

Form 51-102F3
Material Change Report

1. **Name and Address of Company**

Direct Communication Solutions, Inc. (the “Company”)
17150 Via Del Campo
San Diego, CA 92127

2. **Date of Material Change**

January 7, 2020

3. **News Release**

A press release was issued on January 7, 2020 and disseminated through Market News and Stockwatch.

4. **Summary of the Material Change**

Direct Communication Solutions, Inc. Completes Distribution.

5. **Full Description of the Material Change**

Direct Communication Solutions, Inc. (the “Company”) is pleased to announce the closing of its initial public offering, consisting of a new issue of 1,328,500 shares of common stock of the Company (“Shares”) priced at CDN\$2.00 per Share, for gross proceeds of CDN\$2,657,000 (the “Offering”).

“The listing on the Canadian Securities Exchange creates opportunities for DCS to build upon our success and complete the development of our new products,” says Chief Executive Officer Christopher Burse. “Having access to additional capital will allow us to accelerate our growth, furthering our position as a fully integrated Internet of Things (IoT) products, services and solutions provider.”

Industrial Alliance Securities Inc. (the “Agent”) acted as lead agent for the initial public offering. In connection with the Offering, the Company granted an aggregate of 106,280 agent compensation warrants, exercisable for a period of 24 months from the date of listing, to purchase an additional 106,280 Shares. In addition, the Agent received a cash commission equal to 8.0% of the gross proceeds of the Offering. The Company also reimbursed the Agent for its expenses and costs, including legal fees, in relation to the Offering.

On January 6, 2020, the Canadian Securities Exchange (“CSE”) issued a bulletin approving the listing of the Shares (the “Exchange Bulletin”). As per the Exchange Bulletin the Shares commenced trading on the CSE on January 7, 2020 and were immediately halted pending the CSE’s receipt and review of the final Offering documentation. It is expected that the Shares will resume trading under the trading symbol “DCSI” on January 8, 2020.

6. **Reliance on subsection 7.1(2) or (3) of National Instrument 51 – 102**

Not applicable.

7. **Omitted Information**

Not applicable.

8. **Executive Officer**

Chris Bursey,
CEO and Director
Phone: (858) 798-7100

9. **Date of Report**

January 7, 2020