

May 15, 2023



Data Storage Corporation Achieves Profitability for the First Quarter of 2023

MELVILLE, N.Y., May 15, 2023 (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 three months ended March 31, 2023.

Chuck Piluso, CEO of Data Storage Corporation, commented, "We are implementing a number of strategic business initiatives that are expected to further accelerate growth, such as expanding our dedicated sales teams, hosting revenue-driven sales events, expanding our channel partner programs, and increasing our international footprint through strategic partnerships. At the same time, we remain focused on streamlining operations and consolidating redundant business expenses. By executing on these initiatives, while focusing our efforts on long-term, high-margin, subscription-based contracts, we believe we can achieve sustained profitability and maximize returns for our shareholders."

"Towards this end, I'm pleased to report we achieved profitability for the first quarter of 2023 on \$6.9 million in revenue. We decreased our selling, general and administrative expenses by 13%, as a result of reallocating resources and eliminating redundancies. With approximately \$11 million of cash and short-term investments, and no debt, we believe we are well capitalized with a solid balance sheet and poised for rapid organic growth."

Conference Call

The Company plans to host a conference call at 10:00 am ET today, May 15, 2023, to discuss the Company's financial results for the first quarter of 2023 which ended March 31, 2023, as well as corporate progress and other developments.

The conference call will be available via telephone by dialing toll-free 877-451-6152 for U.S. callers or for international callers 1-201-389-0879. A webcast of the call may be accessed at https://viaavid.webcasts.com/starthere.jsp?ei=1612889&tp_key=d98847e007, or on the Company's News & Events section of the website, www.dtst.com/news-events.

A webcast replay of the call will be available on the Company's website (www.dtst.com/news-events) through May 15, 2024. A telephone replay of the call will be available approximately three hours following the call, through May 22, 2023, and can be accessed by dialing 844-512-2921 for U.S. callers or + 1-412-317-6671 for international callers and entering conference ID: 13738533.

About Data Storage Corporation

Data Storage Corporation (Nasdaq: DTST) is a family of fully integrated cyber security, cloud infrastructure, and voice & data companies, built around investments in proprietary IT solutions for a broad range of domestic and global customers, including Fortune 500 clients,

across a wide range of industries, such as government, education, and healthcare, with a focus on the rapidly growing, multi-billion-dollar business continuity market. A stable and emerging growth leader in cloud infrastructure support, DTST companies operate regional data center facilities across North America, sustainably servicing clients via recurring subscription agreements. Additional information about the Company is available at: www.dtst.com and on 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, 2022, 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]

CONSOLIDATED BALANCE SHEETS

	<u>March 31, 2023</u>	<u>December 31,</u>
	(Unaudited)	2022
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,882,039	\$ 2,286,722

Accounts receivable (less allowance for credit losses of \$31,136 and \$27,250 in 2023 and 2022, respectively)	3,671,170	3,502,836
Marketable securities	9,114,391	9,010,968
Prepaid expenses and other current assets	878,460	584,666
Total Current Assets	<u>15,546,060</u>	<u>15,385,192</u>
Property and Equipment:		
Property and equipment	7,597,462	7,168,488
Less—Accumulated depreciation	(5,177,980)	(4,956,698)
Net Property and Equipment	<u>2,419,482</u>	<u>2,211,790</u>
Other Assets:		
Goodwill	4,238,671	4,238,671
Operating lease right-of-use assets	175,842	226,501
Other assets	65,736	48,437
Intangible assets, net	1,905,914	1,975,644
Total Other Assets	<u>6,386,163</u>	<u>6,489,253</u>
Total Assets	\$ 24,351,705	\$ 24,086,235

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current Liabilities:

Accounts payable and accrued expenses	\$ 3,699,246	\$ 3,207,577
Deferred revenue	309,273	281,060
Finance leases payable	308,180	359,868
Finance leases payable related party	454,115	520,623
Operating lease liabilities short term	143,480	160,657
Total Current Liabilities	<u>4,914,294</u>	<u>4,529,785</u>

