

**Reconditioned Systems, Inc.**  
**235 S. 56th Street**  
**Chandler, Arizona 85226**  
**(480) 968-1772 (Telephone)**  
**(480) 894-1907 (Fax)**

**News Release**

**Contact: Investor Relations**

**“RSI reports Third Quarter 2017 results”**

**February 24, 2017**

Dear Fellow Shareholders:

I am happy to report that Reconditioned Systems, Inc. (“RSI”) had another profitable quarter, but we continue to be far below last year’s record results. I expected this would be a challenging year, and it has proven to be so.

For the three months ending December 31, 2016, RSI made \$55.9 thousand on sales of \$2.58 million. This compares to a profit of \$244.4 thousand on sales of \$3.5 million for the quarter ending December 31, 2015. Clearly, once again the lower sales have hurt our profits. Given the dramatically lower sales from last year, I am just happy we made a profit. It illustrates the amazing stewardship of our president, Dirk Anderson. Very few companies could have handled this kind of sales decline and remained profitable.

Speaking of our President, everyone remains hopeful that Donald Trump will be good for American business. If he is actually able to reduce corporate taxes and regulation, it will be very good for RSI and other domestic companies. I am also hopeful, but I am skeptical that changes can be accomplished; it is difficult to get such things done in Washington. However, other existing business conditions, such as interest rates, inflation, and energy costs, remain favorable even with expected further increases in interest rates.

Even with our slow economic growth, the US economy continues to be better than those abroad. There will likely be a continuing drag on the foreign earning of our international companies due to the strong dollar. Europe will likely continue to struggle to maintain their union.

I expect RSI sales to remain sluggish for the rest of this fiscal year. We will continue to control our costs and our margins while trying to generate more sales. I am hopeful that we can report better results next quarter.

Your company remains in a strong fiscal position and we continue to pay down the debt on the building. We will continue to work hard to perform for you, our shareholders.

/S/ Scott W. Ryan

Scott W. Ryan  
Chairman of the Board

<b>Summary Statement of Operations</b>				
	<b>For The Three Months Ended</b>		<b>For the Nine Months Ended</b>	
	<b>December 31, 2016 (Unaudited)</b>	<b>December 31, 2015 (Unaudited)</b>	<b>December 31, 2016 (Unaudited)</b>	<b>December 31, 2015 (Unaudited)</b>
Sales	\$2,575,528	\$3,499,204	\$7,804,904	\$10,553,721
Gross profit	\$478,072	\$887,055	\$1,478,095	\$2,487,007
Selling and administrative expenses	\$(346,636)	\$(462,216)	\$(1,062,493)	\$(1,280,543)
Income from operations	\$131,436	\$424,839	\$415,602	\$1,206,464
Other income (expenses)	\$(42,235)	\$(22,351)	\$(106,053)	\$(106,830)
Net income before provision for income taxes	\$89,201	\$402,488	\$309,549	\$1,099,634
Net income	\$55,930	\$244,388	\$192,859	\$663,194
Basic earnings per share	\$0.06	\$0.25	\$0.20	\$0.69
Basic weighted average number of common shares outstanding	960,878	961,062	960,938	962,500
Diluted earnings per common and equivalent share	\$0.06	\$0.25	\$0.20	\$0.69
Diluted weighted average number of common and equivalent shares outstanding	960,878	961,062	960,938	962,500

<b>Summary Balance Sheet as of</b>					
	<b>December 31, 2016 (Unaudited)</b>	<b>December 31, 2015 (Unaudited)</b>		<b>December 31, 2016 (Unaudited)</b>	<b>December 31, 2015 (Unaudited)</b>
Assets			Liabilities and Equity		
Cash & cash equivalents	\$1,154,194	\$1,556,417	Accounts payable & short term notes payable	\$545,623	\$641,891
Accounts receivable	751,043	992,116	Customer deposits	213,634	366,211
Inventory	2,090,162	2,138,323	Accrued compensation & benefits	204,227	400,382
Property & equipment	4,673,412	4,802,905	Short term notes payable	270,637	253,577
			Other liabilities *	1,988,102	2,630,467
Other assets	124,734	162,637	Stockholders' equity *	5,571,322	5,359,870
Total	\$8,793,545	\$9,652,398	Total	\$8,793,545	\$9,652,398

\*2017 Income taxes have been accrued at the maximum corporate rate of 39% 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](http://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.