



Q2 FY'23 Update
Nasdaq: DTST

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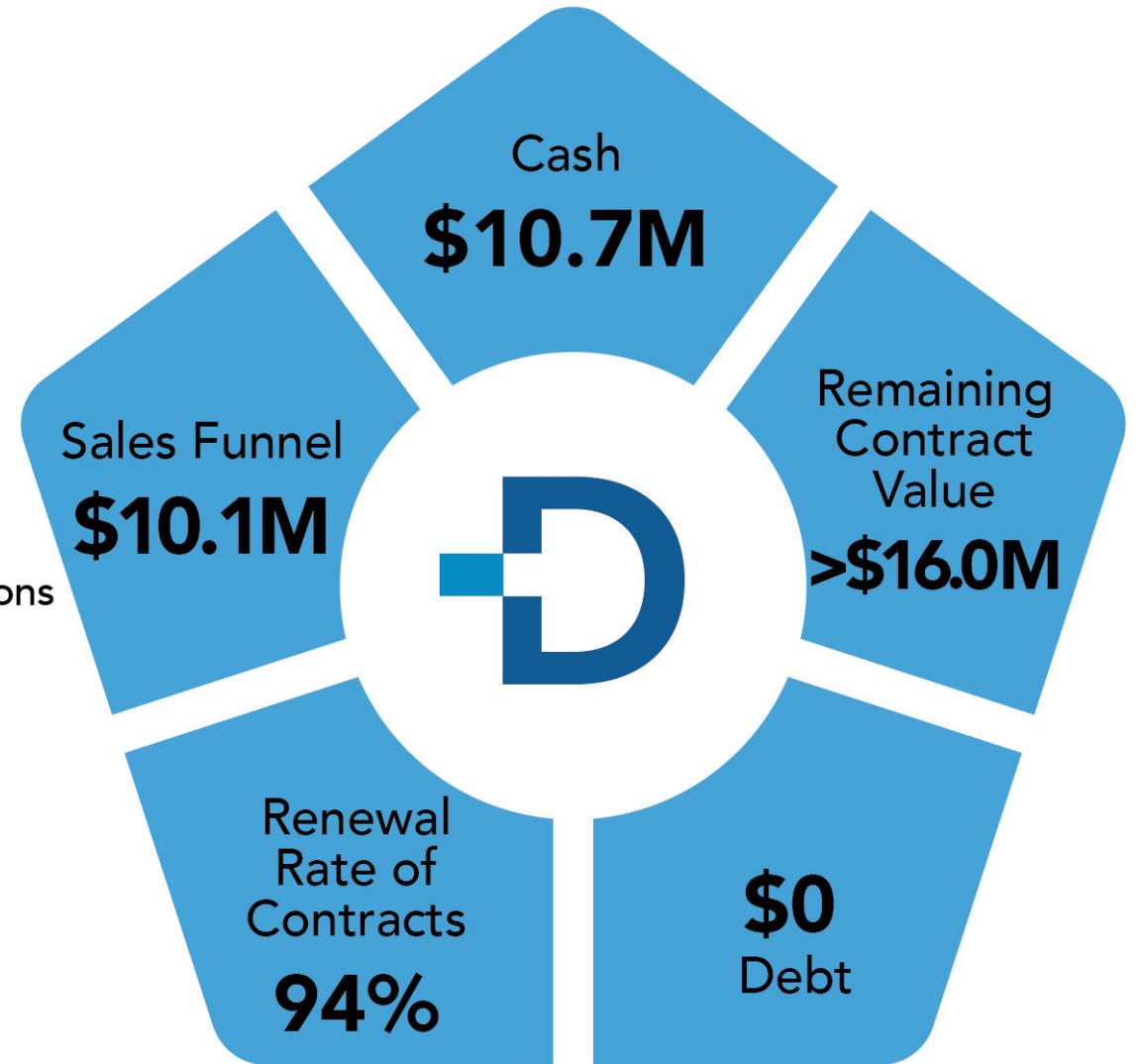
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About Data Storage Corporation

