



## Qualstar Corporation Reports Fourth Quarter 2024 Results

*Data Storage Segment Reports 8<sup>th</sup> Consecutive Year of Income*

IRVINE, Calif., Mar. 6, 2025 /PRNewswire/ — Qualstar Corporation (OTC Markets: QBAK), a leading manufacturer of data storage solutions and high-efficiency power supplies, today announced its financial results for the three months and year ended December 31, 2024.

### Consolidated Financial Results (Unaudited)

(Amounts in thousands except per share data and percentages)

	Three Months Ended December 31,				Year Ended December 31,			
	2024	2023	\$ Δ	% Δ	2024	2023	\$ Δ	% Δ
Revenues	\$ 2,033	\$ 3,404	\$ (1,371)	(40.3)%	\$ 8,044	\$ 10,616	\$ (2,572)	(24.2)%
Gross profit	\$ 683	\$ 1,213	\$ (530)	(43.7)%	\$ 2,458	\$ 3,280	\$ (822)	(25.1)%
Gross margin	33.6%	35.6%			30.6%	30.9%		
Income (loss) from operations	\$ 62	\$ 323			\$ (468)	\$ 140		
Net income (loss)	\$ (10)	\$ 320			\$ (471)	\$ 191		
Earnings (loss) per share	\$ (0.01)	\$ 0.21			\$ (0.33)	\$ 0.12		
Adjusted EBITDA	\$ 88	\$ (73)			\$ (70)	\$ (96)		

### Key Highlights:

- Revenue decreased 40% for the three months ended December 31, 2024, compared to the three months ended December 31, 2023, and decreased 24% for the year ended December 31, 2024, compared to the prior year. The declines in revenues were primarily due to lower shipments of our power supplies products in 2024 compared to 2023, and also in part to lower shipments of our data storage products this year compared to last year. In our power supplies business, as previously reported, we experienced the loss of a large customer in 2024, and this is expected to significantly reduce revenues for the foreseeable future.
- Gross margin percentage declined slightly to 34% for the three months ended December 31, 2024, compared to 36% for the three months ended December 31, 2023, and was approximately flat at 31% for the years ended December 31, 2024 and 2023. The gross margin percentage changes were due to changes in the mix of our products, services, and customers.
- The Company's data storage business segment reported pre-tax income of \$49,000 for the three months ended December 31, 2024, and pre-tax income of \$127,000 for the year ended December 31, 2024, marking the 8<sup>th</sup> consecutive year of reporting pre-tax income. The Company's power supplies business segment reported pre-tax loss of \$56,000 for the three months ended December 31, 2024, and pre-tax loss of \$595,000 for the year ended December 31, 2024.
- Net loss for the three months and year ended December 31, 2024 were impacted by revenue levels and also by certain non-routine expenses and non-cash charges. As discussed below, we use an Adjusted EBITDA financial measure to evaluate our core operating performance. Adjusted EBITDA for the three months ended December 31, 2024 was \$88,000, compared to negative \$73,000 for the three months ended December 31, 2023. Adjusted EBITDA for the year ended December 31, 2024 was negative \$70,000, compared to negative \$96,000 for the year ended December 31, 2023.
- The Company has repurchased 471,161 shares of its common stock during the years 2021 to 2024 under a stock repurchase program. In March 2025, the Company's Board of Directors approved an

extension of the Company's stock repurchase program through December 31, 2026 for up to an additional 100,000 shares of common stock.

- We continue to pursue acquisitions and partnerships with companies in the data management software and hardware systems spaces.
- We ended the year with \$2.4 million in cash and cash equivalents.

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](http://www.qualstar.com) to view the Company's financial results in more detail.

### **About Qualstar Corporation**

Qualstar Corporation, founded in 1984, manufactures and markets data storage system products and compact, high efficiency power solutions.

Our data storage systems are marketed under the Qualstar™ brand and include highly scalable automated magnetic tape libraries used to store, retrieve and manage electronic data primarily in the network computing environment. Our products, sold through resellers, system integrators and OEMs, range from entry-level to enterprise and are a cost-effective solution for organizations requiring backup, recovery and archival storage of critical electronic information.

The Company's power solutions, marketed under the N2Power™ brand, include standard, semi-custom and custom versions and provide OEM designers with increased functionality while reducing thermal loads and cooling requirements and lowering operating costs. These products are sold to OEMs in a wide range of markets, including telecom/networking equipment, audio/visual, industrial, gaming and medical.

More information is available at [www.qualstar.com](http://www.qualstar.com) and [www.n2power.com](http://www.n2power.com) or by phone at 805-583-7744.

### **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) it 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 and years ended December 31, 2024 and 2023:

	Three Months Ended December 31,		Year Ended December 31,	
	2024	2023	2024	2023
	(in thousands)			
Net income (loss)	\$ (10)	\$ 320	\$ (471)	\$ 191
Adjustments to arrive at earnings before interest, taxes, depreciation, and amortization (EBITDA):				
Interest income	(21)	(21)	(80)	(45)
Depreciation and amortization expense	2	9	26	37
EBITDA	(29)	308	(525)	183
Adjustments to arrive at Adjusted EBITDA:				
Severance compensation	—	—	57	9
Provisions (recoveries) for inventory net realizable value	(19)	(389)	145	(279)
(Gains) losses on marketable securities, net	56	35	49	(5)
(Gains) losses on foreign currency transactions, net	34	(27)	29	(4)
Stock-based compensation expense	46	—	175	—
Adjusted EBITDA	<u>\$ 88</u>	<u>\$ (73)</u>	<u>\$ (70)</u>	<u>\$ (96)</u>

**Contact Information:**

Steven N. Bronson  
Chief Executive Officer  
Qualstar Corporation  
805-617-4419  
[IR@Qualstar.com](mailto:IR@Qualstar.com)