As filed with the Securities and Exchange Commission on December 14, 2022

Registration No. 333-268637

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 1
TO
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Direct Communication Solutions, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**5045**	**20-5517542**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification No.)*

11021 Via Frontera, Suite C
San Diego, CA 92127
(858) 798-7100
(Address, including zip code, and telephone number, including area code, of registrant's principal executive office)

Chris Bursey
Chief Executive Officer
Direct Communication Solutions, Inc.
11021 Via Frontera, Suite C
San Diego, CA 92127
(858) 798-7100
(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: **As soon as practicable after the effective date of this registration statement.**

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. □

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. □

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. □

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	□	Accelerated filer	□
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. □

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.

The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the United States Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS **SUBJECT TO COMPLETION** **DATED DECEMBER 14, 2022**

1,850,000 Shares
Common Stock

Direct Communication Solutions, Inc.

This is a firm commitment initial public offering ("IPO") of shares of common stock of Direct Communication Solutions, Inc. We expect the initial public offering price will be between $6.00 and $8.00 and the assumed offering price is the midpoint of this range.

Although this is our IPO for securities in the United States, our common stock is presently quoted on the OTCQX under the symbol "DCSX". We have applied to have our common stock listed on the New York Stock Exchange American (the "NYSE American") under the symbol "DCSX". No assurance can be given that our application will be approved. If our application is not approved, we will not consummate this offering. On December 13, 2022, the last reported sale price for our stock on the OTCQX was $0.91 per share ($6.37 per share assuming a reverse stock split of 1-for-7). At present, there is not an active market for our common stock. The trading price of our common stock has been, and may continue to be, subject to wide price fluctuations in response to various factors, many of which are beyond our control, including those described in "Risk Factors."

The number of shares of common stock offered by this prospectus and all other applicable information has been determined based on an assumed public offering price of $7.00 per share, which is the midpoint of the estimated price range for this offering and assumes a reverse stock split of 1-for-7. The actual public offering price per share of common stock will be determined between the underwriters and us at the time of pricing, considering our historical performance and capital structure, prevailing market conditions, and overall assessment of our business. Therefore, the assumed public offering price used throughout this prospectus may not be indicative of the actual public offering price for the shares of common stock. See "Underwriting - Determination of Offering Price" for additional information.

Unless otherwise noted, the share and per share information in this prospectus reflects, other than in our financial statements and the notes thereto, a proposed reverse stock split of the outstanding common stock and treasury stock of the Company at an assumed 1-for-7 ratio to occur immediately following the effective time of the registration statement to which this prospectus forms a part is declared effective by the Securities and Exchange Commission (the "SEC") but prior to the closing of the offering.

Investing in our common stock involves a high degree of risk. Before buying any shares, you should carefully read the discussion of the material risks of investing in our common stock under the heading "Risk Factors" beginning on page 8 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial public offering price	$	$
Underwriting discounts and commissions[(1)]	$	$
Proceeds to us, before expenses[(2)]	$	$

(1) Underwriting discounts and commissions do not include a non-accountable expense allowance equal to 1.0% of the gross proceeds of the public offering price payable to the underwriters. We refer you to "Underwriting" beginning on page 76 for additional information regarding underwriters' compensation.

(2) The amount of offering proceeds to us presented in this table does not give effect to any exercise of the: (i) over-allotment option (if any) we have granted to the underwriters as described below or (ii) warrants to purchase shares of our common stock to be issued to the underwriters.

We have granted a 45-day option to the underwriters to purchase up to 277,500 additional shares of common stock solely to cover over-allotments, if any.

The underwriters expect to deliver the securities to purchasers on or about , 2022.

ThinkEquity

The date of this prospectus is , 2022

DCS
DIRECT COMMUNICATIONS SOLUTIONS INC.

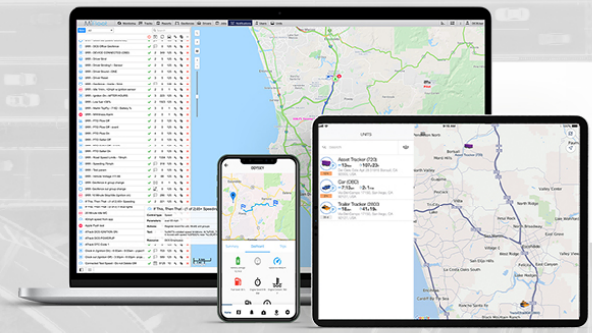
INTERNET OF THINGS (IOT) TECHNOLOGY SOLUTIONS PROVIDER

We are an Internet of Things ("IoT") technology solutions provider to various industries. The wireless solutions we provide consist of an edge computing device gathering data, connectivity to the Internet and server-based software applications. The big data gathered from these solutions allow our customers to optimize their business decision making processes in order to enhance operating efficiencies and profitability. We provide our solutions and services to the transportation, hospitality, agricultural, telecommunications, and other industrial enterprises.

SMART DEVICES

SOFTWARE APPLICATIONS

MANAGED SERVICES & CONNECTIVITY

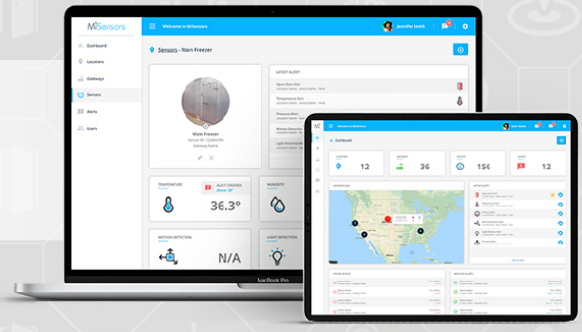


MiFleet

FLEET AND ASSET MANAGEMENT

MiSensors

REMOTE SENSOR MONITORING



DCS
DIRECT COMMUNICATIONS SOLUTIONS INC.

BUSINESS OPERATION UTILIZING DCS SOLUTIONS TO INCREASE EFFICIENCY, REDUCE COSTS AND MEET REGULATORY REQUIREMENTS

TURNKEY, GPS FLEET & ASSET MANAGEMENT

TURNKEY, SENSOR MONITORING APPLICATION

CROSS CELLULAR CARRIER CAPABILITY

COMPREHENSIVE REPORTING

WEB & MOBILE APPLICATION (IOS & ANDROID)

CONSUMER & COMMERCIAL EDITIONS

REAL-TIME ALERTS & MONITORING

DCS
DIRECT COMMUNICATIONS SOLUTIONS INC.

THE GLOBAL (IOT) MARKET IS PROJECTED TO GROW FROM $478.36 BILLION IN 2022 TO $2,465.26 BILLION BY 2029, AT A CAGR OF 26.4%

FORTUNE BUSINESS INSIGHTS

PROVEN SOLUTIONS TRUSTED BY CUSTOMERS ACROSS INDUSTRIES

POWERED BY DCS

- SUPPLY CHAIN LOGISTICS
- MANUFACTURING
- TRANSPORTATION
- RETAIL
- HEALTH CARE
- AGRICULTURE
- FOOD & BEVERAGE
- TELECOMMUNICATIONS

TABLE OF CONTENTS

General Information

Unless otherwise indicated in this prospectus, the terms "DCS," "we," "us" and "our" refer to Direct Communication Solution, Inc. and, where appropriate, its consolidated subsidiaries.

You should rely only upon the information contained in this prospectus or in any free writing prospectus prepared by us. We have not, and the underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this prospectus and in any free writing prospectus prepared by us is accurate only as of their respective dates or on the date or dates specified in these documents. Our assets, business, cash flows, financial condition, liquidity, results of operations, and prospects may have changed since those dates.

This prospectus describes the specific details regarding this offering and the terms and conditions of our common stock being offered hereby and the risks of investing in shares of our common stock. For additional information, please see the section entitled "Where You Can Find More Information."

You should not interpret the contents of this prospectus or any free writing prospectus to be legal, business, investment or tax advice. You should consult with your own advisors for that type of advice and consult with them about the legal, tax, business, financial and other issues that you should consider before investing in shares of our common stock.

Financial Information

We present our consolidated financial statements in United States dollars, and our financial statements included elsewhere in this prospectus are prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). Unless otherwise indicated, any other financial information included or incorporated by reference in this prospectus has been prepared in accordance with U.S. GAAP. Certain financial information that we have historically filed in Canada on its System for Electronic Document Analysis and Retrieval ("SEDAR") profile has been prepared in accordance with International Financial Reporting Standards ("IFRS"). U.S. GAAP differs in certain material respects from IFRS. As a result, certain financial information included in this prospectus may not be comparable to the financial information we have historically reported at www.sedar.com. This prospectus does not include any explanation of the principal differences or any reconciliation between U.S. GAAP and IFRS.

Exchange Rate Data

The annual average exchange rates for United States dollars in terms of the Canadian dollar for each of the two years in the period ended December 31, 2021, as quoted by the Bank of Canada, were as follows:

	Year Ended December 31	
	2021	**2020**
	$ 1.2535	$ 1.3415

As of the date of this prospectus, the daily rate for United States dollars in terms of the Canadian dollar, as quoted by the Bank of Canada, was US$1.00 = CA$1.33. No representation is made that Canadian dollars could be converted into US dollars at that rate or any other rate.

Trademarks

We own or have rights to various trademarks, service marks and trade names that we use in connection with the operation of our business. This prospectus may also contain trademarks, service marks and trade names of third parties, which are the property of their respective owners. Our use or display of third parties' trademarks, service marks and trade names or products in this prospectus is not intended to, and does not imply a relationship with, or endorsement or sponsorship by us. Solely for convenience, the trademarks, service marks and trade names referred to in this prospectus may appear without the ®, TM or SM symbols, but the omission of such references is not intended to indicate, in any way, that we will assert, to the fullest extent under applicable law, our rights or the right of the applicable owner of these trademarks, service marks and trade names.

Market and Industry Data

Unless otherwise indicated, information contained in this prospectus concerning our industry, competitive position and the markets in which we operate is based on information from independent industry and research organizations, other third-party sources and management estimates. Because this information involves a number of assumptions and limitations, you are cautioned not to give undue weight to such information. We have not independently verified market data and industry forecasts provided by any of these or any other third-party sources referred to in this prospectus. Management estimates are derived from publicly available information released by independent industry analysts and other third-party sources, as well as data from our internal research, and are based on assumptions we made upon reviewing such data, and our experience in, and knowledge of, such industry and markets, which we believe to be reasonable. In addition, projections, assumptions and estimates of the future performance of the industry in which we operate and our future performance are necessarily subject to uncertainty and risk due to a variety of factors, including those described in "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements." These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

1-for-7 Reverse Stock Split

Prior to the effective date of the registration statement of which this prospectus is a part, we will effect a 1-for-7 reverse stock split with respect to shares of our common stock. Unless we indicate otherwise or the context otherwise requires, all information in this prospectus gives effect to this reverse stock split.

PROSPECTUS SUMMARY

This summary highlights selected information discussed in this prospectus. The summary is not complete and does not contain all of the information you should consider before investing in our common stock. Therefore, you should read this entire prospectus carefully, including the sections entitled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our financial statements and the related notes included elsewhere in this prospectus, before making a decision to purchase shares of our common stock. Some of the statements in this summary constitute forward-looking statements. See "Forward-Looking Statements."

Overview

We are a provider of Internet of Things (IoT) products, services and solutions. We deliver enhanced one-stop solutions that connect assets to increase visibility, operational efficiency, and profitability. We provide our solutions and services to a variety of industries including, Supply Chain Logistics, Transportation, Health Care, and Food & Beverages. We are a chosen global partner of service providers, value-added collaborators, system integrators, and enterprises due to our commitment to quality and demonstrated experience. We intend to continue expanding our long-standing relationships and work strategically with our partners, to jointly build leading IoT solutions based on integrated hardware, cloud-based software, and other services.

For the years ended December 31, 2021 and 2020, we had net losses of $1,637,635 and $1,808,962, respectively. For the nine months ended September 30, 2022, we had a net loss of $232,086, compared to a net loss of $1,129,411 for the nine months ended September 30, 2021. As a result of our recurring losses from operations and ongoing negative cash flows, our independent registered public accounting firm included an explanatory paragraph in its report on our financial statements as of, and for the year ended, December 31, 2021, describing the existence of substantial doubt about our ability to continue as a going concern.

Our Products and Services

Smart Hardware:

We identify the right device for our client with a focus on the most suitable technology (4G LTE, Bluetooth, WiFi, etc.), price and the features & capabilities of the device to collect the data to solve the client's problem. Our specialty is aiding global Original Equipment Manufacturers, or OEMs, with devices that are not available or approved to operate in North America and guide the OEM with regulatory guidance, feature requirements and preparing the equipment for the North American market. We assist OEMs who manufacture 4G/5G LTE cellular routers, gateways, GPS devices or Bluetooth/LoraWan Sensors to enter the North American market.

Software as a Service:

We offer software applications that are differentiated to the solutions we provide.

MiFleet

A cloud-based fleet and asset management platform designed for the Small and Medium-sized Enterprise businesses with a desire to manage and lower operating costs by remotely monitoring vehicles and asset of any type – including remote and lone workers. MiFleet provides insight to location information, fuel consumption, driver behavior and other data points in which the vehicle or asset can provide. MiFleet improves operational efficiencies, support predictive maintenance scheduling and aids in fleet/asset optimization; allowing fleets to do more with less.

MiFleet goes beyond dots on a map. Its vast catalog of device integrations and ability to support data points beyond location information allows us to aggregate sensor information to go beyond the fleet

MiSensors

MiSensors is our proprietary cloud-based remote sensor monitoring and management platform. It supports sensors of any type or technology. Businesses can remotely monitor their assets, equipment, or environment in real time. Alerts and Notifications are triggered when normal operating conditions are broken, providing immediate decision-making data for customers to run their business, lower their operational expense from a platform that is agnostic with sensor technology or type. Our offering allows customers to create and easily deploy an IoT sensor ecosystem that solves their real-world problems, as well as the ability to scale for future business operations. MiSensors allows our customers to set up multiple business locations, define users via hierarchy, set user-defined sensor reporting thresholds and run reports on the health of the assets in a business. The system is alert driven and notifies the customer of actionable events via email or SMS. Based on industry demand and multiple technology needs across our sales, we are integrating sensors utilizing Lora WAN, BLE and shortly Wi-Fi 6.

Managed Services:

Our clients leverage our extensive expertise in device integration and configuration to ensure the device is performing and gathering data as the client is expecting. Our team of field application engineers work with our clients to expedite device deployments, lowering costs and fast-tracking hardware solutions for mass adoption.

Connectivity:

We offer a variety of cellular connectivity options in partnership with Tier 1 Cellular Providers, Mobile Virtual Network Operators (MNVOs), and Global Connectivity providers. This broad range is desired by our customers based on their requirements. Such a wide variety of offerings results in significant complication to connectivity management, SIM management, and data consumption reporting. We have compiled our connectivity into one cost effective device and connectivity management platform. MiConnectivity - our SIM Management Platform - is a single pane of glass for us and our clients to manage SIM allocation, activation, usage reporting, and cost management. The consolidation of data usage reporting into one reporting system provides our customers a distinctive advantage to lower their operating expense relating to cellular connectivity.

Our Industry

Internet of Things (IoT) is the interconnection of various devices, machines or appliances that generate data. The aim of IoT is not just to create data, but also to extract valuable insights and information from the data generated by various devices. The devices include vehicles, smart phones, gadgets, appliances, and other products with embedded electronic sensors and software constitute the devices. Demand for IoT is being driven by connectivity, cloud computing, and marketing automation. IoT is used by a variety of industries, organizations, and individuals to raise operational efficiency, reduce risk, enhance functional visibility, increase revenue streams, and guarantee the highest level of client engagement. According to Fortune Business Insights, the global (IoT) market is projected to grow from $478.36 billion in 2022 to $2,465.26 billion by 2029, at a CAGR of 26.4%. The IoT market experienced lower-than-anticipated demand during the global Covid-19 pandemic

Our Growth Strategy

The IoT sector is still developing. The rise and popularity of managing connected devices is emerging, and it is approaching widespread adoption. We believe the following strategies will help us expand our company:

Increase staff. We plan on increasing our staffing base by roughly 50% of our current headcount to meet demand. Currently, we have 27 employees and believe that number can grow to over 40 by early 2023. We seek to hire additional engineers, field technicians, customer service reps, support and salesmen.

Increase marketing. We are an efficient operation leveraging the relationships of management and the goodwill of our existing customers. To increase our exposure, we plan on attending various conferences, exhibitions and trade meetings to boost our profile in the market.

Research and Development. We are developing an aggregated/universal device management platform that we anticipate can be integrated into our current product offerings to our existing clients. The software will speed up the decision-making process by gathering big data at a faster rate.

Purchase inventory. By boosting our inventories, we can avoid supply chain disruptions that adversely impacted our clients. Our increase in inventories will allow our clients to rely on us in greater capacity and provide recurring revenue. This strengthens our position to sell inventory with other value-added managed systems and connectivity solutions.

Acquisitions/Geographic expansion. Our industry is highly fragmented. Our clients have various locations. It behooves us to expand domestically into another highly trafficked metropolitan area. We are seeking complementary IoT companies that can expand our customer base while providing us visibility in a new location. We are targeting companies that can give us a technological advantage over other service providers.

Expand and Enhance Global Strategic Partnerships. We intend to stay relevant and avoid supply chain disruptions by establishing relationships with leading IoT companies and OEMs. The partnerships should allow immediate access to the most important products on the market. Our goal is to expand and satisfy our existing customer base.

Our Competitive Advantages

We have navigated this complex market by solving real-world, real-time problems. We distinguish ourselves from our competition by integrating our clients' philosophies into our team so that we may uphold their vision and maintain the integrity of their services. We have a very low turnover rate on our SaaS business and overall have a high customer retention. Our commitment to quality and the availability of our personnel separates us from other providers. Our growth strategy, mentioned above, should also expand our reputation from our peer group.

Our Leadership Team

We have assembled an experienced management team with significant experience in telecommunications, technology and sales. Our Chief Executive Officer, Mr. Chris Bursey, maintains over 20 years' experience in the wireless communications industry. In addition to our CEO, we maintain a COO, CTO, CFO and VP of Sales.

Risks Affecting Our Business

Our business is subject to numerous risks and uncertainties, including those highlighted in the section entitled "Risk Factors" immediately following this prospectus summary. These risks include, but are not limited to, the following:

- uncertainty around our future revenue growth and profitability;
- our possible need to raise additional funding, which may not be available on acceptable terms, or at all;
- our management and our independent registered public accountant's conclusion that substantial doubt exists as to our ability to continue as a going concern;
- the impact of the COVID-19 pandemic and other sustained adverse market events on our and our customers' business operations;
- the intensely competitive nature of the market in which we participate;
- uncertainty around our ability to develop our business and the market's reception of our services;
- the success of our efforts to expand, develop, and integrate our products and services;
- the existence of any defects or disruptions in our services;
- the security of online computer information, including breaches and enterprise data theft;
- the impact on our business of data privacy regulations or data privacy breaches;
- the impact of any weakening of global economic conditions;
- costs related to our compliance with existing and future regulations;
- the impact on our business of product liability claims;
- our ability to protect our intellectual property rights;
- costs associated with defending possible third party infringement or appropriation claims;
- our ability to attract and retain qualified key management and technical personnel;
- our performance in delivering high-quality technical support; and
- our reliance on a single customer for a substantial portion of our revenues.

You should carefully consider all of the information set forth in this prospectus and, in particular, the information in the section entitled "Risk Factors" beginning on page 8 of this prospectus prior to making an investment in our common stock. These risks could, among other things, prevent us from successfully executing our strategies and could have a material adverse effect on our business, financial condition and results of operations.

Corporate Information

Our company was incorporated ins incorporated in Florida on September 9, 2006 and reincorporated in Delaware in April 2017, and is located at 11021 Via Frontera, Suite C, San Diego, California 92127. Our telephone number is (858)798-7100. Our website address is https://www.dcsbusiness.com. Information contained on, or that can be accessed through, our website is not incorporated by reference in this prospectus. We have included our website address in the prospectus solely as an inactive textual reference.

Implications of Being an Emerging Growth Company

As a company with less than $1.235 billion in revenue during our last fiscal year, we qualify as an emerging growth company ("EGC") as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). For so long as we remain an EGC, we are permitted and have elected to rely on exemptions from specified disclosure requirements that are applicable to other public companies that are not EGCs. These exemptions include:

- being permitted to provide only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure;
- not being required to comply with the auditor attestation requirements in the assessment of our internal control over financial reporting;
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements;
- reduced disclosure obligations regarding executive compensation; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We may take advantage of these provisions until the last day of the fiscal year following the fifth anniversary of the closing of this offering or such earlier time when we are no longer an EGC. We will cease to be an EGC if we have more than $1.235 billion in annual revenue, have more than $700 million in market value of our capital stock held by non-affiliates or issue more than $1 billion of non-convertible debt over a three-year period. We may choose to take advantage of some, but not all, of the available exemptions. We have taken advantage of some reduced reporting burdens in this prospectus. Accordingly, the information contained herein may be different than the information you receive from other public companies in which you may hold stock.

The JOBS Act provides that an EGC may take advantage of an extended transition period for complying with new or revised accounting standards. This provision allows an EGC to delay the adoption of accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of this extended transition period, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption is required for private companies. As part of this election, we are delaying the adoption of accounting guidance related to leases and implementation costs incurred in cloud computing arrangements that currently applies to public companies. We are assessing the impact this guidance will have on our financial statements. See Note 2 to our audited consolidated financial statements included elsewhere in this prospectus for additional information.

Smaller Reporting Company Status

We are a "smaller reporting company" as defined in the Exchange Act. We may take advantage of certain of the scaled disclosures available to smaller reporting companies so long as the market value of our voting and non-voting common stock held by non-affiliates is less than $250.0 million measured on the last business day of our second fiscal quarter, or our annual revenue is less than $100.0 million during the most recently completed fiscal year and the market value of our common stock held by non-affiliates is less than $700.0 million measured on the last business day of our second fiscal quarter.

THE OFFERING

Common stock offered by us	1,850,000 shares
Common stock outstanding immediately after this offering	4,155,091 shares (or 4,432,591 shares if the underwriters exercise their option to purchase additional shares of common stock in full).
Option to purchase additional shares of common stock	We have granted the Representative a 45-day option to purchase up to 277,500 additional shares of our common stock to cover overallotments, if any.
Use of proceeds	We estimate that the net proceeds to us from this offering will be approximately $10,024,000, or approximately $11,811,100 if the underwriters exercise their over-allotment option in full, assuming a public offering price of $7.00 per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus and assumes a reverse stock split of 1-for-7. We intend to use the net proceeds of this offering for working capital and other general corporate purposes, including potential increases in our staffing, marketing, and inventory levels, expenditures related to research and development and potential future acquisitions of businesses that complement our business. We have no present commitment or agreements to enter into any such acquisitions. See "Use of Proceeds" for a more complete description of the intended use of proceeds from this offering.
Risk factors	You should read the "Risk Factors" section of this prospectus beginning on page 8 for a discussion of factors to consider carefully before deciding to invest in shares of our common stock.
Proposed NYSE American symbols	Our common stock is currently quoted on the OTCQX under the symbol "DCSX". We have applied for the listing of our common stock on the NYSE American under the symbol "DCSX". The approval of our listing on the NYSE American is a condition to the closing of this offering.

As of September 30, 2022, 2,305,091 shares of our common stock were outstanding, assuming the reverse stock split of 1-for-7. Unless we indicate otherwise or the context otherwise requires, all information in this prospectus:

- assumes no exercise by the underwriters of their over-allotment option;
- assumes no exercise of the warrants to be issued to the representative of the underwriters in this offering;
- excludes 572,888 shares of common stock issuable upon the exercise of outstanding options at a weighted exercise price of $3.85 per share;
- excludes 94,976 shares of common stock reserved for future issuance under our 2017 Stock Plan, as well as any automatic increases in the shares of common stock reserved for future issuance under the 2017 Stock Plan; and
- gives effect to a 1-for-7 reverse stock split with respect to our common stock, which will occur prior to the effective date of the registration statement of which this prospectus is a part.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables set forth our summary historical consolidated financial data as of, and for the periods ended on, the dates indicated.

The summary consolidated statements of operation data for the years ended December 31, 2021 and 2020 are derived from our audited consolidated financial statements and notes that are included elsewhere in this prospectus.

The summary condensed consolidated statements of operations data for the nine months period ended September 30, 2022 and 2021 and the summary consolidated balance sheet data as of September 30, 2022 are derived from our unaudited interim condensed consolidated financial statements and notes that are included elsewhere in this prospectus. We have prepared the unaudited condensed consolidated financial statements in accordance with generally accepted accounting principles (GAAP) and on the same basis as the audited consolidated financial statements. Our historical results are not necessarily indicative of our results in any future period and results from our interim period may not necessarily be indicative of the results of the entire year.

DIRECT COMMUNICATION SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in U.S. Dollars)

	Years Ended December 31,		Nine Months Ended September 30,	
	2021	2020	2022	2021
Revenues:				
Products	$ 14,543,745	$ 12,096,162	$ 16,523,645	$ 9,371,462
Solutions and other services	1,981,778	2,161,298	1,764,606	1,474,925
Total revenues	16,525,523	14,257,460	18,288,251	10,846,387
Cost of revenues				
Products	11,270,053	9,683,994	12,103,466	7,364,000
Solutions and other services	651,183	496,276	510,350	456,706
Total cost of revenues	11,921,236	10,180,270	12,613,816	7,820,706
Gross profit	4,604,287	4,077,190	5,674,435	3,025,681
Operating expenses:				
Research and development	1,158,289	1,082,065	1,022,214	971,211
General and administrative				
Compensation and benefits	3,114,322	2,661,458	2,093,136	2,180,826
Professional fees	1,480,937	1,081,018	1,225,213	928,700
Bank fees	309,447	296,251	422,869	241,183
Facilities	232,376	176,258	49,758	147,025
Information technology	171,368	157,814	133,828	-
Other	548,261	314,561	759,192	496,048
Total operating expenses	7,015,000	5,769,425	5,706,210	4,964,993
Loss from operations	(2,410,713)	(1,692,235)	(31,775)	(1,939,312)
Other income (expense):				
Accretion			(8,630)	
Net changes in fair value			(240,587)	
Bad debt expense	856,605	-	(90,126)	
Gain on debt extinguishment			-	856,605
Other income - tax credit	24,247	-	286,995	24,247
Interest expense	(107,774)	(116,727)	(147,963)	(70,951)
Net loss	$ (1,637,635)	$ (1,808,962)	$ (232,086)	$ (1,129,411)
Net loss per share:				
Basic	$ (0.11)	$ (0.13)	$ (0.01)	$ (0.07)
Diluted	$ (0.11)	$ (0.13)	$ (0.01)	$ (0.07)
Weighted average number of shares:				
Basic	15,529,193	13,512,473	16,090,185	15,493,321
Diluted	15,529,193	13,512,473	16,090,185	15,493,321

DIRECT COMMUNICATION SOLUTIONS, INC.
CONSOLIDATED BALANCE SHEETS
(in U.S. Dollars)

Balance Sheet Data:

	September 30, 2022	September 30, 2022
	Actual	As Adjusted (1)
Cash	$ 3,932,477	$ 13,956,477
Total assets	$ 10,033,941	$ 20,057,941
Total liabilities	$ 9,467,729	$ 9,467,729
Total stockholders' equity (deficit)	$ 566,212	$ 10,590,212

(1) The as adjusted column gives effect to the sale and issuance by us of common shares in this offering, based upon an initial public offering price of $7.00 per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us and assumes a reverse stock split of 1-for-7.

RISK FACTORS

An investment in shares of our common stock involves a high degree of risk. You should carefully consider the following risks and uncertainties described below and all of the other information contained in this prospectus, including our consolidated financial statements and the related notes appearing at the end of this prospectus, before deciding whether to invest in shares of our common stock. If any of the following risks are realized, our business, financial condition and results of operations could be materially and adversely affected. In that event, the trading price of our common stock could decline and you could lose all or part of your investment in shares of our common stock. Additional risks of which we are not presently aware or that we currently believe are immaterial may also harm our business and results of operations. Some statements in this prospectus, including such statements in the following risk factors, constitute forward-looking statements. See the section entitled "Cautionary Note Regarding Forward-Looking Statements."

Risks Related to our Financial Position and Need for Capital

Because we have a limited operating history, our future revenue growth remains uncertain and we may not achieve profitability.

We had a net loss of $1,129,411 during the nine months ended September 30, 2021 and $232,086 during the nine months ended September 30, 2022.We have a limited operating history upon which to base an evaluation of our business and prospects. Although we seek to increase revenues through organic growth and the development of new revenue streams, we cannot assure you that our revenues will increase in future quarters or future years. Operating results for future periods are subject to numerous uncertainties and we cannot provide assurance that we will achieve or sustain profitability. Profitability depends on many factors, including, our success in expanding our product offerings and our customer base, the control of our expense levels, the success of our business activities and general economic conditions. We may make investments in marketing, technology and further development of our operating infrastructure which entail long-term commitments. Our industry as a whole may be adversely affected by industry trends, economic factors and new regulations Despite our efforts to expand our revenues and achieve profitable operations, we may not be successful. Our prospects must be considered in light of the risks encountered by companies in a relatively early stage of development, particularly companies in new and rapidly evolving markets. We cannot provide assurance we will successfully address any of these risks. If events or circumstances occur such that we do not meet our operating plan as expected, we may be required to reduce our planned research and development activities, incur additional restructuring charges or reduce other operating expenses which may cast substantial doubt on our ability to achieve our intended business objectives.

We may need to raise additional funding, which may not be available on acceptable terms, or at all. Failure to obtain this necessary capital when needed may force us to delay, limit or terminate our product development efforts or other operations.

Our working capital may not be sufficient to allow us to execute our business plan as fast as we would like or may not be sufficient to take full advantage of all available strategic opportunities. Our operating plan may change as a result of many factors currently unknown to us, and we may need to seek additional funds sooner than planned, through public or private equity or debt financings, or other third-party funding, marketing and distribution arrangements and other collaborations, strategic alliances and licensing arrangements or a combination of these approaches. Even if we believe we have sufficient funds for our current or future operating plans, we may seek additional capital if market conditions are favorable or if we have specific strategic considerations.

Any additional fundraising efforts may divert our management from their day-to-day activities, which may adversely affect our ability to develop and commercialize our products. In addition, we cannot guarantee that future financing will be available in sufficient amounts or on terms acceptable to us, if at all. Moreover, the terms of any financing may adversely affect the holdings or the rights of our stockholders and the issuance of additional securities, whether equity or debt, by us, or the possibility of such issuance, may cause the market price of our shares to decline. The sale of additional equity or convertible securities may dilute our existing stockholders. The incurrence of indebtedness would result in increased fixed payment obligations and it may be required to agree to certain restrictive covenants, such as limitations on our ability to incur additional debt, limitations on our ability to acquire, sell or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. We could also be required to seek funds through arrangements with collaborative partners or otherwise at an earlier stage than otherwise would be desirable and it may be required to relinquish rights to some of our technologies or product candidate or otherwise agree to terms unfavorable to us, any of which may have a material adverse effect on our business, operating results and prospects.

If we are unable to obtain funding on a timely basis, we may be required to significantly curtail, delay or discontinue one or more of our research or development programs or the commercialization of any product, or be unable to execute our business plans, develop or enhance our services, expand our operations or otherwise capitalize on our business opportunities, as desired, which could materially affect our business, financial condition and results of operations.

Our management and our independent registered public accountant, in their report on our financial statements as of and for the year ended December 31, 2021, have concluded that due to our need for additional capital, and the uncertainties surrounding our ability to raise such funding, substantial doubt exists as to our ability to continue as a going concern.

As a result of our recurring losses from operations and ongoing negative cash flows, our independent registered public accounting firm included an explanatory paragraph in its report on our financial statements as of, and for the year ended, December 31, 2021, describing the existence of substantial doubt about our ability to continue as a going concern. If we are unable to obtain sufficient funding, our business, prospects, financial condition and results of operations will be materially and adversely affected and we may be unable to continue as a going concern. If we are unable to continue as a going concern, we may have to liquidate our assets and may receive less than the value at which those assets are carried on our financial statements, and it is likely that investors will lose all or a part of their investment. We may also be forced to make reductions in spending, including delaying or curtailing our planned business strategy, or to extend payment terms with our suppliers or other counterparties. Future reports from our independent registered public accounting firm may also contain statements expressing doubt about our ability to continue as a going concern. If we seek additional financing to fund our business activities in the future and there remains doubt about our ability to continue as a going concern, investors or other financing sources may be unwilling to provide additional funding on commercially reasonable terms or at all. Such substantial doubt does not give effect to the receipt of any proceeds from this offering.

Risks Related to Our Business, Strategy and Industry

The ongoing COVID-19 pandemic and measures intended to prevent its spread could have a material adverse effect on our business, results of operations, cash flows and financial condition.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. The outbreak led governments and other authorities around the world, including federal, state and local authorities in the United States, to impose measures intended to control its spread, including restrictions on freedom of movement and business operations such as travel bans, border closings, business closures, quarantines and shelter-in-place orders. The outbreak and preventative or protective actions that governments have taken in respect of this coronavirus have resulted in a period of business disruption, reduced customer traffic, negative impact on our order fulfillment, reduced operations, and has adversely affected workforces, economies, and financial markets globally.

Furthermore, several of our key products are manufactured in Asia in locations subject to quarantines and factory closures. Although these effects are expected to be temporary, the duration of the supply chain disruption, labor instability, component shortages and delays, impairment of our ability to produce and deliver our products, and related financial impact cannot be reasonably estimated at this time and may materially affect our consolidated results for 2022. It is not possible for us to predict the duration or magnitude of the adverse results of the outbreak and its effects on our business, results of operations, financial condition or ability to raise funds. If events or circumstances occur such that we do not meet our operating plan as expected, we may be required to reduce planned research and development activities, incur additional restructuring charges or reduce other operating expenses which may impair our ability to achieve our intended business objectives.

The industry in which we participate is intensely competitive, and if we do not compete effectively, our operating results could be harmed.

The IoT market in which we compete require continuous innovation and are highly competitive, rapidly evolving, subject to changing technology, shifting customer needs and frequent introductions of new products and services. Our competitors in the IoT enterprise marketplace include vendors of IoT devices and products, cloud platform providers for certain hardware and application vendors, hardware providers offering sensors and cloud integration partners, and IoT platforms from companies that have existing relationships with hardware and software companies. We compete on a service basis, by offering fully integrated IoT device connectivity to a variety of niche markets. New competitors could launch new businesses in our markets at a relatively low cost since technological and financial barriers to entry are relatively low. Some of our current and potential competitors may have competitive advantages, such as greater name recognition, longer operating histories, significant installed bases, broader geographic scope, and larger marketing budgets, as well as substantially greater financial, technical, personnel, and other resources. In addition, our potential competitors may have established marketing relationships and access to larger customer bases, and have major distribution agreements with consultants, system integrators and resellers. We may also experience competition from smaller, younger competitors that may be more agile in responding to customers' demands. These competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements or provide competitive pricing. As a result, even if our services are more effective than the products and services that our competitors offer, potential customers might select competitive products and services in lieu of purchasing our products and services. For these reasons, we may not be able to compete successfully against our current and future competitors, which could negatively impact our future sales and harm our business and financial condition.

In order to differentiate our products and services from competitors' products, we must continue to focus on research and development, including software development, and enhance and improve our existing services and adapt to current technologies. If our existing or new products and services fail to achieve widespread market acceptance, if existing customers do not subscribe to our paid subscription services, or if we are unsuccessful in capitalizing on opportunities in the connected IoT market, our future growth may be slowed and our business, results of operations and financial condition could be materially adversely affected.

Our efforts to expand our products and services and to develop and integrate our existing services in order to keep pace with technological developments may not succeed and may reduce our revenue growth rate and harm our business.

We seek to derive revenue from integrating our IoT and M2M product mix, building unique IoT solutions, and from subscriptions to our SaaS cloud computing application services, and we expect this will continue for the foreseeable future. Our efforts to expand our products and services may not result in long term success or significant revenue for us. The markets for certain of our offerings, including our data integration offerings, remain relatively new. In addition, if we fail to anticipate or identify significant Internet-related and other technology trends and developments early enough, or if we do not devote appropriate resources to adapting to such trends and developments, our business could be harmed. Further, if we are unable to develop enhancements to and new features for our existing or new services that keep pace with rapid technological developments, our business could be harmed. The success of enhancements, new features and services depends on several factors, including the timely completion, introduction and market acceptance of the feature, service or enhancement by customers, administrators and developers, as well as our ability to seamlessly integrate all of our product and service offerings and develop adequate selling capabilities in new markets. Failure in this regard may significantly impair our revenue growth as well as negatively impact our operating results if the additional costs are not offset by additional revenues. In addition, because our services are designed to operate over various network technologies and on a variety of mobile devices, operating systems and computer hardware and software platforms, we will need to continuously modify and enhance our services to keep pace with changes in Internet-related hardware, software, communication, browser, app development platform and database technologies, as well as continue to maintain and support our services on legacy systems. We may not be successful in either developing these modifications and enhancements or in bringing them to market timely. Furthermore, uncertainties about the timing and nature of new network platforms or technologies, or modifications to existing platforms or technologies, could increase our research and development or service delivery expenses. Any failure of our services to operate effectively with future network platforms and technologies could reduce the demand for our services, result in customer dissatisfaction and harm our business.

Defects or disruptions in our services could diminish demand for our services and subject us to substantial liability.

Because our services are complex and incorporate a variety of third-party hardware and proprietary and third-party software, our services may have errors or defects that could result in unanticipated downtime for our subscribers and harm to our reputation and our business. Cloud services frequently contain undetected errors when first introduced or when new versions or enhancements are released. We may from time to time experience system outages resulting in disruptions to, our services. Defects affecting our services may be found following the introduction of new software or enhancements to existing software or in software implementations in varied information technology environments. Internal quality assurance testing and end-user testing may reveal service performance issues or desirable feature enhancements that could lead us to reallocate service development resources or postpone the release of new versions of our software. Such defects could also create vulnerabilities that could inadvertently permit access to protected customer data. Since our customers use our services for important aspects of their business, any errors, defects, disruptions in service or other performance problems, or delays in the development and release of future enhancements to our currently available software, could hurt our reputation and may damage our customers' businesses. As a result, customers could elect to not renew our services or delay or withhold payment to us. We could also lose future sales or customers may make warranty or other claims against us, which could be detrimental to our reputation, result in an increase in our allowance for doubtful accounts, an increase in collection cycles for accounts receivable or the expense and risk of litigation.

Our business is subject to online security risks, including security breaches and enterprise data theft.

Security remains a significant issue across the entire IoT ecosystem. An increasing number of organizations have reported breaches of their security on their connected devices and many companies have been the subject of sophisticated and highly targeted attacks. Maintaining the security of computer information systems and communication systems is a critical issue for us and our customers. Malicious actors may develop and deploy malware that is designed to manipulate our systems, including our internal network, or those of our vendors or customers. Additionally, outside parties may attempt to fraudulently induce our employees to disclose sensitive information in order to gain access to our information technology systems, our data or our customers' data. A party who is able to illicitly breach a client's security protocol could access enterprise and transaction data. We have access to or host confidential information as part of our client relationship management and transactional processing platforms. Our security measures may not detect or prevent security breaches that could harm our or our client's business. We devote considerable resources to network security, data encryption and other security measures to protect our hardware and software systems and enterprise and client information, but these measures may not provide absolute security. We may need to expend significant resources to protect against security breaches or to address problems caused by breaches. Furthermore, advances in computer capabilities, new discoveries in the field of cryptography, biometric identification or other developments may not prevent the technology used by us to protect transactional data from being breached or compromised. A party that is able to circumvent our security measures could misappropriate proprietary information, cause interruption in our or our client's operations, or damage the computers or business of our users. Any compromise of our client's system security could result in the unauthorized release of confidential information, violate applicable privacy and other laws, expose us to a risk of loss or litigation and possible liability, and harm our reputation and, therefore, our business. Our insurance policies carry coverage limits which may not be adequate to reimburse us for losses caused by security breaches.

Privacy concerns and laws, evolving regulation of cloud computing, cross-border data transfer restrictions and other domestic or foreign regulations may limit the use and adoption of our services and adversely affect our business.

Regulation related to the provision of services over the Internet is evolving, as federal, state and foreign governments continue to adopt new, or modify existing, laws and regulations addressing data privacy and the collection, processing, storage, transfer and use of data. Although currently focused primarily on consumer personal data, domestic data privacy laws, such as the California Consumer Privacy Act ("CCPA") effective January 2020, could continue to evolve and expose us to regulatory burdens. Further, data privacy laws and regulations, such as the European Union's ("EU") General Data Protection Regulation that took effect in May 2018, impose obligations on data controllers and data processors. Additionally, certain countries have passed or are considering passing laws requiring local data residency. We strive to comply with our applicable policies and applicable laws, regulations, contractual obligations, and other legal obligations relating to privacy, data protection, and data security to the extent possible. However, the regulatory framework for privacy, data protection and data security worldwide is, and is likely to remain for the foreseeable future, uncertain and complex, and it is possible that these or other actual or alleged obligations may be interpreted and applied in a manner that we do not anticipate or that is inconsistent from one jurisdiction to another and may conflict with other legal obligations or our practices. Further, any significant change to applicable laws, regulations or industry practices regarding the collection, use, retention, security or disclosure of data, or their interpretation, or any changes regarding the manner in which the consent of users or other data subjects for the collection, use, retention or disclosure of such data must be obtained, could increase our costs and require us to modify our products and services, possibly in a material manner, which we may be unable to complete, and may limit our ability to store and process user data or develop new products, services and features. These and other requirements could reduce demand for our services, require us to take on more onerous obligations in our contracts, restrict our ability to store, transfer and process data or, in some cases, impact our ability or our customers' ability to offer our services in certain locations, to deploy our solutions, to reach current and prospective customers, or to derive insights from customer data globally. The costs of compliance with, and other burdens imposed by, privacy laws, regulations and standards may limit the use and adoption of our services, reduce overall demand for our services, make it more difficult to meet expectations from or commitments to customers, lead to significant fines, penalties or liabilities for noncompliance, impact our reputation, or slow the pace at which we close transactions, any of which could harm our business.

In addition to government activity, privacy advocacy and other industry groups have established or may establish new self-regulatory standards that may place additional burdens on our ability to provide our services globally. Our customers may expect us to meet voluntary certification and other standards established by third parties. If we are unable to maintain these certifications or meet these standards, it could adversely affect our ability to provide our solutions to certain customers and could harm our business. Furthermore, the uncertain and shifting regulatory environment and trust climate may cause concerns regarding data privacy and may cause our customers or our customers' customers to resist providing the data necessary to allow our customers to use our services effectively. Even the perception that the privacy of personal information or the security of enterprise information is not satisfactorily protected or does not meet regulatory requirements could inhibit sales of our products or services and could limit adoption of our cloud-based solutions.

Weakened global economic conditions may adversely affect our industry, business and results of operations.

Our overall performance depends in part on worldwide economic and geopolitical conditions. The United States and other key international economies have experienced cyclical downturns from time to time in which economic activity was impacted by falling demand for a variety of goods and services, restricted credit, poor liquidity, reduced corporate profitability, volatility in credit, equity and foreign exchange markets, bankruptcies and overall uncertainty with respect to the economy. These economic conditions can arise suddenly and the full impact of such conditions can remain uncertain. In addition, geopolitical developments, such as trade disputes, new or increased tariffs, or changes to fiscal and monetary policy can increase levels of political and economic unpredictability globally and increase the volatility of global financial markets. Moreover, these conditions can affect the rate of information technology spending and could adversely affect our customers' ability or willingness to purchase our IoT services, delay prospective customers' purchasing decisions, reduce the value or duration of their subscription contracts, or affect attrition rates, all of which could adversely affect our future sales and operating results.

Our business is subject to government regulation and future regulation or regulatory changes may increase the cost of compliance and doing business.

We are subject to various federal, state and local laws, regulations and administrative practices affecting our business. These include the requirement to obtain business licenses and certifications, and other such legal requirements, regulations and administrative practices required of businesses in general. The foregoing regulatory matters may also be applicable to any of our collaborative partners or licensees. In addition, we are currently or potentially subject to laws and regulations affecting our operations in a number of areas, including data privacy requirements, intellectual property ownership and infringement, and security. We cannot predict the impact, if any, that future internet or IoT-related regulation or regulatory changes might have on our business. In certain jurisdictions, these regulatory requirements may be more stringent than in the United States. Noncompliance with applicable regulations or requirements could subject us to:

- investigations, enforcement actions, and sanctions;
- mandatory changes to our solutions and services;
- disgorgement of profits, fines, and damages;
- civil and criminal penalties or injunctions;
- claims for damages by our customers or channel partners;
- termination of contracts; and
- loss of intellectual property rights.

If any governmental sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, financial condition, and results of operations could be adversely affected. In addition, responding to any action will likely result in a significant diversion of our management's attention and resources and an increase in professional fees. Enforcement actions and sanctions could materially harm our business, financial condition, and results of operations. Additionally, companies in the technology industry have recently experienced increased regulatory scrutiny. Any reviews by regulatory agencies or legislatures may result in substantial regulatory fines, changes to our business practices, and other penalties, which could negatively affect our business and results of operations. Changes in social, political, and regulatory conditions or in laws and policies governing a wide range of topics may cause us to change our business practices. Further, our expansion into a variety of new use cases for our solution could also raise a number of new regulatory issues. Compliance with these laws, regulations, and similar requirements may be onerous and expensive, and variances and inconsistencies from jurisdiction to jurisdiction may further increase the cost of compliance and doing business. Any such costs, which may rise in the future as a result of changes in these laws and regulations or in their interpretation, could individually or in the aggregate make our services less attractive to our customers, delay the introduction of new products or services in one or more regions, or cause us to change or limit our business practices.

Industry-specific regulation and other requirements and standards are evolving and unfavorable industry-specific laws, regulations, interpretive positions or standards could harm our business.

Our customers and potential customers conduct business in a variety of industries, including manufacturing, automotive, agriculture, retail, transportation and logistics, healthcare and telecommunications. Regulators in certain industries have adopted and may in the future adopt regulations or interpretive positions regarding the use of cloud computing and other outsourced services. The costs of compliance with, and other burdens imposed by, industry-specific laws, regulations and interpretive positions may limit our customers' use and adoption of our services and reduce overall demand for our services. Compliance with these regulations may also require us to devote greater resources to support certain customers, which may increase costs. If we are unable to comply with these guidelines or controls, or if our customers are unable to obtain regulatory approval to use our services where required, our business may be harmed. In addition, an inability to satisfy the standards of certain voluntary third-party certification bodies that our customers may expect may have an adverse impact on our business and results. If in the future we are unable to achieve or maintain industry-specific certifications or other requirements or standards relevant to our customers, it may harm our business and adversely affect our results.

Further, in some cases, industry-specific laws, regionally-specific, or product-specific laws, regulations, or interpretive positions may also apply directly to us as a service provider. The interpretation of many of these statutes, regulations, and rulings is evolving in the courts and administrative agencies and an inability to comply may have an adverse impact on our business and results. Any failure or perceived failure by us to comply with such requirements could have an adverse impact on our business. We may in the future be subject to litigation containing allegations that one of our customers violated an industry-specific law. A determination that we violated such a law could expose us to significant damage awards that could, individually or in the aggregate, materially harm our business.

Our business may expose us to product liability claims for damages resulting from the design or manufacture of our products. Product liability claims, whether or not we are ultimately held liable for them, could have a material adverse effect on our business and results of operations.

We may be subject to product liability claims for certain of our products if they are alleged to be defective or cause harmful effects. Product liability claims or other claims related to our products, regardless of their outcome, could require us to spend significant time and money in litigation, divert management time and attention, require us to pay significant damages, harm our reputation or hinder acceptance of our products. Any successful product liability claim may prevent us from obtaining adequate product liability insurance in the future on commercially desirable or reasonable terms. An inability to obtain sufficient insurance coverage at an acceptable cost or otherwise to protect against potential product liability claims could prevent or inhibit the commercialization of our products.

Our operations are subject to the effects of a rising rate of inflation which may adversely impact our financial condition and results of operations.

Inflation in the United States began to rise significantly in the second half of the calendar year 2021. This is primarily believed to be the result of the economic impacts from the COVID-19 pandemic, including the global supply chain disruptions, strong economic recovery and associated widespread demand for goods, and government stimulus packages, among other factors. For instance, global supply chain disruptions have resulted in shortages in materials and services. Such shortages have resulted in inflationary cost increases for labor, materials, and services across the economy, and could continue to cause costs to increase as well as scarcity of certain products. We are experiencing inflationary pressures in certain areas of our business, including with respect to employee wages, however, we cannot predict any future trends in the rate of inflation or associated increases in our operating costs and how that may impact our business. To the extent we are unable to recover higher operating costs resulting from inflation or otherwise mitigate the impact of such costs on our business, our revenues and gross margins could decrease, and our financial condition and results of operations could be adversely affected.

In addition, inflation is often accompanied by higher interest rates. The impact of COVID-19 may increase uncertainty in the global financial markets, as well as the possibility of high inflation and extended economic downturn, which could reduce our ability to incur debt or access capital and impact our results of operations and financial condition even after these conditions improve.

Risks Related to our Intellectual Property

Our inability to protect our intellectual property rights could diminish the value of our products, weaken our competitive position and reduce our future revenue.

We rely on a combination of patent, copyright and trademark laws, trade secrets, some software security measures (e.g., to protect trade secrets), license agreements and nondisclosure agreements to protect our intellectual property, all of which offer only limited protection. We pursue the registration of trademarks but currently hold no patents on our products. Our commercial success may depend in large part on our ability to protect our trade secrets, and to obtain patent and other intellectual property protection in the United States and other countries with respect to our proprietary technology and products. We intend to seek to protect our proprietary position by filing and prosecuting patent applications in the United States related to our technologies and products that are important to our business. However, the steps we take to protect our intellectual property rights may be limited or inadequate. For instance, we will not be able to protect our intellectual property rights if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property rights, or unauthorized or unlawful use of our technology, software, or intellectual property rights. In addition, a counterparty to a nondisclosure agreement may breach the agreement, and litigation to enforce our rights could cause us to divert resources away from our business operations.

Effective trade secret, copyright, trademark, domain name and patent protection is expensive to develop and maintain, in terms of initial and ongoing protection measures, registration requirements and the costs of maintaining and defending our rights. Any of our future patents that may issue, trademarks or other intellectual property rights may be discovered through third party reverse engineering or careless or departing employees, challenged by others, or invalidated through administrative process or litigation. We may be required to protect our intellectual property, a process that is expensive and may not be successful or which we may not pursue in every jurisdiction. We may, over time, increase our investment in protecting our intellectual property through patent filings that could be expensive and time-consuming. We may be unable to obtain patent protection for the technology covered in our patent applications or the patent protection may not be obtained quickly enough to meet our business needs.

Monitoring unauthorized use of our intellectual property is difficult and costly. Our efforts to protect our proprietary rights may not be adequate to prevent misappropriation of our intellectual property. Further, we may not be able to detect unauthorized use of, or take appropriate steps to enforce, our intellectual property rights. There is also no guarantee that third parties will abide by the terms of our agreements or that we will adequately be able to enforce our contractual rights. Our competitors may also independently develop similar technology without infringing our intellectual property rights. In addition, the laws of many countries do not protect our proprietary rights to as great an extent as the laws of the United States. Moreover, laws in the United States and elsewhere change rapidly, and any future changes could adversely affect us and our intellectual property. Our failure to meaningfully protect our intellectual property could result in competitors offering products that incorporate our most technologically advanced features, which could reduce demand for our products, affect our brand, cause us to incur significant expenses and harm our business.

We may in the future be sued by third parties for various claims including alleged infringement or appropriation of proprietary rights.

The software and internet industries are characterized by the existence of a large number of trade secrets, patents, trademarks and copyrights and by frequent litigation based on allegations of infringement or other violations of intellectual property rights. From time to time, third parties may assert exclusive patent, copyright, trademark and other intellectual property rights against us, demanding license or royalty payments or seeking payment for damages, injunctive relief and other available legal remedies through litigation. Our technologies may be subject to injunction if they are found to infringe the rights of a third-party or we may be required to pay damages, or both. Further, many of our subscription agreements may require us to indemnify our customers for third-party intellectual property infringement claims, which would increase the cost to us of an adverse ruling on such a claim.

The outcome of any claims or litigation, regardless of the merits, is inherently uncertain. Any claims and lawsuits, and the disposition of such claims and lawsuits, whether through settlement or licensing discussions, or litigation, could be time-consuming and expensive to resolve, divert management attention from executing our business plan, result in efforts to enjoin our activities, lead to attempts on the part of other parties to pursue similar claims and, in the case of intellectual property claims, require us to change our technology, change our business practices, pay monetary damages or enter into short- or long-term royalty or licensing agreements.

Any adverse determination related to intellectual property claims or other litigation could prevent us from offering our services to others, could be material to our financial condition or cash flows, or both, or could otherwise adversely affect our operating results. In addition, depending on the nature and timing of any such dispute, an unfavorable resolution of a legal matter could materially affect our current or future results of operations or cash flows in a particular quarter.

Indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement, misappropriation, violation, and other losses.

In some cases our agreements with customers and other third parties include indemnification provisions under which we agree to indemnify them for losses suffered or incurred as a result of claims of intellectual property infringement, misappropriation or violation, damages caused by us to property or persons, or other liabilities relating to or arising from our solution or other contractual obligations. Pursuant to certain agreements, we do not have a cap on our liability and any payments under such agreements would harm our business, financial condition, and results of operations. Although we normally limit our liability with respect to some of these indemnity obligations via contract, we may still incur substantial liability related to them. Any dispute with a customer with respect to such obligations could have adverse effects on our relationship with that customer and other existing customers and new customers and harm our business and results of operations.

Risks Related to the Company

Any inability to attract and retain qualified key management and technical personnel would impair our ability to implement our business plan.

Our Board places heavy reliance on the continued services of the Company's Chief Executive Officer, Christopher Bursey, and his industry experience and relationships, management and operational skills. If we were to lose the services of Mr. Bursey, we could face substantial difficulty in hiring a qualified successor or successors and could experience a loss in performance while any successor obtains the necessary training and experience. Further, our success depends in large part upon the continued services of our key management, technical and other specialized personnel. The loss of one or more members of our management team or other key employees could delay our growth and development and materially harm our business, financial condition, results of operations and prospects. The relationships that our team have cultivated within the IoT industry make us particularly dependent upon their continued employment or services with us. Because our management team is not obligated to provide us with continued service, they could terminate their employment or services with us at any time without penalty, subject to providing any required advance notice. We do not maintain key person life insurance policies for any members of our management team. The technology industry is subject to substantial and continuous competition for personnel with high levels of experience in designing, developing and managing software and Internet-related services, as well as competition for sales executives and operations personnel. Our future success and growth will depend in large part on our continued ability to attract and retain our technical and management personnel. We face the risk that if we are unable to retain existing personnel, or to attract and integrate qualified new personnel, our business, financial condition and results of operations will be adversely affected.

Any failure in our delivery of high-quality technical support services may adversely affect our relationships with our customers and our financial results.

Our customers depend on our support organization to resolve technical issues relating to our applications. We may be unable to respond quickly enough to accommodate short-term increases in customer demand for support services. Increased customer demand for these services, without corresponding revenues, could increase costs and adversely affect our operating results. In addition, our sales process is highly dependent on our applications and business reputation and on positive recommendations from our existing customers. Any failure to maintain high-quality technical support, or a market perception that we do not maintain high-quality support, could adversely affect our reputation, our ability to sell our service offerings to existing and prospective customers, and our business, operating results and financial position.

We have significant customer concentration, with a limited number of customers accounting for a substantial portion of our revenues.

For the year ended December 31, 2021, and the six months ended June 30, 2022, a single customer, One Step GPS LLC, accounted for 39% and 37% of our revenue, respectively. There are risks whenever a large percentage of total revenues are concentrated with a limited number of customers. It is not possible for us to predict the level of demand for our products and services that will be generated by this customer in the future. In addition, revenues from larger customers may fluctuate from time to time based on their business needs and customer experience, the timing of which may be affected by market conditions or other factors outside of our control. Our larger customers could also potentially pressure us to reduce the prices we charge for our products and services, which could have an adverse effect on our margins and financial position and could negatively affect our revenues and results of operations. If our largest customers terminates its relationship with us, such termination could negatively affect our revenues and results of operations

We may not be able to successfully implement our growth strategy on a timely basis or at all.

Although we are researching and developing new markets and products and improving existing products, our research and market development activities may not prove profitable or ultimately prove successful. As we grow, we will need to expand our internal sales, marketing and distribution capabilities to commercialize our products, or enter into collaborations with third parties to perform these services. If we markets our products directly, we will need to commit significant financial and managerial resources to develop a marketing and sales force with technical expertise and supporting distribution, administration and compliance capabilities. If we rely on third parties with such capabilities to market our products or decide to co-promote products with collaborators, we will need to establish and maintain marketing and distribution arrangements with third parties, and there can be no assurance that we will be able to enter into such arrangements on acceptable terms or at all. In entering into third-party marketing or distribution arrangements, any revenue we receive will depend upon the efforts of the third parties and there can be no assurance that such third parties will establish adequate sales and distribution capabilities or be successful in gaining market acceptance of any product. If we are not successful in commercializing our products, either on our own or through third parties, our business, financial condition and results of operations could be materially adversely affected.

Regulations related to conflict minerals may cause us to incur additional expenses and could limit the supply and increase the costs of certain metals used in the manufacturing of our products.

We are subject to requirements under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 that require us to conduct due diligence on and disclose whether or not our products contain conflict minerals as defined under these provisions. The implementation of these requirements could adversely affect the sourcing, availability, and pricing of the materials used in the manufacture of components used in our IoT devices. In addition, we incur additional costs to comply with the disclosure requirements, including costs related to conducting diligence procedures to determine the sources of minerals that may be used in or necessary for the production of our IoT devices and, if applicable, potential changes to IoT devices, processes, or sources of supply as a consequence of such due diligence activities. It is also possible that we may face reputational harm if we determine that certain of our IoT devices contain minerals not determined to be conflict-free or if we are unable to alter our products, processes, or sources of supply to avoid such materials.

We may be unable to compete successfully against existing and future competitors, which could harm our margins and our business.

The IoT business intensely competitive. We face competition from a large number of existing companies who have significantly greater financial, technical, manufacturing, marketing and distribution resources as well as greater experience than we have. We believe that the general financial success of companies within the IoT market will continue to attract new competitors to the industry, which has a relatively low barrier to entry in some segments, including large technology companies that could expand their platforms or acquire one of our competitors.

We can provide no assurance that we will be able to compete successfully against current or potential competitors. Many of our current and potential competitors have longer operating histories, better brand recognition and significantly greater financial, technical and marketing resources than we do. Many of these competitors may have well-established relationships with manufacturers and other key strategic partners and can devote substantially more resources to such relationships. As a result, they may be able to secure equipment, technology, products and systems, among other things that we may need, from vendors on more favorable terms, fulfill customer orders or requests more efficiently and adopt more aggressive pricing policies than we can. They also may be able to secure a broader range of technologies, products and systems from or develop close relationships with primary vendors. Some competitors may price their products, services, capabilities and systems below cost in an attempt to gain market share.

Increased competition may result in price reductions, reduced gross margin and loss of market share, any of which could harm our business and adversely affect our operating results and financial condition. We may not be able to compete successfully and respond to competitive pressures. Our inability to compete effectively with current or future competitors could harm our business and have a material adverse effect on our results of operations and financial condition.

Risks Related to our Dependence on Third Parties

We rely on third-party manufacturers and suppliers to produce key product components, and shortages, delays and interruptions in supply could impair the delivery of our products and services and harm our business.

We rely on third parties to supply key components used in our products. We do not own manufacturing facilities or supply sources for such components and materials. There can be no assurance that our supply of materials will not be limited, interrupted, restricted in certain geographic regions or of satisfactory quality or continue to be available at acceptable prices. In particular, any replacement of our manufacturers could require significant effort and expertise because there may be a limited number of qualified manufacturers. Any shortage or delay in the supply of key product components would harm our ability to meet scheduled product deliveries. Many of the components used in our products are specifically designed for use in our products, some of which are obtained from sole source suppliers. If demand for a specific component increases, we may not be able to obtain an adequate quantity of that component in a timely manner. In addition, if worldwide demand for the components increases significantly, the availability of these components could be limited. Further, our suppliers may experience financial or other difficulties as a result of uncertain and weak worldwide economic conditions or the effect of the COVID-19 pandemic. Other factors that may affect our suppliers' ability or willingness to supply components to us include internal management or reorganizational issues, such as roll-out of new equipment which may delay or disrupt supply of previously forecasted components, or industry consolidation and divestitures, which may result in changed business and product priorities among certain suppliers. It could be difficult, costly and time consuming to obtain alternative sources for these components, or to change product designs to make use of alternative components. In addition, difficulties in transitioning from an existing supplier to a new supplier could create delays in component availability that would have a significant impact on our ability to fulfill orders for our products. We may be forced to enter into an agreement with another third party, which we may not be able to do on reasonable terms, if at all. In some cases, the technical skills or technology required to manufacture our product components may be unique or proprietary to the original manufacturer and it may have difficulty, or there may be contractual restrictions prohibiting us from, transferring such skills or technology to another third party and a feasible alternative may not exist.

If we are unable to obtain a sufficient supply of components, or if we experience any interruption in the supply of components, or if our suppliers or manufacturers fail to perform their obligations to us in relation to quality, timing or otherwise, our cost of obtaining these components may increase. Component shortages and delays affect our ability to meet scheduled product deliveries, may damage our brand and reputation in the market, and cause us to lose sales and market share. At times, we may elect to use more expensive transportation methods, such as air freight, to make up for manufacturing delays caused by component shortages, which may affect our ability to supply products within budget and reduce our margins. In addition, at times sole suppliers of highly specialized components may provide components that are either defective or do not meet the criteria required by our customers, distributors or other channel partners, resulting in delays, lost revenue opportunities and material write-offs.

We rely on third parties for technologies that are vital to the functionality of our products and the loss of these relationships could harm our business.

We rely on third parties to obtain non-exclusive patented hardware and software license rights in technologies that are incorporated into and necessary for the operation and functionality of most of our products. In these cases, because the intellectual property we license is available from third parties, barriers to entry into certain markets may be lower for potential or existing competitors than if we owned exclusive rights to the technology that we license and use. Moreover, if a competitor or potential competitor enters into an exclusive arrangement with any of our key third-party technology providers, or if any of these providers unilaterally decides not to do business with us for any reason, our ability to develop and sell products containing that technology would be severely limited.

If third-party developers and providers do not continue to embrace our service model and enterprise cloud computing services, or if our customers seek warranties from us for third-party applications, integrations, data and content, our business could be harmed.

A core part of our enterprise solutions is the interoperability of our platform with third-party IoT products and protocols. Our success depends on the willingness of a growing community of third-party developers and technology providers to build applications and provide integrations, data and content that are complementary to our services. Without the continued development of these applications and provision of such integrations, data and content, both current and potential customers may not find our services sufficiently attractive, which could impact future sales. Further, if these third parties were to alter their products, applications and content, we could be adversely impacted if we fail to timely create compatible versions of our products and solutions. A lack of interoperability may also result in significant redesign costs, and harm relations with our customers. Further, the mere announcement of an incompatibility problem relating to our products could materially adversely affect our business, results of operations and financial condition.

To the extent our competitors supply products that compete with ours, it is possible these competitors could design their technologies to be closed or proprietary systems that are incompatible or work less effectively with our products. As a result, end-users may have an incentive to purchase products that are compatible with the products and technologies of our competitors over our products.