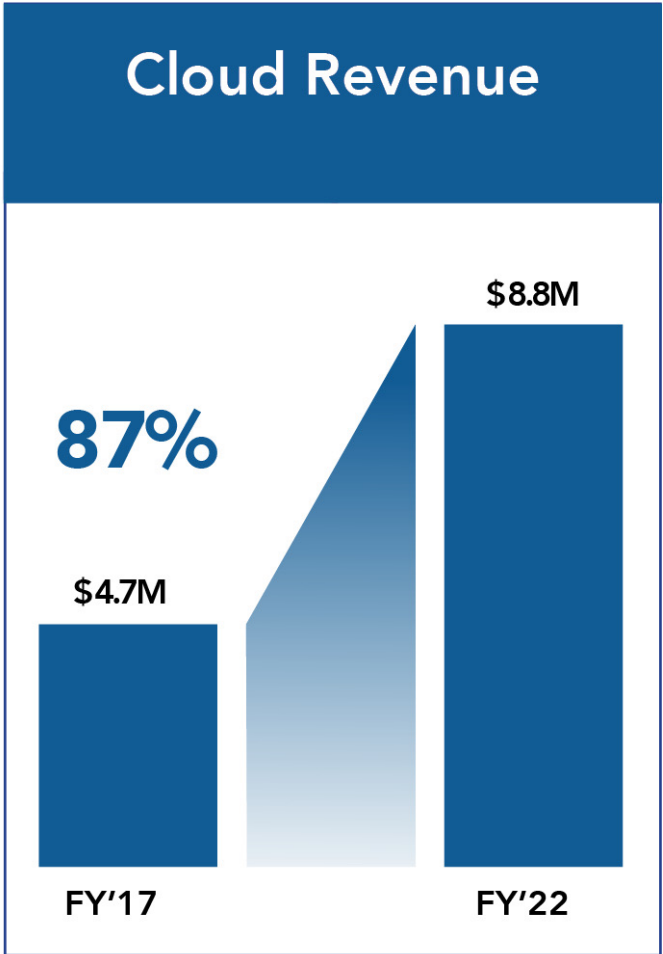
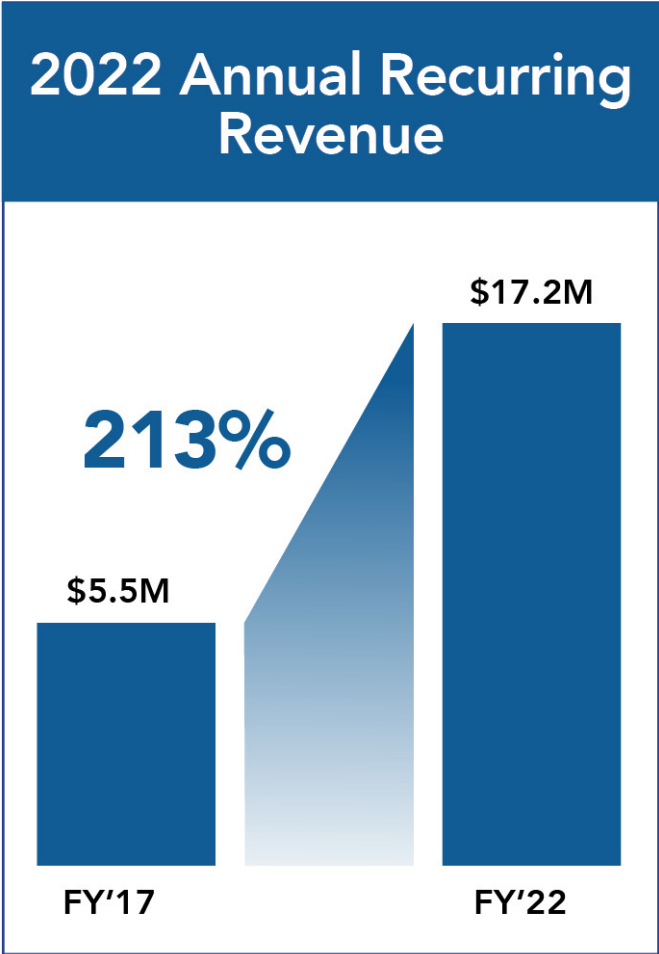
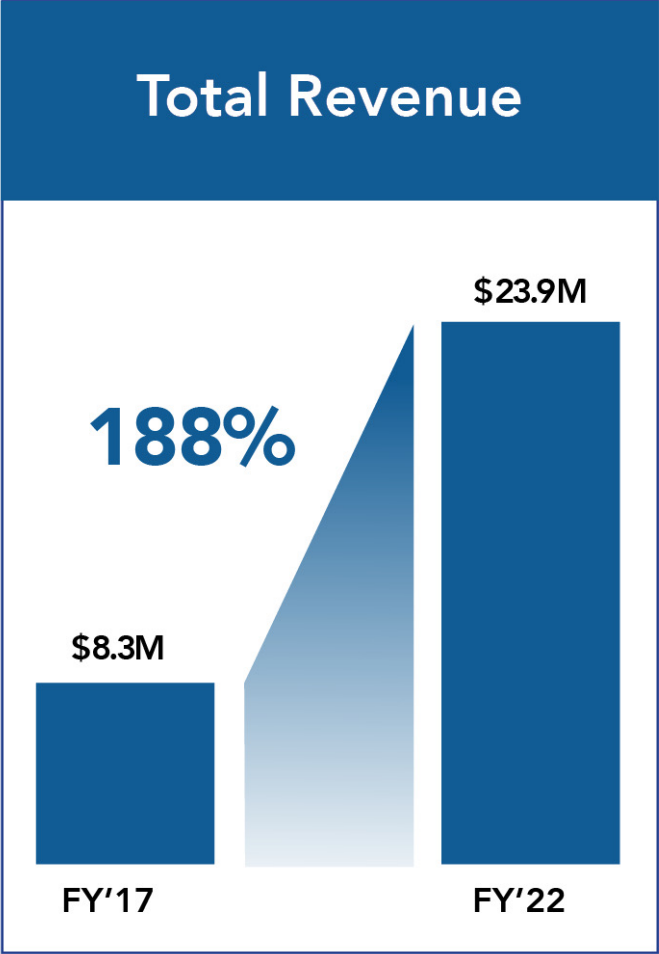
- Data Storage Corporation, a family of fully integrated business continuity, cloud infrastructure, cyber security, disaster recovery, and voice & data companies
- Focused on the rapidly growing, multi-billion-dollar business continuity market
- Emerging growth leader in IBM Power cloud infrastructure
- Built around investments in IT solutions for a broad range of enterprise and mid-market clients
- Clients served across a wide range of industries, such as government, education, and healthcare
- Regional data center facilities across USA and Canada, servicing clients primarily via recurring subscription agreements

