



Investor Presentation  
September 2021

**Nasdaq: DTST**

H.C. Wainwright 23rd Annual Global Investment Conference

# Disclaimers

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This presentation of Data Storage Corp. (the "Company") contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and Private Securities Litigation Reform Act, as amended, including those relating to the Company's product development, clinical and regulatory timelines, market opportunity, competitive position, possible or assumed future results of operations, business strategies, potential growth opportunities and other statements that are predictive in nature. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industry and markets in which we operate and management's current beliefs and assumptions.

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# Company Overview

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Data Storage delivers and supports a broad range of premium technology solutions focusing on IaaS, data storage protection and IT management

## Corporate Timeline

- 2008 Data Storage Corporation, NV
- 2010 Purchased Safe Data, an IBM AS400 / IBM Power disaster recovery company
- 2012 DSC and ABC created SIAS – an industry first; started adding clients in 2015
- 2016 Acquired ABC and the remaining 50% of SIAS
- 2021 Acquired Flagship Solutions Group

**Positioning to become the AWS of IBM Power:  
Industry migration underway**



**Niche Marketplace: Over 1 million virtual  
machines**

# Value Proposition

- IBM Cloud migration underway
  - Intel / Windows servers have been undergoing the migration to cloud
  - IBM Power server market has only begun transition in the last few years
- Acquisition of Flagship is expected to enhance DSC's ability to offer multi-cloud solutions to clients and the larger IBM Power market
- Power systems run 'mission critical' applications – high average revenue per month
- DSC & FSG Combined revenue is expected to be approximately \$18M
- Long term agreements: Currently DSC's longest agreement is 51 months
- 94% renewals of contracts at end of term
- Client pricing guidelines on all products: GPM 42%

1. Figure is representative of the pro forma financials as of December 31, 2021





# Core Solutions: Business Continuity

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## ezHost

IaaS Hosting

IaaS hosted systems built with easily scalable enterprise level resources deployed in isolated environments with strict security controls



## ezVault

Cloud Backup

An easily managed cloud backup solution with built in multiple site redundancy and client-controlled encryption, job scheduling, retention and retrieval



## ezRecovery

Disaster Recovery

Combines backup, managed standby, compute, storage and network infrastructure resources for quick and easy restoration of customer's vaulted data.



## ezAvailability

High Availability

Consists of full-time enterprise system, storage and network resources allowing customers to quickly and easily switch production workloads to our cloud when needed.