In addition, for those customers who authorize a third-party technology partner access to their data, we do not provide any warranty related to the functionality, security and integrity of the data transmission or processing. Despite contract provisions to protect us, customers may look to us to support and provide warranties for the third-party applications, integrations, data and content, even though not developed or sold by us, which may expose us to potential claims, liabilities and obligations, all of which could harm our business.

Our ability to deliver our services is dependent on the development and maintenance of the infrastructure of the Internet by third parties.

The Internet's infrastructure is comprised of many different networks and services that are highly fragmented and distributed by design. This infrastructure is run by a series of independent third-party organizations that work together to provide the infrastructure and supporting services of the Internet under the governance of the Internet Corporation for Assigned Numbers and Names (ICANN) and the Internet Assigned Numbers Authority (IANA), now under the stewardship of ICANN. The Internet has experienced a variety of outages and other delays as a result of damages to portions of its infrastructure, denial-of-service attacks or related cyber incidents, and it could face outages and delays in the future. These outages and delays could reduce the level of Internet usage or result in fragmentation of the Internet, resulting in multiple separate Internets. These scenarios are not under our control and could reduce the availability of the Internet to us or our customers for delivery of our Internet-based services. Any resulting interruptions in our services or the ability of our customers to access our services could result in a loss of potential or existing customers and harm our business.

Any interruptions or delays in services from third-parties, including data center hosting facilities, cloud computing platform providers and other hardware and software vendors, or our inability to adequately plan for and manage service interruptions or infrastructure capacity requirements, could impair the delivery of our services and harm our business.

We currently serve our customers from third-party data center hosting facilities and cloud computing platform providers located in the United States and other countries. We also rely on computer hardware purchased or leased from, software licensed from, and cloud computing platforms provided by, third parties in order to offer our services, including database software, hardware and data from a variety of vendors. Any damage to, or failure of our systems generally, including the systems of our third-party platform providers, could result in interruptions in our services. As we increase our reliance on these third-party systems, our exposure to damage from service interruptions may increase. Interruptions in our services may cause us to issue credits or pay penalties, cause customers to make warranty or other claims against us or to terminate their subscriptions and adversely affect our attrition rates and our ability to attract new customers, all of which would reduce our revenue. Our business would also be harmed if our customers and potential customers believe our services are unreliable.

These hardware, software, data and cloud computing platforms may not continue to be available at reasonable prices, on commercially reasonable terms or at all. Any loss of the right to use any of these hardware, software or cloud computing platforms could significantly increase our expenses and otherwise result in delays in the provisioning of our services until equivalent technology is either developed by us, or, if available, is identified, obtained through purchase or license and integrated into our services. If we do not accurately plan for our infrastructure capacity requirements and we experience significant strains on our data center capacity, our customers could experience performance degradation or service outages that may subject us to financial liabilities, result in customer losses and harm our business. As we add data centers and capacity and continue to move to cloud computing platform providers, we may move or transfer our data and our customers' data. Despite precautions taken during this process, any unsuccessful data transfers may impair the delivery of our services, which may damage our business.

We may face fines, penalties, or other costs, either directly or vicariously, if any of our partners, resellers, contractors, vendors or other third parties fail to adhere to their compliance obligations under our policies and applicable law.

We use a number of third parties to perform services or act on our behalf in areas like sales, network infrastructure, administration, research, and marketing. It may be the case that one or more of those third parties fail to adhere to our policies or violate applicable federal, state, local, and international laws, including but not limited to, those related to corruption, bribery, economic sanctions, and export/import controls. Despite the significant efforts in asserting and maintaining control and compliance by these third parties, we may be held fully liable for third parties' actions as fully as if they were a direct employee of ours. Such liabilities may create harm to our reputation, inhibit our plans for expansion, or lead to extensive liability either to private parties or government regulators, which could adversely impact our business, financial condition, and results of operations.

Risks Related to this Offering and Ownership of Our Common Stock

An active, liquid trading market for our common stock does not currently exist and may not develop after this offering, and as a result, you may not be able to sell your common stock at or above the public offering price, or at all.

Prior to this offering, shares of our common stock were quoted on the OTC Markets Group, Inc. OTCQX Marketplace under the symbol "DCSX." Trading on the OTCQX marketplace has been infrequent and in limited volume. Although we intend to apply to list our shares of common stock on the NYSE American in connection with this offering, an active trading market for shares of our common stock may never develop or be sustained following this offering. If an active trading market does not develop, you may have difficulty selling your shares of common stock at an attractive price, or at all. The public offering price for our common stock will be determined by negotiations between us and the representative of the underwriters and may not be indicative of prices that will prevail in the open market following this offering. Consequently, you may not be able to sell your common stock at or above the public offering price or at any other price or at the time that you would like to sell. An inactive market may also impair our ability to raise capital by selling our common stock and may impair our ability to expand our business by using our common stock as consideration in an acquisition.

The market price of our common stock may be volatile or may decline regardless of our operating performance, and you may not be able to resell your securities at or above the public offering price.

The market price of equity securities of technology companies has historically experienced high levels of volatility. If you purchase securities in this offering, you may not be able to resell those securities at or above the public offering price. Following the completion of this offering, the market price of our common stock may fluctuate significantly in response to numerous factors, some of which are beyond our control and may not be related to our operating performance, including:

- announcements of new offerings, products, services or technologies, commercial relationships, acquisitions or other events by us or our competitors;
- price and volume fluctuations in the overall stock market from time to time;
- significant volatility in the market price and trading volume of technology companies in general and of companies in the digital advertising industry in particular;
- fluctuations in the trading volume of our shares or the size of our public float;
- actual or anticipated changes or fluctuations in our operating results;
- whether our operating results meet the expectations of securities analysts or investors;
- actual or anticipated changes in the expectations of investors or securities analysts;
- litigation involving us, our industry, or both;
- regulatory developments in the United States, foreign countries, or both;
- general economic conditions and trends;
- major catastrophic events;
- lockup releases or sales of large blocks of our common stock;
- departures of key employees; or
- an adverse impact on the company from any of the other risks cited in this prospectus.

In addition, if the stock market for technology companies, or the stock market generally, experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, operating results or financial condition. Stock prices of many technology companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. The trading price of our common stock might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. In the past, stockholders have filed securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business, and adversely affect our business.

You may be diluted by future issuances of common stock in connection with our incentive plans, acquisitions or otherwise; future sales of such shares in the public market, or the expectations that such sales may occur, could lower our stock price.

Our certificate of incorporation authorizes us to issue shares of our common stock for the consideration and on the terms and conditions established by our Board of Directors (the "Board") in its sole discretion. We could issue a significant number of shares of common stock in the future in connection with investments or acquisitions. Any of these issuances could dilute our existing stockholders, and such dilution could be significant. Moreover, such dilution could have a material adverse effect on the market price for the shares of our common stock.

A significant number of our total outstanding shares are restricted from immediate resale but may be sold into the market in the near future. This could cause the market price of our common stock to drop significantly, even if our business is doing well.

Subject to certain exceptions, without the prior written consent of ThinkEquity LLC, as representative of the underwriters, we, during the period ending 90 days after the date of this prospectus, and our officers and directors, during the period ending 180 days after the date of this prospectus, and our 5% or greater stockholders, during the period ending 90 days after the date of this prospectus, have agreed not to: (1) offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into, exchangeable for or that represent the right to receive shares of common stock; (2) file any registration statement with the SEC relating to the offering of any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock; or (3) enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of common stock, subject to certain exceptions. ThinkEquity LLC, in its sole discretion, may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time with or without notice. See "Underwriting."

The market price of our common stock may decline significantly when the restrictions on resale by our existing stockholders lapse. A decline in the market price of our common stock might impede our ability to raise capital through the issuance of additional shares of common stock or other equity securities.

You will incur immediate dilution in the net tangible book value of the shares you purchase in this offering.

The public offering price of our common stock will be higher than the net tangible book value per share of outstanding common stock prior to completion of this offering. Based on our net tangible book value as of September 30, 2022 and upon the issuance and sale of shares of common stock by us at the assumed public offering price of $7.00 per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, if you purchase our common stock in this offering and assuming a reverse stock split of 1-for-7, you will suffer immediate dilution of approximately $0.01 per share in net tangible book value. Dilution is the amount by which the offering price paid by purchasers of our common stock in this offering will exceed the as adjusted net tangible book value per share of our common stock upon completion of this offering. If the underwriters exercise their option to purchase additional shares, you will experience future dilution. A total of 572,888 shares of common stock have been reserved for future issuance under our stock-based compensation plans, including our 2017 Stock Plan. You may experience additional dilution upon future equity issuances or the exercise of stock options to purchase common stock granted to our directors, officers and employees under our current and future stock-based compensation plans, including our 2017 Stock Plan.

We are selling a substantial number of shares of our common stock in this offering, which could cause the price of our common stock to decline.

In this offering, we will sell up to 1,850,000 shares of common stock (assuming no exercise by the underwriters of their over-allotment option). The existence of the potential additional shares of our common stock in the public market, or the perception that such additional shares may be in the market, could adversely affect the price of our common stock. We cannot predict the effect, if any, that market sales of those shares of common stock or the availability of those shares of common stock for sale will have on the market price of our common stock.

We do not anticipate paying any cash dividends on our common stock in the foreseeable future.

We currently intend to retain our future earnings, if any, for the foreseeable future, to repay indebtedness and to fund the development and growth of our business. We do not intend to pay any dividends to holders of our common stock in the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of our Board taking into account various factors, including our business, operating results and financial condition, current and anticipated cash needs, plans for expansion, any legal or contractual limitations on our ability to pay dividends under our loan agreements or otherwise. As a result, if our Board does not declare and pay dividends, the capital appreciation in the price of our common stock, if any, will be your only source of gain on an investment in shares of our common stock, and you may have to sell some or all of your common stock to generate cash flow from your investment.

If securities or industry analysts do not publish research or reports about our business, or if they downgrade their recommendations regarding our common stock, its trading price and volume could decline.

We expect the trading market for our common stock to be influenced by the research and reports that industry or securities analysts publish about us, our business or our industry. As a new public company, we do not currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence coverage of our company, the trading price for our stock may be negatively impacted. If we obtain securities or industry analyst coverage and if one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline and our common stock to be less liquid. Moreover, if one or more of the analysts who cover us downgrades our stock or publishes inaccurate or unfavorable research about our business, or if our results of operations do not meet their expectations, our stock price could decline.

We are an "emerging growth company" and our compliance with the reduced reporting and disclosure requirements applicable to "emerging growth companies" may make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act, and we have elected to take advantage of certain exemptions and relief from various reporting requirements that are applicable to other public companies that are not "emerging growth companies." These provisions include, but are not limited to: being permitted to have only two years of audited financial statements and only two years of related selected financial data and management's discussion and analysis of financial condition, and results of operations disclosures; being exempt from compliance with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act; being exempt from any rules that could be adopted by the Public Company Accounting Oversight Board requiring mandatory audit firm rotations or a supplement to the auditor's report on financial statements; being subject to reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements; and not being required to hold nonbinding advisory votes on executive compensation or on any golden parachute payments not previously approved.

In addition, while we are an "emerging growth company," we will not be required to comply with any new financial accounting standard until such standard is generally applicable to private companies. As a result, our financial statements may not be comparable to companies that are not "emerging growth companies" or elect not to avail themselves of this provision.

We may remain an "emerging growth company" until as late as the fiscal year-end following the fifth anniversary of the completion of this public offering, though we may cease to be an "emerging growth company" earlier under certain circumstances, including if (i) we have more than $1.235 billion in annual revenue in any fiscal year, (ii) we become a "large accelerated filer," with at least $700 million of equity securities held by non-affiliates as of the end of the second quarter of that fiscal year or (iii) we issue more than $1.0 billion of non-convertible debt over a three-year period.

The exact implications of the JOBS Act are still subject to interpretations and guidance by the SEC and other regulatory agencies, and we cannot assure you that we will be able to take advantage of all of the benefits of the JOBS Act. In addition, investors may find our common stock less attractive to the extent we rely on the exemptions and relief granted by the JOBS Act. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may decline or become more volatile.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain executive management and qualified board members.

As a result of this offering, we will become subject to the reporting requirements of the Exchange Act, as amended, the Sarbanes-Oxley Act, the Dodd-Frank Act, and other applicable securities rules and regulations. Compliance with these rules and regulations involves significant legal and financial compliance costs, may make some activities more difficult, time-consuming or costly and may increase demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could adversely affect our business and operating results. We may need to hire more employees in the future or engage outside consultants, which will increase our costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us, and our business may be adversely affected.

We may be subject to additional regulatory burdens resulting from our public listing.

We are working with our legal, accounting and financial advisors to identify those areas in which changes should be made to our financial management control systems to manage our obligations as a public company listed on the NYSE American. These areas include corporate governance, corporate controls, disclosure controls and procedures and financial reporting and accounting systems. We have made, and will continue to make, changes in these and other areas, including our internal controls over financial reporting. However, we cannot assure holders of our common stock that these and other measures that we might take will be sufficient to allow us to satisfy our obligations as a public company listed on the NYSE American on a timely basis. In addition, compliance with reporting and other requirements applicable to public companies listed on The NYSE American will create additional costs for us and will require the time and attention of management. We cannot predict the amount of the additional costs that we might incur, the timing of such costs or the impact that management's attention to these matters will have on our business.

Our reverse stock split may not result in a proportional increase in the per share price of our common stock.

The effect of the reverse stock split on the market price for our common stock cannot be accurately predicted. In particular, we cannot assure you that the prices for shares of the common stock after the reverse stock split will increase proportionately to prices for shares of our common stock immediately before the reverse stock split. The market price of our common stock may also be affected by other factors which may be unrelated to the reverse stock split or the number of shares issued and outstanding.

Furthermore, even if the market price of our common stock does rise following the reverse stock split, we cannot assure you that the market price of our common stock immediately after the proposed reverse stock split will be maintained for any period of time. Moreover, because some investors may view the reverse stock split negatively, we cannot assure you that the reverse stock split will not adversely impact the market price of our common stock. There is also the possibility that liquidity may be adversely affected by the reduced number of shares which would be issued and outstanding when the reverse stock split is effected, particularly if the price per share of our common stock begins a declining trend after the reverse stock split is affected. Accordingly, our total market capitalization after the reverse stock split may be lower than the market capitalization before the reverse stock split.

If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

Following this offering, we will be subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act and the rules and regulations of the applicable listing standards of the NYSE American. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting, and financial compliance costs, make some activities more difficult, time-consuming, and costly, and place significant strain on our personnel, systems, and resources.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs, and significant management oversight.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the NYSE American. We are not currently required to comply with the SEC rules that implement Section 404 of the Sarbanes-Oxley Act and are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. As a public company, we will be required to provide an annual management report on the effectiveness of our internal control over financial reporting as part of our second annual report on Form 10-K.

Our independent registered public accounting firm is not required to formally attest to the effectiveness of our internal control over financial reporting until after we are no longer an "emerging growth company" as defined in the JOBS Act. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed, or operating. Any failure to maintain effective disclosure controls and internal control over financial reporting could materially and adversely affect our business, financial condition, and results of operations and could cause a decline in the trading price of our common stock.

Provisions in our corporate charter documents and under Delaware law may prevent or frustrate attempts by our stockholders to change our management or hinder efforts to acquire a controlling interest in us, and the market price of our common stock may be lower as a result.

There are provisions in our certificate of incorporation and bylaws that may make it difficult for a third party to acquire, or attempt to acquire, control of our company, even if a change in control was considered favorable by our stockholders. Such provisions include:

- our amended and restated certificate of incorporation and amended and restated bylaws authorizes only our board of directors to fill vacant directorships, including newly created seats, and the number of directors constituting our board of directors will be permitted to be set only by a resolution adopted by a majority vote of our entire board of directors;

- a prohibition on stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;

- a special meeting of our stockholders may only be called by the chairperson of our board of directors, our Chief Executive Officer, or a majority of our board of directors;
- our amended and restated certificate of incorporation does not provide for cumulative voting;
- certain litigation against us can only be brought in Delaware;
- advance notice procedures apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders.

In addition, as a Delaware corporation, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which prohibit a person who owns 15% or more of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner. Any provision in our certificate of incorporation or our bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock and could also affect the price that some investors are willing to pay for our common stock.

Our amended and restated certificate of incorporation includes an exclusive forum clause, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for any complaint asserting any internal corporate claims, including claims in the right of the Company that are based upon a violation of a duty by a current or former director, officer, employee or stockholder in such capacity, or as to which the Delaware General Corporation Law confers jurisdiction upon the Court of Chancery. In addition, our amended and restated certificate of incorporation provides that the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. We note, however, that there is uncertainty as to whether a court would enforce this provision and that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Section 22 of the Securities Act creates concurrent jurisdiction for state and federal courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. This forum selection provision will not apply to claims brought to enforce a duty or liability created by the Exchange Act.

This choice of forum provision may limit a stockholder's ability to bring a claim in other judicial forums for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees in jurisdictions other than Delaware, or federal courts, in the case of claims arising under the Securities Act. Alternatively, if a court were to find the choice of forum provision contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could have a material adverse effect on our business, financial condition or results of operations.

Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to the foregoing provisions. The exclusive forum clause may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us. See the section entitled "Description of Capital Stock— Choice of Forum for Certain Lawsuits."

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, "forward-looking statements." All statements other than statements of historical facts contained in this prospectus may be forward-looking statements. These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms "believes," "estimates," "continues," "anticipates," "expects," "seeks," "projects," "intends," "plans," "may," "will," "would" or "should" or, in each case, their negative or other variations or comparable terminology. Such statements are not guarantees of future performance and involve a number of assumptions, risks and uncertainties that could cause actual results to differ materially from expected results. They appear in a number of places throughout this prospectus, and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies, future acquisitions and the industry in which we operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We believe that these risks and uncertainties include, but are not limited to, those described in the "Risk Factors" section of this prospectus, which include, but are not limited to, risks related to the following:

- The development of our products and services will require significant capital resources;
- Limited operating history on which to judge our business prospects and management;
- Our ability to gain market acceptance of our products and services;
- Our ability to protect our intellectual property and to develop, maintain and enhance a strong brand;
- Our ability to compete and succeed in a highly competitive and evolving industry;
- Our industry's ability to manage the threat of security breaches and data theft on connected devices;
- Our reliance on third parties to produce key product components and provide industry and technology solutions;
- Our ability to raise capital and the availability of future financing;
- The impact of the ongoing COVID-19 pandemic and other sustained adverse market events on our and our customers' business operation;
- Our ability to manage our research, development, expansion, growth and operating expenses;
- The failure of an active public market for our common stock to develop;
- Volatility in the price of our common stock;
- Future sales of our common stock, or the perception in public markets that these sales may occur;

- The fact that we have no expectations to pay any cash dividends for the foreseeable future;
- Securities or industry analysts not publishing research or publishing inaccurate or unfavorable research about us or our business;
- Other risks, uncertainties and factors set forth in this prospectus, including those set forth under "Risk Factors," Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business."

These factors should not be construed as exhaustive and should be read with the other cautionary statements in this prospectus.

Although we base these forward-looking statements on assumptions that we believe are reasonable when made, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and industry developments may differ materially from statements made in or suggested by the forward-looking statements contained in this prospectus. The matters summarized under "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and elsewhere in this prospectus could cause our actual results to differ significantly from those contained in our forward-looking statements. In addition, even if our results of operations, financial condition and liquidity, and industry developments are consistent with the forward-looking statements contained in this prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

In light of these risks and uncertainties, we caution you not to place undue reliance on these forward-looking statements. Any forward-looking statement that we make in this prospectus speaks only as of the date of such statement, and we undertake no obligation to update any forward-looking statement or to publicly announce the results of any revision to any of those statements to reflect future events or developments, except as required by applicable law. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should only be viewed as historical data.

USE OF PROCEEDS

Assuming a public offering price of $7.00 per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus and assumes a reverse stock split of 1-for-7, we estimate that the net proceeds to us from the sale of our common stock in this offering will be $10,024,000 (or $11,811,100 if the underwriters exercise their over-allotment option in full), after deducting underwriting discounts and commissions and the estimated offering expenses payable by us.

Each $1.00 increase (decrease) in the assumed public offering price would increase (decrease) the net proceeds to us from this offering by approximately $1,702,000 (or $1,957,300 if the underwriters exercise their over-allotment option in full), assuming the number of shares we sell, as set forth on the cover page of this prospectus, remains the same, after deducting underwriting discounts and commissions and the estimated offering expenses payable by us.

We intend to use the net proceeds from this offering for working capital and other general corporate purposes, including potential increases in our staffing, marketing and inventory and expenditures related to research and development, as follows:

- approximately $1,000,000 for increases in marketing;
- approximately $1,000,000 for increase in inventory;
- approximately $1,000,000 for increases in our staffing; and
- approximately $1,000,000 for expenditures related to research and development.

We expect to use the remaining net proceeds for working capital and other general corporate purposes. We may also use a portion of the net proceeds of this offering for the potential future acquisitions of, or investments in, technologies or businesses that complement our business, although we have no present commitments or agreements to enter into any such acquisitions or make any such investments.

The expected use of net proceeds from this offering represents our intentions based upon our present plans and business conditions. We cannot predict with certainty all of the particular uses for the proceeds of this offering or the amounts that we will actually spend on the uses set forth above. Accordingly, our management will have significant flexibility in applying the net proceeds of this offering. The timing and amount of our actual expenditures will be based on many factors, including cash flows from operations and the anticipated growth of our business. Pending their use, we intend to invest the net proceeds of this offering in a variety of capital-preservation investments, including short- and intermediate-term, interest-bearing, investment-grade securities.

MARKET FOR OUR COMMON STOCK AND RELATED MATTERS

Our common stock is presently quoted on the OTCQX under the symbol “DCSX”. We have applied to have our common stock listed on the NYSE American under the symbol “DCSX”. No assurance can be given that our application will be approved. If our application is not approved, we will not complete this offering.

As of December 13, 2022, there were approximately 293 holders of record of our common stock.

DIVIDEND POLICY

Since our inception, we have not paid any dividends on our common stock, and we currently expect that, for the foreseeable future, all earnings, if any, will be retained for use in the development and operation of our business. In the future, our Board may decide, at its discretion, whether dividends may be declared and paid to holders of our common stock.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of September 30, 2022:

- on an actual basis, as adjusted to give effect to the 1-for-7 reverse stock split with respect to shares of our common stock, as if such reverse split had occurred on September 30, 2022; and

- on an as adjusted basis, giving effect to (i) the 1-for-7 reverse stock split with respect to shares of our common stock, as if such reverse split had occurred on September 30, 2022 and (ii) the sale and issuance by us of 1,850,000 common shares in this offering, based upon an initial public offering price of $7.00 per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

This table should be read in conjunction with, and is qualified in its entirety by reference to, "Summary Historical Consolidated Financial and Other Data," "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes appearing elsewhere in this prospectus.

	As of September 30, 2022	
	Actual	**As Adjusted[(1)]**
Cash	**$ 3,932,477**	13,956,477
Long-term debt	1,419,186	1,419,186
Long-term liabilities	890,551	890,551
Total long-term debt	2,309,737	2,309,737
Stockholders' equity (deficit):		
Common stock, with a par value of $0.00001; 40,000,000 shares authorized; 2,305,091 and 4,155,091 shares issued and outstanding at September 30, 2022 and As Adjusted, respectively	61	80
Additional paid in capital	7,554,345	17,578,326
Accumulated other comprehensive (loss) income	-	-
Accumulated deficit	(6,988,194)	(6,988,194)
Total stockholders' equity (deficit)	566,212	10,590,212
Total Capitalization	$ 2,857,949	12,899,949

Each $1.00 increase (decrease) in the assumed public offering price of $7.00 per share would increase (decrease) the as adjusted amount of each of cash and cash equivalents, working capital, total assets and total stockholders' equity by approximately $1,702,000, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 100,000 shares in the number of shares offered by us at the assumed public offering price of $7.00 per share would increase (decrease) the as adjusted amount of each of cash and cash equivalents, working capital, total assets and total stockholders' equity by approximately $644,000.

(1) Unless we indicate otherwise, all information in this section entitled "Capitalization":

- assumes no exercise by the underwriters of their over-allotment option;

- assumes no exercise of the warrants to be issued to the Representative of the underwriters in this offering;

- excludes 572,888 shares of common stock issuable upon the exercise of outstanding options at a weighted exercise price of $3.85 per share;

- excludes 94,976 shares of common stock reserved for future issuance under our 2017 Stock Plan, as well as any automatic increases in the shares of common stock reserved for future issuance under the 2017 Stock Plan;. and

- gives effect to a 1-for-7 reverse stock split with respect to our common stock, which will occur prior to the effective date of the registration statement of which this prospectus is a part.

DILUTION

If you invest in shares of our common stock in this offering, your interest will be diluted to the extent of the difference between the public offering price per share of our common stock and the as adjusted net tangible book value per share of our common stock immediately after the closing of this offering.

Our historic net tangible book value of our common stock as of September 30, 2022 was approximately $(63,954), or $(0.03) per share, based on the number of shares of our common stock outstanding as of September 30, 2022 as retroactively adjusted to give effect to the 1-for-7 reverse stock split. Historic net tangible book value per share represents our total tangible assets less our total liabilities, divided by the number of outstanding shares of common stock.

After giving effect to the 1-for-7 reverse stock split and the receipt of the net proceeds from our sale of 1,850,000 shares of common stock in this offering at an assumed public offering price of $7.00 per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, after deducting underwriting discount and estimated offering expenses payable by us, our as adjusted net tangible book value as of September 30, 2022, would have been $9,960,046, or $2.40 per share. This represents an immediate increase in as adjusted net tangible book value of $2.43 per share to our existing stockholders and an immediate dilution of $4.60 per share to investors purchasing securities in this offering.

We calculate dilution per share to new investors by subtracting the historic net tangible book value per share, as adjusted to reflect the 1-for-7 reverse stock split, from the public offering price per share paid by the new investor. The following table illustrates the dilution to new investors on a per share basis:

Assumed public offering price			$	7.00
Historic net tangible book value per share as of September 30, 2022	$	(0.03)		
Increase in net tangible book value per share attributable to new investors in this offering	$	2.43		
As adjusted net tangible book value per share after this offering			$	2.40
Dilution in net tangible book value per share to new investors in this offering			$	4.60

If the underwriters' option to purchase additional shares to cover over-allotments is exercised in full, the as adjusted net tangible book value per share after giving effect to this offering would be $2.65 per share, representing an immediate increase to existing stockholders of $2.68 per share, and immediate dilution to new investors in this offering of $4.35 per share.

Each $1.00 increase or decrease in the public offering price, would increase or decrease, as applicable, our as adjusted net tangible book value per share by $0.41 per share, and would increase or decrease, as applicable, dilution per share to new investors in this offering by $0.59 per share, assuming that the number of shares of common stock offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase or decrease of 100,000 in the number of shares of common stock offered by us would increase or decrease, as applicable, our as adjusted net tangible book value per share by approximately $0.09 per share and increase or decrease, as applicable, the dilution to new investors by $0.09 per share, assuming the public offering price remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The following table summarizes, on an as adjusted basis as of September 30, 2022 after giving effect to the 1-for-7 reverse stock split, the differences between the number of shares of common stock purchased from us, the total cash consideration and the average price per share paid to us by existing stockholders and by new investors purchasing shares in this offering at the assumed initial public offering price of $7.00 per share, before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. As the table shows, new investors purchasing shares of common stock in this offering will pay an average price per share substantially higher than our existing investors paid.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders	2,305,091	55%	$ 7,554,406	37%	$ 3.27
New investors participating in this offering	1,850,000	45%	$ 12,950,000	63%	$ 7.00
Total	4,155,091	100%	$ 20,504,406	100%	$ 4.93

If the underwriters exercise their option to purchase additional shares in full, the number of shares of common stock held by existing stockholders will be reduced to 52% of the total number of shares of common stock to be outstanding after this offering, and the number of shares of common stock held by investors participating in this offering will be further increased to 48% of the number of shares to be outstanding after this offering.

The tables and calculations above are based on 2,305,091 shares of our common stock outstanding as of September 30, 2022 (giving effect to the 1-for-7 reverse stock split) on an actual basis and exclude:

- assumes no exercise by the underwriters of their over-allotment option;
- assumes no exercise of the warrants to be issued to the representative of the underwriters in this offering;
- excludes 572,888 shares of common stock issuable upon the exercise of outstanding options at a weighted exercise price of $3.85 per share;
- excludes 94,976 shares of common stock reserved for future issuance under our 2017 Stock Plan, as well as any automatic increases in the shares of common stock reserved for future issuance under the 2017 Stock Plan;. And
- gives effect to a 1-for-7 reverse stock split with respect to our common stock, which will occur prior to the effective date of the registration statement of which this prospectus is a part.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our results of operations and financial condition should be read together with "Summary Historical Consolidated Financial and Other Data" and the financial statements and related notes included elsewhere in this prospectus. Such discussion and analysis reflects our historical results of operations and financial position and does not give effect to the completion of this offering. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" and elsewhere in this prospectus

Overview

We are a provider of Internet of Things (IoT) products, services and solutions. We deliver enhanced one-stop solutions that connect assets to increase visibility, operational efficiency, and profitability. We provide our solutions and services to a variety of industries including, Supply Chain Logistics, Transportation, Health Care, and Food & Beverages. We are a chosen global partner of service providers, value-added collaborators, system integrators, and enterprises due to our commitment to quality and demonstrated experience. We intend to continue expanding our long-standing relationships and work strategically with our partners, to jointly build leading IoT solutions based on integrated hardware, cloud-based software, and other services.

Our current SaaS solutions include MiFleet™, which provides fleet and vehicle SaaS telematics, MiSensors™, which provides machine-to-machine device management and service enablement for wireless sensors and MiFailover™, which provides high-speed wireless internet failover to small and medium-sized businesses as a redundancy solution to continue to run their business in the event the internet is not available. In addition, we have recently deployed MiConnectivity to provide wireless data connectivity for global connectivity through our fully integrated SIM management platform and MiServices™ to provide managed services solution that includes all-inclusive device readiness program and engineering support. These services include software development, hardware integration and logistics support from SIM to Shipment, including device preparation, custom labeling, packaging, configuration confirmation, and system-side checks.

We were incorporated in 2006 and have traditionally been a distributor of IoT components and a system integrator that assisted clients in installing such components into their installed systems and applications. We have focused on providing hardware items and solutions that have aided in data collection, analysis and management.

The global costs and prices of IoT sensors and products continue to drop in price and margin. As a response to this, and an interest to develop more vertically-integrated, comprehensive solutions, we began to develop software applications and databases that can analyze and manage the data that its IoT hardware has traditionally just collected. We believe that this will provide us with the opportunity to increase our gross and net profit margins by providing more services and software – through the cloud and/or via a SaaS business model. Currently, we have three primary business focuses on revenue stream and growth generation.

Smart Hardware Provider. We utilize smart hardware from an expanding group of suppliers to deploy through our strategic agreements with channel partners including Verizon, U.S. Cellular, Synnex and Hyperion Partners as the basis to develop our own end-to-end SaaS based intelligent business solutions.

SaaS Software Solutions Provider. Our products and services then enable devices to communicate with each other and with server or cloud-based application infrastructures. These software applications address and solve real-world data collection and monitoring problems to best serve our customers and manage their evolving business requirements.

Industry Technology Innovation. We have sold to customers within various smart hardware related vertical markets that are tied to the broad IoT market. These areas have included markets such as fleet management, healthcare, retail point-of-sale, industrial, energy and utilities and safety and security. As we apply our competencies we can now address a broadening spectrum of software application markets.

We are continuing to evolve from our smart hardware distribution base of mobile broadband hardware to providing end-to-end solutions for mobile internet, M2M, and vertical markets. We serve our clients by simplifying IoT technologies, making them less costly, easier to deploy and overall, more efficient. We intend to continue to leverage our long-standing relationships with strategic partners and jointly build differentiated IoT solutions based on integrated third-party equipment along with our application software. We believe this mixed hardware and software implementation will allow us to build new, more robust, solutions that address multiple customer problems operating on a single company platform.

Significant Highlights

The following highlights and developments for the year ended December 31, 2021 and the interim period ended September 30, 2022:

December 31, 2021

- Released MiSensors MiTag BT sensor which has an IP67 water-resistant design, provides Bluetooth wireless connectivity and 8 sensors in one device.
- Launched MiFleet + Vision and added the Flex product portfolio (solar tracker) to enhance our telematics offerings.
- Entered into an agreement with Bluesky Communications to offer MiFleet to their customers. Initial deployment will upgrade over 300 vehicles.
- Appointed first distributor in North American market by TOPFLYtech to provide distribution, logistics and technical support.
- Entered into an agreement with PTI Pacifica Inc., dba IT&E ("IT&E"), the widest 4G LTE data network in the Marianas and Guam, to provide their customer base with MiFleet as a fleet and asset management solution.
- Started development of a comprehensive set of tools that are propriety that will automate the entire provisioning and activation process for GPS tracking devices, across all manufacturers.
- Launched MiFleet Drive, a consumer-focused mobile application and MiFleet Bolt, which provides extended battery life for tracking high value assets through our MiFleet platform.
- Entered into a strategic partnership with AMIT Wireless to expand our IoT product offerings.
- Entered into a strategic partnership with Streamline Transportation Technologies (an Arrow Transportation Systems Inc. company) to kick-off international expansion in SaaS.

September 30, 2022

- Launched the first phase of the SMART ESG Program to provide Cloud-Based IoT solutions for ESG Assets and Data market.
- Jointly with UScellular to provide 4G LTE Wireless upgrade for Duplin County's 157 school buses in North Carolina.
- Closed the fully subscribed $1,500,000 USD unsecured convertible debenture.

COVID-19 Impact on Operations and Financial Position

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. The outbreak led governments and other authorities around the world, including federal, state and local authorities in the United States, to impose measures intended to control its spread, including restrictions on freedom of movement and business operations such as travel bans, border closings, business closures, quarantines and shelter-in-place orders. The outbreak and preventative or protective actions that governments have taken in respect of this coronavirus have resulted in a period of business disruption, reduced customer traffic, negative impact on our order fulfillment, reduced operations, and has adversely affected workforces, economies, and financial markets globally. Furthermore, several of our key products are manufactured in Asia in locations subject to quarantines and factory closures. The magnitude of the impact of COVID-19 outbreak on our business and operations remains uncertain. In addition, we may experience disruptions to our business operations resulting from quarantines, or other movement and restrictions on the ability of our employees to perform their jobs that may impact our ability to develop and design our products and solutions in a timely manner or meet required customer commitments.

Outlook

We are an emerging provider that offers Internet of Things ("IoT") and connectivity-related business-critical solutions and services. Our customers include technology distributors, cellular operators fleet service providers and any business that needs to monitor or draw data from their machine-based assets. We serve our clients by simplifying IoT Technologies, making them less costly, easier to deploy and overall more efficient. Since 2018 we have been transitioning from a hardware reseller to a SaaS-based, recurring revenue, customized solutions provider, offering turnkey IoT solutions for new and existing customers. SaaS and other services revenue accounted for approximately 10% of our total corporate revenue for the nine months ended September 30, 2022.

We continue to expand the industries we serve which now include property management, restaurants, healthcare, cold chain management, retail, offices, fleet management, public safety, and construction.

The large cellular providers are moving towards a technology sunset on their legacy 2G networks. This will affect all 2G devices deployed on their networks and is expected to force a transition to solutions with 4G technologies. We believe our relationships with the cellular providers along with our product and service offerings, will allow us significant sales opportunities.

Key Business Metrics

The following table shows a summary of our key business metrics as of the periods presented:

	September 30, 2022
	$
Annual recurring revenue ("ARR")	2,096,238

ARR

We believe that ARR is a key indicator of the trajectory of our business performance, enables measurement of the progress of our business initiatives, and serves as an indicator of future growth. We define ARR as the annualized value of subscription contracts that have commenced revenue recognition as of the measurement date. ARR highlights trends that may be less visible from the face of our financial statements due to ratable revenue recognition. ARR does not have a standardized meaning and is not necessarily comparable to similarly titled measures presented by other companies. ARR should be viewed independently of revenue and is not intended to be combined with or to replace it. ARR is not a forecast and the active contracts at the date used in calculating ARR may or may not be extended or renewed.

Results of Operations for the Three months ended September 30, 2022

Revenues for the three months ended September 30, 2022 were $4,690,736 compared to $2,827,658 for the same period last year. Product revenue of $4,112,623 was up 79% over the same period as last year as customers were delaying orders in 2021 due to the pandemic.

Solutions and other services revenue of $578,113 was up 10% from the same period as last year.

Cost of revenues for the three months ended September 30, 2022 were $3,489,359 compared to $1,985,424 for the same period in 2021. The following tables summarize gross profit and gross margin:

	Gross Profit		Gross Margin	
	Three months ended September 30, 2022	Three months ended September 30, 2021	Three months ended September 30, 2022	Three months ended September 30, 2021
	$	$	%	%
Products	786,240	487,147	19.1%	21.1%
Solutions and other services	415,137	355,087	71.8%	67.7%
Total	1,201,377	842,234	25.6%	29.8%

We went through and aggressively reworked the pricing models to achieve healthier margins. We also expanded the portfolio of product offerings which permitted higher margin sales.

General and administrative expenses for the three months ended September 30, 2022 were $1,694,259 compared to $1,211,023 for the same period in 2021. Compensation was 11% higher in Q3 2022 vs same period in last year due to appointment of the finance key hires and directors. Increase in professional fees of $146,362 or 55% is mainly due to consulting fees for building complete IoT bundled solutions, services to raise public awareness of our company and other corporate development. Increase in other represents the increase in corporate activities.

Research and development costs for the three months ended September 30, 2022 were $320,563 compared to $299,556 for the same period in 2021.

Net loss for the three months ended September 30, 2022 was $919,711 compared to $240,606 for the same period in 2021.

Results of Operations for the nine months ended September 30, 2022

Revenues for the nine months ended September 30, 2022 were $18,288,251 compared to $10,846,387 for the same period last year. Product revenue of $16,523,645 was up 76% over the same period as last year as customers were delaying orders in 2021 due to the pandemic.

Solutions and other services revenue of $1,764,606 was up 20% from the same period as last year.

Cost of revenues for the nine months ended September 30, 2022 were $12,613,816 compared to $7,820,706 for the same period in 2021. The following tables summarize gross profit and gross margin:

	Gross Profit		Gross Margin	
	Nine months ended September 30, 2022	Nine months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
	$	$	%	%
Products	4,420,179	2,007,462	26.8%	21.4%
Solutions and other services	1,254,256	1,018,219	71.1%	69.0%
Total	5,674,435	3,025,681	31.0%	27.9%

The Company went through and aggressively reworked the pricing models to achieve healthier margins. The Company also expanded the portfolio of product offerings which permitted higher margin sales.

General and administrative expenses for the nine months ended September 30, 2022 were $4,683,996 compared to $3,993,782 for the same period in 2021. Compensation was 4% lower in Q2 2022 vs same period in last year due to resignations of the former CFO and director. Increase in professional fees is mainly due to consulting fees for building complete IoT bundled solutions, services to raise public awareness of our company and other corporate development. Increase in other represents the increase in corporate activities.

Research and development costs for the nine months ended September 30, 2022 were $1,022,214 compared to $971,211 for the same period in 2021.

Net loss for the nine months ended September 30, 2022 was $232,086 compared to $1,129,411 for the same period in 2021. The decrease in net loss was primarily the result of $7,441,864 and $2,648,754.00 increases in revenue and gross profit, respectively.

Results of Operations for the Year Ended December 31, 2021

Revenues for the year ended December 31, 2021 were $16,525,523 compared to $14,257,460 for December 31, 2020. Product revenue of $14,543,745 was up 20.2% over the previous year as customers were postponing orders in 2020 due to the pandemic.

Solutions and other services revenue of $1,981,778 was down 8.3% from the same period as last year. SaaS solutions, which comprises the largest amount of solutions and other services revenue, was up 24%.

Cost of revenues for the year ended December 31, 2021 were $11,921,236 compared to $10,180,270 for the same period in 2020. The following tables summarize gross profit and gross margin:

	Gross Profit		Gross Margin	
	Year ended December 31, 2021	Year ended December 31, 2020	Year ended December 31, 2021	Year ended December 31, 2020
Products	$ 3,273,692	$ 2,412,168	22.5%	19.9%
Solutions and other services	1,330,595	1,665,022	67.1%	77.0%
Total	$ 4,604,287	$ 4,077,190	27.9%	28.6%

The change in products gross margin is mainly due to tariffs. For the year ended December 31, 2021 tariffs were 0.3% of product revenue compared to 1.8% for the year ended December 31, 2020. Wireless data services, which has a lower margin, comprised a greater percentage of solutions and other services in the year ended December 31, 2021 compared to the year ended December 31, 2020.

General and administrative expenses for the year ended December 31, 2021 were $5,856,711 compared to $4,687,360 for the year ended December 31, 2020. The increase was mainly due to increased compensation associated with 4 additional sales employees, professional fees for building complete IoT bundled solutions and services to raise public awareness of the Company and other expenses.

Research and development costs for the year ended December 31, 2021 were $1,158,289 compared to $1,082,065 for the year ended December 31, 2020. The increase was primarily the result of additional engineers related to software development for MiSensors.

Net loss for the year ended December 31, 2021 was $1,637,635 compared to $1,808,962 for the year ended December 31, 2020. The decrease in net loss was primarily the result of $856,605 debt forgiveness and $527,097 increase in gross profit offset by increases of $1,169,351 and $76,224 in general and administrative and research and development expenses, respectively.

Liquidity and Capital Resources

We define capital as consisting of issued share capital, reserves and accumulated deficit. We expect to fund the operating costs of the Company over the next twelve months from expanding sales of our current products and solutions that support our growth and raising additional capital as necessary. Our continuing operations and our financial viability is dependent upon the extent to which we can successfully raise the capital to implement its future plans and ultimately on generating sufficient revenue to attain profitable operations. These factors indicate the existence of an uncertainty that may cast doubt about our ability to continue as a going concern. At September 30, 2022, we are not subject to any externally imposed capital requirements or debt covenants. At September 30, 2022, we had working capital of $1,860,126, and at December 31, 2021 we had a working capital deficiency of $32,630).

On February 19, 2021, we were granted a second loan (the "Second Loan") from TAB Bank ("TAB") in the aggregate amount of $434,105 pursuant to the Paycheck Protection Program (the "PPP") established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") in the United States. The Second Loan, which was in the form of a Note dated February 19, 2021 matures February 19, 2026 and bears interest at a rate of 1.00% per annum, payable in 44 equal monthly payments commencing on June 19, 2022. The Second Loan may be prepaid at any time prior to maturity with no prepayment penalties. The Second Loan and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. We intend to use the entire Second Loan amount for eligible purposes.

On March 5, 2021, we received notice from the U.S. Small Business Administration that a loan (the "Loan") dated April 10, 2020 from TAB in the aggregate amount of $422,500 pursuant to the PPP was forgiven in full.

In February and March 2021, we issued 76,162 shares due to the exercise of warrants for proceeds of $426,512.

In July 2021, we issued 571 shares due to the exercise of options for proceeds of $3,880.

On August 5, 2021, we received notice from TAB that the Second Loan was forgiven in full.

In November and December 2021, we issued convertible promissory debentures totaling $275,000. The debentures accrued interest at a rate of 10% per annum and were payable semi-annually unless the holder elected to defer payment. All unpaid principal and accrued interest are due two years from date of issuance. The holder of the debenture at any time could convert in whole or any part principal and interest into common shares of the Company at a conversion price of $7.00 per share. In the event of default, all principal and interest due shall become immediately due and payable.

At September 30, 2022 and December 31, 2021, the outstanding balance on the credit facility was $Nil and $1,670,833, respectively.

During the nine months ended September 30, 2022, we received convertible debenture financing for the aggregate amount of $100,000. Subscribers may convert all or part of the principal amount outstanding under the debentures into shares of common stock of the Company. The debentures are convertible at the option of the holder into units at the higher of $8.33 or a price equal to the price of the shares or units of the next financing carried out before the second anniversary of the closing date less a 25% discount. Each debenture automatically converts immediately upon the closing of an equity financing or series of related equity financings resulting in our meeting the listing requirements of the Nasdaq stock market (a "Qualified Financing") at a conversion price equal to the higher of (i) $1.19 (or $8.33 after 1-for-7 reverse stock split) or (ii) a price equal to the lowest per share price of the shares issued in the Qualified Financing less a 25% discount.

The units comprise a share and one-half of one warrant, where a whole warrant shall be exercisable at $6.02 per common share for a two-year term. The debentures have a maturity date of the second anniversary of the closing date and bear an interest rate of 10 per cent per annum, payable semi-annually.

In September 2022, we issued additional convertible promissory debentures totaling $1,500,000, bearing interest at 10% per annum (accruing annually and payable at maturity), on September 9, 2022 and maturing on September 9, 2024, or a period of 24-months. The debentures are convertible, at the option of the holder, to our common shares at a price of $8.33 or a price equal to the price of the shares of the next financing carried out before the second anniversary of the closing date less a 25% discount. Upon issuance of the debentures, we also issued 107,142 share purchase warrants. Each warrant entitles the holder to purchase one common share at a price of $6.02 per share for a period of 24 months from the date of issuance of the debentures. We record the fair value of the conversion features with variable exercise prices as an embedded derivative separate from the host contract. The fair value of the derivative liabilities is revalued on each balance sheet date with corresponding gains and losses recorded in the consolidated statements of operations. We use a derivative valuation technique to fair value the components of the hybrid contract on initial recognition, including the debt component, the embedded derivative, and the warrants.

During the nine months ended September 30, 2022, we received an unsecured promissory note in the principal amount of $200,000. The note is interest bearing at 5.00% per annum and any payments made by us will first be applied to accrued interest and then to principal. The note matures December 31, 2022.

We a credit facility with TAB whereby TAB advances funds to us up to 90% of our domestic receivables less than 90 days from invoice date and not subject to offset up to $2,000,000. TAB charges monthly interest at a rate greater of (a) 90-Day LIBOR rate plus 4.50% and (b) 6.41%. In addition, there is an administration fee equal to 0.008% per diem of the outstanding daily obligations. The credit facility is secured by a lien on substantially all of our assets.

Cash flows provided in operating activities during the nine months ended September 30, 2022 were $1,565,021 compared to $2,813,315 used during the same period last year.

Cash flows used in operating activities during the year ended December 31, 2021 were $1,032,394 compared to $1,990,825 used during the year ended December 31, 2020.

Cash flows used in investing activities during the nine months ended September 30, 2022 were $4,040 versus $19,787 during the same period last year. The difference is primarily the purchase of property and equipment during the same period last year.

Cash flows used in investing activities during the year ended December 31, 2021 were $12,249 versus $136,313 during the year ended December 31, 2020. The difference is primarily the result of $43,780 development costs of our Brewsee® Keg Management System and $92,533 purchase of property and equipment in 2020 while there was a purchase of property and equipment for $12,249 during the year ended December 31, 2021.

Cash flows used in financing activities during the nine months ended September 30, 2022 were $112,608 compared to $1,810,755 provided during the same period last year. We received $300,000 during the nine months ended September 30, 2022 compared to $434,105 for the same period in 2021 from the Paycheck Protection Program. During nine months ended September 30, 2021, we received $426,512 from the exercise of 533,140 warrants while there was $0 received during the nine months ended September 30, 2022. Net repayments on credit facility were $1,670,833 during the nine months ended September 30, 2022 while net borrowings under our credit facility were $1,111,782 during the same period in 2021.

Cash flows provided by financing activities during the year ended December 31, 2021 were $2,077,529 compared to $3,192,100 provided during the year ended December 31, 2020. During the years ended December 31, 2021 and 2020, there were proceeds from note payable of $709,105 and $422,500, respectively. In February and March 2021, we received $426,512 from the exercise of 533,140 warrants. Net borrowings under our credit facility were $1,206,714 higher in the year ended December 31, 2021 than the year ended December 31, 2020. In January 2020, we completed our initial public offering and received net proceeds of $1,773,063. In April 2020, we received $422,500 from a loan under the Paycheck Protection Program.

At September 30, 2022, we had working capital of $1,860,126 and at December 31, 2021, we had a working capital deficiency of $32,630.

Capital Resources

As of September 30, 2022, the Company has committed approximately $600,000 to complete the development of BrewSee®. The Company has sufficient capital resources to meet this commitment. The Company has no other sources of financing which have been arranged but are as yet unused.

Share Capital

The Company has authorized 40,000,000 shares with a par value of $0.00001 per share.

On January 7, 2020, we completed our initial public offering and sold 189,785 shares of common stock for net proceeds of $1,773,063 after underwriter's commission and offering expenses of $269,426 of which $47,102 were paid during the year ended December 31, 2019.

On December 15, 2020, we completed an offering and sold 242,171 shares of common stock at C$7.35 per share for net proceeds of $1,209,226 after share issuance costs of $123,061.

In March 2021, 76,162 common shares were issued due to the exercising of 76,163 warrants for proceeds of $426,512.

In July 2021, 571 common shares were issued due to the exercising of 571 options for proceeds of $3,880.

At December 31, 2021, we had 2,233,662 shares issued and outstanding with a par value of $0.00001.

In January 2022, 71,428 common shares were issued at CAD$3.85 in exchange for non-arm's length consulting fee for corporate development.

Warrants

In January 2020 in conjunction with our initial public offering, we issued warrants to the underwriter to purchase 15,182 shares of common stock with an exercise price of C$14.00 per share and a term of two years.

In November 2020 in a private offering, we issued warrants to purchase 125,714 shares of common stock with an exercise price of $5.60 per share and a term of six months for proceeds of $30,555.

In November and December 2020, in conjunction with an offering, we issued warrants to placement agents to purchase 16,952 shares of common stock with an exercise price of $5.60 per share and a term of six months.

In February and March 2021, 76,162 shares were issued due to the exercise of warrants for proceeds of $426,512.

In May and June 2021, 66,503 warrants expired and were forfeited.

In January 2022, all outstanding warrants were expired.

In September 2022, upon issuance of the debentures, we also issued 107,142 share purchase warrants. Each warrant entitles the holder to purchase one common share at a price of $6.02 per share for a period of 24 months from the date of issuance of the debentures. We determined the fair value of the warrants to be $215,667 using a derivative valuation technique and capitalized in the fair value of the convertible debentures.

Stock Options

In October 2017, our Board of Directors and stockholders approved the 2017 Stock Plan under which 3,500,000 shares of common stock are reserved for the granting of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock and performance awards to employees, directors and consultants. Recipients of stock option awards are eligible to purchase shares of the Company's common stock at an exercise price equal to no less than the estimated fair market value of such stock on the date of grant. The maximum term of awards granted under the 2017 Plan is ten years and vesting is determined by the board of directors. Stock awards are generally not exercisable prior to the applicable vesting date, unless otherwise accelerated under the terms of the applicable stock plan agreement. Unvested shares of our common stock issued in connection with an early exercise allowed by us may be repurchased by us upon termination of the optionee's service with us. The vesting terms of each option grant are at the discretion of the Board of Directors

In June 2019, our Board of Directors and stockholders agreed to increase the number of authorized shares reserved for issuance under our 2017 Stock Plan from 500,000 to 585,714 shares and add an annual evergreen feature that will adjust the number of authorized shares reserved to an amount equal to 29.99% of our issued capital stock (other than the maximum number of shares that may be issued through Incentive Stock Options, which is fixed at 585,714 shares). As a result of the evergreen feature, the number of authorized shares for issuance increased to 646,863 effective January 1, 2021.

At September 30, 2022, 572,888 options were outstanding, of which 383,824 are vested and exercisable at $3.29 per option; 1,250 are vested and exercisable at $5.53 per option; 8,571 are vested and exercisable at $2.94 per option; 7,366 are vested and exercisable $2.87 per option; 4,166 are vested and exercisable at $2.87 per option; 19,914 are vested and exercisable at $4.13 per option; 14,285 are vested and exercisable at $5.53 per option ; and 55,714 are vested and exercisable at $8.40 per option. We recognized stock-based compensation expense for the nine months ended September 30, 2022 of $591,829.

On May 9, 2022, we granted 55,714 and 14,285 stock options to directors with an exercise price of $8.40 and $5.53 respectively. As of September 30, 2022, those 69,999 options were outstanding.

On March 14, 2022, we granted 62,142 stock options to officers with an exercise price of $4.13 which was the fair market value of a share of stock on the date of the grant. As of September 30, 2022, those 62,142 options were outstanding.

On February 28, 2022, we cancelled 140,000 stock options, of which 14,285 were exercisable at $5.53, 69,285 were exercisable at $10.71, 53,571 were exercisable at $11.13, and 2,857 were exercisable at $11.76.

On February 24, 2022, we granted 14,285 stock options to officers with an exercise price of $2.87 which was the fair market value of a share of stock on the date of the grant. As of September 30, 2022, those 14,285 options were outstanding.

On February 9, 2022, we cancelled 62,142 stock options, of which 12,142 were exercisable at $5.53, 7,142 were exercisable at $10.71, and 42,857 exercisable at $11.13.

On February 4, 2022, we granted 25,000 options with an exercise price of $2.87 which was the fair market value of a share of stock on the date of the grant. As of September 30, 2022, those 25,000 options were outstanding.

On June 1, 2021, we granted 17,857 options, of which 14,285 were to a director. The options are exercisable at $6.79 which was the fair market value of a share of stock on the date of the grant. As of September 30, 2022, 13,714 of those options were outstanding.

In June 2021, we modified an option for a former member of our Board of Directors to extend the period to exercise 9,523 vested options from 90 days to one year (the “Modification”). We recognized an additional $1,694 in stock-based compensation associated with the Modification, included within total stock-based compensation of $494,488.

On March 19, 2021, we granted 96,428 options of which 53,571 were to certain officers. The options are exercisable at $11.13 which was the fair market value of a share of stock on the date of the grant. As of September 30, 2022, none of these options were outstanding.

On May 20, 2020, we granted 41,428 options, of which 14,285 were to a director. The options are exercisable at $5.53 which was the fair market value of a share of stock on the date of the grant. As of September 30, 2022, none of these options were outstanding.

On January 7, 2020, we granted 107,857 options to certain of our directors and officers. 105,000 of the options are exercisable at $10.71 and 2,857 of the options are exercisable at $11.76 per share. As our CEO is more than a 10% shareholder, per incentive stock option rules in the U.S., his exercise price is 110% of the fair market value of a share of stock on the effective date of grant of the option. As of September 30, 2022, none of these options were outstanding.

In October 2017, the Company’s board of directors and stockholders approved the 2017 Stock Plan under which 500,000 shares of common stock are reserved for the granting of incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock and performance awards to employees, directors and consultants. Recipients of stock option awards are eligible to purchase shares of our common stock at an exercise price equal to no less than the estimated fair market value of such stock on the date of grant. The maximum term of awards granted under the 2017 Plan is ten years. Stock awards are generally not exercisable prior to the applicable vesting date, unless otherwise accelerated under the terms of the applicable stock plan agreement. Unvested shares of the Company’s common stock issued in connection with an early exercise allowed by the Company may be repurchased by the Company upon termination of the optionee’s service with the Company. As of September 30, 2022, 572,888 options were outstanding under the plan.

Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling our activities as a whole. We have determined that key management personnel consist of executive and non-executive members of our Board of Directors and corporate officers.

Rich Gomberg, our former CFO is a former employee of CFO Connect. Ed O'Sullivan, a former member of our Board of Directors, is managing partner of CFO Connect. The relationship with the Company was terminated during the nine months ended September 30, 2022. We recorded professional fees the consolidated condensed statement of operations associated with CFO services for $83,850 for the nine months ended September 30, 2022. As of September 30, 2022 and December 31, 2021, we owed $0 and $9,325, respectively.

John Hubler, a former member of our Board of Directors, is a partner of BH IoT Group. On July 28, 2022, John Hubler tendered his resignation as a director of the Company to take on the role of chair of our technology advisory board, effective July 28, 2022. In November 2020, we entered into an agreement with BH IoT Group to assist in building complete IoT bundled solutions. We entered into an initial Phase 1 project expected to last 3 months. At the end of Phase1, both parties agreed to continue the relationship on a month-to-month basis. We recorded $121,000 professional fees on the consolidated condensed statement of operations for the nine months ended September 30, 2022. As of September 30, 2022 and December 31, 2021, no balance was due with respect to this agreement.

Mike Zhou, a member of our Board of Directors, is the owner of MYZ Corporate Relations, Ltd. In May 2021, we entered into an agreement with MYZ Corporate Relations, Ltd. To provide consulting services on strategic matters related to business development opportunities, product development and marketing strategies for a monthly fee of $4,000. The agreement is effective for one year and will automatically renew annually unless terminated by either party. We recorded $67,722 of professional fees on the consolidated condensed statement of operations for the nine months ended September 30, 2022.

In March 2022, we entered into an agreement with Zeus Capital Ltd. to assist the company with corporate finance and strategic initiatives for a monthly fee of $15,000. The agreement is effective for one year and will automatically renew annually unless terminated by either party. We recorded $244,079 of professional fees on the consolidated condensed statement of operations for the nine months ended September 30, 2022. In January 2022, 71,429 common shares of common stocks were issued at CAD$3.85 in exchange for consulting fee for corporate development.

Also in April 2022, we appointed Mr. Lichtenwald as our new CFO and Mr. Lichtenwald is a principal of Lichtenwald Professional Corp ("LPC"). We entered into an agreement with LPC to provide CFO service fee of $12,500 monthly. We recorded $101,500 of professional fees on the consolidated condensed statement of operations for the nine months ended September 30, 2022.

Remuneration attributed to key management personnel can be summarized as follows:

As of September 30, 2022, and December 31, 2021, $Nil and $46,503, respectively, was included in accounts payable and accrued liabilities for fees owed to related parties.

Critical Accounting Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical estimates in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated condensed interim financial statements are, but not limited to the following:

- Allowance for doubtful accounts receivable - we make allowances for doubtful accounts based on our best estimate of the amount of probable credit losses in existing accounts receivable. These are determined based on analyzing known uncollectible accounts, aged receivables, economic conditions, historical losses, and changes in customer payment cycles and the customers' credit-worthiness.

- Provision for excess and obsolete inventory - Inventory is valued at the lower of cost and net realizable value. Net realizable value for inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. All of these estimates involve uncertainty relating to future pricing, demand and market conditions. Provisions are made in profit or loss of the current period on any difference between book value and net realizable value.

- Fair value of stock options and warrants - Determining the fair value of warrants and stock options requires judgements related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on our future operating results or on other components of shareholders' equity (deficiency).

- Income taxes - Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and future periods. Deferred tax assets, if any, are recognized to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse.

- Estimated product returns - Revenue from product sales is recognized net of estimated sales discounts, credits, returns, rebates and allowances. The return allowance is determined based on an analysis of the historical rate of returns, industry return data, and current market conditions, which is applied directly against sales. We recognize product returns when incurred due to the infrequent occurrence of returns.

- Employee retention tax credits – Under the provisions of the CARES Act (Note 10), we are eligible for refundable employee retention credits subject to certain criteria. In connection with the CARES Act, we adopted a policy to recognize the employee retention credit when received given the uncertainty of when the credit will be received. We recorded $24,247 employee retention tax credit during the year ending December 31, 2021, which is included in other income in the consolidated condensed statements of operating loss.

Critical Accounting Judgements

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated condensed financial statements are, but are not limited to, the following:

- Deferred income taxes – judgements are made by management to determine the likelihood of whether deferred income tax assets at the end of the reporting period will be realized from future taxable earnings. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

- Going concern – As disclosed in Note 1 to the consolidated condensed financial statements.

Financial Instruments

Our financial assets include cash and amounts receivable. The carrying value of cash and amounts receivable approximates their fair value due to their short term to maturity.

Our financial liabilities include accounts payables, the Second Loan, credit facility, and customer deposits. The carrying value of these items approximates their fair value due to their immediate or short term to maturity.

Financial Risk Factors

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. We place our cash with institutions of high credit worthiness. Management has assessed there to be a low level of credit risk associated with its cash balances.

Our exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of our customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Approximately 38% of our revenue (2021 - 31%) is attributable to sales transactions with one customer.

We have established a credit policy under which each major new customer is analyzed individually for creditworthiness before our standard payment and delivery terms and conditions are offered. Our review includes external ratings, when available, and in some cases bank references. Purchase limits and terms are established for each customer and reviewed periodically. Customers that fail to meet our benchmark creditworthiness may transact with us only on a prepayment basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to our wholesale and retail customers.

Trade and other receivables consist of:

	September 30, 2022	December 31, 2021
Accounts receivables	$ 3,708,558	$ 4,024,625
Other receivables	120,035	
Allowance for doubtful accounts	(195,601)	(121,319)
Total	$ 3,632,992	$ 3,903,306

Aged trade receivable listing:

Days outstanding	September 30, 2022	December 31, 2021
Current	$ 2,642,197	$ 3,046,604
1 – 30	368,725	690,882
31 – 60	111,151	174,211
61 - 90	37,722	32,824
> 90	548,763	80,104
Total	$ 3,708,558	$ 4,024,625

Liquidity risk

Liquidity risk is the risk that we will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Our approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation.

We examine current forecasts of our liquidity requirements so as to make certain that there is sufficient cash for its operating needs. These forecasts take into consideration matters such as our plan to use debt for financing its activity, compliance with any required financial covenants and liquidity ratios, and compliance with external requirements such as laws or regulation.

We have a factoring agreement with external funding. Our accounts payable and accrued liabilities have contractual terms of 30 to 90 days, with the exception of one vendor where payment terms of 36 months have been granted. We are exposed to liquidity risk.

Market risk

a) Currency Risk

We are located in the United States and virtually all transactions including our sales and debt are negotiated in US dollars.

b) Interest Rate Risk

Our debt has fixed interest rates and are not exposed to interest rate risk until maturity. Our credit facility is variable based on the 90 day LIBOR rate. A 1% increase in the 90 day LIBOR rate in 2020 would result in approximately $115 additional interest expense for the nine months ended September 30, 2022.

c) Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk, financial market risk or currency risk. We are not exposed to significant price risk.

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements.

SUBSEQUENT EVENTS

Subsequent to nine months ended September 30, 2022, there were no significant subsequent events.

Non-GAAP Financial Measures – Adjusted EBITDA

This MD&A references adjusted EBITDA, which is a non-GAAP financial measure. Adjusted EBITDA is not a recognized measure under GAAP, has no standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to adjusted EBITDA presented by other companies. Rather, it is provided as additional information to complement GAAP measures by providing further understanding of our results of operations from management's perspective. Accordingly, adjusted EBITDA should not be considered in isolation nor as a substitute for analysis of our financial information reported under GAAP.

We use non-GAAP financial measures to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on GAAP financial measures. We believe that securities analysts, investors and other interested parties frequently use non-GAAP financial measures in the evaluation of issuers. There are certain limitations related to the use of non-GAAP financial measures versus their nearest GAAP equivalents. Investors are encouraged to review our financial statements and disclosures in their entirety and are cautioned not to put undue reliance on any non-GAAP financial measure and view it in conjunction with the most comparable GAAP financial measures. In evaluating non-GAAP financial measures, you should be aware that in the future we will continue to incur expenses similar to those adjusted in non-GAAP financial measures.