Highlights

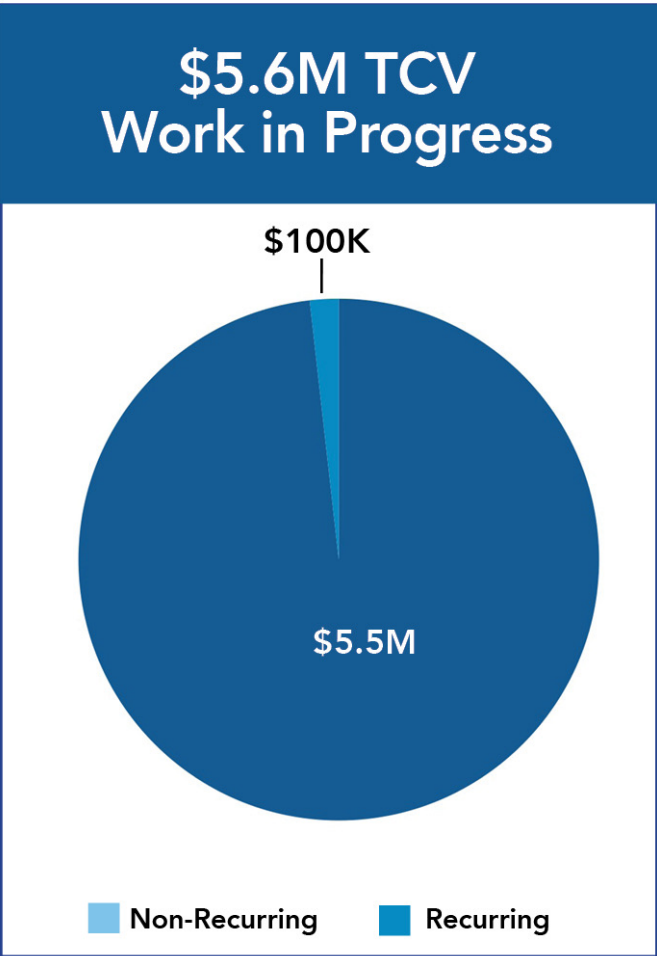
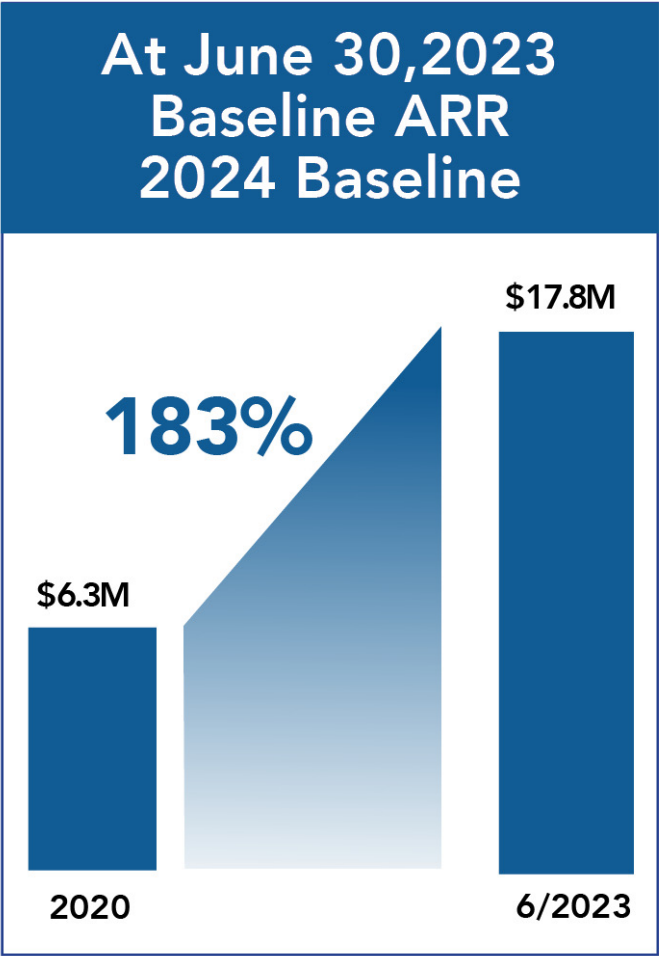
- Power server migration is underway
- Limited competition with high barriers to entry
- High margin, recurring, subscription-based revenue
- 450+ companies served
- Sales teams focused on direct and partner revenue growth
- Distribution network – over 25 companies providing our solutions
- Highly scalable global business model
- Ability to acquire accretive and synergistic businesses
- Proven management team with equity ownership



