



One Stop Systems Reports Q2 2025 Results

Second quarter of 2025 consolidated gross margin increased over 600 basis points year-over-year to 31.3%, on consolidated revenue of \$14.1 million

OSS segment gross margin of 41.3%, on OSS segment revenue of \$5.8 million

Year-to-date OSS segment bookings of \$25.4 million, supports outlook for accelerating revenue growth and improving profitability for the second half of 2025

ESCONDIDO, Calif., Aug. 07, 2025 (GLOBE NEWSWIRE) -- One Stop Systems, Inc. ("OSS" or the "Company") (Nasdaq: OSS), a leader in rugged Enterprise Class compute for artificial intelligence (AI), machine learning (ML), autonomy and sensor processing at the edge, reported results for the second quarter ended June 30, 2025. Second-quarter and six-month comparisons are to the same year-ago periods unless otherwise noted.

"The performance of our OSS segment in the first half of the year demonstrates the meaningful progress we have made repositioning the Company for sustained growth," stated OSS President and CEO, Mike Knowles. "We are successfully converting our large, multi-year pipeline into orders, while making strategic investments in R&D. Year-to-date, our OSS segment has generated one of the highest levels of bookings in our history, totaling \$25.4 million and representing a book-to-bill ratio of 2.3x. This strong start to 2025 underscores the solid foundation we have built as we capitalize on increasing demand from both defense and commercial customers for our rugged, enterprise-class compute solutions."

"Recent sales and gross margin trends give us growing confidence that our strategy is working and that positive momentum is building. We believe the second half of the year will mark a meaningful inflection point for OSS, with accelerating revenue growth and improving profitability as our business scales to meet rising market demand," concluded Mr. Knowles.

2025 Second-Quarter Financial Summary

Consolidated revenue increased 6.9% to \$14.1 million, from \$13.2 million in the second quarter of 2024.

OSS segment revenue increased 4.3%, as compared to the same period in 2024. The increase was primarily due to higher revenues related to the development and production of custom server products for a defense customer, higher shipments of data storage products to a U.S. government customer, and the initiation of shipments of server products to a medical device customer.

Bressner segment revenue increased 8.7%, as compared to the same period in 2024.

The following table sets forth net revenue by segment for the three months ended June 30, 2025, and June 30, 2024 (Dollars may not calculate due to rounding):

Entity:	Three Months Ended						
	June 30, 2025	% of Net Revenue		June 30, 2024	% of Net Revenue	% Change	
OSS	\$5,760,711	40.8	%	\$5,522,034	41.8	%	4.3
Bressner	8,347,874	59.2	%	7,679,296	58.2	%	8.7
Total net revenue	\$14,108,585	100.0	%	\$13,201,330	100.0	%	6.9

Consolidated gross margin was 31.3% for the three months ended June 30, 2025, compared to 25.2% in the prior year quarter. On a segment basis, the OSS segment had a gross margin of 41.3%, an increase of 16.4 percentage points as compared to the prior year of 24.9%. The increase in OSS segment gross margin was due to a more profitable mix of products shipped in the quarter, as well as the non-recurrence of an inventory charge recognized in the prior year quarter. The Company's Bressner segment had a gross margin percentage of 24.3%, compared to 25.5% in the same period last year, primarily due to the impact of foreign exchange rates.

Total operating expenses increased 11.6% to \$6.2 million. This increase was predominantly attributable to higher marketing and selling costs due to an increase in personnel costs from the additions in headcount made during 2024 as well as an increase in research and development costs driven by higher engineering labor to support new product development.

The Company reported a net loss of \$2.0 million, or \$(0.09) per share for the three months ended June 30, 2025, as compared to a net loss of \$2.3 million, or \$(0.11) per share, in the prior year period. The Company reported a non-GAAP net loss of \$1.5 million, or \$(0.07) per share, compared to non-GAAP net loss of \$1.8 million, or \$(0.09) per share.

Adjusted EBITDA, a non-GAAP metric, was a loss of \$1.0 million for the three months ended June 30, 2025, compared to adjusted EBITDA loss of \$1.4 million in the prior year period.

