

Reconditioned Systems, Inc.
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News Release

Contact: Investor Relations

“RSI reports Second Quarter 2020 results”

November 21, 2019

Dear Fellow Shareholders:

Reconditioned Systems, Inc. (“RSI”) essentially broke even this quarter. While we are encouraged that EZCube is gaining momentum, the early sales are not as good as I had hoped. Meanwhile our core business of remanufactured systems continues, albeit with low profit margins.

For the three months ending September 30, 2019, RSI had a profit of \$4.05 thousand on sales of \$2.39 million. This compares to a loss of \$9.6 thousand on sales of \$2.76 million for the quarter ending September 30, 2018. Given the lower sales, I am very pleased that we made a small profit.

Overall business conditions are still favorable and the reduced tax rate would help if we were more profitable. Only our labor costs remain a problem, which will not improve anytime soon. The tariff war with China is on hold for now. Hopefully it will be resolved in the near future, which would be good for us.

We have decided to expand our EZCube offerings which should lead to more sales. Again, this will require more capital investment, but we are committed to this new line. Our Echo Squared product has been doing better and I am hopeful that the combination will result in a profitable mix.

I look forward to reporting better results next quarter.

/S/ Scott W. Ryan
Scott W. Ryan
Chairman of the Board

Summary Statement of Operations				
	For the Three Months Ended		For the Six Months Ended	
	September 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)	September 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)
Sales	\$2,392,752	\$2,759,586	\$4,762,620	\$5,279,830
Gross profit	\$362,844	\$393,774	\$642,865	\$690,865
Selling and administrative expenses	\$(343,213)	\$(385,451)	\$(686,858)	\$(735,971)
Income from operations	\$19,631	\$8,323	\$(43,993)	\$(45,106)
Other income (expenses)	\$(14,984)	\$(17,891)	\$(31,060)	\$(36,877)
Net income before provision for income taxes	\$4,647	\$(9,568)	\$(75,053)	\$(81,983)
Net income	\$4,050	\$(7,187)	\$(55,535)	\$(61,543)
Basic earnings per share	\$0	\$(0.01)	\$(0.06)	\$(0.06)
Basic weighted average number of common shares outstanding	954,878	957,878	955,028	958,148
Diluted earnings per common and equivalent share	\$0	\$(0.01)	\$(0.06)	\$(0.06)
Diluted weighted average number of common and equivalent shares outstanding	954,878	957,878	955,028	958,148

Summary Balance Sheet					
	September 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)		September 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)
Assets			Liabilities and Equity		
Cash & cash equivalents	\$489,058	\$781,683	Accounts payable	\$495,873	\$702,074
Accounts receivable	836,549	999,711	Customer deposits	73,349	423,587
Inventory	2,351,385	2,210,153	Accrued compensation & benefits	214,665	229,630
Property & Equipment	4,148,211	4,667,537	Short term notes payable	318,208	304,799
Other assets	247,141	262,340	Other liabilities *	1,221,158	1,555,926
			Stockholders' equity *	5,749,091	5,705,408
Total	\$8,072,344	\$8,921,424	Total	\$8,072,344	\$8,921,424

* 2020 Income taxes have been accrued at the maximum corporate rate of 26% of pretax income and may be revised upon completion of the company's tax returns. The net income could change materially as a result.

Note: The Company's quarterly press releases are available on our website rsisystemsurniture.com under Contact/ Investor/ Investor Relations. Any shareholder who would like to sell shares back to the Company should contact the Investor Relations Department at 800-280-5000.