Momentum 2022

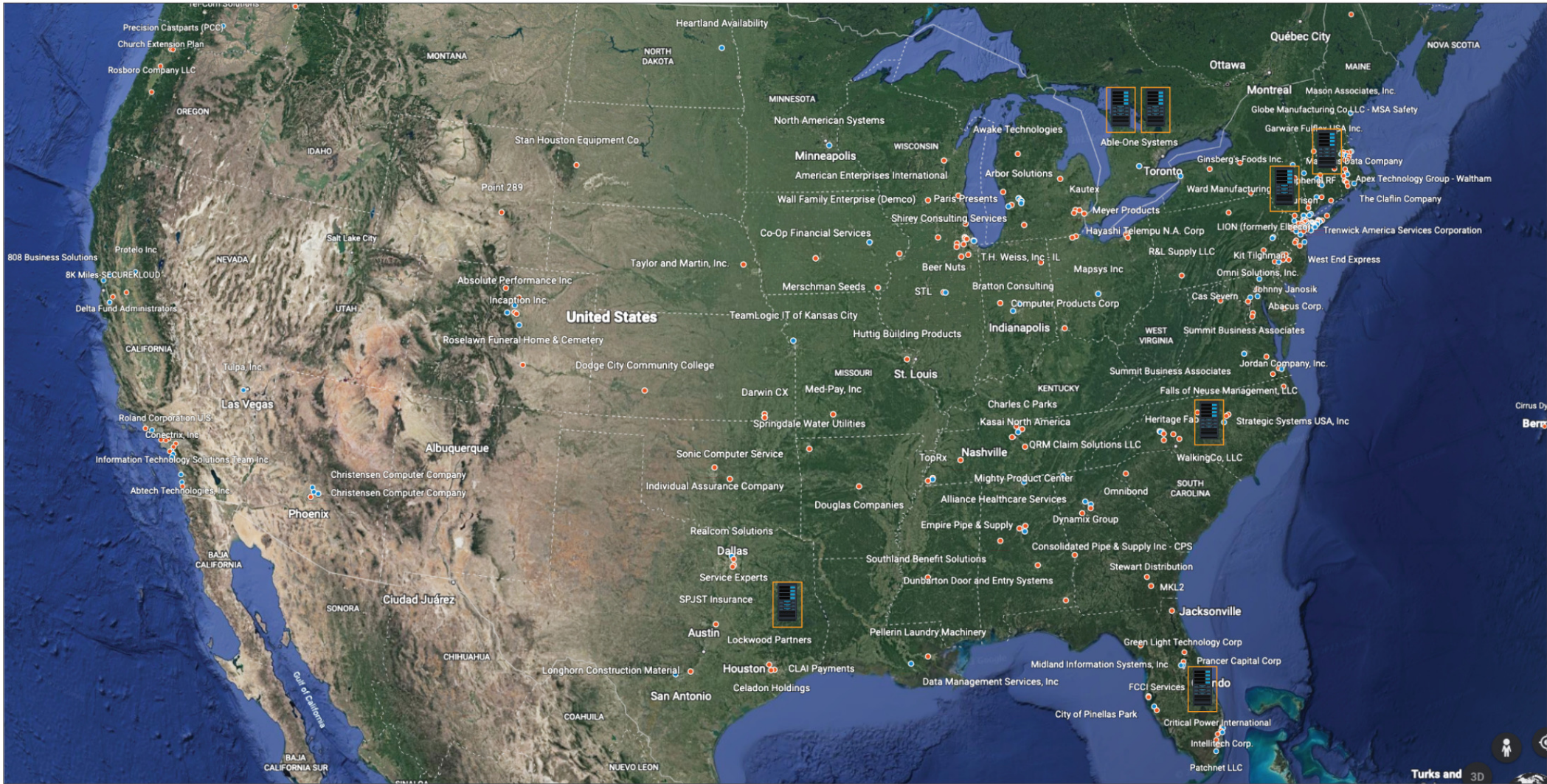


Sustainable Growth Through Retention and Upgrades



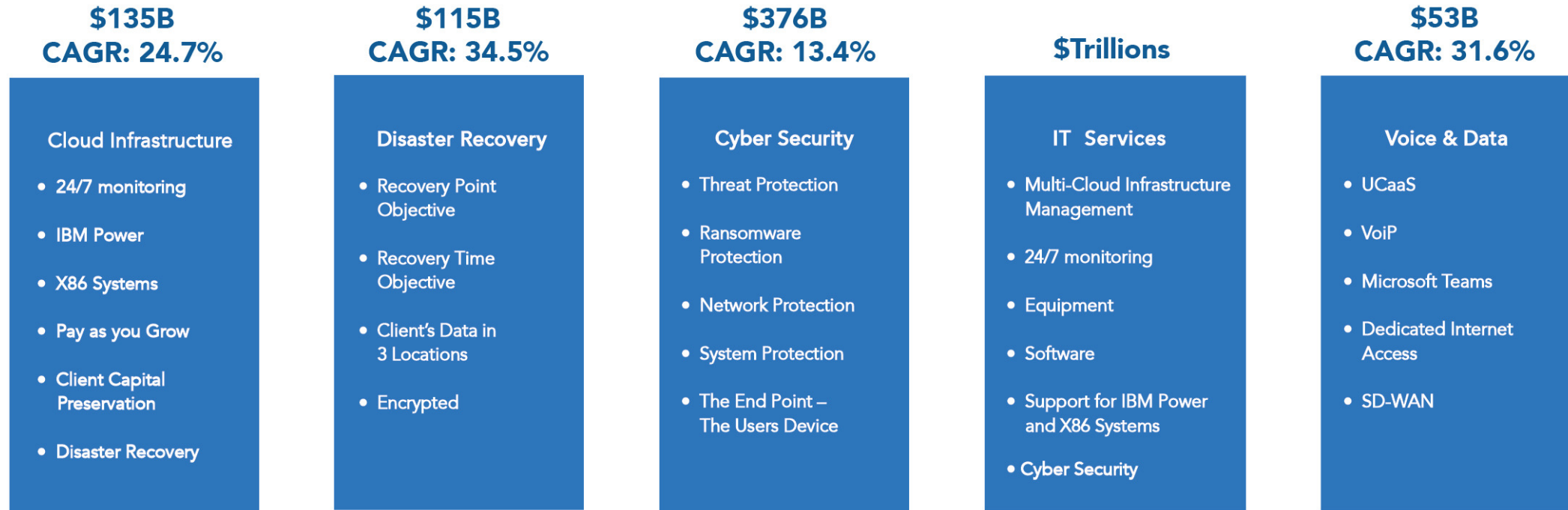
Customer satisfaction is a foundation for growth

U.S. and Canadian Clients, Distributors and Data Centers



● Clients ● Distributors 🖥 Data Centers

Solution Portfolio & Addressable Market



AIX IBM i Linux  Windows

Case Studies

IBM Recovery

FOSTER GRANT

FGX International (Foster Grant) is the U.S. leader in eyewear, ranked #1 in both sunglasses and readers.

Products: DSC's fully managed ezAvailability solution

Business Purpose: Due to the 24/7 nature of their business, FGX International needed a robust backup and recovery system to enable them to get up and running quickly in the event of a disaster.

Managed Services

FLEETCOR®

FLEETCOR is one of the largest global B2B payment companies focused on the transportation industry. They've assembled an A-team of business partners, payment networks and employees. They have the right technology and have made it their mission to develop and deliver better ways to pay.

Products: IBM Gateway, IBM Power Z Cloud, Big Fix, Red Hat Ansible

Business Purpose: To streamline their business processes and to ensure the health of their IT systems.

IBM Security



Max Finkelstein is one of the largest tire wholesale distributors in the northeast and mid-atlantic.

Products: Fully managed ezHost, ezAvailability, ezSecurity and Nexxis

Business Purpose: Max Finkelstein was looking to improve their system security and chose to go with our managed security package for IBM i to protect them from Ransomware and other cyber threats.

Hybrid Cloud



Atlanta Falcons is an NFL team located in Atlanta that also built and currently operates a state-of-the-art stadium — Mercedes Benz Stadium — using technology to differentiate and enhance the fan experience.

Products: IBM ESS and Flash Storage, IBM Discover and Spectrum Suite, IBM Cloud Pak for Data, QRadar on the Cloud (QRoC)

Business Purpose: To record via digital video, targeted to focus on fan safety. Additionally, to analyze content using IBM Watson Studio and analytics to understand fan behavior targeting season ticket holders. Position cybersecurity to provide proactive monitoring and management of their security environment.

