



One Stop Systems Reports Q3 2025 Results

Third quarter of 2025 consolidated revenue increased 37% year-over-year to \$18.8 million

OSS Segment revenue increased 43.4% to \$9.3 million, with gross margin of 45.6% for the third quarter of 2025

Revenue growth, combined with consolidated gross margin of 35.7% drives positive net income and \$1.2 million of Adjusted EBITDA for the third quarter of 2025

Company raises 2025 full year consolidated revenue guidance to \$63 to \$65 million

ESCONDIDO, Calif., Nov. 05, 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 third quarter ended September 30, 2025. Third-quarter and nine-month comparisons are to the same year-ago periods unless otherwise noted.

"OSS delivered a strong third quarter with significant consolidated revenue growth, higher gross margin, and positive EBITDA and net income," stated OSS President and CEO, Mike Knowles. "Since repositioning the Company in 2023, we believe we have built a powerful foundation for growth by strengthening our sales pipeline, investing in R&D, and pursuing platform opportunities designed to create a more predictable and scalable business model. The results this quarter mark an important inflection point for OSS, reflecting the success of our multi-year growth plan, the strength of our product portfolio, and the dedication of our team."

"As we execute against our growth initiatives, we aim to capitalize on favorable demand across our commercial and defense markets. To support and accelerate these opportunities, we proactively strengthened our balance sheet after the end of the third quarter through a registered direct offering that added approximately \$12.5 million in gross proceeds. This enhanced financial position, combined with improving fundamentals, provides the flexibility to fund our current operations, pursue strategic initiatives, and capitalize on the exciting growth opportunities emerging across our global markets," Mr. Knowles continued.

"Looking ahead, our solid execution and year-to-date performance gives us the confidence to raise our full year 2025 consolidated revenue guidance range from \$59 - \$61 million to \$63 - \$65 million, while reaffirming our goal to achieve positive annual EBITDA," concluded Mr. Knowles.

2025 Third-Quarter Financial Summary

Consolidated revenue increased 36.9% to \$18.8 million, from \$13.7 million in the third quarter of 2024.

OSS segment revenue increased 43.4%, as compared to the same period in 2024. The increase was primarily due to higher revenue related to the development and production of custom server products for a defense customer, higher shipments of data storage products to a defense prime customer, shipments of server products to a medical device customer, and shipments of compute and server products for an autonomous maritime application to a customer in Asia.

Bressner segment revenue increased 31.1%, as compared to the same period in 2024 primarily due to higher demand across multiple industrial end markets.

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

Entity:	Three Months Ended					
	September 30, 2025	% of Net Revenue		September 30, 2024	% of Net Revenue	% Change
OSS	\$9,262,517	49.4	%	\$6,460,290	47.2	% 43.4
Bressner	9,493,682	50.6	%	7,240,807	52.8	% 31.1
Total net revenue	\$18,756,199	100.0	%	\$13,701,097	100.0	% 36.9

Consolidated gross margin was 35.7% for the three months ended September 30, 2025, compared to (12.5)% in the prior year quarter, which was impacted by an inventory charge. Gross margin in the prior year quarter, excluding the inventory charge, was 32.0%. On a segment basis, the OSS segment had a gross margin of 45.6%, as compared to the prior year of (51.2)%. OSS segment gross margin in the prior year, excluding the inventory charge, was 43.2%. The increase in OSS segment gross margin was due to the non-recurrence of a \$6,099,259 inventory charge recognized in the prior year quarter and a more profitable mix of products. The Company's Bressner segment had a gross margin percentage of 26.0%, compared to 22.0% in the same period last year, primarily due to a more profitable mix of products shipped in the quarter.

Total operating expenses increased 22.0% to \$6.1 million. This increase was predominantly attributable to higher personnel costs and higher R&D expenses due to higher engineering costs to support targeted investments in new product development.

