

February 11, 2021



Data Storage Corporation Announces Definitive Agreement to Merge Flagship Solutions Group and Data Storage FL, LLC

Flagship Solutions Group is a leading provider of IBM solutions, managed services and cloud solutions worldwide

Merger provides comprehensive one-stop multicloud information technology solutions and ability to cross-sell solutions across respective enterprise and middle-market customers

Merger expected to be highly synergistic and accretive

MELVILLE, N.Y., Feb. 11, 2021 (GLOBE NEWSWIRE) -- Data Storage Corporation (OTCQB: DTST) ("DSC" and the "Company"), a provider of diverse business continuity, disaster recovery protection and cloud solutions, today announced it has entered into a definitive agreement with Flagship Solutions, LLC ("Flagship") to merge its wholly owned subsidiary, Data Storage FL, LLC, into Flagship (the "Merger"), with Flagship Solutions Group being the surviving company in the Merger and becoming, as a result, a wholly-owned subsidiary of the Company. Upon completion of the transaction, Mark Wyllie, Flagship's Chief Executive Officer, will continue as CEO of the new Flagship subsidiary, and will join Data Storage Corporation's Board of Directors.

Flagship is a leading provider of IBM solutions, managed services and cloud solutions worldwide. These include data center strategic planning and hybrid cloud implementations, which are based on a wide range of assessments that look at virtualization, server consolidation, security, and infrastructure-focused integration. Flagship's managed services include cloud-based server monitoring and management, 24x7 helpdesk support, and data center infrastructure management. As an IBM Gold business partner, Flagship has received many acknowledgements for delivering leading edge capabilities and services including their work with NASCAR and the Atlanta Falcons. Flagship, through their trademarked "Infraalytics" offerings, has achieved strong double-digit CAGR for the last 5 years since focusing on the IBM Cloud.

"We are pleased to announce this transformative merger as we believe this transaction will be highly synergistic with our existing IBM business and we anticipate meaningful operation efficiency through the integration of our two organizations," stated Chuck Piluso, CEO of Data Storage Corporation. "Importantly, this merger provides us a comprehensive one-stop provider approach that allows us to cross-sell solutions across our respective enterprise, as well as middle-market customers. We continue to provide a wide array of multicloud information technology solutions in highly secure, 100% reliable enterprise level cloud services for companies using IBM Power systems, Microsoft Windows and Linux, including: Infrastructure as a Service; Disaster Recovery as a Service; Cyber Security as a Service; and Data Analytics as a Service. Flagship has a first class customer base including premier

companies across a wide array of sectors such as banking and finance, education, healthcare, manufacturing, retail, sports and entertainment, real estate, insurance, telecom, travel, transportation and more.”

“The timing of this transaction is ideal, as IBM has begun migrating services to its market partners, allowing us to aggressively capitalize on new opportunities due to the shift in market dynamics,” noted Hal Schwartz, Founder and Executive Vice-President of Data Storage Corporation. “We are witnessing rapid overall growth in demand for cloud-based services. According to a recent Gartner report (IT Services, Worldwide, 2018-2024, 2Q20 Update), the managed services and cloud infrastructure services market worldwide is estimated to be \$410 billion in 2020 and is expected to grow 7% annually to \$502 billion in 2023. As a result of this merger, we are well positioned to capture market share and continue as a leader in the space.”

Mr. Piluso continued, “I am looking forward to welcoming Mark Wyllie to our organization, as he brings more than 30 years of senior management and sales experience. Overall, the market for is ripe for consolidation of cloud solutions, such as business continuity and disaster recovery protection. This merger is perfectly aligned with our overall goals, as it leapfrogs our capabilities, further establishes our position as a leader in the market. We expect it will be highly accretive for shareholders.”

Mark Wyllie, CEO of Flagship, further noted, “In today’s competitive marketplace, it’s key to leverage synergies and joining forces with DSC at this exciting time in the evolution of our industry, provides a meaningful competitive advantage. Data Storage adds resources, infrastructure and critical mass that we believe will allow Flagship to accelerate its own organic growth and provide significant value for our combined companies after the Merger.”

Additional details of the transaction are available in the Company’s Form 8-K, which has been filed with the Securities and Exchange Commission and is available at www.sec.gov.

About Flagship Solutions Group

Flagship provides IBM solutions, managed services, and cloud solutions worldwide. These include data center strategic planning and hybrid cloud implementations based on a wide range of assessments that look at virtualization, server consolidation, security, and infrastructure-focused integration. Flagship’s managed services include cloud-based server monitoring and management, 24×7 helpdesk support, and data center infrastructure management.

About Data Storage Corporation

The Company provides a highly secure, enterprise level cloud for IBM i Power systems and Windows, assisting companies in the migration process, while reducing capex and providing flexibility for seasonality with on-demand compute power. The Company’s clients have access to an array of solutions: Infrastructure as a Service, disaster recovery, voice and data, security, and email compliance & data analytics.

Please visit us at <http://www.DataStorageCorp.com>.

Safe Harbor Provision

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, that are intended to be covered by the safe harbor created thereby. Forward-looking statements are subject to risks and uncertainties that could cause actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Statements preceded by, followed by or that otherwise include the words "believes," "expects," "anticipates," "intends," "projects," "estimates," "plans" and similar expressions or future or conditional verbs such as "will," "should," "would," "may" and "could" are generally forward-looking in nature and not historical facts, although not all forward-looking statements include the foregoing. The forward-looking statements include statements regarding the Merger being highly synergistic and accretive to shareholders, the Merger transaction being highly synergistic with the Company's existing IBM business, achieving meaningful operation efficiency through the integration of the Company and Flagship, and the Company's resources, infrastructure and critical mass allowing Flagship to accelerate its own organic growth and providing significant value for the combined companies after the Merger. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can provide no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from the Company's expectations include, but are not limited to, the Company's ability to complete the Merger as planned, the Company's ability to achieve operation efficiency through the integration of the Company and Flagship, the Company's ability to achieve the synergies expected with its existing IBM business, the Company's ability to leverage its resources, infrastructure and critical mass to accelerate Flagship's own organic growth and the Company's ability to position itself for future profitability. These risks should not be construed as exhaustive and should be read together with the other cautionary statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, subsequent Quarterly Reports on Form 10-Q and current reports on Form 8-K filed with the Securities and Exchange Commission. Any forward-looking statement speaks only as of the date on which it was initially made. Except as required by law, the Company assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise .

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Source: Data Storage Corp.