



Qualstar Corporation Reports First Quarter 2026 Results

CAMARILLO, Calif., May 5, 2026 — Qualstar Corporation (OTC: QBAK), a trusted provider of scalable data storage and high-efficiency power solutions, today reported financial results for the quarter ended March 31, 2026.

2026 and Recent Highlights

- Q1 revenues were driven by sales of our data storage products. We continue to invest in the data storage business unit to offset the decline in the power supplies segment.
- The recent launch of our enterprise system, the Q1000+ powered by Orion, enables us to achieve a higher average selling price and expand our total addressable market.
- We are benefiting from increased demand for tape-based data storage solutions, driven by their total cost of ownership advantage over competing technologies. Additionally, the current memory shortage is significantly affecting the cost and availability of disk-based storage devices.
- We are expanding strategic partnerships with channel partners who are incorporating a Qualstar tape-based library into their complete workflow solutions.
- We recently engaged LMHS, P.C., a PCAOB-registered accounting firm, to perform an audit of our 2025 financial statements. This will enable us to file our Form 10 in the third quarter, marking a key step toward becoming a fully SEC reporting company and pursuing a future uplisting.
- On April 29, our stock began trading on a split-adjusted basis following our 3-for-1 stock split, which went ex-dividend on April 28.

Management Commentary

“We are laying the groundwork for long-term growth, as we focus on driving storage-based revenues,” said Steven N. Bronson, President and CEO. Mr. Bronson continued, “We also continue to seek acquisitions in the data storage hardware and software and other adjacent areas which consist of AI, Data Analytics, and supercomputing.”

Consolidated Financial Results (Unaudited)

(Amounts in thousands except per share data and percentages)

	Three Months Ended March 31,			
	2026	2025	\$ Δ	% Δ
Revenues	\$ 1,425	\$ 1,659	\$ (234)	(14.1)%
Gross profit	\$ 370	\$ 609	\$ (239)	(39.2)%
Gross margin	26.0%	36.7%		
Income (loss) from operations	\$ (236)	\$ 135		
Net income (loss)	\$ (62)	\$ 183		
Earnings (loss) per share	\$ (0.01)	\$ 0.04		
Adjusted EBITDA	\$ (202)	\$ 62		

Revenue for the quarter decreased 14% to \$1.43 million, compared with \$1.66 million in the prior-year period, primarily driven by lower sales of power-supply products, offset in part by higher sales of data-storage products.

Gross margin for the quarter was 26.0%, compared with 36.7% in the prior-year period, impacted by lower revenue and changes in product mix.

Net income/loss for the three months ended March 31, 2026 and 2025 included gains (losses) on marketable securities of \$162,000 and \$(11,000), respectively.

Adjusted EBITDA for the quarter declined to \$(202,000), compared with \$62,000 in the prior-year period.

The Company ended the quarter with \$2.7 million in cash, cash equivalents, and marketable securities and no debt.

Qualstar makes available its annual financial statements, quarterly financial statements, and other significant reports and amendments to such reports, free of charge, on its website as soon as reasonably practicable after such reports are prepared. Please visit www.qualstar.com to view the Company's financial results in more detail.

About Qualstar Corporation

Founded in California in 1984, Qualstar Corporation (OTC: QBAK) is a trusted provider of digital storage solutions with more than 35,000 units sold worldwide. The company designs and manufactures scalable, energy-efficient tape libraries that safeguard critical, infrequently accessed data for long-term preservation. As the last independent tape library manufacturer, Qualstar provides customers with flexibility free from proprietary software lock-in or slot licensing fees and delivers faster turnaround times than many larger competitors. Backed by over four decades of innovation and a strong installed base, Qualstar has earned a reputation for reliability in serving organizations across a wide range of data-intensive industries.

Qualstar's wholly owned subsidiary, N2Power, designs and manufactures high-efficiency, energy-dense power supplies for OEM markets worldwide.

Non-GAAP Financial Measure

To supplement our condensed consolidated financial statements, which are prepared and presented in accordance with United States generally accepted accounting principles ("GAAP"), we use the following non-GAAP financial measure: Adjusted EBITDA. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

We define Adjusted EBITDA for a particular period as net income (loss) before interest, taxes, depreciation and amortization, and as further adjusted for non-routine expenses that may not be indicative of our core business operating results such as severance compensation, provisions (recoveries) for inventory net realizable value, gains/losses on marketable securities, gains/losses on foreign currency transactions, and non-cash expenses such as stock-based compensation expense.

We use this non-GAAP financial measure for financial and operational decision-making and as a means to evaluate period-to-period comparisons. We believe that this non-GAAP financial measure provides meaningful supplemental information regarding our performance by excluding certain items that may not be indicative of our core business operating results. We believe that both management and investors benefit from referring to this non-GAAP financial measure in assessing our performance and when planning, forecasting, and analyzing future periods. This non-GAAP financial measure also facilitates management's internal comparisons to our historical performance and liquidity as well as comparisons to our competitors' operating results. We believe this non-GAAP financial measure is useful to investors both because (1) is allows for greater transparency with respect to key metrics used by management in its financial and

operational decision-making and (2) it is used by our investors to help them analyze the health of our business.

There are a number of limitations related to the use of non-GAAP financial measures. We compensate for these limitations by providing specific information regarding the GAAP amounts excluded from these non-GAAP financial measures and evaluating these non-GAAP financial measures together with their relevant financial measures in accordance with GAAP.

The following table reconciles Net Income (Loss) to Adjusted EBITDA for the three months ended March 31, 2026 and 2025:

	Three Months Ended March 31,	
	2026	2025
	(in thousands)	
Net income (loss)	\$ (62)	\$ 183
Adjustments to arrive at earnings before interest, taxes, depreciation, and amortization (EBITDA):		
Interest income	(13)	(40)
Depreciation and amortization expense	1	2
EBITDA	(74)	145
Adjustments to arrive at Adjusted EBITDA:		
Employee Retention Credits	--	(145)
Provisions for inventory net realizable value, net	18	24
(Gains) losses on marketable securities, net	(162)	11
(Gains) losses on foreign currency transactions, net	1	(19)
Stock-based compensation expense	15	46
Adjusted EBITDA	\$ (202)	\$ 62

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