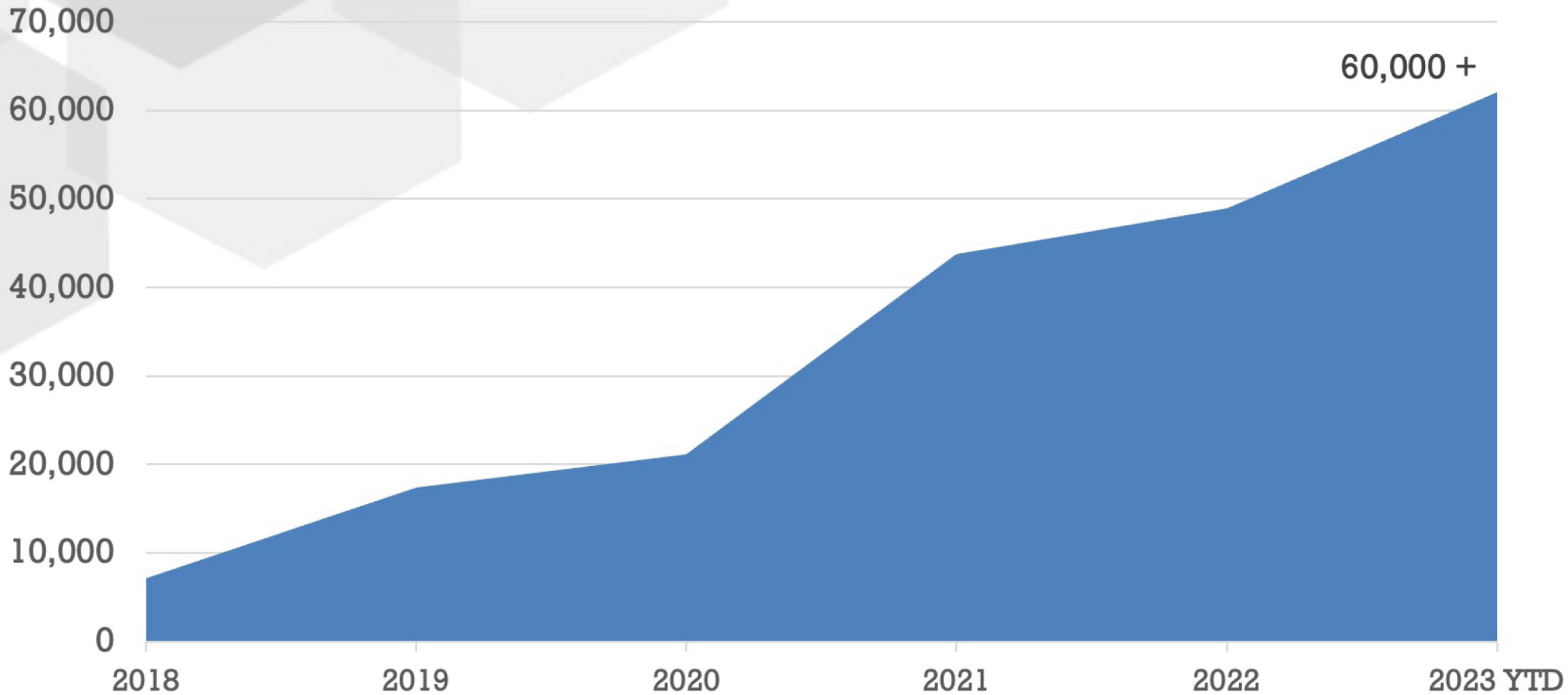
CloudFirst: Estimate of \$11 Billion Dollar ARR with Limited Competition

- Global cloud opportunity
 - Currently **15%** of the IBM Power servers are utilizing the cloud today - Prime use Disaster Recovery
 - Power i run mission critical applications
 - DSC has the platform and talent to capture the migration opportunity
 - 7 Tier 3 data centers currently in place with DSC assets
 - Companies served: **450+**
- Average revenue per subscription Virtual Machine on Disaster Recovery and cloud infrastructure: **\$36,000**
 - Typical contract term on cloud subscription services: **36** months
 - **94%** renewal rate on subscription agreements
 - Barrier to entry is high
 - Limited competition
 - Time to market considerations

