

**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 2019 Results”**

**February 8, 2019**

Dear Fellow Shareholders:

I am happy to report that Reconditioned Systems, Inc. (“RSI”) finally had a profitable quarter. I believe we have turned the corner and hope 2019 will be a better year. Although the quarter was profitable, we still have a loss for the year to date. We are hopeful to be at breakeven for the year, which would be a great effort by Dirk and the company. I am eager to see the results of all our changes for 2019.

For the three months ending December 31, 2018, RSI made \$52.4 thousand on sales of \$2.87 million. This compares to a profit of \$47.4 thousand on sales of \$2.61 million for the quarter ending December 31, 2017. The price increases we implemented have helped the margins and seem not to have negatively impacted sales. Although sales continue to be below the record pace of two years ago, we are encouraged by this quarter.

Existing business conditions, such as interest rates, inflation, energy costs and taxes remain favorable even with the increases in interest rates in 2018. Only labor costs remain a major problem for us.

Even with our slow economic growth, the US economy continues to be better than those abroad. Europe will likely continue to struggle to maintain their union as they deal with Brexit, which will likely be resolved one way or the other at the end of March. China has also slowed significantly which is affecting the entire global economy.

The China trade wars are still a problem for business everywhere and especially for us, as we prepare to launch our new China product, “EZ Cube”. We have placed our first order and expect to begin offering it next month. I look forward to reporting results in my next letter.

Even though this year is not a good one, as we expected, we continue to pay down our building and with the new China product we have a line which should make us competitive. It is likely that we will not resume our dividend payout this year, but I am optimistic about our future. We are working hard for you, our shareholders, and I look forward to reporting better results to you.

/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, 2018 (Unaudited)</b>	<b>December 31, 2017 (Unaudited)</b>	<b>December 31, 2018 (Unaudited)</b>	<b>December 31, 2017 (Unaudited)</b>
Sales	\$2,869,259	\$2,614,246	\$8,149,089	\$7,925,687
Gross profit	\$468,527	\$439,146	\$1,591,392	\$1,331,314
Selling and administrative expenses	\$(386,128)	\$(343,395)	\$(1,122,100)	\$(1,068,379)
Income from operations	\$82,399	\$95,751	\$37,292	\$262,935
Other income (expenses)	\$(17,363)	\$(19,763)	\$(54,240)	\$(88,065)
Net income before provision for income taxes	\$65,036	\$75,988	\$(16,948)	\$174,870
Net income	\$52,357	\$47,483	\$(9,178)	\$107,852
Basic earnings per share	\$0.05	\$0.05	\$(0.01)	\$0.12
Basic weighted average number of common shares outstanding	957,878	960,878	958,058	960,878
Diluted earnings per common and equivalent share	\$0.05	\$0.05	\$(0.01)	\$0.12
Diluted weighted average number of common and equivalent shares outstanding	957,878	960,878	958,058	960,878

<b>Summary Balance Sheet as of</b>					
	<b>December 31, 2018 (Unaudited)</b>	<b>December 31, 2017 (Unaudited)</b>		<b>December 31, 2018 (Unaudited)</b>	<b>December 31, 2017 (Unaudited)</b>
Assets			Liabilities and Equity		
Cash & cash equivalents	\$273,096	\$1,042,545	Accounts payable & short term notes payable	\$636,299	\$595,305
Accounts receivable	964,533	900,580	Customer deposits	160,840	440,165
Inventory	2,393,508	2,293,890	Accrued compensation & benefits	177,372	209,988
Property & equipment	4,636,474	4,575,145	Short term notes payable	308,100	287,241
			Other liabilities *	1,472,462	1,798,406
Other assets	245,232	186,529	Stockholders' equity *	5,757,770	5,667,584
Total	\$8,512,843	\$8,998,689	Total	\$8,512,843	\$8,998,689

\* 2019 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](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.