

March 31, 2022



Data Storage Corporation Reports 97% Increase in Revenue for the Fourth Quarter of 2021

Management to host conference call today, March 31, at 10:00 AM Eastern Time

MELVILLE, N.Y., March 31, 2022 (GLOBE NEWSWIRE) -- **Data Storage Corporation (Nasdaq: DTST)** ("DSC" and the "Company"), a provider of diverse business continuity solutions for disaster-recovery, cloud infrastructure, cyber-security and data analytics solutions, today provided a business update and reported financial results for the fourth quarter and year ended December 31, 2021.

Chuck Piluso, CEO of Data Storage Corporation, commented, "I am pleased to report we achieved revenue growth of 97.1% and 59.6% for the fourth quarter and fiscal year 2021, respectively. We also achieved positive adjusted EBITDA for both the fourth quarter and full year. Importantly, we are successfully executing on our strategy to establish Data Storage as a leading provider of business continuity solutions, ranging from Managed Cloud Infrastructure to cybersecurity, direct internet access, VoIP integration with Microsoft Teams, and an array of managed services. It is clear that digital infrastructure, data integrity and disaster recovery is more critical than ever given the heightened risks of cyber attacks from foreign nations and rogue actors. We have been protecting our clients' data and providing secure hosting environments for over 15 years, we provide a complete end-to-end security and data recovery offering. Not all attacks or natural disasters can be avoided and it is crucial that organizations backup encrypted data offsite, so information can be recovered, restored and available within the committed client's timeframe."

"2021 was a transformational year for the Company as we completed the merger with Flagship Solutions, LLC, a leading provider of IBM solutions, managed services and cloud solutions. This acquisition complements our overall business strategy and expands our offering with an impressive roster of tier-1 customers. We are already realizing the synergies of this acquisition, as illustrated by increased cross-selling activity and a multi-million dollar contract with one of the nation's premier professional sports teams, which we expect to recognize as revenue in the first quarter of 2022. We are also expanding domestically and internationally, with the opening of operations in Austin, Texas, as well as in Canada through the addition of two new data centers and our partnership with Able-One."

"Looking ahead, we are more encouraged than ever by the outlook for the business. We have increased our sales pipeline to over \$20 million and are growing our subscription revenue, which provides long-term and high margin revenue streams. Our customer base now includes more than 400 companies served and 30 active distribution companies. We are also increasing our sales force, expanding our marketing initiatives and investing in personnel and infrastructure to support our continued growth. Overall, our solutions address

a rapidly growing multi-billion-dollar market, which is accelerating as more companies migrate their IBM Power infrastructure to the cloud.”

Conference Call

The Company plans to host a conference call at 10:00 am Eastern Time today, March 31, 2022 to discuss the Company’s financial results for the fourth quarter and year ended December 31, 2021 as well as corporate progress and other developments.

The conference call will be available via telephone by dialing toll free 888-506-0062 for U.S. callers or for international callers +1 973-528-0011 and using entry code: 283625. A webcast of the call may be accessed at <https://www.webcaster4.com/Webcast/Page/2763/44979>, or on the Company’s Investor Relations section of the website, ir.datastoragecorp.com.

A webcast replay of the call will be available on the Company’s Investor Relations section of the website (ir.datastoragecorp.com) through March 15, 2023. A telephone replay of the call will be available approximately one hour following the call, through April 14, 2022 and can be accessed by dialing 877-481-4010 for U.S. callers or +1 919-882-2331 for international callers and entering conference ID: 44979.

About Data Storage Corporation

The Company delivers and supports a broad range of premium technology solutions from its six technical facilities throughout the USA and Canada focusing on cloud infrastructure, data storage and IT management. Clients look to Data Storage Corporation to ensure disaster recovery, business continuity, enhance cyber security, and meet increasing industry, state, and federal regulations. The Company markets to businesses, government, education, and the healthcare industry by leveraging its leading technologies in the creation of their solutions. Through its business units, the Company provides IaaS, SaaS, DRaaS, VoIP, cyber security, data analytics, IBM Power systems and storage hardware with managed IT services. For more information, please visit <http://www.DataStorageCorp.com>.

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SOURCE: Data Storage Corporation

[Tables follow]

DATA STORAGE CORPORATION AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

	December 31, 2021	December 31, 2020
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 12,135,803	\$ 893,598
Accounts receivable (less allowance for doubtful accounts of \$50,375 and \$30,000 in 2021 and 2020, respectively)	2,384,367	554,587
Prepaid expenses and other current assets	536,401	239,472
Total Current Assets	<u>15,056,571</u>	<u>1,687,657</u>
Property and Equipment:		
Property and equipment	6,595,236	7,845,423
Less—Accumulated depreciation	(4,657,765)	(5,543,822)
Net Property and Equipment	<u>1,937,471</u>	<u>2,301,601</u>
Other Assets:		
Goodwill	6,560,671	3,015,700
Operating lease right-of-use assets	422,318	241,911
Other assets	103,226	49,310
Intangible assets, net	2,254,566	455,935
Total Other Assets	<u>9,340,781</u>	<u>3,762,856</u>
Total Assets	\$ 26,334,823	\$ 7,752,114
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 1,343,391	\$ 979,552
Dividend payable	—	1,115,674
Deferred revenue	366,859	461,893
Line of credit	—	24
Finance leases payable	216,299	168,139
Finance leases payable related party	839,793	1,149,403
Operating lease liabilities short term	205,414	104,549
Note payable	—	374,871
Total Current Liabilities	<u>2,971,756</u>	<u>4,354,105</u>
Note payable long term	—	107,106
Operating lease liabilities long term	226,344	147,525
Finance leases payable, long term	157,424	247,677
Finance leases payable related party, long term	364,654	974,743
Total Long Term Liabilities	<u>748,422</u>	<u>1,477,051</u>
Total Liabilities	<u>3,720,178</u>	<u>5,831,156</u>

