

April 2, 2019



Data Storage Corporation Provides Business Update and Announces 2018 Financial Results

Achieves revenue growth and positive net income for 2018

MELVILLE, N.Y., April 02, 2019 (GLOBE NEWSWIRE) -- **Data Storage Corporation (OTC: DTST)** ("DSC" and the "Company"), a provider of diverse business continuity, disaster recovery protection, and cloud solutions and services, today provided a business update and announced its 2018 financial results.

Chuck Piluso, CEO of Data Storage Corporation, commented, "2018 was a solid year for the Company, with 8% revenue growth over 2017. More importantly, we set the stage for accelerated growth in 2019. We also carefully managed our expenses, which enabled us to achieve both an operating and net profit for the full year. Overall, we believe we have built a scalable operation and, as we continue to work with the goal of increasing revenue, we believe we are well-positioned to further enhance profitability. In addition to organic growth, we are also exploring potential opportunities to acquire cash flow positive businesses with complementary products and services."

"Heading into 2019, we are off to a strong start. We recently announced a \$3.5 million contract with a nationally respected apparel company, to provide state of the art data protection services. This contract is a further illustration of the traction we are gaining in the market through our ezMirror offering, which helps companies to cost effectively address their demanding data protection requirements for IBM i and AIX applications by replacing legacy tape-based recovery with a more robust solution. We are also pleased with the successful launch of our new data center located in North Carolina, which will help support the growing demand for our ezSolutions, including ezHost, ezRecovery and ezAvailability."

Financial Results

Net sales for the year ended December 31, 2018 were \$8,887,402, an increase of \$630,484 or 7.6%, compared to \$8,256,918 for the year ended December 31, 2017. The increase was attributable to the increase in equipment and software sales. Cost of sales for 2018 was \$5,427,990, an increase of \$517,659 or 10.5%, from \$4,910,331 for 2017. The increase in cost of sales was a result of an increase in equipment and software sold. Operating expenses for 2018 were \$3,124,052, a decrease of \$307,292, as compared to \$3,431,344 for 2017. The net decrease was a result of a decrease in staffing salaries, professional fees, travel, commissions, state filing fees and the recovery of bad debt. Net income for 2018 was \$236,671 an increase of \$425,164, as compared to net loss of \$(188,493) for 2017.

About Data Storage Corporation

The Company delivers and supports a broad range of premium technology solutions focusing on IaaS, data storage protection and IT management. Clients look to DSC to ensure disaster recovery, business continuity, enhance security, and to meet increasing industry, state and federal regulations. The Company markets to businesses, government, education and the healthcare industry by leveraging leading technologies. Through its business units, the Company provides IaaS, SaaS, DRaaS, VoIP, IBM Power systems and storage hardware with managed IT services. For more information, please visit <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. All statements other than statements of historical fact contained herein, including, without limitation, statements regarding the Company's future financial position, business strategy, plans and objectives, are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expects," "intends," "plans," "projects," "estimates," "anticipates," or "believes" or the negative thereof or any variation thereon or similar terminology or expressions. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from results proposed in such statements. 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, those factors set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 and its other filings and submissions with the SEC. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date made. Except as required by law, the Company assumes no obligation to update or revise any forward-looking statements.

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tables follow

DATA STORAGE CORPORATION AND SUBSIDIARY CONSOLIDATED BALANCE SHEETS

	December 31, 2018	December 31, 2017
ASSETS		

Current Assets:

Cash and cash equivalents	\$ 228,790	\$ 105,139
Accounts receivable (less allowance for doubtful accounts of \$30,000 in 2018 and \$90,000 in 2017)	531,245	406,393
Prepaid expenses and other current assets	167,891	120,217
Total Current Assets	<u>927,926</u>	<u>631,749</u>

Property and Equipment:

Property and equipment	5,293,711	5,237,965
Less—Accumulated depreciation	(4,005,338)	(3,614,177)
Net Property and Equipment	<u>1,228,373</u>	<u>1,623,788</u>

Other Assets:

Goodwill	3,015,700	3,015,700
Employee loans	-	3,000
Other assets	65,433	75,356
Intangible assets, net	846,713	1,044,046
Total Other Assets	<u>3,927,846</u>	<u>4,138,102</u>

