

May 16, 2022



# Data Storage Corporation Reports 236% Increase in Revenue and Achieves Profitability for the First Quarter of 2022

**Management to host conference call today, May 16, at 10:00 AM Eastern Time**

MELVILLE, N.Y., May 16, 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 first quarter ended March 31, 2022.

Chuck Piluso, CEO of Data Storage Corporation, commented, "I am pleased to report we have witnessed increased sales, as well as an increase in monthly subscription services, which contributed to our revenue growth from \$2.6 million to \$8.7 million, a year-over-year increase of 236% for the first quarter of 2022. At the same time, we achieved positive net income and generated over \$600 thousand of EBITDA (see reconciliation below). We continue to deliver critically required information technology solutions to a niche multi-billion-dollar market and have invested millions of dollars to establish ourselves as a leader within the IBM Power cloud infrastructure and disaster recovery industry. As anticipated, the Flagship merger has positioned us as a comprehensive one-stop-solutions provider with the ability to cross-sell solutions across our respective clients. The synergies of the merger are already evident, as illustrated by the multi-million-dollar contract with a highly recognized [national sports team](#) announced earlier this year, as well as our expanded our partnership with the [Professional Fighters League](#). The sports industry represents just one of several key markets we are targeting for our solutions. Importantly, we believe we are extremely well positioned to take advantage of the ever increasing market demand for cloud infrastructure services, disaster recovery, cyber security, and data analytics/AI markets, which we believe will translate to accelerated revenue growth, especially as more companies migrate their IBM Power infrastructure to the cloud."

"Overall, we continue to execute on our business growth strategy, which has resulted in transformational acquisitions, as well as significant contracts and new partnerships. We have built a robust proposal pipeline to support our growth, while at the same time, we are increasing our sales force, expanding our marketing initiatives, as well as investing in highly skilled personnel and infrastructure. With over \$13 million in cash as of March 31, 2022 and no long-term debt, we are well positioned to take advantage of the countless opportunities within this emerging multi-billion-dollar market."

## **Conference Call**

The Company plans to host a conference call at 10:00 am Eastern Time today, May 16,

2022 to discuss the company's financial results for the first quarter ended March 31, 2022, 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: 708934. A webcast of the call may be accessed at <https://www.webcaster4.com/Webcast/Page/2763/45417>, or on the Company's Investor Relations section of the website, [ir.datastoragecorp.com](http://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](http://ir.datastoragecorp.com)) through May 16, 2023. A telephone replay of the call will be available approximately one hour following the call, through May 30, 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: 45417.

## **About Data Storage Corporation**

The Company provides a broad range of premium business continuity and analytics solutions from seven data center facilities and two technical labs throughout the USA and Canada. The Company serves its clients with cloud infrastructure, disaster recovery, cyber security and data analytics. 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.

For more information, please visit <http://www.DTST.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. 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. 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, 2021, 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.

## **Contact:**

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**SOURCE:** Data Storage Corporation

[Tables follow]

**DATA STORAGE CORPORATION AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED BALANCE SHEETS**

	<u>March 31, 2022</u> (Unaudited)	<u>December 31, 2021</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 13,420,707	\$ 12,135,803
Accounts receivable (less allowance for credit losses of \$47,523 and \$30,000 in 2021 and 2020, respectively)	3,524,464	2,384,367
Prepaid expenses and other current assets	1,256,243	536,401
Total Current Assets	<u>18,201,414</u>	<u>15,056,571</u>
Property and Equipment:		
Property and equipment	7,502,490	6,595,236
Less—Accumulated depreciation	<u>(4,939,373)</u>	<u>(4,657,765)</u>
Net Property and Equipment	<u>2,563,117</u>	<u>1,937,471</u>
Other Assets:		
Goodwill	6,560,671	6,560,671
Operating lease right-of-use assets	374,356	422,318
Other assets	78,045	103,226
Intangible assets, net	<u>2,184,836</u>	<u>2,254,566</u>
Total Other Assets	<u>9,197,908</u>	<u>9,340,781</u>
Total Assets	\$ 29,962,439	\$ 26,334,823
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 4,335,372	\$ 1,343,391
Deferred revenue	292,450	366,859
Finance leases payable	395,324	216,299
Finance leases payable related party	741,830	839,793
Operating lease liabilities short term	206,231	205,414
Total Current Liabilities	<u>5,971,207</u>	<u>2,971,756</u>

Operating lease liabilities	177,348	226,344
Finance leases payable	568,588	157,424
Finance leases payable related party	434,050	364,654
Total Long Term Liabilities	<u>1,179,986</u>	<u>748,422</u>
Total Liabilities	<u>7,151,193</u>	<u>3,720,178</u>
Stockholders' Equity:		
Common stock, par value \$.001; 250,000,000 shares authorized; 6,697,127 and 6,693,793 shares issued and outstanding in 2022 and 2021, respectively	6,697	6,694
Additional paid in capital	38,314,591	38,241,155
Accumulated deficit	<u>(15,394,788)</u>	<u>(15,530,576)</u>
Total Data Storage Corp Stockholders' Equity	22,926,500	22,717,273
Non-controlling interest in consolidated subsidiary	<u>(115,254)</u>	<u>(102,628)</u>
Total Stockholder's Equity	<u>22,811,246</u>	<u>22,614,645</u>
Total Liabilities and Stockholders' Equity	\$ 29,962,439	\$ 26,334,823