Adjusted EBITDA is a non-GAAP financial measure that we calculate as net income (loss) before tax excluding depreciation and amortization expense, share based expense, unrealized gain on inventory, finance expense, other asset impairments, unrealized loss on fair value of deposits and convertible note, and listing expenses. Adjusted EBITDA is used by management to understand and evaluate the performance and trends of the Company's operations. The following table shows a reconciliation of adjusted EBITDA to net income (loss) before tax, the most comparable GAAP financial measure, for the nine months ended September 30, 2022 and 2021:

	Three months ended September 30, 2022	Three months ended September 30, 2021	**Nine months ended September 30, 2022**	Nine months ended September 30, 2021
	$	$	**$**	$
Loss before tax	**(919,711)**	(240,606)	**(232,086)**	(1,129,411)
Accretion	**8,630**	-	**8,630**	-
Net changes in fair value	**240,587**	-	**240,587**	-
Amortization of debt issuance costs of credit facility	**-**	3,125	**-**	10,146
Depreciation	**55,652**	58,732	**166,614**	174,049
Finance cost for right of use assets	**19,573**	1,742	**61,216**	10,858
Gain on debt extinguishment	**-**	(434,105)	**-**	(856,605)
Interest expense	**53,918**	30,613	**147,963**	70,951
Provision for excess and obsolete inventory	**(29,653)**	56,599	**(52,051)**	59,126
Share based expense	**37,547**	106,993	**591,829**	285,519
Tax fees	**4,373**	1,528	**13,783**	10,669
One-time costs related to up-listing to senior exchange				
One-time professional fees	**224,000**	-	**561,600**	-
Marketing expenses	**140,620**	-	**140,620**	-
Adjusted EBITDA	**(164,464)**	(415,379)	**1,648,705**	(1,364,698)

Revenues were 66% higher (Gross profit increased by 43%) on a year-over-year basis from the corresponding third quarter of 2021. The decrease in EBITDA for the three months ended September 30, 2022 was primarily attributable to a marketing promotional program undertaken within the third quarter that focused on growing the annual recurring revenue. For the nine months ended September 2022, we have 19,776 active subscribers for our SaaS Solutions (13,180 active subscribers for the year ended December 2021) representing a growth of 50% in active subscribers.

Further impact on EBITDA, Payroll expenses increased from hiring two key managers at the beginning of the quarter in the Accounting and Operations department. The Company continues further strengthen its management team and board in preparation for an uplisting to a senior exchange.

BUSINESS

Our Company

Direct Communication Solutions, Inc. is a technology innovation company in the sensor sector of information technology solutions for the Internet of Things (IoT) market. We were established in 2006 and are headquartered in San Diego, California. We focus our business on generating revenue streams and growth in the following three principal areas.

Smart Hardware Provider. We deploy smart hardware to our customers from an expanding group of suppliers through strategic agreements with channel partners including Verizon Communications, Inc., United States Cellular Corp., Synnex Corporation and Hyperion Partners, and use this deployment as the basis to develop our own end-to-end SaaS based intelligent business solutions.

SaaS Software Solutions Provider. Our products and services then enable the smart hardware devices we deploy to communicate with each other and with server or cloud-based application infrastructures. Our software applications address and solve real-world data collection and monitoring problems to best serve our customers and manage their evolving business requirements.

Industry Technology Innovation. Our customers include participants in various smart hardware-related vertical markets that are tied to the broad IoT market, including the fleet management, healthcare, retail point-of-sale, industrial, energy and utilities and safety and security markets. As we continue to apply our core competencies, we believe that we will be able to address a broadening spectrum of software application markets.

We continue to evolve from our smart hardware distribution base of mobile broadband hardware to providing end-to-end solutions for mobile internet, machine-to-machine (M2M), and vertical markets. We expect to continue to leverage our long-standing relationships with our strategic partners and to build differentiated IoT solutions based on integrating third-party equipment with our proprietary application software. We believe that this mixed hardware and software implementation will allow us to build new and more robust solutions that address multiple customer needs operating on a single company platform.

Our Products and Services

Our full-service IoT solutions allow our customers to obtain real-time data on their operations, assets, and overall business performance. We serve our clients by simplifying IoT technologies, making them less costly and easier to deploy, thereby solving real-world problems and providing our clients with key actionable insights that enable them to run their businesses more effectively and efficiently. Our products and services include Smart Hardware Solutions, Cloud-based SaaS Solutions, Managed Services and Data Solutions.

Smart Hardware Solutions

We provide smart hardware based on the latest 4G/5G technologies that is available for the global IoT business ecosystem. Our smart hardware devices enable end-to-end data intelligence collection and operational analysis to better serve the business needs of our customers. Our global ecosystem of partners and vendors allows us to leverage our smart hardware portfolio into new recurring revenue streams by providing our customers with connectivity, engineering, and logistics services.

GPS Device Portfolio. Because of our clients' complex business demands, we offer our clients a broad selection of GPS devices. Our extensive ecosystem of GPS devices allows us to provide the right device with the optimal features and functionality to satisfy client requirements. Our GPS device offerings are designed to track, provide data on actionable items and provide detailed reporting on key data points related to our clients' assets and vehicles. We maintain strategic partnerships with multiple global GPS device manufacturers and are able to access the most appropriate devices on the market to cover substantially all use cases, ranging from basic tracking to dash cameras and ruggedized in-vehicle tablets for electronic logging device (ELD) and workforce management. Additionally, we provide our clients with technical and integration services through our in-house engineers to customize devices in a way that will meet our clients' requirements.

Sensor Portfolio. We offer a diverse suite of sensors that enable our clients to deploy IoT sensor ecosystems that can address their monitoring needs by providing key insights into actionable items, and that can alert them to potential problems within their business before those problems impact business operations. Our extensive sensor portfolio encompasses multiple sensor types and technologies. IoT sensors can detect potential issues and provide actionable intelligence across a wide range of metrics from water leaks in a facility building to possible contamination throughout an operation process. Because sensors can provide advanced insight into potential issues, they allow clients to access data on preventative maintenance early. Sensors can also provide predictive maintenance data, allowing business owners to identify a problem and correct it before it becomes an issue requiring costly repairs or the replacement of valuable assets that can have a significant financial impact. Sensors can be seen as a type of "insurance" for machines.

Cloud-based SaaS Solutions

We offer cloud-based SaaS solutions that are designed to be user-friendly and accessible from both web and mobile applications. These solutions are applicable to multiple industries and can be integrated with other third-party applications, which can add additional value to clients and thereby increase our revenues. Our SaaS solutions collect raw data and enable real-time visibility into alerts, notifications, and predictive maintenance through customizable on-demand reporting.

MiFleet. MiFleet is a transportation and logistics-focused cloud-based platform for small and medium sized businesses of any complexity. Our MiFleet platform is customizable to client requirements and leverages our smart hardware device portfolio, which we believe gives us a significant competitive advantage in the market due to our extensive GPS tracking devices ecosystem. We designed our software platform to optimize fleet operational efficiencies by lowering costs related to fuel consumption, labor, and maintenance. The MiFleet platform also integrates IoT sensor data to track high value assets and goods as they move through the global supply chain. Combining sensors into MiFleet creates additional value and can provide critical tools for managing costs related to lost or perishable products by tracking location and sensor data such as temperature or humidity.

MiSensors. MiSensors is our proprietary cloud-based software platform for IoT sensor deployment, device management and service enablement of our extensive offering of sensor types and technologies. The MiSensors platform is a real-time monitoring solution for IoT sensors that allows our clients to set sensor reporting rules based on their business requirements and receive alerts via email or SMS in the event of a trigger notification. MiSensors allows our clients to deploy customizable IoT sensor ecosystems quickly and easily across multiple business locations, to create hierarchies based on roles, and to set sensor reporting values based on business needs.

Video Telematics. Our video telematics solutions and services complement our fleet-tracking technologies by incorporating cellular dash cameras and video analytics into our product offerings. Video telematics is a fast-growing segment of IoT that provides additional value to our clients, and can create higher recurring revenues for us. Our video telematics solutions and services enhance our transportation/logistics offerings by providing real-time video to our clients that we combine with Artificial Intelligence (AI) analysis to identify risky driver behavior, which a company can then act on and correct through coaching, training, or driver termination. Video telematics can also be a valuable tool in helping reduce the risk of unnecessary litigation by capturing video evidence in the event of an accident. Some insurance providers have begun to see the value in video telematics and have offered discounts on premiums based on a reduction of the risk of frivolous lawsuits, which is another potential benefit of the solution.

Managed Services and Connectivity Solutions

We also provide technical services that extend our business reach and capture additional opportunities that are syngeneic with our core solutions through delivery of data connectivity and active managed services. Our service solutions are continuous and can recur throughout the customer lifecycle via optimization.

***MiConnectivity*.** MiConnectivity is our global data solution for cellular data connectivity. It can provide additional value to our clients and can increase our recurring revenues by bundling data connectivity with our SaaS platforms and smart hardware. MiConnectivity can provide our customers with valuable insight into the cellular data costs of IoT solutions through analytics and optimization of rate plans across multiple providers of IoT connectivity in one platform. By integrating multiple cellular network technologies, we are able to offer our clients access to global connectivity for multiple devices and technologies. MiConnectivity can help our customers reduce their overall connectivity costs by leveraging our substantial and growing connectivity subscriber base. In addition to providing reduced connectivity costs and valuable insight into device activity and performance, we are also able to provide our clients with customized support in the event issues arise, since we are providing the platform to manage all their devices on a global scale. We believe that MiConnectivity is a cost-effective addition for any customer that needs data services when purchasing our products and solutions.

***MiServices*.** MiServices is our managed services offering that provides our customers a “worry-free” experience when deploying our IoT devices and solutions. Through MiServices we offer engineering and logistical services as a paid service that reduces the cost and complexity of configuring and deploying IoT devices for our clients. Our offering is flexible and can be tailored to our clients’ needs depending on their technical capabilities. MiServices can provide itemized services or can provide a full suite of device deployment services. MiServices offers script development, loading configurations, SIM card insertion, carrier APN settings, pairing device and SIM card, activation services, device readiness validation and custom labeling and packaging. Once deployed, our customers can rely on MiServices for maintenance, technical support and troubleshooting for errors, which can greatly reduce the time and costs for the end-user and thereby increase the efficiency of the customer’s operation.

Our Competitive Strengths

We believe that we have attributes that differentiate us from our competitors and provide us with significant competitive advantages. Our key competitive strengths include:

- ***Industry Expertise:*** Our executive leadership team, consisting of our Chief Executive Officer, our Chief Operating Officer, our Chief Technology Officer, our Chief Financial Officer and our Executive VP of Sales, has over 100 years combined experience in the technology and IoT industry. The team's experience and skills are diverse, unique and complement each other in the areas of IoT devices/equipment, software and cellular wireless connectivity. The core of the team has worked together for almost a decade and is committed to our continued growth and overall success.

- ***Our Culture:*** We acknowledge our customer as the most valuable component in our business. We strive to represent ourselves as an extension of our clients' organizations, and we believe this has contributed greatly to our long-lasting relationships with our customers. Because of our deep involvement with our customers' business needs, we are able to focus on the delivery of solutions that can meet and exceed their expectations.

- ***Our Knowledge:*** We believe that our broad experience and deep engineering roots are what our clients seek. We strive to simplify complex solutions for mass adoption by working closely with our customer and looking at technology through their eyes to come up with an approach that can be greatly simplified to accommodate their dedicated market segment. We have the privilege of working with some of the most experienced professionals in their respective markets, which helps strengthens our team and our solution offerings.

- ***Our Staff:*** Each of our three departments – Sales, Engineering and Operations – function within their respective boundaries of expertise. Our sales team focuses on customer desires and expectations, and our engineering team creates and builds the solution, while our operations team focuses on the overall delivery and customer experience.

- ***Our Competitive Nature:*** We strive to find what we believe to be the best solutions at the optimal price points to provide our customers a competitive advantage.

- ***Partnerships:*** We have a demonstrated history of working with North America's leading cellular wireless carrier partners. Our relationships have allowed us to create solutions that operate on our partners' cellular networks and enable our partners' sales channel to leverage our IoT solutions. We are a Platinum Elite partner with Verizon and Mr. Bursey, our Chief Executive Officer, participates in the Verizon IoT Advisory Council, which we believe provides us with valuable insight into future IoT trends and market segments.

- ***One Stop Solutions Provider:*** We believe that our consultative approach, which is predicated on a deep understanding of the inner workings of IoT solutions, gives us a competitive advantage. Our industry is largely fragmented into device manufacturers, software developers and cellular connectivity resellers. In contrast, we offer an "a-la-cart" portfolio that can address each independent need or can combine all elements into a single solution tailored to a customer's need.

- ***Distinctive Solution:*** Our level of exposure, understanding and experience all contribute to our ability to differentiate ourselves in creating many custom-tailored solutions in the IoT Market. Our clients turn to us to solve a problem – typically a unique problem – and together we collaborate with them in putting the pieces of the solution together, which can include a device, wireless connectivity and software or a software API.

Our Growth Strategy

We seek to connect new and existing devices to eliminate inefficiencies by obtaining real time data for our customers. The adoption of IoT has outpaced traditional products and services in improving business outcomes. The IoT industry is appealing to many industry verticals. Our growth strategy includes:

- ***Expand and Enhance Global Strategic Partnerships:*** We intend to stay relevant and to avoid supply chain disruptions by establishing, expanding, and enhancing our relationships with leading IoT companies and original equipment manufacturers (OEMs). We believe that this approach should give us immediate access to some of the most important products available on the market, which will allow us to satisfy our existing customer base and expand our reach to new customers. Our execution of this element of our growth strategy does not depend upon our raising funds in this offering, as we plan to continue to fund this growth strategy from our current operations.

- ***Reach new customers-SaaS:*** We intend to integrate new partnership products and software into our SaaS solutions, which we expect will allow us to create an open ecosystem and expand the value proposition of our SaaS, and thereby increase our revenues by charging for this additional value. We believe that a diversified inventory will provide us with a significant advantage in increasing our SaaS growth. In addition, while we expect to continue to leverage our network of carriers, dealers, and value-add resellers to reach new customers, we also intend to selectively invest in precision marketing programs that will educate targeted groups of potential customers, which we expect will result in a high conversion rate to paying customers. Our execution of this element of our growth strategy is dependent upon our raising fund in this offering. It will be part of our marketing budget, and we anticipate spending approximately $500,000 over the 12-month period following completion of this offering.

- ***Enter New Verticals:*** We currently have an established presence in the transportation and logistics markets. However, there are numerous other markets, such as the environment, social and governance (ESG) market, that are underserved and which we intend to address. For example, the IoT plays a critical role in enabling ESG data collection, analysis, and management, and to penetrate this market we are creating a Smart ESG Program and an ESG-specific app that are designed to provide customers with information that they can use to improve their overall performance. Our execution of this element of our growth strategy is dependent upon our raising fund in this offering It will be part of our marketing budget, and we anticipate spending approximately $500,000 over the 12-month period following completion of the offering. This element of our growth strategy will be a lower priority than the strategy outlined under the "*Reach new customers-Saas*" bullet above in the event we realize a lower level of funding in this offering than we currently anticipate.

- ***Invest in New Technologies:*** We seek to develop new proprietary technologies in a variety of sectors. Our existing team of engineers are actively developing new solutions to sell into our existing customer base. Our execution of this element of our growth strategy is dependent upon our raising funds in this offering. It will be part of our R&D budget, and we anticipate spending approximately $1,000,000 over the 18-month period following completion of this offering.

- ***Increase Staffing:*** We intend to hire additional personnel, specifically engineers and business development professionals, to grow our business with the goal of dedicating more time to customer relationships and retention while continuing to develop new products. Our execution of this strategy is dependent upon raising fund in this offering. It will be part of our staffing budget, and we anticipate spending approximately $1,000,000 over the 12 month period following completion of this offering.

- ***Acquisitions:*** We will take an opportunistic approach regarding strategic acquisitions of accretive companies with high growth potential, and expect to focus on SMB Telematics solutions providers. When evaluating strategic acquisitions, we expect to examine any new technologies, new market verticals, and cross-selling opportunities that a target may provide us. Although we believe acquisitions may play a critical role in our future growth, we do not have any agreements, commitments or plans for any specific acquisitions at this time. Our execution of this strategy is dependent upon raising fund in this offering. It will be part of our general working capital budget, and we anticipate spending approximately $1,000,000 over the 12 month period following completion of this offering.

Our History

Direct Communication Solutions, Inc. was formed as a Florida corporation on September 9, 2006 and reorganized on April 3, 2017 under the laws of the State of Delaware. Since our inception, we have been a technology solutions integrator focusing on connecting the IoT. We provide information technology solutions for the IoT market. We distribute IoT components, including sensors and system integrators. Our wireless engineers and industry experts assist clients in integrating components into their systems and applications. We develop industry-specific product and software applications. Our software applications and scalable cloud services collect and assess business-critical data from various types of assets. We generate revenue primarily from product sales, and increasingly from SaaS, managed services and connectivity solutions.

In January 2020 we closed an initial public offering in Canada, consisting of the issuance of 1,328,500 shares of common stock. Our Common Stock began trading on the Canadian Securities Exchange (the "CSE") under the symbol "DCSI" on January 6, 2020. We are a reporting company in Canada and comply with applicable quarterly and annual reporting requirements. Our fiscal year end is December 31. Our Canadian filings on SEDAR can be found online at www.sedar.com. Our financial statements on SEDAR are prepared in accordance with International Financial Reporting Standards ("IFRS").

On June 19, 2020, we began trading on the OTCQB Venture Market ("OTCQB") under the symbol "DCSX". Neither the Company nor any predecessor has been in bankruptcy, receivership or any similar proceeding. We are not, and never have been, a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934). Our primary SIC Code is 5045 (Computers, Peripherals and Software).

Our Industry

IoT or Internet of Things is the interconnection of various devices, machines or appliances that generate data. The aim of IoT is not just to create data, but also to extract valuable insights and information from the data generated by various devices. Devices include vehicles, smart phones/gadgets, appliances and other products that have electronic sensors and software embedded into their core systems. Connectivity, cloud computing, and marketing automation are all driving IoT demand. Numerous industries, governments and consumers utilize IoT to enhance operational efficiency, mitigate risks, improve functional visibility, increase revenue streams, and ensure maximum customer engagement.

According to Fortune Business Insights, the global (IoT) market is projected to grow from $478.36 billion in 2022 to $2,465.26 billion by 2029, at a CAGR of 26.4%. The IoT market experienced lower-than-anticipated demand during the global Covid-19 pandemic

Research and Development

We continue to invest in the research and develop of products and solutions which complement our current core offerings. Our efforts are focused on a proprietary device management platform, as well as a remote monitoring and inventory management system.

The proprietary device management offers overall efficiencies and organizational tools to both our internal operations as well as provide a value-add application for our customer to automate device preparation prior to deployments, analyze in field devices and provide historical status events. Cost reduction of in field devices is the objective.

The remote monitoring and management system provides a global overview to manage company assets, equipment usage and insight into product replenishment. Key data points will drive predictive stock replenishment, equipment servicing and historical data to aid in future decision making processes.

Customer Concentration

For the years ended December 31, 2021 and 2020, a single customer, One Step GPS LLC, accounted for 39% and 37% of our revenue, respectively, and 67% and 47% of our accounts receivable, respectively. See "Risks Related to our Business and Industry" – *We have significant customer concentration, with a limited number of customers accounting for a substantial portion of our revenues.*

Competition

The IoT marketplace for service and solutions providers is highly fragmented. Most vendors offering software and/or hardware address only part of specific industry verticals or a portion of one-stop solutions services.

Over the past few years, sensor prices have dropped considerably due in part to technology innovations. At the same time, the cost of internet bandwidth has also declined precipitously, with the introduction of new technologies like 4G/5G, Category M1 and NBIoT (Narrow Band IoT). Concurrently with this, smartphones are now becoming the personal gateway to the IoT, serving as a remote control or hub for the connected home, connected car, or the health and fitness devices consumers are increasingly starting to wear.

The principal competitive factors impacting the market for our products and services are global scale, innovation, reputation, customer service, product quality, functionality, reliability, time-to-market, responsiveness and price. Our continued success in our vertical markets will depend in part upon our ability to continue to innovate and design quality products and deploy solutions at competitive prices and with superior support services to our customers.

Based on the current market, we believe are positioned favorably against our competitors. Our products and services allows us to provide the customer a one-stop solutions services from hardware, and software to connectivity. However, some of our competitors have longer operating histories, larger and broader customer bases, more established relationships with a broader set of suppliers, greater brand recognition, and greater financial, research and development, marketing, distribution, and other resources. We will explore our strengths and opportunities in the market and may choose to enter or expand into new markets as needed.

Government Regulation

We believe that we are in material compliance with all federal and state regulatory requirements applicable to our business, however regulation related to the provision of services over the Internet is evolving, as federal, state and foreign governments continue to adopt new, or modify existing, laws and regulations addressing data privacy and the collection, processing, storage, transfer and use of data. Furthermore, our customers and potential customers conduct business in a variety of industries, and regulators in certain industries have adopted and may in the future adopt regulations or interpretive positions regarding the use of cloud computing and other outsourced services. We may be subject to laws and regulations governing issues such as privacy, data security, the use of biometric data, labor and employment, anti-discrimination, whistleblowing and worker confidentiality obligations, product liability, consumer protection and warnings, marketing, taxation, competition, arbitration agreements and class action waiver provisions, and terms of service, among other issues. We are committed to complying with, and helping our customers comply with, applicable regulations and requirements. See the following Risk Factors above under "Risks Related to our Business and Industry" – *Privacy concerns and laws, evolving regulation of cloud computing, cross-border data transfer restrictions and other domestic or foreign regulations may limit the use and adoption of our services and adversely affect our business; Our business is subject to government regulation and future regulation or regulatory changes may increase the cost of compliance and doing business; and Industry-specific regulation and other requirements and standards are evolving and unfavorable industry-specific laws, regulations, interpretive positions or standards could harm our business.*

Intellectual Property

We rely on a combination of patent, copyright and trademark laws, trade secrets, some software security measures (e.g., to protect trade secrets), license agreements and nondisclosure agreements to protect our intellectual property. We pursue registration of trademarks but currently hold no patents on our products.

Human Capital Management

As of September 1, 2022 we employed 27 people, all of whom are full-time employees. We have no collective bargaining agreements with our employees, and we have not experienced any work stoppages. We believe that our relations with our employees are good and have been maintained in a normal and customary manner.

The success of our business depends on large part on our ability to attract, retain and develop a diverse population of talented and high-performing employees. We believe that we have attracted a core of seasoned professionals with strong track records and deep experience in the IoT Industry, and these individuals are complemented a group of employees who are eager to learn and who benefit from the experience and leadership of our senior management. We prioritize and invest in creating opportunities to help employees grow and build their careers through ongoing training and exposure to new opportunities within our company and externally with our clients.

Our culture is an extension of our dedicated staff and is based on our core values. We are loyal. We are trusted. We all have a growth mindset, set to achieve the goals of our company and the goals of our clients. We focus on being an extension of our client's business – executing on tasks as though we are truly a part of their business.

We believe our performance-based approach to compensation has created a culture of winning; group collaboration and a team first mentality. Our staff understands that no matter the role within the company we all have a direct impact on the success of the business. Everyone's actions contribute to the business.

Properties

Our corporate headquarters is located at 11021 Via Frontera, San Diego, California. This facility comprises approximately 11,543 square feet of space, pursuant to a lease agreement expiring on October 31, 2026. We do not own or lease any other real property. We believe that this facility is suitable to meet our needs, and that, should it be needed, suitable additional or alternative space will be available to accommodate any expansion of our operations.

Legal Proceedings

From time to time, we may be involved in various litigation matters arising in the ordinary course of our business, although we are not currently involved in any such litigation matters.

MANAGEMENT

The following table sets forth certain information as of December 13, 2022 about our executive officers and members of our Board.

Name	Age	Position
Chris Bursey	55	President, Chief Executive Officer and Chairman
Konstantin Lichtenwald	38	Chief Financial Officer
David Scowby	49	Chief Operating Officer
Eric Placzek	35	Chief Technology Officer
Michael Lawless	51	Executive Vice President of Sales
Mike Zhou	31	Director
William Espley	72	Director
Julie Hajduk	52	Director
David Diamond	72	Director

Executive Officers

Chris Bursey is the founder of the Company and has served as our Chief Executive Officer since 2008. Prior to founding DCS, Mr. Bursey has held senior sales and management roles throughout his career as Sales Manager for Novatel Wireless, a communications device company from 1999 – 2001, Director of Sales for Wavecom, an embedded wireless module manufacturer from 2001 – 2003, Co-founder of NexAira, a cellular distribution company, from 2003 – 2004 and Vice President of the Americas region for Motorola Israel, a communications equipment company, from 2004 – 2008. Mr. Bursey began his career as an air traffic controller in the U.S. Navy serving on the USS Midway and the USS Kitty Hawk.

Mr. Bursey's position as the founder of the Company, as well as his pioneering roles in various aspects of the wireless communications industry ranging from cellular payment processing to the creation of cellular routers and GPS monitoring devices, qualifies him to serve on our Board of Directors.

Dave Scowby has served as our Chief Operations Officer since October 2018, and before that was Vice President, Product Development at the Company from July 2013 to October 2018. Before joining the Company, Mr. Scowby was Director of Sales at ALK Technologies, Inc. (now a Trimble Company, PC*MILER), a transportation and logistics technology company, from June 1995 to September 2003, was Executive Director, Syncwise Division at L1 Technologies, Inc., a technology services provider, from September 2011 to July 2013, and was the founder and President of Kings Management, LLC a sports management company, from July 2004 to December 2007. Mr. Scowby holds a B.S.E. in Engineering & Operations Research Management, and a Certificate in Architectural Design, both from Princeton University.

Eric Placzek is our Chief Technology Officer, a position he has held since September 2018. Mr. Placzek joined the company in 2014 as Field Applications Engineer. Prior to 2014, Mr. Placzek was Field Applications Engineer of CalAmp Corp., a connected intelligence company. Prior to joining CalAmp Eric held the position of Systems Test Engineer at 7Layers (now Bureau Veritas), a testing, inspection and certification company. Mr. Placzek holds a Bachelors of Science in Electrical Engineering and a Masters of Science in Computer Engineering from California State Polytechnic Pomona.

Konstantin Lichtenwald has served as our Chief Financial Officer since April 2022. He has been Managing Partner of Lichtenwald Professional Corp., a professional services company, from 2014 to the present. Mr. Lichtenwald holds the professional designation of chartered professional accountant (CPA, CGA), and is a member of the Chartered Professional Accountants of British Columbia and the Chartered Professional Accountants of Canada. Mr. Lichtenwald earned his Bachelor of Business Administration from Pforzheim University in Germany. He is also currently Managing Director of Zeus Capital Ltd, a position he has held since April 2018, and he also co-founded Prince Capital Corp. in August 2020. A class action was commenced in the Supreme Court of British Columbia in July 2019 (the "Class Action") against multiple defendants alleging violations of the Securities Act, R.S.B.C. 1996, c. 418. Mr. Lichtenwald was a named defendant in the Class Action. In May 2020, the plaintiffs discontinued their claim against Mr. Lichtenwald, having been satisfied that he did not participate in the events giving rise to the Class Action. Two of the named defendants in the Class Action have commenced third party claims in the Supreme Court of British Columbia wherein they seek contribution and indemnity from the other defendants in the event they are found liable to the plaintiffs in the Class Action. The third party claims have been brought under the Negligence Act, R.S.B.C. 1996, c. 333, which requires the court to apportion damage or loss among the at fault parties. Both third party claimants has agreed to file a notice of discontinuance as against Mr. Lichtenwald.

Mike Lawless is our Executive Vice President of Sales, a position he has held since January 2012. Prior to joining the Company, Mr. Lawless was the Senior IoT Sales Manager of Kyocera Wireless, a communications device manufacturer, from 2008-2009, was Business Development Coordinator of Wavecom, an embedded wireless technology company, from 2001 to 2003, Western Regional Sales Manager of Metrum Technologies, a Smart Meter equipment company, from 2009 to 2012, and Director of Sales of NexAira, a wireless routing company, from 2005 to 2008. Before that Mr. Lawless served in the U.S. Navy for four years, including combat during Operation Desert Storm.

Directors

Mike Zhou was appointed director of the Company on May 26, 2021. From 2019 to the present, Mr. Zhou has served as owner and President of MYZ Corporate Relations Ltd., a private investment and consulting firm that is primarily involved with the North American capital markets. From 2017 to 2018. Mr. Zhou was an Analyst and Associate with PI Financial, a privately-owned Canadian brokerage firm, where he worked directly with the firm's Vice President and Managing Director. From 2013 to 2015, he was Corporate Development Manager for BiYond Corp., an IoT services company. Mr. Zhou has been a member of the board of directors of the following Canadian public company: Explorex Resource Inc. (which is now known as Raffles Financial Group), a natural resources exploration company from August 15, 2019 to April 16, 2021. Mr. Zhou holds the Project Management Professional designation from the Project Management Institute, and a Bachelor of Science Degree in Statistics and Economics with Minor in Commerce (Saunders School of Business) from the University of British Columbia.

Mr. Zhou's accumulated experience in international business strategy, the capital markets, and the technology sector, as well as his management positions and director roles in the financial-technology, digital marketing, consulting, and financial sectors, makes him qualified to serve on our Board.

William Espley was appointed director of the company in February 2018. From 2003-2010, Mr. Espley was a founding investor in, and served as Investor Relations principal for, Net 1 UEPS Technologies, Nasdaq-listed payment systems provider. Mr. Espley was also a member of the board of directors of American Bullion Minerals Ltd., a mining claims company, from 2008 to 2011, and was its Vice President from 1997 to 2002. He is currently the President and a director of White Tiger Venture Group Ltd., a position he has held since 2015, and the President and a director of Predictive Health Analytics Inc., a position he has held since 2017. From 1994 to 1996, Mr. Espley was a licensed registered representative for C.M. Oliver & Co., a member firm of all of the Canadian stock exchanges. Prior to that, Mr. Espley was a founder and served as President of Professional Canadian Investment Group Inc. (PROCAN), a venture capital company that funded technology and oil & gas companies, from 1985 to 1994.

Mr. Espley's expertise in business acquisition planning and financing, as well as his venture capital, investor relations and board experience, all qualify him to serve on our Board.

Julie Hajduk was appointed director of the Company on July 28, 2022. Ms. Hajduk is currently the President and CEO of Li-FT Power, a CSE-listed mineral exploration company, a position she has held since May 2021, and since August 2020 has also been CEO of Prince Capital Corp, an exempt market dealer. Ms. Hajduk has served on the board of directors of several public companies over the last 20 years including, most recently, Element 79 Gold Corp from March 2020 until June 2022. Since April 2021 she has also been a director of Little Fish Acquisition I Corp. a Canadian public company formed to identify and evaluate assets or businesses for acquisition. Ms. Hajduk was also director of Opawica Exploration Inc,, a Canadian junior exploration company, from January 2019 to October 2020, and BioCure Technology Inc., a biopharmaceutical company, from January 2012 to February 2019. She founded her own PR and Communications firm, Purple Crown Communications 10 years ago and in that role, she has proven to be an asset to clients by assisting in raising non-brokered and brokered capital for clients along with making sure their news and communications strategies are compliant with regulatory bodies.

Ms. Hajduk's current role as a CEO for Li-FT Power, Prince Capital Corp., and Purple Crown along with her experience as a multifaceted investor relations specialist and having been a Board member of multiple CSE and dual listed companies qualifies her to serve on our Board.

David Diamond was appointed director of the company on July 28, 2022. Mr. Diamond is currently Managing Director of CBIZ, a Nasdaq-listed provider of accounting, tax, and advisory services, a position he has held since January 2005. He is also a member of the board of directors of RenovoRX, a Nasdaq-listed clinical-stage biopharmaceutical company, where he is the Lead Independent Director and the Chair of its Audit Committee. He has been a member of the board of directors of Vaneltix Pharma, a pharmaceutical company, since June 2022, and was a member of board of directors of Oncotelic, an immuno-oncology company, from June 2020 to July 2021. Mr. Diamond has over 30 years of experience in industry and in public accounting, including expanding two local CPA firms in San Diego and selling them to national CPA firms. He is an active CPA, is a former auditor, and is current on FASB issues and changes in the accounting industry.

Mr. Diamond's significant experience assisting management teams and board directors with capital financing and strategic business planning, and his deep expertise in accounting matters, qualify him to serve on our Board.

Corporate Governance

Composition of our Board of Directors

Our business and affairs are managed under the direction of our Board. The number of directors will be fixed by our Board, subject to the terms of our certificate of incorporation and amended and restated bylaws. Our board currently consists of five directors.

When considering whether directors and nominees have the experience, qualifications, attributes or skills, taken as a whole, to enable our Board to satisfy its oversight responsibilities effectively in light of our business and structure, the Board focuses primarily on each person's background and experience as reflected in the information discussed in each of the directors' individual biographies set forth above. We believe that our directors provide an appropriate mix of experience and skills relevant to the size and nature of our business.

Corporate Governance Profile

We have structured our corporate governance in a manner we believe closely aligns our interests with those of our stockholders. Notable features of our corporate governance structure include the following:

- Our Board is not staggered, with all of our directors subject to annual reelection;
- Three of our five directors are independent for purposes of NYSE American listing standards;
- We do not have a shareholder rights plan.

Our directors will stay informed about our business by attending meetings of our Board and its committees and through supplemental reports and communications. Our independent directors will meet regularly in executive sessions without the presence of our corporate officers or non-independent directors.

Role of the Board in Risk Oversight

We face a number of risks, including those described under the section entitled "Risk Factors" included elsewhere in this prospectus. The Board actively manages the Company's risk oversight process and receives periodic reports from management on areas of material risk to the Company, including operational, financial, legal, and regulatory risks. The Board committees assist the Board in fulfilling its oversight responsibilities in certain areas of risk. The Audit Committee assists the Board with its oversight of the Company's major financial risk exposures. The Compensation Committee assists the Board with its oversight of risks arising from the Company's compensation policies and programs. The Corporate Governance and Nominating Committee assists the Board with its oversight of risks associated with board organization, board independence, and corporate governance. While each committee is responsible for evaluating certain risks and overseeing the management of those risks, the entire Board is regularly informed about the risks.

Director Independence

The NYSE American company guide requires that, subject to specified exceptions, each member of a listed company's audit, compensation and nominations committees be independent, or, if a listed company has no nominations committee, that director nominees be selected or recommended for the board's selection by independent directors constituting a majority of the board's independent directors. The NYSE American company guide further requires that audit committee members satisfy independence criteria set forth in Rule 10A-3 under the Exchange Act and that compensation committee members satisfy the independence criteria set forth in Rule 10C-1 under the Exchange Act.

Prior to the completion of this offering, our Board undertook a review of the independence of our directors and considered whether any director has a material relationship with us that could compromise that director's ability to exercise independent judgment in carrying out that director's responsibilities. Our Board has affirmatively determined that each of Mr. Diamond, Ms. Hajduk and Mr. Espley qualify as an independent director, as defined under the applicable corporate governance standards of Nasdaq. These rules require that our Audit Committee be composed of at least three members, one of whom must be independent on the date of listing on the NYSE American, a majority of whom must be independent within 90 days of the effective date of the registration statement containing this prospectus, and all of whom must be independent within one year of the effective date of the registration statement containing this prospectus.

Board Leadership

The offices of the chairman of the Board and chief executive officer are currently combined. Mr. Bursey serves as the Company's chairman and chief executive officer. The Board has determined that having our chief executive officer also serve as the chairman of the Board provides us with optimally effective leadership and is in our best interests and those of our stockholders. The Board believes that this structure is the most appropriate structure at this time for several reasons. Mr. Bursey is responsible for the day-to-day operations of the Company and the execution of its strategies. Since these topics are an integral part of Board discussions, Mr. Bursey is the director best qualified to chair those discussions. In addition, Mr. Bursey's experience and knowledge of the Company and the industry are critical to Board discussions and the Company's success. The Board believes that Mr. Bursey is well qualified to serve in the combined roles of chairman and chief executive officer and that Mr. Bursey's interests are sufficiently aligned with the stockholders he represents.

The Board does not have a lead independent director. To help ensure the independence of the Company's Board, the independent directors of the Board intend to meet without members of management at various times during the year.

Board Committees

Our Board of Directors will establish an audit committee, a compensation committee, and a nominating and corporate governance committee, each of which will operate pursuant to a charter to be adopted by our Board of Directors and will be effective upon the effectiveness of the registration statement of which this prospectus is a part. Upon the effectiveness of the registration statement of which this prospectus is a part, the composition and functioning of all of our committees will comply with all applicable requirements of the Sarbanes-Oxley Act of 2002, NYSE American and SEC rules and regulations.

Following the completion of this offering, the full text of our audit committee charter, compensation committee charter, and nominating and corporate governance charter will be posted on the investor relations portion of our website at www.dcsbusiness.com. We do not incorporate the information contained on, or accessible through, our corporate website into this prospectus, and you should not consider it a part of this prospectus.

Audit Committee

Upon completion of this offering, Mr. Diamond , Ms. Hajduk and Mr. Espley will serve on the Audit Committee, which will be chaired by Mr. Diamond . The committee's primary duties are to:

- review and discuss with management and our independent auditor our annual and quarterly financial statements and related disclosures, including disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the results of the independent auditor's audit or review, as the case may be;
- review our financial reporting processes and internal control over financial reporting systems and the performance, generally, of our internal audit function;
- oversee the audit and other services of our independent registered public accounting firm and be directly responsible for the appointment, independence, qualifications, compensation and oversight of the independent registered public accounting firm, which reports directly to the Audit Committee;
- provide an open means of communication among our independent registered public accounting firm, management, our internal auditing function and our Board;
- review any disagreements between our management and the independent registered public accounting firm regarding our financial reporting;
- prepare the Audit Committee report for inclusion in our proxy statement for our annual stockholder meetings;
- establish procedures for complaints received regarding our accounting, internal accounting control and auditing matters; and
- approve all audit and permissible non-audit services conducted by our independent registered public accounting firm.

All members of our Audit Committee will meet the requirements for financial literacy under the applicable rules and regulations of the SEC and the NYSE American company guide. Our Board of Directors has determined that Mr. Diamond qualifies as an "audit committee financial expert" within the meaning of applicable SEC regulations. In making this determination, our Board of Directors considered the nature and scope of experience that Mr. Diamond has previously had with public reporting companies. Our Board of Directors has determined that all of the directors that will become members of our audit committee upon the effectiveness of the registration statement of which this prospectus forms a part satisfy the relevant independence requirements for service on the Audit Committee set forth in the rules of the SEC and the NYSE American company guide. Both our independent registered public accounting firm and management will periodically meet privately with our Audit Committee.

Compensation Committee

Upon completion of this offering, Mr. Diamond , Ms. Hajduk and Mr. Espley will serve on the Compensation Committee, which will be chaired by Mr. Espley. The committee's primary duties are to:

- approve corporate goals and objectives relevant to chief executive officer compensation and evaluate performance in light of those goals and objectives;
- determine and approve executive officer compensation, including base salary and incentive awards;
- make recommendations to the Board regarding compensation plans; and
- administer our stock plan.

Our Compensation Committee determines and approves all elements of executive officer compensation. It also provides recommendations to the Board with respect to non-employee director compensation. The Compensation Committee may not delegate its authority to any other person, other than to a subcommittee.

Our Board of Directors has determined that each member of the Compensation Committee is "independent" as defined in the applicable NYSE American company guide rules. Each member of our Compensation Committee will be a non-employee director, as defined in Rule 16b-3 promulgated under the Exchange Act, and an outside director, as defined pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended.

Nominating and Corporate Governance Committee

Upon completion of this offering, Mr. Diamond , Ms. Hajduk and Mr. Espley will serve on the Nominating and Corporate Governance Committee, which will be chaired by Mr. Espley. The committee's primary duties are to:

- consider director nominees recommended by stockholders and recommend nominees for election as directors;
- oversee the evaluation of the Board;
- review our Board's committee structure and composition and make recommendations; and
- develop, recommend and oversee our corporate governance principles, including our Code of Business Ethics and Conduct.

Code of Business Ethics and Conduct

Prior to the effectiveness of the registration statement of which this prospectus is a part, our Board will adopt a written code of business ethics and conduct that applies to our directors, officers, and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Following the effectiveness of the registration statement of which this prospectus is a part, a current copy of the code will be posted on the investor relations section of our website, which is located at www.dcsbusiness.com. If we make any substantive amendments to, or grant any waivers from, the code of business ethics and conduct for any officer or director, we will disclose the nature of such amendment or waiver on our website or in a Current Report on Form 8-K.

EXECUTIVE COMPENSATION

We are a "smaller reporting company" under applicable SEC rules and are providing disclosure regarding our executive compensation arrangements pursuant to the rules applicable to emerging growth companies, which means that we are not required to provide a compensation discussion and analysis and certain other disclosures regarding our executive compensation. The following discussion relates to the compensation of our named executive officers for the year ended December 31, 2021 and 2020, consisting of Chris Bursey, our President, Chief Executive Officer and Chairman, and our two other most highly compensated executive officers as of December 31, 2021, Dave Scowby, our Chief Operating Officer, and Rich Gomberg, our Ex-Chief Financial Officer.

Summary Compensation Table

The following Summary Compensation Table contains information regarding compensation for 2020 and 2021 that we paid to Mr. Bursey and our two other most highly compensated executive officers as of December 31, 2021, before adjusting for the proposed 1-for-7 reverse stock split.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock awards ($)	Option awards ($)[1]	Nonequity incentive plan compensation ($)	Nonqualified deferred compensation earnings ($)	All other compensation ($)	Total ($)
Chris Bursey[2]									
Chief Executive Officer	2021	216,923	-	-	-	-	-	-	216,923
	2020	259,963	10,000	-	9,308	-	-	-	279,271
Rich Gomberg[3]									
Chief Financial Officer	2021	277,885	-	-	131,870	-	-	-	409,755
	2020	302,130	10,000	-	128,976	-	-	-	441,106
Dave Scowby									
Chief Operating Officer	2021	228,868	-	-	-	-	-	-	228,868
	2020	230,924	1,000	-	-	-	-	-	231,924

(1) The dollar amounts reported in this column represent the aggregate grant date fair value for financial statement reporting purposes of the option awards granted during the respective fiscal year as calculated in accordance with Financial Accounting Standard Board Accounting Standards Codification Topic 718. These amounts reflect our accounting expense for these option awards and do not represent the actual economic value that may be realized by each applicable named executive officer. The valuation assumptions we used in calculating the fair value of these stock awards and option awards are set forth in Note 10 to our audited financial statements included elsewhere in this prospectus.

(2) On January 7, 2020, Mr. Bursey was granted options to purchase 20,000 shares of our common stock. The options have an exercise price of $1.68 per share, which was 110% of the fair market value of our common stock on the date of grant, vest ratably over 24 months from the date of grant and expire on the 10th anniversary of the date of grant. On February 9, 2022, these 20,000 options were canceled.

(3) Mr. Gomberg receives his remuneration as a consultant to the Company through a third party contract services corporation. Mr. Gomberg resigned as the CFO on March 31, 2022. On January 7, 2020, Mr. Gomberg was granted options to purchase 250,000 shares of our common stock. The options have an exercise price of $1.53 per share, which was the fair market value of our common stock on the date of grant, vest ratably over 24 months from the date of grant, and expire on the 10th anniversary of the date of grant. On March 19, 2021, Mr. Gomberg was granted options to purchase 125,000 shares of our common stock. The options have an exercise price of $1.59 per share, which was the fair market value of our common stock on the date of grant, and ratably over 24 months from the date of grant, and expire on the 10th anniversary of the grant. On March 31, 2022 Mr. Gomberg resigned as our Chief Financial Officer and all options held by Mr. Gomberg were forfeited.

Employment Agreements

We have employment agreements with our four executive officers, Mr. Bursey, Mr. Scowby, Mr. Placzek and Mr. Lawless. Each agreement can be terminated by either party upon at least thirty days prior written notice. The Company may terminate the executive officer's employment, for cause, as defined in the agreement, at any time, without any advance notice. Subject to the notice provisions described in the agreement, the executive officer may terminate employment with us for good reason as defined in the agreement. Subject to the agreement provisions, in situations where the Company terminates the executive officer's employment without cause, or the executive officer resigns for good reason, then the executive officer will be, under certain conditions, entitled to severance compensation from the Company equal to fifty percent (50%) of executive officer's then current base salary plus payments of medical insurance premiums for six (6) months following termination. In addition, all of Executive's outstanding equity awards granted from and after the effective date shall become immediately vested for the portion that would have vested or become exercisable had employment continued through the next vesting date. In the event of the resignation or termination of the executive officer after a change in control, as defined in the agreement, the severance compensation will be increased to one hundred percent (100%) of executive officer's then current base salary.

Fiscal Year 2021 Outstanding Equity Awards at Fiscal Year-End Table

The following table lists all of the outstanding equity awards held on December 31, 2021 by each of the Company's named executive officers, before adjusting for the proposed 1-for-7 reverse stock split.

	Option Awards					
Name	Number of securities underlying unexercised options exercisable (#)	Number of securities underlying unexercised options unexercisable (#)	Equity incentive plan awards: Number of securities underlying unexercised unearned options (#)	Option exercise price ($)	Option grant date	Option expiration date
Chris Bursey[(1)]	20,000	-	-	1.68	01/07/20	01/07/30
Richard Gomberg[(2)]	247,603	2,397	-	1.53	01/07/20	01/07/30
	46,875	78,125	-	1.59	3/19/21	03/19/31
David Scowby[(3)]	1,000,000	-	-	0.47	10/05/17	10/05/27

(1) On January 7, 2020, Mr. Bursey was granted options to purchase 20,000 shares of our common stock. The options have an exercise price of $1.68 per share, which was 110% of the fair market value of our common stock on the date of grant, vest ratably over 24 months from the date of grant, and expire on the 10th anniversary of the date of grant. On February 9, 2022, these 20,000 options were canceled.

(2) On January 7, 2020, Mr. Gomberg was granted options to purchase 250,000 shares of our common stock. The options have an exercise price of $1.53 per share, which was the fair market value of our common stock on the date of grant, vest ratably over 24 months from the date of grant, and expire on the 10th anniversary of the date of grant. On March 31, 2022 Mr. Gomberg resigned as our Chief Financial Officer and all options held by Mr. Gomberg were forfeited.

On March 19, 2021, Mr. Gomberg was granted options to purchase 125,000 shares of our common stock. The options have an exercise price of $1.59 per share, which was the fair market value of our common stock on the date of grant, and ratably over 24 months from the date of grant, and expire on the 10th anniversary of the grant. On March 31, 2022 Mr. Gomberg resigned as our Chief Financial Officer and all options held by Mr. Gomberg were forfeited.

(3) On October 5, 2017, Mr. Scowby was granted options to purchase 1,000,000 shares of our common stock. The options have an exercise price of $0.47 per share, which was the fair market value of our common stock on the date of grant, vested immediately, and expire on the 10th anniversary of the date of grant.

Equity Incentive Plans

2017 Stock Plan

On October 5, 2017, our Board of Directors adopted our Amended and Restated 2017 Stock Plan (the "2017 Stock Plan"). The 2017 Stock Plan was approved by our stockholders on October 5, 2017.

Purpose. The purpose of the 2017 Stock Plan is to advance the interests of the Company and its stockholders by providing an incentive to attract, retain and reward persons performing services for the Company and by motivating such persons to contribute to the growth and profitability of the Company.

The Company intends that securities issued pursuant to the 2017 Stock Plan be exempt from requirements of registration and qualification of such securities pursuant the exemptions afforded by Rule 701 promulgated under the Securities Act and any applicable exemptions under applicable state securities laws, and the 2017 Stock Plan shall be so construed. Further, the Company intends that awards granted pursuant to the 2017 Stock Plan be exempt from or comply with Section 409A of the U.S. Internal Revenue Code (the "Code") (including any amendments or replacements of such section), and the 2017 Stock Plan shall be so construed.

Term of Plan. The 2017 Stock Plan shall continue in effect until its termination by the Board; provided, however, that all Awards shall be granted, if at all, within ten (10) years from October 5, 2017. "Award" means an Option, Restricted Stock Purchase Right or Restricted Stock Bonus granted under the 2017 Stock Plan.

Administration of the Plan. The 2017 Stock Plan shall be administered by the Board. Awards are granted solely at the discretion of the Board. The Board has the full and final power and authority, in its discretion, to determine, among other things, (i) the persons to whom, and the time or times at which, Awards shall be granted and the number of shares of Common Stock to be subject to each Award, (ii) the type of Award granted, and (iii) the terms, conditions and restrictions applicable to each Award.

Persons Eligible for Awards. Awards may be granted only to employees, consultants and directors of the Company.

Shares Subject to the Plan. Subject to customary adjustments such as merger, consolidation, reorganization, reincorporation, recapitalization, reclassification, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of shares, exchange of shares, or similar change in the capital structure of the Company, the maximum aggregate number of shares of Common Stock that may be issued under the 2017 Stock Plan is 4,010,218 (or 572,888 after the 1-for-7 reverse stock split) and consists of authorized but unissued or reacquired shares of Common Stock or any combination thereof. As of the date of hereof, a total of 4,010,218 (or 572,888 after the 1-for-7 reverse stock split) stock options are issued and outstanding, 3,465,648 (or 495,089 after the 1-for-7 reverse stock split) of which have vested as of the date hereof, and none of options have been exercised or converted into are outstanding shares under the 2017 Stock Plan. There are currently 664,838 (or 94,966 after the 1-for-7 reverse stock split) shares available for issuance under the 2017 Stock Plan. The number of Shares that may be issued under the 2017 Stock Plan automatically increases on January 1 of each year, commencing on January 1, 2020 and ending on (and including January 1, 2027) to an amount equal to 29.99% of the total number of shares of capital stock outstanding on December 31 of the preceding calendar year, subject to the Board's ability to provide that there will be no increase or a lesser increase in the number of shares.

Stock Options. Options shall be evidenced by award agreements specifying the number of shares of Common Stock covered thereby, in such form as the Board shall from time to time establish. The exercise price for each Option shall be established in the discretion of the Board; provided, however, that (a) the exercise price per share for an Option shall be not less than the Fair Market Value of a share of Stock on the effective date of grant of the Option and (b) no Incentive Stock Option granted to a stockholder who owns more than ten percent (10%) of the Company's voting stock shall have an exercise price per share less than one hundred ten percent (110%) of the Fair Market Value of a share of Common Stock on the effective date of grant of the Option.

An Incentive Stock Option may be granted only to a person who, on the effective date of grant, is an Employee. Any person who is not an Employee on the effective date of the grant of an Option to such person may be granted only a Non-Statutory Stock Option.

No Option shall be exercisable after the expiration of ten (10) years after the effective date of grant of such Option. No Incentive Stock Option granted to a stockholder who owns more than ten percent (10%) of the Company's voting stock shall be exercisable after the expiration of five (5) years after the effective date of grant of such Option. Subject to exceptions, no Option granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, shall be first exercisable until at least six (6) months following the date of grant of such Option.

Restricted Stock Awards. Restricted Stock Awards may be granted in the form of either a Restricted Stock Bonus or a Restricted Stock Purchase Right. Restricted Stock Awards may be granted upon such conditions as the Board shall determine, including, without limitation, upon the attainment of one or more performance goals. The purchase price for shares of Stock issuable under each Restricted Stock Purchase Right shall be established by the Board in its discretion. A Restricted Stock Purchase Right shall be exercisable within a period established by the Board, which shall in no event exceed thirty (30) days from the effective date of the grant of the Restricted Stock Purchase Right.

Tax Withholding. The Company shall have the right to deduct from any and all payments made under the 2017 Stock Plan, or to require the plan participant, through payroll withholding, cash payment or otherwise, to make adequate provision for, the federal, state, local and foreign taxes (including any social insurance), if any, required by law to be withheld by the Company with respect to an Award or the shares acquired pursuant thereto.

Rights as a Stockholder. A plan participant shall have no rights as a stockholder of the Company with respect to any shares covered by an Award until the date of the issuance of such shares, as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company.

Amendment or Termination of Plan. The Board may amend, suspend or terminate the 2017 Stock Plan at any time. However, without the approval of the Company's stockholders, there shall be (a) no increase in the maximum aggregate number of shares of Common Stock that may be issued under the 2017 Stock Plan, except by operation of the adjustment provisions of the 2017 Stock Plan, (b) no change in the class of persons eligible to receive Incentive Stock Options, and (c) no other amendment of the 2017 Stock Plan that would require approval of the Company's stockholders under any applicable law, regulation or rule, including the rules of any stock exchange or quotation system upon which the Stock may then be listed or quoted.

The following table summarizes information about our equity compensation plans as of December 31, 2021, before adjusting for the proposed 1-for-7 reverse stock split. All outstanding awards relate to our common stock.

Plan category	Number of securities to be issued upon vesting of grants and exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plan approved by stockholders	4,521,667	$ 1.23	167,461
Equity compensation plan not approved by stockholders	-	$ -	-
Total	4,521,667	$	167,461

Non-Employee Director Compensation

During the year ended December 31, 2021, our non-employee directors received the following compensation for their services on the Board and its committees, before adjusting for the proposed 1-for-7 reverse stock split:

Name	Fees earned or paid in cash ($)	Option Awards ($) (1)	All other compensation ($)	Total ($)
William Espley (2)	--	--	--	--
John Hubler (3)	--	--	--	--
Mike Zhou (4)	--	64,277	28,124	92,401

(1) Represents the aggregate grant date fair value of stock options granted to the directors, computed in each case in accordance with ASC 718 – Compensation – Stock Compensation.

(2) As of December 31, 2021, Mr. Espley held 100,000 outstanding stock options.

(3) As of December 31, 2021, Mr. Hubler held 100,000 outstanding stock options. Mr. Hubler resigned from our Board of Directors in July 2022.

(4) As of December 31, 2021, Mr. Zhou held 96,000 stock options. On June 1, 2021, Mr. Zhou was granted options to purchase 100,000 shares of our common stock. The options have an exercise price of $0.97 per share, which was the fair market value of our common stock on the date of grant, vest ratably over 24 months from the date of grant, and expire on the 10th anniversary of the date of grant. Mr. Zhou is the owner of MYZ Corporate Relations, Ltd. In May 2021, the Company entered into an agreement with MYZ Corporate Relations, Ltd. to provide consulting services on strategic matters related to business development opportunities, product development and marketing strategies for a monthly fee of $4,000. Payments to Mr. Zhou of $28,124 under the agreement are shown in the "All other compensation" column in the table above. The agreement is effective for one year and will automatically renew annually unless terminated by either party.

During the year ended December 31, 2021, no cash compensation has been paid to our directors in consideration for their services rendered in their capacities as directors. We plan to adopt an official compensation policy for our non-employee directors following this offering.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Other than the transaction disclosed below, and compensation arrangements, including employment, termination of employment and change in control arrangements, with our directors and executive officers, including those discussed in the sections entitled "Management" and "Executive Compensation," there have been no transactions since January 1, 2020, including currently proposed transactions to which we have been or are to be a party in which the amount involved exceeded or will exceed the lesser of $120,000 or one percent of the average of our total assets at December 31, 2020 and December 31, 2021, and in which any of our directors (including nominees), executive officers or beneficial holders of more than 5% of our capital stock, or any immediate family members of and any entities affiliated with any such person, had or will have a direct or indirect material interest.

In November 2020, we entered into an agreement with BH IoT Group for assistance in building complete IoT bundled solutions. John Hubler is a Partner in BH IoT Group and was a member of our Board of Directors at the time the parties entered into the agreement through July 28, 2022, the date of his resignation from the Board. The parties entered into an initial Phase 1 project expected to last 3 months. At the end of Phase1, both parties agreed to continue the relationship on a month-to-month basis. We recorded $122,825 and $27,000 professional fees under the contract on the consolidated statement of operations for the years ended December 31, 2021 and 2020. We also recorded $67,500 professional fees under the contract on the consolidated condensed statement of operations for the six months ended June 30, 2022.

Following completion of this offering, our audit committee will have the primary responsibility for reviewing and approving or disapproving "related party transactions," which are transactions between us and related persons in which the aggregate amount involved exceeds or may be expected to exceed the lesser of $120,000 and one percent of our average total assets at year-end in which a related person has or will have a direct or indirect material interest. Related party transactions have the potential to create actual or perceived conflicts of interest between us and our directors, officers and significant stockholders or their immediate family members. Upon completion of this offering, our policy regarding transactions between us and related persons will provide that a related person is defined as a director, executive officer, nominee for director or greater than 5% beneficial owner of any class of our voting securities, in each case since the beginning of the most recently completed year, and any of their immediate family members. Our audit committee charter that will be in effect upon completion of this offering will provide that our audit committee shall review and approve or disapprove any related party transactions.

PRINCIPAL STOCKHOLDERS

Our only outstanding class of voting securities is our common stock. The following table sets forth information known to us about the beneficial ownership of our common stock on December 13, 2022 by (i) each current director and director nominee; (ii) each named executive officer; and (iii) all of our executive officers and directors as a group. Other than as set forth below, no person known to us beneficially owns 5% or more of the outstanding common stock as of December 13, 2022.

Unless otherwise indicated in the footnotes, each person listed in the following table has sole voting power and investment power over the common stock listed as beneficially owned by that person. The percentages reflect beneficial ownership immediately prior to and immediately after the completion of this offering and are based on 2,305,091 shares of our common stock outstanding as of December 13, 2022 and 4,155,091 shares of our common stock outstanding after the completion of this offering after taking into account the reverse stock split described below. In computing the number of shares beneficially owned by an individual or entity and the percentage ownership of that person, shares of common stock subject to options, convertible securities or other rights, held by such person that are currently exercisable or will become exercisable within 60 days of December 13, 2022, are considered outstanding. We did not, however, deem such shares outstanding for the purpose of computing the percentage ownership of any other person. The percentages are adjusted to reflect the assumed sale of the shares of common stock, but without giving effect to the exercise of the Representative's warrant, and the exercise of the Representatives option to purchase additional shares to cover overallotments, if any. Unless otherwise indicated in the footnotes, the address for each listed person is Direct Communication Solutions, Inc., 11021 Via Frontera, Suite C, San Diego, California 92127. The information in the table gives effect to the 1-for-7 reverse stock split with respect to our common stock, which will occur prior to the effective date of the registration statement of which this prospectus is a part.

	Number of shares of Common Stock Beneficially-Owned Before Offering	Percentage	Number of shares of Common Stock Beneficially-Owned After Offering	Percentage
Directors and Officers:				
Chris Bursey [1]	931,429	40.4%	931,429	22.4%
Konstantin Lichtenwald [2]	71,429	3.1%	71,429	1.7 %
Eric Placzek [3]	69,940	3.0%	69,940	1.7 %
Richard Gomberg [4]	-	-	-	-
Mike Zhou [5]	14,166	0.6%	14,166	0.3 %
William Espley [6]	120,193	5.2%	120,193	2.9 %
Julie Hajduk	-	-	-	-
David Diamond	-	-	-	-
David Scowby[7]	144,345	6.3%	144,345	3.5 %
Mike Lawless[8]	144,345	6.3%	144,345	3.5 %
All directors and executive officers as a group (9 persons)	1,495,847	55.2%	1,495,847	32.81%

(1) Includes (i) 928,571 shares directly owned by Chris Bursey; (ii) 2,858 shares issuable pursuant to options that are fully vested or will vest within 60 days of December 13, 2022

(2) Includes 71,429 beneficially owned by Zeus Capital Ltd. of which Konstantin Lichtenwald is the Managing Director

(3) Includes 69,940 shares issuable pursuant to options that are fully vested or will vest within 60 days of December 13, 2022

(4) Mr. Gomberg ceased to be our Chief Financial Officer on March 30, 2022.

(5) Includes (i) 571 shares directly owned by Mike Zhou; (ii) 10,738 shares issuable pursuant to options that are fully vested or will vest within 60 days of December 13, 2022 (iii) 2,857 shares issuable pursuant to options that are fully vested or will vest within 60 days of December 13, 2022, beneficially owned by MYZ Corporate Relations Ltd. of which Mike Zhou is the Managing Director

(6) Includes (i) 20,962 shares directly owned by Bill Espley; (ii) 14,286 shares issuable pursuant to options that are fully vested or will vest within 60 days of December 13, 2022 (iii) 42,857 beneficially owned by White Tiger Management International Limited of which Bill Espley is the Managing Director; (iv) 42,088 beneficially owned by White Tiger Venture Group Ltd. of which Bill Espley is the Managing Director

(7) Includes 144,345 shares issuable pursuant to options that are fully vested or will vest within 60 days of December 13, 2022

(8) Includes 144,345 shares issuable pursuant to options that are fully vested or will vest within 60 days of December 13, 2022

DESCRIPTION OF CAPITAL STOCK

The following is a summary of the material provisions of our capital stock, as well as other material terms of our certificate of incorporation and amended and restated bylaws as proposed to be in effect upon consummation of the offering. Reference is made to the more detailed provisions of, and the descriptions are qualified in their entirety by reference to, the certificate of incorporation and amended and restated bylaws, forms of which are filed with the SEC as exhibits to the registration statement of which this prospectus is a part, and applicable law.

General

Our authorized capital stock consists of 40,000,000 shares of common stock, par value $0.00001 per share, of which 16,135,640 shares are issued and outstanding as of December 13, 2022, held by approximately 293 stockholders of record, before giving effect to the 1-for-7 reverse stock split. Upon completion of this offering, there will be 4,155,091 shares of common stock outstanding, after giving effect to the 1-for-7 reverse stock split, but without giving effect to the exercise of the Representative's warrant, and the exercise of the Representatives option to purchase additional shares to cover overallotments, if any.

Common Stock

Dividend Rights

The holders of our common stock are entitled to dividends when and as declared by the Board from funds legally available therefor if, as and when determined by the Board in its sole discretion, subject to provisions of law, and any provision of our Certificate of Incorporation, as amended from time to time. The payment of dividends on the common stock will be a business decision to be made by our Board from time to time based upon results of our operations and our financial condition and any other factors that our Board considers relevant. Payment of dividends on the common stock may be restricted by loan agreements, indentures and other transactions entered into by us from time to time.

Voting Rights

Holders of our common stock are entitled to one vote for each share held on all matters to be voted on by our stockholders. There is no cumulative voting, which means that the holders of a majority of our voting shares will be able to elect all of the directors then standing for election.

Preemptive or Similar Rights

Holders of our common stock have no preferential, preemptive, conversion or exchange rights. There are no redemption or sinking fund provisions applicable to our common stock. The rights, preferences, and privileges of the holders of our common stock are subject to and may be adversely affected by the rights of the holders of any preferred shares we may authorize and designate in the future.

Liquidation Rights

In the event of any voluntary or involuntary liquidation, dissolution or winding up of our affairs, holders of our common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of or provision for all of our debts and other liabilities.

Convertible Securities

April 2022 Debenture

In April 2022, we sold $100,000 in principal amount of an unsecured convertible debenture (the "April Debenture") to a single investor.

Interest Rate. Under the April Debenture we are obligated to pay simple interest, not compounding, on the outstanding balance of the principal amount of the debenture at an annual rate of 10%, calculated from and including April 13, 2022.

Maturity. The principal amount and all interest and other amounts owing under the April Debenture is due and payable in full on April 13, 2024. The debenture is not prepayable by us unless approved by the holders of a majority in principal amount of the April Debenture.

Covenants. Under the April Debenture, we have agreed to customary covenants, including regarding payment of principal and interest, continuing lawful conduct of business, payment of taxes, compliance with laws, limitation on distribution or declaration of dividends to shareholders, limitations on liens and encumbrances.

Events of Default. Upon a default, all principal and interest due or accruing shall become immediately due and payable. Events of default include failure to make payments of principal or interest that remains uncured for 30 business days after notice by holder, failure to observe or perform any covenant or agreement that remains uncured for 30 business days after notice by holder, any order or petition for winding up, any assignment or bulk sale of assets, or petition for bankruptcy filed or presented against us, any bankruptcy or insolvency proceeding being commenced against us, we cease or threaten to cease our business, or any appointment of a receiver or receiver manager.

Negotiability and Transferability. The April Debenture is non-negotiable and non-transferable.

Conversion at Option of Holder. The April Debenture is convertible into units consisting of one share of our common stock and ½ of a warrant to purchase one share of our common stock, at the option of the holder, at any time until the expiration of the two-year term of the debenture at a conversion price equal to the higher of (i) $1.19 (or $8.33 after the 1-for-7 reverse stock split) or (ii) a price equal to the price of shares in our next financing carried out before the second anniversary of the closing date less a 30% discount. The conversion price is subject to adjustment for stock splits, reverse stock splits, reclassifications, and the like. Any warrants issued under the April Debenture will have a two-year term and an exercise price of $0.40 (or $2.80 after the 1-for-7 reverse stock split) per share.