Total Assets	<u>6,144,145</u>	<u>6,393,639</u>
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Accounts payable and accrued expenses	988,579	1,087,351
Dividend payable	846,685	733,673
Deferred revenue	435,406	566,731
Capital leases payable related party	509,487	658,476
Notes payable related party	—	186,906
Note payable	350,000	350,000
Total Current Liabilities	<u>3,130,157</u>	<u>3,583,137</u>

Deferred rental obligation	18,890	1,061
Notes payable related party	—	99,915
Capital leases payable related party, long-term	1,218,703	1,130,764
Total Long-Term Liabilities	<u>1,237,593</u>	<u>1,231,740</u>

Total Liabilities	<u>4,367,750</u>	<u>4,814,877</u>
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Commitments and contingencies

Stockholders' Equity

Preferred stock, Series A par value \$.001; 10,000,000 shares authorized; 1,401,786 shares issued and outstanding in each period	1,402	1,402
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Common stock, par value \$0.001; 250,000,000 shares authorized; 128,139,418 and 128,039,418 shares issued and outstanding in 2018 and 2017, respectively	128,139	128,139
Additional paid in capital	17,409,989	17,377,986
Accumulated deficit	(15,735,624)	(15,924,376)
Total Data Storage Corp Stockholders' Equity	1,803,906	1,583,151
	(27,511)	(4,389)
Non-controlling interest in consolidated subsidiary		
Total Stockholder's Equity	1,776,395	1,578,762
Total Liabilities and Stockholders' Equity	\$ 6,144,145	\$ 6,393,639

**DATA STORAGE CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS**

	Years Ended December 31,	
	2018	2017
Sales	\$ 8,887,402	\$ 8,256,918
Cost of Sales	5,427,990	4,910,331
Gross Profit	3,459,412	3,346,587
Selling, General and Administrative	3,124,052	3,431,344
Income (Loss) from Operations	335,360	(84,757)
Other Income (Expense)		
Other income	99	3,170
Interest expense	(98,788)	(106,906)
Total Other (Expense)	(98,689)	(103,736)
Income (Loss) Before Provision for Income Taxes	236,671	(188,493)
Provision for Income Taxes	—	—
Net Income (Loss)	236,671	(188,493)
Net Loss attributable to non-controlling interest	23,122	4,409
Net Income (Loss) attributable to Data Storage Corp	259,793	(184,084)
Preferred Stock Dividend	(113,012)	(114,536)

Net Income (Loss) Available to Common Shareholders	\$ 146,781	\$ (298,620)
Earnings (Loss) per Share – Basic	\$ 0.00	\$ 0.00
Earnings (Loss) per Share - Diluted	\$ 0.00	\$ 0.00
Weighted Average Number of Shares - Basic	128,139,418	128,092,569
Weighted Average Number of Shares - Diluted	131,939,979	128,092,569

DATA STORAGE CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2018	2017
Net Income (loss)	\$ 236,671	\$ (188,493)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	602,532	614,449
Stock-based compensation	32,003	183,703
Changes in Assets and Liabilities:		
Accounts receivable	(124,852)	401,122
Other assets	9,923	(20,832)
Prepaid expenses and other current assets	(47,674)	111,215
Employee loan	3,000	(3,000)
Accounts payable and accrued expenses	(98,774)	(266,270)
Deferred revenue	(89,353)	(352,372)
Deferred rent	17,829	(843)
Net Cash Provided by Operating Activities	541,305	478,679
Cash Flows from Investing Activities:		
Capital expenditures	(69,783)	—
Net Cash Used in Investing Activities	(69,783)	—
Cash Flows from Financing Activities:		
Repayments of capital lease obligations	(347,871)	(428,559)
Repayments of credit line	—	(50,412)
Repayments of related party loans	—	(150,386)
Net Cash Used in Financing Activities	(347,871)	(629,357)

Increase (Decrease) in Cash and Cash Equivalents	123,651	(150,678)
Cash and Cash Equivalents, Beginning of Year	<u>105,139</u>	<u>255,817</u>
Cash and Cash Equivalents, End of Year	<u>\$ 228,790</u>	<u>\$ 105,139</u>
Cash paid for interest	\$ 98,788	\$ 106,906
Cash paid for income taxes	\$ 5,604	\$ 1,877
Non-cash investing and financing activities:		
Assets acquired by capital lease	\$ —	\$ 1,836,714
Accrual of preferred stock dividend	\$ 113,012	\$ 114,536



Source: Data Storage Corp.