The Company reported net income of \$0.3 million, or \$0.01 per share for the three months ended September 30, 2025, as compared to a net loss of \$6.8 million, or \$(0.32) per share, in the prior year period. The Company reported non-GAAP net income of \$0.7 million, or \$0.03 per share, compared to non-GAAP net loss of \$6.4 million, or \$(0.30) per share. Net loss and non-GAAP net loss for the three-month period ended September 30, 2024, included a \$6.1 million inventory charge.

Adjusted EBITDA, a non-GAAP metric, was \$1.2 million for the three months ended September 30, 2025, compared to adjusted EBITDA loss of \$6.0 million, inclusive of a \$6.1 million inventory charge, in the prior year period.

As of September 30, 2025, the Company reported cash and short-term investments of \$6.5 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.

On October 1, 2025, OSS completed a registered direct offering with participation from certain new and existing institutional investors, resulting in gross proceeds of approximately \$12.5 million, before deducting placement agent commissions and other offering expenses.

2025 Nine Months Financial Summary

Consolidated revenue was \$45.1 million, compared to \$39.6 million for the same period last year. The Company's OSS segment saw an increase in revenue of \$2.7 million, or 15.5%. This increase was primarily driven by higher revenues related to development and production of custom server products for a defense customer, higher shipments of data storage products to a defense prime customer and to a U.S. government customer, and the initiation of shipments of server products to a medical device customer. Bressner experienced an increase in revenue of \$2.9 million, or 13.0%, as compared to the same period in 2024, due to higher book-and-ship revenue in the period, higher demand across multiple industrial end markets, as well as the impact of foreign exchange rates.

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

Entity:	Nine Months Ended					
	September 30, 2025	% of Net Revenue		September 30, 2024	% of Net Revenue	% Change
OSS	\$20,230,038	44.8	%	\$17,516,196	44.3	% 15.5
Bressner	24,893,833	55.2	%	22,038,017	55.7	% 13.0
Total net revenue	\$45,123,871	100.0	%	\$39,554,213	100.0	% 14.1

Consolidated gross margin was 33.5%, as compared to 13.5% in the same year-ago quarter. Prior year gross margin, excluding the inventory charge, was 28.9%. OSS segment gross margin was 44.4%, an increase of 44.6 percentage points from the same period a year ago. Bressner segment gross margin was 24.6%, as compared to 24.4% in the same period in 2024.

Total operating expenses increased 17.4% to \$18.3 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 \$3.8 million, or \$(0.17) per share, as compared to a net loss of \$10.5 million, or \$(0.50) per share, in the prior year. The Company reported a non-GAAP net loss of \$2.2 million, or \$(0.10) per share, compared to non-GAAP net loss of \$9.1 million, or \$(0.43) per share.

Adjusted EBITDA, a non-GAAP metric, was a loss of \$1.0 million, an increase from an adjusted EBITDA loss of \$8.0 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.

As a result of stronger than expected bookings over the trailing-twelve months, the Company has increased its previously disclosed 2025 full-year financial guidance. OSS now anticipates consolidated revenue of \$63 million to \$65 million for the full year of 2025, compared to its prior guidance of \$59 million to \$61 million. Current revenue guidance includes expected OSS segment revenue of approximately \$30 million to \$32 million.

The Company believes it will be EBITDA positive on a consolidated basis for the full year of 2025.

Conference Call

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

Date: Wednesday, November 5, 2025

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

Toll-free dial-in: 1-800-717-1738

International dial-in: 1-646-307-1865

Conference ID: 26561 (required for entry)

Webcast: https://viaid.webcasts.com/starthere.jsp?ei=1731362&tp_key=85431bf52f

A replay of the call will be available after 1:00 p.m. ET on November 5, 2025, through November 19, 2025.