September 2022 Debentures

In September 2022, we sold $1.5 million in aggregate principal amount of unsecured convertible debentures to six investors.

Interest Rate. Under the debentures we are obligated to pay simple interest, not compounding, on the outstanding balance of the principal amount of the debenture at an annual rate of 10%, calculated from and including September 9, 2022.

Maturity. The principal amount and all interest and other amounts owing under the debenture is due and payable in full on September 9, 2024. The debentures are not prepayable by us unless approved by the holders of the majority of the principal amount of the debentures.

Covenants. Under the debentures, we have agreed to customary covenants, including regarding payment of principal and interest, continuing lawful conduct of business, payment of taxes, compliance with laws, limitation on distribution or declaration of dividends to shareholders, limitations on liens and encumbrances.

Events of Default. Upon a default, all principal and interest due or accruing shall become immediately due and payable. Events of default include failure to make payments of principal or interest that remains uncured for 30 business days after notice by holder, failure to observe or perform any covenant or agreement that remains uncured for 30 business days after notice by holder, any order or petition for winding up, any assignment or bulk sale of assets, or petition for bankruptcy filed or presented against us, any bankruptcy or insolvency proceeding against us is commenced, we cease or threaten to cease our business, or the appointment of any receiver or receiver manager.

Negotiability and Transferability. The debentures are non-negotiable and non-transferable.

Conversion at Option of Holder. Each debenture is convertible, at the option of the holder, at any time until the expiration of the two-year term of the debenture at a conversion price equal to the higher of (i) $1.19 (or $8.33 after 1-for-7 reverse stock split) or (ii) a price equal to the price of shares in our next financing carried out before the second anniversary of closing date less a 25% discount.

Conversion upon Qualified Financing. Each debenture automatically converts immediately upon the closing of an equity financing or series of related equity financings resulting in our meeting the listing requirements of the Nasdaq stock market (a "Qualified Financing") at a conversion price equal to the higher of (i) $1.19 (or $8.33 after 1-for-7 reverse stock split) or (ii) a price equal to the lowest per share price of the shares issued in the Qualified Financing less a 25% discount.

Lock-Up. Each holder of debentures has agreed that from the date of conversion through the date that is 180 days after the date of the final prospectus with respect to a public offering of our common stock that results in our listing on a U.S. national securities exchange, the holder will not sell or otherwise dispose of any shares of our common stock.

September 2022 Warrant

Exercise. Each warrant is exercisable at the option of the holder on or before September 9, 2024, in whole or in part, by delivery of a duly executed exercise form accompanied by payment in full for the number of shares purchased upon such exercise.

Exercise Price. The price payable for each share of our common stock upon exercise of the warrant is $0.86 (or $6.02 after the 1-for-7 reverse stock split) per share, subject to adjustment for stock splits, reverse stock splits, reclassifications, and the like.

Transferability. The warrants are non-transferable.

As of September 30, 2022, in addition to the securities described above, there are options outstanding to purchase up to 4,010,218 shares of common stock under our 2017 Stock Plan, with 4,010,218 shares available for future issuance after taking into account the 1-for-7 reverse stock split.

Annual Stockholders Meeting

Our Amended and Restated Bylaws provide that annual stockholders meetings will be held at a date, time and place, if any, as exclusively selected by our board of directors. To the extent permitted under applicable law, we may conduct meetings by remote communications, including by webcast.

Indemnification of Directors and Officers

Our governing documents limit the liability of, and require us to indemnify, our directors to the fullest extent permitted by the DGCL. The DGCL permits a corporation to limit or eliminate a director's personal liability to the corporation or the holders of its capital stock for breaches of directors' fiduciary duties as directors. This limitation is generally unavailable for acts or omissions by a director which (i) were not in good faith, (ii) were the result of intentional misconduct or a knowing violation of law, (iii) the director derived an improper personal benefit from (such as a financial profit or other advantage to which the director was not legally entitled) or (iv) breached the director's duty of loyalty. The DGCL also prohibits limitations on director liability under Section 174 of the DGCL, which relates to certain unlawful dividend declarations and stock repurchases. Our certificate of incorporation and amended and restated bylaws include provisions that eliminate, to the extent allowable under the DGCL, the personal liability of directors or officers for monetary damages for actions taken as a director or officer, as the case may be. Our certificate of incorporation and amended and restated bylaws also provide that we must indemnify and advance reasonable expenses to our directors and officers to the fullest extent authorized by the DGCL. We are also expressly authorized to carry directors' and officers' insurance for our directors, officers and certain employees for certain liabilities. We maintain insurance that insures our directors and officers against certain losses and which insures us against our obligations to indemnify the directors and officers.

There is currently no pending litigation or proceeding involving any of our directors, officers or employees for which indemnification is being sought.

Delaware Anti-Takeover Statute

We are subject to Section 203 of the Delaware General Corporation Law, which prohibits persons deemed to be "interested stockholders" from engaging in a "business combination" with a publicly held Delaware corporation for three years following the date these persons become interested stockholders unless the business combination is, or the transaction in which the person became an interested stockholder was, approved in a prescribed manner or another prescribed exception applies. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status did own, 15% or more of a corporation's voting stock. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by the Board of Directors. A Delaware corporation may "opt out" of these provisions with an express provision in its original certificate of incorporation or an express provision in its certificate of incorporation or bylaws resulting from a stockholders' amendment approved by at least a majority of the outstanding voting shares. We have not opted out of these provisions. As a result, mergers or other takeover or change in control attempts of us may be discouraged or prevented.

Choice of Forum for Certain Lawsuits

Our amended and restated certificate of incorporation provides that (unless we consent in writing to the selection if an alternative forum) the Court of Chancery of the State of Delaware will be the exclusive forum for: (i) any derivative action or proceeding brought on our behalf; (ii) any action asserting a breach of fiduciary duty owed by any director, officer, employee or agent of the Company to us or to our stockholders; (iii) any action asserting a claim arising under the Delaware General Corporation Law or our Certificate of Incorporation or bylaws or (iv) any action asserting a claim against us that is governed by the internal affairs doctrine.

This exclusive forum provision does not apply to actions in which the Court of Chancery in the State of Delaware concludes that an indispensable party is not subject to the jurisdiction of the Delaware courts, or for actions in which a federal court has assumed exclusive jurisdiction of a proceeding. The choice of forum provision in our certificate of incorporation does not waive our compliance with our obligations under the federal securities laws and the rules and regulations thereunder. Moreover, the provision does not apply to suits brought to enforce a duty or liability created by the Exchange Act or by the Securities Act. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Further, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, both state and federal courts have jurisdiction to entertain claims under the Securities Act. We will propose an amendment to our Certificate of Incorporation at the next meeting of shareholders to clarify that the exclusive forum provision will not preclude or contract the scope of exclusive federal or concurrent jurisdiction for any actions brought under the federal securities laws and the rules and regulations thereunder, including the Securities Act and the Exchange Act, or otherwise limit the rights of any stockholder to bring any claim under such laws, rules or regulations in any United States federal district court of competent jurisdiction.

These exclusive-forum provisions may limit a stockholder's ability to bring a claim in a judicial forum of its choosing for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees. If a court were to find the choice of forum provision to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions.

Provisions of Our Certificate of Incorporation and Bylaws to be Adopted and Delaware Law That May Have an Anti-Takeover Effect

Provisions of the DGCL and our amended and restated certificate of incorporation and amended and restated bylaws could make it more difficult to acquire our company by means of a tender offer, a proxy contest or otherwise, or to remove incumbent officers and directors. These provisions, summarized below, are intended to discourage coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of these provisions outweigh the disadvantages of discouraging certain takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms and enhance the ability of our board of directors to maximize stockholder value. However, these provisions may delay, deter or prevent a merger or acquisition of us that a stockholder might consider is in its best interest, including those attempts that might result in a premium over the prevailing market price of our common stock.

Removal of Directors; Vacancies.

Vacancies and newly created directorships on the board of directors, whether resulting from an increase in the number of directors or the death, removal or resignation of a director, will be filled only by our board of directors and not by stockholders.

No Cumulative Voting.

The DGCL provides that a stockholder's right to vote cumulatively in the election of directors does not exist unless the certificate of incorporation specifically provides otherwise. Our amended and restated certificate of incorporation does not provide for cumulative voting.

Requirements for Advance Notification of Stockholder Meetings, Nominations and Proposals.

Our amended and restated bylaws provide that special meetings of the stockholders may be called only by or at the direction of the board of directors, the chairperson of our board or the chief executive officer. Our amended and restated bylaws prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting. These provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control or management of our company.

Our amended and restated bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as director. In order for any matter to be "properly brought" before a meeting, a stockholder will have to comply with such advance notice procedures and provide us with certain information. Our amended and restated bylaws allow the chairman of the meeting of stockholders to adopt rules and regulations for the conduct of meetings which may have the effect of precluding the conduct of certain business at a meeting if such rules and regulations are not followed. These provisions may also defer, delay or discourage a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to influence or obtain control of our company.

Stockholder Action by Written Consent.

The DGCL permits any action required to be taken at any annual or special meeting of the stockholders to be taken without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of stock entitled to vote thereon were present and voted, unless the certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation precludes stockholder action by written consent.

Limitations on Liability and Indemnification of Officers and Directors.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duties. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, your investment may be adversely affected to the extent we pay the settlement costs and damage awards against directors and officers pursuant to these indemnification provisions.

Preferred Stock

We have no shares of preferred stock outstanding or authorized.

Authorized but Unissued Shares

Our authorized but unissued shares of common stock will be available for future issuance without your approval. The DGCL does not require stockholder approval for any issuance of authorized shares. However, the applicable stock exchange listing requirements require stockholder approval of certain issuances equal to or exceeding 20% of the then-outstanding voting power or the then-outstanding number of shares of common stock. No assurances can be given that our shares will remain so listed. We may use additional shares for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of common stock could render more difficult or discourage an attempt to obtain control of our company by means of a proxy contest, tender offer, merger or otherwise.

Representative's Warrants

Please see "Underwriting — Representative's Warrants" in this prospectus for a description of the warrants we have agreed to issue to the representative of the underwriters in this offering, subject to the completion of the offering. We expect to enter into a warrant agreement in respect of the representative's warrants in connection with the closing of this offering.

Listing

We have applied to list our common stock on the NYSE American under the symbol "DCSX." Our common stock is currently traded on OTCQX. On December 13, 2022, the last reported sale price for our stock on the OTCQX was $0.91 per share ($6.37 per share assuming a reverse stock split of 1-for-7).

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is TSX Trust Company.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, shares of our common stock were quoted on the OTC Markets Group, Inc. OTCQX Marketplace under the symbol "DCSX." Future sales of substantial amounts of our common stock in the public market, or the perception that such sales may occur, could adversely affect market prices prevailing from time to time. Further, because only a limited number of shares will be available for sale shortly after this offering due to existing contractual and legal restrictions on resale as described below, there may be sales of substantial amounts of our common stock in the public market after the restrictions lapse. This may adversely affect the prevailing market price and our ability to raise equity capital in the future.

Upon completion of this offering, 4,155,091 shares of common stock will be outstanding. Of these shares, 1,850,000 shares of our common stock (assuming no exercise of the underwriters' option to purchase additional shares, and no exercise or conversion of outstanding options, warrants, or other securities convertible into or exchangeable for shares of our common stock) sold in this offering will be freely transferable without restriction or further registration under the Securities Act, except for any shares purchased by our "affiliates," as that term is defined in Rule 144 under the Securities Act. Of the remaining shares of our common stock that will be outstanding, 44,326 are "restricted shares" as defined in Rule 144. Restricted shares may be sold in the public market only if registered under the Securities Act or if they qualify for an exemption from registration under Rule 144. As a result of the contractual 180-day lock-up period described below, the shares subject to lock-up agreements will be available for sale in the public market only after 180 days from the date of this prospectus (generally subject to resale limitations).

Rule 144

In general, a person who has beneficially owned restricted shares of our common stock for at least six months would be entitled to sell such securities, provided that (i) such person is not deemed to have been one of our affiliates at the time of, or at any time during the 90 days preceding, the sale and (ii) we are subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale. Persons who have beneficially owned restricted shares of our common stock for at least six months but who are our affiliates at the time of, or any time during the 90 days preceding, the sale, would be subject to additional restrictions, by which such person would be entitled to sell within any three-month period only a number of securities that does not exceed the greater of the following:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately 41,550 shares immediately after this offering; or
- the average weekly trading volume of our common stock on the NYSE American during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale;

provided, in each case, that we are subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale. Such sales both by affiliates and by non-affiliates must also comply with the manner of sale and notice provisions of Rule 144 to the extent applicable.

Rule 701

Rule 701 generally allows a stockholder who purchased shares of our capital stock pursuant to a written compensatory plan or contract and who is not deemed to have been an affiliate of our company during the immediately preceding 90 days to sell these shares in reliance upon Rule 144, but without being required to comply with the public information, holding period, volume limitation or notice provisions of Rule 144. Rule 701 also permits affiliates of our company to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required to wait until 90 days after the date of this prospectus before selling those shares pursuant to Rule 701.

Lock-up Agreements

The Company, each of our directors and executive officers, and our 5% and greater stockholders, have agreed not to or are otherwise restricted in their ability to, subject to certain limited exceptions, offer, pledge, sell, contract to sell, grant any option to purchase, or otherwise dispose of our common stock or any securities convertible into or exchangeable or exercisable for common stock, or to enter into any hedge or other arrangement or any transaction that transfers, directly or indirectly, the economic consequence of ownership of the shares of our common stock, in the case of the Company for a period of 90 days after the date of this prospectus, and in the case of our directors and executive officers for a period of 180 days after the date of this prospectus, and in the case of our 5% and greater stockholders for a period of 90 days after the date of this prospectus, without the prior written consent of ThinkEquity LLC, as representative of the underwriters. See "Underwriting—Lock-up Agreements." The underwriters do not have any present intention or arrangement to release any shares of our common stock subject to lock-up arrangements prior to the expiration of the 90- or 180-day lock-up period.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following is a summary of the material U.S. federal income tax consequences relating to the acquisition, ownership, and disposition of common stock acquired pursuant to this offering by non-U.S. holders (as defined below). This summary deals only with common stock held as a capital asset (within the meaning of Section 1221 of the Code) and does not discuss the U.S. federal income tax consequences applicable to a non-U.S. holder that is subject to special treatment under U.S. federal income tax laws, including, but not limited to: a dealer in securities or currencies; a broker-dealer; a financial institution; a qualified retirement plan, individual retirement plan, or other tax-deferred account; a regulated investment company; a real estate investment trust; a tax-exempt organization; an insurance company; a person holding common stock as part of a hedging, integrated, conversion, or straddle transaction or a person deemed to sell common stock under the constructive sale provisions of the Code; a trader in securities that has elected the mark-to-market method of tax accounting; an accrual method taxpayer subject to special tax accounting rules under Section 451(b) of the Code; an entity that is treated as a partnership for U.S. federal income tax purposes; a person that received such common stock in connection with services provided; qualified foreign pension funds as defined in Section 897(l)(2) of the Code and entities all of the interests of which are held by qualified foreign pension funds; a corporation that is subject to the accumulated earnings tax; a person that owns or has owned, actually or constructively, more than 5% of our common stock; a corporation organized outside the United States, any state thereof or the District of Columbia that is nonetheless treated as a U.S. taxpayer for U.S. federal income tax purposes; a person that is not a non-U.S. holder; a "controlled foreign corporation;" a "passive foreign investment company;" or a U.S. expatriate and former citizens or long-term residents of the United States.

This summary is based upon provisions of the Code, its legislative history, applicable U.S. Treasury regulations promulgated thereunder, published rulings, and judicial decisions, all as in effect as of the date hereof. We have not sought, and will not seek, any ruling from the Internal Revenue Service, or IRS, with respect to the tax consequences discussed herein, and there can be no assurance that the IRS will not take a position contrary to the tax consequences discussed below or that any position taken by the IRS would not be sustained. Those authorities may be repealed, revoked, or modified, perhaps retroactively, or may be subject to differing interpretations, which could result in U.S. federal income tax consequences different from those discussed below. This summary does not address all aspects of U.S. federal income tax, does not deal with all tax considerations that may be relevant to stockholders in light of their personal circumstances, and does not address any state, local, foreign, gift, Medicare, estate (except to the limited extent set forth herein), or alternative minimum tax considerations.

For purposes of this discussion, a "U.S. holder" is a beneficial holder of common stock that is for U.S. federal income tax purposes: an individual citizen or resident of the United States; a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia; an estate the income of which is subject to U.S. federal income taxation regardless of its source; or a trust if it (1) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (2) was in existence on August 20, 1996 and has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

For purposes of this discussion, a "non-U.S. holder" is a beneficial owner of common stock that is neither a U.S. holder nor a partnership (or any other entity or arrangement that is treated as a partnership) for U.S. federal income tax purposes regardless of its place of organization or formation. If a partnership (or an entity or arrangement that is treated as a partnership for U.S. federal income tax purposes) holds common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. A partner of a partnership holding common stock is urged to consult its own tax advisors.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL INCOME, ESTATE, AND OTHER TAX CONSEQUENCES OF ACQUIRING, OWNING, AND DISPOSING OF OUR COMMON STOCK IN LIGHT OF THEIR SPECIFIC SITUATIONS, AS WELL AS THE TAX CONSEQUENCES ARISING UNDER ANY STATE, LOCAL, OR NON-U.S. TAX LAWS AND ANY OTHER U.S. FEDERAL TAX LAWS (INCLUDING THE U.S. FEDERAL ESTATE AND GIFT TAX LAWS) OR UNDER ANY APPLICABLE INCOME TAX TREATY.

Distributions on Our Common Stock

Distributions with respect to common stock, if any, generally will constitute dividends for U.S. federal income tax purposes to the extent paid out of current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. Any portion of a distribution in excess of current or accumulated earnings and profits will be treated as a return of capital and will first be applied to reduce the holder's tax basis in its common stock, but not below zero. Any remaining amount will then be treated as gain from the sale or exchange of the common stock and will be treated as described under "—Disposition of Our Common Stock" below.

Distributions treated as dividends that are paid to a non-U.S. holder, if any, with respect to shares of our common stock, will be subject to U.S. federal withholding tax at a rate of 30% (or such lower rate as may be specified in an applicable income tax treaty, provided the non-U.S. Holder furnishes a valid IRS Form W-8BEN or IRS Form W-8BEN-E (or applicable successor form or other documentation) to us or our paying agent certifying qualification for the lower treaty rate) of the gross amount of the dividends unless the dividends are effectively connected with the non-U.S. holder's conduct of a trade or business in the United States subject to the discussion below regarding foreign accounts and backup withholding. A non-U.S. Holder that does not timely furnish the required documentation, but that qualifies for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaties.

If a non-U.S. holder is engaged in a trade or business in the United States and dividends with respect to the common stock are effectively connected with the conduct of that trade or business and, if required by an applicable income tax treaty, are attributable to a U.S. permanent establishment, then although the non-U.S. holder will generally be exempt from the 30% U.S. federal withholding tax, provided certain certification requirements are satisfied, the non-U.S. holder will be subject to U.S. federal income tax on those dividends on a net income basis at regular graduated U.S. federal income tax rates in the same manner as if such holder were a resident of the United States. Any such effectively connected income received by a foreign corporation may, under certain circumstances, be subject to an additional branch profits tax equal to 30% (or lower applicable income tax treaty rate) of its effectively connected earnings and profits for the taxable year, as adjusted under the Code. To claim the exemption from withholding with respect to any such effectively connected income, the non-U.S. holder must generally furnish to us or our paying agent a properly executed IRS Form W-8ECI (or applicable successor form). In the case of a non-U.S. holder that is an entity, Treasury regulations and the relevant tax treaty provide rules to determine whether, for purposes of determining the applicability of a tax treaty, dividends will be treated as paid to the entity or to those holding an interest in that entity. If a non-U.S. holder holds stock through a financial institution or other agent acting on the holder's behalf, the holder will be required to provide appropriate documentation to such agent. Such holder's agent will then be required to provide certification to us or our paying agent.

Disposition of Our Common Stock

Subject to the discussion below regarding backup withholding, a non-U.S. holder generally will not be subject to U.S. federal income tax on any gain from a sale, exchange or other disposition of our stock unless:

(a) that gain is effectively connected with the non-U.S. holder's conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment maintained by the non-U.S. holder);

(b) the non-U.S. holder is a nonresident alien individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other conditions are met; or

(c) we are or have been a "United States real property holding corporation" within the meaning of Code Section 897(c)(2) for U.S. federal income tax purposes at any time during the shorter of the five-year period preceding the date of disposition or the holder's holding period for our common stock, and certain other requirements are met.

If a non-U.S. holder is described in clause (a) of the preceding paragraph, the non-U.S. holder will generally be subject to tax on the net gain derived from the disposition at the regular graduated U.S. federal income tax rates in the same manner as if such non-U.S. holder were a U.S. person, unless an applicable income tax treaty provides otherwise. In addition, a non-U.S. holder that is a corporation may be subject to the branch profits tax at a rate equal to 30% (or lower applicable income tax treaty rate) of its effectively connected earnings and profits, as adjusted for certain items.

If the non-U.S. holder is an individual described in clause (b) of the preceding paragraph, the non-U.S. holder will generally be subject to a flat 30% tax on the gain derived from the disposition, which may be offset by U.S.-source capital losses even though the non-U.S. holder is not considered a resident of the United States, provided that the non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses.

If the non-U.S. holder is described in clause (c) of the preceding paragraph, the non-U.S. holder will generally be subject to U.S. federal income tax in the same manner as gain that is effectively connected with the conduct of a U.S. trade or business, except that the branch profits tax generally will not apply. Although there can be no assurance, we believe that we are not, and we do not anticipate becoming, a United States real property holding corporation for U.S. federal income tax purposes. Even if we are treated as a United States real property holding corporation, gain realized by a non-U.S. holder on a disposition of our common stock will not be subject to U.S. federal income tax so long as (1) the non-U.S. holder owned, directly, indirectly and constructively, no more than five percent of our common stock at all times within the shorter of (x) the five-year period preceding the disposition, or (y) the holder's holding period, and (2) our common stock is regularly traded on an established securities market. There can be no assurance that our common stock will continue to qualify as regularly traded on an established securities market. If any gain on your disposition is taxable because we are a United States real property holding corporation and your ownership of our common stock exceeds five percent, you will be taxed on such disposition generally in the manner applicable to U.S. persons and in addition, a purchaser of your common stock may be required to withhold tax with respect to that obligation. Such withheld tax is not an additional tax but merely an advance payment, which may be credited against the tax liability of persons subject to such withholding or refunded to the extent it results in an overpayment of tax and the appropriate information is timely supplied to the IRS.

Non-U.S. Holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

U.S. Federal Estate Tax

The estate of a nonresident alien individual is generally subject to U.S. federal estate tax on property it is treated as the owner of, or has made certain life transfers of, having a U.S. situs. Because we are a U.S. corporation, our common stock will be U.S. situs property and therefore will be included in the taxable estate of a nonresident alien decedent for U.S. federal estate tax purposes, unless an applicable estate tax treaty between the United States and the decedent's country of residence provides otherwise.

Information Reporting and Backup Withholding Tax

We report to our non-U.S. holders and the IRS certain information with respect to any dividends we pay on our common stock, including the amount of dividends paid during each fiscal year, the name and address of the recipient, and the amount, if any, of tax withheld. All distributions to holders of common stock are subject to any applicable withholding. Information reporting requirements apply even if no withholding was required because the distributions were effectively connected with the non-U.S. holder's conduct of a U.S. trade or business or withholding was reduced by an applicable income tax treaty. This information also may be made available under a specific treaty or agreement with the tax authorities in the country in which the non-U.S. holder resides or is established. Under U.S. federal income tax law, interest, dividends, and other reportable payments may, under certain circumstances, be subject to "backup withholding" at the then applicable rate (currently, 24%). Backup withholding, however, generally will not apply to distributions on our common stock to a non-U.S. holder, provided the non-U.S. holder furnishes to us or our paying agent the required certification as to its non-U.S. status, such as by providing a valid IRS Form W-8BEN, IRS Form W-8BEN-E or IRS Form W-8ECI, or otherwise establishes an exemption. Notwithstanding the foregoing, backup withholding may apply if either we or our paying agent has actual knowledge, or reason to know, that the holder is a U.S. person that is not an exempt recipient. Backup withholding is not an additional tax but merely an advance payment, which may be credited against the tax liability of persons subject to backup withholding or refunded to the extent it results in an overpayment of tax and the appropriate information is timely supplied to the IRS.

Information reporting and backup withholding will generally apply to the proceeds of a disposition of our common stock by a non-U.S. holder effected by or through the U.S. office of any broker, U.S. or foreign, unless the holder certifies its status as a non-U.S. holder and satisfies certain other requirements, or otherwise establishes an exemption. Generally, information reporting and backup withholding will not apply to a payment of disposition proceeds to a non-U.S. holder where the transaction is effected outside the United States through a non-U.S. office of a broker. However, information reporting but not backup withholding will apply in a manner similar to dispositions effected through a U.S. office of a broker, if a non-U.S. holder sells our common stock through a non-U.S. office of a broker that has certain connections with the United States.

Withholding on Payments to Foreign Accounts

Certain withholding taxes may apply under Section 1471 through 1472 of the Code (which are commonly referred to as the Foreign Account Tax Compliance Act ("FATCA")) to certain types of payments made to "foreign financial institutions" (as specially defined under these rules) and certain other non-U.S. entities if certification, information reporting and other specified requirements are not met. A 30% withholding tax may apply to "withholdable payments" if they are paid to a foreign financial institution or to a non-financial foreign entity, unless (a) the foreign financial institution undertakes certain diligence and reporting obligations and other specified requirements are satisfied, (b) the non-financial foreign entity either certifies it does not have any substantial U.S. owners or furnishes identifying information regarding each substantial U.S. owner and other specified requirements are satisfied or (c) the foreign financial institution or non-financial foreign entity otherwise qualified for an exemption from these rules.

"Withholdable payment" generally means any payment of interest, dividends, rents, and certain other types of generally passive income if such payment is from sources within the United States. U.S. Treasury Regulations proposed in December 2018 (and upon which taxpayers and withholding agents are entitled to rely until final regulations are issued) eliminate possible withholding under these rules on the gross proceeds from any sale or other disposition of our common stock, previously scheduled to apply beginning January 1, 2019. If the payee is a foreign financial institution, it must enter into an agreement with the U.S. Treasury requiring, among other things, that it undertake to identify accounts held by certain U.S. persons or U.S.-owned foreign entities, annually report certain information about such accounts and withhold 30% on payments to account holders whose actions prevent it from complying with these reporting and other requirements, or comply with comparable requirements under an applicable inter-governmental agreement between the United States and the foreign financial institution's home jurisdiction. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules. If an investor does not provide us with the information necessary to comply with these rules, it is possible that distributions to such investor that are attributable to withholdable payments, such as dividends, will be subject to the 30% withholding tax.

Holders should consult their own tax advisers regarding the implications of FATCA on their investment in shares of our common stock.

UNDERWRITING

ThinkEquity LLC is acting as representative of the underwriters. Subject to the terms and conditions of an underwriting agreement between us and the representative, we have agreed to sell to each underwriter named below, and each underwriter named below has severally agreed to purchase, at the public offering price less the underwriting discounts set forth on the cover page of this prospectus, the number of shares of common stock listed next to its name in the following table:

Underwriters:	Number of Shares
ThinkEquity LLC	
Total	

The underwriting agreement provides that the obligations of the underwriters to pay for and accept delivery of the shares of common stock offered by this prospectus are subject to various conditions and representations and warranties, including the approval of certain legal matters by their counsel and other conditions specified in the underwriting agreement. The shares of common stock are offered by the underwriters, subject to prior sale, when, as and if issued to and accepted by them. The underwriters reserve the right to withdraw, cancel or modify the offer to the public and to reject orders in whole or in part. The underwriters are obligated to take and pay for all of the shares of common stock offered by this prospectus if any such securities are taken, other than those securities covered by the over-allotment option described below.

We have agreed to indemnify the underwriters against specified liabilities, including liabilities under the Securities Act, and to contribute to payments the underwriters may be required to make in respect thereof.

Over-Allotment Option

We have granted the representative an over-allotment option. This option, which is exercisable for up to 45 days after the date of this prospectus, permits the representative to purchase up to an aggregate of up to 277,500 additional shares of common stock, representing 15% of the shares of common stock sold in the offering. The purchase price to be paid per additional share of common stock shall be equal to the public offering price of one share of common stock, less the underwriting discount.

Discounts, Commissions and Reimbursement

The underwriters propose initially to offer the shares of common stock to the public at the public offering price set forth on the cover page of this prospectus. Any shares of common stock sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the public offering price. If all of the shares of common stock offered by us are not sold at the public offering price, the underwriters may change the offering price and other selling terms by means of a supplement to this prospectus.

The following table shows the public offering price, underwriting discounts and commissions and proceeds, before expenses, to us. The information assumes either no exercise or full exercise of the over-allotment option we granted to the representative of the underwriters.

	Per Share	Total Without Over-Allotment Option	Total With Full Over-Allotment Option
Public offering price	$	$	$
Underwriting discounts and commissions (7%)	$	$	$
Proceeds, before expenses to us	$	$	$
Non-accountable expense allowance (1%)[(1)]	$	$	$

(1) The non-accountable expense allowance will not be payable with respect to the representative's exercise of the over-allotment option, if any.

We have agreed to pay a non-accountable expense allowance to the representative of the underwriters equal to 1% of the gross proceeds received at the completion of the offering. The non-accountable expense allowance of 1% is not payable with respect to any securities sold upon exercise of the representative's over-allotment option. We have agreed to pay an expense deposit of $50,000 to the representative ($35,000 upon the previously execution engagement letter with the representative and the remaining $15,000 to be paid upon the public filing of the registration statement of which this prospectus is a part), which will be applied against the out-of-pocket accountable expenses that will be paid by us to the underwriters in connection with this offering, and will be reimbursed to us to the extent not actually incurred in compliance with FINRA Rule 5110(g)(4)(A).

We have also agreed to pay certain of the representative's expenses relating to the offering, including (i) all filing fees and communication expenses relating to the registration of the securities to be sold in the offering (including the securities subject to the representative's over-allotment option) with the SEC; (ii) all filing fees and expenses associated with the review of the offering by FINRA; (iii) all fees and expenses relating to the listing of the shares of our common stock to be sold in the offering (including the shares of common stock issuable upon exercise of the representative's warrant) on the NYSE American, or such other national securities exchange on which our common stock may be listed, including any fees charges by The Depository Trust for new securities; (iv) all fees, expenses and disbursements relating to background checks of our officers, directors and related entities in an amount not to exceed $15,000 in the aggregate; (v) all fees, expenses and disbursements relating to the registration or qualification of such shares of common stock under the "blue sky" securities laws of such states, if applicable, as the representative may reasonably designate; (vi) all fees, expenses and disbursements relating to the registration, qualification or exemption of such shares of common stock under the securities laws of such foreign jurisdictions as the representative may reasonably designate; (vii) the costs of all mailing and printing of the underwriting documents (including, without limitation, the underwriting agreement, any blue sky surveys and, if appropriate, any agreement among underwriters, selected dealers' agreement, underwriters' questionnaire and power of attorney), registration statements, prospectuses and all amendments, supplements and exhibits thereto and as many preliminary and final prospectuses as the representative may reasonably deem necessary; (viii) the costs and expenses of a public relations firm; (ix) the costs of preparing, printing and delivering certificates representing the common stock in the event that we determine to deliver certificated shares of common stock; (x) fees and expenses of the transfer agent for the shares of common stock; (xi) stock transfer and/or stamp taxes, if any, payable upon the transfer of securities from us to the underwriters; (xii) the costs associated with post-Closing advertising the offering in the national editions of the Wall Street Journal and New York Times; (xiii) the costs associated with bound volumes of the public offering materials as well as commemorative mementos and Lucite tombstones, each of which we or our designee will provide within a reasonable time after the closing of this offering in such quantities as the representative may reasonably request, in an amount not to exceed $3,000 in the aggregate; (xiv) the fees and expenses of our accountants; (xv) the fees and expenses of our legal counsel and other agents and representatives; (xvi) the fees and expenses of the underwriter's legal counsel, not to exceed $125,000; (xvii) the $29,500 cost associated with the underwriters' use of Ipreo's book-building, prospectus tracking and compliance software for the offering; (xviii) $10,000 for data services and communications expenses, (xix) up to $10,000 of the underwriters' actual accountable "road show" expenses and (xx) up to $30,000 of the representative's market making and trading, and clearing firm settlement expenses for the offering.

Our total estimated expenses of the offering, including registration, filing and listing fees, printing fees and legal and accounting expenses, but excluding underwriting discounts and commissions, are approximately $1,890,000.

Representative's Warrants

Upon completion of this offering, we have agreed to issue to the representative as compensation warrants to purchase up to 106,375 shares of common stock (5% of the aggregate number of shares of common stock sold in this offering inclusive of the over-allotment option, or the representative's warrants). The representative's warrants will be exercisable at a per share exercise price equal to 125% of the public offering price per share in this offering. The representative's warrants are exercisable at any time and from time to time, in whole or in part, during the four and one half year period commencing 180 days following the commencement of sales of the securities issued in this offering.

The representative's warrants have been deemed compensation by FINRA and are therefore subject to a 180-day lock-up pursuant to Rule 5110(e)(1)(A) of FINRA. The representative (or permitted assignees under Rule 5110(e)(2)) will not sell, transfer, assign, pledge, or hypothecate these warrants or the securities underlying these warrants, nor will they engage in any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of the warrants or the underlying securities for a period of 180 days following the commencement of sales of the securities issued in this offering. In addition, until such time as the representative's warrants or the shares of common stock issuable upon exercise of the representative's warrants can be sold pursuant to Rule 144 without volume restrictions, the representative's warrants will provide for registration rights (including a one-time demand registration right and unlimited piggyback rights). The sole demand registration right provided will not be greater than five years from the commencement of sales of the securities issued in this offering in compliance with FINRA Rule 5110(g)(8)(C). The piggyback registration rights provided will not be greater than seven years from the commencement of sales of the securities issued in this offering in compliance with FINRA Rule 5110(g)(8)(D). We will bear all fees and expenses attendant to registering the securities issuable on exercise of the warrants other than underwriting commissions incurred and payable by the holders. The exercise price and number of shares issuable upon exercise of the representative's warrants may be adjusted in certain circumstances including in the event of a stock dividend or our recapitalization, reorganization, merger or consolidation. However, the warrant exercise price or underlying shares will not be adjusted for issuances of shares of common stock at a price below the warrant exercise price.

Lock-Up Agreements

Pursuant to "lock-up" agreements, we, our executive officers and directors, and holders of 5% or greater of our outstanding shares of common stock, have agreed, without the prior written consent of the representative not to directly or indirectly, offer to sell, sell, pledge or otherwise transfer or dispose of any of shares of (or enter into any transaction or device that is designed to, or could be expected to, result in the transfer or disposition by any person at any time in the future of) our common stock, enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of shares of our common stock, make any demand for or exercise any right or cause to be filed a registration statement, including any amendments thereto, with respect to the registration of any shares of common stock or securities convertible into or exercisable or exchangeable for common stock or any other securities of ours or publicly disclose the intention to do any of the foregoing, subject to customary exceptions, for a period of six (6) months in the case of our executive officers and directors, and thee (3) months in the case of us and holders of 5% or greater of our outstanding shares of common stock, after the closing date of this offering. In addition, we have agreed for a period of twenty-four (24) months from the closing date of this offering not to directly or indirectly in any "at-the-market", continuous equity offering or variable rate transaction, offer to sell, sell, contract to sell, grant any option to sell or otherwise dispose of shares of our capital stock or any securities convertible into or exercisable or exchangeable for share of our capital stock, without the prior written consent of the representative.

Right of First Refusal

Until 18 months from the closing date of this offering, the representative will have an irrevocable right of first refusal, to act as sole investment banker, sole book-runner, and/or sole placement agent, at the representative's sole discretion, for each and every future public and private equity and debt offering, including all equity linked financings, during such 18 month period for us, or any successor to our Company or any subsidiary of our Company, on terms and conditions customary to the representative. The representative will have the sole right to determine whether or not any other broker-dealer will have the right to participate in any such offering and the economic terms of any such participation.

Discretionary Accounts

The underwriters do not intend to confirm sales of the shares of common stock offered hereby to any accounts over which they have discretionary authority.

NYSE American Listing

Prior to this offering, shares of our common stock have been quoted on the OTCQX under the symbol "DCSX." We have applied to list our common stock on the NYSE American under the symbol "DCSX". No assurance, however, can be given that our application will be approved. This offering will only occur if a national securities exchange approves the listing of our common stock.

Determination of Offering Price

The public offering price of the common stock we are offering was negotiated between us and the underwriters. Factors considered in determining the public offering price of the common stock include our history and prospects, the stage of development of our business, our business plans for the future and the extent to which they have been implemented, an assessment of our management, general conditions of the securities markets at the time of the offering and such other factors as were deemed relevant.

Other Relationships

From time to time, certain of the underwriters and/or their affiliates may in the future provide, various investment banking and other financial services for us for which they may receive customary fees. In the course of their businesses, the underwriters and their affiliates may actively trade our securities or loans for their own account or for the accounts of customers, and, accordingly, the underwriters and their affiliates may at any time hold long or short positions in such securities or loans. Except for services provided in connection with this offering, no underwriter has provided any investment banking or other financial services to us during the 180-day period preceding the date of this prospectus and we do not expect to retain any underwriter to perform any investment banking or other financial services for at least 90 days after the date of this prospectus.

Price Stabilization, Short Positions and Penalty Bids

In order to facilitate the offering of our common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of our common stock. In connection with the offering, the underwriters may purchase and sell our common stock in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of securities than they are required to purchase in the offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional securities in the offering. The underwriters may close out any covered short position by either exercising the over-allotment option to purchase securities or purchasing securities in the open market. In determining the source of securities to close out the covered short position, the underwriters will consider, among other things, the price of securities available for purchase in the open market as compared to the price at which they may purchase securities through the over-allotment option to purchase securities. "Naked" short sales are sales in excess of the over-allotment option to purchase securities. The underwriters must close out any naked short position by purchasing securities in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our securities in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of securities made by the underwriters in the open market before the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter or dealer repays selling concessions allowed to it for distributing common stock in this offering because the underwriter repurchases the common stock in stabilizing or short covering transactions.

Finally, the underwriters may bid for, and purchase, securities in market making transactions, including "passive" market making transactions as described below.

These activities may stabilize or maintain the market price of our common stock at a price that is higher than the price that might otherwise exist in the absence of these activities. The underwriters are not required to engage in these activities, and may discontinue any of these activities at any time without notice. These transactions may be effected on the national securities exchange on which shares of our common stock are traded, in the over-the-counter market, or otherwise.

In connection with this offering, the underwriters or their affiliates may engage in passive market making transactions in our securities immediately prior to the commencement of sales in this offering, in accordance with Rule 103 of Regulation M under the Exchange Act. Rule 103 generally provides that:

- a passive market maker may not effect transactions or display bids for our common stock in excess of the highest independent bid price by persons who are not passive market makers;
- net purchases by a passive market maker on each day are generally limited to 30% of the passive market maker's average daily trading volume in our common stock during a specified two-month prior period or 200 shares of common stock, whichever is greater, and must be discontinued when that limit is reached; and
- passive market making bids must be identified as such.

Indemnification

We have agreed to indemnify the underwriters against liabilities relating to this offering arising under the Securities Act and the Exchange Act, liabilities arising from breaches of some or all of the representations and warranties contained in the underwriting agreement, and to contribute to payments that the underwriters may be required to make for these liabilities.

Electronic Distribution

This prospectus in electronic format may be made available on websites or through other online services maintained by one or more of the underwriters, or by their affiliates. Other than this prospectus in electronic format, the information on any underwriter's website and any information contained in any other website maintained by an underwriter is not part of this prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or any underwriter in its capacity as underwriter, and should not be relied upon by investors.

Selling Restrictions

No action has been taken in any jurisdiction (except in the United States) that would permit a public offering of our securities, or the possession, circulation or distribution of this prospectus or any other material relating to us or our securities in any jurisdiction where action for that purpose is required. Accordingly, our securities may not be offered or sold, directly or indirectly, and this prospectus or any other offering material or advertisements in connection with our securities may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction.

Australia

This prospectus is not a disclosure document under Chapter 6D of the Australian Corporations Act, has not been lodged with the Australian Securities and Investments Commission and does not purport to include the information required of a disclosure document under Chapter 6D of the Australian Corporations Act. Accordingly, (i) the offer of the securities under this prospectus is only made to persons to whom it is lawful to offer the securities without disclosure under Chapter 6D of the Australian Corporations Act under one or more exemptions set out in section 708 of the Australian Corporations Act, (ii) this prospectus is made available in Australia only to those persons as set forth in clause (i) above, and (iii) the offeree must be sent a notice stating in substance that by accepting this offer, the offeree represents that the offeree is such a person as set forth in clause (i) above, and, unless permitted under the Australian Corporations Act, agrees not to sell or offer for sale within Australia any of the securities sold to the offeree within 12 months after its transfer to the offeree under this prospectus.

Canada

Our securities may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts, or NI 33-105, the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

China

The information in this document does not constitute a public offer of the securities, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The securities may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to "qualified domestic institutional investors."

European Economic Area — Belgium, Germany, Luxembourg and Netherlands

The information in this document has been prepared on the basis that all offers of securities will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to produce a prospectus for offers of securities.

An offer to the public of securities has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- to legal entities that are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity that has two or more of (i) an average of at least 250 employees during its last fiscal year; (ii) a total balance sheet of more than €43,000,000 (as shown on its last annual unconsolidated or consolidated financial statements) and (iii) an annual net turnover of more than €50,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to fewer than 100 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of the Company or any underwriter for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of securities shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

France

This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers ("AMF"). The securities have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the securities have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed or caused to distributed, directly or indirectly, to the public in France.

Such offers, sales and distributions have been and shall only be made in France to (i) qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-1 to D.411-3, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation and/or (ii) a restricted number of non-qualified investors (cercle restreint d'investisseurs) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-4, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the securities cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

Hong Kong

Neither the information in this document nor any other document relating to the offer has been delivered for registration to the Registrar of Companies in Hong Kong, and its contents have not been reviewed or approved by any regulatory authority in Hong Kong, nor have we been authorized by the Securities and Futures Commission in Hong Kong. This document does not constitute an offer or invitation to the public in Hong Kong to acquire shares. Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for the purpose of issue, this document or any advertisement, invitation or document relating to the shares, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong other than in relation to shares which are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" (as such term is defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("SFO") and the subsidiary legislation made thereunder) or in circumstances which do not result in this document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong (Cap. 32 of the Laws of Hong Kong) (the "CO") or which do not constitute an offer or an invitation to the public for the purposes of the SFO or the CO. The offer of the shares is personal to the person to whom this document has been delivered by or on behalf of our company, and a subscription for shares will only be accepted from such person. No person to whom a copy of this document is issued may issue, circulate or distribute this document in Hong Kong or make or give a copy of this document to any other person. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. No document may be distributed, published or reproduced (in whole or in part), disclosed by or to any other person in Hong Kong or to any person to whom the offer of sale of the shares would be a breach of the CO or SFO.

Ireland

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (the "Prospectus Regulations"). The securities have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to (i) qualified investors as defined in Regulation 2(l) of the Prospectus Regulations and (ii) fewer than 100 natural or legal persons who are not qualified investors.

Israel

The securities offered by this prospectus have not been approved or disapproved by the Israeli Securities Authority (the ISA), or ISA, nor have such securities been registered for sale in Israel. The shares may not be offered or sold, directly or indirectly, to the public in Israel, absent the publication of a prospectus. The ISA has not issued permits, approvals or licenses in connection with this offering or publishing the prospectus; nor has it authenticated the details included herein, confirmed their reliability or completeness, or rendered an opinion as to the quality of the securities being offered. Any resale in Israel, directly or indirectly, to the public of the securities offered by this prospectus is subject to restrictions on transferability and must be effected only in compliance with the Israeli securities laws and regulations.

Italy

The offering of the securities in the Republic of Italy has not been authorized by the Italian Securities and Exchange Commission (Commissione Nazionale per le Società e la Borsa, "CONSOB" pursuant to the Italian securities legislation and, accordingly, no offering material relating to the securities may be distributed in Italy and such securities may not be offered or sold in Italy in a public offer within the meaning of Article 1.1(t) of Legislative Decree No. 58 of 24 February 1998 ("Decree No. 58"), other than:

- to Italian qualified investors, as defined in Article 100 of Decree no.58 by reference to Article 34-ter of CONSOB Regulation no. 11971 of 14 May 1999 ("Regulation no. 1197l") as amended ("Qualified Investors"); and

- in other circumstances that are exempt from the rules on public offer pursuant to Article 100 of Decree No. 58 and Article 34-ter of Regulation No. 11971 as amended.

Any offer, sale or delivery of the securities or distribution of any offer document relating to the securities in Italy (excluding placements where a Qualified Investor solicits an offer from the issuer) under the paragraphs above must be:

- made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (as amended), Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007 and any other applicable laws; and

- in compliance with all relevant Italian securities, tax and exchange controls and any other applicable laws.

Any subsequent distribution of the securities in Italy must be made in compliance with the public offer and prospectus requirement rules provided under Decree No. 58 and the Regulation No. 11971 as amended, unless an exception from those rules applies. Failure to comply with such rules may result in the sale of such securities being declared null and void and in the liability of the entity transferring the securities for any damages suffered by the investors.

Japan

The securities have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the securities may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires securities may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of securities is conditional upon the execution of an agreement to that effect.

Portugal

This document is not being distributed in the context of a public offer of financial securities (oferta pública de valores mobiliários) in Portugal, within the meaning of Article 109 of the Portuguese Securities Code (Código dos Valores Mobiliários). The securities have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in Portugal. This document and any other offering material relating to the securities have not been, and will not be, submitted to the Portuguese Securities Market Commission (Comissao do Mercado de Valores Mobiliários) for approval in Portugal and, accordingly, may not be distributed or caused to distributed, directly or indirectly, to the public in Portugal, other than under circumstances that are deemed not to qualify as a public offer under the Portuguese Securities Code. Such offers, sales and distributions of securities in Portugal are limited to persons who are "qualified investors" (as defined in the Portuguese Securities Code). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

Sweden

This document has not been, and will not be, registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this document may not be made available, nor may the securities be offered for sale in Sweden, other than under circumstances that are deemed not to require a prospectus under the Swedish Financial Instruments Trading Act (1991:980) (Sw. lag (1991:980) om handel med finansiella instrument). Any offering of securities in Sweden is limited to persons who are "qualified investors" (as defined in the Financial Instruments Trading Act). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

Switzerland

The securities may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering material relating to the securities may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering material relating to the securities have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of securities will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document is personal to the recipient only and not for general circulation in Switzerland.

United Arab Emirates

Neither this document nor the securities have been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates or any other governmental authority in the United Arab Emirates, nor has the Company received authorization or licensing from the Central Bank of the United Arab Emirates or any other governmental authority in the United Arab Emirates to market or sell the securities within the United Arab Emirates. This document does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the securities, including the receipt of applications and/or the allotment or redemption of such shares, may be rendered within the United Arab Emirates by the Company.

No offer or invitation to subscribe for securities is valid or permitted in the Dubai International Financial Centre.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the securities. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and the securities may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the securities has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to our Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

LEGAL MATTERS

The validity of the shares of common stock offered hereby will be passed upon for us by Nelson Mullins Riley & Scarborough LLP, Raleigh, North Carolina. Blank Rome LLP is acting as counsel for the underwriters.

EXPERTS

The consolidated financial statements of Direct Communication Solutions, Inc. as of December 31, 2021 and 2020 and for the years then ended included in this prospectus have been so included in reliance on the reports of Davidson & Company LLP, an independent registered public accounting firm, which are included herein, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act, with respect to the shares of common stock being offered by this prospectus. This prospectus, which constitutes part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules filed therewith. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement.

Upon completion of this offering, we will be subject to the information and periodic requirements of the Exchange Act and, in accordance therewith, file annual, quarterly and current reports, proxy statements and other information with the SEC. The SEC maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address is www.sec.gov. We also maintain a website at www.dcsbusiness.com. The information contained in, or that can be accessed through, our website is not incorporated by reference in, and is not part of, this prospectus. You may access our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act with the SEC free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC.

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of
Direct Communication Solutions, Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Direct Communication Solutions, Inc. (the "Company") as of December 31, 2021 and 2020, and the related consolidated statements of operations, changes in stockholders' equity (deficit), and cash flows for the years ended December 31, 2021 and 2020, and the related notes and schedules (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years ended December 31, 2021 and 2020, in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the entity has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2017.

/s/ DAVIDSON & COMPANY LLP

Vancouver, Canada

Chartered Professional Accountants

April 22, 2022

DIRECT COMMUNICATION SOLUTIONS, INC.
CONSOLIDATED BALANCE SHEETS
(in U.S. Dollars)

	December 31, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash	$ 2,506,635	$ 1,473,749
Accounts receivable, net of allowance of $121,319 and $27,946 respectively	3,903,306	1,344,052
Inventory (Note 2), net of provision of $312,327 and $472,259 respectively	2,072,409	701,547
Prepaid expenses	29,444	30,675
Total current assets	8,511,794	3,550,023
Property and equipment, net (Note 3)	78,955	105,387
Intangible asset (Note 4)	630,166	630,166
Contract assets	4,417	10,140
Security deposits	50,056	18,714
Right-of-use assets	869,132	171,163
Total assets	$ 10,144,520	$ 4,485,593
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 5,147,782	$ 2,376,558
Accrued liabilities (Note 5)	823,370	447,832
Credit facility (Note 6)	1,670,833	490,602
Customer deposits	617,935	16,557
Deferred revenue	68,504	64,022
Lease liabilities (Note 8)	216,000	182,123
Total current liabilities	8,544,424	3,577,694
Lease liabilities (Note 8)	661,901	-
Long-term debt (Note 7)	275,000	422,500
Long-term liabilities	890,551	-
Total liabilities	10,371,876	4,000,194
Stockholders' equity (deficit):		
Common stock, no par value; 40,000,000 shares authorized; 15,635,640 and 15,098,500 shares issued and outstanding at December 31, 2021 and December 31, 2020	61	56
Additional paid-in capital	6,528,691	5,603,816
Accumulated deficit	(6,756,108)	(5,118,473)
Total stockholders' equity (deficit)	(227,356)	485,399
Total liabilities and stockholders' equity (deficit)	$ 10,144,520	$ 4,485,593
Nature of Operations and Going Concern (Note 1)		
Commitments (Note 15)		
Subsequent Events (Note 16)		

The accompanying notes are an integral part of these consolidated financial statements.

DIRECT COMMUNICATION SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in U.S. Dollars)

	Years Ended December 31,	
	2021	**2020**
Revenues:		
Products	$ 14,543,745	$ 12,096,162
Solutions and other services	1,981,778	2,161,298
Total revenues	16,525,523	14,257,460
Cost of revenues		
Products	11,270,053	9,683,994
Solutions and other services	651,183	496,276
Total cost of revenues	11,921,236	10,180,270
Gross profit	4,604,287	4,077,190
Operating expenses:		
Research and development	1,158,289	1,082,065
General and administrative		
Compensation and benefits	3,114,322	2,661,458
Professional fees	1,480,937	1,081,018
Bank fees	309,447	296,251
Facilities	232,376	176,258
Information technology	171,368	157,814
Other	548,261	314,561
Total operating expenses	7,015,000	5,769,425
Loss from operations	(2,410,713)	(1,692,235)
Other income (expense):		
Gain on debt extinguishment	856,605	-
Employee retention tax credit	24,247	-
Interest expense	(107,774)	(116,727)
Net loss	$ (1,637,635)	$ (1,808,962)
Net loss per share:		
Basic	$ (0.11)	$ (0.13)
Diluted	$ (0.11)	$ (0.13)
Weighted average number of shares:		
Basic	15,529,193	13,512,473
Diluted	15,529,193	13,512,473

The accompanying notes are an integral part of these consolidated financial statements.

DIRECT COMMUNICATION SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(in U.S. Dollars)

	Common stock		Additional Paid-In	Accumulated	
	Shares	Amount	Capital	Deficit	Total
Balance at December 31, 2019	12,074,800	$ 26	$ 2,379,149	$ (3,309,511)	$ (930,336)
Issuance of shares in an initial public offering, net of share issuance costs	1,328,500	13	1,740,692	-	1,740,705
Issuance of warrants to placement agent in conjunction with initial public offering	-	-	32,358	-	32,358
Issuance of shares in an offering, net of share issuance costs	1,695,200	17	1,178,658	-	1,178,675
Issuance of warrants in an offering	-	-	30,555	-	30,555
Issuance of warrants to placement agents in conjunction with offering	-	-	30,551	-	30,551
Stock-based compensation expense	-	-	211,853	-	211,853
Net loss	-	-	-	(1,808,962)	(1,808,962)
Balance at December 31, 2020	15,098,500	56	5,603,816	(5,118,473)	485,399
Stock-based compensation expense	-	-	494,488	-	494,488
Exercise of warrants	533,140	5	426,507	-	426,512
Exercise of stock options	4,000	-	3,880	-	3,880
Net loss	-	-	-	(1,637,635)	(1,637,635)
Balance at December 31, 2021	15,635,640	$ 61	$ 6,528,691	$ (6,756,108)	$ (227,356)

The accompanying notes are an integral part of these consolidated financial statements.

DIRECT COMMUNICATION SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in U.S. Dollars)

	Years ended December 31,	
	2021	**2020**
Cash flows from operating activities:		
Net loss	$ (1,637,635)	$ (1,808,962)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	239,814	203,172
Finance costs for right-of-use assets	25,604	39,399
Amortization of loans payable discount	-	9,055
Amortization of debt issuance costs for credit facility	13,271	19,938
Gain on debt extinguishment	(856,605)	-
Stock-based compensation	494,488	211,853
Deferred offering costs	-	114,623
Provision for bad debts	93,373	(90,833)
Provision for excess and obsolete inventory	(159,932)	161,324
Changes in operating assets and liabilities:		
Accounts receivable	(2,652,627)	1,158,054
Inventory	(1,210,930)	149,376
Prepaid expenses	1,231	(22,395)
Contract assets	5,723	(10,140)
Security deposits	(31,342)	-
Accounts payable	3,661,775	(2,143,505)
Accrued liabilities	375,538	34,002
Customer deposits	601,378	(31,273)
Deferred revenue	4,482	15,487
Net cash used in operating activities	(1,032,394)	(1,990,825)
Cash flows from investing activities:		
Additions of intangible assets	-	(43,780)
Purchases of property and equipment	(12,249)	(92,533)
Net cash used in investing activities	(12,249)	(136,313)
Cash flows from financing activities:		
Proceeds from the issuance of shares, net of issuance costs	-	1,820,165
Payments on loans payable	-	(30,000)
Lease payments	(228,928)	(220,592)
Net borrowings (repayments) on credit facility	1,166,960	(39,754)
Proceeds from note payable	709,105	422,500
Proceeds from issuance of shares in a private placement	-	1,209,226
Deferred offering costs	-	30,555
Exercise of options	3,880	-
Exercise of warrants	426,512	-
Net cash provided by financing activities	2,077,529	3,192,100
Net change in cash	1,032,886	1,064,962
Cash, beginning of year	1,473,749	408,787
Cash, end of year	$ 2,506,635	$ 1,473,749
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	$ 65,549	$ 45,562
Income taxes	$ -	$ -
Supplemental disclosure of non-cash investing and financing activities:		
Recognition of right of use asset and lease liability	$ 899,102	$ -
Reclassification of accounts payable to long term	$ 890,551	$ -
Deferred offering cost paid in current year	$ -	$ 71,704
Allocation of deferred offering cost to share issuance costs	$ -	$ 47,102
Issuance of warrants to placement agents in conjunction with issuance of shares	$ -	$ 62,909

The accompanying notes are an integral part of these consolidated financial statements.

DIRECT COMMUNICATION SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Business and Significant Accounting Policies

Direct Communication Solutions, Inc. (the "Company" or "DCS") was incorporated in Florida on September 9, 2006 and reincorporated in Delaware in April 2017. The Company is a provider of solutions for the Internet of Things ("IoT"), including monitoring-as-a-service ("MaaS") solutions for the telematics market. The Company's range of products includes GPS devices, modems, embedded modules, routers and mobile tracking machine-to-machine ("M2M") devices, communications and applications software and cloud services.

The Company's M2M products and solutions enable devices to communicate with each other and with server or cloud-based application infrastructures and include M2M embedded modules, integrated M2M communications devices and SaaS delivery platforms, including MiFleet, which provides fleet and vehicle SaaS telematics, MiSensors, which provides easy M2M device management and service enablement for wireless sensors and MiFailover which provides high-speed wireless internet failover to small and medium sized businesses as a redundancy solution to continue to run their business in the event the internet isn't available.

On January 7, 2020, the Company completed an Initial Public Offering listing on the Canadian Securities Exchange.

On June 19, 2020, the Company became listed in the United States on the OTCQB Market and on December 16, 2020 graduated to the OTCQX Market. On January 20, 2022, the Company became listed on the Frankfurt Stock Exchange.

Basis of Presentation and Going Concern

The consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries, Direct Communication Solutions, Canada ("DCS Canada"), which is inactive. All intercompany transactions and balances have been eliminated.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. This basis of accounting contemplates the recovery of the Company's assets and the satisfaction of its liabilities in the normal course of business. The Company has recently incurred operating losses and as of December 31, 2021, had an accumulated deficit of $6,756,108. As of December 31, 2021, the Company had available cash totaling $2,506,635. The Company may finance its operations through a variety of ways, including the issuance of debt or sales of equity. Successful transition to attaining profitable operations is dependent upon achieving a level of revenues adequate to support its cost structure. If events or circumstances occur such that the Company does not meet its operating plan as expected, the Company may be required to reduce planned research and development activities, incur additional restructuring charges or reduce other operating expenses which may raise substantial doubt on its ability to continue as a going concern. These additional reductions in expenditures, if required, could have an adverse impact on the Company's ability to achieve certain of its business objectives during 2022.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S.") requires management to make estimates and assumptions that affect the recorded amounts of assets and liabilities reported in the consolidated financial statements and accompanying notes. Accordingly, actual results could differ materially from those estimates. Significant estimates include allowance for doubtful accounts receivable, provision for excess and obsolete inventory, valuation of stock options and warrants, possible product returns and income taxes.

Employee retention tax credits

Under the provisions of the CARES Act (Note 9), the Company is eligible for refundable employee retention credits subject to certain criteria. In connection with the CARES Act, the Company adopted a policy to recognize the employee retention credit when received given the uncertainty of when the credit will be received. The Company recorded $24,247 employee retention tax credit during the year ending December 31, 2021, which is included in other income in the consolidated statements of operating loss.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents. At December 31, 2021 and 2020, there were no cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

Trade and other accounts receivable are reported at face value less any provisions for uncollectible accounts considered necessary. Accounts receivable primarily includes trade receivables from customers. The Company provides an allowance for its accounts receivable for estimated losses that may result from its customers' inability to pay. The Company determines the amount of the allowance by analyzing known uncollectible accounts, aged receivables, economic conditions, historical losses, and changes in customer payment cycles and the customers' credit-worthiness. Amounts later determined and specifically identified to be uncollectible are charged or written off against this allowance. To minimize the likelihood of uncollectibility, the Company reviews its customers' credit - worthiness periodically based on credit scores generated by independent credit reporting services, its experience with its customers, and the economic condition of its customers' industries. Material differences may result in the amount and timing of expense for any period if the Company were to make different judgments or utilize different estimates.

Inventories and Provision for Excess and Obsolete Inventory

Inventories are stated at the lower of cost, (based on the weighted average cost method) or market. The Company reviews the components of its inventory and its inventory purchase commitments on a regular basis for excess and obsolete inventory based on estimated future usage and sales. Write-downs in inventory value or losses on inventory purchase commitments depend on various items, including factors related to customer demand, economic and competitive conditions, technological advances or new product introductions by the Company or its customers that vary from its current expectations. Whenever inventory is written down, a new cost basis is established and the inventory is not subsequently written up if market conditions improve.

The Company believes that, when made, the estimates used in calculating the inventory provision are reasonable and properly reflect the risk of excess and obsolete inventory. If customer demand for the Company's inventory is substantially less than its estimates, inventory write-downs may be required, which could have a material adverse effect on its consolidated financial statements.

Property and Equipment

Property and equipment are initially stated at cost and depreciated using the straight-line method. Depreciation is determined on a straight-line basis over the estimated useful lives of the assets, which ranges from three to five years. Leasehold improvements are depreciated over the shorter of the related remaining lease period or useful life. Amortization is calculated on a straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The amortization rates applicable to each category of equipment are as follows:

Class of equipment	**Rate**
Computer equipment	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Testing equipment	5 years

Intangible Assets

Intangible assets consist of development costs for products to be sold or marketed to external users when technological feasibility is reached, and it is probable that the project will be completed. Subsequent to initial recognition, intangible assets are reported at cost less amortization. The amortization period begins when the asset is available for use, specifically when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. As of December 31, 2021 and 2020, the Company's intangible assets are not yet available for use and therefore not yet being amortized.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. These circumstances are assessed on an annual basis. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount and the fair value less costs to sell.

Long-term liabilities

Long-term liabilities consist of accounts payable that are due more than one year in the future.

Fair Value of Financial Instruments

The accounting standard for fair value measurements provides a framework for measuring fair value and requires disclosures regarding fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, based on the Company's principal or, in absence of a principal, most advantageous market for the specific asset or liability.

The Company uses a three-tier fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis, as well as assets and liabilities measured at fair value on a non-recurring basis, in periods subsequent to their initial measurement. The hierarchy requires the Company to use observable inputs when available, and to minimize the use of unobservable inputs, when determining fair value.

The three tiers are defined as follows:

- Level 1—Observable inputs that reflect quoted market prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2—Observable inputs other than quoted prices in active markets that are observable either directly or indirectly in the marketplace for identical or similar assets and liabilities; and
- Level 3—Unobservable inputs that are supported by little or no market data, which require the Company to develop its own assumptions.

The Company believes the carrying amounts of accounts receivable, accounts payable, accrued liabilities, credit facility, and long-term debt approximate fair value due to their short-term maturities.

The following table represents the Company's assets that are measured at fair value as of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Cash	$ 2,506,635	$ —	$ —	$ 2,506,635

Income Taxes

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of temporary, differences between the financial reporting and tax basis of assets and liabilities, as well as of operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to taxable income for the years in which those tax assets and liabilities are expected to be realized or settled. The Company records valuation allowances to reduce deferred tax assets to the amount eh Company believes is more likely than not to be realized.

The Company's income tax filings are subject to audit by various taxing authorities. The Company's open audit periods are 2017-2021. In evaluating the Company's tax provisions and accruals, future taxable income, and the reversal of temporary differences, interpretations, and tax planning strategies are considered. The Company believes their estimates are appropriate based on current facts and circumstances. Accordingly, as of December 31, 2021, the Company has no uncertain tax positions that qualify for recognition or disclosure in the accompanying consolidated financial statements.

In October 2017, the Company revoked its S Corporation tax status and became a C Corporation.

Revenue and Cost of Revenue

The Company generates a portion of its revenue from the sale of wireless modems , routers and modules to wireless operators, OEM customers and value added resellers and distributors. In addition, the Company generates revenue from the sale of asset-management solutions utilizing wireless technology and M2M communication devices predominantly to transportation and industrial companies, medical device manufacturers and security system providers. Revenue from product sales is generally recognized upon the transfer of title of the product to the customer. Revenues from SaaS services are recognized pro-rata over the contract term. The Company records deferred revenue for cash payments received from customers in advance of when revenue recognition criteria are met.