As of June 30, 2025, the Company reported cash and short-term investments of \$9.5 million and total working capital of \$23.1 million, compared to cash and short-term investments of \$10.0 million and total working capital of \$24.0 million at December 31, 2024.

2025 First-Half Financial Summary

Consolidated revenue was \$26.4 million, compared to \$25.9 million for the same period last year. The Company's OSS segment saw a decrease in revenue of \$88,000, or 0.8%. This decrease was primarily driven by lower volume of revenue to a commercial aerospace customer, partially offset by higher volume of revenue to a defense customer and a medical device customer. Bressner experienced an increase in revenue of \$603,000, or 4.1%, as compared to the same period in 2024, due to higher book-and-ship revenue in the period, as well as the impact of foreign exchange rates.

The following table sets forth net revenue by product category for the six months ended June 30, 2025, and June 30, 2024, by segment:

Entity:	Six Months Ended						
	June 30, 2025	% of Net Revenue		June 30, 2024	% of Net Revenue	% Change	
OSS	\$10,967,521	41.6	%	\$11,055,906	42.8	%	(0.8)%
Bressner	15,400,151	58.4	%	14,797,210	57.2	%	4.1%
Total net revenue	\$26,367,672	100.0	%	\$25,853,116	100.0	%	2.0%

Consolidated gross margin was 31.9%, as compared to 27.3% in the same year-ago quarter. OSS segment gross margin was 43.3%, an increase of 13.7 percentage points from the same period a year ago. Bressner segment gross margin was 23.8%, as compared to 25.6% in the same period in 2024.

Total operating expenses increased 15.2% to \$12.2 million. This increase was predominantly attributable to higher personnel costs, impact of foreign exchange rates, and higher research and development expenses due to higher engineering costs to support targeted investments in new product development.

OSS reported a net loss of \$4.0 million, or \$(0.19) per share, as compared to a net loss of \$3.7 million, or \$(0.18) per

share, in the prior year. The Company reported a non-GAAP net loss of \$2.9 million, or \$(0.14) per share, compared to non-GAAP net loss of \$2.7 million, or \$(0.13) per share.

Adjusted EBITDA, a non-GAAP metric, was a loss of \$2.2 million, a decrease from an adjusted EBITDA loss of \$1.9 million in the prior year.

2025 Full Year Outlook

The Company is executing a strategic plan targeting both commercial and defense markets within its OSS segment, aiming to provide integrated solutions and establish OSS as a platform incumbent on large, multi-year programs. This approach is expected to drive long-term value by increasing predictable, recurring revenue and building a strong, multi-year backlog.

During the first half of 2025, bookings in the Company's OSS segment were \$25.4 million, which included orders from new and existing customers. These orders are expected to contribute to OSS segment revenue in the second half of 2025 and into 2026.

The Company continues to anticipate consolidated revenue of \$59 million to \$61 million for the full year of 2025. This includes expected OSS segment revenue of approximately \$30 million, representing over 20% year-over-year growth. In addition, the Company expects to be EBITDA break-even for the full year of 2025.

Conference Call

OSS will hold a conference call to discuss its results for the second quarter of 2025, followed by a question-and-answer period.

Date: Thursday, August 7, 2025

Time: 10:00 a.m. ET (7:00 a.m. PT)

Toll-free dial-in: 1-800-579-2543

International dial-in: 1-785-424-1789

Conference ID: ONESTOP (required for entry)

Webcast: https://viavid.webcasts.com/starthere.jsp?ei=1720675&tp_key=5676c84cc3

A replay of the call will be available after 1:00 p.m. ET on August 7, 2025, through August 21, 2025.

Toll-free replay: 1-844-512-2921

International replay: 1-412-317-6671

Passcode: 11159702

About One Stop Systems

One Stop Systems, Inc. (Nasdaq: OSS) is a leader in AI enabled solutions for the demanding 'edge.' OSS designs and manufactures Enterprise Class compute and storage products that enable rugged AI, sensor fusion and autonomous capabilities without compromise. These hardware and software platforms bring the latest data center performance to harsh and challenging applications, whether they are on land, sea or in the air.

OSS products include ruggedized servers, compute accelerators, flash storage arrays, and storage acceleration software. These specialized compact products are used across multiple industries and applications, including autonomous trucking and farming, as well as aircraft, drones, ships and vehicles within the defense industry.