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

International replay: 1-412-317-6671

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 September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Net income (loss)	\$263,487	\$(6,815,384)	\$(3,774,876)	\$(10,499,551)
Depreciation	225,768	252,142	676,777	815,420
Amortization of right-of-use assets net of change in lease liability	(2,708)	(10,739)	47,136	32,373
Stock-based compensation expense	444,621	458,011	1,572,956	1,423,949
Interest expense	15,065	16,465	42,941	70,910
Interest income	(36,433)	(116,596)	(159,240)	(376,940)
Provision for income taxes	266,881	167,086	600,535	569,382
Adjusted EBITDA	<u>\$1,176,681</u>	<u>\$(6,049,015)</u>	<u>\$(993,771)</u>	<u>\$(7,964,457)</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 September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Net income (loss)	\$263,487	\$(6,815,384)	\$(3,774,876)	\$(10,499,551)
Stock-based compensation expense	444,621	458,011	1,572,956	1,423,949
Non-GAAP net income (loss)	<u>\$708,108</u>	<u>\$(6,357,373)</u>	<u>\$(2,201,920)</u>	<u>\$(9,075,602)</u>
Non-GAAP net income (loss) per share:				
Basic	<u>\$0.03</u>	<u>\$(0.30)</u>	<u>\$(0.10)</u>	<u>\$(0.43)</u>
Diluted	<u>\$0.03</u>	<u>\$(0.30)</u>	<u>\$(0.10)</u>	<u>\$(0.43)</u>
Weighted average common shares outstanding:				
Basic	<u>21,952,963</u>	<u>21,049,270</u>	<u>21,675,802</u>	<u>20,897,324</u>
Diluted	<u>22,840,761</u>	<u>21,049,270</u>	<u>21,675,802</u>	<u>20,897,324</u>

(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 September 30, 2025	Audited December 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	\$6,508,020	\$6,794,093
Short-term investments (Note 3)	-	3,217,065
Accounts receivable, net (Note 4)	12,024,553	8,177,371
Inventories, net (Note 5)	15,326,919	13,176,156
Prepaid expenses and other current assets	2,138,861	836,364
Total current assets	35,998,353	32,201,048
Property and equipment, net	1,519,045	1,669,026
Operating lease right-of use assets	4,012,747	1,536,094
Deposits and other	38,093	38,093
Goodwill	1,489,722	1,489,722
Total Assets	<u>\$43,057,960</u>	<u>\$36,933,982</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$6,033,999	\$2,068,017
Accrued expenses and other liabilities (Note 6)	4,145,292	4,806,675
Current portion of operating lease obligation (Note 9)	513,093	285,937
Borrowing on bank lines of credit (Note 7)	1,000,000	-
Current portion of notes payable (Note 7)	1,173,116	1,035,050
Total current liabilities	12,865,500	8,195,679
Deferred tax liability, net	39,781	52,574
Operating lease obligation, net of current portion (Note 9)	3,812,931	1,513,684
Total liabilities	<u>16,718,212</u>	<u>9,761,937</u>
Commitments and contingencies (Note 9)		
Stockholders' equity		
Common stock, \$0.0001 par value; 50,000,000 shares authorized; 22,008,583 and 21,148,810 shares issued and outstanding	2,201	2,115
Additional paid-in capital	51,168,618	49,082,737
Accumulated other comprehensive income	996,867	140,254
Accumulated deficit	(25,827,938)	(22,053,061)
Total stockholders' equity	<u>26,339,748</u>	<u>27,172,045</u>
Total Liabilities and Stockholders' Equity	<u>\$43,057,960</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 September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenue:				
Product	\$18,460,660	\$12,682,241	\$44,032,955	\$36,722,411
Customer funded development	295,539	1,018,856	1,090,916	2,831,802
	<u>18,756,199</u>	<u>13,701,097</u>	<u>45,123,871</u>	<u>39,554,213</u>
Cost of revenue:				
Product	11,967,908	14,601,408	29,325,649	32,123,488
Customer funded development	95,919	817,427	696,580	2,091,907
	<u>12,063,827</u>	<u>15,418,835</u>	<u>30,022,229</u>	<u>34,215,395</u>
Gross profit (loss)	<u>6,692,372</u>	<u>(1,717,738)</u>	<u>15,101,642</u>	<u>5,338,818</u>
Operating expenses:				
General and administrative	2,344,776	2,057,092	7,097,346	6,558,807
Marketing and selling	2,328,973	2,008,824	6,872,293	6,184,065
Research and development	1,448,521	950,373	4,330,713	2,846,852
Total operating expenses	<u>6,122,270</u>	<u>5,016,289</u>	<u>18,300,352</u>	<u>15,589,724</u>
Income (loss) from operations	<u>570,102</u>	<u>(6,734,027)</u>	<u>(3,198,710)</u>	<u>(10,250,906)</u>
Other (expense) income, net:				
Interest income	36,433	116,596	159,240	376,940
Interest expense	(15,065)	(16,465)	(42,941)	(70,910)
Other (expense) income, net	(61,102)	(14,402)	(91,930)	14,707
Total other (expense) income, net	<u>(39,734)</u>	<u>85,729</u>	<u>24,369</u>	<u>320,737</u>
Income (loss) before income taxes	<u>530,368</u>	<u>(6,648,298)</u>	<u>(3,174,341)</u>	<u>(9,930,169)</u>
Provision for income taxes	<u>266,881</u>	<u>167,086</u>	<u>600,535</u>	<u>569,382</u>
Net income (loss)	<u>\$263,487</u>	<u>\$(6,815,384)</u>	<u>\$(3,774,876)</u>	<u>\$(10,499,551)</u>
Net income (loss) per share:				
Basic	<u>\$0.01</u>	<u>\$(0.32)</u>	<u>\$(0.17)</u>	<u>\$(0.50)</u>
Diluted	<u>\$0.01</u>	<u>\$(0.32)</u>	<u>\$(0.17)</u>	<u>\$(0.50)</u>
Weighted average common shares outstanding:				
Basic	<u>21,952,963</u>	<u>21,049,270</u>	<u>21,675,802</u>	<u>20,897,324</u>
Diluted	<u>22,840,761</u>	<u>21,049,270</u>	<u>21,675,802</u>	<u>20,897,324</u>

