

# DIRECT COMMUNICATION SOLUTIONS ANNOUNCES INTERIM FINANCIAL STATEMENTS FOR Q1 2024

**San Diego, California--(Newsfile Corp. – May 30, 2024)** - Direct Communication Solutions, Inc. (OTCQX: DCSX) (CSE: DCSI) (FSE: 7QU0) ("DCS" or the "Company"), a leading provider of information technology solutions for the Internet of Things (IoT) market, is pleased to announce it has posted its Interim Financial Statements for the first quarter ended March 31, 2024, and the corresponding Management Discussion & Analysis on SEDAR+.

## Significant Highlights

The following highlights and developments are for the first quarter ended March 31, 2024:

- Continuing the transition to a SaaS Solutions provider focusing on high margin recurring revenue. Recurring SaaS revenues increased 13% and gross margins increased 5.1% from the same period as last year.
- Continuing aggressive cost cutting initiatives to reduce overall expenses and focus on delivering high margin recurring revenues. Reduced general and administrative expenses \$1,087,655 for the three months ended March 31, 2024, compared to the same period in 2023.
- Entered into a strategic licensing and reseller agreement with System Loco Ltd for supply chain solutions and CATrack Technologies for catalytic converter theft prevention. Both strategic agreements complement the DCS IoT Solutions portfolio and expect to generate future recurring SaaS revenues.

CEO of Direct Communication Solutions, Chris Bursey, reports strong Q1 2024 increase in recurring SaaS revenues and continued growth from our SaaS subscriber base, as highlighted by the subsequent information:

Direct Communication Solutions Inc. had first-quarter 2024 revenues of \$1.88 million (U.S.) versus \$3.19 million (U.S.) in Q1 2023, representing a decrease of 41 percent year over year. The decrease in revenue was primarily attributed to restructuring the company to focus on high margin recurring SaaS revenue, versus lower margin, one-time hardware sales.

Q1 2024 gross profit was \$657k (U.S.) versus \$951k (U.S.) in Q1 2023, representing a 31-per-cent decrease. Q1 2024 gross margin was 34.9% versus 29.8% in Q1 2023, an increase of 5.1%. The Q1 2024 net loss ended March 31, 2024, was reported at \$501k (U.S.) versus a net loss of \$1.2 million (U.S.) in Q1 2023. Q1 2024 adjusted EBITDA was (\$481k) (U.S.) versus (\$901k) in Q1 2023, representing a 46-percent improvement.

"In Q1 2024, the Direct Communication team continued to focus and execute our strategy of providing IoT solutions that generate recurring revenue with higher margins. We are executing this transition, which we believe will bring maximum value to our shareholders. Management has secured some key wins, with several large customers, demonstrating our ability to execute." Chris Bursey also commented,

"We have added a significant number of new SaaS subscribers in Q1 2024 and have a strong backlog of new subscribers that will add to our recurring SaaS revenues. We are significantly reducing operating costs and increasing recurring revenues by delivering unique and customizable IoT solutions that will continue our future growth."

The conversion rate is \$1 (U.S.) to \$1.32 (Canadian).

We seek Safe Harbor.

About Direct Communication Services Inc.

DCSI is a technology solutions integrator focusing on connecting the Internet of Things. We provide real solutions that solve real problems. Our software applications and scalable cloud services collect and assess business-critical data from all types of assets. DCSI is headquartered in San Diego, California and is publicly traded on the OTCQX ("DCSX"), Canadian Securities Exchange ("DCSI") and Frankfurt Stock Exchange ("7QU0"). For more information, visit [www.dcsbusiness.com](http://www.dcsbusiness.com). DCSI and the DCSI logo are among the trademarks of DCSI in the United States. Any other trademarks or trade names mentioned are the property of their respective owners.

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Forward-Looking Statements

This release contains forward-looking statements reflecting management's current views of future events and operations. These statements are based on current expectations and assumptions, subject to risks and uncertainties that could cause results to differ materially. DCS believes that these potential risks and uncertainties include, without limitation: the ongoing COVID-19 pandemic, the Company's dependence on third-party manufacturers, suppliers, technologies, and infrastructure; risks related to intellectual property; industry risks, including competition, online security, government regulation, and global economic conditions; and the Company's financial position and need for additional funding. Statements in this release should be evaluated in light of these factors. These risk factors and other important factors that could affect our business and financial results are discussed in our Management's Discussion and Analysis, periodic reports, and other public filings available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and posted with the OTC Disclosure and News Service. DCS undertakes no duty to update or revise any forward-looking statements.

*Neither the Canadian Securities Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this release.*