

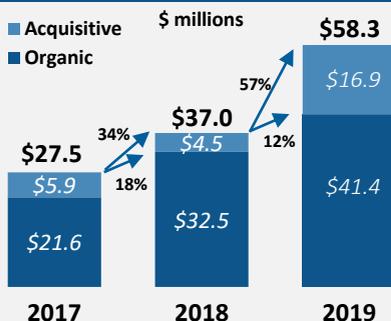
State-of-the-Art Hardware & Software Solutions for High-Performance Edge Computing & AI on the Fly®

Key Stats (NASDAQ: OSS)



Stock Price (9/9/20 @ close)	\$2.45
52-Wk Low-High	\$0.59 – 3.25
Shares Outstanding	16.6M
Market Cap	\$40.7M
Public Float, est.	70.6%
Avg. Daily Vol. (3-mo)	474K
Non-GAAP Net Income (mrq)	\$248K
Insider Holdings	29.4%
Institutional Holdings	25.5%
Founded	1998
IPO	Feb. 1, 2018
Employees	93

Revenue



Senior Management



David Raun, President & CEO, Director: 25 years' senior management and board experience with public and private companies, including 10+ M&A/fund raising 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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Investor Relations

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Company Overview

About One Stop Systems (OSS)

- ▶ **Industry-leading designer & manufacturer** of high-performance computing software and systems.
- ▶ **I/O intensive, ruggedized designs** for mobile and edge computing: *AI on the Fly*®
- ▶ **Technology Leadership:** World's first Gen 4 PCIe-over-cable solutions. High-density flash arrays powered by Ion™ software.
- ▶ **Target Markets:** AI, media & entertainment, military, medical, autonomous vehicles, instrumentation, and data collection.
- ▶ **Marquee Customers:** Raytheon, Lyft, National Instruments, and Disguise.
- ▶ **Strategic Partners:** NVIDIA, Intel and Broadcom.

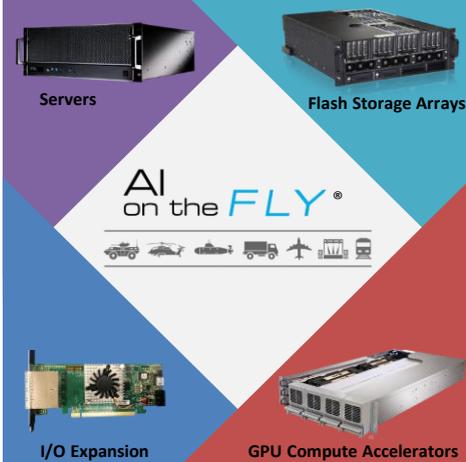
Growth Market with Strong Drivers

- ▶ Global Edge Computing Market growing at **26.5% CAGR to \$18 billion** by 2027.
- ▶ Big Data and AI demanding greater/faster flash storage capacity, high-performance computing, expansive I/O and mobility.
- ▶ Edge computing requires ruggedization, reduced size, weight & power (SWaP).
- ▶ **OSS AI on the Fly**® provides high-performance computing at point of data collection.
- ▶ **OSS outstanding proposals** for 17 opportunities valued at \$1M+ each. 76% close rate in 2019.

Recent News

- ▶ **5/14/20:** Q1-20 revenue up 33% to \$13.4M.
- ▶ **5/15/20:** U.S. Navy AI threat detection system order top \$1.0 million.
- ▶ **7/1/20:** Appointed three new independent directors. Board is now composed of seven members, four men and three women.
- ▶ **6/22/20:** Introduced world's first PCIe Gen 4 expansion system for NVIDIA A100 PCIe GPUs.
- ▶ **6/25/20:** David Raun, technology industry veteran, appointed president & CEO.
- ▶ **8/6/20:** Reported Q2 2020 revenue of \$11.6 million with 1H 2020 of \$25.0 million
- ▶ **8/24/20:** Received \$4.3M in DSU purchase orders for military radar application as follow-on to \$36M supplier agreement.

