

November 15, 2022



Data Storage Corporation Reports 14% Increase in Revenue for the Third Quarter of 2022

MELVILLE, N.Y., Nov. 15, 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 IT services, today provided a business update and reported financial results for the third quarter ended September 30, 2022.

Chuck Piluso, CEO of Data Storage Corporation, commented, "We continue to witness strong year-over-year sales growth, as evidenced by our revenue of \$4.4 million for the third quarter of 2022, representing an increase of 14%. Notably, our revenue for the nine-month period increased 80% to \$17.9 million when compared to the same period in 2021. Our decades of experience providing an array of multi-cloud information technology solutions, properly allocated investments, and highly skilled employees have been the foundation to our success and has allowed us to establish a leadership position as more and more companies migrate their IBM Power infrastructure and disaster recovery to the cloud. We are actively penetrating billion-dollar markets, while executing on our strategy of securing high-margin, recurring, subscription-based cloud and managed services contracts. While we achieved positive adjusted EBITDA for the quarter, we are undertaking activities that we anticipate will further improve our margins and profitability, as well as accelerate our growth, including realigning management and streamlining operations. Overall, we have maintained a solid balance sheet with over \$11 million of cash and cash equivalents providing us sufficient runway to execute on our growth strategy and further penetrate these large markets."

Conference Call

The Company plans to host a conference call at 10:00 am ET today, November 15th, 2022, to discuss the Company's financial results for the third quarter ended September 30, 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 entering access code: 538563. A webcast of the call may be accessed at <https://www.webcaster4.com/Webcast/Page/2763/47023>, or on the Company's News & Events section of the website, <https://www.dtst.com/news-events/ir-calendar>.

A webcast replay of the call will be available on the Company's website (www.DTST.com) through November 15th, 2023. A telephone replay of the call will be available approximately one hour following the call, through November 29th, 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: 47023.

About Data Storage Corporation

The Company provides a broad range of premium business continuity solutions from six data centers in the USA and Canada. The Company serves its clients with cloud infrastructure, disaster recovery, cyber security, telecommunications, and IT services. 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/>. Twitter: [@DataStorageCorp](https://twitter.com/DataStorageCorp)

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.

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SOURCE: Data Storage Corporation

[Tables follow]

CONDENSED CONSOLIDATED BALANCE SHEETS

September 30, 2022	December 31, 2021
(Unaudited)	

ASSETS

Current Assets:

Cash and cash equivalents	\$ 11,281,703	\$ 12,135,803
Accounts receivable (less allowance for credit losses of \$12,476 and \$30,000 in 2022 and 2021, respectively)	2,011,166	2,384,367
Prepaid expenses and other current assets	868,019	536,401
Total Current Assets	<u>14,160,888</u>	<u>15,056,571</u>

Property and Equipment:

Property and equipment	7,103,795	6,595,236
Less—Accumulated depreciation	<u>(4,732,846)</u>	<u>(4,657,765)</u>
Net Property and Equipment	<u>2,370,949</u>	<u>1,937,471</u>

Other Assets:

Goodwill	6,560,671	6,560,671
Operating lease right-of-use assets	276,465	422,318
Other assets	166,248	103,226
Intangible assets, net	<u>2,045,375</u>	<u>2,254,566</u>
Total Other Assets	<u>9,048,759</u>	<u>9,340,781</u>

Total Assets \$ 25,580,596 \$ 26,334,823

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current Liabilities:

Accounts payable and accrued expenses	\$ 1,490,877	\$ 1,343,391
Deferred revenue	71,037	366,859
Finance leases payable	381,043	216,299
Finance leases payable related party	719,364	839,793
Operating lease liabilities short term	<u>186,645</u>	<u>205,414</u>
Total Current Liabilities	<u>2,848,966</u>	<u>2,971,756</u>

Operating lease liabilities	97,354	226,344
Finance leases payable	346,622	157,424
Finance leases payable related party	<u>281,030</u>	<u>364,654</u>
Total Long Term Liabilities	<u>725,006</u>	<u>748,422</u>

Total Liabilities 3,573,972 3,720,178

Commitments and contingencies

Stockholders' Equity:

Preferred stock, Series A par value \$.001; 10,000,000 shares authorized; 0 and 0 shares issued and outstanding in 2022 and 2021, respectively	—	—
Common stock, par value \$.001; 250,000,000 shares authorized; 6,822,127 and 6,693,793 shares issued and outstanding in 2022 and 2021, respectively	6,822	6,694
Additional paid in capital	38,891,891	38,241,155
Accumulated deficit	<u>(16,759,284)</u>	<u>(15,530,576)</u>
Total Data Storage Corp Stockholders' Equity	22,139,429	22,717,273
Non-controlling interest in consolidated subsidiary	<u>(132,805)</u>	<u>(102,628)</u>
Total Stockholder's Equity	<u>22,006,624</u>	<u>22,614,645</u>
Total Liabilities and Stockholders' Equity	<u>\$ 25,580,596</u>	<u>\$ 26,334,823</u>