OSS solutions address the entire AI workflow, from high-speed data acquisition to deep learning, training and large-scale inference, and have delivered many industry firsts for industrial OEM and government customers.

As the fastest growing segment of the multi-billion-dollar edge computing market, AI enabled solutions require-and OSS

delivers-the highest level of performance in the most challenging environments without compromise.

OSS products are available directly or through global distributors. For more information, go to www.onestopsystems.com. You can also follow OSS on [X](#), [YouTube](#), and [LinkedIn](#).

Non-GAAP Financial Measures

We believe that the use of adjusted earnings before interest, taxes, depreciation and amortization, or adjusted EBITDA, is helpful for an investor to assess the performance of the Company. The Company defines adjusted EBITDA as income (loss) before interest, taxes, depreciation, amortization, acquisition expense, impairment of long-lived assets, financing costs, government funded programs, fair value adjustments from purchase accounting, stock-based compensation expense, and expenses related to discontinued operations.

Adjusted EBITDA is not a measurement of financial performance under generally accepted accounting principles in the United States, or GAAP. Because of varying available valuation methodologies, subjective assumptions and the variety of equity instruments that can impact a company's non-cash operating expenses, we believe that providing a non-GAAP financial measure that excludes non-cash and non-recurring expenses allows for meaningful comparisons between our core business operating results and those of other companies, as well as providing us with an important tool for financial and operational decision making and for evaluating our own core business operating results over different periods of time.

Our adjusted EBITDA measure may not provide information that is directly comparable to that provided by other companies in our industry, as other companies in our industry may calculate non-GAAP financial results differently, particularly related to non-recurring and unusual items. Our adjusted EBITDA is not a measurement of financial performance under GAAP and should not be considered as an alternative to operating income or as an indication of operating performance or any other measure of performance derived in accordance with GAAP. We do not consider adjusted EBITDA to be a substitute for, or superior to, the information provided by GAAP financial results.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Net loss	\$(2,020,730)	\$(2,344,545)	\$(4,038,364)	\$(3,684,167)
Depreciation	227,162	273,731	451,009	563,278
Amortization of right-of-use assets net of change in lease liability & ROU asset	51,876	(12,885)	49,844	43,112
Stock-based compensation expense	515,774	557,198	1,128,335	965,938
Interest expense	13,690	19,103	27,876	54,445
Interest income	(50,296)	(118,619)	(122,807)	(260,344)
Provision for income taxes	224,188	211,027	333,654	402,296
Adjusted EBITDA	<u>\$(1,038,336)</u>	<u>\$(1,414,990)</u>	<u>\$(2,170,453)</u>	<u>\$(1,915,442)</u>

(Dollars may not calculate due to rounding)

Adjusted EPS excludes the impact of certain items and, therefore, has not been calculated in accordance with GAAP. We believe that exclusion of certain selected items assists in providing a more complete understanding of our underlying results and trends and allows for comparability with our peer company index and industry. We use this measure along with the corresponding GAAP financial measures to manage our business and to evaluate our performance compared to prior periods and the marketplace. The Company defines non-GAAP income (loss) as income or (loss) before amortization, government funded programs, impairment of long lived assets, stock-based compensation, expenses related to discontinued operations, and acquisition costs. Adjusted EPS expresses adjusted income (loss) on a per share basis using weighted average diluted shares outstanding.

Adjusted EPS is a non-GAAP financial measure and should not be considered in isolation or as a substitute for

financial information provided in accordance with GAAP. These non-GAAP financial measures may not be computed in the same manner as similarly titled measures used by other companies. We expect to continue to incur expenses similar to the adjusted income from continuing operations and adjusted EPS financial adjustments described above, and investors should not infer from our presentation of these non-GAAP financial measures that these costs are unusual, infrequent or non-recurring.