The Company considers the five basic revenue recognition criteria when assessing appropriate revenue recognition as follows:

- Identify contracts;
- Identify performance obligations;
- Determine transaction prices;
- Allocate the transaction prices;
- Recognize revenue

The Company provides SaaS subscriptions for its fleet management and vehicle finance applications in which customers are provided with the ability to wirelessly communicate with monitoring devices installed in vehicles and other mobile assets via software applications hosted by either the Company or partner vendor. When the customer purchases the monitoring device, the Company recognizes the revenue at the time of purchase. The Company recognizes revenues from SaaS services over the term of the contract. In certain customer arrangements, the Company provides integrated SaaS-based solutions. The transaction for the integrated solutions includes the price of the devices and application subscriptions in a monthly payment. We recognize revenue for the sales of the devices upon transfer of control to the customer and recognize revenue for the related subscription services over the service period. The allocation of the transaction price is based on relative estimated stand-alone selling prices for the devices and applications subscriptions. Timing of revenue recognition may differ from the timing of our invoicing to customers. Contract assets are comprised of performance under the contract in advance of billings to our customers. The Company's outstanding performance obligations in relation to customer contracts at December 31, 2020 will be completed upon transfer of ownership (or deemed transfer) of goods and as services are rendered. The Company's payment terms require payment to be made within 30 days after the customer accepts transfer of ownership or a notice of completion. The outstanding performance obligations at year end require the Company to provide (i) access to the MiFleet platform and, if purchased, (ii) wireless data. It is expected revenue totaling $4,417 will be earned in 2022 from contracts and orders in place at December 31, 2021.

The Company's cost of revenue for products is composed of the cost of hardware purchased and labor for any services performed on the hardware before it is shipped. Cost of revenue for solutions and other services includes labor for services, license fees for fleet management platform and wireless data.

Shipping and Handling Costs

The Company incurs certain expenses related to preparing, packaging and shipping its products to its customers, mainly third-party transportation fees. All costs related to these activities are included as a component of cost of revenues in the statements of operations. All costs billed to the customer are included as revenues in the statements of operations.

Warranty Costs

The Company's warranty policy generally provides one year for products following the date of purchase. As the Company receives a one year warranty from its vendors, the Company has little exposure to out-of-pocket warranty costs. Historically, the Company has incurred minimal warranty costs which are expensed when incurred. The Company has not accrued any warranty costs for the years ended December 31, 2021 and 2020.

Advertising Costs

Advertising costs are expensed as incurred and are included in general and administrative expense in the accompanying consolidated financial statements. The Company had no advertising costs for the years ended December 31, 2021 and 2020.

Currency and Foreign Exchange

These consolidated financial statements are expressed in U.S. dollars as the Company's operations are based only in the United States. Virtually all of the Company's non-monetary or monetary assets and liabilities are in U.S. dollar currency. All revenues earned from customers outside the U.S. were denominated in U.S dollars.

Stock-Based Compensation

The Company measures and recognizes compensation expense for all stock-based payment awards based on the estimated fair values of the awards as of the grant date. Stock option awards are accounted for based on the grant-date fair value estimated using the Black-Scholes option pricing model. Compensation expense is recognized over the service period using the straight line method.

Basic and Diluted Net Loss per Share of Common Stock

Basic net loss per share is computed by dividing the net loss by the weighted average number of shares that were outstanding during the period. Diluted net loss per share reflects the potential dilution that could occur if securities or other contracts to acquire common stock were exercised or converted into common stock. Potentially dilutive securities are excluded from the diluted net loss per share computation in loss periods as their effect would be anti-dilutive. For all periods presented, there is no difference in the number of shares used to calculate basic and diluted shares outstanding due to the Company's net loss position.

Comprehensive Loss

The Company has no items of comprehensive income or loss other than net loss.

Leases

The Company categorizes leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that allow us to substantially utilize or pay for the entire asset over its estimated life. Assets acquired under finance leases are recorded in "right-of-use assets." All other leases are categorized as operating leases. The Company's leases generally have terms that range from one to twenty years.

Lease liabilities are recognized at the present value of the fixed lease payments using a discount rate based on similarly secured borrowings available to the Company. Lease assets are recognized based on the initial present value of the fixed lease payments, plus any direct costs from executing the leases or lease prepayments upon lease commencement. Leasehold improvements are capitalized at cost and amortized over the lesser of their expected useful life or the lease term.

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2016-13 (Topic 326), *Financial Instruments- Credit Losses: Measurement of Credit Losses on Financial* Instruments, to replace the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The proposed standard requires a financial asset measured at amortized cost basis to be presented at the net amount expected to be collected. For trade receivables, we are required to estimate lifetime expected credit losses. For available-for-sale debt securities, we are required to recognize an allowance for credit losses rather than a reduction to the carrying value of the asset. We adopted the new standard on January 1, 2020 under the modified retrospective approach with no material impact on our consolidated financial statements upon adoption. In addition, we continue to monitor the financial implications of the COVID-19 pandemic on expected credit losses.

In August 2018, the FASB issued ASU 2018-13 (Topic 820), *Fair Value Measurement: Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement,* which eliminates, adds, and modifies certain disclosure requirements for fair value measurements. We adopted this standard on January 1, 2020 with no material impact on our consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (*Topic 740*): Simplifying the Accounting for Income Taxes, which simplifies the accounting for incomes taxes by removing certain exceptions to the general principles in Topic 740 and amending existing guidance to improve consistent application. This new standard is effective for our interim and annual periods beginning January 1, 2021 with earlier adoption permitted. Most amendments within this standard are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. We adopted this standard on January 1, 2021 on with no material impact on our consolidated financial statements.

2. Inventory

Inventory consists of the following:

	December 31,	
	2021	**2020**
Components and raw materials	$ 1,749,593	$ 451,691
Assemblies	322,816	249,856
	$ 2,072,409	$ 701,547

3. Property and Equipment

Property and equipment consist of the following:

	December 31,	
	2021	**2020**
Computer equipment and purchased software	$ 143,684	$ 140,297
Furniture and fixtures	51,427	38,427
Tooling	59,300	55,900
Leasehold improvements	-	7,538
	254,411	242,162
Less—accumulated depreciation	(175,456)	(136,775)
	$ 78,955	$ 105,387

Depreciation expense was $38,681 and $26,914 for the years ended December 31, 2021 and 2020, respectively.

4. Intangible Asset

Intangible asset consists of development costs for the design and construction of the Company's keg management and monitoring system.

	December 31,	
	2021	2020
Development costs	$ 630,166	$ 630,166

5. Accrued Liabilities

Accrued liabilities consist of the following:

	December 31,	
	2021	2020
Accrued sales tax	$ 308,346	$ 133,924
Payroll related expenses	401,194	232,926
Other	113,830	80,982
	$ 823,370	$ 447,832

6. Credit Facility

In January 2020, the Company terminated its credit facility with Gibraltar Capital and entered into a two -year agreement with TAB Bank for a $2,500,000 credit facility. Under the TAB Bank credit facility, the Company is obligated to assign all its accounts receivable and the Company may request advances up to 90% of domestic accounts less than 90 days from invoice date and not subject to offset up to $2,000,000. Interest is payable monthly at a rate the greater of (a) 90-Day LIBOR rate plus 4.50% and (b) 6.41%. In addition, there is an administration fee equal to 0.008% per diem of the outstanding daily obligations.

The Company may also borrow an amount limited to the lesser of: (a) 50% of the cost of eligible inventory, (b) 50% of funds employed and, (c) $500,000 (the "Inventory Advance"). Under the Inventory Advance, Interest is payable monthly at a rate the greater of (a) 90-Day LIBOR rate plus 4.50% and (b) 6.41%. In addition, there is an administration fee equal to 0.01% per diem of the outstanding daily obligations.

The Company does not retain any legal or equitable interest in any account sold under this credit facility. The Company assumes full risk of non-payment and guarantees full payment of all accounts. At December 31, 2021 and 2020, the carrying amount of the accounts transferred was $1,984,307 and $611,524, respectively.

At December 31, 2021 and 2020, the outstanding balance on the credit facility was $1,670,833 and $490,602, respectively. Debt issuance costs of $13,271 and $19,938 associated with the TAB credit facility were amortized to interest expense for the years ended December 31, 2021 and 2020. The unamortized portion of the debt issuance costs at December 31, 2021 was $1,042 (2020 - $1,812).

7. Debt

Convertible Promissory Notes

In November and December 2021, the Company had issued convertible promissory debentures totaling $275,000. The debentures accrued interest at a rate of 10% per annum and was payable semi-annually unless the holder elected to defer payment. All unpaid principal and accrued interest are due two years from date of issuance. The holder of the debenture at any time could convert in whole or any part principal and interest into common shares of the Company at a conversion price of $1.00 per share. In the event of default, all principal and interest due shall become immediately due and payable. At December 31, 2021, the Company recorded $3,350 accrued interest associated with the Convertible Promissory Debentures.

Inventory Financing

In May 2017, the Company purchased $158,660 of inventory by agreeing to financing from the vendor of monthly payments of $6,000 over 36 months totaling $216,000. The Company recorded the $57,340 difference between the payments and the value of the inventory as a discount to the financing and is amortizing the discount using the effective interest rate method over the 36-month period. The Company made payments totaling $30,000 in the year ended December 31, 2020. Interest expense recognized associated with the discount and the unamortized portion of the discount for the year ended December 31, 2020 was $9,055. The inventory financing was paid in full in May 2020.

Loan

On April 20, 2020, the Company was granted a loan (the "Loan") from TAB in the aggregate amount of $422,500 pursuant to the Paycheck Protection Program (the "PPP") established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The Loan, which was in the form of a Note dated April 10, 2020 matures April 10, 2022 and bears interest at a rate of 1.00% per annum, payable monthly commencing on November 10, 2020. The Loan may be prepaid at any time prior to maturity with no prepayment penalties. The Loan and accrued interest are forgivable after eight weeks as long as the borrower uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. On March 5, 2021, the Company received notice from the U.S. Small Business Administration and TAB Bank the Loan was forgiven in full. The Company recorded a gain of debt extinguishment of $422,500 under Other Income in the condensed interim consolidated statements of operating loss and comprehensive loss.

On February 19, 2021, the Company was granted a second loan (the "Second Loan") from TAB in the aggregate amount of $434,105 pursuant to the PPP. The Second Loan, which was in the form of a Note dated February 19, 2021 matures February 19, 2026 and bears interest at a rate of 1.00% per annum, payable in 44 equal monthly payments commencing on June 19, 2022. The Second Loan may be prepaid at any time prior to maturity with no prepayment penalties. The Second Loan and accrued interest are forgivable after 24 weeks as long as the borrower uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. On August 5, 2021, the Company received notice from the U.S. Small Business Administration and TAB Bank the Loan was forgiven in full. The Company recorded a gain of debt extinguishment of $434,105 under Other Income in the condensed interim consolidated statements of operating loss and comprehensive loss.

8. Leases

All of the Company's right-of-use assets and lease liabilities relate to office space in San Diego, under non-cancelable operating lease that expires October 2026.

In June 2019, the Company entered into a lease agreement for approximately 3,232 square feet in San Diego, California for office and other related uses. The term of the lease is 29 months commencing July 1, 2019. The base rent is $5,818 per month with 3% increases effective December 1, 2019 and 2020. The right to use leased asset was measured at the amount of the lease liability of $147,819 using the Company incremental borrowing rate at that time of 13%. This lease agreement ended on October 31, 2021, with no further extensions.

On May 27, 2021, the Company entered into a lease agreement with Bernardo Windell LLC ("Landlord") whereby the Company will lease premises in San Diego, California effective November 1, 2021. The lease ("Lease) will have an initial 60 month term and include approximately 11,543 rentable square feet. The initial rent for the lease is approximately $1.55 per square foot plus operating expenses and is subject to an annual increase. Not less than six months prior to the expiration of the Lease, the Company has an option to extend the Leas e term for an additional five years at then current market rates. The right to use leased asset was measured at the amount of the lease liability of $899,102 using the Company current incremental borrowing rate of 10%.

The following table presents our leases balances as of January 1, 2021 and December 31, 2020 under ASC 842.

	Balance December 31, 2021	Balance December 31, 2020
Right-of-use assets, net	$ 869,132	$ 171,163
Lease liabilities - current	216,000	182,123
Lease liabilities – non-current	661,901	0

Depreciation expense of $201,133 and $176,258 was recorded in general and administrative expense on the consolidated statements of operations for the years ended December 31, 2021 and 2020. The remaining lease term as of December 31, 2021 was 4.8 years. The weighted-average discount rate as of December 31, 2021 and December 31, 2020 was 10% and 13%, respectively. For the years ended December 31, 2021 and 2020, cash outflows from operating leases were $228,928 and $220,592.

Future minimum lease payments under the lease agreement as of December 31, 2021 are as follows:

Years ending December 31:	
2022	$ 216,000
2023	223,110
2024	229,804
2025	236,702
2026	202,160
	$ 1,107,776

The Company does not have any short-term or low value leases.

9. Common Stock and Common Stock Warrants

Common Stock

Holders of common stock are entitled to one vote for each share held. The Company has not declared any dividends since incorporation. The Company has 40,000,000 common stock authorized with a par value of $0.00001.

In March 2021, 533,140 shares were issued due to the exercise of 533,140 warrants for proceeds of $426,512.

In July 2021, 4,000 shares were issued due to the exercise of 4,000 options for proceeds of $3,880.

On January 7, 2020, the Company closed its initial public offering and sold 1,328,500 shares of common stock at $2.00 CAD per share for net proceeds of $1,773,063 after underwriter's commission and offering expenses of $269,426 of which $47,102 were paid during the year ended December 31, 2019. In conjunction with the offering, the Company issued a warrant to the underwriter to purchase 106,280 shares of common stock with an exercise price of $2.00 CAD per share and a term of two years. The Company also granted 755,000 options to directors and officers of the Company. 735,000 of the options are exercisable at $1.53 ($2.00 CAD equivalent) and 20,000 of the options are exercisable at $1.68 per share ($2.20 CAD equivalent).

The Company sold 1,695,200 shares of common stock through an offering that closed in two tranches in November and December 2020 ("Private Offering"). The shares were sold for CAD$1.05 ($0.80 equivalent) per share for net proceeds of $1,209,226 after share issuance costs of $123,061. In conjunction with the Private Offering, the Company issued warrants to placement agents to purchase 118,664 shares of common stock with an exercise price of $0.80 per share and a term of six months . The Company estimated the fair value of the warrants at $30,551 and recorded this value in additional paid-in capital.

Warrants

The Company sold 880,000 warrants in the Private Offering at CAD$0.05 per warrant for net proceeds of $30,555. The warrants have an exercise price of $0.80 per warrant share and they expired May 14, 2021. 533,140 of the warrants were exercised for proceeds of $426,507.

In conjunction with the initial public offering, the placement agent received warrants to purchase common stock totaling 106,280. The warrants have an exercise price of CAD$2.00 and they expire on January 7, 2022. In conjunction with the Private Offering, placement agents received warrants to purchase 118,664 shares of common stock under the same terms as the warrants sold and expire June 15, 2021. The Company determined the fair value of the warrants to be $32,358 and $30,551 under the initial public offering and Private Offering, respectively using the Black-Scholes valuation model and the following assumptions:

	Initial Public Offering	Private Offering
Fair value of common stock	$ 1.53	$ 1.03
Exercise price	$ 1.53	$ 0.80
Expected term (years)	2.00	0.50
Risk-free interest rate	1.54%	0.10%
Expected volatility	33.33%	43.56%
Dividend yield	0.00%	0.00%

The following table summarizes the warrant activity for the years ended December 31, 2021 and 2020:

	Number of warrants	Weighted average exercise price
Outstanding, December 31, 2019	-	$ -
Granted	1,104,944	0.87
Outstanding, December 31, 2020	1,104,944	0.87
Exercised	(533,140)	0.80
Expired	(465,524)	0.80
Outstanding, December 31, 2021	106,280	$ 1.58

The outstanding warrants expired January 7, 2022.

10. Stock Options

In October 2017, the Company's board of directors and stockholders approved the 2017 Stock Plan (2017 Plan) under which 3,500,000 shares of common stock are reserved for the granting of incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock and performance awards to employees, directors and consultants. Recipients of stock option awards are eligible to purchase shares of the Company's common stock at an exercise price equal to no less than the estimated fair market value of such stock on the date of grant. The maximum term of awards granted under the 2017 Plan is ten years and vesting is determined by the board of directors. Stock awards are generally not exercisable prior to the applicable vesting date, unless otherwise accelerated under the terms of the applicable stock plan agreement. Unvested shares of the Company's common stock issued in connection with an early exercise allowed by the Company may be repurchased by the Company upon termination of the optionee's service with the Company.

In June 2019, the Board of Directors and a majority of the stockholders approved the following amendments to the 2017 Stock Plan: (a) increase in the number of authorized shares for issuance to 4,100,000 and (b) add an annual evergreen provision that will adjust the number of authorized shares reserved for issuance to an amount equal to 29.99% of the Company's issued common stock. As a result of the evergreen provision, the number of authorized shares for issuance increased to 4,528,040 effective January 2021.

The following table summarizes stock option transactions under the 2017 Plan:

	Number of shares	Weighted average exercise price	Aggregate Intrinsic Value
Outstanding at December 31, 2019	2,750,000	$ 0.47	$ 0
Granted	1,045,000	1.33	
Forfeited	(75,000)	1.28	
Outstanding at December 31, 2020	3,720,000	0.70	3,043,023
Granted	800,000	1.49	
Exercised	(4,000)	0.97	
Forfeited	(174,115)	0.86	
Outstanding at December 31, 2021	4,341,885	$ 0.83	$ 0

At December 31, 2021, the Company had outstanding and exercisable stock options as follows:

Date of Expiry	Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Weighted Average Remaining Life (years)
October 5, 2027	2,699,218	2,668,090	$ 0.47	5.76
January 7, 2030	671,667	640,205	$ 1.53	8.02
May 20, 2030	200,000	131,250	$ 0.79	8.39
March 19, 2031	675,000	234,375	$ 1.59	9.22
June 1, 2031	96,000	24,000	$ 0.42	9.67

The Company uses a Black-Scholes option valuation model to determine the fair value of stock-based compensation under ASC Topic 718, *Stock Compensation*. The expected volatility is based on the historical volatility of a peer group of publicly-traded companies. The risk-free interest rate is based on the yield on the measurement date of a zero-coupon U.S. Treasury bond whose maturity period approximately equals the option's expected term. The expected life represents the time the options granted are expected to be outstanding. Forfeitures are estimated at the time of grant and adjusted, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The following are the assumptions used in the Black-Scholes option valuation model for option granted during the year ended December 31, 2021 and 2020:

	2021	2020
Fair value of common stock	$ 0.97 - $1.59	$ 0.79 - $1.53
Expected term (years)	5.52 - 6.08	5.31 – 6.08
Risk-free interest rate	1.05% - 1.14%	0.44% -1.68%
Expected volatility	80%	30.23% -40.49%
Dividend yield	0.00%	0.00%
Estimated forfeitures	0.00%	0.00%

11. Related Party Agreements

Rich Gomberg, the Company's CFO is a former employee of CFO Connect. Ed O'Sullivan, a former member of the Company's Board of Directors, is managing partner of CFO Connect.

The Company is a party to a Business Services Agreement with CFO Connect whereby CFO Connect provides CFO services. The Company recorded professional fees the consolidated statement of operations associated with this agreement $277,885 and $302,130 for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, the Company owed $9,325 and $13,055 under this agreement, respectively.

John Hubler, a member of the Company's Board of Directors, is a partner of BH IoT Group.

In November 2020, the Company entered into an agreement with BH IoT Group to assist in building complete IoT bundled solutions. The Company entered into an initial Phase 1 project expected to last 3 months. At the end of Phase1, both parties agreed to continue the relationship on a month-to-month basis. The Company recorded $122,825 and $27,000 professional fees on the consolidated statement of operations for the years ended December 31, 2021 and 2020. As of December 31, 2021 and 2020, no balance was due with respect to this agreement.

Mike Zhou, a member of the Company's Board of Directors, is the owner of MYZ Corporate Relations, Ltd.

In May 2021, the Company entered into an agreement with MYZ Corporate Relations, Ltd. To provide consulting services on strategic matters related to business development opportunities, product development and marketing strategies for a monthly fee of $4,000. The agreement is effective for one year and will automatically renew annually unless terminated by either party. The Company recorded $28,124 of professional fees on the consolidated statement of operations for the year ended December 31, 2021.

12. Segment Information

Operating segments are defined as components of an enterprise (business activity from which it earns revenue and incurs expenses) for which discrete financial information is available and regularly reviewed by the chief decision maker in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker (CODM) is its Chief Executive Officer. The Company views its operations and manages its business as a single operating and reporting segment.

Although all operations are based in the U.S., the Company generated a portion of its revenue from customers outside of the U.S. Information about the Company's revenue from different geographic regions for the years ended December 31, 2021 and 2020 is as follows:

	2021		2020	
United States	$ 16,102,236	97.4%	$ 13,797,158	96.8%
Canada	323,696	2.0%	275,838	1.9%
Others combined	99,591	0.6%	184,464	1.3%
Total revenues	$ 16,525,523	100.0%	$ 14,257,460	100.0%

Product Type (in '000)	2021		2020	
Product	$ 14,543.7	88.0%	$ 12,096.2	84.8%
Software as a Service (SaaS)	1,119.8	6.8%	904.4	6.3%
Engineering/Support Service	407.3	2.5%	903.2	6.3%
Wireless Data	324.3	2.0%	250.6	1.8%
Commission Income	128.6	0.8%	103.1	0.7%
Other	1.8	0.0%	-	0.0%
Total revenues	$ 16,525,5	100.0%	$ 14,257.5	100.0%

All of the Company's significant identifiable assets were located in the United States as of December 31, 2021 and 2020.

13. Concentrations of Risk

The Company derived revenue from one and two customers totaling 39% and 32% of the Company's total revenue in 2021 and 2020, respectively. At December 31, 2021 and 2020, one and two customer accounted for 67% and 47% of total accounts receivable, respectively.

The Company has concentrations in the purchases with its suppliers. In December 2021 and 2020, two and one supplier accounted for 81% and 90% of total purchases, respectively.

14. Income Taxes

In connection with the Acquisition the Company converted from an S Corporation to a C Corporation in October 2017 for income taxes.

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2021	2020
Net Loss before Tax	$ 1,637,635	$ (1,808,962)
Expected income tax (recovery)	(320,355)	(379,082)
Change in statutory, foreign tax, foreign exchange rates and other	(900)	800
Permanent differences	(134,793)	62,506
Expiry of non-capital losses	-	-
Changes in unrecognized deductible temporary differences	456,048	316,576
Total income tax expense (recovery)	$ -	$ 800

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	2021	2020
Deferred Tax Assets (Liabilities)	$	$
Allowance for bad debts	32,748	8,042
Inventory reserves	84,307	135,910
Right-of-use assets	(234,605)	(49,258)
Lease liabilities	236,972	52,412
Accrued vacation	24,509	32,733
Sec. 263A Unicap	36,665	17,134
Fixed asset basis difference including depreciation	(2,669)	(1)
State income taxes -California mandatory lag method	243	230
Capitalized R&D	(170,101)	(181,353)
Non-qualified stock options	104,177	53,981
Non-capital losses available for future period	1,205,067	638,358
	1,317,313	708,188
Unrecognized deferred tax assets	(1,317,313)	(708,188)
Net Deferred Tax Assets (Liabilities)	$ -	$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2021	Expiry Date Range	2020	Expiry Date Range
Temporary Differences				
Allowance for bad debts	$ 121,319	No expiry date	$ 27,946	No expiry date
Inventory reserves	312,327	No expiry date	472,259	No expiry date
Right-of-use assets	(869,132)	No expiry date	(171,163)	No expiry date
Lease liabilities	877,901	No expiry date	182,123	No expiry date
Accrued vacation	90,798	No expiry date	113,712	No expiry date
Sec. 263A Unicap	135,833	No expiry date	59,537	No expiry date
Fixed asset basis difference including depreciation	(9,909)	No expiry date	(21)	No expiry date
State income taxes -California mandatory lag method	900	No expiry date	800	No expiry date
Capitalized R&D	(630,166)	No expiry date	(630,166)	No expiry date
Non-qualified stock options	385,941	No expiry date	187,573	No expiry date
Non-capital losses available for future period	4,712,382	No expiry date	2,312,236	No expiry date

15. Commitments

Effective October 1, 2021 the Company has agreed to an annual purchase commitment for a period of three years with a significant vendor. The Company's obligation to the vendor shall be satisfied by the submission of non-cancelable orders for each contract year with an aggregate value equal to or in excess of $8 million."

16. Subsequent Events

The Company evaluated subsequent events through the date the consolidated financial statements are available for issuance.

Issuance of Common Shares

In December, 2021, the Company entered into an agreement with Zeus Capital Ltd. to assist the company with corporate finance and strategic initiatives. Subsequent to the year end the Company issued 500,000 shares of common stock at a deemed price of 52 cents per common share. Further, in the future, Zeus shall be entitled to the issuance of 500,000 common shares upon the successful listing of the common stock on the Nasdaq.

Amendment of Credit Facility with TAB

The Company entered into an amendment with TAB to extend the credit facility until January 22, 2023 with automatic extensions of one year periods unless the Company provides notice of termination at least 60 days prior to the expiration date. All the terms remain the same except for the following:

Interest is payable monthly at a rate the greater of (a) 1 month Term SOFR rate plus 4.50% and (b) 5.44%. In addition, there is an administration fee equal to 0.007% per diem of the outstanding daily obligations. Under the Inventory Advance, Interest is payable monthly at a rate the greater of (a) 1 month Term SOFR rate plus 4.50% and (b) 5.63%. In addition, there is an administration fee equal to 0.009% per diem of the outstanding daily obligations.

Loan

On February 22, 2022, the Company issued an unsecured promissory note for proceeds of $250,000. The note is due December 31, 2022 and accrues interest at a rate of 5% per annum.

Restructure of Certain Accounts Payable

On February 17, 2022, the Company and one of its vendors agreed to convert devices previously purchased to a subscription-based service solution. The converted devices resulted in a reduction in accounts payable of $1,259,610. In exchange, the Company will pay effective March 2022 a monthly device service fee of $42,136 for 36 months.

Issuance of Stock Options

In February 2022, the Company granted 275,000 stock options with an exercise price of $0.41 equal to the Company's closing price on the CSE on that day converted to U.S. dollars. 150,000 of the options shall vest monthly over two years and 125,000 of the options shall vest over four years and be subject to a one-year cliff.

Cancellation and Reissuance of Stock Options

In February 2022, the Company cancelled 1,415,000 stock options of which 675,000 were exercisable at $1.59; 555,000 were exercisable at $1.53 and 185,000 were exercisable at $0.79. In March 2022 the Company issued 435,000 stock options to the holders and exercisable at $0.59.

Convertible Debenture Offering

In April 13, 2022, the Company closed convertible debenture financing for the aggregate amount of $100,000 (U.S.). Subscribers may convert all or part of the principal amount outstanding under the debentures into shares of common stock of the company. The debentures are convertible into units at the higher of $1.19 (or $8.33 after 1-for-7 reverse stock split) or a price equal to the price of the shares or units of the next financing carried out before the second anniversary of the closing date less a 30-per-cent discount.

The units comprise a share and one-half of one warrant, where a whole warrant shall be exercisable at $0.40 per common share for a two-year term. The debentures have a maturity date of the second anniversary of the closing date and bear an interest rate of 10 per cent per annum, payable semi-annually.

DIRECT COMMUNICATION SOLUTIONS, INC.
UNAUDITED CONSOLIDATED CONDENSED INTERIM BALANCE SHEETS
(in U.S. Dollars)

	September 30, 2022	December 31, 2021
ASSETS		
Current		
Cash	**$ 3,932,477**	$ 2,506,635
Restricted cash (Note 1)	**22,531**	-
Accounts receivable, net of allowance of $195,601 and $121,319 respectively	**3,632,992**	3,903,306
Inventory, net of provision of $260,276 and $312,327 respectively (Note 2)	**489,825**	2,072,409
Prepaid expenses	**489,840**	29,444
Current assets	**8,567,665**	8,511,794
Property and equipment (Note 3)	**51,246**	78,955
Contract assets	**541**	4,417
Security Deposit	**50,056**	50,056
Intangible (Note 4)	**630,166**	630,166
Right-of-use assets	**734,267**	869,132
Total assets	**$ 10,033,941**	$ 10,144,520
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Accounts payable	**$ 5,304,948**	$ 5,147,782
Accrued liabilities (Note 5)	**260,513**	823,370
Credit facility (Note 6)	**-**	1,670,833
Current debt (Note 7)	**200,000**	-
Customer deposits	**42,879**	617,935
Deferred revenue	**82,271**	68,504
Derivative instrument (Note 7)	**489,364**	-
Lease liabilities (Note 8)	**327,564**	216,000
Current liabilities	**6,707,539**	8,544,424
Lease liabilities (Note 8)	**450,453**	661,901
Long term debt (Note 7)	**1,419,186**	275,000
Long term liabilities	**890,551**	890,551
Total liabilities	**9,467,729**	10,371,876
Shareholders' equity (deficiency)		
Common stock, no par value; 40,000,000 shares authorized; 16,135,640 and 15,635,640 shares issued and outstanding at September 30, 2022 and December 31, 2021	**61**	61
Additional paid-in capital	**7,554,345**	6,528,691
Accumulated deficit	**(6,988,194)**	(6,756,108)
Total shareholders' equity (deficiency)	**566,212**	(227,356)
Total liabilities and shareholders' equity (deficiency)	**$ 10,033,941**	$ 10,144,520

Nature of Operations and Going Concern (Note 1)
Commitments (Note 14)
Subsequent Events (Note 15)

The accompanying notes are an integral part of these consolidated condensed financial statements.

DIRECT COMMUNICATION SOLUTIONS, INC.
UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENTS OF OPERATIONS
(in U.S. Dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
Revenues				
Products	$ **4,112,623**	$ 2,303,477	$ **16,523,645**	$ 9,371,462
Solutions and other services	**578,113**	524,181	**1,764,606**	1,474,925
Total revenues	**4,690,736**	2,827,658	**18,288,251**	10,846,387
Cost of Revenues				
Products	**3,326,383**	1,816,330	**12,103,466**	7,364,000
Solutions and other services	**162,976**	169,094	**510,350**	456,706
Total cost of revenues	**3,489,359**	1,985,424	**12,613,816**	7,820,706
Gross Profit	**1,201,377**	842,234	**5,674,435**	3,025,681
OPERATING EXPENSES				
Research and development	**320,563**	299,556	**1,022,214**	971,211
General and administrative				
Compensation and benefits	**715,547**	644,278	**2,093,136**	2,180,826
Professional fees	**413,026**	266,664	**1,225,213**	928,700
Bank fees and interest	**91,286**	72,990	**422,869**	241,183
Facilities	**17,533**	53,665	**49,758**	147,025
Information technology	**42,835**	-	**133,828**	-
Other (Note 14)	**414,032**	173,426	**759,192**	496,048
Total operating expenses	**2,014,822**	1,510,579	**5,706,210**	4,964,993
Income (loss) from operations	**(813,445)**	(668,345)	**(31,775)**	(1,939,312)
Other income (expense):				
Accretion (Note 7)	**(8,630)**	-	**(8,630)**	-
Net changes in fair value (Note 7)	**(240,587)**		**(240,587)**	
Bad debt expense	**(90,126)**	-	**(90,126)**	-
Gain on debt extinguishment	**-**	434,105	**-**	856,605
Other income – tax credit	**286,995**	24,247	**286,995**	24,247
Interest expense	**(53,918)**	(30,613)	**(147,963)**	(70,951)
Net income (loss)	$ **(919,711)**	$ (240,606)	$ **(232,086)**	$ (1,129,411)
Weighted Average number of common shares: Basic	**16,135,640**	15,634,727	**16,090,185**	15,493,321
Diluted	**16,135,640**	15,634,727	**16,090,185**	15,493,321
Basic income (loss) per share	$ **(0.06)**	$ (0.02)	$ **(0.01)**	$ (0.07)
Diluted income (loss) per share	$ **(0.06)**	$ (0.02)	$ **(0.01)**	$ (0.07)

The accompanying notes are an integral part of these consolidated condensed financial statements.

DIRECT COMMUNICATION SOLUTIONS, INC.
UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(in U.S. Dollars)

	Number of Common Shares	Common Stock Amount	Additional paid-in capital	Accumulated Deficit	Total Shareholders' Equity (Deficiency)
Balance, December 31 ,2020	**15,098,500**	**$ 56**	**$ 5,603,816**	**$ (5,118,473)**	**$ 485,399**
Stock-based compensation expense	-	-	285,519	-	285,519
Exercise of warrants	533,140	5	426,507	-	426,512
Exercise of options	4,000	-	3,880	-	3,880
Net loss for the period	-	-	-	(1,129,411)	(1,129,411)
Balance, September 30, 2021	**15,635,640**	**$ 61**	**$ 6,319,722**	**$ (6,247,884)**	**$ 71,899**
Balance, December 31 ,2021	**15,635,640**	**$ 61**	**$ 6,528,691**	**$ (6,756,108)**	**$ (227,356)**
Stock-based compensation expense	-	-	554,282	-	554,282
Issuance of shares	500,000		218,158	-	218,158
Equity portion of convertible debt			215,667		215,667
Net income for the period	-	-	-	(232,086)	(232,086)
Balance, September 30 ,2022	**16,135,640**	**$ 61**	**$ 7,554,345**	**$ (6,988,194)**	**$ 566,212**

The accompanying notes are an integral part of these consolidated condensed financial statements.

DIRECT COMMUNICATION SOLUTIONS, INC.
UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(in U.S. Dollars)

	September 30, 2022	September 30, 2021
Cash provided by / (used for):		
Operating Activities:		
Net income (loss) for the period	**$ (232,086)**	$ (1,129,411)
Items not affecting cash:		
Accretion	**249,217**	-
Bad debt expense	**90,126**	-
Depreciation	**166,614**	174,049
Finance costs for right-of-use assets	**61,216**	10,858
Amortization of debt issuance costs for credit facility	**-**	10,146
Stock-based compensation	**591,829**	285,519
Non-arm's length professional fee paid in shares	**218,158**	-
Provision for bad debts	**(15,844)**	23,665
Gain on debt extinguishment	**-**	(856,605)
Provision for excess and obsolete inventory	**(52,051)**	59,126
Net change in non-cash working capital items:		
Accounts receivable	**196,032**	(198,856)
Inventory	**1,634,635**	(50,930)
Prepaid expenses	**(379,721)**	(317,781)
Contract assets	**3,876**	4,122
Other assets	**-**	(120,196)
Security deposits	**-**	(50,056)
Accounts payable	**157,166**	(646,054)
Accrued liabilities	**(562,857)**	(112,030)
Customer deposits	**(575,056)**	101,349
Deferred revenue	**13,767**	(230)
Net cash provided (used) in operating activities	**1,565,021**	(2,813,315)
Investing Activities:		
Purchase of property and equipment	**(4,040)**	(19,787)
Net cash used in investing activities	**(4,040)**	(19,787)
Financing Activities:		
Lease payments	**(161,100)**	(165,524)
Deferred offering costs	**(80,675)**	-
Net (repayments) borrowings on credit facility	**(1,670,833)**	1,111,782
Proceeds from convertible debentures	**1,500,000**	-
Proceeds from notes payable	**300,000**	434,105
Exercise of options	**-**	3,880
Exercise of warrants	**-**	426,512
Net cash (used) provided in financing activities	**(112,608)**	1,810,755
Change in cash for the period	**1,448,373**	(1,022,347)
Cash and restricted cash, beginning of the period	**2,506,635**	1,473,749
Cash and restricted cash, end of the period	**$ 3,955,008**	$ 451,402
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Forgiveness of notes pursuant to Paycheck Protection Program	**-**	856,605
Interest expense:	**60,115**	49,946

The accompanying notes are an integral part of these consolidated condensed financial statements.

DIRECT COMMUNICATION SOLUTIONS, INC.
NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

1. Nature of Business and Significant Accounting Policies

Direct Communication Solutions, Inc. (the "Company" or "DCS") was incorporated in Florida on September 9, 2006 and reincorporated in Delaware in April 2017. The Company is a provider of solutions for the Internet of Things ("IoT"), including monitoring-as-a-service ("MaaS") solutions for the telematics market. The Company's range of products includes GPS devices, modems, embedded modules, routers and mobile tracking machine-to-machine ("M2M") devices, communications and applications software and cloud services.

The Company's M2M products and solutions enable devices to communicate with each other and with server or cloud-based application infrastructures and include M2M embedded modules, integrated M2M communications devices and SaaS delivery platforms, including MiFleet, which provides fleet and vehicle SaaS telematics, MiSensors, which provides easy M2M device management and service enablement for wireless sensors and MiFailover which provides high-speed wireless internet failover to small and medium sized businesses as a redundancy solution to continue to run their business in the event the internet isn't available.

On January 7, 2020, the Company completed an Initial Public Offering listing on the Canadian Securities Exchange.

On June 19, 2020, the Company became listed in the United States on the OTCQB Market and on December 16, 2020 graduated to the OTCQX Market. On January 20, 2022, the Company became listed on the Frankfurt Stock Exchange.

Basis of Presentation and Going Concern

The consolidated condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The consolidated condensed financial statements include the accounts of the Company and its direct wholly-owned subsidiaries, Direct Communication Solutions, Canada ("DCS Canada"), which is inactive. All intercompany transactions and balances have been eliminated.

The accompanying consolidated condensed financial statements have been prepared assuming that the Company will continue as a going concern. This basis of accounting contemplates the recovery of the Company's assets and the satisfaction of its liabilities in the normal course of business.

The Company has historically incurred losses and has a deficit of $6,988,194 and working capital of $1,860,126 as of September 30, 2022, which is not considered sufficient to fund operations at their current levels for the next twelve months. Therefore, the Company will be required to generate additional funding through operations or external financing, which cannot be assured. These conditions give rise to a significant doubt on the Company's ability to continue as a going concern.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

Use of Estimates

The preparation of consolidated condensed financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S.") requires management to make estimates and assumptions that affect the recorded amounts of assets and liabilities reported in the consolidated condensed financial statements and accompanying notes. Accordingly, actual results could differ materially from those estimates. Significant estimates include allowance for doubtful accounts receivable, provision for excess and obsolete inventory, valuation of stock options and warrants, possible product returns and income taxes.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents. At September 30, 2022 and December 31, 2021, there were no cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

Trade and other accounts receivable are reported at face value less any provisions for uncollectible accounts considered necessary. Accounts receivable primarily includes trade receivables from customers. The Company provides an allowance for its accounts receivable for estimated losses that may result from its customers' inability to pay. The Company determines the amount of the allowance by analyzing known uncollectible accounts, aged receivables, economic conditions, historical losses, and changes in customer payment cycles and the customers' credit-worthiness. Amounts later determined and specifically identified to be uncollectible are charged or written off against this allowance. To minimize the likelihood of uncollectibility, the Company reviews its customers' credit-worthiness periodically based on credit scores generated by independent credit reporting services, its experience with its customers, and the economic condition of its customers' industries. Material differences may result in the amount and timing of expense for any period if the Company were to make different judgments or utilize different estimates.

Inventories and Provision for Excess and Obsolete Inventory

Inventories are stated at the lower of cost, (based on the weighted average cost method) or market. The Company reviews the components of its inventory and its inventory purchase commitments on a regular basis for excess and obsolete inventory based on estimated future usage and sales. Write-downs in inventory value or losses on inventory purchase commitments depend on various items, including factors related to customer demand, economic and competitive conditions, technological advances or new product introductions by the Company or its customers that vary from its current expectations. Whenever inventory is written down, a new cost basis is established and the inventory is not subsequently written up if market conditions improve.

The Company believes that, when made, the estimates used in calculating the inventory provision are reasonable and properly reflect the risk of excess and obsolete inventory. If customer demand for the Company's inventory is substantially less than its estimates, inventory write-downs may be required, which could have a material adverse effect on its consolidated condensed financial statements.

Property and Equipment

Property and equipment are initially stated at cost and depreciated using the straight-line method. Depreciation is determined on a straight-line basis over the estimated useful lives of the assets, which ranges from three to five years. Leasehold improvements are depreciated over the shorter of the related remaining lease period or useful life. Amortization is calculated on a straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The amortization rates applicable to each category of equipment are as follows:

Class of equipment	**Rate**
Computer equipment	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Testing equipment	5 years

Intangible Assets

Intangible assets consist of development costs for products to be sold or marketed to external users when technological feasibility is reached, and it is probable that the project will be completed. Subsequent to initial recognition, intangible assets are reported at cost less amortization. The amortization period begins when the asset is available for use, specifically when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. As of September 30, 2022 and December 31, 2021, the Company's intangible assets are not yet available for use and therefore not yet being amortized.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. These circumstances are assessed on an annual basis. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount and the fair value less costs to sell.

Long-term liabilities

Long-term liabilities consist of accounts payable that are due more than one year in the future.

Fair Value of Financial Instruments

The accounting standard for fair value measurements provides a framework for measuring fair value and requires disclosures regarding fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, based on the Company's principal or, in absence of a principal, most advantageous market for the specific asset or liability.

The Company uses a three-tier fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis, as well as assets and liabilities measured at fair value on a non- recurring basis, in periods subsequent to their initial measurement. The hierarchy requires the Company to use observable inputs when available, and to minimize the use of unobservable inputs, when determining fair value.

The three tiers are defined as follows:

- Level 1—Observable inputs that reflect quoted market prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2—Observable inputs other than quoted prices in active markets that are observable either directly or indirectly in the marketplace for identical or similar assets and liabilities; and
- Level 3—Unobservable inputs that are supported by little or no market data, which require the Company to develop its own assumptions.

The Company believes the carrying amounts of accounts receivable, accounts payable, accrued liabilities, credit facility, and long-term debt approximate fair value due to their short-term maturities.

The following table represents the Company's assets that are measured at fair value as of September 30, 2022:

	Level 1	Level 2	Level 3	Total
Cash	$ 3,932,477	$ -	$ -	$ 3,932,477
Restricted cash*	22,531	-	-	22,531

* *As of September 30, 2022, the Company has a restricted cash of $22,531 (December 31, 2021 - $Nil), which will be subsequently used to offset the TAB Bank credit facility (Note 6).*

Income Taxes

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of temporary, differences between the financial reporting and tax basis of assets and liabilities, as well as of operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to taxable income for the years in which those tax assets and liabilities are expected to be realized or settled. The Company records valuation allowances to reduce deferred tax assets to the amount the Company believes is more likely than not to be realized.

The Company's income tax filings are subject to audit by various taxing authorities. The Company's open audit periods are 2017-2021. In evaluating the Company's tax provisions and accruals, future taxable income, and the reversal of temporary differences, interpretations, and tax planning strategies are considered. The Company believes their estimates are appropriate based on current facts and circumstances. Accordingly, as of September 30, 2022, the Company has no uncertain tax positions that qualify for recognition or disclosure in the accompanying consolidated condensed financial statements.

In October 2017, the Company revoked its S Corporation tax status and became a C Corporation.

Revenue and Cost of Revenue

The Company generates a portion of its revenue from the sale of wireless modems, routers and modules to wireless operators, OEM customers and value added resellers and distributors. In addition, the Company generates revenue from the sale of asset-management solutions utilizing wireless technology and M2M communication devices predominantly to transportation and industrial companies, medical device manufacturers and security system providers. Revenue from product sales is generally recognized upon the transfer of title of the product to the customer. Revenues from SaaS services are recognized pro-rata over the contract term. The Company records deferred revenue for cash payments received from customers in advance of when revenue recognition criteria are met.

The Company considers the five basic revenue recognition criteria when assessing appropriate revenue recognition as follows:

- Identify contracts;
- Identify performance obligations;
- Determine transaction prices;
- Allocate the transaction prices; and
- Recognize revenue.

The Company provides SaaS subscriptions for its fleet management and vehicle finance applications in which customers are provided with the ability to wirelessly communicate with monitoring devices installed in vehicles and other mobile assets via software applications hosted by either the Company or partner vendor. When the customer purchases the monitoring device, the Company recognizes the revenue at the time of purchase. The Company recognizes revenues from SaaS services over the term of the contract. In certain customer arrangements, the Company provides integrated SaaS-based solutions. The transaction for the integrated solutions includes the price of the devices and application subscriptions in a monthly payment. We recognize revenue for the sales of the devices upon transfer of control to the customer and recognize revenue for the related subscription services over the service period. The allocation of the transaction price is based on relative estimated stand-alone selling prices for the devices and applications subscriptions. Timing of revenue recognition may differ from the timing of our invoicing to customers. Contract assets are comprised of performance under the contract in advance of billings to our customers. The Company's outstanding performance obligations in relation to customer contracts at September 30, 2022 will be completed upon transfer of ownership (or deemed transfer) of goods and as services are rendered. The Company's payment terms require payment to be made within 30 days after the customer accepts transfer of ownership or a notice of completion.

The Company's cost of revenue for products is composed of the cost of hardware purchased and labor for any services performed on the hardware before it is shipped. Cost of revenue for solutions and other services includes labor for services, license fees for fleet management platform and wireless data.

Shipping and Handling Costs

The Company incurs certain expenses related to preparing, packaging and shipping its products to its customers, mainly third-party transportation fees. All costs related to these activities are included as a component of cost of revenues in the statements of operations. All costs billed to the customer are included as revenues in the statements of operations.

Warranty Costs

The Company's warranty policy generally provides one year for products following the date of purchase. As the Company receives a one year warranty from its vendors, the Company has little exposure to out-of-pocket warranty costs. Historically, the Company has incurred minimal warranty costs which are expensed when incurred. The Company has not accrued any warranty costs for the nine months ended September 30, 2022 and 2021.

Advertising Costs

Advertising costs are expensed as incurred and are included in general and administrative expense in the accompanying consolidated condensed financial statements. The Company had no advertising costs for the nine months ended September 30, 2022 and 2021.

Currency and Foreign Exchange

These consolidated condensed financial statements are expressed in U.S. dollars as the Company's operations are based only in the United States. Virtually all of the Company's non-monetary or monetary assets and liabilities are in U.S. dollar currency. All revenues earned from customers outside the U.S. were denominated in U.S dollars.

Stock-Based Compensation

The Company measures and recognizes compensation expense for all stock-based payment awards based on the estimated fair values of the awards as of the grant date. Stock option awards are accounted for based on the grant-date fair value estimated using the Black-Scholes option pricing model. Compensation expense is recognized over the service period using the straight line method.

Basic and Diluted Net Income per Share of Common Stock

Basic net loss per share is computed by dividing the net loss by the weighted average number of shares that were outstanding during the period. Diluted net loss per share reflects the potential dilution that could occur if securities or other contracts to acquire common stock were exercised or converted into common stock. Potentially dilutive securities are excluded from the diluted net loss per share computation in loss periods as their effect would be anti-dilutive.

Comprehensive Income

The Company has no items of comprehensive income or loss other than net loss.

Leases

The Company categorizes leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that allow us to substantially utilize or pay for the entire asset over its estimated life. Assets acquired under finance leases are recorded in "right-of-use assets." All other leases are categorized as operating leases. The Company's leases generally have terms that range from one to twenty years.

Lease liabilities are recognized at the present value of the fixed lease payments using a discount rate based on similarly secured borrowings available to the Company. Lease assets are recognized based on the initial present value of the fixed lease payments, plus any direct costs from executing the leases or lease prepayments upon lease commencement. Leasehold improvements are capitalized at cost and amortized over the lesser of their expected useful life or the lease term.

Recent Accounting Pronouncements

The Company is not aware of any recent accounting pronouncements expected to have a material impact on the consolidated condensed financial statements.

Derivative Financial Instruments

The Company classifies as equity any contracts that require physical settlement or net-share settlement or provide us a choice of net cash settlement or settlement in our own shares (physical settlement or net-share settlement) provided that such contracts are indexed to our own stock as defined in ASC Topic 81540 "Contracts in Entity's Own Equity." The Company classifies as assets or liabilities any contracts (including embedded conversion features) that require net-cash settlement including a requirement to net cash settle the contract if an event occurs and if that event is outside our control or give the counterparty a choice of net-cash settlement or settlement in shares. The Company assesses classification of its derivatives at each reporting date to determine whether a change in classification between assets and liabilities is required.

2. Inventory

Inventory consists of the following:

	September 30, 2022	December 31, 2021
Components and raw materials	$ 341,623	$ 1,749,593
Assemblies	148,202	322,816
	$ 489,825	$ 2,072,409

3. Property and Equipment

Property and equipment consist of the following:

	September 30, 2022	December 31, 2021
Computer equipment and purchased software	$ 147,724	$ 143,684
Furniture and fixtures	51,427	51,427
Tooling	59,300	59,300
	258,451	254,411
Less—accumulated depreciation	(207,205)	(175,456)
	$ 51,246	$ 78,955

Depreciation expense was $31,749 and $34,008 for the nine months ended September 30, 2022 and 2021, respectively.

4. Intangible Asset

Intangible asset consists of development costs for the design and construction of the Company's keg management and monitoring system.

	September 30, 2022	December 31, 2021
Development costs	$ 630,166	$ 630,166

5. Accrued Liabilities

Accrued liabilities consist of the following:

	September 30, 2022	December 31, 2021
Accrued sales tax	$ 112,540	$ 308,346
Payroll related expenses	48,127	401,194
Other	99,846	113,830
	$ 260,513	$ 823,370

6. Credit Facility

In January 2020, the Company entered into a two-year agreement with TAB Bank ("TAB") for a $2,500,000 credit facility. Under the TAB Bank credit facility, the Company is obligated to assign all its accounts receivables and the Company may request advances up to 90% of domestic accounts less than 90 days from invoice date and not subject to offset up to $2,000,000. Interest is payable monthly at a rate the greater of (a) 90-Day LIBOR rate plus 4.50% and (b) 6.41%. In addition, there is an administration fee equal to 0.008% per diem of the outstanding daily obligations.

The agreement is further extended automatically for successive one year term. As of September 30, 2022, the expiry date is January 23, 2023.

The Company may also borrow an amount limited to the lesser of: (a) 50% of the cost of eligible inventory, (b) 50% of funds employed and, (c) $500,000 (the "Inventory Advance"). Under the Inventory Advance, Interest is payable monthly at a rate the greater of (a) 90-Day LIBOR rate plus 4.50% and (b) 6.41%. In addition, there is an administration fee equal to 0.01% per diem of the outstanding daily obligations.

The Company does not retain any legal or equitable interest in any account sold under this credit facility. The Company assumes full risk of non-payment and guarantees full payment of all accounts. The Company granted a security interest in all its assets as collateral for its obligations under the facility as at September 30, 2022 and December 31, 2021, the carrying amount of the accounts transferred was $1,384,683 and $1,984,307, respectively.

At September 30, 2022 and December 31, 2021, the outstanding balance on the credit facility was $Nil and $1,670,833, respectively. Debt issuance costs of $60,115 and $10,146 associated with the TAB credit facility were amortized to interest expense for the nine months ended September 30, 2022 and 2021. The unamortized portion of the debt issuance costs at September 30, 2022 was $Nil (December 31, 2021 - $1,042).

7. Debt

Convertible Promissory Notes

In November and December 2021, the Company had issued convertible promissory debentures totaling $275,000. The debentures accrued interest at a rate of 10% per annum and was payable semi-annually unless the holder elected to defer payment. All unpaid principal and accrued interest are due two years from date of issuance. The holder of the debenture at any time could convert in whole or any part principal and interest into common shares of the Company at a conversion price of $1.00 per share. In the event of default, all principal and interest due shall become immediately due and payable. At September 30, 2022, the Company recorded $24,846 accrued interest associated with the Convertible Promissory Debentures (December 31, 2021 - $3,350).

During the nine months ended September 30, 2022, the Company received convertible debenture financing for the aggregate amount of $100,000 (U.S.). Subscribers may convert all or part of the principal amount outstanding under the debentures into shares of common stock of the company. The debentures are convertible into units at the option of the holder at the higher of $1.19 (or $8.33 after 1-for-7 reverse stock split) or a price equal to the price of the shares or units of the next financing carried out before the second anniversary of the closing date less a 25%discount. Each debenture automatically converts immediately upon the closing of an equity financing or series of related equity financings resulting in the Company meeting the listing requirements of the Nasdaq stock market (a "Qualified Financing") at a conversion price equal to the higher of (i) $1.19 (or $8.33 after 1-for-7 reverse stock split) or (ii) a price equal to the lowest per share price of the shares issued in the Qualified Financing less a 25% discount.

The units comprise a share and one-half of one warrant, where a whole warrant shall be exercisable at $0.86 (or $6.02 after 1-for-7 reverse stock split) per common share for a two-year term. The debentures have a maturity date of the second anniversary of the closing date and bear an interest rate of 10 per cent per annum, payable semi-annually.

In September 2022, the Company issued additional convertible promissory debentures totaling $1,500,000, bearing interest at 10% per annum (accruing annually and payable at maturity), on September 9, 2022 and maturing on September 9, 2024, or a period of 24-months. The Debentures are convertible, at the option of the holder, to common shares of DCS at a price of $1.19 USD (or $8.33 after 1-for-7 reverse stock split) or a price equal to the price of the shares of the next financing carried out before the second anniversary of the closing date less a 25% discount. Upon issuance of the debentures, the Company also issued 750,000 share purchase warrants. Each warrant entitles the holder to purchase one common share at a price of $0.86 (or $6.02 after 1-for-7 reverse stock split) per share for a period of 24 months from the date of issuance of the debentures.

The Company records the fair value of the conversion features with variable exercise prices as an embedded derivative separate from the host contract in accordance with ASC 815. The fair value of the derivative liabilities is revalued on each balance sheet date with corresponding gains and losses recorded in the consolidated statements of operations. The Company uses a derivative valuation technique to fair value the components of the hybrid contract on initial recognition, including the debt component, the embedded derivative, and the warrants. The following significant inputs and assumptions were used in the model:

	September 30, 2022	December 31, 2021
Expected term (years)	2	N/A
Risk-free interest rate	3.56%	N/A
Expected volatility	50.0%	N/A
Dividend yield	0.00%	N/A
Estimated forfeitures	0.00%	N/A

The following table presents the Company's embedded conversion features of its convertible debt measured at fair value on a recurring basis as of September 30, 2022 and December 31, 2021, determined based on "Level 3" inputs.

	Derivative
	$
December 31, 2021	**-**
Initial issuance at September 9, 2022	248,777
Net changes in fair value included in net loss	240,587
Balance at September 30, 2022	**489,364**

The debt component of the convertible debenture is subsequently measured at amortized costs. The following table presents the debt component of the convertible debt measured at its fair value on initial recognition of $1,035,556 and subsequently carried at amortized cost using the interest rate of 10% per annum over the 24 months period. As of September 30, 2022, the total accrued interest was $8,630.

Date	Beg. Balance	Additions	Interest/ accretion	End. Balance
	$	$	$	$
Sep 9, 2022	-	1,035,556	-	1,035,556
Sep 30, 2022	1,035,556		8,630	1,044,186

The fair value of warrant component of the convertible debenture is measured at $215,667 on initial recognition recorded to reserves in equity and not subsequently remeasured. Refer to Note 9 for warrant disclosures.

Promissory note

During the nine months ended September 30, 2022, the Company received unsecured promissory note in the principal amount of $200,000. The note is interest bearing at 5.00% per annum and any payments made by the Company will first be applied to accrued interest and then to principal. The note matures December 31, 2022.

Loan

On April 20, 2020, the Company was granted a loan (the "Loan") from TAB in the aggregate amount of $422,500 pursuant to the Paycheck Protection Program (the "PPP") established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") in the United States. The Loan, which was in the form of a Note dated April 10, 2020 matures April 10, 2022 and bears interest at a rate of 1.00% per annum, payable monthly commencing on November 10, 2020. The Loan may be prepaid at any time prior to maturity with no prepayment penalties. The Loan and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. On March 5, 2021, the Company received notice from the U.S. Small Business Administration and TAB Bank the Loan was forgiven in full. The Company recorded a gain of debt extinguishment of $422,500 under Other Income in the consolidated condensed statements of operating loss and comprehensive loss.

On February 19, 2021, the Company was granted a second loan (the "Second Loan") from TAB in the aggregate amount of $434,105 pursuant to the PPP. The Second Loan, which was in the form of a Note dated February 19, 2021 matures February 19, 2026 and bears interest at a rate of 1.00% per annum, payable in 44 equal monthly payments commencing on June 19, 2022. The Second Loan may be prepaid at any time prior to maturity with no prepayment penalties. The Second Loan and accrued interest are forgivable after 24 weeks as long as the borrower uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. On August 5, 2021, the Company received notice from the U.S. Small Business Administration and TAB Bank the Loan was forgiven in full. During the year ended December 31, 2021, the Company recorded a gain of debt extinguishment of $434,105 under Other Income in the consolidated condensed statements of operating loss and comprehensive loss.

Customer Deposits

Customer Deposits consisted of payments made by certain clients at the end of the reporting period prepaying for Companies services. As of September 30, 2022, the Company held Costumer Deposits of $42,879 (December 31, 2021 - $617,935).

8. Leases

All of the Company's right-of-use assets and lease liabilities relate to office space in San Diego, under non-cancelable operating lease that expires October 2026.

In June 2019, the Company entered into a lease agreement for approximately 3,232 square feet in San Diego, California for office and other related uses. The term of the lease is 29 months commencing July 1, 2019. The base rent is $5,818 per month with 3% increases effective December 1, 2019 and 2020. The right to use leased asset was measured at the amount of the lease liability of $147,819 using the Company incremental borrowing rate at that time of 13%. This lease agreement ended on October 31, 2021, with no further extensions.

On May 27, 2021, the Company entered into a lease agreement with Bernardo Windell LLC ("Landlord") whereby the Company will lease premises in San Diego, California effective November 1, 2021. The lease ("Lease) will have an initial 60 month term and include approximately 11,543 rentable square feet. The initial rent for the lease is approximately $1.55 per square foot plus operating expenses and is subject to an annual increase. Not less than six months prior to the expiration of the Lease, the Company has an option to extend the Lease term for an additional five years at then current market rates. The right to use leased asset was measured at the amount of the lease liability of $899,102 using the Company current incremental borrowing rate of 10%.

The following table presents our leases balances as of September 30, 2022 and December 31, 2021 under ASC 842.

	Balance September 30, 2022	Balance December 30, 2021
Right-of-use assets, net	$ 734,267	$ 869,132
Lease liabilities - current	327,564	216,000
Lease liabilities – non-current	450,453	661,901

Depreciation expenses of $134,865 (September 30, 2021 - $147,025) was recorded in general and administrative expense on the consolidated condensed statements of operations for the nine months ended September 30, 2022. The remaining lease term as of September 30, 2022 was 4.05 years. The weighted-average discount rate as of September 30, 2022 was 10%. For the nine months ended September 30, 2022 and 2021, cash outflows from operating leases were $161,100 and $165,524, respectively.

The Company does not have any short-term or low value leases.

9. Common Stock and Common Stock Warrants

Common Stock

Holders of common stock are entitled to one vote for each share held. The Company has not declared any dividends since incorporation. The Company has 40,000,000 common stock authorized with a par value of $0.00001.

In March 2021, 533,140 shares were issued due to the exercise of 533,140 warrants for proceeds of $426,512.

In July 2021, 4,000 shares were issued due to the exercise of 4,000 options for proceeds of $3,880.

In January 2022, 500,000 common shares of common stocks were issued at CAD$0.55 in exchange for non-arm's length consulting fee for corporate development.

On January 7, 2020, the Company closed its initial public offering and sold 1,328,500 shares of common stock at $2.00 CAD per share for net proceeds of $1,773,063 after underwriter's commission and offering expenses of $269,426 of which $47,102 were paid during the year ended December 31, 2019. In conjunction with the offering, the Company issued a warrant to the underwriter to purchase 106,280 shares of common stock with an exercise price of $2.00 CAD per share and a term of two years. The Company also granted 755,000 options to directors and officers of the Company. 735,000 of the options are exercisable at $1.53 ($2.00 CAD equivalent) and 20,000 of the options are exercisable at $1.68 per share ($2.20 CAD equivalent).

The Company sold 1,695,200 shares of common stock through an offering that closed in two tranches in November and December 2020 ("Private Offering"). The shares were sold for CAD$1.05 ($0.80 equivalent) per share for net proceeds of $1,209,226 after share issuance costs of $123,061. In conjunction with the Private Offering, the Company issued warrants to placement agents to purchase 118,664 shares of common stock with an exercise price of $0.80 per share and a term of six months. The Company estimated the fair value of the warrants at $30,551 and recorded this value in additional paid-in capital.

Warrants

The Company sold 880,000 warrants in the Private Offering at CAD$0.05 per warrant for net proceeds of $30,555. The warrants have an exercise price of $0.80 per warrant share and they expired May 14, 2021. 533,140 of the warrants were exercised for proceeds of $426,507.

In conjunction with the initial public offering, the placement agent received warrants to purchase common stock totaling 106,280. The warrants have an exercise price of CAD$2.00 and they expire on January 7, 2022. In conjunction with the Private Offering, placement agents received warrants to purchase 118,664 shares of common stock under the same terms as the warrants sold and expire June 15, 2021. The Company determined the fair value of the warrants to be $32,358 and $30,551 under the initial public offering and Private Offering, respectively using the Black-Scholes valuation model and the following assumptions:

	Initial Public Offering	Private Offering
Fair value of common stock	$ 1.53	$ 1.03
Exercise price	$ 1.53	$ 0.80
Expected term (years)	2.00	0.50
Risk-free interest rate	1.54%	0.10%
Expected volatility	33.33%	43.56%
Dividend yield	0.00%	0.00%

The warrants were expired January 7, 2022.

In September 2022, the Company had issued convertible promissory debentures (note 7) and upon issuance of the debentures, the company also issued 750,000 share purchase warrants. Each warrant entitles the holder to purchase one common share at a price of $0.86 per share for a period of 24 months from the date of issuance of the debentures.

The Company determined the fair value of the warrants to be $215,667 using the derivative valuation technique and the following assumptions and capitalized in the fair value of the convertible debentures (Note 10).

The following table summarizes the warrant activity for the nine months ended September 30, 2022 and the year ended December 31, 2021:

	Number of warrants	Weighted average exercise price
Outstanding, December 31, 2020	1,104,944	0.87
Exercised	(533,140)	0.80
Expired	(465,524)	0.80
Outstanding, December 31, 2021	106,280	$ 1.54
Granted	750,000	0.86
Expired	(106,280)	1.54
Outstanding, September 30, 2022	750,000	$ 0.86

10. Stock Options

In October 2017, the Company's board of directors and stockholders approved the 2017 Stock Plan (2017 Plan) under which 3,500,000 shares of common stock are reserved for the granting of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock and performance awards to employees, directors and consultants. Recipients of stock option awards are eligible to purchase shares of the Company's common stock at an exercise price equal to no less than the estimated fair market value of such stock on the date of grant. The maximum term of awards granted under the 2017 Plan is ten years and vesting is determined by the board of directors. Stock awards are generally not exercisable prior to the applicable vesting date, unless otherwise accelerated under the terms of the applicable stock plan agreement. Unvested shares of the Company's common stock issued in connection with an early exercise allowed by the Company may be repurchased by the Company upon termination of the optionee's service with the Company.

In June 2019, the Board of Directors and a majority of the stockholders approved the following amendments to the 2017 Stock Plan: (a) increase in the number of authorized shares for issuance to 4,100,000 and (b) add an annual evergreen provision that will adjust the number of authorized shares reserved for issuance to an amount equal to 29.99% of the Company's issued common stock. As a result of the evergreen provision, the number of authorized shares for issuance increased to 4,528,040 effective January 2021.