Stockholders' Equity:		
Preferred stock, Series A par value \$.001; 10,000,000 shares authorized; 0 and 1,401,786 shares issued and outstanding in 2021 and 2020, respectively	—	1,402
Common stock, par value \$.001; 250,000,000 shares authorized; 6,693,793 and 3,214,537 shares issued and outstanding in 2021 and 2020, respectively	6,694	3,213
Additional paid in capital	38,241,155	17,745,785
Accumulated deficit	(15,530,576)	(15,734,737)
Total Data Storage Corp Stockholders' Equity	22,717,273	2,015,663
Non-controlling interest in consolidated subsidiary	(102,628)	(94,705)
Total Stockholder's Equity	22,614,645	1,920,958
Total Liabilities and Stockholders' Equity	\$ 26,334,823	\$ 7,752,114

DATA STORAGE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December	
	31,	
	2021	2020
Sales	\$ 14,876,227	\$ 9,320,933
Cost of sales	8,459,117	5,425,205
Gross Profit	6,417,110	3,895,728
Selling, general and administrative	7,184,182	3,896,791
Loss from Operations	(767,072)	(1,063)
Other Income (Expense)		
Interest income	—	24
Interest expense, net	(126,746)	(175,602)
Gain on contingent liability	—	350,000
Loss on disposal of assets	(44,732)	—
Gain on forgiveness of debt	798,840	—
Total Other Income	627,362	174,422
Income (loss) before provision for income taxes	(139,710)	173,359

Benefit from income taxes	399,631	—
Net Income (loss)	259,921	173,359
Non-controlling interest in consolidated subsidiary	7,923	26,657
Net Income (loss) attributable to Data Storage Corp	267,844	200,016
Preferred Stock Dividends	(63,683)	(144,677)
Net Income Loss Attributable to Common Stockholders	\$ 204,161	\$ 55,339
Earning per Share – Basic	\$ 0.04	\$ 0.02
Earning per Share – Diluted	\$ 0.03	\$ 0.02
Weighted Average Number of Shares - Basic	5,075,716	3,213,157
Weighted Average Number of Shares - Diluted	6,340,125	3,366,010

DATA STORAGE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2021	2020
Cash Flows from Operating Activities:		
Net Income (loss)	\$ 259,921	\$ 173,359
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,284,345	1,032,566
Stock based compensation	171,798	158,728
Gain on forgiveness of debt	(798,840)	—
Gain on contingent liability	—	(350,000)
Deferred income taxes, release of valuation allowance	(399,631)	—
Loss on disposal of assets	44,732	—
Changes in Assets and Liabilities:		
Accounts receivable	(440,517)	136,849
Other assets	(6,417)	16,126
Prepaid expenses and other current assets	(169,355)	(132,132)
Right of use asset	(180,407)	82,356
Accounts payable and accrued expenses	(142,232)	44,619
Deferred revenue	(163,770)	28,951

Operating lease liability	179,684	(80,743)
Net Cash Provided by (Used in) Operating Activities	<u>(360,690)</u>	<u>1,110,679</u>
Cash Flows from Investing Activities:		
Investor deposit	(25,000)	—
Capital expenditures	(455,835)	(181,072)
Cash acquired in business acquisition	212,068	—
Cash consideration for business acquisition	<u>(6,149,343)</u>	<u>—</u>
Net Cash Used in Investing Activities	<u>(6,418,110)</u>	<u>(181,072)</u>
Cash Flows from Financing Activities:		
Proceeds from issuance of note payable	—	481,977
Proceeds from line of credit	50,000	—
Repayments of finance lease obligations related party	(968,420)	(718,690)
Repayments of finance lease obligations	(156,845)	(56,281)
Proceeds from issuance of common stock and warrants	16,944,380	—
Cash received for the exercised of Warrants	3,381,271	—
Cash received for the exercised of options	—	5,400
Repayments of Dividend payable	(1,179,357)	—
Repayment of line of credit	<u>(50,024)</u>	<u>(74,976)</u>
Net Cash Provided by (Used) in Financing Activities	<u>18,021,005</u>	<u>(362,570)</u>
Increase in Cash and Cash Equivalents	11,242,205	567,037
Cash and Cash Equivalents, Beginning of Year	<u>893,598</u>	<u>326,561</u>
Cash and Cash Equivalents, End of Year	\$ 12,135,803	\$ 893,598
Supplemental Disclosures:		
Cash paid for interest	\$ 116,682	\$ 168,837
Cash paid for income taxes	\$ —	\$ —
Non-cash investing and financing activities:		
Accrual of preferred stock dividend	\$ 63,683	\$ 144,677
Assets acquired by finance lease	\$ 164,754	\$ 808,261



Source: Data Storage Corp.