



DIRECT COMMUNICATION SOLUTIONS ANNOUNCES Q3 FINANCIALS FOR 2024 AND OPERATIONAL HIGHLIGHTS

San Diego, California--(Newsfile Corp. - November 18, 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 report its Interim financial results for the third quarter ended September 30, 2024 and highlight significant achievements and strategic initiatives.

Significant Highlights

- **Project Awards:** During the period ended, the Company was named finalists for the three global IoT projects of the year awards.
- **New Recurring Revenue:** The Company received 2,295 new recurring revenue orders that will generate high margin recurring revenues to the growing subscriber base.
- **SaaS Solutions:** The Company enabled SaaS Solutions channel of dealers and resellers with promotions across multiple markets to position SaaS Solutions and increase future sales.
- **Business Strategy:** As a strategic move of the organization, the company restructured focus and operations to focus on long-term strategy of recurring revenue through SaaS Solutions. The restructuring aims to streamline the Company's resources and reduce overall expenses significantly.
- **MiFleet VisionOne:** The Company received approval of the MiFleet VisionOne Pro dash camera on various cellular network operators to strengthen its unique position in the video telematics market.
- **Debt Restructure:** The Company has successfully restructured 6.1M in debt owed to its largest supplier. The supplier has forgiven 2.9M in payables and 3.2M has been restructured to a five-year term loan, principal to be repaid at the end of the five-year term and 10% interest to be paid annually.
- **Ended the period September 30, 2024 with customer purchase backlog of \$1.2M.**

Financial Performance

Direct Communication Solutions Inc. reported third-quarter 2024 revenues of \$1.55 million (U.S.), compared to \$3.42 million (U.S.) in Q3 2023, representing a **55%** year-over-year decrease. The nine-month ended September 2024 period reported revenues of \$4.89 million (U.S.) compared to \$11.20 million (U.S.), representing a **56%** year-over-year decrease. This decrease is attributed to the Company's ongoing restructuring to prioritize high-margin recurring SaaS revenue over lower-margin, one-time hardware sales.

The third-quarter 2024 gross profit was \$0.55 million (U.S.), compared to \$1.02 million (U.S.) Q3 2023, reflecting a **46%** decrease. The nine-month period end September 2024 gross profit was \$1.83 million (U.S.) compared to \$3.59 million (U.S.) for the same period last year, reflecting a **49%** decrease. However, the gross margin for third quarter of 2024 improved to **36%** from **30%** in Q3 2023 and **37%** from **32%** for the nine-month ended period, reflecting an increase of **6%** for the third quarter and an increase of **5%** for the nine-month period. The net income for quarter end Q3 2024 was \$2.01 million (U.S.), an increase from a net loss of \$1.13 million (U.S.) in Q3 2023. The net income for the nine-month period ended September 2024 was \$0.89 million (U.S.), an increase from a net loss of \$3.47 million (U.S.) Adjusted EBITDA for quarter ended Q3 2024 was (\$279,197) (U.S.), compared to (\$0.51 million) in Q3 2023, marking a **46%** improvement. Adjusted EBITDA for nine-month period ended September 2024 was (\$1.39 million) (U.S.), compared to (\$1.80 million) for the same period in 2023, marking a **23%** improvement.

Highlights for the fiscal year 2024 include:

Operational Efficiency and Cost Savings Direct Communication Solutions continues to implement cost cutting measures to reduce operational overhead in Q3 2024, and will continue the company's strategic restructuring efforts, aimed at focusing on high-margin, recurring Software as a Service (SaaS) and services revenue streams in 2024 and 2025. The streamlining of operational efficiencies and cost savings will position the company for enhanced efficiency and sustainable future growth.

Recurring Revenue Growth Direct Communication Solutions continues its strategy of focusing on growing its overall recurring revenue customer base by receiving 2,295 new SaaS recurring revenue orders in Q3 2024, that will contribute to the overall growth of our subscriber base. This continued growth includes a diverse range of customers in both software and connectivity segments, contributing to the company's robust and sustainable revenue streams.

Enhanced Profitability and Margin Expansion With a steadfast focus on recurring SaaS and solutions revenues, Direct Communication Solutions has significantly increased its overall gross margins. The company anticipates that its margins for Q3 2024 will continue to grow and show positive results as we execute on our strategic plan. This strategic emphasis on high-margin SaaS and services offerings has not only enhanced profitability but also strengthened the company's financial position for future growth and expansion.

Expansion and Diversification of SaaS Sales Channel

Continuing to expand and diversify our SaaS sales channel by onboarding new resellers and new direct SaaS customers. Our focus on SaaS recurring revenues in the third quarter of 2024 generated 2,295 new SaaS subscription orders from our diverse customers and partners that rely on our SaaS and services solutions to run their businesses effectively and efficiently. The SaaS and services recurring revenue growth in 2024 will allow us to continue to execute our strategy of focusing on high-margin, long-term recurring revenues in 2025 and beyond. Our customer backlog of purchase orders was \$1.2M for the period ended September 30, 2024.

Video Telematics Provides High-Margin Growth

Video telematics provided a significant contribution to our overall SaaS and services recurring revenue in Q3 2024 and will continue to grow and add to our diverse and expanding customer base. We received approval on the MiFleet VisionOne Pro cellular dash camera from several key major cellular network operators in Q3 2024. These approvals position us to continue our strategy of growth. These approvals have strategically positioned us to take advantage of the growth in video telematics.

Chris Bursey, CEO of Direct Communication Solutions, commented on the company's Q3 2024 financial results, stating, "We are pleased to announce our strong performance for the third quarter of 2024 continues as we continue to execute on our strategy of focusing on SaaS recurring revenues. Our continued focus on operational efficiencies, recurring revenue growth, and strategic partnerships continues to yield positive results, positioning Direct Communication Solutions for continued future success."

Bursey continued, "The focus on operational cost reductions and strategic focus on our SaaS and services offering positions us to offer enhanced IoT solutions to our customers and partners. We look forward to building on this momentum as we continue to innovate and deliver value to our stakeholders."

CEO Commentary

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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 OTC ("DCSX"), Canadian Securities Exchange ("DCSI") and Frankfurt Stock Exchange ("7QU0"). For more information, visit 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 and posted with the OTC Disclosure and News Service. DCS undertakes no duty to update or revise any forward-looking statements.

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