The following table summarizes stock option transactions under the 2017 Plan:

	Number of Options	Weighted average exercise price
Outstanding, December 31, 2020	3,720,000	0.70
Granted	800,000	1.49
Exercised	(4,000)	0.97
Forfeited	(174,115)	0.86
Outstanding, December 31, 2021	4,341,885	$ 0.83
Granted	1,200,000	0.71
Exercised	-	-
Expired	(116,667)	1.53
Forfeited	(1,415,000)	1.46
Outstanding, September 30, 2022	4,010,218	$ 0.55

At September 30, 2022, the Company had outstanding and exercisable stock options as follows:

Date of Expiry	Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Weighted Average Remaining Life (years)
October 5, 2027	2,699,218	2,686,767	$ 0.47	5.01
May 20, 2030	15,000	8,750	$ 0.79	7.64
June 1, 2031	96,000	60,000	$ 0.42	8.92
February 4, 2032	175,000	51,563	$ 0.41	9.35
February 24, 2032	100,000	29,167	$ 0.41	9.41
March 14, 2032	435,000	139,401	$ 0.59	9.46
May 9, 2027	100,000	100,000	$ 0.79	4.36
May 9, 2027	390,000	390,000	$ 1.20	4.36

The Company uses a Black-Scholes option valuation model to determine the fair value of stock-based compensation under ASC Topic 718, *Stock Compensation*. The expected volatility is based on the historical volatility of a peer group of publicly-traded companies. The risk-free interest rate is based on the yield on the measurement date of a zero-coupon U.S. Treasury bond whose maturity period approximately equals the option's expected term.

The expected life represents the time the options granted are expected to be outstanding. Forfeitures are estimated at the time of grant and adjusted, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The following are the assumptions used in the Black-Scholes option valuation model for option granted during the nine months ended September 30, 2022 and year ended December 31, 2021:

	September 30, 2022	December 31, 2021
Fair value of common stock	$0.40 - $0.91	$0.97 - $1.59
Exercise price	$0.41 - $1.20	$0.97 - $1.59
Expected term (years)	5-10	5.52 - 6.08
Risk-free interest rate	1.05% - 1.14%	1.05% - 1.14%
Expected volatility	80%	80%
Dividend yield	0.00%	0.00%
Estimated forfeitures	0.00%	0.00%

11. Related Party Agreements

Rich Gomberg, the Company's former CFO is a former employee of CFO Connect. Ed O'Sullivan, a former member of the Company's Board of Directors, is managing partner of CFO Connect. The relationship with the Company was terminated during the nine months ended September 30, 2022. The Company recorded professional fees the consolidated condensed statement of operations associated with CFO services for $83,850 for the nine months ended September 30, 2022 (September 30, 2021 - $214,475). As of September 30, 2022 and December 31, 2021, the Company owed $Nil and $9,325, respectively.

John Hubler, a former member of the Company's Board of Directors, is a partner of BH IoT Group. Subsequently on July 28, 2022, John Hubler tendered his resignation as a director of the Company to take on the role of chair of the technology advisory board, effective July 28, 2022. In November 2020, the Company entered into an agreement with BH IoT Group to assist in building complete IoT bundled solutions. The Company entered into an initial Phase 1 project expected to last 3 months. At the end of Phase1, both parties agreed to continue the relationship on a month-to-month basis. The Company recorded $121,000 professional fees on the consolidated condensed statement of operations for the nine months ended September 30, 2022 (September 30, 2021 - $122,825). As of September 30, 2022 and December 31, 2021, no balance was due with respect to this agreement.

Mike Zhou, a member of the Company's Board of Directors, is the owner of MYZ Corporate Relations, Ltd. In May 2021, the Company entered into an agreement with MYZ Corporate Relations, Ltd. To provide consulting services on strategic matters related to business development opportunities, product development and marketing strategies for a monthly fee of $4,000. The agreement is effective for one year and will automatically renew annually unless terminated by either party. The Company recorded $67,722 of professional fees on the consolidated condensed statement of operations for the nine months ended September 30, 2022 (September 30, 2021 - $16,800).

In March 2022, the Company entered into an agreement with Zeus Capital Ltd. to assist the company with corporate finance and strategic initiatives for a monthly fee of $15,000. The agreement is effective for one year and will automatically renew annually unless terminated by either party. The Company recorded $244,079 of professional fees on the consolidated condensed statement of operations for the nine months ended September 30, 2022 (September 30, 2021 - $Nil). In January 2022, 500,000 common shares of common stocks were issued at CAD$0.55 in exchange for consulting fee for corporate development.

Also in April 2022, the Company appointed Mr. Lichtenwald as the new CFO and Mr. Lichtenwald is a principal of Lichtenwald Professional Corp ("LPC"). The Company entered into an agreement with LPC to provide CFO service fee of $12,500 monthly. The Company recorded $101,500 of professional fees on the consolidated condensed statement of operations for the nine months ended September 30, 2022 (September 30, 2021 - $Nil).

12. Segment Information

Operating segments are defined as components of an enterprise (business activity from which it earns revenue and incurs expenses) for which discrete financial information is available and regularly reviewed by the chief decision maker in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker (CODM) is its Chief Executive Officer. The Company views its operations and manages its business as a single operating and reporting segment.

Although all operations are based in the U.S., the Company generated a portion of its revenue from customers outside of the U.S. Information about the Company's revenue from different geographic regions for the nine months ended September 30, 2022 and 2021 is as follows:

	Nine months ended September 30,			
	2022		2021	
	$	%	$	%
United States	17,626,435	96.4%	10,545,403	97.3%
Canada	649,206	3.5%	244,735	2.3%
Others combined	12,610	0.1%	56,249	0.4%
Total Revenue	18,288,251	100.0%	10,846,387	100.0%

Product Type (in '000)	**September 30, 2022**		**September 30, 2021**	
	$	%	$	%
Product	16,523.6	90.5%	9,371.5	86.4%
Software as a Service (SaaS)	994.1	5.4%	808.4	7.5%
Engineering/Support Service	407.5	2.2%	314.6	2.9%
Wireless Data	279.0	1.5%	237.5	2.2%
Commission Income	84.1	0.4%	114.4	1.0%
Total Revenue	18,288.3	100.0%	10,846.4	100.0%

All of the Company's significant identifiable assets were located in the United States as of September 30, 2022 and December 31, 2021.

13. Concentrations of Risk

The Company derived revenue from one customer totaling 38% and 31% of the Company's total revenue for nine months ended September 30, 2022 and 2021, respectively. At September 30, 2022 and December 31, 2021, one customer accounted for 38% and 67% of total accounts receivable, respectively.

The Company has concentrations in the purchases with its suppliers. For the nine months ended September 30, 2022 and 2021, two suppliers accounted for 87% and 81% of total purchases, respectively.

14. Other Expenses

During the nine months ended September 30, 2022, the Company had the following expenses (2021 - $496,048):

	September 30, 2022	September 30, 2021
	$	$
Insurance	91,786	49,314
Licenses and fees	39,158	32,971
Marketing expense	222,720	51,647
Office expenses	72,291	179,591
Payroll and payroll processing fees	-	27,607
Automobile expense	388	-
Meals and entertainment	42,839	23,149
Travel expense	55,538	1,047
Utilities	54,051	59,865
Tax filing fees	13,783	10,669
Depreciation	166,614	34,008
Bad debt expense	-	26,180
Other	24	-
Total	**759,192**	**496,048**

15. Comparative Figures

Certain comparative figures in profit and loss have been reclassified to conform with the basis of presentation applied for the nine months ended September 30, 2022, with no impact on overall net loss.

16. Commitments

Effective October 1, 2021 the Company has agreed to an annual purchase commitment for a period of three years with a significant vendor. The Company's obligation to the vendor shall be satisfied by the submission of non-cancelable orders for each contract year with an aggregate value equal to or in excess of $8 million.

17. Subsequent Events

Subsequent to the nine months ended September 30, 2022, there were no significant subsequent events.

1,850,000 Shares of Common Stock

Direct Communication Solutions, Inc.

PRELIMINARY PROSPECTUS

ThinkEquity

, 2022

Through and including , 2023 (25 days after the date of this prospectus), all dealers that effect transactions in shares of our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. ***Other Expenses of Issuance and Distribution***

The following table sets forth all costs and expenses, other than underwriting discounts and commissions, paid or payable by us in connection with the sale of the common stock being registered. All amounts shown are estimates except for the SEC registration fee, the FINRA filing fee and the listing fee for the NYSE American.

	Amount Paid or to be Paid
SEC registration fee	$ 1,820
FINRA filing fee	2,977
NYSE American listing fee	55,000
Printing and engraving expenses	30,000
Legal fees and expenses	425,000
Accounting fees and expenses	200,000
Transfer agent and registrar fees and expenses	20,000
Consulting fees and related expenses	600,000
Miscellaneous expenses	554,773
Total	$ 1,889,569

* To be provided by amendment.

Item 14. ***Indemnification of Directors and Officers***

Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities, including reimbursement for expenses incurred, arising under the Securities Act. The Registrant's certificate of incorporation requires the Registrant to indemnify its directors and officers to the maximum extent permitted by the Delaware General Corporation Law, and the Registrant's amended and restated bylaws provide that the Registrant will indemnify its directors and officers and permit the Registrant to indemnify its employees and other agents, in each case to the maximum extent permitted by the Delaware General Corporation Law. We will enter into indemnification agreements with each of our officers and directors a form of which is filed as an exhibit to this Registration Statement.

These agreements will require us to indemnify these individuals to the fullest extent permitted under Delaware law against liabilities that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified.

The proposed form of underwriting agreement filed as Exhibit 1.1 to this Registration Statement provides for indemnification of directors and officers of the Registrant by the underwriter against certain civil liabilities that may be incurred in connection with this offering, including certain liabilities under the Securities Act.

Item 15. ***Recent Sales of Unregistered Securities***

In the three years preceding the filing of this registration statement, we have issued the following securities that were not registered under the Securities Act. The information in this Item 15 does not give effect to the proposed 1-for-7 reverse stock split with respect to our common stock:

Issuances of Capital Stock

During the past three years since January 1, 2019, we have issued and sold the securities (including shares issued pursuant to the 2017 Plan) described below without registering the securities under the Securities Act. None of these transactions involved any underwriters' underwriting discounts or commissions, or any public offering.

We believe that each of the following issuances was exempt from registration under the Securities Act in reliance on Regulation D under the Securities Act or pursuant to Section 4(a)(2) of the Securities Act regarding transactions not involving a public offering or in reliance on Regulation S under the Securities Act regarding sales by an issuer in offshore transactions. We believe that our issuances of awards granted under our share incentive plans to our employees, directors, officers and consultants were exempt from registration under the Securities Act in reliance on Rule 701 under the Securities Act. No underwriters were involved in these issuances of securities.

In September 2019 we issued an aggregate of 1,900,000 shares of our common stock to 28 Debenture Holders upon conversion of $1,900,000 in aggregate principal amount of our outstanding convertible debentures.

Common stock issuance

In October 2019, we issued an aggregate of 506,800 shares of our common stock to three investors in connection with the exercise of outstanding warrants to purchase our common stock at a warrant exercise price of $0.03 per share, for aggregate consideration of approximately $16,800.

In June and July 2019, we issued an aggregate of 60,000 shares of our common stock to seven investors through private placement at a purchase price of $1.25 per share, for aggregate consideration of $75,000.

In March 2021, we issued an aggregate of 533,140 shares of our common stock to certain participants of the 2017 Plan, including current and former directors and executive officers, upon exercise of options granted pursuant to the 2017 Plan at an option exercise price of $0.80 per share, for aggregate consideration of $426,512.

In July 2021, we issued an aggregate of 4,000 shares of our common stock to certain participants of the 2017 Plan, including current and former directors and executive officers, upon exercise of options granted pursuant to the 2017 Plan at an option exercise price of $0.97 per share, for aggregate consideration of $3,800.

In January 2022, we issued 500,000 shares of our common stock to Zeus Capital Ltd. at a price of $0.44 per share as payment of a consulting fee for corporate development services.

In April 2022, we sold $100,000 in principal amount of an unsecured convertible debenture to a single investor.

In September 2022, we sold $1.5 million in aggregate principal amount of unsecured convertible debentures to six investors and issued warrants to purchase 750,000 shares of our common stock in connection therewith.

Stock option issuance

On May 9, 2022, we granted 390,000 and 100,000 stock options to directors with an exercise price of $1.20 and $0.79 respectively.

On March 14, 2022, we granted 435,000 stock options to officers with an exercise price of $0.59 which was the fair market value of a share of stock on the date of the grant.

On February 24, 2022, we granted 100,000 stock options to officers with an exercise price of $0.41 which was the fair market value of a share of stock on the date of the grant.

On February 4, 2022, we granted 175,000 options with an exercise price of $0.41 which was the fair market value of a share of stock on the date of the grant.

On June 1, 2021, we granted 125,000 options of which 100,000 to a director. The options are exercisable at $0.97 which was the fair market value of a share of stock on the date of the grant.

In June 2021, we modified an option for a former member of our Board of Directors to extend the period to exercise 66,667 vested options from 90 days to one year.

On March 19, 2021, we granted 675,000 options of which 375,000 were to certain officers.

On May 20, 2020, we granted 290,000 options of which 100,000 were to a director. The options are exercisable at $0.79 which was the fair market value of a share of stock on the date of the grant.

On January 7, 2020, we granted 755,000 options to certain of our directors and officers. 735,000 of the options are exercisable at $1.53 and 20,000 of the options are exercisable at $1.68 per share.

Item 16. ***Exhibits and Financial Statement Schedules***

(a) Exhibits

The following documents are filed as exhibits to this registration statement:

Exhibit No.	Description
1.1	Form of Underwriting Agreement
3.1*	Amended and Restated Certificate of Incorporation, as currently in effect
3.2*	Amended and Restated Bylaws, as currently in effect
3.3	Form of Amended and Restated Certificate of Incorporation, to be effective immediately prior to closing of this offering
4.1	Form of Representative's Warrant Agreement
4.2	Form of Convertible Debenture Due April 13, 2024
4.3	Form of Convertible Debenture Due September 9, 2024
4.4	Form of Warrant Agreement for Convertible Debenture Financing
5.1	Opinion of Nelson Mullins Riley & Scarborough LLP
10.1+*	Direct Communication Solutions, Inc. Amended and Restated 2017 Stock Plan, and form of stock option agreement thereunder
10.2+*	Employment Agreement, dated September 30, 2019, between Direct Communication Solutions Inc. and Chris Bursey
10.3+*	Employment Agreement, dated September 30, 2019, between Direct Communication Solutions Inc. and Dave Scowby
10.4+*	Employment Agreement, dated September 30, 2019, between Direct Communication Solutions Inc. and Eric Placzek
10.5+*	Employment Agreement, dated September 30, 2019, between Direct Communication Solutions Inc. and Mike Lawless
10.6+	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers
21.1	List of Subsidiaries of the Registrant
23.1	Consent of Davidson & Company LLP
23.2	Consent of Nelson Mullins Riley & Scarborough LLP (included in Exhibit 5.1)
24.1	Power of Attorney (included on signature page)
107.1*	Filing Fee Table

* Previously filed.
\+ Indicates management contract or compensatory plan

(b) Financial Statement Schedules

All schedules have been omitted because the information required to be set forth in the schedules is either not applicable or is shown in the financial statements or notes thereto.

Item 17. ***Undertakings***

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended (the "Securities Act");

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission (the "Commission") pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

Provided, however, that Paragraphs (a)(1)(i), (ii), and (iii) of this section do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act to any purchaser: If the registrant is subject to Rule 430C (§230.430C of this chapter), each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A (§230.430A of this chapter), shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(5) That, for the purpose of determining liability of the registrant under the Securities Act to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424 (§230.424 of this chapter);

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(c) The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Registration Statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Diego, State of California, on the 14th day of December, 2022.

DIRECT COMMUNICATION SOLUTIONS, INC.

By: /s/ Chris Bursey
Chris Bursey
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ Chris Bursey Chris Bursey	President, Chief Executive Officer and Chairman (principal executive officer)	December 14, 2022
/s/ Konstantin Lichtenwald Konstantin Lichtenwald	Chief Financial Officer (principal financial officer)	December 14, 2022
* David Scowby	Chief Operating Officer	December 14, 2022
* Eric Placzek	Chief Technology Officer	December 14, 2022
* Michael Lawless	Executive Vice President of Sales	December 14, 2022
* Mike Zhou	Director	December 14, 2022
* David Diamond	Director	December 14, 2022
* Julie Hajduk	Director	December 14, 2022
* William F. Espley	Director	December 14, 2022

*By: /s/ Chris Bursey
Chris Bursey
Attorney-in-fact

Exhibit 1.1

UNDERWRITING AGREEMENT

between

DIRECT COMMUNICATION SOLUTIONS, INC.

and

THINKEQUITY LLC

as Representative of the Several Underwriters

DIRECT COMMUNICATION SOLUTIONS, INC.

UNDERWRITING AGREEMENT

New York, New York
[_____], 2022

ThinkEquity LLC
As Representative of the several Underwriters named on Schedule 1 attached hereto
17 State Street, 41st Floor
New York, NY 10004

Ladies and Gentlemen:

The undersigned, Direct Communication Solutions Inc., a corporation formed under the laws of the State of Delaware (collectively with its subsidiaries and affiliates, including, without limitation, all entities disclosed or described in the Registration Statement (as hereinafter defined) as being subsidiaries or affiliates of Direct Communication Solutions Inc., the "**Company**"), hereby confirms its agreement (this "**Agreement**") with ThinkEquity LLC (hereinafter referred to as "you" (including its correlatives) or the "**Representative**") and with the other underwriters named on Schedule 1 hereto for which the Representative is acting as representative (the Representative and such other underwriters being collectively called the "**Underwriters**" or, individually, an "**Underwriter**") as set forth below.

1. Purchase and Sale of Securities.

1.1 *Firm Securities*.

1.1.1. Nature and Purchase of Securities.

(i) On the basis of the representations and warranties herein contained, but subject to the terms and conditions herein set forth, the Company agrees to issue and sell to the several Underwriters, an aggregate of [●] shares (each, a "**Firm Share**" and in the aggregate, the "**Firm Shares**") of the Company's common stock, par value $0.00001 per share (the "**Common Stock**" or the "**Firm Securities**")).

(ii) The Underwriters, severally and not jointly, agree to purchase from the Company the number of shares of Common Stock set forth opposite their respective names on Schedule 1 attached hereto and made a part hereof at a purchase price of $[●] per share. The Firm Securities are to be offered initially to the public at the offering price set forth on the cover page of the Prospectus (as defined in Section 2.1.1 hereof).

1.1.2. Shares Payment and Delivery.

(i) Delivery and payment for the Firm Securities shall be made at 10:00 a.m., Eastern time, on the second (2nd) Business Day following the effective date (the "**Effective Date**") of the Registration Statement (as defined in Section 2.1.1 below) (or the third (3rd) Business Day following the Effective Date if the Registration Statement is declared effective after 4:01 p.m., Eastern time) or at such earlier time as shall be agreed upon by the Representative and the Company, at the offices of Blank Rome LLP, 1271 Avenue of the Americas, New York NY 10020 ("**Representative Counsel**"), or at such other place (or remotely by facsimile or other electronic transmission) as shall be agreed upon by the Representative and the Company, including remotely via electronic transmission. The hour and date of delivery and payment for the Firm Securities is called the "**Closing Date**."

(ii) Payment for the Firm Securities shall be made on the Closing Date by wire transfer in U.S. dollars (same day) funds, payable to the order of the Company upon delivery of the certificates (in form and substance satisfactory to the Underwriters) representing the Firm Securities (or through the facilities of the Depository Trust Company ("**DTC**")) for the account of the Underwriters. The Firm Securities shall be registered in such name or names and in such authorized denominations as the Representative may request in writing at least two (2) full Business Days prior to the Closing Date. The Company shall not be obligated to sell or deliver the Firm Securities except upon tender of payment by the Representative for all of the Firm Securities. The term "**Business Day**" means any day other than a Saturday, a Sunday or a legal holiday or a day on which banking institutions are authorized or obligated by law to close in New York, New York.

1.2 *Over-allotment Option*.

1.2.1. Option Shares. For the purposes of covering any over-allotments in connection with the distribution and sale of the Firm Securities, the Company hereby grants to the Underwriters an option (the "**Over-allotment Option**") to purchase, in the aggregate, up to [●] additional shares of Common Stock (the "**Option Shares**"), representing up to fifteen percent (15%) of the Firm Securities sold in the offering (the "**Option Securities**") The Firm Securities and the Option Securities are also collectively referred to as the "**Securities**." The Securities and the Underlying Shares (as defined below), are collectively referred to as the "**Public Securities**." The Public Securities shall be issued directly by the Company and shall have the rights and privileges described in the Registration Statement, the Pricing Disclosure Package and the Prospectus. The offering and sale of the Public Securities is hereinafter referred to as the "**Offering**."

1.2.2. Exercise of Over-allotment Option. The Over-allotment Option granted pursuant to Section 1.2.1 hereof may be exercised by the Representative as to all (at any time) or any part (from time to time) of the Option Securities within 45 days after the Effective Date. The Underwriters shall not be under any obligation to purchase any Option Securities prior to the exercise of the Over-allotment Option. The Over-allotment Option granted hereby may be exercised by the giving of oral notice to the Company from the Representative, which must be confirmed in writing by overnight mail, email or facsimile or other electronic transmission setting forth the number of Option Securities to be purchased and the date and time for delivery of and payment for the Option Securities (the "**Option Closing Date**"), which shall not be later than one (1) full Business Day after the date of the notice or such other time as shall be agreed upon by the Company and the Representative, at the offices of Representative Counsel or at such other place (including remotely by facsimile, email or other electronic transmission) as shall be agreed upon by the Company and the Representative. If such delivery and payment for the Option Securities does not occur on the Closing Date, the Option Closing Date will be as set forth in the notice. Upon exercise of the Over-allotment Option with respect to all or any portion of the Option Securities, subject to the terms and conditions set forth herein, (i) the Company shall become obligated to sell to the Underwriters the number of Option Securities specified in such notice and (ii) each of the Underwriters, acting severally and not jointly, shall purchase that portion of the total number of Option Securities then being purchased as set forth in Schedule 1 opposite the name of such Underwriter.

1.2.3. Payment and Delivery. Payment for the Option Securities shall be made on the Option Closing Date by wire transfer in U.S. dollars (same day) funds, payable to the order of the Company upon delivery to you of certificates (in form and substance satisfactory to the Underwriters) representing the Option Securities (or through the facilities of DTC) for the account of the Underwriters). The Option Securities shall be registered in such name or names and in such authorized denominations as the Representative may request in writing at least one (1) full Business Day prior to the Option Closing Date. The Company shall not be obligated to sell or deliver the Option Securities except upon tender of payment by the Representative for applicable Option Securities. An Option Closing Date may be simultaneous with, but not earlier than, the Closing Date; and in the event that such time and date are simultaneous with the Closing Date, the term "**Closing Date**" shall refer to the time and date of the delivery of the Firm Securities and Option Securities.

1.3 *Representative's Warrants*.

1.3.1. Purchase Warrants. The Company hereby agrees to issue and sell to the Representative (and/or its designees) on the Closing Date and Option Closing Date, as applicable, an option ("**Representative's Warrant**") for the purchase of an aggregate number of shares of Common Stock representing 5% of the Public Securities purchased on such Closing Date or Option Closing Date, for an aggregate purchase price of $100.00. The Representative's Warrant agreement, in the form attached hereto as Exhibit A (the "**Representative's Warrant Agreement**"), shall be exercisable, in whole or in part, commencing on a date which is one hundred eighty (180) days immediately following the commencement of the sales of the Firm Securities in this offering (the "**Commencement Date**") and expiring on the five-year anniversary of the Commencement Date at an initial exercise price per share of Common Stock of $[●], which is equal to one hundred twenty five percent (125%) of the initial public offering price of the Firm Shares. The Representative's Warrant Agreement and the shares of Common Stock issuable upon exercise thereof are hereinafter referred to together as the "**Representative's Securities**." The Representative understands and agrees that there are significant restrictions pursuant to FINRA Rule 5110 against transferring the Representative's Warrant Agreement and the underlying shares of Common Stock during the one hundred eighty (180) days immediately following the Commencement Date and by its acceptance thereof shall agree that it will not sell, transfer, assign, pledge or hypothecate the Representative's Warrant Agreement, or any portion thereof, or be the subject of any hedging, short sale, derivative, put or call transaction that would result in the effective economic disposition of such securities for a period of one hundred eighty (180) days immediately following the Commencement Date to anyone other than (i) an Underwriter or a selected dealer in connection with the Offering, (ii) a bona fide officer or partner of the Representative or of any such Underwriter or selected dealer, or (iii) as otherwise expressly permitted by FINRA Rule 5110(g); and only if any such transferee agrees to the foregoing lock-up restrictions.

1.3.2. Delivery. Delivery of the Representative's Warrant Agreement shall be made on the Closing Date or Option Closing Date, as applicable, and shall be issued in the name or names and in such authorized denominations as the Representative may request.

2. Representations and Warranties of the Company. The Company represents and warrants to the Underwriters as of the Applicable Time (as defined below), as of the Closing Date and as of the Option Closing Date, if any, as follows:

2.1 *Filing of Registration Statement.*

2.1.1. Pursuant to the Securities Act. The Company has filed with the U.S. Securities and Exchange Commission (the "**Commission**") a registration statement, and an amendment or amendments thereto, on Form S-1 (File No. 333-[●]), including any related prospectus or prospectuses, for the registration of the Public Securities and the Representative's Securities under the Securities Act of 1933, as amended (the "**Securities Act**"), which registration statement and amendment or amendments have been prepared by the Company in all material respects in conformity with the requirements of the Securities Act and the rules and regulations of the Commission under the Securities Act (the "**Securities Act Regulations**") contains and will contain all material statements that are required to be stated therein in accordance with the Securities Act and the Securities Act Regulations. Except as the context may otherwise require, such registration statement, as amended, on file with the Commission at the time the registration statement became effective (including the Preliminary Prospectus included in the registration statement, financial statements, schedules, exhibits and all other documents filed as a part thereof or incorporated therein and all information deemed to be a part thereof as of the Effective Date pursuant to paragraph (b) of Rule 430A of the Securities Act Regulations (the "**Rule 430A Information**")), is referred to herein as the "Registration Statement." If the Company files any registration statement pursuant to Rule 462(b) of the Securities Act Regulations, then after such filing, the term "Registration Statement" shall include such registration statement filed pursuant to Rule 462(b). The Registration Statement has been declared effective by the Commission on the date hereof.

Each prospectus used prior to the effectiveness of the Registration Statement, and each prospectus that omitted the Rule 430A Information that was used after such effectiveness and prior to the execution and delivery of this Agreement, is herein called a "**Preliminary Prospectus**." The Preliminary Prospectus, subject to completion, dated [●], 2022, that was included in the Registration Statement immediately prior to the Applicable Time is hereinafter called the "**Pricing Prospectus**." The final prospectus in the form first furnished to the Underwriters for use in the Offering is hereinafter called the "**Prospectus**." Any reference to the "most recent Preliminary Prospectus" shall be deemed to refer to the latest Preliminary Prospectus included in the Registration Statement.

"**Applicable Time**" means [TIME][a.m./p.m.], Eastern time, on the date of this Agreement.

"**Issuer Free Writing Prospectus**" means any "issuer free writing prospectus," as defined in Rule 433 of the Securities Act Regulations ("**Rule 433**"), including without limitation any "free writing prospectus" (as defined in Rule 405 of the Securities Act Regulations) relating to the Public Securities that is (i) required to be filed with the Commission by the Company, (ii) a "road show that is a written communication" within the meaning of Rule 433(d)(8)(i), whether or not required to be filed with the Commission, or (iii) exempt from filing with the Commission pursuant to Rule 433(d)(5)(i) because it contains a description of the Public Securities or of the Offering that does not reflect the final terms, in each case in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company's records pursuant to Rule 433(g).

"**Issuer General Use Free Writing Prospectus**" means any Issuer Free Writing Prospectus that is intended for general distribution to prospective investors (other than a "*bona fide* electronic road show," as defined in Rule 433 (the "**Bona Fide Electronic Road Show**")), as evidenced by its being specified in Schedule 2-B hereto.

"**Issuer Limited Use Free Writing Prospectus**" means any Issuer Free Writing Prospectus that is not an Issuer General Use Free Writing Prospectus.

"**Pricing Disclosure Package**" means any Issuer General Use Free Writing Prospectus issued at or prior to the Applicable Time, the Pricing Prospectus and the information included on Schedule 2-A hereto, all considered together.

2.1.2. Pursuant to the Exchange Act. The Company has filed with the Commission a Form 8-A (File Number 001-[__]) providing for the registration pursuant to Section 12(b) under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), of the shares of Common Stock, which registration statement complies in all material respects with the Exchange Act. The registration of such shares of Common Stock and related Form 8-A under the Exchange Act has been declared effective by the Commission on or prior to the date hereof. The Company has taken no action designed to, or likely to have the effect of, terminating the registration of the shares of Common Stock under the Exchange Act, nor has the Company received any notification that the Commission is contemplating terminating such registration.

2.2 Stock Exchange Listing. The shares of Common Stock have been approved for listing on the NYSE American (the "**Exchange**"), and the Company has taken no action designed to, or likely to have the effect of, delisting the shares of Common Stock from the Exchange, nor has the Company received any notification that the Exchange is contemplating terminating such listing.

2.3 No Stop Orders, etc. Neither the Commission nor, to the Company's knowledge, any state regulatory authority has issued any order preventing or suspending the use of the Registration Statement, any Preliminary Prospectus or the Prospectus or has instituted or, to the Company's knowledge, threatened to institute, any proceedings with respect to such an order. The Company has complied with each request (if any) from the Commission for additional information.

2.4 Disclosures in Registration Statement.

2.4.1. Compliance with Securities Act and 10b-5 Representation.

(i) Each of the Registration Statement and any post-effective amendment thereto, at the time it became effective, complied in all material respects with the requirements of the Securities Act and the Securities Act Regulations. Each Preliminary Prospectus, including the prospectus filed as part of the Registration Statement as originally filed or as part of any amendment or supplement thereto, and the Prospectus, at the time each was filed with the Commission, complied in all material respects with the requirements of the Securities Act and the Securities Act Regulations. Each Preliminary Prospectus delivered to the Underwriters for use in connection with this Offering and the Prospectus was or will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(ii) Neither the Registration Statement nor any amendment thereto, at its effective time, as of the Applicable Time, at the Closing Date or at any Option Closing Date (if any), contained, contains or will contain an untrue statement of a material fact or omitted, omits or will omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. No post-effective amendment to the Registration Statement reflecting any facts or events arising after the date thereof which represent, individually or in the aggregate, a fundamental change in the information set forth therein is required to be filed with the Commission. The press releases disseminated by the Company during the twelve months preceding the date of this Agreement taken as a whole do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made and when made, not misleading.

(iii) The Pricing Disclosure Package, as of the Applicable Time, at the Closing Date or at any Option Closing Date (if any), did not, does not and will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and any Issuer Limited Use Free Writing Prospectus hereto does not conflict with the information contained in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, and any such Issuer Limited Use Free Writing Prospectus, as supplemented by and taken together with the Pricing Prospectus as of the Applicable Time, did not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to statements made or statements omitted in reliance upon and in conformity with written information furnished to the Company with respect to the Underwriters by the Representative expressly for use in the Registration Statement, the Pricing Prospectus or the Prospectus or any amendment thereof or supplement thereto. The parties acknowledge and agree that such information provided by or on behalf of any Underwriter consists solely of the following statements concerning the Underwriters (the "**Underwriters Information**") contained in the "Underwriting" section of the Prospectus: (i) the first paragraph of the section entitled "Discounts, Commissions and Reimbursement"; (ii) the section entitled "Price Stabilization, Short Positions and Penalty Bids;" and (iii) "Electronic Distribution."

(iv) Neither the Prospectus nor any amendment or supplement thereto (including any prospectus wrapper), as of its issue date, at the time of any filing with the Commission pursuant to Rule 424(b), at the Closing Date or at any Option Closing Date, included, includes or will include an untrue statement of a material fact or omitted, omits or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to the Underwriters' Information.

2.4.2. Disclosure of Agreements. The agreements and documents described in the Registration Statement, the Pricing Disclosure Package and the Prospectus conform in all material respects to the descriptions thereof contained therein and there are no agreements or other documents required by the Securities Act and the Securities Act Regulations to be described in the Registration Statement, the Pricing Disclosure Package and the Prospectus or to be filed with the Commission as exhibits to the Registration Statement, that have not been so described or filed. Each agreement or other instrument (however characterized or described) to which the Company or any Subsidiary (as defined in Section 2.7 below) is a party or by which it is or may be bound or affected and (i) that is referred to in the Registration Statement, the Pricing Disclosure Package and the Prospectus, or (ii) is material to the Company's or any Subsidiary's business, has been duly authorized and validly executed by the Company, is in full force and effect in all material respects and is enforceable against the Company and, to the Company's knowledge, the other parties thereto, in accordance with its terms, except (x) as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally, (y) as enforceability of any indemnification or contribution provision may be limited under the federal and state securities laws, and (z) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to the equitable defenses and to the discretion of the court before which any proceeding therefor may be brought. None of such agreements or instruments has been assigned by the Company or any Subsidiary, and none of the Company, its Subsidiaries nor, to the Company's knowledge, any other party is in default thereunder and, to the Company's knowledge, no event has occurred that, with the lapse of time or the giving of notice, or both, would constitute a default thereunder. To the best of the Company's knowledge, performance by the Company or any Subsidiary of the material provisions of such agreements or instruments will not result in a violation of any existing applicable law, rule, regulation, ordinance, judgment, order or decree of any governmental or regulatory agency, body, authority or court, domestic or foreign, having jurisdiction over the Company or any Subsidiary or any of its assets or businesses (each, a "**Governmental Entity**"), including, without limitation, those relating to environmental laws and regulations.

2.4.3. Prior Securities Transactions. No securities of the Company have been sold by the Company or by or on behalf of, or for the benefit of, any person or persons controlling, controlled by or under common control with the Company, except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Preliminary Prospectus.

2.4.4. Regulations. The disclosures in the Registration Statement, the Pricing Disclosure Package and the Prospectus concerning the effects of federal, state, local and all foreign regulation on the Offering and the Company's business as currently contemplated are accurate, correct and complete in all material respects and no other such regulations are required to be disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus which are not so disclosed.

2.4.5. No Other Distribution of Offering Materials. The Company has not, directly or indirectly, distributed and will not distribute any offering material in connection with the Offering other than any Preliminary Prospectus, the Pricing Disclosure Package, the Prospectus and other materials, if any, permitted under the Securities Act and consistent with Section 3.2 below.

2.5 Changes After Dates in Registration Statement.

2.5.1. No Material Adverse Change. Since the respective dates as of which information is given in the Registration Statement, the Pricing Disclosure Package and the Prospectus, except as otherwise specifically stated therein: (i) there has been no material adverse change (including in the financial position or results of operations of the Company or its Subsidiaries), nor any change or development in the business of the Company which, singularly or in the aggregate, would involve a material adverse change or a prospective material adverse change, whether or not arising from transactions in the ordinary course of business, in or affecting the business, general affairs, management, condition (financial or otherwise), results of operations, stockholders' equity, business, assets, properties or prospects of the Company and any Subsidiary, taken as a whole (a "**Material Adverse Change**"); (ii) there have been no material transactions entered into by the Company or its Subsidiaries, other than as contemplated pursuant to this Agreement; (iii) no officer (as defined in Rule 16a-1(f) of the Exchange Act) or director of the Company or its Subsidiaries has resigned from any position with the Company; and (iv) neither the Company nor any Subsidiary has sustained any material loss or interference with its business or properties from fire, explosion, flood, earthquake, hurricane, accident or other calamity. The Company does not have pending before the Commission any request for confidential treatment of information. Except for the issuance of the Public Securities contemplated by this Agreement, no event, liability, fact, circumstance, occurrence or development has occurred or exists or is reasonably expected to occur or exist with respect to the Company or its businesses, prospects, properties, operations, assets or financial condition that would be required to be disclosed by the Company under applicable securities laws at the time this representation is made or deemed made that has not been publicly disclosed at least one (1) Trading Day (as defined below) prior to the date that this representation is made.

2.5.2. Recent Securities Transactions, etc. Subsequent to the respective dates as of which information is given in the Registration Statement, the Pricing Disclosure Package and the Prospectus, and except as may otherwise be indicated or contemplated herein or disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company has not: (i) issued any securities or incurred any liability or obligation, direct or contingent, for borrowed money; or (ii) declared or paid any dividend or made any other distribution on or in respect to its capital stock.

2.6 Independent Accountants. Davidson & Company LLP (the "**Auditor**"), who has certified the financial statements and supporting schedules and information of the Company that are included in the Registration Statement, the Pricing Disclosure Package and the Prospectus, is an independent registered public accounting firm as required by the Securities Act and the Securities Act Regulations and the Public Company Accounting Oversight Board ("**PCAOB**"). The Auditor has not, during the periods covered by the financial statements included in the Registration Statement, the Pricing Disclosure Package and the Prospectus, provided to the Company any non-audit services, as such term is used in Section 10A(g) of the Exchange Act.

2.7 Financial Statements, etc. The financial statements, including the notes thereto and supporting schedules included in the Registration Statement, the Pricing Disclosure Package and the Prospectus, fairly present the financial position and the results of operations of the Company at the dates and for the periods to which they apply; and such financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("**GAAP**"), consistently applied throughout the periods involved (provided that unaudited interim financial statements are subject to year-end audit adjustments that are not expected to be material in the aggregate and do not contain all footnotes required by GAAP); and the supporting schedules included in the Registration Statement present fairly the information required to be stated therein. Except as included therein, no historical or pro forma financial statements are required to be included in the Registration Statement, the Pricing Disclosure Package or the Prospectus under the Securities Act or the Securities Act Regulations. The pro forma and pro forma as adjusted financial information and the related notes, if any, included in the Registration Statement, the Pricing Disclosure Package and the Prospectus have been properly compiled and prepared in accordance with the applicable requirements of the Securities Act and the Securities Act Regulations and present fairly the information shown therein, and the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein. All disclosures contained in the Registration Statement, the Pricing Disclosure Package or the Prospectus regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of the Commission), if any, comply with Regulation G of the Exchange Act and Item 10 of Regulation S-K of the Securities Act, to the extent applicable. Each of the Registration Statement, the Pricing Disclosure Package and the Prospectus discloses all material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons that may have a material current or future effect on the Company's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues or expenses. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, (a) neither the Company nor any of its direct and indirect subsidiaries, including each entity disclosed or described in the Registration Statement, the Pricing Disclosure Package and the Prospectus as being a subsidiary of the Company (each, a "**Subsidiary**" and, collectively, the "**Subsidiaries**"), has incurred any material liabilities or obligations, direct or contingent, or entered into any material transactions other than in the ordinary course of business, (b) the Company has not declared or paid any dividends or made any distribution of any kind with respect to its capital stock, (c) there has not been any change in the capital stock of the Company or any of its Subsidiaries, or, other than in the course of business, any grants under any stock compensation plan, and (d) there has not been any Material Adverse Change in the Company's long-term or short-term debt.

2.8 Authorized Capital; Options, etc. The Company had, at the date or dates indicated in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the duly authorized, issued and outstanding capitalization as set forth therein. Based on the assumptions stated in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company will have on the Closing Date the adjusted stock capitalization set forth therein. Except as set forth in, or contemplated by, the Registration Statement, the Pricing Disclosure Package and the Prospectus, on the Effective Date, as of the Applicable Time and on the Closing Date and any Option Closing Date, there will be no stock options, warrants, or other rights to purchase or otherwise acquire any authorized, but unissued shares of Common Stock of the Company or any security convertible or exercisable into shares of Common Stock of the Company, or any contracts or commitments to issue or sell shares of Common Stock or any such options, warrants, rights or convertible securities.

2.9 Valid Issuance of Securities, etc.

2.9.1. Outstanding Securities. All issued and outstanding securities of the Company issued prior to the transactions contemplated by this Agreement have been duly authorized and validly issued and are fully paid and non-assessable; the holders thereof have no rights of rescission or similar rights with respect thereto or put rights, and are not subject to personal liability by reason of being such holders; and none of such securities were issued in violation of the preemptive rights, rights of first refusal or rights of participation of any holders of any security of the Company or similar contractual rights granted by the Company. The authorized shares of Common Stock conform in all material respects to all statements relating thereto contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus. The offers and sales of the outstanding shares of Common Stock were at all relevant times either registered under the Securities Act and the applicable state securities or "blue sky" laws or, based in part on the representations and warranties of the purchasers of such securities, exempt from such registration requirements.

2.9.2. Securities Sold Pursuant to this Agreement. The Public Securities and the Representative's Securities have been duly authorized for issuance and sale and, when issued and paid for, will be validly issued, fully paid and non-assessable; the holders thereof are not and will not be subject to personal liability by reason of being such holders; the Public Securities and Representative's Securities are not and will not be subject to the preemptive rights of any holders of any security of the Company or similar contractual rights granted by the Company; and all corporate action required to be taken for the authorization, issuance and sale of the Public Securities and Representative's Securities has been duly and validly taken. The shares of Common Stock issuable upon exercise of the Representative's Warrant (the "**Underlying Shares**") have been duly authorized and reserved for issuance by all necessary corporate action on the part of the Company and when paid for and issued in accordance with the Representative's Warrant Agreement, as the case may be, such Underlying Shares will be validly issued, fully paid and non-assessable and the holders thereof are not and will not be subject to personal liability by reason of being such holders and such shares of Common Stock are not and will not be subject to the preemptive rights of any holders of any security of the Company or similar contractual rights granted by the Company. The Public Securities and Representative's Securities conform in all material respects to all statements with respect thereto contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus. All corporate action required to be taken for the authorization, issuance and sale of the Representative's Warrant has been duly and validly taken.

2.10 Registration Rights of Third Parties. Except as set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus, no holders of any securities of the Company or any rights exercisable for or convertible or exchangeable into securities of the Company have the right to require the Company to register any such securities of the Company under the Securities Act or to include any such securities in a registration statement to be filed by the Company.

2.11 Validity and Binding Effect of Agreements. This Agreement and the Representative's Warrant Agreement have been duly and validly authorized by the Company, and, when executed and delivered, will constitute, the valid and binding agreements of the Company, enforceable against the Company in accordance with their respective terms, except: (i) as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally; (ii) as enforceability of any indemnification or contribution provision may be limited under the federal and state securities laws; and (iii) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to the equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

2.12 No Conflicts, etc. The execution, delivery and performance by the Company of this Agreement, the Representative's Warrant Agreement and all ancillary documents, the consummation by the Company of the transactions herein and therein contemplated and the compliance by the Company with the terms hereof and thereof, as the case may be, do not and will not, with or without the giving of notice or the lapse of time or both: (i) result in a material breach of, or conflict with any of the terms and provisions of, or constitute a material default under, or result in the creation, modification, termination or imposition of any lien, charge, or encumbrance upon any property or assets of the Company pursuant to the terms of any agreement or instrument, to which the Company is a party; (ii) result in any violation of the provisions of the Company's Amended and Restated Certificate of Incorporation (as the same may be amended or restated from time to time, the "**Charter**") or the Amended and Restated Bylaws of the Company or the charter, bylaws or other organizational documents of its Subsidiaries; or (iii) violate any existing applicable law, rule, regulation, judgment, order or decree of any Governmental Entity as of the date hereof which could reasonably be expected to result in a Material Adverse Change.

2.13 No Defaults; Violations. Neither the Company nor any Subsidiary is (i) in violation of its charter, bylaws, or other organizational documents, (ii) in material default under, and no event has occurred which, with notice or lapse of time or both, would constitute a default under or result in the creation or imposition of any Lien upon any property or assets of the Company or such Subsidiary pursuant to any indenture, mortgage, deed of trust, note, lease, loan or credit agreement, or other agreement or instrument evidencing an obligation for borrowed money, or any other material agreement to which it is a party or by which it is bound or to which any of its properties or assets, or (iii) in violation of any statute, law, rule, regulation, ordinance, directive, judgment or decree, write, decree or order of any court or judicial, regulatory or other legal or Governmental Entity.

2.14 Corporate Power; Licenses; Consents.

2.14.1.Conduct of Business. Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company has all requisite corporate power and authority, and has all necessary authorizations, approvals, orders, licenses, certificates and permits of and from all governmental regulatory officials and bodies that it needs as of the date hereof to conduct its business purpose as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

2.14.2.Transactions Contemplated Herein. The Company has all corporate power and authority to enter into this Agreement and the Representative's Warrant Agreement and to carry out the provisions and conditions hereof and thereof, and all consents, authorizations, approvals and orders required in connection therewith have been obtained. No consent, authorization or order of, and no filing with, any court, government agency or other body is required for the valid issuance, sale and delivery of the Public Securities or Representative's Securities and the consummation of the transactions and agreements contemplated by this Agreement and the Representative's Warrant Agreement and as contemplated by the Registration Statement, the Pricing Disclosure Package and the Prospectus, except with respect to applicable federal, state and foreign securities laws, the rules and regulations of the Exchange Act and the rules and regulations of the Financial Industry Regulatory Authority, Inc. ("**FINRA**").

2.15 D&O Questionnaires. To the Company's knowledge, all information contained in the questionnaires (the "**Questionnaires**") completed by each of the Company's directors, officers and principal stockholders immediately prior to the Offering (the "**Insiders**") as supplemented by all information concerning the Company's directors, officers and principal stockholders as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, as well as in the Lock-Up Agreement (as defined in Section 2.24 below), provided to the Underwriters, is true and correct in all material respects and the Company has not become aware of any information which would cause the information disclosed in the Questionnaires to become materially inaccurate and incorrect.

2.16 Litigation; Governmental Proceedings. There is no action, suit, proceeding, inquiry, arbitration, investigation, litigation or governmental proceeding pending or, to the Company's knowledge, threatened against, or involving the Company or any Subsidiary, or, to the Company's knowledge, any executive officer or director which has not been disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus or in connection with the Company's listing application for the listing of the Public Securities on the Exchange, or which adversely affects or challenges the legality, validity or enforceability of this Agreement, the Representative's Warrant Agreement or the Public Securities.

2.17 Good Standing. The Company has been duly organized and is validly existing as a corporation and is in good standing under the laws of the State of Delaware as of the date hereof, and is duly qualified to do business and is in good standing in each other jurisdiction in which its ownership or lease of property or the conduct of business requires such qualification, except where the failure to be so qualified or in good standing, singularly or in the aggregate, would not have or reasonably be expected to result in a Material Adverse Change.

2.18 Insurance. The Company and its Subsidiaries carry or are entitled to the benefits of insurance, with reputable insurers, in such amounts and covering such risks which the Company believes are adequate, including, but not limited to, directors and officers insurance coverage at least equal to $5,000,000 and all such insurance is in full force and effect. The Company and its Subsidiaries have no reason to believe that it will not be able (i) to renew its existing insurance coverage as and when such policies expire or (ii) to obtain comparable coverage from similar institutions as may be necessary or appropriate to conduct its business as now conducted and at a cost that would not result in a Material Adverse Change.

2.19 Transactions Affecting Disclosure to FINRA.

2.19.1.Finder's Fees. Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, there are no claims, payments, arrangements, agreements or understandings relating to the payment of a finder's, consulting or origination fee by the Company or any Insider with respect to the sale of the Public Securities hereunder or any other arrangements, agreements or understandings of the Company or, to the Company's knowledge, its stockholders that may affect the Underwriters' compensation as determined by FINRA.

2.19.2.Payments Within Twelve (12) Months. Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company has not made any direct or indirect payments (in cash, securities or otherwise) to: (i) any person, as a finder's fee, consulting fee or otherwise, in consideration of such person raising capital for the Company or introducing to the Company persons who raised or provided capital to the Company; (ii) any FINRA member; or (iii) any person or entity that has any direct or indirect affiliation or association with any FINRA member, within the twelve (12) months prior to the date hereof, other than the payment to the Underwriters as provided hereunder in connection with the Offering.

2.19.3.Use of Proceeds. None of the net proceeds of the Offering will be paid by the Company to any participating FINRA member or its affiliates, except as specifically authorized herein.

2.19.4.FINRA Affiliation. There is no (i) officer or director of the Company, (ii) beneficial owner of 5% or more of any class of the Company's securities or (iii) beneficial owner of the Company's unregistered equity securities which were acquired during the 180-day period immediately preceding the filing of the Registration Statement that is an affiliate or associated person of a FINRA member participating in the Offering (as determined in accordance with the rules and regulations of FINRA). Except as disclosed in the Registration Statement, the Pricing Disclosure and the Prospectus, the Company (i) does not have any material lending or other relationship with any bank or lending affiliate of any Underwriter and (ii) does not intend to use any of the proceeds from the sale of the Public Securities to repay any outstanding debt owed to any affiliate of any Underwriter.

2.19.5.Information. All information provided by the Company and its Subsidiaries, and to the knowledge of the Company, all information provided by their officers, directors and principal stockholders in their respective, FINRA questionnaire to Representative Counsel specifically for use by Representative Counsel in connection with its Public Offering System filings (and related disclosure) with FINRA is true, correct and complete in all material respects.

2.20 Foreign Corrupt Practices Act. The Company's accounting controls and procedures are sufficient to cause the Company to comply in all material respects with the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (collectively, the "**FCPA**"). None of the Company and its Subsidiaries or, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company and its Subsidiaries or any other person acting on behalf of the Company and its Subsidiaries, has, directly or indirectly, given or agreed to give any money, gift or similar benefit (other than legal price concessions to customers in the ordinary course of business) to any customer, supplier, employee or agent of a customer or supplier, or official or employee of any governmental agency or instrumentality of any government (domestic or foreign) or any political party or candidate for office (domestic or foreign) or other person who was, is, or may be in a position to help or hinder the business of the Company (or assist it in connection with any actual or proposed transaction) that (i) might subject the Company to any damage or penalty in any civil, criminal or governmental litigation or proceeding; (ii) if not given in the past, might have had a Material Adverse Change; (iii) if not continued in the future, might adversely affect the assets, business, operations or prospects of the Company; (iv) violated or is in violation of any provision of the FCPA or any applicable non-U.S. anti-bribery statute or regulation; (v) made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment; or (vi) received notice of any investigation, proceeding or inquiry by any Governmental Entity regarding any of the matters in clauses (i)-(v) above; and the Company and, to the knowledge of the Company, the Company's affiliates have conducted their respective businesses in compliance with the FCPA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

2.21 Compliance with OFAC. None of the Company and its Subsidiaries or, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company and its Subsidiaries or any other person acting on behalf of the Company and its Subsidiaries, is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("**OFAC**"), and the Company will not, directly or indirectly, use the proceeds of the Offering hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of or business with any person, or in any country or territory that currently is the subject or target of to any U.S. sanctions administered by OFAC.

2.22 Money Laundering Laws. The operations of the Company and its Subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, the "**Money Laundering Laws**"); and no action, suit or proceeding by or before any Governmental Entity involving the Company with respect to the Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

2.23 Officers' Certificate. Any certificate signed by any duly authorized officer of the Company and delivered to you or to Representative Counsel shall be deemed a representation and warranty by the Company to the Underwriters as to the matters covered thereby.

2.24 Lock-Up Agreements. Schedule 3 hereto contains a complete and accurate list of the Company's officers, directors and each owner of at least 5% or more of the Company's outstanding shares of Common Stock (or securities convertible into or exercisable for shares of Common Stock) (collectively, the "**Lock-Up Parties**"). The Company has caused each of the Lock-Up Parties to deliver to the Representative an executed Lock-Up Agreement, substantially in the form attached hereto as Exhibit B (the "**Lock-Up Agreement**"), prior to the execution of this Agreement.

2.25 Subsidiaries. All Subsidiaries are duly organized and in good standing under the laws of its jurisdiction of organization or incorporation, and each Subsidiary is qualified to do business and in good standing in each jurisdiction in which its ownership or lease of property or the conduct of business requires such qualification, except where the failure to qualify would not have a material adverse effect on the assets, business or operations of the Company taken as a whole. The Company's ownership and control of each Subsidiary is as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

2.26 Related Party Transactions.

2.26.1. Business Relationships. There are no business relationships or related party transactions involving the Company or any other person (within the scope of Item 404 of Regulation S-K) required to be described in the Registration Statement, the Pricing Disclosure Package and the Prospectus that have not been described as required.

2.26.2. No Unconsolidated Entities. Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, there are no transactions, arrangements or other relationships between and/or among the Company, any of its affiliates (as such term is defined in Rule 405 of the Securities Act) and any unconsolidated entity, including, but not limited to, any structured finance, special purpose or limited purpose entity that could reasonably be expected to materially affect the Company's liquidity or the availability of or requirements for its capital resources required to be described in the Pricing Disclosure Package and the Prospectus.

2.26.3.No Loans or Advances to Affiliates. There are no outstanding loans, advances (except normal advances for business expenses in the ordinary course of business) or guarantees or indebtedness by the Company to or for the benefit of (i) any of the officers or directors of the Company, (ii) any other affiliates of the Company or (iii) any of their respective family members, except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, which are, in the case of clauses (ii) and (iii), required to be disclosed in the Registration Statement, the Pricing Disclosure Package or the Prospectus.

2.27 Board of Directors. The Board of Directors of the Company is, and on the Closing Date will be, comprised of the persons set forth under the heading of the Pricing Prospectus and the Prospectus captioned "Management." The qualifications of the persons serving as board members and the overall composition of the board comply with the Exchange Act and the rules and regulations of the Commission under the Exchange Act (the "**Exchange Act Regulations**"), the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder (the "**Sarbanes-Oxley Act**") applicable to the Company and the listing rules of the Exchange. At least one member of the Audit Committee of the Board of Directors of the Company qualifies as an "audit committee financial expert," as such term is defined under Regulation S-K and the listing rules of the Exchange. In addition, at least a majority of the persons serving on the Board of Directors qualify as "independent," as defined under the listing rules of the Exchange.

2.28 Sarbanes-Oxley Compliance.

2.28.1.Disclosure Controls. The Company has developed and currently maintains disclosure controls and procedures that will comply with Rule 13a-15 or 15d-15 under the Exchange Act Regulations, and such controls and procedures are effective to ensure that all material information concerning the Company will be made known on a timely basis to the individuals responsible for the preparation of the Company's Exchange Act filings and other public disclosure documents.

2.28.2.Compliance. The Company is, or at the Applicable Time and on the Closing Date will be, in material compliance with the provisions of the Sarbanes-Oxley Act applicable to it, and has implemented or will implement such programs and taken reasonable steps to ensure the Company's future compliance (not later than the relevant statutory and regulatory deadlines therefor) with all of the material provisions of the Sarbanes-Oxley Act.

2.29 Accounting Controls. The Company and its Subsidiaries maintain systems of "internal control over financial reporting" (as defined under Rules 13a-15 and 15d-15 under the Exchange Act Regulations) that comply with the requirements of the Exchange Act and have been designed by, or under the supervision of, their respective principal executive and principal financial officers, or persons performing similar functions, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, including, but not limited to, internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company is not aware of any material weaknesses (as defined in Rule 12b-2 of the Exchange Act) in its internal controls. The Company's auditors and the Audit Committee of the Board of Directors of the Company have been advised of: (i) all significant deficiencies and material weaknesses (as defined in Rule 12b-2 of the Exchange Act) in the design or operation of internal controls over financial reporting which are known to the Company's management and that have adversely affected or are reasonably likely to adversely affect the Company' ability to record, process, summarize and report financial information; and (ii) any fraud known to the Company's management, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting. Since the date of the latest audited financial statements included in the Pricing Disclosure Package, there has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

2.30 No Investment Company Status. The Company is not and, after giving effect to the Offering and the application of the proceeds thereof as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, will not be, required to register as an "investment company," as defined in the Investment Company Act of 1940, as amended.

2.31 No Labor Disputes. No labor dispute with the employees of the Company or any of its Subsidiaries exists or, to the knowledge of the Company, is imminent.

2.32 Intellectual Property Rights. The Company and each of its Subsidiaries owns or possesses or has valid rights to use all patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark registrations, copyrights, licenses, inventions, trade secrets and similar rights ("**Intellectual Property Rights**") necessary for the conduct of the business of the Company and its Subsidiaries as currently carried on and as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus. To the knowledge of the Company, no action or use by the Company or any of its Subsidiaries necessary for the conduct of its business as currently carried on and as described in the Registration Statement and the Prospectus will involve or give rise to any infringement of, or license or similar fees for, any Intellectual Property Rights of others. Neither the Company nor any of its Subsidiaries has received any notice alleging any such infringement, fee or conflict with asserted Intellectual Property Rights of others. Except as would not reasonably be expected to result, individually or in the aggregate, in a Material Adverse Change: (A) to the knowledge of the Company, there is no infringement, misappropriation or violation by third parties of any of the Intellectual Property Rights owned by the Company; (B) there is no pending or, to the knowledge of the Company, threatened action, suit, proceeding or claim by others challenging the rights of the Company in or to any such Intellectual Property Rights, and the Company is unaware of any facts which would form a reasonable basis for any such claim, that would, individually or in the aggregate, together with any other claims in this Section 2.32, reasonably be expected to result in a Material Adverse Change; (C) the Intellectual Property Rights owned by the Company and, to the knowledge of the Company, the Intellectual Property Rights licensed to the Company have not been adjudged by a court of competent jurisdiction invalid or unenforceable, in whole or in part, and there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others challenging the validity or scope of any such Intellectual Property Rights, and the Company is unaware of any facts which would form a reasonable basis for any such claim that would, individually or in the aggregate, together with any other claims in this Section 2.32, reasonably be expected to result in a Material Adverse Change; (D) there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others that the Company infringes, misappropriates or otherwise violates any Intellectual Property Rights or other proprietary rights of others, the Company has not received any written notice of such claim and the Company is unaware of any other facts which would form a reasonable basis for any such claim that would, individually or in the aggregate, together with any other claims in this Section 2.32, reasonably be expected to result in a Material Adverse Change; and (E) to the Company's knowledge, no employee of the Company is in or has ever been in violation in any material respect of any term of any employment contract, patent disclosure agreement, invention assignment agreement, non-competition agreement, non-solicitation agreement, nondisclosure agreement or any restrictive covenant to or with a former employer where the basis of such violation relates to such employee's employment with the Company, or actions undertaken by the employee while employed with the Company and could reasonably be expected to result, individually or in the aggregate, in a Material Adverse Change. To the Company's knowledge, all material technical information developed by and belonging to the Company which has not been patented has been kept confidential. The Company is not a party to or bound by any options, licenses or agreements with respect to the Intellectual Property Rights of any other person or entity that are required to be set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus and are not described therein. The Registration Statement, the Pricing Disclosure Package and the Prospectus contain in all material respects the same description of the matters set forth in the preceding sentence. None of the technology employed by the Company has been obtained or is being used by the Company in violation of any contractual obligation binding on the Company or, to the Company's knowledge, any of its officers, directors or employees, or otherwise in violation of the rights of any persons.

2.33 Taxes. Each of the Company and its Subsidiaries has filed all returns (as hereinafter defined) required to be filed with taxing authorities prior to the date hereof or has duly obtained extensions of time for the filing thereof. Each of the Company and its Subsidiaries has paid all taxes (as hereinafter defined) shown as due on such returns that were filed and has paid all taxes imposed on or assessed against the Company or such respective Subsidiary. The provisions for taxes payable, if any, shown on the financial statements filed with or as part of the Registration Statement are sufficient for all accrued and unpaid taxes, whether or not disputed, and for all periods to and including the dates of such consolidated financial statements. Except as disclosed in writing to the Underwriters, (i) no issues have been raised (and are currently pending) by any taxing authority in connection with any of the returns or taxes asserted as due from the Company or its Subsidiaries, and (ii) no waivers of statutes of limitation with respect to the returns or collection of taxes have been given by or requested from the Company or its Subsidiaries. The term "taxes" means all federal, state, local, foreign and other net income, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, license, lease, service, service use, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amounts with respect thereto. The term "returns" means all returns, declarations, reports, statements and other documents required to be filed in respect to taxes.

2.34 ERISA Compliance. The Company and its Subsidiaries, and any "employee benefit plan" (as defined under the Employee Retirement Income Security Act of 1974, as amended, and the regulations and published interpretations thereunder (collectively, "**ERISA**")) established or maintained by the Company, its Subsidiaries or its "ERISA Affiliates" (as defined below) are in compliance in all material respects with ERISA. "**ERISA Affiliate**" means, with respect to the Company, any member of any group of organizations described in Sections 414(b),(c),(m) or (o) of the Internal Revenue Code of 1986, as amended, and the regulations and published interpretations thereunder (the "**Code**") of which the Company or any Subsidiary is a member. No "reportable event" (as defined under ERISA) has occurred or is reasonably expected to occur with respect to any "employee benefit plan" established or maintained by the Company, any Subsidiary or any of its ERISA Affiliates. No "employee benefit plan" established or maintained by the Company, any Subsidiary or any of its ERISA Affiliates, if such "employee benefit plan" were terminated, would have any "amount of unfunded benefit liabilities" (as defined under ERISA). None of the Company, any Subsidiary nor any of its ERISA Affiliates has incurred or reasonably expects to incur any material liability under (i) Title IV of ERISA with respect to termination of, or withdrawal from, any "employee benefit plan" or (ii) Sections 412, 4971, 4975 or 4980B of the Code. Each "employee benefit plan" established or maintained by the Company, any Subsidiary or any of its ERISA Affiliates that is intended to be qualified under Section 401(a) of the Code is so qualified and, to the knowledge of the Company, nothing has occurred, whether by action or failure to act, which would cause the loss of such qualification.

2.35 Compliance with Laws. The Company and each of the Subsidiaries: (A) is and at all times has been in material compliance with all statutes, rules, or regulations applicable to its business, including, but not limited to, those related to SaaS businesses, interconnection of various devices, machines or appliances that generate data and cloud-based remote sensor monitoring and management platform or other regulations applicable to the business of the Company and its Subsidiaries as currently conducted (including, but not limited to, applicable rules and regulations promulgated by the Commission, FINRA, Consumer Financial Protection Bureau, the Federal Trade Commission Act, the Uniform Electronic Transactions Act, and the Dodd-Frank Wall Street Reform) ("**Applicable Laws**"), except as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Change; (B) has not received any written notices, warning letter, untitled letter, statements or other correspondence or notice from any other governmental authority alleging or asserting noncompliance with any Applicable Laws or any licenses, certificates, approvals, clearances, authorizations, permits and supplements or amendments thereto required by any such Applicable Laws ("**Authorizations**"); (C) possesses all material Authorizations and such Authorizations are valid and in full force and effect and are not in material violation of any term of any such Authorizations; (D) has not received notice of any claim, action, suit, proceeding, hearing, enforcement, investigation, arbitration or other action from any governmental authority or third party alleging that any product operation or activity is in violation of any Applicable Laws or Authorizations and has no knowledge that any such governmental authority or third party is considering any such claim, litigation, arbitration, action, suit, investigation or proceeding; (E) has not received notice that any governmental authority has taken, is taking or intends to take action to limit, suspend, modify or revoke any Authorizations and has no knowledge that any such governmental authority is considering such action; (F) has filed, obtained, maintained or submitted all material reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments as required by any Applicable Laws or Authorizations and that all such reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments were complete and correct on the date filed (or were corrected or supplemented by a subsequent submission); and (G) has not, either voluntarily or involuntarily, initiated, conducted, or issued or caused to be initiated, conducted or issued, any recall, market withdrawal or replacement, safety alert, post-sale warning, "dear doctor" letter, or other notice or action relating to the alleged lack of safety or efficacy of any product or any alleged product defect or violation and, to the Company's knowledge, no third party has initiated, conducted or intends to initiate any such notice or action.

