

Emerging Global Leader in Fast Growing AI Transportable Edge Computing Market

Key Stats (NASDAQ: OSS)



Stock Price (11/12/21)	\$5.62
52-Wk Low-High	\$2.11–\$9.50
Shares Outstanding	18.7M
Market Cap	\$105M
Avg. Daily Vol. (3-mo)	95K
Insider Holdings	25.8%
Institutional Holdings	31.1%
Public Float, est. ¹	74.2%
Revenue (mrq)	\$16.0M
GAAP Net Income (mrq)	\$1.0M
Adjusted EBITDA (mrq)	\$1.8M
Non-GAAP Net Income (mrq)	\$1.5M
Cash & Cash Equiv. (@9/30/21)	\$18.5M
Employees	105

Company Overview

About One Stop Systems (OSS)

- ▶ **Industry-leading designer & manufacturer** of innovative **AI Transportable** edge computing modules and systems.
- ▶ OSS **AI on the Fly®** leverages the power of PCI Express, GPU accelerators and NVMe storage to build award-winning systems for industrial OEMs and government customers.
- ▶ **AI data capture, AI training, and large-scale inference** for defense, autonomous vehicles, oil & gas, mining, and entertainment.
- ▶ **Marquee Customers:** Raytheon, National Instruments, and Disguise.
- ▶ **Strategic Partners:** NVIDIA, Intel, Broadcom.

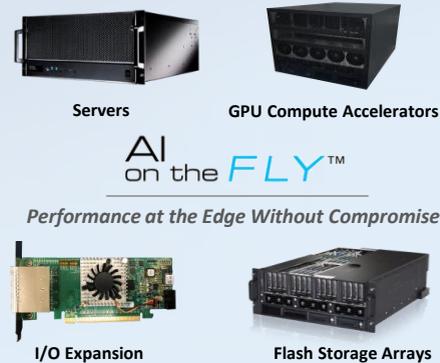
Growth Market with Strong Drivers

- ▶ OSS to lead the AI Transportables market segment expected to grow from **~\$200M-\$400M to \$1B-\$5B by 2027.**²
- ▶ Market demands ruggedization, reduced size, weight & power (SWaP). **OSS AI on the Fly®** technology delivers high-performance computing at point of data sensor collection.
- ▶ OSS won 16 major programs valued at \$1M+ each in 2019 and 2020.

News Highlights

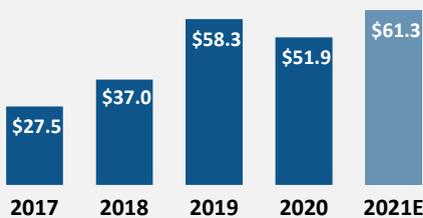
- 11/16/21:** OSS unveiled new Rigel Edge Supercomputer at SC21.
- 11/10/21:** Q3-21 revenue up 23% to \$16.0M; net income of \$1.0M or \$0.05 per share. Q4-21 revenue outlook of \$17.1M, which would represent an increase of 23% vs. Q4-20.³
- 9/30/21:** Won new program for government mobile intelligence command center.
- 8/12/21:** Q2-21 revenue up 28% to \$14.9M; net income of \$1.7M or \$0.09/share.
- 5/13/21:** Improved adj. EBITDA by \$2M on expanded margins in Q1-21.
- 3/31/21:** Secured first production order for an autonomous long-haul truck program.
- 3/25/21:** Q4-20 revenue up 7% sequentially to \$13.9M; net income of \$244K or \$0.01/share.

Products & Solutions



Annual Revenue & Outlook³

\$ millions



Company estimates COVID related loss/delay of \$14M in 2020 revenue.

Senior Management



David Raun, President & CEO, Director: 25 years' senior management & board experience, including 10+ M&A/funding events.



John Morrison, CFO: CPA with 30 years in public accounting, financial reporting and financing. 15 years at PwC (US/Asia).