The following table reconciles non-GAAP net income and basic and diluted earnings per share:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Net loss	\$(2,020,730)	\$(2,344,545)	\$(4,038,364)	\$(3,684,167)
Stock-based compensation expense	515,774	557,198	1,128,335	965,938
Non-GAAP net loss	\$(1,504,956)	\$(1,787,347)	\$(2,910,029)	\$(2,718,229)
Non-GAAP net loss per share:				
Basic	\$(0.07)	\$(0.09)	\$(0.14)	\$(0.13)
Diluted	\$(0.07)	\$(0.09)	\$(0.14)	\$(0.13)
Weighted average common shares outstanding:				
Basic	21,687,808	20,931,798	21,534,925	20,820,516
Diluted	21,687,808	20,931,798	21,534,925	20,820,516

(Dollars may not calculate due to rounding)

Forward-Looking Statements

One Stop Systems cautions you that statements in this press release that are not a description of historical facts are forward-looking statements. Words such as, but not limited to, "anticipate," "aim," "believe," "contemplate," "continue," "could," "design," "estimate," "expect," "intend," "may," "might," "plan," "possible," "potential," "predict," "project," "seek," "should," "suggest," "strategy," "target," "will," "would," and similar expressions or phrases, or the negative of those expressions or phrases, are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These statements are based on the Company's current beliefs and expectations. The inclusion of forward-looking statements should not be regarded as a representation by One Stop Systems or its partners that any of its plans or expectations will be achieved, including but not limited to expected increases in sales, revenues and profitability, non-GAAP financial measures, our multi-year strategy, expected market growth, continued or new demand for our products, increase in margins, and operating expenses. These statements are based on the company's current beliefs and expectations. Actual results may differ from those set forth in this press release due to the risk and uncertainties inherent in our business, including risks described in our prior press releases and in our filings with the Securities and Exchange Commission (SEC), including under the heading "Risk Factors" in our latest Annual Report on Form 10-K and any subsequent filings with the SEC. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof, and the company undertakes no obligation to revise or update this press release to reflect events or circumstances after the date hereof. All forward-looking statements are qualified in their entirety by this cautionary statement, which is made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

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ONE STOP SYSTEMS, INC. (OSS)
CONSOLIDATED BALANCE SHEETS

	Unaudited June 30, 2025	Audited December 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	\$8,458,920	\$6,794,093
Short-term investments (Note 3)	1,030,416	3,217,065
Accounts receivable, net (Note 4)	7,112,660	8,177,371
Inventories, net (Note 5)	14,599,319	13,176,156
Prepaid expenses and other current assets	1,217,555	836,364
Total current assets	32,418,870	32,201,048
Property and equipment, net	1,443,088	1,669,026
Operating lease right-of use assets	3,986,046	1,536,094
Deposits and other	38,092	38,093
Goodwill	1,489,722	1,489,722
Total Assets	<u>\$39,375,818</u>	<u>\$36,933,982</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$4,097,309	\$2,068,017
Accrued expenses and other liabilities (Note 6)	3,516,054	4,806,675
Current portion of operating lease obligation (Note 9)	457,302	285,937
Current portion of notes payable (Note 7)	1,177,064	1,035,050
Total current liabilities	9,247,729	8,195,679
Deferred tax liability, net	77,562	52,574
Operating lease obligation, net of current portion (Note 9)	3,846,257	1,513,684
Total liabilities	13,171,548	9,761,937
Commitments and contingencies (Note 9)		
Stockholders' equity		
Common stock, \$0.0001 par value; 50,000,000 shares authorized; 21,920,779 and 21,148,810 shares issued and outstanding	2,192	2,115
Additional paid-in capital	50,908,298	49,082,737
Accumulated other comprehensive income	1,385,205	140,254
Accumulated deficit	(26,091,425)	(22,053,061)
Total stockholders' equity	26,204,271	27,172,045
Total Liabilities and Stockholders' Equity	<u>\$39,375,818</u>	<u>\$36,933,982</u>

