

**Reconditioned Systems, Inc.**  
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**News Release**

**Contact: Investor Relations**

**“RSI reports Third Quarter 2018 Results”**

**February 9, 2018**

Dear Fellow Shareholders:

I am happy to report that Reconditioned Systems, Inc. (“RSI”) had another profitable quarter. I expected this would be a very challenging year, and it has proven to be so.

For the three months ending December 31, 2017, RSI made \$47.4 thousand on sales of \$2.61 million. This compares to a profit of \$55.9 thousand on sales of \$2.58 million for the quarter ending December 31, 2016. Our sales continue at the lower level of last year, far below the record pace of two years ago. We did recently receive a very large order which should make our March quarter better.

The “Tax Cuts and Jobs Bill” that was passed in December will have a very significant positive effect on your company in Fiscal 2018, which begins April 1, 2018. By lowering the maximum tax rate from 39% to 21%, it effectively increases our net margins by 18%. Assuming we can increase our sales and continue to keep costs in line, this will generate more net income for us. Meanwhile other existing business conditions, such as interest rates, inflation, and energy costs, remain favorable even with expected further increases in interest rates. Our biggest problem is the continuing increases in the minimum wage, which really makes attracting workers problematic. I am hopeful that this next fiscal year will be a good one for us.

Even with our slow economic growth, the US economy continues to be better than those abroad. The new tax bill will help our domestic companies. Only the massive debt remains a major problem. Europe will likely continue to struggle to maintain their union as they deal with Brexit and other countries threatening to leave the European Union.

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, 2017 (Unaudited)</b>	<b>December 31, 2016 (Unaudited)</b>	<b>December 31, 2017 (Unaudited)</b>	<b>December 31, 2016 (Unaudited)</b>
Sales	\$2,614,246	\$2,575,528	\$7,925,687	\$7,804,904
Gross profit	\$439,146	\$478,072	\$1,331,314	\$1,478,095
Selling and administrative expenses	\$(343,395)	\$(346,636)	\$(1,068,379)	\$(1,062,493)
Income from operations	\$95,751	\$131,436	\$262,935	\$415,602
Other income (expenses)	\$(19,763)	\$(42,235)	\$(88,065)	\$(106,053)
Net income before provision for income taxes	\$75,988	\$89,201	\$174,870	\$309,549
Net income	\$47,483	\$55,930	\$107,852	\$192,859
Basic earnings per share	\$0.05	\$0.06	\$0.12	\$0.20
Basic weighted average number of common shares outstanding	960,878	960,878	960,878	960,938
Diluted earnings per common and equivalent share	\$0.05	\$0.06	\$0.12	\$0.20
Diluted weighted average number of common and equivalent shares outstanding	960,878	960,878	960,878	960,938

<b>Summary Balance Sheet as of</b>					
	<b>December 31, 2017 (Unaudited)</b>	<b>December 31, 2016 (Unaudited)</b>		<b>December 31, 2017 (Unaudited)</b>	<b>December 31, 2016 (Unaudited)</b>
Assets			Liabilities and Equity		
Cash & cash equivalents	\$1,042,545	\$1,154,194	Accounts payable & short term notes payable	\$595,305	\$545,623
Accounts receivable	900,580	751,043	Customer deposits	440,165	213,634
Inventory	2,293,890	2,090,162	Accrued compensation & benefits	209,988	204,227
Property & equipment	4,575,145	4,673,412	Short term notes payable	287,241	270,637
			Other liabilities *	1,798,406	1,988,102
Other assets	186,529	124,734	Stockholders' equity *	5,667,584	5,571,322
Total	\$8,998,689	\$8,793,545	Total	\$8,998,689	\$8,793,545

\*2018 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.