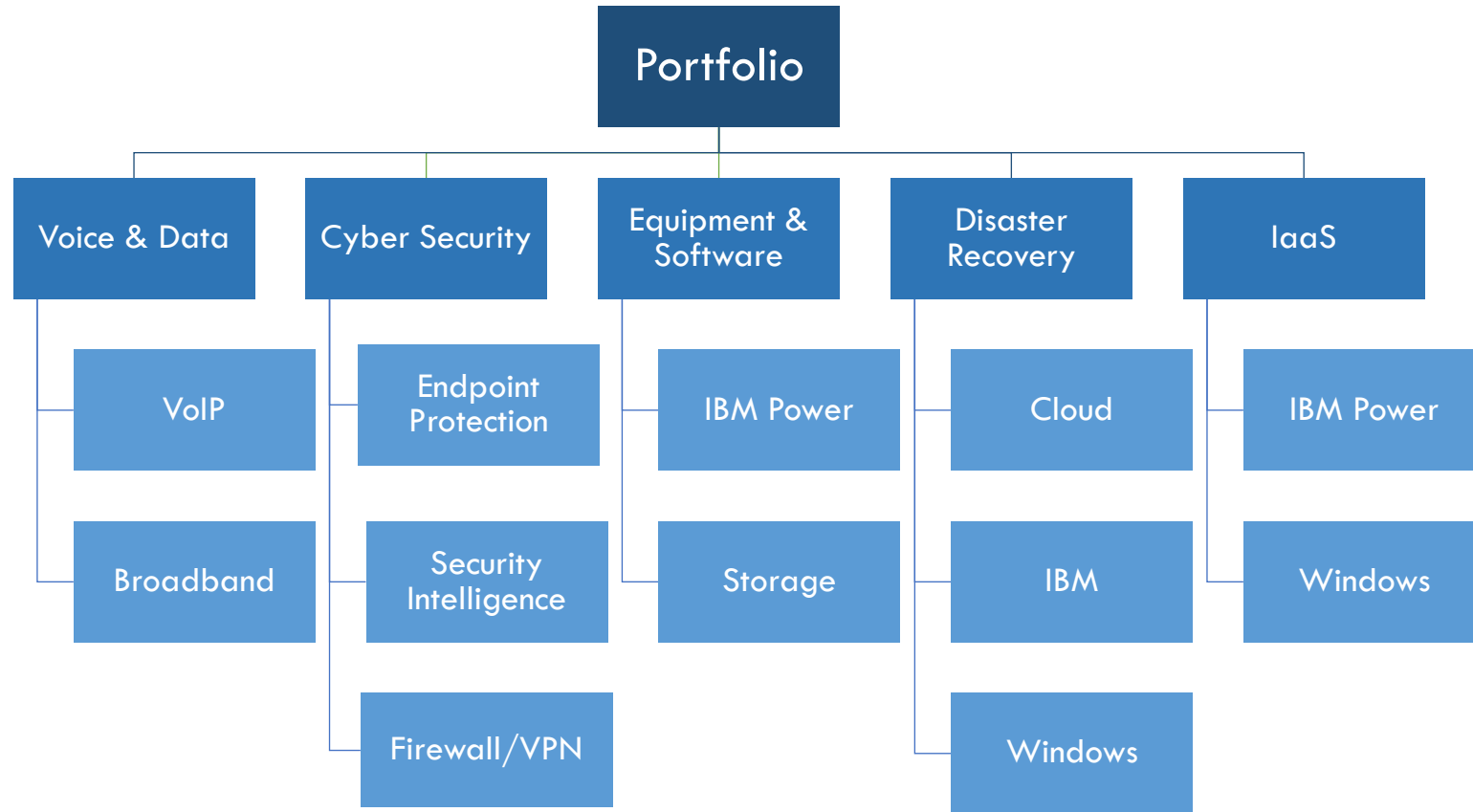
# Flagship Solutions, LLC

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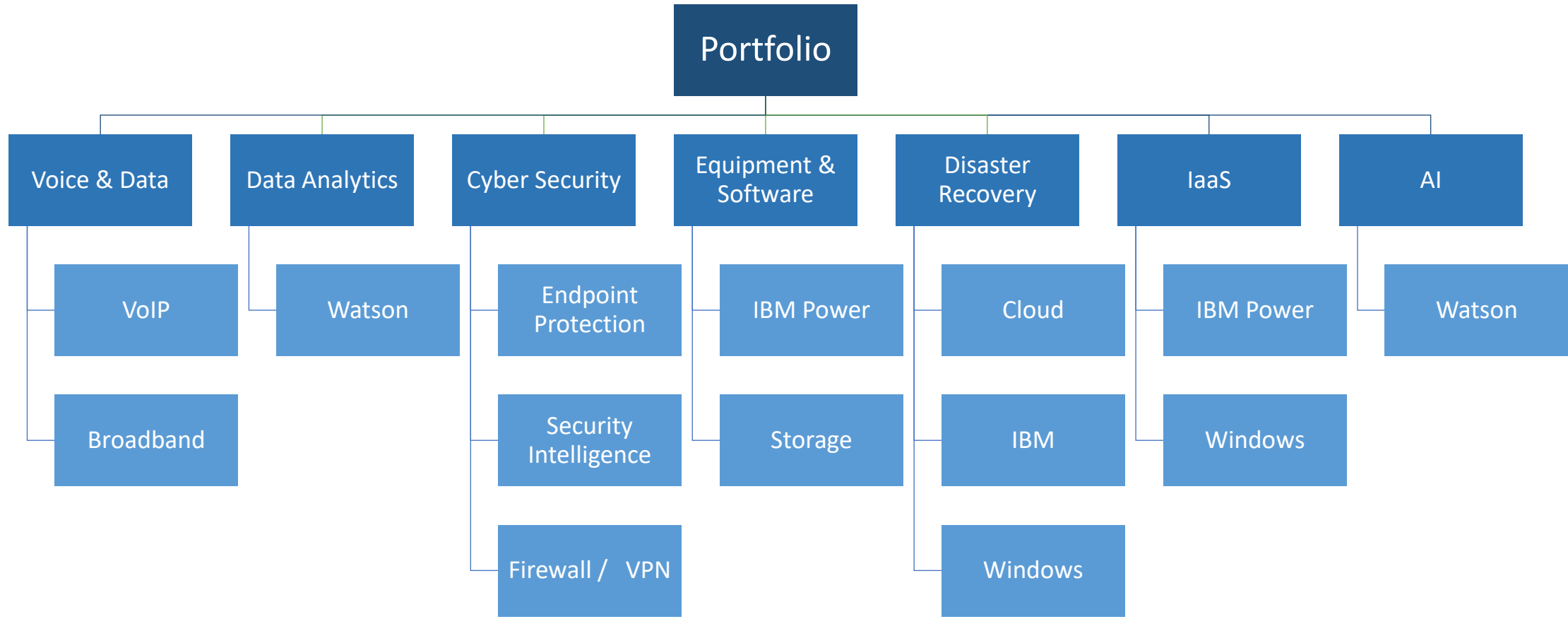
- Recently acquired Flagship Solutions, LLC, a provider of IBM solutions, managed services and cloud solutions worldwide
- Provides DTST comprehensive one-stop multi-cloud information technology solutions
- Significant opportunities to cross-sell solutions across respective enterprise and middle-market customers
- Merger expected to be highly synergistic and accretive



# Data Storage Pre - FSG



# Data Storage with Flagship





# Data Storage & Flagship: Representative Clients

## Banking, Real Estate & Insurance



## Travel, Sports & Entertainment



## Healthcare & Education



## Manufacturing & Retail



FOSTER GRANT



## Telco, Data Center & Professional Services



# Data Storage Corporation Client Impact

We believe Data Storage's Solutions will provide:

- Capex elimination or reduction
- Gaining more control and better access to data
- Enabling the highest level of security
- Redundancy with data centers, power and access
- Business continuity



