	-	-	(2,558)
Balance at July 31, 2024	\$ 661	\$ 14,922	\$ 61,218	\$ 869	\$ 234	\$ 77,904
Additions	-	-	487	-	2,396	2,883
Transfers	-	-	388	53	(441)	-
Disposals	-	-	(3,604)	-	-	(3,604)
Balance at July 31, 2025	\$ 661	\$ 14,922	\$ 58,489	\$ 922	\$ 2,189	\$ 77,183
Depreciation						
Balance at July 31, 2023	\$ -	\$ 6,320	\$ 43,266	\$ 512	\$ -	\$ 50,098
Depreciation for the year	-	452	3,475	49	-	3,976
Disposals	-	-	(2,025)	-	-	(2,025)
Balance at July 31, 2024	\$ -	\$ 6,772	\$ 44,716	\$ 561	\$ -	\$ 52,049
Depreciation for the period	-	443	3,373	50	-	3,866
Disposals	-	-	(3,006)	-	-	(3,006)
Impairment	-	-	250	-	-	250
Balance at July 31, 2025	\$ -	\$ 7,215	\$ 45,333	\$ 611	\$ -	\$ 53,159
Carrying value						
Balance at July 31, 2024	\$ 661	\$ 8,150	\$ 16,502	\$ 308	\$ 234	\$ 25,855
Balance at July 31, 2025	\$ 661	\$ 7,707	\$ 13,156	\$ 311	\$ 2,189	\$ 24,024

Included in the net book value of machinery and equipment is \$3,954 (2024 - \$4,885) of right of use assets.

8. LONG-TERM DEBT AND LEASE LIABILITIES

The long-term debt and lease liabilities are comprised of:

	July 31, 2025	July 31, 2024
Mortgage payable – 5.63% (July 31, 2024 – 5.63%), repayable \$26 monthly including interest, matures April 2038 with an interest rate reset date of April 2026, secured by certain land and building and an assignment of rents on the subject property	\$ 2,817	\$ 2,964
Mortgage payable – 3.06% plus a credit spread (July 31, 2024 – 3.06%), which may vary over the life of facility to a maximum of 275, currently at 175 for an all-in rate of 5.00%, repayable \$14 USD monthly plus interest, matures August 10, 2025 secured by certain land, buildings, and a general security agreement. Repaid in full subsequent to year end (note 17)	2,721	2,925
Equipment lease – 2.78%, repayable \$23 USD monthly including interest, due in full January 2027, and secured by the equipment	522	891
Equipment lease – 3.99%, repayable \$19 USD monthly including interest, due in full April 2027, and secured by the equipment	526	826
Equipment lease – 5.23%, repayable \$18 USD monthly including interest, due in full June 2029, and secured by the equipment	966	1,180
Equipment lease – 5.82%, repayable \$30 USD monthly including interest, due in full June 2030, and secured by the equipment	1,851	2,173
	9,403	10,959
Deduct - unamortized finance fees	-	-
- principal portion included in current liabilities	4,139	1,565
Long-term portion	\$ 5,264	\$ 9,394

Repayments on committed facilities are scheduled as follows:

YEAR	
Next 12 months	\$ 4,139
2 years	1,112
3 years	792
4 years	791
5 years	2,569
Thereafter	-
Balance of obligation	\$ 9,403

9. SHARE CAPITAL

Share capital is comprised of:

	AUTHORIZED	ISSUED SHARES	AMOUNT
Class A preference shares	Unlimited	Nil	\$ -
Class B preference shares	Unlimited	Nil	-
Common shares – no par value	Unlimited	5,499,113	\$ 16,014

Share capital transactions during the year were as follows:

As at July 31	2025		2024	
	SHARES	AMOUNT	SHARES	AMOUNT
Outstanding, beginning of year	5,563,413	\$ 16,235	5,687,013	\$ 16,436
Transactions during year	(64,300)	(221)	(123,600)	(201)
Outstanding, end of year	5,499,113	\$ 16,014	5,563,413	\$ 16,235

During the year, the Company repurchased 69,300 shares for consideration of \$241. Total stock options of 5,000 were exercised during the fiscal year for consideration of \$20.

