

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

**Contact: Investor Relations**

**“RSI reports fourth Quarter 2019 results”**  
**Chandler, Arizona, May 24, 2019**

Dear Fellow Shareholders:

I am happy to report that Reconditioned Systems, Inc. (“RSI”) was profitable this quarter and for the year! It has been a most difficult year and I am glad we were able to make a profit, albeit small.

For the three months ending March 31 2019, RSI had a pretax gain of \$84.7 thousand on sales of \$2.67 million. This compares to a pretax gain of \$99.9 thousand on sales of \$2.93 million for the quarter ending March 31, 2018. The increase in the minimum wage in Arizona continues to cause us problems in hiring and retaining qualified workers. Putting in a price increase has helped our margins, but it still is a very competitive market.

We were finally able to sell off a lot from our property, which was a nice development. It comes at a time when we really need the cash.

We have received the first shipment of EZCube from China and are in the process of shipping the showroom stations to those dealers who have purchased them. I am optimistic that this will be a big win for the company, and I look forward to reporting more about the sales next quarter.

Given the required investment in EZCube and other operational needs, we had to borrow money this year for the first time in many years. If EZCube is successful, which I think it will be, we will again need to make a further investment to expand the offering in colors and laminates. Because of this, the Board of Directors voted not to pay a dividend again this year. As always, future dividends will depend on business conditions and our cash needs.

We are in an unprecedented 10<sup>th</sup> year without a recession. However for now, business conditions remain very favorable with interest rates, inflation, and taxes below historical norms. Worldwide debt remains the biggest unresolved problem. I am hopeful that fiscal year 2020 will be a turning point for your company. If we can be successful with EZCube, we should be able to generate much better sales and earnings than the past few years.

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

<b>Summary Statement of Operations</b>				
	<b>For The Three Months Ended</b>		<b>For the Twelve Months Ended</b>	
	<b>March 31, 2019 (Unaudited)</b>	<b>March 31, 2018 (Unaudited)</b>	<b>March 31, 2019 (Unaudited)</b>	<b>March 31, 2018 (Unaudited)</b>
Sales	\$2,668,350	\$2,930,917	\$10,817,439	\$10,856,604
Gross profit	\$454,125	\$477,069	\$1,613,518	\$1,808,382
Selling and administrative expenses	\$(358,396)	\$(364,677)	\$(1,480,493)	\$(1,433,058)
Income from operations	\$95,729	\$112,392	\$133,025	\$375,324
Other income (expenses)	\$(11,068)	\$(12,490)	\$(65,308)	\$(100,554)
Net income before provision for income taxes	\$84,661	\$99,902	\$67,717	\$274,770
Net income *	\$59,307	\$62,640	\$50,133	\$170,490
Basic earnings per share	\$0.06	\$0.07	\$0.05	\$0.18
Basic weighted average number of common shares outstanding	957,878	960,878	957,998	960,878
Diluted earnings per common and equivalent share	\$0.06	\$0.07	\$0.05	\$0.18
Diluted weighted average number of common and equivalent shares outstanding	957,878	960,878	957,998	960,878

<b>Summary Balance Sheet as of</b>					
	<b>March 31, 2019 (Unaudited)</b>	<b>March 31, 2018 (Unaudited)</b>		<b>March 31, 2019 (Unaudited)</b>	<b>March 31, 2018 (Unaudited)</b>
Assets			Liabilities and Equity		
Cash & cash equivalents	\$497,120	\$779,273	Accounts payable	\$454,022	\$718,958
Accounts receivable	995,154	1,138,263	Customer deposits	65,128	116,630
Inventory	2,250,072	2,170,157	Accrued compensation & benefits	242,933	301,962
Property & equipment	4,590,494	4,635,322	Short term notes payable	561,436	290,332
Other assets	196,255	154,547	Other liabilities *	1,388,152	1,719,464
			Stockholders' equity *	5,817,424	5,730,216
Total	\$8,529,095	\$8,877,562	Total	\$8,529,095	\$8,877,562

\* 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.**