## DSC Solutions:

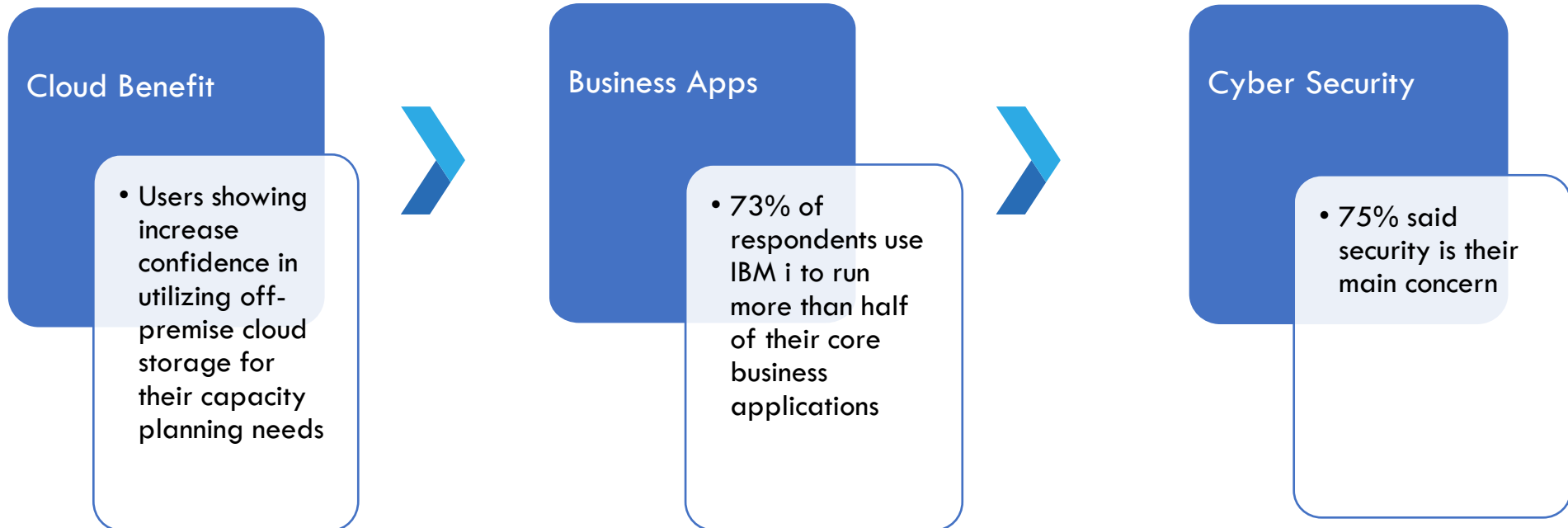
- ✓ Disaster Recovery
- ✓ Infrastructure as a Service (Cloud / Hosting)
- ✓ Managed Services
- ✓ System Monitoring and Management
- ✓ Voice and data services

# Successful Track Record: Clients Stay with DSC

- Highly satisfied clients
- 94% renewal rate at the end of contract term
- Excellent technical support and account management programs
- The distribution channel is highly incentivized:
  - Long term clients of the distributor
- Compliance data retention from months to years
- Migration to another IaaS or DR provider, is not an easy task
- Limited competition:
  - Barrier of entry is high
  - Search rankings takes years
  - Technical expertise and training



# IBM Survey of 500 Global Users<sup>1</sup>



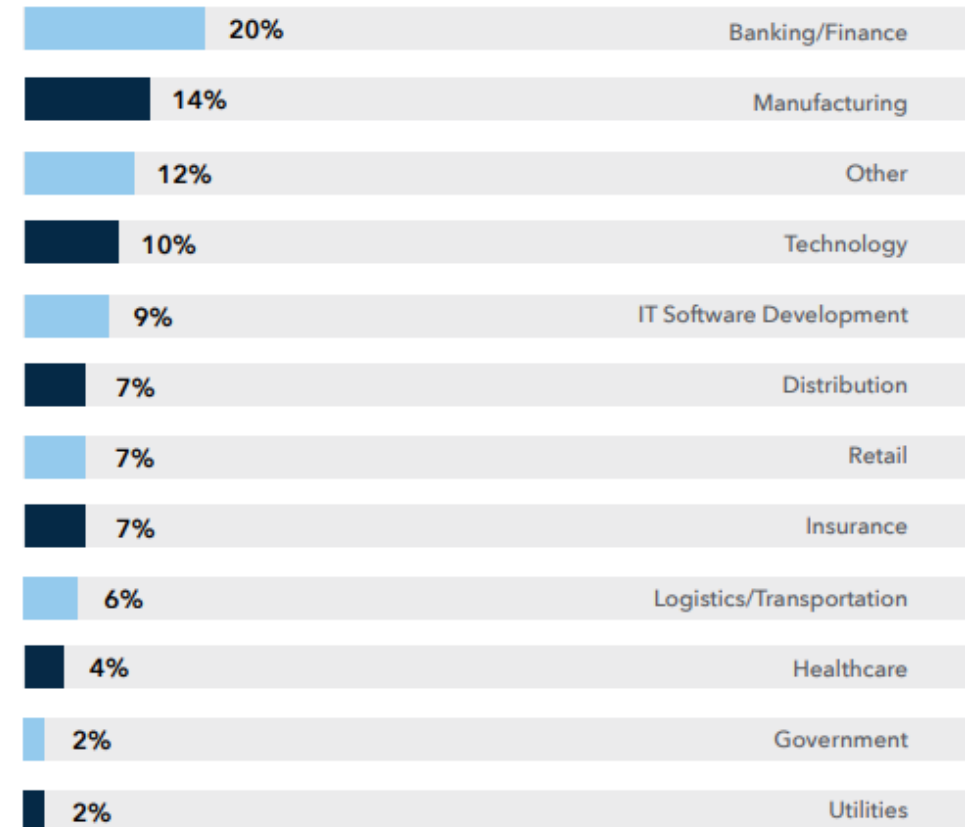
1. Source: <https://www.helpsystems.com/resources/guides/IBM-i-marketplace-survey-results>