**DATA STORAGE CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

	<b>Three Months Ended March</b>	
	<b>31,</b>	
	<b>2022</b>	<b>2021</b>
	<u>          </u>	<u>          </u>
Sales	\$ 8,657,199	\$ 2,574,691
Cost of sales	<u>6,011,289</u>	<u>1,420,899</u>
Gross Profit	2,645,910	1,153,792
Selling, general and administrative	<u>2,459,866</u>	<u>1,118,407</u>
Income from Operations	<u>186,044</u>	<u>35,385</u>
Other Income (Expense)		
Interest expense, net	<u>(62,882)</u>	<u>(35,045)</u>
Total Other Expense	<u>(62,882)</u>	<u>(35,045)</u>

Income before provision for income taxes	123,162	340
Benefit from income taxes	<u>—</u>	<u>—</u>
Net Income	123,162	340
Non-controlling interest in consolidated subsidiary	<u>12,626</u>	<u>1,759</u>
Net Income attributable to Data Storage Corp	135,788	2,099
Preferred Stock Dividends	<u>—</u>	<u>(38,883)</u>
Net Income (Loss) Attributable to Common Stockholders	\$ 135,788	\$ (36,784)
Earnings per Share – Basic	\$ 0.02	\$ (0.01)
Earning pers Share – Diluted	\$ 0.02	\$ (0.01)
Weighted Average Number of Shares - Basic	6,695,966	3,213,485
Weighted Average Number of Shares - Diluted	6,955,900	3,213,485

**DATA STORAGE CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	<b>Three Months Ended March</b>	
	<b>31,</b>	
	<b>2022</b>	<b>2021</b>
	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Net Income	\$ 123,162	\$ 340
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	351,338	267,189
Stock based compensation	66,505	42,171
Changes in Assets and Liabilities:		
Accounts receivable	(1,140,097)	(170,096)
Other assets	25,180	(345)
Prepaid expenses and other current assets	(719,842)	(290,018)
Right of use asset	47,962	21,492
Accounts payable and accrued expenses	2,991,981	558,679

Deferred revenue	(74,409)	(59,489)
Operating lease liability	(48,179)	(21,364)
Net Cash Provided by Operating Activities	<u>1,623,601</u>	<u>348,559</u>
Cash Flows from Investing Activities:		
Capital expenditures	(25,946)	(257,238)
Net Cash Used in Investing Activities	<u>(25,946)</u>	<u>(257,238)</u>
Cash Flows from Financing Activities:		
Repayments of finance lease obligations related party	(271,574)	(313,925)
Repayments of finance lease obligations	(48,112)	(36,682)
Cash received for the exercised of options	6,935	—
Net Cash Used in Financing Activities	<u>(312,751)</u>	<u>(350,607)</u>
Increase (decrease) in Cash and Cash Equivalents	1,284,904	(259,286)
Cash and Cash Equivalents, Beginning of Period	<u>12,135,803</u>	<u>893,598</u>
Cash and Cash Equivalents, End of Period	\$ 13,420,707	\$ 634,312
Supplemental Disclosures:		
Cash paid for interest	\$ 61,262	\$ 31,971
Cash paid for income taxes	\$ —	\$ —
Non-cash investing and financing activities:		
Accrual of preferred stock dividend	\$ —	\$ 38,883
Assets acquired by finance lease	\$ 881,308	\$ 50,000

## DATA STORAGE CORPORATION AND SUBSIDIARIES

### NON-GAAP FINANCIAL MEASURES

#### Adjusted EBITDA

To supplement our consolidated financial statements presented in accordance with GAAP and to provide investors with additional information regarding our financial results, we consider and are including herein Adjusted EBITDA, a Non-GAAP financial measure. We view Adjusted EBITDA as an operating performance measure and, as such, we believe that the GAAP financial measure most directly comparable to it is net income (loss). We define Adjusted EBITDA as net income adjusted for interest and financing fees, depreciation, amortization, stock-based compensation, and other non-cash income and expenses. We believe that Adjusted EBITDA provides us an important measure of operating performance because it allows management, investors, debtholders and others to evaluate and compare ongoing operating results from period to period by removing the impact of our asset base, any asset disposals or impairments, stock-based compensation and other non-cash income and expense items associated with our reliance on issuing equity-linked debt securities to fund our working capital.

Our use of Adjusted EBITDA has limitations as an analytical tool, and this measure should not be considered in isolation or as a substitute for an analysis of our results as reported under GAAP, as the excluded items may have significant effects on our operating results and financial condition. Additionally, our measure of Adjusted EBITDA may differ from other companies' measure of Adjusted EBITDA. When evaluating our performance, Adjusted EBITDA should be considered with other financial performance measures, including various cash flow metrics, net income and other GAAP results. In the future, we may disclose different non-GAAP financial measures in order to help our investors and others more meaningfully evaluate and compare our future results of operations to our previously reported results of operations.

The following table shows our reconciliation of net income to adjusted EBITDA for the three months ended March 31, 2022 and 2021, respectively:

	<b>For the Three Months Ended</b>	
	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Net income	\$ 123,162	340
Non-GAAP adjustments:		
Depreciation and amortization	351,338	267,189
Flagship acquisition costs	605	—
Interest income and expense	62,882	35,045
Stock based compensation	66,505	42,171
Adjusted EBITDA	\$ 604,492	344,745



Source: Data Storage Corp.