DSC estimates 40% of users will migrate over next 5 years

5% of the 40% market share equals \$500M Annual Recurring Revenue

CloudFirst Website Visitors



■ Website Visitors

2022 Snapshot



\$23.9M

Revenue

6.8M

Outstanding Shares

72% 28%

Net Sales Split
between ARR/NRC

\$8.1M

Gross Profit

34%

Gross Profit Margin

\$0.004M

Adjusted EBITDA

Q2 FY'23 Snapshot

\$5.9M

Revenue

\$2.6M

Gross Profit

6.8M

Outstanding Shares

44%

Gross Profit Margin

61% 39%

Net Sales Split
between ARR/NRC

\$0.53M

Adjusted EBITDA

YTD FY'23 Snapshot

\$12.8M

Revenue

\$4.7M

Gross Profit

6.8M

Outstanding Shares

37%

Gross Profit Margin

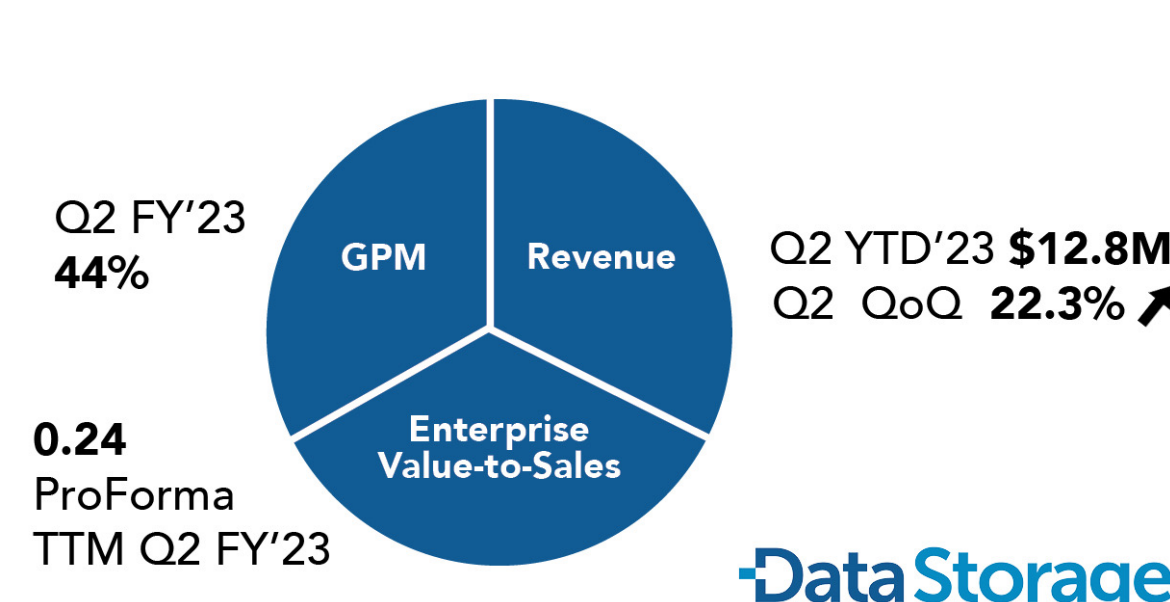
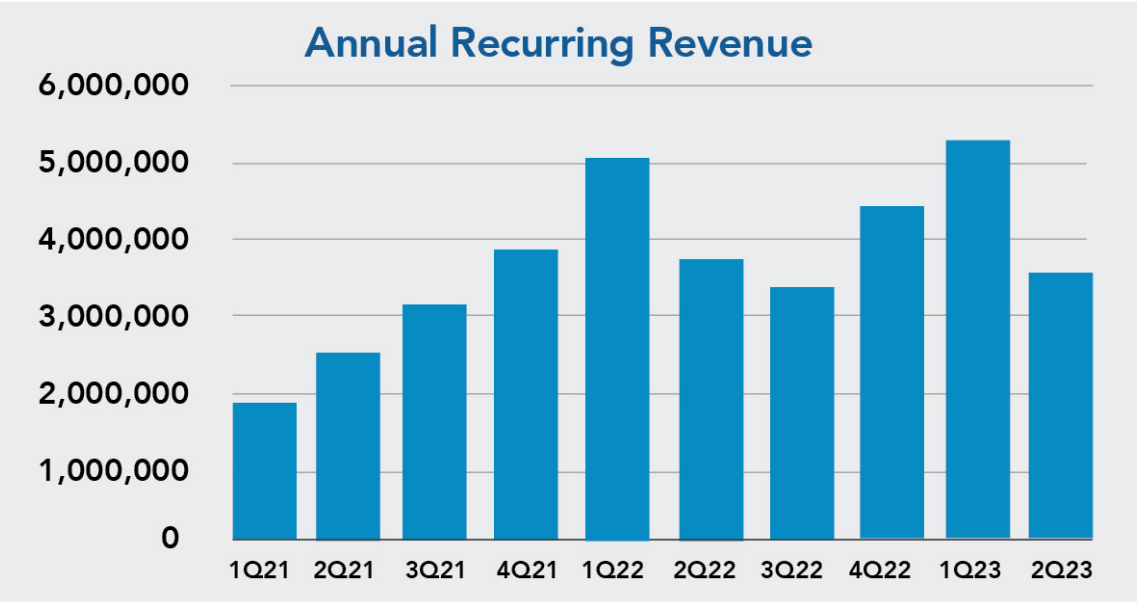
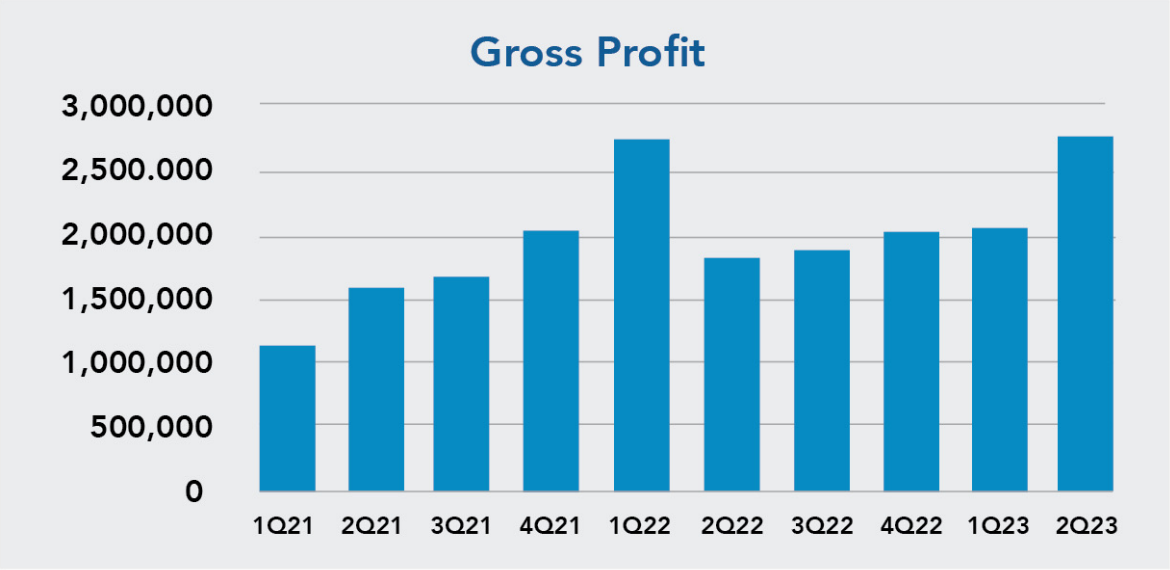
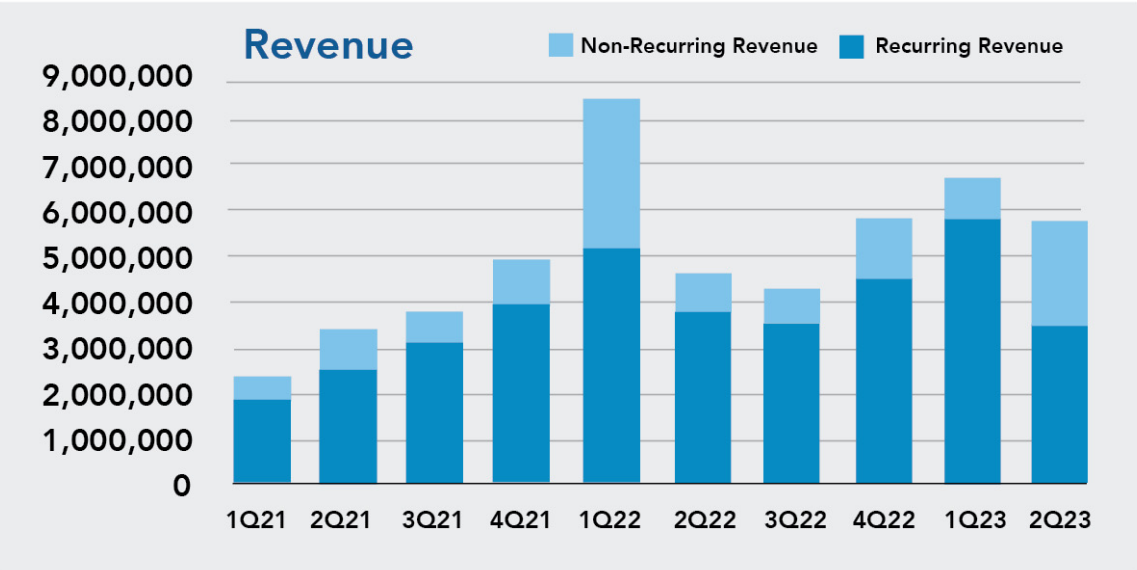
75% 25%