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

For the Nine Months Ended
September 30,

2025	2024
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Cash flows from operating activities:

Net loss	\$(3,774,876)	\$(10,499,551)
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Adjustments to reconcile net loss to net cash (used in) provided by operating activities:

Deferred income taxes	(534,594)	(551,567)
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Loss on disposal of property and equipment	-	354
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Provision for bad debt	48,375	40,000
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Warranty reserves	30,000	(45,000)
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Depreciation	676,777	815,420
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Amortization of right-of-use assets	154,509	312,396
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Inventory reserves	(553,702)	7,351,278
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Stock-based compensation expense	1,572,956	1,423,949
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Changes in operating assets and liabilities:

Accounts receivable	(3,334,841)	(1,003,287)
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Inventories	(543,527)	(888,972)
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Prepaid expenses and other current assets	(697,773)	(348,364)
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Accounts payable	3,689,669	2,823,183
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Accrued expenses and other liabilities	(1,551,215)	2,993,729
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Operating lease liabilities	(107,373)	(280,023)
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Net cash (used in) provided by operating activities	(4,925,615)	2,143,545
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Cash flows from investing activities:

Redemption of short-term investment grade securities	3,212,492	4,592,052
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Purchases of property and equipment, including capitalization of labor costs for test equipment and ERP	(467,879)	(298,789)
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Net cash provided by investing activities	2,744,613	4,293,263
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Cash flows from financing activities:

Proceeds from exercise of stock options and warrants	1,022,988	237,748
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Payment of payroll taxes on net issuance of employee stock options	(509,977)	(422,564)
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Proceeds (repayments) from bank lines of credit	1,000,000	(959,373)
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Net cash provided by (used in) financing activities	1,513,011	(1,144,189)
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Net change in cash and cash equivalents	(667,991)	5,292,619
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Effect of exchange rates on cash	381,918	61,041
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Cash and cash equivalents, beginning of period	6,794,093	4,048,948
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Cash and cash equivalents, end of period	\$6,508,020	\$9,402,608
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