The following table presents the maximum number of shares that would be outstanding if all the dilutive “in the money” instruments outstanding, as at July 31, 2025 were exercised:

Common shares outstanding at July 31, 2025	5,499,113
Stock options (Note 12)	104,000
	5,603,113

10. CONTRIBUTED SURPLUS

Contributed surplus is comprised of:

	2025	2024
Balance, beginning of year	\$ 839	\$ 1,270
Amounts in respect of exercised stock options	(4)	(66)
Amounts in respect of the share-based compensation	13	53
Amounts in respect of share repurchases	-	(418)
Balance, end of year	\$ 848	\$ 839

11. EARNINGS PER SHARE

The calculation of basic earnings per share at July 31, 2025 was based on the net income attributable to common shareholders of \$1,045 (2024 – net loss of \$3,894) and a weighted average number of common shares outstanding of 5,533,430 calculated as follows:

	2025	2024
Basic earnings per share:		
Net income (loss)	\$ 1,045	\$ (3,894)
Average number of common shares outstanding during the year	5,533,430	5,594,488
Basic earnings per share	\$ 0.19	\$ (0.70)
Diluted earnings per share:		
Net income (loss) attributable to common shareholders	\$ 1,045	\$ (3,894)
Average number of common shares outstanding during the year	5,533,430	5,594,488
'In the money' stock options outstanding during the year	104,000	206,500
	5,637,430	5,800,988
Diluted earnings per share	\$ 0.19	\$ (0.67)

12. STOCK BASED COMPENSATION

The Company has established a stock option plan for directors, officers, and key employees. The terms of the plan state that the aggregate number of shares which may be issued and sold will not exceed 10% of the issued and outstanding common shares of the Company on a non-diluted basis. The issue price of the shares shall be determined at the time of grant based on the closing market price of the shares on the specified date of issue. Options shall be granted for a period of five years. At the directors' discretion, the vesting progression is 30% on the grant date, (ii) 30% on the first anniversary of the grant date, and (iii) 40% on the second anniversary of the grant date. Options given to outside directors that are not full-time employees of the Company vest immediately and can be exercised immediately.

During the year, the Company granted an additional 69,000 options to employees and directors (2024 – 110,000). During the year, 5,000 options (2024 – 31,700) were exercised by employees and directors.

As at July 31, 2025, the following options were outstanding:

NUMBER OF OPTIONS	EXERCISE PRICE	EXPIRY
80,500	\$ 2.80	2026
10,000	\$ 4.59	2027
10,000	\$ 4.90	2027
50,000	\$ 4.65	2028
50,000	\$ 4.80	2029
25,000	\$ 4.70	2029
15,000	\$ 4.55	2029
55,000	\$ 3.20	2030

The weighted average of the options is as follows:

	2025		2024	
	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at beginning of the year	295,500	\$ 4.03	256,800	\$ 3.41
Expired during the year	(57,200)	3.73	(39,600)	2.90
Issued during the year	69,000	3.20	110,000	4.74
Exercised during the year	(5,000)	3.20	(31,700)	2.90
Cancelled during the year	(6,800)	4.14	-	-
Outstanding at end of year	295,500	\$ 3.91	295,500	\$ 4.03
Exercisable at the end of the year	104,000	\$ 2.89	206,500	\$ 3.73

The description of the method and significant assumptions used during the year to estimate the fair values of options, including the weighted average information, is as follows:

	2025	2024
Expected life	5 years	5 years
Expected dividends	\$ Nil	\$ Nil
Expected volatility – based on a 60-month historical average	34.63%	30.34%
Risk free rate of return	1.75%	1.44%
Expected forfeiture rate	0%	0%
Total compensation cost recognized in income for stock-based employee compensation awards	\$ 13	\$ 53

13. RELATED PARTY TRANSACTIONS

Transactions with Key Management Personnel

In addition to their salaries, the Company also provides non-cash benefits to its executive officers and contributes to a post-employment defined contribution benefit plan on their behalf. In accordance with the terms of the plan, executive officers living in Canada are entitled to receive up to a maximum of 4.0% of base salary. Company contributions under the plan will match 100% of the employee contributions. During the year, the Company expensed contributions of \$300 (2024 – \$355) to the defined contribution plan in Canada for all employees, including key management personnel. The above contribution plans are identical to the contribution plans provided to all Canadian employees of the Company.

Executive officers are also eligible, as are all employees, to participate in the Company's share option programme.

Key management personnel and directors compensation comprised of:

	2025	2024
Salaries and cash bonuses	\$ 995	\$ 1,065
Short-term employment benefits	43	43
Post-employment benefits	32	22
	\$ 1,070	\$ 1,130

KEY MANAGEMENT PERSONNEL AND DIRECTOR TRANSACTIONS

Directors of the Company control 3.70% of the voting shares of the Company (2024 – 5.30%). Individuals related to a director own, directly or indirectly, 70.12% of the voting shares of the Company (2024 – 69.31%).

14. SUPPLEMENTAL CASH FLOW INFORMATION

Net change in non-cash working capital is comprised of:

	2025	2024
Accounts receivable	\$ 2,667	(\$3,628)
Work-in-progress	1,891	4,669
Prepaid expenses and other current assets	(280)	364
Accounts payable and accrued liabilities	1,806	(1,268)
Unearned revenue on work-in-progress	(266)	(354)
	\$ 5,818	(\$217)

15. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2025	2024
Accounts payable	\$ 1,010	\$ 846
Accrued liabilities	3,691	2,049
	\$ 4,701	\$ 2,895

16. CONTINGENCIES & COMMITMENTS

The Company, in the course of its operations, is subject to lawsuits, contingencies, environmental and other claims.