Products & Services



Global Presence

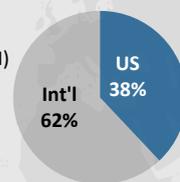
San Diego, CA
Principal offices

Irvine, CA
Concept Development (CDI)

Salt Lake City, UT
Software development

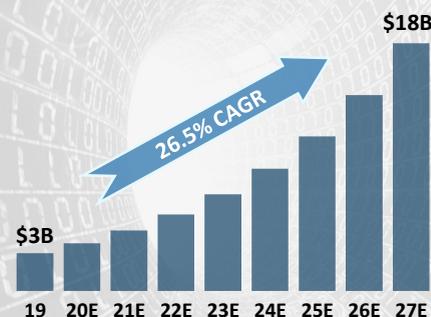
Gröbenzell, Germany
Supports EMEA

Worldwide Revenue
2019



Large Growth Market

Global Edge Computing Market



Source: Fior Market, June 2020

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

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, OSS 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 the company with an important tool for financial and operational decision making and for evaluating its 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 its 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. OSS 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 June 30,		For The Six Months Ended June 30,	
	2020	2019	2020	2019
Net loss attributable to common stockholders	\$ (12,162)	\$ (1,594,633)	\$ (1,108,194)	\$ (2,539,363)
Depreciation and amortization	402,385	422,254	798,210	886,982
Amortization of deferred gain	(12,359)	(16,478)	(53,838)	(32,957)
Impairment of goodwill	-	1,697,394	-	1,697,394
Stock-based compensation expense	85,378	157,807	293,139	325,283
Interest income	(99,343)	(10,168)	(123,980)	(13,275)
Interest expense	150,186	53,013	218,970	59,281
Acquisition expense	-	100	-	4,075
(Benefit) provision for income taxes	(441,511)	558,072	(908,809)	(543,839)
Adjusted EBITDA	<u>\$ 72,574</u>	<u>\$ 1,267,361</u>	<u>\$ (884,502)</u>	<u>\$ (156,419)</u>

Use of Non-GAAP Financial Measures and Reconciliation of Non-GAAP EPS 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) attributable to common stockholders 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.

Adjusted EPS excludes the impact of certain items and, therefore, has not been calculated in accordance with GAAP. OSS 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. OSS management uses this measure along with the corresponding GAAP financial measures to manage its business and to evaluate the company's performance compared to prior periods and the marketplace. The company defines Non-GAAP (loss) income attributable to common stockholders as (loss) or income before amortization, stock-based compensation, expenses related to discontinued operations, impairment of long-lived assets and non-recurring acquisition costs. 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. The company 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 income (loss) attributable to common stockholders and diluted earnings per share:

	For The Three Months Ended June 30,		For The Six Months Ended June 30	
	2020	2019	2020	2019
Net loss attributable to common stockholders	\$ (12,162)	\$ (1,594,633)	\$ (1,108,194)	\$ (2,539,363)
Amortization of intangibles	174,525	269,151	349,051	618,570
Impairment of goodwill	-	1,697,394	-	1,697,394
Stock-based compensation expense	85,378	157,807	293,139	325,283
Acquisition expense	-	100	-	4,075
Non-GAAP net income (loss) attributable to common stockholders	<u>\$ 247,741</u>	<u>\$ 529,819</u>	<u>\$ (466,004)</u>	<u>\$ 105,959</u>
Non-GAAP net income (loss) per share attributable to common stockholders:				
Basic	<u>\$ 0.02</u>	<u>\$ 0.04</u>	<u>\$ (0.03)</u>	<u>\$ 0.01</u>
Diluted	<u>\$ 0.01</u>	<u>\$ 0.04</u>	<u>\$ (0.03)</u>	<u>\$ 0.01</u>
Weighted average common shares outstanding:				
Basic	<u>16,488,325</u>	<u>14,442,291</u>	<u>16,410,660</u>	<u>14,341,560</u>
Diluted	<u>16,867,921</u>	<u>14,916,460</u>	<u>16,410,660</u>	<u>14,815,730</u>