

Qualstar Corporation Reports Second Quarter 2021 Financial Results

Irvine, Calif., August 11, 2021 — [Qualstar Corporation](#) (OTC Markets: QBAK), a leading manufacturer of data storage solutions and high-efficiency power supplies, today announced its financial results for the quarter ended June 30, 2021. Revenues were up 54% for the quarter on higher shipments for both the data storage and power supplies segments. Net income was \$564 thousand for the quarter (or \$0.29 per share), which was benefited by higher gross profit and lower operating expenses, including a \$258 thousand benefit from forgiveness of the first draw PPP loan.

Consolidated Financial Highlights

(Amounts in thousands except per share data and percentages)

Consolidated Financial Results	Three months ended June 30,				Six months ended June 30,			
	2021	2020	\$ Δ	% Δ	2021	2020	\$ Δ	% Δ
Net revenue	\$ 2,929	\$ 1,908	\$ 1,021	53.5%	\$ 4,626	\$ 3,962	\$ 664	16.8%
Gross profit	\$ 1,082	\$ 765	\$ 317	41.4%	\$ 1,528	\$ 1,435	\$ 93	6.5%
Gross margin	36.9%	40.1%			33.0%	36.2%		
Income (loss) from operations	\$ 562	\$ 98	\$ 464	nm%	\$ 141	\$ (66)	\$ 207	nm%
Net income (loss)	\$ 564	\$ 99	\$ 465	nm%	\$ 142	\$ (57)	\$ 199	nm%
Earnings (loss) per share (basic and diluted)	\$ 0.29	\$ 0.05	\$ 0.24	nm%	\$ 0.07	\$ (0.03)	\$ 0.10	nm%

Highlights for the Three Months Ended June 30, 2021

- Revenue increased for the three months ended June 30, 2021 by 53.5% to \$2.9 million from \$1.9 million for the same period last year, and for the six months ended June 30, 2021 by 16.8% to \$4.6 million from \$4.0 million for the same period last year primarily due to higher demand and shipments of our data storage and power supplies products in the current year periods when compared to the prior year pandemic-impacted periods. We also benefited from fulfillment of a non-routine, high-volume purchase by one of our gaming power supply customers during the three and six months ended June 30, 2021 which we do not expect to be recurring.
- Gross profit increased for the three months ended June 30, 2021 by 41.4% to \$1.1 million (gross margin of 36.9%) from \$0.8 million (gross margin of 40.1%) for the same period last year, and for the six months ended June 30, 2021 by 6.5% to \$1.5 million (gross margin of 33.0%) from \$1.4 million (gross margin of 36.2%) for the first half of last year. The increase in gross profit in the current year periods is attributable to the higher revenue levels, and the decrease in gross margin percentage in the current year periods is primarily attributable to changes in the mix of products, services, and customers between the data storage segment and the power supplies segment.
- The Company reported income from operations of \$562 thousand for the second quarter of 2021, compared with income from operations of \$99 thousand in the same period in 2020, and income from operations of \$141 thousand for the first six months of 2021, compared with loss from operations of \$(66) thousand in the first half of 2020. The increases in operating income were primarily due to higher revenues and gross profit as described above, and lower operating expenses which were primarily benefited by forgiveness of the \$258 thousand first draw PPP loan during the three months ended June 30, 2021.
- In the second quarter of 2021, net income was \$564 thousand, or \$0.29 per diluted share, compared to net income of \$142 thousand, or \$0.07 per diluted share in the same quarter last year.
- Cash, restricted cash and cash equivalents increased by 23% to \$5.2 million at June 30, 2021, from \$4.2 million as of December 31, 2020.

"We experienced a strong quarter and remain optimistic on our growth prospects for the data storage business unit," said Steven N. Bronson, CEO and President of Qualstar. "We continue to focus on expanding our power supplies product offerings, and we hope to lay the groundwork for long-term growth within our power supply subsidiary."

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

Qualstar, founded in 1984, is a diversified electronics manufacturer specializing in data storage and power supplies. Qualstar is a leading provider of high efficiency and high-density power supplies marketed under the N2Power™ brand, and of data storage systems marketed under the Qualstar™ brand. Our N2Power power supply products provide compact and efficient power conversion for a wide variety of industries and applications including, but not limited to, telecom, networking, broadcast, industrial, lighting, gaming and test equipment. Our Qualstar data storage products are used to provide highly scalable and reliable solutions to store and retrieve very large quantities of electronic data. Qualstar's products are known throughout the world for high quality and *Simply Reliable*™ designs that provide years of trouble-free service. More information is available at www.qualstar.com or www.n2power.com or by phone at 805-583-7744.

Forward Looking Statements

This release contains forward-looking statements made in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, the Company's views on future financial performance and are generally identified by phrases such as "thinks," "anticipates," "believes," "estimates," "expects," "intends," "plans," and similar words. Forward-looking statements are not guarantees of future performance and are inherently subject to uncertainties and other factors which could cause actual results to differ materially from the forward-looking statement. These statements are based upon, among other things, assumptions made by, and information currently available to, management, including management's own knowledge and assessment of the Company's industry, competition and capital requirements. Other factors and uncertainties that could affect the Company's forward-looking statements include, among other things, the following: our success in predicting markets and success of the companies we invest in; efficient management of our infrastructure; the pace of technological developments and industry standards evolution and their effect on our market choices; competition by alternative sophisticated as well as generic investors; risks of international investments and operations including fluctuations in exchange rates; and compliance with regulatory requirements applicable to our operations. These and other risks are more fully described in the Company's most recently filed quarterly financial statements, which should be read in conjunction herewith for a further discussion of important factors that could cause actual results to differ materially from those in the forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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