2.36 Compliance with Securities Laws. The Company has timely filed all reports, schedules, forms, statements and other documents required to be filed by the Company under the Securities Act and the Exchange Act, and the regulations promulgated thereunder, each as amended, for the required time period ("**SEC Reports**"). As of the respective dates they were filed (except if amended, updated or superseded by a filing made by the Company with the Commission prior to the Effective Date, then on the date of such filing), the SEC Reports complied in all material respects with the requirements of the Securities Act or the Exchange Act.

2.37 Ineligible Issuer. At the time of filing the Registration Statement and any post-effective amendment thereto, at the time of effectiveness of the Registration Statement and any amendment thereto, at the earliest time thereafter that the Company or another offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) of the Securities Act Regulations) of the Public Securities and at the date hereof, the Company was not and is not an "ineligible issuer," as defined in Rule 405, without taking account of any determination by the Commission pursuant to Rule 405 that it is not necessary that the Company be considered an ineligible issuer.

2.38 Real Property. Except as set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company and its Subsidiaries have good and marketable title in fee simple to, or have valid rights to lease or otherwise use, all items of real or personal property which are material to the business of the Company and each of its Subsidiaries taken as a whole, in each case free and clear of all liens, encumbrances, security interests, claims and defects that do not, singly or in the aggregate, materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company or any of its Subsidiaries; and all of the leases and subleases material to the business of the Company and its Subsidiaries, considered as one enterprise, and under which the Company or any of its Subsidiaries holds properties described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, are in full force and effect, and neither the Company nor any Subsidiary has received any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Company or any Subsidiary under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company or such Subsidiary to the continued possession of the leased or subleased premises under any such lease or sublease.

2.39 Contracts Affecting Capital. There are no transactions, arrangements or other relationships between and/or among the Company, any of its affiliates (as such term is defined in Rule 405 of the Securities Act Regulations) and any unconsolidated entity, including, but not limited to, any structured finance, special purpose or limited purpose entity that could reasonably be expected to materially affect the Company's or its Subsidiaries' liquidity or the availability of or requirements for their capital resources required to be described or incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus which have not been described or incorporated by reference as required.

2.40 Loans to Directors or Officers. There are no outstanding loans, advances (except normal advances for business expenses in the ordinary course of business) or guarantees or indebtedness by the Company or its Subsidiaries to or for the benefit of any of the officers or directors of the Company, its Subsidiaries or any of their respective family members, except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

2.41 Smaller Reporting Company. As of the time of filing of the Registration Statement and as of the date of this Agreement, the Company was a "smaller reporting company," as defined in Rule 12b-2 of the Exchange Act Regulations.

2.42 Industry Data. The statistical and market-related data included in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus are based on or derived from sources that the Company reasonably and in good faith believes are reliable and accurate or represent the Company's good faith estimates that are made on the basis of data derived from such sources.

2.43 Testing-the-Waters Communications. The Company has not (i) alone engaged in any Testing-the-Waters Communications, other than Testing-the-Waters Communications with the written consent of the Representative and with entities that are qualified institutional buyers within the meaning of Rule 144A under the Securities Act or institutions that are accredited investors within the meaning of Rule 501 under the Securities Act and (ii) authorized anyone other than the Representative to engage in Testing-the-Waters Communications. The Company confirms that the Representative has been authorized to act on its behalf in undertaking Testing-the-Waters Communications. The Company has not distributed any Written Testing-the-Waters Communications other than those listed on Schedule 2-C hereto. "**Testing-the-Waters Communication**" means any oral or written communication with potential investors undertaken in reliance on Section 5(d) of the Securities Act. "**Written Testing-the-Waters Communication**" means any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Securities Act.

2.44 Electronic Road Show. The Company has made available a Bona Fide Electronic Road Show in compliance with Rule 433(d)(8)(ii) of the Securities Act Regulations such that no filing of any "road show" (as defined in Rule 433(h) of the Securities Act Regulations) is required in connection with the Offering.

2.45 Margin Securities. The Company owns no "margin securities" as that term is defined in Regulation U of the Board of Governors of the Federal Reserve System (the "**Federal Reserve Board**"), and none of the proceeds of Offering will be used, directly or indirectly, for the purpose of purchasing or carrying any margin security, for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase or carry any margin security or for any other purpose which might cause any of the shares of Common Stock to be considered a "purpose credit" within the meanings of Regulation T, U or X of the Federal Reserve Board.

2.46 Environmental Laws. The Company and its Subsidiaries are in compliance with all foreign, federal, state, local and foreign legally-binding rules, laws and regulations relating to the use, treatment, storage and disposal of hazardous or toxic substances or waste and protection of health and safety (to the extent relating to exposure to hazardous or toxic substances) or the environment which are applicable to their businesses ("**Environmental Laws**"). There has been no storage, generation, transportation, handling, treatment, disposal, discharge, emission, or other release of any kind of toxic or other wastes or other hazardous substances by, due to, or caused by the Company or any of its Subsidiaries (or, to the Company's knowledge, any other entity for whose acts or omissions the Company or any of its Subsidiaries is or may otherwise be liable) upon any of the property now or previously owned or leased by the Company or any of its Subsidiaries, or upon any other property, in violation of any Environmental Law or which would, under any Environmental Law, give rise to any liability; and there has been no disposal, discharge, emission or other release of any kind onto such property or into the environment surrounding such property of any toxic or other wastes or other hazardous substances. In the ordinary course of business, the Company and its Subsidiaries conduct periodic reviews of the effect of Environmental Laws on their business and assets, in the course of which they identify and evaluate any associated costs and liabilities (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or governmental permits issued thereunder, any related constraints on operating activities and any potential liabilities to third parties). On the basis of such reviews, the Company and its Subsidiaries have reasonably concluded that such associated costs and liabilities would not reasonably be expected to result, singularly or in the aggregate, in a Material Adverse Change.

2.47 Forward-Looking Statements. No forward-looking statement (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act) contained in either the Registration Statement, Pricing Disclosure Package or the Prospectus has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith.

2.48 Cybersecurity. The Company and its Subsidiaries' information technology assets and equipment, computers, systems, networks, hardware, software, websites, applications, and databases (collectively, "**IT Systems**") are (a) in all material respects adequate for, and operate and perform as required in connection with the operation of the business of the Company as currently conducted, and (b) to the knowledge of the Company, free and clear of all material bugs, errors, defects, Trojan horses, time bombs, malware and other corruptants. The Company and its Subsidiaries have implemented and maintained commercially reasonable physical, technical and administrative controls, and safeguards designed to maintain and protect the integrity and security of all IT Systems and all "**Personal Data**" (defined below) and all confidential information and data material to their businesses ("**Confidential Data**"). "**Personal Data**" means the following information in the possession or control of the Company and its Subsidiaries (i) a natural person's name, street address, telephone number, e-mail address, photograph, social security number or tax identification number, driver's license number, passport number, credit card number, bank information, or customer or account number; and (ii) any other piece of information that allows the identification of such natural person or permits the collection or analysis of any data related to an identified person's health or sexual orientation. To the knowledge of the Company, there have been no breaches of the security of, or unauthorized uses of or accesses to, IT Systems or Personal Data, except for those that would not, in the aggregate, reasonably be expected to result in a Material Adverse Change. The Company and its Subsidiaries are presently in material compliance with all applicable laws or statutes and all judgments, orders, rules and regulations of any court or arbitrator or governmental or regulatory authority, and contractual obligations relating to the privacy and security of IT Systems, Confidential Data, and Personal Data and to the protection of such IT Systems, Confidential Data, and Personal Data from unauthorized use, access, misappropriation or modification.

2.49 Emerging Growth Company. From the time of the initial confidential submission of the Registration Statement to the Commission (or, if earlier, the first date on which the Company engaged directly in or through any Person authorized to act on its behalf in any Testing-the Waters Communication) through the date hereof, the Company has been and is an "emerging growth company," as defined in Section 2(a) of the Securities Act (an "Emerging Growth Company"). "Testing-the-Waters Communication" means any oral or written communication with potential investors undertaken in reliance on Section 5(d) of the Securities Act.

2.50 Reverse Stock Split. The Company has taken all necessary corporate action and filed a certificate of amendment to the certificate of incorporation of the Company to effectuate a reverse stock split of its shares of Common Stock on the basis of one (1) such share for each seven (7) issued and outstanding shares thereof (the "**Reverse Stock Split**").

3. Covenants of the Company. The Company covenants and agrees as follows:

3.1 Amendments to Registration Statement. The Company shall deliver to the Representative, prior to filing, any amendment or supplement to the Registration Statement or Prospectus proposed to be filed after the Effective Date and not file any such amendment or supplement to which the Representative shall reasonably object in writing.

3.2 Federal Securities Laws.

3.2.1. Compliance. The Company, subject to Section 3.2.2, shall comply with the requirements of Rule 430A of the Securities Act Regulations, and will notify the Representative promptly, and confirm the notice in writing, (i) when any post-effective amendment to the Registration Statement shall become effective or any amendment or supplement to the Prospectus shall have been filed and when any post-effective amendment to the Registration Statement shall become effective; (ii) of the receipt of any comments from the Commission; (iii) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information; (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any post-effective amendment or of any order preventing or suspending the use of any Preliminary Prospectus or the Prospectus, or of the suspension of the qualification of the Public Securities and Representative's Securities for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes or of any examination pursuant to Section 8(d) or 8(e) of the Securities Act concerning the Registration Statement and (v) if the Company becomes the subject of a proceeding under Section 8A of the Securities Act in connection with the Offering of the Public Securities and Representative's Securities. The Company shall effect all filings required under Rule 424(b) of the Securities Act Regulations, in the manner and within the time period required by Rule 424(b) (without reliance on Rule 424(b)(8)), and shall take such steps as it deems necessary to ascertain promptly whether the form of prospectus transmitted for filing under Rule 424(b) was received for filing by the Commission and, in the event that it was not, it will promptly file such prospectus. The Company shall use its best efforts to prevent the issuance of any stop order, prevention or suspension and, if any such order is issued, to obtain the lifting thereof at the earliest possible moment.

3.2.2. Continued Compliance. The Company shall comply with the Securities Act, the Securities Act Regulations, the Exchange Act and the Exchange Act Regulations so as to permit the completion of the distribution of the Public Securities as contemplated in this Agreement, the Registration Statement, the Pricing Disclosure Package and the Prospectus. If at any time when a prospectus relating to the Public Securities is (or, but for the exception afforded by Rule 172 of the Securities Act Regulations ("**Rule 172**"), would be) required by the Securities Act to be delivered in connection with sales of the Public Securities, any event shall occur or condition shall exist as a result of which it is necessary, in the opinion of counsel for the Underwriters or for the Company, to (i) amend the Registration Statement in order that the Registration Statement will not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; (ii) amend or supplement the Pricing Disclosure Package or the Prospectus in order that the Pricing Disclosure Package or the Prospectus, as the case may be, will not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser or (iii) amend the Registration Statement or amend or supplement the Pricing Disclosure Package or the Prospectus, as the case may be, in order to comply with the requirements of the Securities Act or the Securities Act Regulations, the Company will promptly (A) give the Representative notice of such event; (B) prepare any amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement, the Pricing Disclosure Package or the Prospectus comply with such requirements and, a reasonable amount of time prior to any proposed filing or use, furnish the Representative with copies of any such amendment or supplement and (C) file with the Commission any such amendment or supplement; provided that the Company shall not file or use any such amendment or supplement to which the Representative or counsel for the Underwriters shall reasonably object. The Company will furnish to the Underwriters such number of copies of such amendment or supplement as the Underwriters may reasonably request. The Company has given the Representative notice of any filings made pursuant to the Exchange Act or the Exchange Act Regulations within 48 hours prior to the Applicable Time. The Company shall give the Representative notice of its intention to make any such filing from the Applicable Time until the later of the Closing Date and the exercise in full or expiration of the Over-allotment Option specified in Section 1.2 hereof and will furnish the Representative with copies of the related document(s) a reasonable amount of time prior to such proposed filing, as the case may be, and will not file or use any such document to which the Representative or counsel for the Underwriters shall reasonably object.

3.2.3. Exchange Act Registration. Until three (3) years from after the date of this Agreement, the Company shall use its best efforts to maintain the registration of the shares of Common Stock under the Exchange Act. The Company shall not deregister the shares of Common Stock under the Exchange Act without the prior written consent of the Representative.

3.2.4. Free Writing Prospectuses. The Company agrees that, unless it obtains the prior written consent of the Representative, it shall not make any offer relating to the Public Securities that would constitute an Issuer Free Writing Prospectus or that would otherwise constitute a "free writing prospectus," or a portion thereof, required to be filed by the Company with the Commission or retained by the Company under Rule 433; provided that the Representative shall be deemed to have consented to each Issuer General Use Free Writing Prospectus hereto and any "road show that is a written communication" within the meaning of Rule 433(d)(8)(i) that has been reviewed by the Representative. The Company represents that it has treated or agrees that it will treat each such free writing prospectus consented to, or deemed consented to, by the Underwriters as an "issuer free writing prospectus," as defined in Rule 433, and that it has complied and will comply with the applicable requirements of Rule 433 with respect thereto, including timely filing with the Commission where required, legending and record keeping. If at any time following issuance of an Issuer Free Writing Prospectus there occurred or occurs an event or development as a result of which such Issuer Free Writing Prospectus conflicted or would conflict with the information contained in the Registration Statement or included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company will promptly notify the Underwriters and will promptly amend or supplement, at its own expense, such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission.

3.2.5. Testing-the-Waters Communications. If at any time following the distribution of any Written Testing-the-Waters Communication there occurred or occurs an event or development as a result of which such Written Testing-the-Waters Communication included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company shall promptly notify the Representative and shall promptly amend or supplement, at its own expense, such Written Testing-the-Waters Communication to eliminate or correct such untrue statement or omission.

3.3 Delivery to the Underwriters of Registration Statements. The Company has delivered or made available or shall deliver or make available to the Representative and counsel for the Representative , without charge, signed copies of the Registration Statement as originally filed and each amendment thereto (including exhibits filed therewith) and signed copies of all consents and certificates of experts, and will also deliver to the Underwriters, without charge, a conformed copy of the Registration Statement as originally filed and each amendment thereto (without exhibits) for each of the Underwriters. The copies of the Registration Statement and each amendment thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

3.4 Delivery to the Underwriters of Prospectuses. The Company has delivered or made available or will deliver or make available to each Underwriter, without charge, as many copies of each Preliminary Prospectus as such Underwriter reasonably requested, and the Company hereby consents to the use of such copies for purposes permitted by the Securities Act. The Company will furnish to each Underwriter, without charge, during the period when a prospectus relating to the Public Securities is (or, but for the exception afforded by Rule 172, would be) required to be delivered under the Securities Act, such number of copies of the Prospectus (as amended or supplemented) as such Underwriter may reasonably request. The Prospectus and any amendments or supplements thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

3.5 Effectiveness and Events Requiring Notice to the Representative. The Company shall use its best efforts to cause the Registration Statement to remain effective with a current prospectus, and shall notify the Representative immediately and confirm the notice in writing: (i) of the effectiveness of the Registration Statement and any amendment thereto; (ii) of the issuance by the Commission of any stop order or of the initiation, or the threatening, of any proceeding for that purpose; (iii) of the issuance by any state securities commission of any proceedings for the suspension of the qualification of the Public Securities for offering or sale in any jurisdiction or of the initiation, or the threatening, of any proceeding for that purpose; (iv) of the mailing and delivery to the Commission for filing of any amendment or supplement to the Registration Statement or Prospectus; (v) of the receipt of any comments or request for any additional information from the Commission; and (vi) of the happening of any event during the period described in this Section 3.5 that, in the judgment of the Company, makes any statement of a material fact made in the Registration Statement, the Pricing Disclosure Package or the Prospectus untrue or that requires the making of any changes in (a) the Registration Statement in order to make the statements therein not misleading, or (b) in the Pricing Disclosure Package or the Prospectus in order to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Commission or any state securities commission shall enter a stop order or suspend such qualification at any time, the Company shall make every reasonable effort to obtain promptly the lifting of such order.

3.6 Review of Financial Statements. For a period of five (5) years after the date of this Agreement, the Company, at its expense, shall cause its regularly engaged independent registered public accounting firm to review (but not audit) the Company's financial statements for each of the three fiscal quarters immediately preceding the announcement of any quarterly financial information.

3.7 Listing. The Company shall use its best efforts to maintain the listing of the shares of Common Stock on the Exchange until three (3) years after the date of this Agreement.

3.8 Financial Public Relations Firm. As of the Effective Date, the Company shall have retained a financial public relations firm reasonably acceptable to the Representative and the Company, which shall initially beIRTH Communications, which firm shall be experienced in assisting issuers in initial public offerings of securities and in their relations with their security holders, and shall retain such firm or another firm reasonably acceptable to the Representative for a period of not less than two (2) years after the Effective Date.

3.9 Reports to the Representative.

3.9.1. Periodic Reports, etc. For a period of three (3) years after the date of this Agreement, the Company shall furnish or make available to the Representative copies of such financial statements and other periodic and special reports as the Company from time to time furnishes generally to holders of any class of its securities and also promptly furnish to the Representative: (i) a copy of each periodic report the Company shall be required to file with the Commission under the Exchange Act and the Exchange Act Regulations; (ii) a copy of every press release and every news item and article with respect to the Company or its affairs which was released by the Company; (iii) a copy of each Form 8-K prepared and filed by the Company; (iv) five copies of each registration statement filed by the Company under the Securities Act; (v) a copy of each report or other communication furnished to stockholders; and (vi) such additional documents and information with respect to the Company and the affairs of any future subsidiaries of the Company as the Representative may from time to time reasonably request; provided the Representative shall sign, if requested by the Company, a Regulation FD compliant confidentiality agreement which is reasonably acceptable to the Representative and Representative Counsel in connection with the Representative's receipt of such information. Documents filed with the Commission pursuant to its EDGAR system shall be deemed to have been delivered to the Representative pursuant to this Section 3.9.1.

3.9.2. Transfer Agent; Transfer Sheets. Until three (3) years after the date of this Agreement, the Company shall retain a transfer agent and registrar acceptable to the Representative (the "**Transfer Agent**") and shall furnish to the Representative at the Company's sole cost and expense such transfer sheets of the Company's securities as the Representative may reasonably request, including the daily and monthly consolidated transfer sheets of the Transfer Agent and DTC.TSX Trust Company is acceptable to the Representative to act as Transfer Agent for the shares of Common Stock.

3.9.3. Trading Reports. During such time as the Public Securities are listed on the Exchange, the Company shall provide to the Representative, at the Company's expense, such reports published by Exchange relating to price trading of the Public Securities, as the Representative shall reasonably request.

3.10 Payment of Expenses

3.10.1.General Expenses Related to the Offering. The Company hereby agrees to pay on each of the Closing Date and the Option Closing Date, if any, to the extent not paid at the Closing Date, all expenses incident to the performance of the obligations of the Company under this Agreement, including, but not limited to: (a) all filing fees and communication expenses relating to the registration of the Public Securities to be sold in the Offering (including the Option Securities) with the Commission; (b) all Public Filing System filing fees associated with the review of the Offering by FINRA; (c) all fees and expenses relating to the listing of such Public Securities on the Exchange and such other stock exchanges as the Company and the Representative together determine, including any fees charged by the DTC for new securities; (d) all fees, expenses and disbursements relating to background checks of the Company's officers and directors in an amount not to exceed $15,000 in the aggregate; (e) all fees, expenses and disbursements relating to the registration or qualification of the Public Securities under the "blue sky" securities laws of such states and other jurisdictions as the Representative may reasonably designate; (f) all fees, expenses and disbursements relating to the registration, qualification or exemption of the Public Securities under the securities laws of such foreign jurisdictions as the Representative may reasonably designate; (g) the costs of all mailing and printing of the underwriting documents (including, without limitation, the Underwriting Agreement, any Blue Sky Surveys and, if appropriate, any Agreement Among Underwriters, Selected Dealers' Agreement, Underwriters' Questionnaire and Power of Attorney), Registration Statements, Prospectuses and all amendments, supplements and exhibits thereto and as many preliminary and final Prospectuses as the Representative may reasonably deem necessary; (h) the costs and expenses of a public relations firm; (i) the costs of preparing, printing and delivering certificates representing the Public Securities; (j) fees and expenses of the transfer agent for the Public Securities; (k) stock transfer and/or stamp taxes, if any, payable upon the transfer of securities from the Company to the Underwriters; (l) the costs associated with post-Closing advertising the Offering in the national editions of the Wall Street Journal and New York Times; (m) the costs associated with bound volumes of the public offering materials as well as commemorative mementos and lucite tombstones, each of which the Company or its designee shall provide within a reasonable time after the Closing Date in such quantities as the Representative may reasonably request, in an amount not to exceed $3,000; (n) the fees and expenses of the Company's accountants; (o) the fees and expenses of the Company's legal counsel and other agents and representatives; (p) fees and expenses of the Representative's legal counsel not to exceed $125,000; (q) the $29,500 cost associated with the Representative's use of Ipreo's book-building, prospectus tracking and compliance software for the Offering; (r) $10,000 for data services and communications expenses; (s) up to $10,000 of the Representative's actual accountable "road show" expenses; and (t) up to $30,000 of the Representative's market making and trading, and clearing firm settlement expenses for the Offering. The Representative may deduct from the net proceeds of the Offering payable to the Company on the Closing Date, or the Option Closing Date, if any, the expenses set forth herein to be paid by the Company to the Underwriters.

3.10.2.Non-accountable Expenses. The Company further agrees that, in addition to the expenses payable pursuant to Section 3.10.1, on the Closing Date it shall pay to the Representative, by deduction from the net proceeds of the Offering contemplated herein, a non-accountable expense allowance equal to one percent (1.0%) of the gross proceeds received by the Company from the sale of the Firm Securities; excluding the Option Securities, less the Advance (as such term is defined in Section 8.3 hereof), provided, however, that in the event that the Offering is terminated, the Company agrees to reimburse the Underwriters pursuant to Section 8.3 hereof.

3.11 Application of Net Proceeds. The Company shall apply the net proceeds from the Offering received by it in a manner consistent with the application thereof described under the caption "Use of Proceeds" in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

3.12 Delivery of Earnings Statements to Security Holders. The Company shall make generally available to its security holders as soon as practicable, but not later than the first day of the fifteenth (15^{th}) full calendar month following the date of this Agreement, an earnings statement (which need not be certified by independent registered public accounting firm unless required by the Securities Act or the Securities Act Regulations, but which shall satisfy the provisions of Rule 158(a) under Section 11(a) of the Securities Act) covering a period of at least twelve (12) consecutive months beginning after the date of this Agreement.

3.13 Stabilization. Neither the Company nor, to its knowledge, any of its employees, directors or shareholders (without the consent of the Representative) has taken or shall take, directly or indirectly, any action designed to or that has constituted or that might reasonably be expected to cause or result in, under Regulation M of the Exchange Act, or otherwise, stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Public Securities.

3.14 Internal Controls. The Company shall continue to maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary in order to permit preparation of financial statements in accordance with GAAP and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

3.15 Accountants. As of the date of this Agreement, the Company shall retain an independent registered public accounting firm reasonably acceptable to the Representative, and the Company shall continue to retain a nationally recognized independent registered public accounting firm for a period of at least three (3) years after the date of this Agreement. The Representative acknowledges that the Auditor is acceptable to the Representative.

3.16 FINRA. The Company shall advise the Representative (who shall make an appropriate filing with FINRA) and Representative Counsel if it is or becomes aware that (i) any officer or director of the Company, (ii) any beneficial owner of 5% or more of any class of the Company's securities or (iii) any beneficial owner of the Company's unregistered equity securities which were acquired during the 180 days immediately preceding the filing of the Registration Statement is or becomes an affiliate or associated person of a FINRA member participating in the Offering (as determined in accordance with the rules and regulations of FINRA).

3.17 No Fiduciary Duties. The Company acknowledges and agrees that the Underwriters' responsibility to the Company is solely contractual in nature and that none of the Underwriters or their affiliates or any selling agent shall be deemed to be acting in a fiduciary capacity, or otherwise owes any fiduciary duty to the Company or any of its affiliates in connection with the Offering and the other transactions contemplated by this Agreement.

3.18 Company Lock-Up Agreements.

3.18.1.Restriction on Sales of Securities. The Company, on behalf of itself and any successor entity, agrees that, without the prior written consent of the Representative, it will not, for a period of three (3) months after the Closing Date (the "**Lock-Up Period**"), (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option , right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of capital stock of the Company or any securities convertible into or exercisable or exchangeable for shares of capital stock of the Company; (ii) file or cause to be filed any registration statement with the Commission relating to the offering of any shares of capital stock of the Company or any securities convertible into or exercisable or exchangeable for shares of capital stock of the Company (other than a registration statement for Form S-8); (iii) complete any offering of debt securities of the Company, other than entering into a line of credit with a traditional bank that is approved by the Representative, or (iv) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of capital stock of the Company, whether any such transaction described in clause (i), (ii), (iii) or (iv) above is to be settled by delivery of shares of capital stock of the Company or such other securities, in cash or otherwise.

The restrictions contained in this Section 3.18.1 shall not apply to (i) the Public Securities and the Representative's Securities to be sold hereunder, (ii) the issuance by the Company of shares of Common Stock upon the exercise of a stock option or warrant or the conversion of a security outstanding on the date hereof, which is disclosed in the Registration Statement, Pricing Disclosure Package and Prospectus, provided that such options, warrants, and securities have not been amended since the date of this Agreement to increase the number of such securities or to decrease the exercise price, exchange price or conversion price of such securities or to extend the term of such securities, or (iii) the issuance by the Company of stock options or shares of capital stock of the Company under any equity compensation plan of the Company, provided that in each of (ii) and (iii) above, the underlying shares shall be restricted from sale during the entire Lock-Up Period.

3.18.2.Restriction on Continuous Offerings. Notwithstanding the restrictions contained in Section 3.18.1, the Company, on behalf of itself and any successor entity, agrees that, without the prior written consent of the Representative, it will not, for a period of twenty-four (24) months after the Closing Date, directly or indirectly in any "at-the-market" or continuous equity transaction, offer to sell, sell, contract to sell, grant any option to sell or otherwise dispose of shares of capital stock of the Company or any securities convertible into or exercisable or exchangeable for shares of capital stock of the Company.

3.19 Release of D&O Lock-up Period. If the Representative, in its sole discretion, agrees to release or waive the restrictions set forth in the Lock-Up Agreements described in Section 2.24 hereof for an officer or director of the Company and provide the Company with notice of the impending release or waiver at least three (3) Business Days before the effective date of the release or waiver, the Company agrees to announce the impending release or waiver by a press release substantially in the form of Exhibit C hereto through a major news service at least two (2) Business Days before the effective date of the release or waiver.

3.20 Blue Sky Qualifications. The Company shall use its best efforts, in cooperation with the Underwriters, if necessary, to qualify the Public Securities for offering and sale under the applicable securities laws of such states and other jurisdictions (domestic or foreign) as the Representative may designate and to maintain such qualifications in effect so long as required to complete the distribution of the Public Securities; provided, however, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject.

3.21 Reporting Requirements. The Company, during the period when a prospectus relating to the Public Securities is (or, but for the exception afforded by Rule 172, would be) required to be delivered under the Securities Act, will file all documents required to be filed with the Commission pursuant to the Exchange Act within the time periods required by the Exchange Act and Exchange Act Regulations. Additionally, the Company shall report the use of proceeds from the issuance of the Public Securities as may be required under Rule 463 under the Securities Act Regulations.

4. Conditions of Underwriters' Obligations. The obligations of the Underwriters to purchase and pay for the Public Securities, as provided herein, shall be subject to (i) the continuing accuracy of the representations and warranties of the Company as of the date hereof and as of each of the Closing Date and the Option Closing Date, if any; (ii) the accuracy of the statements of officers of the Company made pursuant to the provisions hereof; (iii) the performance by the Company of its obligations hereunder; and (iv) the following conditions:

4.1 Regulatory Matters.

4.1.1. Effectiveness of Registration Statement; Rule 430A Information. The Registration Statement has become effective not later than 5:00 p.m., Eastern time, on the date of this Agreement or such later date and time as shall be consented to in writing by you, and, at each of the Closing Date and any Option Closing Date, no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto has been issued under the Securities Act, no order preventing or suspending the use of any Preliminary Prospectus or the Prospectus has been issued and no proceedings for any of those purposes have been instituted or are pending or, to the Company's knowledge, contemplated by the Commission. The Company has complied with each request (if any) from the Commission for additional information. The Prospectus containing the Rule 430A Information shall have been filed with the Commission in the manner and within the time frame required by Rule 424(b) (without reliance on Rule 424(b)(8)) or a post-effective amendment providing such information shall have been filed with, and declared effective by, the Commission in accordance with the requirements of Rule 430A.

4.1.2. FINRA Clearance. On or before the date of this Agreement, the Representative shall have received clearance from FINRA as to the amount of compensation allowable or payable to the Underwriters as described in the Registration Statement.

4.1.3. Exchange Stock Market Clearance. On the Closing Date, the Company's shares of Common Stock, including the Firm Shares and the Underlying Shares, shall have been approved for listing on the Exchange, subject only to official notice of issuance. On the first Option Closing Date (if any), the Company's shares of Common Stock, including the Option Shares and the Underlying Shares, shall have been approved for listing on the Exchange, subject only to official notice of issuance.

4.2 Company Counsel Matters.

4.2.1. Closing Date Opinion of Counsel. On the Closing Date, the Representative shall have received the favorable opinion and negative assurance letter of Nelson Mullins Riley & Scarborough LLP, counsel to the Company, dated the Closing Date and addressed to the Representative, substantially in form and substance reasonably acceptable to the Representative.

4.2.2. Omitted. 4.2.3. Omitted 4.2.4. Option Closing Date Opinions of Counsel. On the Option Closing Date, if any, the Representative shall have received the favorable opinions of the counsel listed in Section 4.2.1, dated the Option Closing Date, addressed to the Representative and in form and substance reasonably satisfactory to the Representative, confirming as of the Option Closing Date, the statements made by such counsel in their opinions delivered on the Closing Date.

4.2.5. Reliance. In rendering such opinions, such counsel may rely: (i) as to matters involving the application of laws other than the laws of the United States and/or jurisdictions in which they are admitted, to the extent such counsel deems proper and to the extent specified in such opinion, if at all, upon an opinion or opinions (in form and substance reasonably satisfactory to the Representative) of other counsel reasonably acceptable to the Representative, familiar with the applicable laws; and (ii) as to matters of fact, to the extent they deem proper, on certificates or other written statements of officers of the Company and officers of departments of various jurisdictions having custody of documents respecting the corporate existence or good standing of the Company, provided that copies of any such statements or certificates shall be delivered to Representative Counsel if requested. The opinion of Nelson Mullins Riley & Scarborough LLP and any opinion relied upon by Nelson Mullins Riley & Scarborough LLP shall include a statement to the effect that it may be relied upon by Representative Counsel in its opinion delivered to the Underwriters.

4.3 Comfort Letters.

4.3.1. Cold Comfort Letter. At the time this Agreement is executed you shall have received a cold/long form comfort letter containing statements and information of the type customarily included in accountants' comfort letters with respect to the financial statements and certain financial information contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus, addressed to the Representative and in form and substance satisfactory in all respects to you and to the Auditor, dated as of the date of this Agreement and to not have the Auditor cutoff date more than two (2) Business Days prior to the date of this Agreement.

4.3.2. Bring-down Comfort Letter. At each of the Closing Date and the Option Closing Date, if any, the Representative shall have received from the Auditor a letter, dated as of the Closing Date or the Option Closing Date, as applicable, to the effect that the Auditor reaffirms the statements made in the letter furnished pursuant to Section 4.3.1, except that the specified date referred to shall be a date not more than three (3) Business Days prior to the Closing Date or the Option Closing Date, as applicable.

4.4 Officers' Certificates.

4.4.1. Officers' Certificate. The Company shall have furnished to the Representative a certificate, dated the Closing Date and any Option Closing Date (if such date is other than the Closing Date), of its Chief Executive Officer, and its Chief Financial Officer stating that (i) such officers have carefully examined the Registration Statement, the Pricing Disclosure Package, any Issuer Free Writing Prospectus and the Prospectus and, in their opinion, the Registration Statement and each amendment thereto, as of the Applicable Time and as of the Closing Date (or any Option Closing Date if such date is other than the Closing Date) did not include any untrue statement of a material fact and did not omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Pricing Disclosure Package, as of the Applicable Time and as of the Closing Date (or any Option Closing Date if such date is other than the Closing Date), any Issuer Free Writing Prospectus as of its date and as of the Closing Date (or any Option Closing Date if such date is other than the Closing Date), the Prospectus and each amendment or supplement thereto, as of the respective date thereof and as of the Closing Date, did not include any untrue statement of a material fact and did not omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances in which they were made, not misleading, (ii) since the effective date of the Registration Statement, no event has occurred which should have been set forth in a supplement or amendment to the Registration Statement, the Pricing Disclosure Package or the Prospectus, (iii) to the best of their knowledge after reasonable investigation, as of the Closing Date (or any Option Closing Date if such date is other than the Closing Date), the representations and warranties of the Company in this Agreement are true and correct and the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date (or any Option Closing Date if such date is other than the Closing Date), and (iv) there has not been, subsequent to the date of the most recent audited financial statements included or incorporated by reference in the Pricing Disclosure Package, any material adverse change in the financial position or results of operations of the Company and its Subsidiaries taken as a whole, nor any change or development that, singularly or in the aggregate, would involve a material adverse change or a prospective material adverse change, in or affecting the condition (financial or otherwise), results of operations, business, assets or prospects of the Company and its Subsidiaries taken as a whole, except as set forth in the Prospectus.

4.4.2. Secretary's Certificate. At each of the Closing Date and the Option Closing Date, if any, the Representative shall have received a certificate of the Company signed by the Secretary of the Company, dated the Closing Date or the Option Closing Date, as the case may be, respectively, certifying on behalf of the Company and not in an individual capacity: (i) that each of the Charter and Bylaws is true and complete, has not been modified and is in full force and effect; (ii) that the resolutions of the Company's Board of Directors relating to the Offering are in full force and effect and have not been modified; (iii) as to the accuracy and completeness of all correspondence between the Company or its counsel and the Commission; and (iv) as to the incumbency of the officers of the Company. The documents referred to in such certificate shall be attached to such certificate.

4.4.3. Chief Financial Officer's Certificate. At the time this Agreement is executed, and at each of the Closing Date and the Option Closing Date, if any, the Representative shall have received a certificate of the Company signed by the Chief Financial Officer of the Company, dated as of the date of this Agreement, the Closing Date or the Option Date, respectively, certifying as to the accuracy of certain financial information contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

4.5 No Material Changes. Prior to and on each of the Closing Date and each Option Closing Date, if any: (i) there shall have been no material adverse change or development involving a prospective material adverse change in the condition or prospects or the business activities, financial or otherwise, of the Company from the latest dates as of which such condition is set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus; (ii) no action, suit or proceeding, at law or in equity, shall have been pending or threatened against the Company or any Insider before or by any court or federal or state commission, board or other administrative agency wherein an unfavorable decision, ruling or finding may materially adversely affect the business, operations, prospects or financial condition or income of the Company, except as set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus; (iii) no stop order shall have been issued under the Securities Act and no proceedings therefor shall have been initiated or threatened by the Commission; (iv) no action shall have been taken and no law, statute, rule, regulation or order shall have been enacted, adopted or issued by any Governmental Entity which would prevent the issuance or sale of the Public Securities or the Representative's Securities or materially and adversely affect or potentially materially and adversely affect the business or operations of the Company; (v) no injunction, restraining order or order of any other nature by any federal, state or foreign court of competent jurisdiction shall have been issued which would prevent the issuance or sale of the Public Securities or Representative's Securities or materially and adversely affect or potentially materially and adversely affect the business or operations of the Company; and (vi) the Registration Statement, the Pricing Disclosure Package and the Prospectus and any amendments or supplements thereto shall contain all material statements which are required to be stated therein in accordance with the Securities Act and the Securities Act Regulations and shall conform in all material respects to the requirements of the Securities Act and the Securities Act Regulations, and neither the Registration Statement, the Pricing Disclosure Package nor the Prospectus nor any amendment or supplement thereto shall contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

4.6 Corporate Proceedings. All corporate proceedings and other legal matters incident to the authorization, form and validity of each of this Agreement, The Representative's Warrant Agreement, the Public Securities, the Registration Statement, the Pricing Disclosure Package and the Prospectus and all other legal matters relating to this Agreement and the transactions contemplated hereby and thereby shall be reasonably satisfactory in all material respects to counsel for the Underwriters, and the Company shall have furnished to such counsel all documents and information that they may reasonably request to enable them to pass upon such matters.

4.7 Delivery of Agreements.

4.7.1. Lock-Up Agreements. On or before the date of this Agreement, the Company shall have delivered to the Representative executed copies of the Lock-Up Agreements from each of the persons listed in Schedule 3 hereto.

4.7.2. Representative's Warrant Agreement. On or before each of the Closing Date and any Option Closing Date, the Company shall have delivered to the Representative executed copies of the Representative's Warrant Agreement.

4.8 Additional Documents. At the Closing Date and at each Option Closing Date (if any) Representative Counsel shall have been furnished with such documents and opinions as they may require for the purpose of enabling Representative Counsel to deliver an opinion to the Underwriters, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company in connection with the issuance and sale of the Public Securities and the Representative's Securities as herein contemplated shall be satisfactory in form and substance to the Representative and Representative Counsel.

5. Indemnification.

5.1 Indemnification of the Underwriters.

5.1.1. General. Subject to the conditions set forth below, the Company agrees to indemnify and hold harmless each Underwriter, its affiliates and each of its and their respective directors, officers, members, employees, representatives, partners, shareholders, affiliates, counsel, and agents and each person, if any, who controls any such Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively the "**Underwriter Indemnified Parties**," and each an "**Underwriter Indemnified Party**"), against any and all loss, liability, claim, damage and expense whatsoever (including but not limited to any and all legal or other expenses reasonably incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever, whether arising out of any action between any of the Underwriter Indemnified Parties and the Company or between any of the Underwriter Indemnified Parties and any third party, or otherwise) to which they or any of them may become subject under the Securities Act, the Exchange Act or any other statute or at common law or otherwise or under the laws of foreign countries (a "**Claim**"), (i) arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in (A) the Registration Statement, the Pricing Disclosure Package, any Preliminary Prospectus, the Prospectus, or in any Issuer Free Writing Prospectus or in any Written Testing-the-Waters Communication (as from time to time each may be amended and supplemented); (B) any materials or information provided to investors by, or with the approval of, the Company in connection with the marketing of the Offering, including any "road show" or investor presentations made to investors by the Company (whether in person or electronically); or (C) any application or other document or written communication (in this Section 5, collectively called "application") executed by the Company or based upon written information furnished by the Company in any jurisdiction in order to qualify the Public Securities and Representative's Securities under the securities laws thereof or filed with the Commission, any state securities commission or agency, the Exchange or any other national securities exchange; or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, unless such statement or omission was made in reliance upon, and in conformity with, the Underwriters' Information or (ii) otherwise arising in connection with or allegedly in connection with the Offering. The Company also agrees that it will reimburse each Underwriter Indemnified Party for all fees and expenses (including but not limited to any and all legal or other expenses reasonably incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever, whether arising out of any action between any of the Underwriter Indemnified Parties and the Company or between any of the Underwriter Indemnified Parties and any third party, or otherwise) (collectively, the "**Expenses**"), and further agrees wherever and whenever possible to advance payment of Expenses as they are incurred by an Underwriter Indemnified Party in investigating, preparing, pursuing or defending any Claim.

5.1.2. Procedure. If any action is brought against an Underwriter Indemnified Party in respect of which indemnity may be sought against the Company pursuant to Section 5.1.1, such Underwriter Indemnified Party shall promptly notify the Company in writing of the institution of such action and the Company shall assume the defense of such action, including the employment and fees of counsel (subject to the approval of such Underwriter Indemnified Party) and payment of actual expenses if an Underwriter Indemnified Party requests that the Company do so. Such Underwriter Indemnified Party shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of the Company, and shall be advanced by the Company. The Company shall not be liable for any settlement of any action effected without its consent (which shall not be unreasonably withheld). In addition, the Company shall not, without the prior written consent of the Underwriters, settle, compromise or consent to the entry of any judgment in or otherwise seek to terminate any pending or threatened action in respect of which advancement, reimbursement, indemnification or contribution may be sought hereunder (whether or not such Underwriter Indemnified Party is a party thereto) unless such settlement, compromise, consent or termination (i) includes an unconditional release of each Underwriter Indemnified Party, acceptable to such Underwriter Indemnified Party, from all liabilities, expenses and claims arising out of such action for which indemnification or contribution may be sought and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any Underwriter Indemnified Party.

5.2 Indemnification of the Company. Each Underwriter, severally and not jointly, agrees to indemnify and hold harmless the Company, its directors, its officers who signed the Registration Statement and persons who control the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act against any and all loss, liability, claim, damage and expense described in the foregoing indemnity from the Company to the several Underwriters, as incurred, but only with respect to untrue statements or omissions made in the Registration Statement, any Preliminary Prospectus, the Pricing Disclosure Package or Prospectus or any amendment or supplement thereto or in any application, in reliance upon, and in strict conformity with, the Underwriters' Information. In case any action shall be brought against the Company or any other person so indemnified based on any Preliminary Prospectus, the Registration Statement, the Pricing Disclosure Package or Prospectus or any amendment or supplement thereto or any application, and in respect of which indemnity may be sought against any Underwriter, such Underwriter shall have the rights and duties given to the Company, and the Company and each other person so indemnified shall have the rights and duties given to the several Underwriters by the provisions of Section 5.1.2. The Company agrees promptly to notify the Representative of the commencement of any litigation or proceedings against the Company or any of its officers, directors or any person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, in connection with the issuance and sale of the Public Securities or in connection with the Registration Statement, the Pricing Disclosure Package, the Prospectus, or any Issuer Free Writing Prospectus or any Written Testing-the-Waters Communication.

5.3 Contribution.

5.3.1. Contribution Rights. If the indemnification provided for in this Section 5 shall for any reason be unavailable to or insufficient to hold harmless an indemnified party under Section 5.1 or 5.2 in respect of any loss, claim, damage or liability, or any action in respect thereof, referred to therein, then each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability, or action in respect thereof, (i) in such proportion as shall be appropriate to reflect the relative benefits received by the Company, on the one hand, and the Underwriters, on the other, from the Offering of the Public Securities, or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company, on the one hand, and the Underwriters, on the other, with respect to the statements or omissions that resulted in such loss, claim, damage or liability, or action in respect thereof, as well as any other relevant equitable considerations. The relative benefits received by the Company, on the one hand, and the Underwriters, on the other, with respect to such Offering shall be deemed to be in the same proportion as the total net proceeds from the Offering of the Public Securities purchased under this Agreement (before deducting expenses) received by the Company, as set forth in the table on the cover page of the Prospectus, on the one hand, and the total underwriting discounts and commissions received by the Underwriters with respect to the shares of the Common Stock purchased under this Agreement, as set forth in the table on the cover page of the Prospectus, on the other hand. The relative fault shall be determined by reference to whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or the Underwriters, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contributions pursuant to this Section 5.3.1 were to be determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the loss, claim, damage or liability, or action in respect thereof, referred to above in this Section 5.3.1 shall be deemed to include, for purposes of this Section 5.3.1, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 5.3.1 in no event shall an Underwriter be required to contribute any amount in excess of the amount by which the total underwriting discounts and commissions received by such Underwriter with respect to the Offering of the Public Securities exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

5.3.2. Contribution Procedure. Within fifteen (15) days after receipt by any party to this Agreement (or its representative) of notice of the commencement of any action, suit or proceeding, such party will, if a claim for contribution in respect thereof is to be made against another party ("contributing party"), notify the contributing party of the commencement thereof, but the failure to so notify the contributing party will not relieve it from any liability which it may have to any other party other than for contribution hereunder. In case any such action, suit or proceeding is brought against any party, and such party notifies a contributing party or its representative of the commencement thereof within the aforesaid 15 days, the contributing party will be entitled to participate therein with the notifying party and any other contributing party similarly notified. Any such contributing party shall not be liable to any party seeking contribution on account of any settlement of any claim, action or proceeding affected by such party seeking contribution on account of any settlement of any claim, action or proceeding affected by such party seeking contribution without the written consent of such contributing party. The contribution provisions contained in this Section 5.3.2 are intended to supersede, to the extent permitted by law, any right to contribution under the Securities Act, the Exchange Act or otherwise available. Each Underwriter's obligations to contribute pursuant to this Section 5.3 are several and not joint.

6. Default by an Underwriter.

6.1 Default Not Exceeding 10% of Firm Securities or Option Securities. If any Underwriter or Underwriters shall default on its or their obligations to purchase the Firm Securities or the Option Securities, if the Over-allotment Option is exercised hereunder, and if the number of the Firm Securities or Option Securities with respect to which such default relates does not exceed in the aggregate 10% of the number of Firm Securities or Option Securities that all Underwriters have agreed to purchase hereunder, then such Firm Securities or Option Securities to which the default relates shall be purchased by the non-defaulting Underwriters in proportion to their respective commitments hereunder.

6.2 Default Exceeding 10% of Firm Securities or Option Securities. In the event that the default addressed in Section 6.1 relates to more than 10% of the Firm Securities or Option Securities, you may in your discretion arrange for yourself or for another party or parties to purchase such Firm Securities or Option Securities to which such default relates on the terms contained herein. If, within one (1) Business Day after such default relating to more than 10% of the Firm Securities or Option Securities, you do not arrange for the purchase of such Firm Securities or Option Securities, then the Company shall be entitled to a further period of one (1) Business Day within which to procure another party or parties satisfactory to you to purchase said Firm Securities or Option Securities on such terms. In the event that neither you nor the Company arrange for the purchase of the Firm Securities or Option Securities to which a default relates as provided in this Section 6, this Agreement will automatically be terminated by you or the Company without liability on the part of the Company (except as provided in Sections 3.9 and 5 hereof) or the several Underwriters (except as provided in Section 5 hereof); provided, however, that if such default occurs with respect to the Option Securities, this Agreement will not terminate as to the Firm Securities; and provided, further, that nothing herein shall relieve a defaulting Underwriter of its liability, if any, to the other Underwriters and to the Company for damages occasioned by its default hereunder.

6.3 Postponement of Closing Date. In the event that the Firm Securities or Option Securities to which the default relates are to be purchased by the non-defaulting Underwriters, or are to be purchased by another party or parties as aforesaid, you or the Company shall have the right to postpone the Closing Date or Option Closing Date for a reasonable period, but not in any event exceeding five (5) Business Days, in order to effect whatever changes may thereby be made necessary in the Registration Statement, the Pricing Disclosure Package or the Prospectus or in any other documents and arrangements, and the Company agrees to file promptly any amendment to the Registration Statement, the Pricing Disclosure Package or the Prospectus that in the opinion of counsel for the Underwriter may thereby be made necessary. The term "Underwriter" as used in this Agreement shall include any party substituted under this Section 6 with like effect as if it had originally been a party to this Agreement with respect to such Securities.

7. Additional Covenants.

7.1 Board Composition and Board Designations. The Company shall ensure that: (i) the qualifications of the persons serving as members of the Board of Directors and the overall composition of the Board comply with the Sarbanes-Oxley Act, with the Exchange Act and with the listing rules of the Exchange or any other national securities exchange, as the case may be, in the event the Company seeks to have its Public Securities listed on another exchange or quoted on an automated quotation system, and (ii) if applicable, at least one member of the Audit Committee of the Board of Directors qualifies as an "audit committee financial expert," as such term is defined under Regulation S-K and the listing rules of the Exchange.

7.2 Prohibition on Press Releases and Public Announcements. The Company shall not issue press releases or engage in any other publicity, without the Representative's prior written consent, for a period ending at 5:00 p.m., Eastern time, on the first (1^{st}) Business Day following the forty-fifth (45^{th}) day after the Closing Date, other than normal and customary releases issued in the ordinary course of the Company's business.

7.3 Right of First Refusal. Provided that the Firm Shares are sold in accordance with the terms of this Agreement, the Representative shall have an irrevocable right of first refusal (the "**Right of First Refusal**"), for a period of eighteen (18) months after the date the Offering is completed, to act as sole and exclusive investment banker, sole and exclusive book-runner, sole and exclusive financial advisor, sole and exclusive underwriter and/or sole and exclusive placement agent, at the Representative's sole and exclusive discretion, for each and every future public and private equity and debt offering, including all equity linked financings (each, a "**Subject Transaction**"), during such eighteen (18) month period, of the Company, or any successor to or subsidiary of the Company, on terms and conditions customary to the Representative for such Subject Transactions. For the avoidance of any doubt, the Company shall not retain, engage or solicit any additional investment banker, book-runner, financial advisor, underwriter and/or placement agent in a Subject Transaction during such eighteen (18) months period without the express written consent of the Representative.

The Company shall notify the Representative of its intention to pursue a Subject Transaction, including the material terms thereof, by providing written notice thereof by registered mail or overnight courier service addressed to the Representative. If the Representative fails to exercise its Right of First Refusal with respect to any Subject Transaction within ten (10) Business Days after the mailing of such written notice, then the Representative shall have no further claim or right with respect to the Subject Transaction. The Representative may elect, in its sole and absolute discretion, not to exercise its Right of First Refusal with respect to any Subject Transaction; provided that any such election by the Representative shall not adversely affect the Representative's Right of First Refusal with respect to any other Subject Transaction during the eighteen (18) month period agreed to above.

8. Effective Date of this Agreement and Termination Thereof.

8.1 Effective Date. This Agreement shall become effective when both the Company and the Representative have executed the same and delivered counterparts of such signatures to the other party.

8.2 Termination. The Representative shall have the right to terminate this Agreement at any time prior to any Closing Date, (i) if any domestic or international event or act or occurrence has materially disrupted, or in your opinion will in the immediate future materially disrupt, general securities markets in the United States; or (ii) if trading on the New York Stock Exchange, including the NYSE American, or the Nasdaq Stock Market LLC shall have been suspended or materially limited, or minimum or maximum prices for trading shall have been fixed, or maximum ranges for prices for securities shall have been required by FINRA or by order of the Commission or any other government authority having jurisdiction; or (iii) if the United States shall have become involved in a new war or an increase in major hostilities; or (iv) if a banking moratorium has been declared by a New York State or federal authority; or (v) if a moratorium on foreign exchange trading has been declared which materially adversely impacts the United States securities markets; or (vi) if the Company shall have sustained a material loss by fire, flood, accident, hurricane, earthquake, theft, sabotage or other calamity or malicious act which, whether or not such loss shall have been insured, will, in your opinion, make it inadvisable to proceed with the delivery of the Firm Securities or Option Securities; or (vii) if the Company is in material breach of any of its representations, warranties or covenants hereunder; or (viii) if the Representative shall have become aware after the date hereof of such a material adverse change in the conditions or prospects of the Company, or such adverse material change in general market conditions as in the Representative's judgment would make it impracticable to proceed with the offering, sale and/or delivery of the Public Securities or to enforce contracts made by the Underwriters for the sale of the Public Securities.

8.3 Expenses. Notwithstanding anything to the contrary in this Agreement, except in the case of a default by the Underwriters, pursuant to Section 6.2 above, in the event that this Agreement shall not be carried out for any reason whatsoever, within the time specified herein or any extensions thereof pursuant to the terms herein, the Company shall be obligated to pay to the Underwriters their actual and accountable out-of-pocket expenses related to the transactions contemplated herein then due and payable (including the fees and disbursements of Representative Counsel) up to $300,000, inclusive of the $50,000 advance for accountable expenses previously paid by the Company to the Representative (the "**Advance**") and upon demand the Company shall pay the full amount thereof to the Representative on behalf of the Underwriters; provided, however, that such expense cap in no way limits or impairs the indemnification and contribution provisions of this Agreement. Notwithstanding the foregoing, any advance received by the Representative will be reimbursed to the Company to the extent not actually incurred in compliance with FINRA Rule 5110(g)(4)(A).

8.4 Survival of Indemnification. Notwithstanding any contrary provision contained in this Agreement, any election hereunder or any termination of this Agreement, and whether or not this Agreement is otherwise carried out, the provisions of Section 5 shall remain in full force and effect and shall not be in any way affected by, such election or termination or failure to carry out the terms of this Agreement or any part hereof.

8.5 Representations, Warranties, Agreements to Survive. All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Company submitted pursuant hereto, shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of any Underwriter or its Affiliates or selling agents, any person controlling any Underwriter, its officers or directors or any person controlling the Company or (ii) delivery of and payment for the Public Securities.

9. Miscellaneous.

9.1 Notices. All communications hereunder, except as herein otherwise specifically provided, shall be in writing and shall be mailed (registered or certified mail, return receipt requested), personally delivered or sent by facsimile transmission or e-mail and confirmed and shall be deemed given when so delivered, faxed or e-mailed and confirmed or if mailed, two (2) days after such mailing.

If to the Representative:

ThinkEquity LLC
17 State Street, 41st Floor
New York, NY 10004
Attention: Head of Investment Banking
Fax No.: (212) 349-2550
Email: notices@think-equity.com

with a copy (which shall not constitute notice) to:

Blank Rome LLP
1271 Avenue of the Americas
New York, New York 10020
Attention: Leslie Marlow, Esq. or Patrick J. Egan, Esq.
Fax No.: (917) 332-3057
Email: leslie.marlow@blankrome.com or patrick.egan@blankrome.com

If to the Company:

Direct Communication Solutions, Inc.
11021 Via Frontera, Suite C
San Diego, CA 92127
Attention: Chris Bursey
Fax No.: [_____]
Email: [_____]

with a copy (which shall not constitute notice) to:

Nelson Mullins Riley & Scarborough LLP
301 Hillsborough Street, Suite 14000
Raleigh, NC 27603
Attention: W. David Mannheim, Esq.
Fax No.: 919-329-3799
Email: david.mannheim@nelsonmullins.com

9.2 Research Analyst Independence. The Company acknowledges that each Underwriter's research analysts and research departments are required to be independent from its investment banking division and are subject to certain regulations and internal policies, and that such Underwriter's research analysts may hold views and make statements or investment recommendations and/or publish research reports with respect to the Company and/or the Offering that differ from the views of their investment banking division. The Company acknowledges that each Underwriter is a full service securities firm and as such from time to time, subject to applicable securities laws, rules and regulations, may effect transactions for its own account or the account of its customers and hold long or short positions in debt or equity securities of the Company; provided, however, that nothing in this Section 9.2 shall relieve the Underwriter of any responsibility or liability it may otherwise bear in connection with activities in violation of applicable securities laws, rules or regulations.

9.3 Headings. The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Agreement.

9.4 Amendment. This Agreement may only be amended by a written instrument executed by each of the parties hereto.

9.5 Entire Agreement. This Agreement (together with the other agreements and documents being delivered pursuant to or in connection with this Agreement) constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and thereof, and supersedes all prior agreements and understandings of the parties, oral and written, with respect to the subject matter hereof. Notwithstanding anything to the contrary set forth herein, it is understood and agreed by the parties hereto that all other terms and conditions of that certain engagement letter between the Company and ThinkEquity LLC dated March 1, 2022, shall remain in full force and effect.

9.6 Binding Effect. This Agreement shall inure solely to the benefit of and shall be binding upon the Representative, the Underwriters, the Company and the controlling persons, directors and officers referred to in Section 5 hereof, and their respective successors, legal representatives, heirs and assigns, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Agreement or any provisions herein contained. The term "successors and assigns" shall not include a purchaser, in its capacity as such, of securities from any of the Underwriters.

9.7 Governing Law; Consent to Jurisdiction; Trial by Jury. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York, without giving effect to conflict of laws principles thereof. The Company hereby agrees that any action, proceeding or claim against it arising out of, or relating in any way to this Agreement shall be brought and enforced in the New York Supreme Court, County of New York, or in the United States District Court for the Southern District of New York, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive. The Company hereby waives any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Any such process or summons to be served upon the Company may be served by transmitting a copy thereof by registered or certified mail, return receipt requested, postage prepaid, addressed to it at the address set forth in Section 9.1 hereof. Such mailing shall be deemed personal service and shall be legal and binding upon the Company in any action, proceeding or claim. The Company agrees that the prevailing party(ies) in any such action shall be entitled to recover from the other party(ies) all of its reasonable attorneys' fees and expenses relating to such action or proceeding and/or incurred in connection with the preparation therefor. The Company (on its behalf and, to the extent permitted by applicable law, on behalf of its stockholders and affiliates) and each of the Underwriters hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

9.8 Execution in Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement, and shall become effective when one or more counterparts has been signed by each of the parties hereto and delivered to each of the other parties hereto. Delivery of a signed counterpart of this Agreement by facsimile or email/pdf transmission shall constitute valid and sufficient delivery thereof.

9.9 Waiver, etc. The failure of any of the parties hereto to at any time enforce any of the provisions of this Agreement shall not be deemed or construed to be a waiver of any such provision, nor to in any way effect the validity of this Agreement or any provision hereof or the right of any of the parties hereto to thereafter enforce each and every provision of this Agreement. No waiver of any breach, non-compliance or non-fulfillment of any of the provisions of this Agreement shall be effective unless set forth in a written instrument executed by the party or parties against whom or which enforcement of such waiver is sought; and no waiver of any such breach, non-compliance or non-fulfillment shall be construed or deemed to be a waiver of any other or subsequent breach, non-compliance or non-fulfillment.

[Signature Page Follows]

If the foregoing correctly sets forth the understanding between the Underwriters and the Company, please so indicate in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement between us.

Very truly yours,

DIRECT COMMUNICATION SOLUTIONS, INC.

By: _____
Name:
Title:

Confirmed as of the date first written above
mentioned, on behalf of itself and as
Representative of the several Underwriters
named on Schedule 1 hereto:

THINKEQUITY LLC

By: _____
Name:
Title:

[Signature Page]

SCHEDULE 1

Underwriter		
ThinkEquity LLC	[_____]	[_____]
TOTAL	[_____]	[_____]

SCHEDULE 2-A

Pricing Information

Number of Firm Shares: [●]

Number of Option Shares: Up to [●]

Public Offering Price per Firm Share: $[●]

Underwriting Discount per Firm Share: $[●]

Underwriting Non-accountable expense allowance per Firm Share: $[●]

Proceeds to Company per Firm Share (before expenses): $[●]

SCHEDULE 2-B

Issuer General Use Free Writing Prospectuses

[None]

SCHEDULE 2-C

Written Testing-the-Waters Communications

[None]

SCHEDULE 3

List of Lock-Up Parties

Chris Bursey
Konstantin Lichtenwald
Eric Placzek
Mike Zhou
William Espley
Julie Hajduk
David Diamond
David Scowby
Mike Lawless

EXHIBIT A

Representative's Warrant Agreement

[Please provide TE form of warrant]

EXHIBIT B

Form of Lock-Up Agreement

[●], 2022

ThinkEquity LLC
17 State Street, 41st Floor
New York, NY 10004

As Representative of the several Underwriters named on Schedule 1 to the Underwriting Agreement referenced below

Ladies and Gentlemen:

The undersigned understands that ThinkEquity LLC (the "**Representative**"), proposes to enter into an Underwriting Agreement (the "**Underwriting Agreement**") with Direct Communication Solutions, Inc., a Delaware corporation (the "**Company**"), providing for the public offering (the "**Public Offering**") of shares of common stock, par value $0.00001 per share, of the Company (the "**Common Stock**"), and warrants to purchase shares of Common Stock.

To induce the Representative to continue its efforts in connection with the Public Offering, the undersigned hereby agrees that, without the prior written consent of the Representative, the undersigned will not, during the period commencing on the date hereof and ending [six (6)] [three (3)][1] months after the date of the Underwriting Agreement relating to the Public Offering (the "**Lock-Up Period**"), (1) offer, pledge, sell, contract to sell, grant, lend, or otherwise transfer or dispose of, directly or indirectly, any Shares of Common Stock or any securities convertible into or exercisable or exchangeable for Shares of Common Stock, whether now owned or hereafter acquired by the undersigned or with respect to which the undersigned has or hereafter acquires the power of disposition (collectively, the "**Lock-Up Securities**"); (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Lock-Up Securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Lock-Up Securities, in cash or otherwise; (3) make any demand for or exercise any right with respect to the registration of any Lock-Up Securities; or (4) publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement relating to any Lock-Up Securities. Notwithstanding the foregoing, and subject to the conditions below, the undersigned may transfer Lock-Up Securities without the prior written consent of the Representative in connection with (a) transactions relating to Lock-Up Securities acquired in open market transactions after the completion of the Public Offering; provided that no filing under Section 13 or Section 16(a) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), or other public announcement shall be required or shall be voluntarily made in connection with subsequent sales of Lock-Up Securities acquired in such open market transactions; (b) transfers of Lock-Up Securities as a *bona fide* gift, by will or intestacy or to a family member or trust for the benefit of the undersigned or a family member (for purposes of this lock-up agreement, "family member" means any relationship by blood, marriage or adoption, not more remote than first cousin); (c) transfers of Lock-Up Securities to a charity or educational institution; (d) if the undersigned is a corporation, partnership, limited liability company or other business entity, (i) any transfers of Lock-Up Securities to another corporation, partnership or other business entity that controls, is controlled by or is under common control with the undersigned or (ii) distributions of Lock-Up Securities to members, partners, stockholders, subsidiaries or affiliates (as defined in Rule 405 promulgated under the Securities Act of 1933, as amended) of the undersigned; (e) if the undersigned is a trust, to a trustee or beneficiary of the trust; provided that in the case of any transfer pursuant to the foregoing clauses (b), (c) (d) or (e), (i) any such transfer shall not involve a disposition for value, (ii) each transferee shall sign and deliver to the Representative a lock-up agreement substantially in the form of this lock-up agreement and (iii) no filing under Section 13 or Section 16(a) of the Exchange Act or other public announcement shall be required or shall be voluntarily made; (f) the receipt by the undersigned from the Company of shares of Common Stock upon the vesting of restricted stock awards or stock units or upon the exercise of options to purchase the Company's Shares of Common Stock issued under an equity incentive plan of the Company or an employment arrangement described in the Pricing Prospectus (as defined in the Underwriting Agreement) (the "**Plan Shares**") or the transfer of Shares of Common Stock or any securities convertible into Shares of Common Stock to the Company upon a vesting event of the Company's securities or upon the exercise of options to purchase the Company's securities, in each case on a "cashless" or "net exercise" basis or to cover tax obligations of the undersigned in connection with such vesting or exercise, but only to the extent such right expires during the Lock-up Period, provided that no filing under Section 13 or Section 16(a) of the Exchange Act or other public announcement shall be required or shall be voluntarily made within [90] days after the date of the Underwriting Agreement, and after such Lock-Up Period, if the undersigned is required to file a report under Section 13 or Section 16(a) of the Exchange Act reporting a reduction in beneficial ownership of Shares of Common Stock during the Lock-Up Period, the undersigned shall include a statement in such schedule or report to the effect that the purpose of such transfer was to cover tax withholding obligations of the undersigned in connection with such vesting or exercise and, provided further, that the Plan Shares shall be subject to the terms of this lock-up agreement; (g) the transfer of Lock-Up Securities pursuant to agreements described in the Pricing Prospectus under which the Company has the option to repurchase such securities or a right of first refusal with respect to the transfer of such securities, provided that if the undersigned is required to file a report under Section 13 or Section 16(a) of the Exchange Act reporting a reduction in beneficial ownership of Shares of Common Stock during the Lock-Up Period, the undersigned shall include a statement in such schedule or report describing the purpose of the transaction; (h) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of Lock-Up Securities, provided that (i) such plan does not provide for the transfer of Lock-Up Securities during the Lock-Up Period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by or on behalf of the undersigned or the Company regarding the establishment of such plan, such public announcement or filing shall include a statement to the effect that no transfer of Lock-Up Securities may be made under such plan during the Lock-Up Period; (i) the transfer of Lock-Up Securities that occurs by operation of law, such as pursuant to a qualified domestic order or in connection with a divorce settlement, provided that the transferee agrees to sign and deliver a lock-up agreement substantially in the form of this lock-up agreement for the balance of the Lock-Up Period, and provided further, that any filing under Section 13 or Section 16(a) of the Exchange Act that is required to be made during the Lock-Up Period as a result of such transfer shall include a statement that such transfer has occurred by operation of law; and (j) the transfer of Lock-Up Securities pursuant to a bona fide third party tender offer, merger, consolidation or other similar transaction made to all holders of the Common Stock involving a change of control (as defined below) of the Company after the closing of the Public Offering and approved by the Company's board of directors; provided that in the event that the tender offer, merger, consolidation or other such transaction is not completed, the Lock-Up Securities owned by the undersigned shall remain subject to the restrictions contained in this lock-up agreement. For purposes of clause (j) above, "change of control" shall mean the consummation of any bona fide third party tender offer, merger, amalgamation, consolidation or other similar transaction the result of which is that any "person" (as defined in Section 13(d)(3) of the Exchange Act), or group of persons, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 of the Exchange Act) of a majority of total voting power of the voting stock of the Company. The undersigned also agrees and consents to the entry of stop transfer instructions with the Company's transfer agent and registrar against the transfer of the undersigned's Lock-Up Securities except in compliance with this lock-up agreement.