Company Contact

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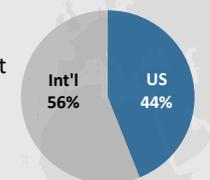
Global Presence

San Diego, CA
Principal offices

Salt Lake City, UT
Software development

Gröbenzell, Germany
Supports EMEA

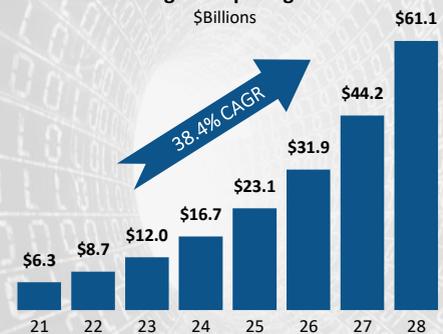
Worldwide Revenue 2020



Large Growth Market

Global Edge Computing Market⁴

\$Billions



Source: Grand View Research and Zion Market Research.

Use of Non-GAAP Financial Measures and Reconciliation of Adjusted EBITDA to GAAP

Management believes 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 expenses, impairment of long-lived assets, financing costs, fair value adjustments from purchase accounting, stock-based compensation expense and expenses related to discontinued operations. For this reporting period, it excludes PPP loan forgiveness, which the company does not anticipate will reoccur in the foreseeable future.

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, management believes that providing a non-GAAP financial measure that excludes non-cash and non-recurring expenses allows for meaningful comparisons between the company's core business operating results and those of other companies, as well as providing management with an important tool for financial and operational decision making and for evaluating the company's own core business operating results over different periods of time.

The company's adjusted EBITDA measure may not provide information that is directly comparable to that provided by other companies in its industry, as other companies in the company's industry may calculate non-GAAP financial results differently, particularly related to non-recurring, unusual items. The company's 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. Management does 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,	
	2021	2020	2021	2020
Net income (loss)	\$ 980,696	\$ 857,790	\$ 2,719,016	\$ (250,404)
Depreciation and amortization	396,165	410,552	1,171,737	1,208,762
Amortization of deferred gain	-	-	-	(53,838)
Stock-based compensation expense	399,148	210,280	1,302,878	503,419
Interest expense	128,315	174,205	447,328	393,175
Interest income	(92,105)	(143,931)	(159,203)	(267,911)
PPP loan and interest forgiveness	-	-	(1,514,354)	-
(Benefit) provision for income taxes	(320)	57,753	295,495	(851,056)
Adjusted EBITDA	<u>\$ 1,811,899</u>	<u>\$ 1,566,649</u>	<u>\$ 4,262,897</u>	<u>\$ 682,147</u>

Use of Non-GAAP Financial Measures and Reconciliation of Non-GAAP EPS to GAAP

Adjusted EPS excludes the impact of certain items and therefore has not been calculated in accordance with GAAP. Management believes that exclusion of certain selected items assists in providing a more complete understanding of the company's underlying results and trends and allows for comparability with its peer company index and industry. Management uses this measure along with the corresponding GAAP financial measures to manage the company's business and to evaluate its performance compared to prior periods and the marketplace. The company defines Non-GAAP (loss) income as (loss) or income before amortization, stock-based compensation, expenses related to discontinued operations, impairment of long-lived assets and non-recurring acquisition costs. For this reporting period, it excludes PPP loan forgiveness, which the company does not anticipate will reoccur in the foreseeable future. Adjusted EPS expresses adjusted (loss) income 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. Management expects 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 the company's presentation of these non-GAAP financial measures that these costs are unusual, infrequent or non-recurring.

The following table reconciles net loss attributable to common stockholders and diluted earnings per share:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income (loss)	\$ 980,696	\$ 857,790	\$ 2,719,016	\$ (250,404)
Amortization of intangibles	163,900	170,985	491,701	520,035
Stock-based compensation expense	399,148	210,280	1,302,878	503,419
PPP loan and interest forgiveness	-	-	(1,514,354)	-
Non-GAAP net income	<u>\$ 1,543,744</u>	<u>\$ 1,239,055</u>	<u>\$ 2,999,241</u>	<u>\$ 773,050</u>
Non-GAAP net income per share:				
Basic	<u>\$ 0.08</u>	<u>\$ 0.07</u>	<u>\$ 0.17</u>	<u>\$ 0.05</u>
Diluted	<u>\$ 0.08</u>	<u>\$ 0.07</u>	<u>\$ 0.15</u>	<u>\$ 0.05</u>
Weighted average common shares outstanding:				
Basic	<u>18,636,337</u>	<u>16,585,773</u>	<u>18,170,700</u>	<u>16,469,457</u>
Diluted	<u>19,963,270</u>	<u>17,018,614</u>	<u>19,466,023</u>	<u>16,902,298</u>