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Sales	\$ 4,419,285	\$ 3,860,258	\$ 17,904,233	\$ 9,963,198
Cost of sales	<u>2,566,984</u>	<u>2,317,668</u>	<u>11,847,460</u>	<u>5,805,368</u>
Gross Profit	1,852,301	1,542,590	6,056,773	4,157,830
Selling, general and administrative	<u>2,075,525</u>	<u>1,874,258</u>	<u>7,129,595</u>	<u>4,549,499</u>
Loss from Operations	<u>(223,224)</u>	<u>(331,668)</u>	<u>(1,072,822)</u>	<u>(391,669)</u>
Other Income (Expense)				
Interest expense, net	(29,739)	(15,726)	(186,063)	(97,392)
Loss on disposal of equipment	—	—	—	(29,732)
Gain on forgiveness of debt	—	481,977	—	789,277
Total Other Income (Expense)	<u>(29,739)</u>	<u>466,251</u>	<u>(186,063)</u>	<u>662,153</u>
Income (Loss) before provision for income taxes	(252,963)	134,583	(1,258,885)	270,484

Provision for income taxes	—	—	—	—
Net Income (Loss)	(252,963)	134,583	(1,258,885)	270,484
Non-controlling interest in consolidated subsidiary	7,344	1,047	30,177	6,358
Net Income (Loss) attributable to Data Storage Corp	(245,619)	135,630	(1,228,708)	276,842
Preferred Stock Dividends	—	—	—	(63,683)
Net Income (Loss) Attributable to Common Stockholders	\$ (245,619)	\$ 135,630	\$ (1,228,708)	\$ 213,159
Earnings per Share – Basic	\$ (0.04)	\$ 0.02	\$ (0.18)	\$ 0.05
Earning pers Share – Diluted	\$ (0.04)	\$ 0.02	\$ (0.18)	\$ 0.05
Weighted Average Number of Shares – Basic	6,822,127	6,350,826	6,759,247	4,530,188
Weighted Average Number of Shares – Diluted	6,822,127	6,482,577	6,759,247	4,720,546

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended	
	September 30,	
	2022	2021
Cash Flows from Operating Activities:		
Net Income (Loss)	\$ (1,258,885)	\$ 270,484
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	932,328	947,669
Stock based compensation	643,930	120,252
Gain on forgiveness of debt	—	(789,277)
Loss on disposal of equipment	—	29,732
Changes in Assets and Liabilities:		
Accounts receivable	373,201	106,797
Other assets	(63,023)	(344)
Prepaid expenses and other current assets	(331,618)	(154,912)
Right of use asset	145,853	(227,732)
Accounts payable and accrued expenses	147,487	(206,385)

Deferred revenue	(295,822)	(151,103)
Deferred tax liability	—	(19,362)
Operating lease liability	(147,759)	227,226
Net Cash Provided by Operating Activities	<u>145,692</u>	<u>153,045</u>
Cash Flows from Investing Activities:		
Capital expenditures	(62,564)	(418,422)
Cash acquired in business acquisition	—	212,068
Cash consideration for business acquisition	—	(6,149,343)
Net Cash Used in Investing Activities	<u>(62,564)</u>	<u>(6,355,697)</u>
Cash Flows from Financing Activities:		
Proceeds from line of credit	—	50,000
Repayments of finance lease obligations related party	(644,209)	(886,189)
Repayments of finance lease obligations	(299,954)	(111,995)
Proceeds from issuance of common stock with warrants	—	16,944,380
Cash received for the exercised of warrants	—	3,381,271
Cash received for the exercised of options	6,935	—
Repayments of Dividend payable	—	(1,179,357)
Repayment of line of credit	—	(24)
Net Cash (Used in) Provided by Financing Activities	<u>(937,228)</u>	<u>18,198,086</u>
Increase (Decrease) in Cash and Cash Equivalents	(854,100)	11,995,434
Cash and Cash Equivalents, Beginning of Period	<u>12,135,803</u>	<u>893,598</u>
Cash and Cash Equivalents, End of Period	\$ 11,281,703	\$ 12,889,032
Supplemental Disclosures:		
Cash paid for interest	\$ 100,482	\$ 92,779
Cash paid for income taxes	\$ —	\$ —
Non-cash investing and financing activities:		
Accrual of preferred stock dividend	\$ —	\$ 63,683
Assets acquired by finance lease	\$ 1,094,051	\$ 50,000



Source: Data Storage Corp.