# IBM Market is Here to Stay: IBM Survey<sup>1</sup>

- 25% of respondents on the IBM i Marketplace Survey plan to increase their IBM i footprint in 2021
- 92% of survey respondents believe their IBM i server gives them better ROI than other servers
- IBM i has become even more business-critical for many organizations
  - 44% of respondents said that they run between 76% and 100% of their core apps on IBM i, a 5% increase over the previous year

## IBM i Industry Survey Demographic



1. Source: <https://www.helpsystems.com/resources/guides/IBM-i-marketplace-survey-results>



# Organic Growth Strategies

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- Expand successful sales and marketing programs in the USA & continue to support our Canadian partnership, Able One, in Toronto
- Continue to create Joint Ventures and partnerships such as Able One:
  - An IBM market leader, provides DSC's portfolio of enterprise-level IBM cloud infrastructure services to customers in Canada
  - Fills a vital need for cloud services in Canada among businesses that run IBM Power Systems on IBM i, AIX and Linux operating systems
- Grow distribution channels – Today over 50 active partner companies providing our solutions
- JV Partner and Distributors are potential for M&A

# Acquisition Strategy

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- Opportunities exist to acquire service providers and intellectual property:
  - Enhancing solution portfolio
  - Increase client base for cross selling
  - Increasing distribution channels
  - Expanding management and technical expertise
  - Increase cash flow
- Acquisition objective is to reduce costs through economies of scale while increasing market share and consolidating efforts
- International opportunities may exist
- The consolidation of these technical companies and system integrators are expected to also form a powerful distribution channel for both our current and future service offerings
- Acquire synergistic and cash flow positive companies

# Financial Overview: 2020 EOY Pro Forma

Data Storage Corp. Condensed Income Statement - USD (\$)			
	Fiscal Year ended Dec. 31, 2020	Fiscal Year ended Dec. 31, 2019	2020 Pro Forma Post-Flagship Business Combination (Unaudited)
<b>Revenues</b>	\$9,320,933	\$8,483,608	\$18,172,193
Cost of revenues	5,425,205	4,746,031	11,895,119
<b>Gross profit</b>	<b>3,895,728</b>	<b>3,737,577</b>	<b>6,277,074</b>
Selling, general & administrative	3,896,791	3,531,053	6,197,338
(Loss)/Income from Operations	(1,063)	206,524	79,736
Interest income	24	250	24
Interest expense	(175,602)	(177,451)	(175,602)
Gain on extinguishment of contingent liability	350,000	-	350,000
<b>Net Income (Loss)</b>	<b>\$173,359</b>	<b>\$29,323</b>	<b>\$254,158</b>

Data Storage Corp. Condensed Consolidated Balance Sheets - USD (\$)			
	Fiscal Year ended December 31, 2020	Fiscal Year ended December 31, 2019	2020 Pro Forma Post- Flagship Business Combination (Unaudited)
Cash and cash equivalents	\$ 893,598	\$ 326,561	\$ 3,078,216
Total Assets	7,752,114	7,342,890	20,553,760
Total Liabilities	5,831,156	5,614,742	9,882,802
Total stockholders' equity	1,920,958	1,728,148	10,670,958