ONE STOP SYSTEMS, INC. (OSS)
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars may not calculate due to rounding)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Revenue:				
Product	\$ 13,723,583	\$ 11,753,124	\$ 25,572,295	\$ 24,040,170
Customer funded development	385,002	1,448,206	795,377	1,812,946
	<u>14,108,585</u>	<u>13,201,330</u>	<u>26,367,672</u>	<u>25,853,116</u>
Cost of revenue:				
Product	9,445,428	8,703,324	17,357,742	17,522,080
Customer funded development	250,879	1,164,743	600,661	1,274,480
	<u>9,696,307</u>	<u>9,868,067</u>	<u>17,958,403</u>	<u>18,796,560</u>
Gross profit	<u>4,412,278</u>	<u>3,333,263</u>	<u>8,409,269</u>	<u>7,056,556</u>
Operating expenses:				
General and administrative	2,386,201	2,407,398	4,752,571	4,501,715
Marketing and selling	2,325,130	2,255,128	4,543,319	4,175,241
Research and development	1,524,900	925,602	2,882,192	1,896,479
Total operating expenses	<u>6,236,231</u>	<u>5,588,128</u>	<u>12,178,082</u>	<u>10,573,435</u>
Loss from operations	<u>(1,823,953)</u>	<u>(2,254,865)</u>	<u>(3,768,813)</u>	<u>(3,516,879)</u>
Other (expense) income, net:				
Interest income	50,296	118,619	122,807	260,344
Interest expense	(13,690)	(19,103)	(27,876)	(54,445)
Other (expense) income, net	(9,195)	21,831	(30,828)	29,109
Total other income, net	<u>27,411</u>	<u>121,347</u>	<u>64,103</u>	<u>235,008</u>
Loss before income taxes	<u>(1,796,542)</u>	<u>(2,133,518)</u>	<u>(3,704,710)</u>	<u>(3,281,871)</u>
Provision for income taxes	<u>224,188</u>	<u>211,027</u>	<u>333,654</u>	<u>402,296</u>
Net loss	<u><u>\$(2,020,730)</u></u>	<u><u>\$(2,344,545)</u></u>	<u><u>\$(4,038,364)</u></u>	<u><u>\$(3,684,167)</u></u>
Net loss per share:				
Basic	<u><u>\$(0.09)</u></u>	<u><u>\$(0.11)</u></u>	<u><u>\$(0.19)</u></u>	<u><u>\$(0.18)</u></u>
Diluted	<u><u>\$(0.09)</u></u>	<u><u>\$(0.11)</u></u>	<u><u>\$(0.19)</u></u>	<u><u>\$(0.18)</u></u>
Weighted average common shares outstanding:				
Basic	<u>21,687,808</u>	<u>20,931,798</u>	<u>21,534,925</u>	<u>20,820,516</u>
Diluted	<u>21,687,808</u>	<u>20,931,798</u>	<u>21,534,925</u>	<u>20,820,516</u>

ONE STOP SYSTEMS, INC. (OSS)
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30,
2025 2024
Cash flows from operating activities:
Net loss \$(4,038,364) \$(3,684,167)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:

 Deferred income taxes (295,894) (187,845)

 Loss on disposal of property and equipment - 354

 Provision for bad debt 4,531 -

 Warranty reserves (30,000)

 Depreciation 451,009 563,278

 Amortization of right-of-use assets 184,962 206,771

 Inventory reserves (378,466) 744,845

 Stock-based compensation expense 1,128,335 965,938
Changes in operating assets and liabilities:

 Accounts receivable 1,524,472 (220,525)

 Inventories 24,257 541,323

 Prepaid expenses and other current assets (7,245) (867,319)

 Accounts payable 1,847,345 1,683,944

 Accrued expenses and other liabilities (1,814,124) 1,673,804

 Operating lease liabilities (135,118) (163,659)
Net cash (used in) provided by operating activities **(1,504,300) 1,226,742**
Cash flows from investing activities:

 Redemption of short-term investment grade securities 2,184,302 2,745,180

 Purchases of property and equipment, including capitalization of labor costs for test equipment and ERP (173,329) (204,094)
Net cash provided by investing activities **2,010,973 2,541,086**
Cash flows from financing activities:

 Proceeds from exercise of stock options and warrants 1,000,780 219,348

 Payment of payroll taxes on net issuance of employee stock options (303,477) (349,296)

 Repayments on notes payable - (884,892)
Net cash provided by (used in) financing activities **697,303 (1,014,840)**
Net change in cash and cash equivalents **1,203,976 2,752,988**
Effect of exchange rates on cash **460,851 (50,165)**
Cash and cash equivalents, beginning of period **6,794,093 4,048,948**
Cash and cash equivalents, end of period **\$8,458,920 \$6,751,771**