Operating lease liabilities	36,733	71,772
Finance leases payable	192,666	281,242
Finance leases payable related party	139,285	256,241
Total Long Term Liabilities	<u>368,684</u>	<u>609,255</u>

Total Liabilities	<u>5,282,978</u>	<u>5,139,040</u>
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Commitments and contingencies (Note 6)	—	—
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Stockholders' Equity:

Preferred stock, Series A par value \$.001; 10,000,000 shares authorized; 0 and 0 shares issued and outstanding in 2023 and 2022, respectively	—	—
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Common stock, par value \$.001; 250,000,000 shares authorized; 6,834,627 and 6,822,127 shares issued and outstanding in 2023 and 2022, respectively	6,835	6,822
Additional paid in capital	39,068,896	38,982,440
Accumulated deficit	<u>(19,836,712)</u>	<u>(19,887,378)</u>
Total Data Storage Corp Stockholders' Equity	19,239,019	19,101,884
Non-controlling interest in consolidated subsidiary	<u>(170,292)</u>	<u>(154,689)</u>
Total Stockholder's Equity	<u>19,068,727</u>	<u>18,947,195</u>
Total Liabilities and Stockholders' Equity	\$ 24,351,705	\$ 24,086,235

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March	
	31,	
	<u>2023</u>	<u>2022</u>
Sales	\$ 6,879,723	\$ 8,657,199
Cost of sales	<u>4,789,978</u>	<u>6,011,289</u>
Gross Profit	2,089,745	2,645,910
Selling, general and administrative	<u>2,130,759</u>	<u>2,459,866</u>
Income (Loss) from Operations	<u>(41,014)</u>	<u>186,044</u>
Other Income (Expense)		
Interest income (expense), net	<u>76,077</u>	<u>(42,660)</u>
Total Other Income (Expense)	<u>76,077</u>	<u>(42,660)</u>
Income before provision for income taxes	35,063	143,384
Benefit from income taxes	<u>—</u>	<u>—</u>
Net Income	35,063	143,384
Non-controlling interest in consolidated subsidiary	<u>15,603</u>	<u>12,626</u>
Net Income Attributable to Common Stockholders	\$ 50,666	\$ 156,010
Earnings per Share – Basic	\$ 0.01	\$ 0.02
Earnings per Share – Diluted	\$ 0.01	\$ 0.02
Weighted Average Number of Shares - Basic	6,822,127	6,695,966

Weighted Average Number of Shares - Diluted

6,954,320

6,955,900

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March	
	31,	
	2023	2022
Cash Flows from Operating Activities:		
Net Income	\$ 35,063	\$ 143,384
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	288,710	351,338
Stock based compensation	86,469	66,505
Changes in Assets and Liabilities:		
Accounts receivable	(168,334)	(1,140,097)
Other assets	(17,300)	25,180
Prepaid expenses and other current assets	(293,794)	(719,842)
Right of use asset	50,659	47,962
Accounts payable and accrued expenses	491,669	2,991,981
Deferred revenue	28,213	(74,409)
Operating lease liability	(52,216)	(48,179)
Net Cash Provided by Operating Activities	449,139	1,643,823
Cash Flows from Investing Activities:		
Capital expenditures	(426,671)	(25,946)
Purchase of short-term investments	(103,423)	—
Net Cash Used in Investing Activities	(530,094)	(25,946)
Cash Flows from Financing Activities:		
Repayments of finance lease obligations related party	(183,464)	(274,393)
Repayments of finance lease obligations	(140,264)	(65,515)
Cash received for the exercised of options	—	6,935
Net Cash Used in Financing Activities	(323,728)	(332,973)
Increase (decrease) in Cash and Cash Equivalents	(404,683)	1,284,904
Cash and Cash Equivalents, Beginning of Period	2,286,722	12,135,803
Cash and Cash Equivalents, End of Period	\$ 1,882,039	\$ 13,420,707
Supplemental Disclosures:		
Cash paid for interest	\$ 24,863	\$ 41,040
Cash paid for income taxes	\$ —	\$ —
Non-cash investing and financing activities:		
Assets acquired by finance lease	\$ —	\$ 881,308



Source: Data Storage Corp.