## Recent Highlights

- ✓ 76% increase in revenue for Q2 2021
- ✓ Pro forma revenue of \$18 million for 2020
- ✓ Pro forma Q2 2021 \$14M+ cash
- ✓ Significant portion of company owned by management and insiders
- ✓ Current GM 44+%
- ✓ No long-term debt
- ✓ Clean capital structure

\*Pro forma includes \$3.1 million of cash and cash equivalents as of June 30, 2020, plus an additional \$3.4 million in net proceeds from the exercise of warrants received in Q3 and \$7.6 million raised through the recent registered direct in July.

# Senior Management Team

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**Charles M. Piluso**, Chief Executive Officer

- Founder, North American Telecommunications Corporation, 1997-2000, \$100 Million valuation within 2 years. Founder, International Telecommunications Corporation in 1990, 5<sup>th</sup> largest USA international carrier by 1995. Roll up: \$800 Million IPO in 1997. Fortune 10 experience: ITT Corporation and United Technologies Corporation. St. John's University: BS, MA, MBA.



**Mark Wyllie**, Chief Executive Officer- Flagship

- 30 years of senior management and sales experience. In 2014, Flagship was awarded with IBM's highest honor for a Business Partner, A Beacon Award for Outstanding Community Impact. This was the first time in IBM's history a Business Partner was recognized for their community involvement. Included in his extensive background are key management roles with some of the nation's most recognized computer and data management firms.



**Hal Schwartz**, President

- 25 years of leading and growing successful technology companies. Co-founded, ABC Services in 1994 and served as vice president sales and marketing. Co-founded Secure Infrastructure in 2012 with DSC. California State University, San Bernardino: BA.



**Thomas Kempster**, Executive Vice President of Strategic Development

- Responsible for Support Strategies, Value and Performance of DSC Cloud offerings. Co-founded, ABC Services in 1994 a managed service provider & equipment provider, served as president. Instrumental in a 25-year partnership with IBM. Founded ABC Services 1994.



# Directors

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**Lawrence A. Maglione**, Director

- Mr. Maglione has been a Director since August 29, 2001. Mr. Maglione has been a partner in the accounting firm Eisner & Maglione CPAs, LLC since January 2007



**John Argen**, Director

- Mr. Argen has been a Director since January 12, 2006. Mr. Argen has been a Business Consultant and Developer specializing in the information technology, telecommunications



**Joseph B. Hoffman**, Director

- Mr. Hoffman has been a Director since August 29, 2001. Mr. Hoffman has been a partner at Kelley Drye & Warren LLP in the firm's Washington, D.C. office since June 1999



**Matt Grover**, Director

- Mr. Grover has served as a Director since November 5, 2019. Since January 2019, Mr. Grover has served as the Executive Vice President of Business Services at Altice USA (NYSE: ATUS)



**Todd A. Correll**, Director

- Mr. Correll has served as a Director from August 2014 until September 6, 2017 and then was reappointed to serve as a Director on November 5, 2019



# Investment Highlights

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- ✓ Proven management team with significant equity ownership
- ✓ Acquisition of Flagship Solutions rounds out offering and provides cross-selling opportunities
- ✓ Limited competition
- ✓ High customer retention rate: > 94%
- ✓ High margin, recurring, subscription-based revenue
- ✓ 450+ active customers
- ✓ Distribution network – over 50 companies providing solutions
- ✓ Global highly scalable business model
- ✓ Ability to acquire accretive and synergistic businesses
- ✓ Solid balance sheet with over \$13M pro forma cash, no long-term debt / no convertible debt and clean capital structure

\*Pro forma includes \$3.1 million of cash and cash equivalents after payments for the acquisition of Flagship, plus an additional \$3.4 million in net proceeds from the exercise of warrants and \$7.6 million raised through the recent registered direct in July.



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