Net Sales Split
between ARR/NRC

\$0.86M

Adjusted EBITDA

Data Storage Corporation by Quarter



Subsidiary Revenue and Margin Percentage – Q2 '23

Sub's	CloudFirst	FSG	Nexxis	Total
Revenue	\$3.15M	\$2.49M	\$0.27M	\$5.9M
GPM	48.4%	38.0%	40.9%	43.7%
Sub's A-EBITDA	\$0.80M	\$0.33M	\$(0.06)M	\$1.07M

A-EBITDA does not include corporate overhead

Q2 FY'23 & June 2023 Trailing Twelve Months

Reflects continued investments in talent, innovation and go-to-market to drive organic growth

Q2 FY'23		Trailing Twelve Months Ending Q2 FY'23	
Total Revenues	\$5.9M	Total Revenues	\$23.2M
Cloud Revenues	\$2.5M	Cloud Revenues	\$9.4M
A-EBITDA	\$0.53M	A-EBITDA	\$0.50M

CloudFirst Organic Growth Plans and Capital Deployment

- Build on our current successful SEO programs
- Continue to Grow and Leverage the 35,000+ nurture list
 - Outbound marketing campaigns consisting of informative and educational publications focused on the latest trends in Cloud, IT Security, Business Continuity, and other topics.
- Increase partner engagement through training, marketing campaigns, and other sales initiatives.
- Grow our partner channel through outbound email campaigns to IT resellers, MSPs, and software vendors.
- Increase our win / close rate currently at 46% on SQL's following a proven sales process that differentiates us from the competition.
- Convert MQL's into opportunities through new campaign initiatives consisting of focused content and multi-touch, outreach efforts.
- Recruit sales reps with successful backgrounds and relationships in our focal areas to growing opportunities

FSG Organic Growth Plans and Capital Deployment

- **Marketing / Lead Generation**

- South East Solution Events (Georgia, Florida and Texas)
- www.flagshipsg.com (Modernize and Structural rebuild to improve SEO)
- Social Media (Update, Communication Strategies)
- Vendor and Partner lead generation
- Multi-Touch Campaigns (Security, Data protection, Hybrid Cloud Infrastructure, Business Continuity)

- **Direct Sales**

- Continued Cross-Selling DTST Subsidiary Products
- Building PipeLine, Closing Contract Services and Growing Profitable Resale Revenue
- Re-alignment of FSG Sales team (Improve Focus and Optimize for Growth)
- Account Management

- **Current Business Building**

- 3rd Party Teaming relationships (Growing MRR and Expanding Offerings)
- Referral Programs (Expanding Opportunity and Rewarding Relationships)
- Service Delivery Consolidation (Improving Customer Experience and Reducing Costs)

Nexxis Organic Growth Plans and Capital Deployment

Added in 2H'23:

- **New Staffing Resources**
 - Direct Business Development Reps focused on NY Metro Area

Planned Additions in 2024:

- **New Staffing Resources**
 - Direct Business Development Representative
 - Channel Business Development Representative
 - Technical Support Specialist
- **Focus**
 - Marketing Campaigns to drive business from Referral/Channel Partners, Vertical Industries incl Medical, Education, Manufacturing, Professional Services)
 - Networking Campaigns
- **Expansion of Portfolio with New Solutions:**
 - New Remote Worker Applications providing Video Conferencing alternatives to Teams/Zoom
 - Call Center/Contact Center offering with Artificial Intelligence (AI) Features

Acquisition Strategy

Opportunities exist to acquire managed service providers:

- Enhancing solution portfolio
- Increase client base for cross selling
- Increase distribution channels
- Expand management and technical expertise
- Increase cash flow

Reduce costs through economies of scale while increasing market share and consolidating efforts:

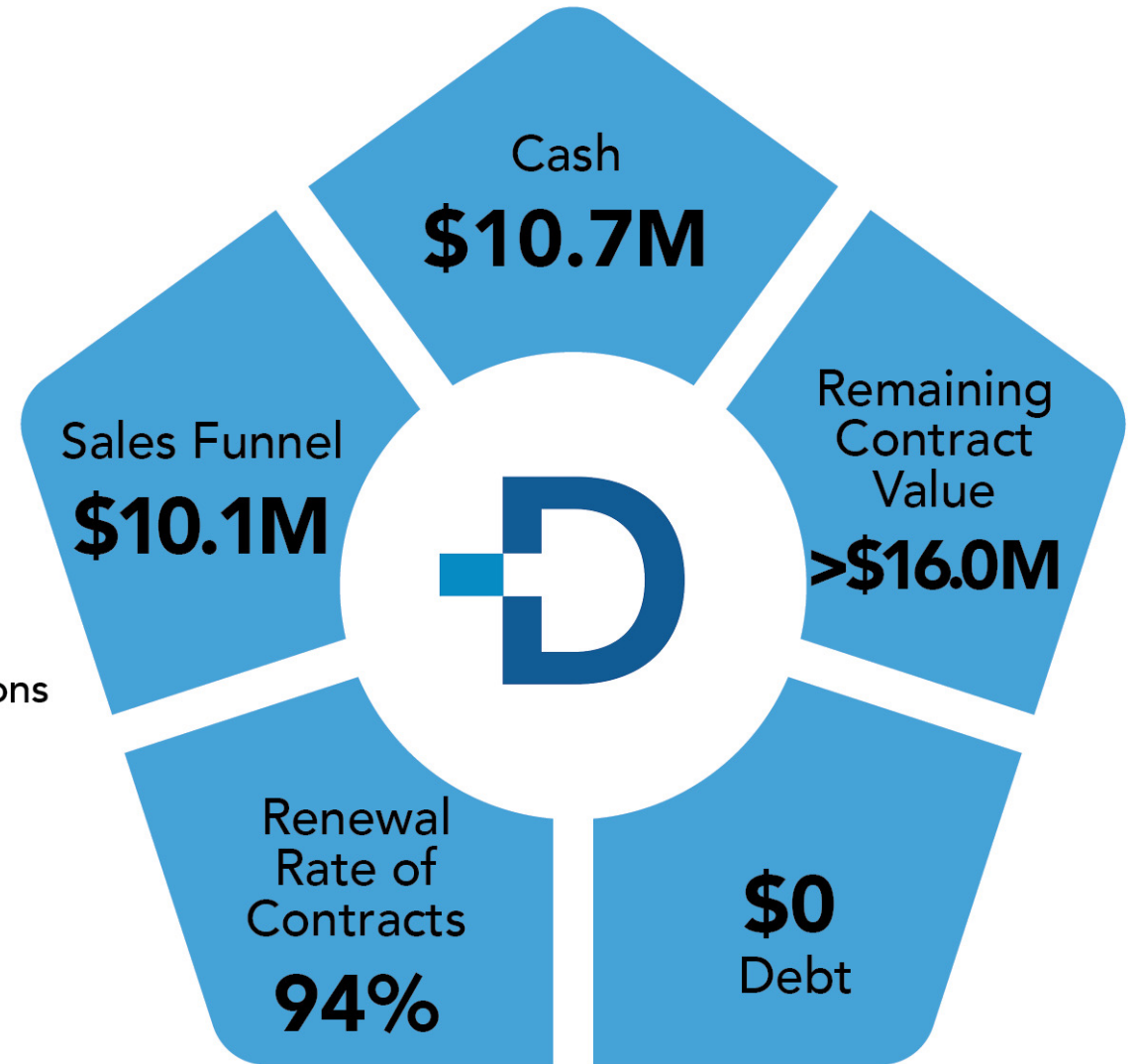
- Data center costs
- Technical teams
- Sales organization
- Vendor market dollars
- Vendor spending

The consolidation of technical companies and system integrators form a powerful distribution channel for both our current and future service offerings

Acquire synergistic and cash flow positive companies

Summary

- Migration is underway: CloudFirst 60,000+ visitors YTD
- Limited competition with high barriers to entry
- High margin, recurring, subscription-based revenue
- 450+ clients served
- Sales teams focused on direct and partner revenue growth
- Distribution network – over 25 companies providing our solutions
- Highly scalable global business model
- Ability to acquire accretive and synergistic businesses
- Proven management team with equity ownership



Positioning to become the AWS of IBM Power Systems

DataStorage
CORPORATION

www.DataStorageCorp.com

Corporate Headquarters

48 South Service Road
Melville, New York 11747
Tel. 212.564.4922



Q2 FY'23

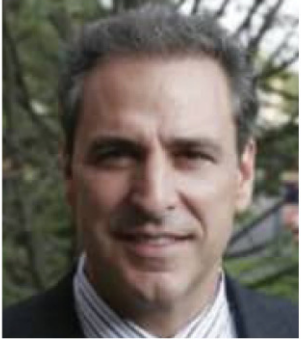
Nasdaq: DTST

Shares and Warrants



* 2.2M Warrants can bring in \$13M - Average Strike Price \$6.50

Senior Management Team



Charles M. Piluso, Chief Executive Officer

Founder, North American Telecommunications Corporation, 1997-2000, \$100 Million valuation within 2 years. Founder, International Telecommunications Corporation in 1990, 5th largest USA international carrier by 1995. Roll up: \$800 Million IPO in 1997. Fortune 10 experience: ITT Corporation and United Technologies Corporation. St. John's University: BS, MA, MBA.



Hal Schwartz, President

25 years of leading and growing successful technology companies. Co-founded, ABC Services in 1994 and served as vice president sales and marketing. Co-founded Secure Infrastructure in 2012 with DSC. California State University, San Bernardino: BA.



Chris Panagiotakos, Chief Financial Officer

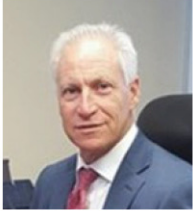
Responsible for all aspects of Finance and Accounting, Chris is an integral member of our M&A team. With over 24 years in public company accounting experience, he holds a Bachelor of Business Administration in Accounting from Bernard M. Baruch College, a Masters of Business Administration from Texas A&M University-Commerce, and he is a Certified Public Accountant.



Thomas Kempster, Chief Executive Officer

Tom is highly focused on the development of enterprise distribution channels, expansion of existing service lines and the formation of strategic partnerships. Previously, President of Service Operations for DSC. Prior to Flagship, Tom founded ABC Services, Inc., a managed services provider specializing in IBM Power environments. ABC Services was acquired in 2016 by DSC.

Independent Directors



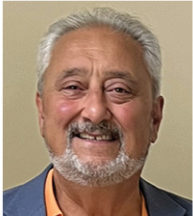
Lawrence A. Maglione, Director

Mr. Maglione has been a Director since 2008. Mr. Maglione has been a partner in the accounting firm Eisner & Maglione CPAs, LLC since January 2007. Mr. Maglione spent over 14 years in public accounting, including management level at Deloitte.



Matt Grover, Director

Mr. Grover has served as a Director since November 5, 2019. Since January 2019, Mr. Grover has served as the Executive Vice President of Business Services at Altice USA (NYSE: ATUS).



John Argen, Director

Mr. Argen has been a Director since 2008. Mr. Argen has been a Business Consultant and Developer specializing in the information technology, telecommunications.



Todd A. Correll, Director

Mr. Correll has served as a Director from August 2014 until September 6, 2017 and then was reappointed to serve as a Director on November 5, 2019.



Joseph B. Hoffman, Director

Mr. Hoffman has been a Director since 2008. Mr. Hoffman has been a partner at Kelley Drye & Warren LLP in the firm's Washington, D.C. office since June 1999.