Provisions are made in instances where it is probable that a net outflow of cash will occur. The Company has no reason to believe that the ultimate outcome of these matters would have a significant impact on its financial position, cash flows or results of operations.

17. SUBSEQUENT EVENTS

On August 11, 2025, the Company repaid in full one of its outstanding mortgage obligations in the amount of \$2,721 (\$1,965 USD) from available cash. The Company has one remaining mortgage payable, which has a contractual term to April 2038.

On August 29, 2025, the Company entered into a new credit facility agreement providing for a revolving operating line of credit of up to \$20,000, subject to borrowing base calculations, together with a USD \$7,500 demand loan to finance equipment purchases. The demand loan will be secured by the equipment acquired. The facility is secured by general security agreements providing first charges on the assets of the Company and its main operating subsidiaries and intercompany guarantees. The agreement is subject to certain financial covenants. There have been no borrowings against these facilities as at the date the financial statements were authorized for issue.

SUMMARY OF INCOME

Year Ended July 31 (in 000's, except for per share data)	2025	2024	2023	2022	2021
Sales	\$ 42,154	\$ 44,277	\$ 46,751	\$ 53,884	\$ 39,196
Costs and expenses					
Cost of sales	31,085	35,982	35,746	41,788	31,251
Depreciation	3,866	3,976	3,918	3,370	3,120
	34,951	39,958	39,664	45,158	34,371
Gross profit	7,203	4,319	7,087	8,726	4,825
Selling and administrative	6,543	5,226	5,831	6,399	5,405
Income (loss) before the following items	660	(907)	1,256	2,327	(580)
Foreign exchange loss (gain)	654	(130)	(62)	(325)	797
Other (income) expense	(373)	49	(108)	(346)	(2,526)
Impairment loss on capital assets	250	-	-	-	-
Proceeds from insurance, net	(277)	-	-	-	-
Loss on sale of capital assets	28	120	65	35	75
Interest on long-term debt and leases	463	479	462	382	349
Interest income, net	(513)	(205)	(238)	(28)	(10)
	232	313	119	(282)	(1,315)
Income (loss) before income taxes	428	(1,220)	1,137	2,609	735
Current taxes	553	-	-	-	-
Deferred income tax (recovery) expense	(1,170)	2,674	(185)	488	(129)
Income tax recovery (expense)	(617)	2,674	(185)	488	(129)
Net income (loss) and comprehensive income	\$ 1,045	(\$3,894)	\$ 1,322	\$ 2,121	\$ 864
Earnings (loss) per common share					
Basic	\$ 0.19	(\$0.70)	\$ 0.23	\$ 0.36	\$ 0.14

STATISTICAL DATA COSTS AND EXPENSES AS A PERCENT OF SALES BASED ON CONTINUING OPERATIONS

Year Ended July 31	2025	2024	2023	2022	2021
Costs and expenses					
Cost of sales	73.74%	80.10%	76.50%	77.60%	79.70%
Depreciation	9.17%	9.00%	8.40%	6.30%	7.90%
Selling and administrative	15.52%	13.00%	12.50%	11.90%	13.80%
Gross profit	17.09%	11.00%	15.20%	16.20%	12.30%
Return on sales	2.48%	-8.80%	2.80%	3.90%	2.20%
Effective tax rate	-144.04%	219.18%	-16.30%	18.50%	-17.60%

DIRECTORS AND OFFICERS

Diane Reko

Chair of the Board of Directors,
Chief Executive Officer, and
a Director and an Officer

Kim Marks, CPA, CA

Chief Financial Officer and an Officer

Peter Gobel

President, Concorde Precision Machining Inc.
and an officer

Diana Colella

Director, Chair of the Audit Committee and
member of the Compensation Committee
(Executive Vice President, Autodesk, Montreal, Quebec)

Peng-Sang Cau

Director and a member of the Audit and
Compensation Committees
(CEO, Nuformex, Kingston, Ontario)

Maria Thompson

Director and a member of the Audit and
Compensation Committees (Venture Partner,
Arsenal, Winter Park, Florida)

Roy Vestraete

Director, Chair of the Compensation Committee
and member of the Audit Committee

INVESTOR RELATIONS CONTACT

Diane Reko

Chief Executive Officer

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irelations@rekointl.com

ANNUAL MEETING

December 4, 2025

2:00 p.m. Eastern Time (US and Canada)

Reko International Group Inc.

469 Silver Creek Industrial Drive

Lakeshore, ON N8N 4W2

LISTING

The Common Shares of the Company
are listed on the TSX Venture Exchange
(symbol: REKO)

Tel: (587) 885-0960

Toll Free: 1-888-290-1175

(within North America)

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Corporate Office

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Royal Bank

Bank of Montreal

Comerica Bank

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