

Reconditioned Systems, Inc.
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News Release

Contact: Investor Relations

“RSI reports fourth Quarter 2020 results”
Chandler, Arizona, May 15, 2020

Dear Fellow Shareholders:

Reconditioned Systems, Inc. (“RSI”) had a small profit for this quarter, but had a loss for the entire year. Obviously, we did not foresee the Coronavirus and its effect on the economy. It has been a most difficult year and it may be some time until we recover.

For the three months ending March 31 2020, RSI had a pretax gain of \$4.6 thousand on sales of \$2.07 million. This compares to a pretax gain of \$84.7 thousand on sales of \$2.67 million for the quarter ending March 31, 2019. We have had to shut down production and furlough our workers while we await the end of the shutdown of the economy.

We were able to apply for and get a Payment Protection Plan loan from the National Bank of Arizona. That money will be most helpful in taking care of our employees and our business. We should all be very grateful to Dirk Anderson for his vigil and hard work during this most difficult time.

It is impossible to predict when the economy will reopen and when our business will return to normal. In the meantime, we will do our best to respond to this crisis as it develops.

Given the financial situation of our company, the Board of Directors voted to not pay a dividend again this year. As always, future dividends will depend on business conditions and our cash needs.

It remains to be seen how the future will unfold. We will do our best to be ready to return to our business as soon as possible. We are in a good position with our new product EZCube, and I am hopeful that we will return to profitability soon.

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

Reconditioned Systems, Inc.

Summary Statement of Operations				
	For The Three Months Ended		For the Twelve Months Ended	
	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
Sales	\$2,070,263	\$2,668,350	\$8,918,325	\$10,817,439
Gross profit	\$320,569	\$454,125	\$1,193,868	\$1,613,518
Selling and administrative expenses	\$(306,214)	\$(358,396)	\$(1,287,326)	\$(1,480,493)
Income from operations	\$14,355	\$95,729	\$(93,458)	\$133,025
Other income (expenses)	\$(9,748)	\$(11,068)	\$(55,523)	\$(65,308)
Net income before provision for income taxes	\$4,607	\$84,661	\$(148,981)	\$67,717
Net income *	\$3,403	\$59,307	\$(110,247)	\$50,133
Basic earnings per share	-	\$0.06	(\$0.12)	\$0.05
Basic weighted average number of common shares outstanding	954,938	957,878	954,938	957,998
Diluted earnings per common and equivalent share	-	\$0.06	(\$0.12)	\$0.05
Diluted weighted average number of common and equivalent shares outstanding	954,938	957,878	954,938	957,998

Summary Balance Sheet as of					
	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)		March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
Assets			Liabilities and Equity		
Cash & cash equivalents	\$436,983	\$497,120	Accounts payable	\$507,975	\$454,022
Accounts receivable	673,257	995,154	Customer deposits	15,633	65,128
Inventory	2,541,684	2,250,072	Accrued compensation & benefits	84,514	242,933
Property & equipment	4,051,094	4,590,494	Short term notes payable	575,119	561,436
Other assets	221,061	196,255	Other liabilities *	1,046,474	1,388,152
			Stockholders' equity *	5,694,364	5,817,424
Total	\$7,924,079	\$8,529,095	Total	\$7,924,079	\$8,529,095

* 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 About Us/ Investor Relations. Any shareholder who would like to sell shares back to the Company should contact the Investor Relations Department at 800-280-5000.