1 Six months for officers and directors and three months for 5% stockholders

The undersigned agrees that, prior to engaging in any transaction or taking any other action that is subject to the terms of this lock-up agreement during the period from the date hereof to and including the 34th day following the expiration of the Lock-Up Period, the undersigned will give notice thereof to the Company and will not consummate any such transaction or take any such action unless it has received written confirmation from the Company that the Lock-Up Period has expired.

If the undersigned is an officer or director of the Company, (i) the undersigned agrees that the foregoing restrictions shall be equally applicable to any issuer-directed or "friends and family" Securities that the undersigned may purchase in the Public Offering; (ii) the Representative agrees that, at least three (3) business days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of Lock-Up Securities, the Representative will notify the Company of the impending release or waiver; and (iii) the Company has agreed in the Underwriting Agreement to announce the impending release or waiver by press release through a major news service at least two (2) business days before the effective date of the release or waiver. Any release or waiver granted by the Representative hereunder to any such officer or director shall only be effective two (2) business days after the publication date of such press release. The provisions of this paragraph will not apply if (a) the release or waiver is effected solely to permit a transfer of Lock-Up Securities not for consideration and (b) the transferee has agreed in writing to be bound by the same terms described in this lock-up agreement to the extent and for the duration that such terms remain in effect at the time of such transfer.

The undersigned understands that the Company and the Representative are relying upon this lock-up agreement in proceeding toward consummation of the Public Offering. The undersigned further understands that this lock-up agreement is irrevocable and shall be binding upon the undersigned's heirs, legal representatives, successors and assigns.

The undersigned understands that, if the Underwriting Agreement is not executed by [DATE], or if the Underwriting Agreement (other than the provisions thereof which survive termination) shall terminate or be terminated prior to payment for and delivery of the Shares of Common Stock to be sold thereunder, then this lock-up agreement shall be void and of no further force or effect.

[Signature page follows]

Whether or not the Public Offering actually occurs depends on a number of factors, including market conditions. Any Public Offering will only be made pursuant to an Underwriting Agreement, the terms of which are subject to negotiation between the Company and the Representative.

Very truly yours,

_____
(Name - Please Print)

_____
(Signature)

_____
(Name of Signatory, in the case of entities - Please Print)

_____
(Title of Signatory, in the case of entities - Please Print)

Address: _____

EXHIBIT C

Form of Press Release

Direct Communication Solutions, Inc.
11021 Via Frontera, Suite C
San Diego, CA 92127

[Date]

Direct Communication Solutions, Inc. (the "Company") announced today that ThinkEquity LLC, acting as representative for the underwriters in the Company's recent public offering of _____ shares of the Company's common stock and warrants to purchase shares of common stock, is [waiving] [releasing] a lock-up restriction with respect to _____ shares of the Company's common stock held by [certain officers or directors] [an officer or director] of the Company. The [waiver] [release] will take effect on _____, 20___, and the shares may be sold on or after such date.

This press release is not an offer or sale of the securities in the United States or in any other jurisdiction where such offer or sale is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act of 1933, as amended.

Exhibit 3.3

CERTIFICATE OF AMENDMENT
OF
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
DIRECT COMMUNICATION SOLUTIONS, INC.

Direct Communication Solutions, Inc., (the "**Corporation**"), a corporation organized and existing under the General Corporation Law of the State of Delaware, hereby certifies as follows:

First: The name of the Corporation is Direct Communication Solutions, Inc.

Second: This Certificate of Amendment (the "**Certificate of Amendment**") amends the provisions of the Corporation's Certificate of Incorporation filed with the Secretary of State of the State of Delaware on December 16, 2019.

Third: That Article 4 of the Amended and Restated Certificate of Incorporation of the Corporation (the "**Certificate of Incorporation**"), is hereby amended by deleting Section 4.1 of Article IV in its entirety and inserting the following in lieu thereof:

Section 4.1. *Authorized Shares*. The Corporation is authorized to issue Forty Million (40,000,000) shares of its capital stock, which shall consist of 40,000,000 shares of Common Stock, $0.00001 par value per share ("Common Stock"). Effective upon this Certificate of Amendment to the Amended and Restated Certificate of Incorporation becoming effective pursuant to the General Corporation Law (the "**Effective Time**"), the shares of Common Stock issued and outstanding or held in treasury immediately prior to the Effective Time (the "**pre-Reverse Split Common Stock**") shall be reclassified into a different number of shares of Common Stock (the "**post-Reverse Split Common Stock**") such that each seven (7) shares of pre-Reverse Split Common Stock shall, at the Effective Time, be automatically reclassified into one (1) share of post-Reverse Split Common Stock (such reclassification and combination of shares, the "**Reverse Split**"). The par value of the Common Stock following the Reverse Split shall remain at $0.00001 per share. No fractional shares of Common Stock shall be issued as a result of the Reverse Split and, in lieu thereof, upon receipt after the Effective Time by the exchange agent selected by the Corporation of a properly completed and duly executed transmittal letter and, where shares are held in certificated form, the surrender of the stock certificate(s) formerly representing shares of pre-Reverse Split Common Stock, any stockholder who would otherwise be entitled to a fractional share of post-Reverse Split Common Stock as a result of the Reverse Split, following the Effective Time (after taking into account all fractional shares of post-Reverse Split Common Stock otherwise issuable to such stockholder), shall be entitled to receive a cash payment (without interest) equal to the fractional share of post-Reverse Split Common Stock to which such stockholder would otherwise be entitled to multiplied by the average of the quoted prices of a share of the Corporation's Common Stock (as adjusted to give effect to the Reverse Split) on the Canadian Securities Exchange, during regular trading hours for the five (5) consecutive trading days immediately preceding the date this Certificate of Amendment to Amended and Restated Certificate of Incorporation is filed with the Secretary of State of the State of Delaware. Each stock certificate that, immediately prior to the Effective Time, represented shares of pre-Reverse Split Common Stock shall, from and after the Effective Time, automatically and without any action on the part of the Corporation or the respective holders thereof, represent that number of whole shares of post-Reverse Split Common Stock into which the shares of pre-Reverse Split Common Stock represented by such certificate shall have been combined (as well as the right to receive cash in lieu of any fractional shares of post-Reverse Split Common Stock as set forth above). Each holder of record of a certificate that represented shares of pre-Reverse Split Common Stock shall be entitled to receive, upon surrender of such certificate, a new certificate representing the number of whole shares of post-Reverse Split Common Stock into which the shares of pre-Reverse Split Common Stock represented by such certificate shall have been combined pursuant to the Reverse Split, as well as any cash in lieu of fractional shares of post-Reverse Split Common Stock to which such holder may be entitled as set forth above, provided that the Corporation may request such stockholder to exchange such stockholder's certificate or certificates that represented shares of pre-Reverse Split Common Stock for shares held in book-entry form through the Depository Trust Company's Direct Registration System representing the appropriate number of whole shares of post-Reverse Split Common Stock into which the shares of pre-Reverse Split Common Stock represented by such certificate or certificates shall have been combined. The Reverse Split shall be effected on a record holder-by-record holder basis, such that any fractional shares of post-Reverse Split Common Stock resulting from the Reverse Split and held by a single record holder shall be aggregated.

Fourth: The foregoing amendment was duly adopted in accordance with the provisions of Section 228 and Section 242 of the General Corporation Law of the State of Delaware.

Fifth: That this Certificate of Amendment to the Certificate of Incorporation shall be effective as of 5:01 pm on the date of filing.

* * * * * * * *

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by its Chief Executive Officer this day of _____, 202_.

DIRECT COMMUNICATION SOLUTIONS, INC.

By: _____
Name: Chris Bursey
Title: Chief Financial Officer

EXHIBIT A

Form of Representative's Warrant Agreement

THE REGISTERED HOLDER OF THIS PURCHASE WARRANT BY ITS ACCEPTANCE HEREOF, AGREES THAT IT WILL NOT SELL, TRANSFER OR ASSIGN THIS PURCHASE WARRANT EXCEPT AS HEREIN PROVIDED AND THE REGISTERED HOLDER OF THIS PURCHASE WARRANT AGREES THAT IT WILL NOT SELL, TRANSFER, ASSIGN, PLEDGE OR HYPOTHECATE THIS PURCHASE WARRANT FOR A PERIOD OF ONE HUNDRED EIGHTY DAYS FOLLOWING THE COMMENCEMENT DATE (DEFINED BELOW) TO ANYONE OTHER THAN (I) THINKEQUITY LLC, OR AN UNDERWRITER OR A SELECTED DEALER IN CONNECTION WITH THE OFFERING, OR (II) A BONA FIDE OFFICER OR PARTNER OF THINKEQUITY LLC OR OF ANY SUCH UNDERWRITER OR SELECTED DEALER.

THIS PURCHASE WARRANT IS NOT EXERCISABLE PRIOR TO [_____] [**DATE THAT IS 180 DAYS FROM THE COMMENCEMENT DATE OF THE OFFERING**]. VOID AFTER 5:00 P.M., EASTERN TIME, [_____] [**DATE THAT IS FIVE YEARS FROM THE COMMENCEMENT DATE OF THE OFFERING**].

WARRANT TO PURCHASE COMMON STOCK

DIRECT COMMUNICATION SOLUTIONS, INC.

Warrant Shares: _____

Initial Exercise Date: _____, 2023

THIS WARRANT TO PURCHASE COMMON STOCK (the "Warrant") certifies that, for value received, _____ or its assigns (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after ____, 2023[_____], 2022, which is one hundred eighty (180) days following the Commencement Date (the "Initial Exercise Date") and, in accordance with FINRA Rule 5110(g)(8)(A), prior to 5:00 p.m. (New York time) on the date that is five (5) years following the Commencement Date (the "Termination Date") but not thereafter, to subscribe for and purchase from DIRECT COMMUNICATION SOLUTIONS, INC., a Delaware corporation (the "Company"), up to _____ shares of Common Stock, par value $0.00001 per share (the "Common Stock"), of the Company (the "Warrant Shares"), as subject to adjustment hereunder. The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b).

Section 1. Definitions. In addition to the terms defined elsewhere in this Agreement, the following terms have the meanings indicated in this Section 1:

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 under the Securities Act.

"Business Day" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"Commencement Date" means [____], 202[_], the date on which sales of the securities issued in the Offering commenced, which is also the Effective Date.

"Commission" means the United States Securities and Exchange Commission.

"Effective Date" means the effective date of the registration statement on Form S-1 (File No. 333-268637), including any related prospectus or prospectuses, for the registration of the Company's common stock, par value $0.00001 per share, and the Warrant Shares under the Securities Act, that the Company has filed with the Commission.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Offering" shall have the meaning ascribed to such term in Section 1.2.1 of the Underwriting Agreement.

"Person" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"Rule 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Trading Day" means a day on which the New York Stock Exchange is open for trading.

"Trading Market" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, or the New York Stock Exchange (or any successors to any of the foregoing).

"Underwriting Agreement" means that certain Underwriting Agreement, dated as of [_____], 202[__], by and between, the Company and ThinkEquity LLC, as representative of the underwriters set forth therein.

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of a share of Common Stock for such date (or the nearest preceding date) on the OTCQB or OTCQX as applicable, (c) if Common Stock is not then listed or quoted for trading on the OTCQB or OTCQX and if prices for Common Stock are then reported in the "Pink Sheets" published by OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of Common Stock so reported, or (d) in all other cases, the fair market value of the Common Stock as determined by an independent appraiser selected in good faith by the Holder and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

Section 2. Exercise.

a) Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder at the address of the Holder appearing on the books of the Company) of a duly executed facsimile copy (or e-mail attachment) of the Notice of Exercise Form annexed hereto. Within two (2) Trading Days following the date of exercise as aforesaid, the Holder shall deliver the aggregate Exercise Price for the shares specified in the applicable Notice of Exercise by wire transfer or cashier's check drawn on a United States bank unless the cashless exercise procedure specified in Section 2(c) below is specified in the applicable Notice of Exercise. No ink-original Notice of Exercise shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise form be required. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within five (5) Trading Days of the date the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise Form within two (2) Business Days of receipt of such notice. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

b) Exercise Price. The exercise price per share of the Common Stock under this Warrant shall be **$**_____[1], subject to adjustment hereunder (the "Exercise Price").

c) Cashless Exercise. In lieu of exercising this Warrant by delivering the aggregate Exercise Price by wire transfer or cashier's check, at the election of the Holder this Warrant may also be exercised, in whole or in part, at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive the number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = as applicable: (i) the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise if such Notice of Exercise is (1) both executed and delivered pursuant to Section 2(a) hereof on a day that is not a Trading Day or (2) both executed and delivered pursuant to Section 2(a) hereof on a Trading Day prior to the opening of "regular trading hours" (as defined in Rule 600(b)(64) of Regulation NMS promulgated under the federal securities laws) on such Trading Day, (ii) the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise if such Notice of Exercise is executed during "regular trading hours" on a Trading Day and is delivered within two (2) hours thereafter (including until two (2) hours after the close of "regular trading hours" on a Trading Day) pursuant to Section 2(a) hereof or (iii) the VWAP on the date of the applicable Notice of Exercise if the date of such Notice of Exercise is a Trading Day and such Notice of Exercise is both executed and delivered pursuant to Section 2(a) hereof after the close of "regular trading hours" on such Trading Day;

1 125% of the public offering price per share of common stock in the offering.

(B) = the Exercise Price of this Warrant, as adjusted hereunder; and

(X) = the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

If Warrant Shares are issued in such a "cashless exercise," the parties acknowledge and agree that in accordance with Section 3(a)(9) of the Securities Act, the Warrant Shares shall take on the registered characteristics of the Warrants being exercised, and the holding period of the Warrants being exercised may be tacked on to the holding period of the Warrant Shares. The Company agrees not to take any position contrary to this Section 2(c).

Notwithstanding anything herein to the contrary, on the Termination Date, this Warrant shall be automatically exercised via cashless exercise pursuant to this Section 2(c).

d) Mechanics of Exercise.

i. Delivery of Warrant Shares Upon Exercise. The Company shall cause the Warrant Shares purchased hereunder to be transmitted by its transfer agent to the Holder by crediting the account of the Holder's or its designee's balance account with The Depository Trust Company through its Deposit or Withdrawal at Custodian system ("DWAC") if the Company is then a participant in such system and either (A) there is an effective registration statement permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by Holder, or (B) the Warrant Shares are eligible for resale by the Holder without volume or manner-of-sale limitations pursuant to Rule 144 and, in either case, the Warrant Shares have been sold by the Holder prior to the Warrant Share Delivery Date (as defined below), and otherwise by physical delivery of a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the address specified by the Holder in the Notice of Exercise by the date that is two (2) Trading Days after the delivery to the Company of the Notice of Exercise (such date, the "Warrant Share Delivery Date"). If the Warrant Shares can be delivered via DWAC, the transfer agent shall have received from the Company, at the expense of the Company, any legal opinions or other documentation required by it to deliver such Warrant Shares without legend (subject to receipt by the Company of reasonable back up documentation from the Holder, including with respect to affiliate status) and, if applicable and requested by the Company prior to the Warrant Share Delivery Date, the transfer agent shall have received from the Holder a confirmation of sale of the Warrant Shares (provided the requirement of the Holder to provide a confirmation as to the sale of Warrant Shares shall not be applicable to the issuance of unlegended Warrant Shares upon a cashless exercise of this Warrant if the Warrant Shares are then eligible for resale pursuant to Rule 144(b)(1)). The Warrant Shares shall be deemed to have been issued, and Holder or any other person so designated to be named therein shall be deemed to have become a holder of record of such shares for all purposes, as of the date the Warrant has been exercised, with payment to the Company of the Exercise Price (or by cashless exercise, if permitted) and all taxes required to be paid by the Holder, if any, pursuant to Section 2(d)(vi) prior to the issuance of such shares, having been paid. If the Company fails for any reason to deliver to the Holder the Warrant Shares subject to a Notice of Exercise by the second Trading Day following the Warrant Share Delivery Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each $1,000 of Warrant Shares subject to such exercise (based on the VWAP of the Common Stock on the date of the applicable Notice of Exercise), $10 per Trading Day (increasing to $20 per Trading Day on the fifth Trading Day after such liquidated damages begin to accrue) for each Trading Day after the second Trading Day following such Warrant Share Delivery Date until such Warrant Shares are delivered or Holder rescinds such exercise.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. Rescission Rights. If the Company fails to cause its transfer agent to deliver to the Holder the Warrant Shares pursuant to Section 2(d)(i) by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise; provided, however, that the Holder shall be required to return any Warrant Shares or Common Stock subject to any such rescinded exercise notice concurrently with the return to Holder of the aggregate Exercise Price paid to the Company for such Warrant Shares and the restoration of Holder's right to acquire such Warrant Shares pursuant to this Warrant (including, issuance of a replacement warrant certificate evidencing such restored right).

iv. Compensation for Buy-In on Failure to Timely Deliver Warrant Shares Upon Exercise. In addition to any other rights available to the Holder, if the Company fails to cause its transfer agent to transmit to the Holder the Warrant Shares pursuant to an exercise on or before the Warrant Share Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Company shall (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (1) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of $10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder $1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

v. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

vi. Charges, Taxes and Expenses. Issuance of Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such Warrant Shares, all of which taxes and expenses shall be paid by the Company, and such Warrant Shares shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event that Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto. The Company shall pay all transfer agent fees required for same-day processing of any Notice of Exercise and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Warrant Shares.

vii. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

viii. Signature. This Section 2 and the exercise form attached hereto set forth the totality of the procedures required of the Holder in order to exercise this Warrant. Without limiting the preceding sentences, no ink-original exercise form shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any exercise form be required in order to exercise this Warrant. No additional legal opinion, other information or instructions shall be required of the Holder to exercise this Warrant. The Company shall honor exercises of this Warrant and shall deliver Warrant Shares underlying this Warrant in accordance with the terms, conditions and time periods set forth herein.

e) Holder's Exercise Limitations. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other Common Stock Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates. Except as set forth in the preceding sentence, for purposes of this Section 2(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 2(e) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(e), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Company's transfer agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within two Trading Days confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The Holder, upon notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 2(e), provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon exercise of this Warrant held by the Holder and the provisions of this Section 2(e) shall continue to apply. Any increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

Section 3. Certain Adjustments.

a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification. For the purposes of clarification, the Exercise Price of this Warrant will not be adjusted in the event that the Company or any Subsidiary thereof, as applicable, sells or grants any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any Common Stock or Common Stock Equivalents, at an effective price per share less than the Exercise Price then in effect.

b) [RESERVED]

c) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 3(a) above, if at any time the Company grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such shares of Common Stock as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

d) Pro Rata Distributions. During such time as this Warrant is outstanding, if the Company shall declare or make any dividend (other than cash dividends) or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of shares or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (provided, however, to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any shares of Common Stock as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation). To the extent that this Warrant has not been partially or completely exercised at the time of such Distribution, such portion of the Distribution shall be held in abeyance for the benefit of the Holder until the Holder has exercised this Warrant.

e) Fundamental Transaction. If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a "Fundamental Transaction"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to any limitation in Section 2(e) on the exercise of this Warrant), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable by holders of Common Stock as a result of such Fundamental Transaction for each share of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 2(e) on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Company under this Warrant in accordance with the provisions of this Section 3(e) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Warrant referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant with the same effect as if such Successor Entity had been named as the Company herein.

f) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

g) Notice to Holder.

i. Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly deliver to the Holder by facsimile or email a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be delivered by facsimile or email a notice to the Holder at its last facsimile number or email address as it shall appear upon the Warrant Register of the Company, at least 20 calendar days prior to the applicable record or effective date hereinafter specified, stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to provide such notice or any defect therein shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Company or any of the Subsidiaries, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

Section 4. Transfer of Warrant.

a) Transferability. Pursuant to FINRA Rule 5110(e)(1), neither this Warrant nor any Warrant Shares issued upon exercise of this Warrant shall be sold, transferred, assigned, pledged, or hypothecated, or be the subject of any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of the securities by any person for a period of 180 days immediately following the date of effectiveness or commencement of sales of the offering pursuant to which this Warrant is being issued, except the transfer of any security:

i. by operation of law or by reason of reorganization of the Company;

ii. to any FINRA member firm participating in the offering and the officers or partners thereof, if all securities so transferred remain subject to the lock-up restriction in this Section 4(a) for the remainder of the time period;

iii. if the aggregate amount of securities of the Company held by the Holder or related person do not exceed 1% of the securities being offered;

iv. that is beneficially owned on a pro-rata basis by all equity owners of an investment fund, provided that no participating member manages or otherwise directs investments by the fund, and participating members in the aggregate do not own more than 10% of the equity in the fund; or

v. the exercise or conversion of any security, if all securities received remain subject to the lock-up restriction in this Section 4(a) for the remainder of the time period.

Subject to the foregoing restriction, any applicable securities laws and the conditions set forth in Section 4(d), this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company unless the Holder has assigned this Warrant in full, in which case, the Holder shall surrender this Warrant to the Company within three (3) Trading Days of the date the Holder delivers an assignment form to the Company assigning this Warrant full. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the initial issuance date of this Warrant and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

d) Representation by the Holder. The Holder, by the acceptance hereof, represents and warrants that it is acquiring this Warrant and, upon any exercise hereof, will acquire the Warrant Shares issuable upon such exercise, for its own account and not with a view to or for distributing or reselling such Warrant Shares or any part thereof in violation of the Securities Act or any applicable state securities law, except pursuant to sales registered or exempted under the Securities Act.

Section 5. Registration Rights.

5.1 Demand Registration.

5.1.1 Grant of Right. The Company, upon written demand (a "Demand Notice") of the Holder(s) of at least 51% of the Warrants and/or the underlying Warrant Shares, agrees to register, on one occasion, all or any portion of the Warrant Shares underlying the Warrants (collectively, the "Registrable Securities"). On such occasion, the Company will file a registration statement with the Commission covering the Registrable Securities within sixty (60) days after receipt of a Demand Notice and use its reasonable best efforts to have the registration statement declared effective promptly thereafter, subject to compliance with review by the Commission; provided, however, that the Company shall not be required to comply with a Demand Notice if the Company has filed a registration statement with respect to which the Holder is entitled to piggyback registration rights pursuant to Section 5.2 hereof and either: (i) the Holder has elected to participate in the offering covered by such registration statement or (ii) if such registration statement relates to an underwritten primary offering of securities of the Company, until the offering covered by such registration statement has been withdrawn or until thirty (30) days after such offering is consummated. The sole demand for registration may be made at any time beginning on the Initial Exercise Date and expiring on the fifth anniversary of the Commencement Date in accordance with FINRA Rule 5110(g)(8)(C). The Company covenants and agrees to give written notice of its receipt of any Demand Notice by any Holder(s) to all other registered Holders of the Warrants and/or the Registrable Securities within ten (10) days after the date of the receipt of any such Demand Notice.

5.1.2 Terms. The Company shall bear all fees and expenses attendant to the registration of the Registrable Securities pursuant to Section 5.1.1, but the Holders shall pay any and all underwriting commissions and the expenses of any legal counsel selected by the Holders to represent them in connection with the sale of the Registrable Securities. The Company agrees to use its reasonable best efforts to cause the filing required herein to become effective promptly and to qualify or register the Registrable Securities in such States as are reasonably requested by the Holder(s); provided, however, that in no event shall the Company be required to register the Registrable Securities in a State in which such registration would cause: (i) the Company to be obligated to register or license to do business in such State or submit to general service of process in such State, or (ii) the principal stockholders of the Company to be obligated to escrow their shares of capital stock of the Company. The Company shall cause any registration statement filed pursuant to the demand right granted under Section 5.1.1 to remain effective for a period of at least twelve (12) consecutive months after the date that the Holders of the Registrable Securities covered by such registration statement are first given the opportunity to sell all of such securities. The Holders shall only use the prospectuses provided by the Company to sell the Warrant Shares covered by such registration statement, and will immediately cease to use any prospectus furnished by the Company if the Company advises the Holder that such prospectus may no longer be used due to a material misstatement or omission. Notwithstanding the provisions of this Section 5.1.2, the Holder shall be entitled to a demand registration under this Section 5.1.2 on only one (1) occasion and such demand registration right shall terminate on the fifth anniversary of the Commencement Date in accordance with FINRA Rules 5110(g)(8)(B) and 5110(g)(8)(C).

5.2 “Piggy-Back” Registration.

5.2.1 Grant of Right. In addition to the demand right of registration described in Section 5.1 hereof, the Holder shall have the right, for a period of no more than two (2) years from the Initial Exercise Date in accordance with FINRA Rule 5110(g)(8)(D), to include the Registrable Securities as part of any other registration of securities filed by the Company (other than in connection with a transaction contemplated by Rule 145(a) promulgated under the Securities Act or pursuant to Form S-8 or any equivalent form); provided, however, that if, solely in connection with any primary underwritten public offering for the account of the Company, the managing underwriter(s) thereof shall, in its reasonable discretion, impose a limitation on the number of Warrant Shares which may be included in the Registration Statement because, in such underwriter(s)’ judgment, marketing or other factors dictate such limitation is necessary to facilitate public distribution, then the Company shall be obligated to include in such Registration Statement only such limited portion of the Registrable Securities with respect to which the Holder requested inclusion hereunder as the underwriter shall reasonably permit. Any exclusion of Registrable Securities shall be made pro rata among the Holders seeking to include Registrable Securities in proportion to the number of Registrable Securities sought to be included by such Holders; provided, however, that the Company shall not exclude any Registrable Securities unless the Company has first excluded all outstanding securities, the holders of which are not entitled to inclusion of such securities in such Registration Statement or are not entitled to pro rata inclusion with the Registrable Securities.

5.2.2 Terms. The Company shall bear all fees and expenses attendant to registering the Registrable Securities pursuant to Section 5.2.1 hereof, but the Holders shall pay any and all underwriting commissions and the expenses of any legal counsel selected by the Holders to represent them in connection with the sale of the Registrable Securities. In the event of such a proposed registration, the Company shall furnish the then Holders of outstanding Registrable Securities with not less than thirty (30) days’ written notice prior to the proposed date of filing of such registration statement. Such notice to the Holders shall continue to be given for each registration statement filed by the Company during the two (2) year period following the Initial Exercise Date until such time as all of the Registrable Securities have been sold by the Holder. The holders of the Registrable Securities shall exercise the “piggy-back” rights provided for herein by giving written notice within ten (10) days of the receipt of the Company’s notice of its intention to file a registration statement. Except as otherwise provided in this Warrant, there shall be no limit on the number of times the Holder may request registration under this Section 5.2.2; provided, however, that such registration rights shall terminate on the second anniversary of the Initial Exercise Date.

5.3 General Terms

5.3.1 Indemnification. The Company shall indemnify the Holder(s) of the Registrable Securities to be sold pursuant to any registration statement hereunder and each person, if any, who controls such Holders within the meaning of Section 15 of the Securities Act or Section 20 (a) of the Exchange Act against all loss, claim, damage, expense or liability (including all reasonable attorneys’ fees and other expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which any of them may become subject under the Securities Act, the Exchange Act or otherwise, arising from such registration statement but only to the same extent and with the same effect as the provisions pursuant to which the Company has agreed to indemnify the Underwriters contained in Section 5.1 of the Underwriting Agreement. The Holder(s) of the Registrable Securities to be sold pursuant to such registration statement, and their successors and assigns, shall severally, and not jointly, indemnify the Company, against all loss, claim, damage, expense or liability (including all reasonable attorneys’ fees and other expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which they may become subject under the Securities Act, the Exchange Act or otherwise, arising from information furnished by or on behalf of such Holders, or their successors or assigns, in writing, for specific inclusion in such registration statement to the same extent and with the same effect as the provisions contained in Section 5.2 of the Underwriting Agreement pursuant to which the Underwriters have agreed to indemnify the Company.

5.3.2 Exercise of Warrants. Nothing contained in this Warrant shall be construed as requiring the Holder(s) to exercise their Warrants prior to or after the initial filing of any registration statement or the effectiveness thereof.

5.3.3 Documents Delivered to Holders. The Company shall furnish to each Holder participating in any of the foregoing offerings and to each underwriter of any such offering, if any, a signed counterpart, addressed to such Holder or underwriter, of: (i) an opinion of counsel to the Company, dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, an opinion dated the date of the closing under any underwriting agreement related thereto), and (ii) a "cold comfort" letter dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, a letter dated the date of the closing under the underwriting agreement) signed by the independent registered public accounting firm which has issued a report on the Company's financial statements included in such registration statement, in each case covering substantially the same matters with respect to such registration statement (and the prospectus included therein) and, in the case of such accountants' letter, with respect to events subsequent to the date of such financial statements, as are customarily covered in opinions of issuer's counsel and in accountants' letters delivered to underwriters in underwritten public offerings of securities. The Company shall also deliver promptly to each Holder participating in the offering requesting the correspondence and memoranda described below and to the managing underwriter, if any, copies of all correspondence between the Commission and the Company, its counsel or auditors and all memoranda relating to discussions with the Commission or its staff with respect to the registration statement and permit each Holder and underwriter to do such investigation, upon reasonable advance notice, with respect to information contained in or omitted from the registration statement as it deems reasonably necessary to comply with applicable securities laws or rules of FINRA. Such investigation shall include access to books, records and properties and opportunities to discuss the business of the Company with its officers and independent auditors, all to such reasonable extent and at such reasonable times as any such Holder shall reasonably request.

5.3.4 Underwriting Agreement. The Company shall enter into an underwriting agreement with the managing underwriter(s), if any, selected by any Holders whose Registrable Securities are being registered pursuant to this Section 5, which managing underwriter shall be reasonably satisfactory to the Company. Such agreement shall be reasonably satisfactory in form and substance to the Company, each Holder and such managing underwriters, and shall contain such representations, warranties and covenants by the Company and such other terms as are customarily contained in agreements of that type used by the managing underwriter. The Holders shall be parties to any underwriting agreement relating to an underwritten sale of their Registrable Securities and may, at their option, require that any or all the representations, warranties and covenants of the Company to or for the benefit of such underwriters shall also be made to and for the benefit of such Holders. Such Holders shall not be required to make any representations or warranties to or agreements with the Company or the underwriters except as they may relate to such Holders, their Warrant Shares and their intended methods of distribution.

5.3.5 Documents to be Delivered by Holder(s). Each of the Holder(s) participating in any of the foregoing offerings shall furnish to the Company a completed and executed questionnaire provided by the Company requesting information customarily sought of selling security holders.

5.3.6 Damages. Should the registration or the effectiveness thereof required by Sections 5.1 and 5.2 hereof be delayed by the Company or the Company otherwise fails to comply with such provisions, the Holder(s) shall, in addition to any other legal or other relief available to the Holder(s), be entitled to obtain specific performance or other equitable (including injunctive) relief against the threatened breach of such provisions or the continuation of any such breach, without the necessity of proving actual damages and without the necessity of posting bond or other security.

Section 6. Miscellaneous.

a) No Rights as Stockholder Until Exercise. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 2(d)(i).

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Trading Day, then, such action may be taken or such right may be exercised on the next succeeding Trading Day.

d) Authorized Shares.

The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of issuing the necessary Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (iii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

e) Jurisdiction. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be determined in accordance with the provisions of the Underwriting Agreement.

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, or otherwise able to be resold or transferred without restriction pursuant to an exemption from registration under the Securities Act, and the Holder does not utilize cashless exercise, will have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies. Without limiting any other provision of this Warrant or the Underwriting Agreement, if the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of the Underwriting Agreement.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

****

(Signature Page Follows)

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

DIRECT COMMUNICATION SOLUTIONS, INC.

By: _____
Name:
Title:

NOTICE OF EXERCISE

TO: DIRECT COMMUNICATION SOLUTIONS, INC.

_____

(1) The undersigned hereby elects to purchase _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

□ in lawful money of the United States; or

□ if permitted the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(c), to exercise the Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(c).

(3) Please register and issue said Warrant Shares in the name of the undersigned or in such other name as is specified below:

_____

The Warrant Shares shall be delivered to the following DWAC Account Number or by physical delivery of a certificate to:

_____

_____

_____

(4) Accredited Investor. If the Warrant is being exercised via cash exercise, the undersigned is an "accredited investor" as defined in Regulation D promulgated under the Securities Act of 1933, as amended

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____
Signature of Authorized Signatory of Investing Entity: _____
Name of Authorized Signatory: _____
Title of Authorized Signatory: _____
Date: _____

ASSIGNMENT FORM

(To assign the foregoing warrant, execute
this form and supply required information.
Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, [____] all of or [_____] shares of the foregoing Warrant and all rights evidenced thereby are hereby assigned to

_____ whose address is

_____.

_____

Dated: _____, _____

Holder's Signature: _____

Holder's Address: _____

_____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

Exhibit 4.2

U.S. PURCHASERS

The Convertible Debentures and the Shares issuable upon exercise of the Convertible Debentures (collectively, the "Securities") have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or applicable state securities laws, and the Securities are being offered and sold by the Corporation in reliance upon the exemption from the provisions of Section 5 of the U.S. Securities Act for transactions not involving a public offering provided in Section 4(2) of the U.S. Securities Act or Regulation D promulgated thereunder. The Securities are being offered and sold within the United States only to Accredited Investors as defined in Rule 501(a) of Regulation D under the U.S. Securities Act. The Securities offered hereby are not transferable except in accordance with the restrictions described herein.

DCS DEBENTURE SERIES 2022-1

DIRECT COMMUNICATION SOLUTIONS, INC.
Incorporated under the laws of the State of Delaware

CONVERTIBLE UNSECURED DEBENTURE
DUE **APRIL 7, 2024**

WHEREAS Direct Communication Solutions Inc. (the "**Corporation**") is indebted to **LEFF FAMLY TRUST** of **215 WILDERGLEN CT NW ATLANTA, GA 30328, USA** (the "**Holder**") in an amount equal to **US$100,000** (the "**Principal Amount**") together with interest thereon and other indebtedness of the Corporation to the Holder as herein set forth;

WHEREAS the Holder has requested and the Corporation has agreed to grant this non-transferable convertible unsecured debenture ("**Debenture**") for the full and timely payment and performance of the obligations of the Corporation herein set forth, including but without limitation, the repayment of the Principal Amount together with interest thereon and other indebtedness of the Corporation to the Holder as herein set forth below, and the conversion thereof into shares of common stock of the Corporation in accordance with the terms and conditions of the Debenture as herein set forth in **Schedule "A"** (which forms a part of and is incorporated by reference into this Debenture)

NOW THEREFORE THIS DEBENTURE WITNESSETH THAT:

ARTICLE 1
INTERPRETATION

1.1 For the purpose of this Debenture and all schedules attached hereto, unless the subject matter or context is inconsistent therewith:

(a) "**business day**" means a day on which banks are open for business in San Diego, California but does not in any event include a Saturday or Sunday;

(b) "**Corporation**" means Direct Communication Solutions, Inc. and its permitted successors and assigns;

(c) "**Debenture**", "this Debenture", "the Debenture", "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions refer to this convertible unsecured debenture, in the Principal Amount represented hereby and not to any particular article, section, sub-section, clause, subdivision or other portion hereof and include any and every instrument supplemental or ancillary hereto and every debenture issued in replacement hereof;

(d) "**Default**" or "**Event of Default**" means an event of default as described in Clause 8.1 hereof;

(e) "**director**" means a director of the Corporation for the time being and "directors" or "board of directors" means the board of directors of the Corporation or, if duly constituted and whenever duly empowered, the executive committee of the board of directors of the Corporation for the time being and reference to action by the directors means action by the directors of the Corporation as a board or action by the said executive committee as such committee;

(f) "**dollars**" or "**$**" means lawful currency of the United States of America and all references to cash or money shall mean dollars in lawful currency of the United States of America;

(g) "**Holder**" means the Person or entity as set forth and described on the face page hereof, or the Persons or entities in whose name this Debenture shall be registered from time to time on the books of the Corporation, kept for that purpose in accordance with the terms of this Debenture and for the purpose hereof, the Holder hereof shall rank on a *pari passu* and equal basis with any other holder of a convertible unsecured debenture of the Corporation issued in the aggregate maximum principal amount of $1,000,000, as to all rights hereunder;

(h) "**Interest**" shall have the meaning as described in Clause 2.2 hereof;

(i) "**material adverse effect**" means a material adverse effect on:

(i) the financial condition of the Corporation;

(ii) the ability of the Corporation to observe or perform its obligations under this Debenture; or

(iii) the property, business, operations or liabilities of the Corporation;

(j) "**Maturity Date**" means **APRIL 7, 2024**;

(k) "**obligations**" shall mean any and all present and future indebtedness and all performance obligations which may at any time be due and owing by the Corporation to the Holder under this Debenture and all other agreements, instruments and documents now or hereafter executed by or on behalf of the Corporation with respect to any of the foregoing, or any of the transactions contemplated thereby, whether now in existence or incurred hereafter, whether incurred directly or incurred by others and assumed by the Corporation, whether such indebtedness is absolute or contingent, matured or unmatured, direct or indirect, and whether the Corporation is liable for such indebtedness as principal, surety, endorser or otherwise;

(l) "**Person**" means any individual, firm, partnership, company, corporation or other body corporate, government, governmental body, agency, instrumentality, unincorporated body of Persons or association and the heirs, executors, administrators or other legal representatives of an individual

(m) "**Principal**" or "**Principal Amount**" means the amount set forth on the face page hereof or such part thereof which remains outstanding and unpaid from time to time;

(n) "**Receiver**" means a receiver appointed in writing or by order of a court of competent jurisdiction to protect and preserve the Corporation's undertaking or property and includes a receiver-manager;

(o) **"SEC**" means US Securities and Exchange Commission;

(p) **"Securities Act**" means the US Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;

(q) **"Shares" means the shares of common stock of the Company** and

(r) "**Subscription Agreement**" means the Subscription Agreement whereby the Holder agreed to subscribe for a Debenture.

1.2 Time shall be of the essence hereof.

1.3 This Debenture shall in all respects be subject to and be interpreted and construed in accordance with laws of the State of California applicable therein.

1.4 The division of this Debenture into sections, sub-sections, clauses, sub clauses, and paragraphs in the provisions of headings for all or any thereof is for convenience or reference only and not for the construction or interpretation of this Debenture.

1.5 In this Debenture, unless there is something in the subject matter or context inconsistent therewith, words importing the singular shall include the plural and vice versa; and words importing gender shall include the masculine, feminine and neuter genders.

1.6 If a provision of this Debenture is wholly or partially invalid, this Debenture shall be interpreted as if the invalid provision had not been a part hereof.

ARTICLE 2
REPAYMENT

2.1 The Corporation hereby acknowledges and confirms itself to be indebted to the Holder and promises to pay to the Holder the Principal Amount, together with all accrued and unpaid Interest, in lawful money of the United States of America, on or before the Maturity Date and in the meantime promises to pay Interest on the Principal Amount at the rate and times as hereinafter set forth. Should the Corporation at any time make default on its obligations or in the payment of any part or all of the Principal Amount or Interest or any other amount hereunder, then the Corporation shall pay Interest on the amount in default both before and after judgment at the same rate in like money at the same place on the same date.

2.2 Subject to Clause 2.3, simple interest not compounded shall be payable on the outstanding balance of the Principal Amount at an annual rate of **ten percent (10%)** ("**Interest**"), calculated from and including the date of this Debenture to the date of any payments of Interest hereunder, as well as the Maturity Date, and also after default and before and after judgment. On the Maturity Date, the Principal Amount then outstanding and all Interest and other amounts owing hereunder, shall become immediately due and payable by the Corporation to the Holder in full.

2.3 Interest shall be paid semi-annually as well as the Maturity Date. Interest shall accrue from the most recent date to which Interest has been paid or, if no Interest has been paid, from the date of this Debenture. Interest will be computed on the basis of a 365 day year. When this Interest becomes due hereunder, the Corporation will pay such Interest in cash as contemplated by Clause 2.2 hereof.

2.4 The Holder may by written notice to the Corporation postpone any specified payment of Interest to the Maturity Date.

2.5 The Holder shall, and the Corporation hereby irrevocably authorizes the Holder to, apply all payments made by the Corporation against the Principal Amount, Interest thereon and other monies which are payable by the Corporation under this Debenture in the following order: (i) all expenses and other monies from time to time owed to the Holder hereunder (other than the Principal Amount and Interest thereon), (ii) Interest payable hereunder, and (iii) Principal Amount.

2.6 The Corporation may at any time after one year from the closing date prepay the Principal, interest thereon and any related indebtedness to the Holder without penalty or bonus upon 30 days prior written notice and in such case, the Holder's right to convert such indebtedness into shares of common stock of the Corporation shall expire upon the making of such prepayment is made to the extent such indebtedness is prepaid.

ARTICLE 3
AUTHORIZED ISSUE

3.1 The Corporation represents and warrants to and in favour of the Holder that this Debenture has been issued in accordance with resolutions of the directors of the Corporation, and all other matters and things have been done and performed so as to authorize and make the creation and issue of this Debenture and its execution and delivery legal, valid and binding in accordance with the constating documents of the Corporation and all other statutes and laws in that behalf, and this Debenture is given as security for unconditional and absolute payment of the Principal Amount and Interest thereon, and all other monies entitled to the benefit of the security hereby created, with Interest thereon at the rate aforesaid, payable in the manner and at the times and places herein set forth and also as security for the due performance of all obligations of the Corporation hereunder and for the purposes and subject to the conditions, provisions, covenants and stipulations herein expressed.

ARTICLE 4
WAIVER OF EQUITIES

4.1 The Principal Amount, Interest and other monies owing hereunder will be paid and shall be assignable without regard to any equities between the Corporation and the original or any intermediate Holder hereof or any set-off or counterclaim, and the receipt of the Holder for the payment of the Principal Amount and Interest will be a good discharge to the Corporation in respect thereof.

ARTICLE 5
FURTHER ASSURANCES

5.1 The Corporation will at all times use reasonable commercial efforts to, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, mortgages, transfers and assurances in law as the Holder shall reasonably require for better assuring, mortgaging, assigning and confirming unto the Holder all and singular the undertaking and all of the property and assets of the Corporation hereby mortgaged or charged or intended so to be or which the Corporation may hereafter become bound to mortgage or charge to and in favour of the Holder and for the better accomplishing and effectuating of the intentions of this Debenture.

ARTICLE 6
COVENANTS OF THE CORPORATION

6.1 The Corporation covenants and agrees as follows:

(a) to forever defend the assets of the Company against every Person whomsoever lawfully claiming or attempting to claim the same or any part thereof;

(b) to pay the Principal Amount together with Interest and other monies hereby and other appurtenant charges thereon, in accordance with the terms hereof;

(c) to carry on and continuously conduct its business in a lawful manner;

(d) to keep and maintain proper books of account and records accurately covering all aspects of the business affairs of the Corporation and to permit authorized officers, employees or agents of the Holder to inspect the same during regular business hours upon reasonable advance notice;

(e) to fully pay and discharge as and when the same become due and payable all taxes (including local improvement rates), rates, duties and assessments that may be levied, rated, charged or assessed against the Corporation, or the assets of the Corporation, or any part thereof unless same is being contested in good faith, and if the Corporation fails to pay any of such taxes, rates, duties or assessments and if it is not in good faith contesting the same, the Holder may pay, but shall not be obligated to pay, the same and any amounts so paid by the Holder shall become and form part of the Principal Amount and shall bear Interest at the rate aforesaid until paid;

(f) to at all times promptly observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders and regulations of every governmental authority and agency whether federal, provincial, municipal or otherwise, including, without limiting the generality of the foregoing, those dealing with fire, access, the environment (whether for its protection, preservation, clean-up or otherwise), toxic materials or other environmental hazards, public health and safety, and all private covenants and restrictions affecting the Corporation and from time to time, upon request of the Holder, to provide to the Holder evidence of such observance and compliance and at the Corporation's expense, take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order or regulation; and

(g) to immediately give notice to the Holder of any Event of Default or of any event which with notice or lapse of time, or both, would constitute an Event of Default hereunder.

6.2 The Corporation shall not, without the prior written consent of Holder first make any distribution to its shareholders or any of them or declare or pay any dividends.

6.3 (a) The Corporation at its own cost will protect the assets of the Corporation against all encumbrances of any nature, including all claims of workmen or materialmen that might arise from the administration or operation of any part of the assets of the Corporation or from the Corporation's operations; and will pay or cause to be paid all such liabilities and all charges for labour, materials and equipment incurred in such administration and operation unless same is being contested in good faith.

(b) If a lien is placed on any assets of the Corporation, or the title to any assets of the Corporation shall be endangered or shall be attacked directly or indirectly, or if any legal proceedings are instituted against the Corporation, the Corporation will promptly give written notice thereof to the Holder, at its sole cost and expense, and will diligently cure any defect that may be developed or validly claimed, and will take all necessary and proper steps for the defence of the title of the assets of the Corporation and will take such action as is reasonably appropriate to the defence of any such legal proceedings including, but not limited to, the employment of counsel, for the prosecution or defence of litigation and the release or discharge of claims made against the title to the assets of the Corporation. If the Holder shall deem it necessary or expedient, the Corporation hereby authorizes the Holder to take all additional steps deemed by the Holder reasonably necessary or advisable for the defence of such title, or assets of the Corporation including, but not limited to, the employment of independent counsel, for the prosecution or defence of litigation and the compromise or discharge of any adverse claims made with respect thereto.

ARTICLE 7
NON-PERFORMANCE OF COVENANTS

7.1 If the Corporation fails to perform any of its obligations contained in this Debenture, the Holder may itself perform any of the said obligations capable of being performed by it or make advances to perform the same on its behalf but shall be under no obligation to do so.

7.2 No performance or advance by the Holder under this Article and no waiver under any provisions of this Debenture shall prejudice the rights of the Holder with regard to the Corporation in respect of any subsequent breach by the Corporation of the same or of any other covenant, and no such performance or advance shall relieve the Corporation from default unless the Corporation shall make good to the Holder the non-performance or the effect of such non-performance and shall repay all sums expended or advanced by the Holder and interest thereon.

ARTICLE 8
EVENTS OF DEFAULT BY THE CORPORATION AND ACCELERATION

8.1 Notwithstanding anything herein contained in the event of a Default, the entire Principal Amount and all Interest either due or accruing due hereunder and other monies payable by the Corporation hereunder thereon shall become immediately due and payable with or without prior demand therefor. The occurrence of any one or more of the following events (herein called an "**Event of Default**") constitutes an Event of Default in respect of this Debenture, and the security hereby constituted shall become enforceable upon the occurrence of the following events or any one thereof:

(a) Failure by the Corporation to make due and punctual payments of the Principal Amount, Interest thereon or any other monies when and as the same become due and payable pursuant to the terms hereof and such failure or default persists after thirty (30) business days notice by Holder to the Corporation requiring that the Corporation remedy, correct, desist or comply with same;

(b) If the Corporation makes default in the observance or performance of any covenants, agreements or conditions herein on the part of the Corporation to be kept, observed and performed and such failure or default persists after thirty (30) business days notice by Holder to the Corporation requiring that the Corporation remedy, correct, desist or comply with same;

(c) If an order is made or an effective resolution is passed for the winding up of the Corporation or if a petition is filed for the winding up of the Corporation;

(d) If the Corporation makes an authorized assignment or bulk sale of its assets or if a petition in bankruptcy is filed or presented against the Corporation;

(e) If any proceeding with respect to the Corporation is commenced under any applicable insolvency or bankruptcy legislation;

(f) If the Corporation ceases or threatens to cease to carry on its business; or

(g) If a receiver or receiver manager of any of the Corporation's undertaking or property is appointed.

8.2 The Holder may waive, in writing, any breach by the Corporation of any of the provisions contained in this Debenture or any default by the Corporation in the observance or performance of any covenant, agreement or condition required to be kept, observed or performed by the Corporation under the terms of this Debenture; provided always that no act or omission of the Holder in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent breach of default or the rights of the Holder resulting therefrom.

ARTICLE 9
NON-NEGOTIABLE AND NON-TRANSFERABLE INSTRUMENT

9.1 This Debenture is not to be treated as a negotiable instrument. The Corporation hereby expressly does not waive presentment, demand, protest or notice of any kind in connection with this Debenture.

9.2 This Debenture is non- transferable.

9.3

ARTICLE 10
NOTICES

10.1 Notice may be served on the Corporation and any demand for payment for any monies owing hereunder may be made upon the Corporation by sending such notice or demand through the post by prepaid registered letter or by fax, or by personal delivery addressed to the Corporation, and any notice or demand so mailed shall be deemed to have been received at the expiration of five (5) days after it is posted and twenty four (24) hours if forwarded by fax or personal delivery. In computing the foregoing time, Saturdays, Sundays and holidays shall be excluded. Any such notice or demand may be served by delivery of such notice or demand in writing to the registered office of the Corporation.

10.2 Notice may be served on the Holder by sending such notice through the post by prepaid registered letter or by fax, or by personal delivery addressed to the Holder, and any notice so mailed shall be deemed to have been received at the expiration of five (5) days after it is posted and twenty-four (24) hours if forwarded by fax or personal delivery. In computing the foregoing time, Saturdays, Sundays and holidays shall be excluded. Any such notice may be served by delivery of such notice in writing to the address of the Holder as stated on the Subscription Agreement.

ARTICLE 11
RETENTION OF REGISTER

11.1 The Corporation shall at all times, keep in its head office in San Diego, California, registration books in which there shall be entered the name and address of the Holder of this Debenture and in which transfers of this Debenture shall be registered, and which at all reasonable times, shall be open for inspection by the Holder.

ARTICLE 12
IMMUNITY OF SHAREHOLDERS, OFFICERS & DIRECTORS

12.1 Subject to Clause 12.2 hereof, no recourse under or upon any obligation, covenant or agreement of this Debenture, or for any claim based thereon or otherwise in respect thereof, shall be had against any shareholder, officer or director as such, past, present or future of the Corporation, or of any successor corporation, either directly or through the Corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Debenture and the obligations issued hereunder are solely corporate obligations, and that no such personal liability whatsoever shall attach to, or is or shall be incurred by shareholders, officers or directors, as such, of the Corporation or of any successor corporation, or any of them, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Debenture, and that any and all such personal liability, either at common law or in equity or by constitution or statute, and any and all such rights and claims against every such shareholder, officer or director, as such, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Debenture or implied therefrom, are hereby expressly waived and released as a condition of, and as a consideration for, the execution and issuance of this Debenture.

12.2 The provisions of Clause 12 .1 shall have no force or effect whatsoever and cannot be relied on by any officer, shareholder or director who commits fraud, gross negligence, willful misconduct or intentional misrepresentation.

ARTICLE 13
COPY OF DEBENTURE

13.1 By the execution hereof, the Corporation hereby acknowledges receipt of a copy of this Debenture.

IN WITNESS WHEREOF this Debenture, dated for reference and executed **April 7, 2022**.

DIRECT COMMUNICATION SOLUTIONS, INC.

Per: _____

Mike Zhou, Director

SCHEDULE "A"

TO THE CONVERTIBLE DEBENTURE OF DIRECT COMMUNICATIONS SOLUTIONS INC.

(the "**Corporation**")

Issue of Debentures bearing interest at 10% per annum

TERMS OF OPTION TO CONVERT INTO SHARES OF COMMON STOCK

1. **Conversion**

Subject to the provisions of this option, the Holder shall have the right at its respective option (herein called the "**Option**"), at any time until the expiry of the two (2) year term of the Debenture (herein called the "**Time of Expiry**"), to convert in whole or any part of the Principal, interest thereon and any related indebtedness (collectively, the "**Indebtedness**") then outstanding in lawful money of the United States of America into units (the "**Units**"), for a period of two (2) years from the date of issuance of the Debenture (the "**Term**") at a conversion price at the higher of (i) US$1.19 or (ii) a price equal to the price of the shares or units of the next financing carried out before the 2nd anniversary of the closing date less a 30% discount. The Units shall comprise a share (each a "**Share**") and one-half (½) of one warrant where a whole warrant shall be exercisable at $0.40 per common share for a two year term. The Debentures have a maturity date of the 2nd anniversary of the closing date and bear an interest rate of 10% per annum, payable semi-annually.

The Subscriber understands and acknowledges that the Convertible Debenture may not be converted into Shares unless an exemption is available from the registration requirements of the U.S. Securities Act and any applicable state securities laws. In connection with any conversion of the Debenture, the Corporation may require the Holder thereof to provide to the Corporation an opinion of counsel selected by the transferor, the form and substance of which opinion shall be reasonably satisfactory to the Corporation, to the effect that such conversion does not require registration under the U.S. Securities Act.

1.1 All Shares issuable upon conversion of the Debentures and all certificates issued pursuant to such conversion shall bear the following legends:

> **"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"). THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (C) WITHIN THE UNITED STATES (1) IN COMPLIANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, OR (2) WITH THE PRIOR CONSENT OF THE COMPANY, IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE LAWS, AND THE HOLDER HAS FURNISHED TO THE COMPANY AN OPINION TO SUCH EFFECT FROM COUNSEL OF RECOGNIZED STANDING REASONABLY SATISFACTORY TO THE COMPANY PRIOR TO SUCH OFFER, SALE OR TRANSFER. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."**

2. **Manner of Exercise of Right to Convert**

2.1 On each occasion on which the Holder desires to convert a portion of the Indebtedness into Shares, the Holder shall deliver the original Debenture to the Corporation along with written notice specifying the amount of the Indebtedness to be converted (herein called a "**Notice**").

2.2 Upon receiving or delivering a Notice, the Corporation shall forthwith after receiving all approvals required by all applicable regulatory authorities, if required:

(a) Deliver to the Holder certificates for such Shares comprising the portion of the Indebtedness specified in the Notice or, if the Corporation has a securities transfer agent that is a member of the United States Securities Transfer Association or the Securities Transfer Association of Canada at the election of the Corporation, issue non-certificated inventory for such Shares using the Corporation's transfer agent.

2.3 Any part of the Indebtedness may be converted as provided in this Option and all references in this Option to the conversion of the Indebtedness shall be deemed to include the conversion of a part of the Indebtedness where applicable.

3. **Adjustment of Conversion Price**

3.1 If and whenever at any time prior to the Time of Expiry the outstanding Shares of the Corporation are subdivided, redivided or changed into a greater or consolidated into a lesser number of Shares or reclassified into different shares, if the Holder has not fully exercised its right of conversion prior to the effective date of such subdivision, redivision, change, or consolidation or reclassification (herein individually called a "**Change**"), the Holder shall be entitled to receive and shall accept, upon the exercise of such right at any time thereafter in lieu of the number of Shares to which the Holder was entitled upon conversion immediately prior to such Change, the aggregate number of Shares of the Corporation that the Holder would have been entitled to receive as a result of such Change if, on the effective date thereof, the Holder had been the registered holder of the number of Shares to which it was entitled upon conversion immediately prior to such Change.

3.2 If and whenever at any time prior to the Time of Expiry there is a capital reorganization of the Corporation or an amalgamation of the Corporation with or into any other Corporation including by way of a sale whereby all or substantially all of the Corporation's undertaking and assets would become the property of any other Corporation, if the Holder has not fully exercised its right of conversion prior to the effective date of such reorganization, consolidation, merger, amalgamation or sale (herein individually called a "**Reorganization**"), the Holder shall be entitled to receive and shall accept, upon exercise of such right at any time on or thereafter, in lieu of the number of Shares to which the Holder was entitled upon conversion immediately prior to such Reorganization, the aggregate number of Shares or other securities or property of the Corporation resulting from the Reorganization that the holder would have been entitled to receive as a result of such Reorganization if, on the effective date thereof, the Holder had been the registered holder of the number of Shares to which it was entitled upon conversion immediately prior to such Reorganization.

3.3 If any Reorganization occurs, appropriate adjustment shall be made in the application of the provisions set forth in this Option with respect to the rights and interests thereafter of the Holder to the end that after such event the Holder shall retain rights substantially equivalent to the rights held by it prior to the occurrence of such event and that the provisions set forth in this Option shall thereafter be made applicable, as nearly as may reasonably be, in relation to any Shares to which the Holder is entitled on the exercise of its right of conversion thereafter. Any such adjustment shall be made by and set forth in a supplement to this Option approved by the Directors of the Corporation.

3.4 The adjustments provided for in this Option are cumulative and shall apply to successive Changes, Reorganizations or other events resulting in any adjustment under the provisions of this Option.

3.5 After any adjustment pursuant to this Option, the term "Shares" where used herein, other than in Section 1 herein, shall be interpreted to mean the shares of any class or classes or the other securities or property which, as a result of all prior adjustments pursuant to this Option, the Holder would have been entitled to receive upon the conversion of the Indebtedness. All shares of any class or other securities or property which the Holder is at the time in question entitled to receive hereunder on the conversion of the Indebtedness, whether or not as a result of adjustments made pursuant to this Option, for the purpose of the interpretation of this Option, shall be deemed to be the Shares which the Holder is entitled to receive pursuant to the conversion of the Indebtedness.

3.6 In the event of any question arising with respect to the adjustments provided in this Option, such question shall be determined by a firm of chartered accountants appointed by the Corporation (who may be the auditors of the Corporation); such accountants shall have access to all necessary records of the Corporation and such determination shall be binding upon all parties in interest.

3.8 No Requirement to Issue Fractional Shares

The Corporation shall not be required to issue fractional Shares upon the conversion of the Indebtedness pursuant to this Option. If any fractional interest in a Share would be deliverable upon the conversion of the Indebtedness, the Corporation shall issue such number of Shares as are determined by rounding any fractional interest to the closest integer.

3.9 Certificate as to Adjustment

The Corporation shall from time to time immediately after the occurrence of any event which requires an adjustment as provided in this section 3, deliver a copy of a certificate signed by two of its Officers to the Holder specifying the nature of the event requiring the same and the amount of the adjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based and the method of calculation and the amount of the adjustment specified in such certificate shall be reported on by a firm of chartered accountants appointed by the Corporation (who may be the auditors of the Corporation) and, shall be conclusive and binding upon all parties in interest.

4. **Notice of Special Matters and Holder not a shareholder**

The Corporation covenants with the Holders, and each of them, that at any time prior to the Time of Expiry that the Indebtedness remains outstanding, it will give notice to the Holder of its intention:

(a) To declare any stock dividend on any shares;

(b) To distribute to all holders of shares any securities or assets (other than cash dividends), and, in each notice shall specify the record date or, if none, the effective date for such dividend or distribution, provided that the Corporation shall only be required to specify in such notice particulars of such action as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than thirty (30) days in each case prior to such applicable record date or effective date.

The holding of a Debenture will not constitute the holder thereof a shareholder of the Corporation, nor entitle him to any rights or interest in respect thereof except as in the Debenture expressly provided.

5. **Satisfaction and Discharge**

5.1 Cancellation and Destruction

Upon the earlier of the payment by the Corporation of all of the Principal Amount and Interest due on the Debentures or the conversion of the Indebtedness into Shares, the Holder shall deliver the Debenture to the Corporation and the Debenture shall be cancelled and destroyed by the Corporation.

5.2 Non-Presentation of Debentures

If the Holder of any Debenture shall fail to present the same for payment on the date on which the Principal Amount and Interest becomes payable, either on the Maturity Date or otherwise, or shall not accept payment on account thereof and give such receipt therefor (if any) as the Corporation may require, the Corporation shall be entitled to set aside the Principal Amount and Interest in trust to be paid to the Holder of such Debenture upon due presentation and surrender thereof in accordance with the provisions of this Debenture; and thereupon the Principal Amount and Interest payable on or represented by each Debenture in respect whereof such moneys have been set aside shall be deemed to have been paid and thereafter such Debentures shall not be considered as outstanding and the Holders thereof shall thereafter have no right in respect thereof except that of receiving payment of the moneys so set aside by the Corporation (without interest thereon).

5.3 Repayment of Unclaimed Moneys

Any moneys set aside under section 5.2 and not claimed by and paid to Holders of Debentures within six years after the date of such setting aside shall, subject to applicable law, be repaid to the Corporation and thereafter the Holders of the Debentures in respect of which such moneys were so paid to the Corporation shall have no rights in respect thereof except to obtain payment of such moneys without interest thereon from the Corporation.

5.4 Discharge

Upon the payment by the Corporation of all of the Principal Amount and Interest due on the Debentures or upon the conversion of the Indebtedness into Shares, the Holder shall, at the request of the Corporation, execute and deliver to the Corporation such deeds or other instruments as shall be necessary to evidence the satisfaction and discharge of the Debentures and to release the Corporation from its covenants contained herein.

APPENDIX "I"

CONVERSION NOTICE

TO: DIRECT COMMUNICATION SOLUTIONS, INC. (the "Corporation")
11021 Via Frontera, Suite C
San Diego, CA. 92127
Attention: Mr. Chris Bursey

(1) The undersigned holder of the Convertible Debenture hereby converts $_____, which represents, in whole or any part, the Indebtedness currently outstanding under the Convertible Debenture, into units (the "Units")at a conversion price at the higher of (i) $1.19 or (ii) a price equal to the price of the shares or units of the next financing carried out before the 2nd anniversary of the closing date less a 30% discount. The Units shall comprise a share (each a "**Share**") and one-half (½) of one warrant where a whole warrant shall be exercisable at US$0.40 per common share for a two-year term. The Debentures have a maturity date of the 2nd anniversary of the closing date and bear an interest rate of 10% per annum, payable semi-annually.

(2) The undersigned hereby irrevocably directs that the said Units be issued and delivered to the undersigned as follows:

Name in Full	**Address (Include Postal Code)**	**Number of Units**

* Certificates representing Shares and the warrants comprising the Units will not be registered or delivered to an address in the United States unless Box B or C below is checked.

(3) The undersigned represents, warrants and certifies as follows (one (only) of the following must be checked):

A. □ The undersigned holder (i) at the time of conversion of amounts outstanding under the Convertible Debenture is not in the United States, as defined in Regulation S under the United States *Securities Act of 1933*, as amended (the "Securities Act"), and (ii) is not converting amounts outstanding under the Convertible Debenture on behalf of a person in the United States; and (iii) did not execute or deliver this Exercise Notice in the United States.

B. □ The holder is a U.S. Accredited Investor and is converting amounts outstanding under the Convertible Debenture on its own behalf and not for the account or benefit of any other person.

C. □ The undersigned holder has delivered to the Corporation an opinion of counsel (which will not be sufficient unless it is satisfactory to the Corporation) to the effect that an exemption from the registration requirements of the Securities Act and applicable state securities laws is available.

The undersigned holder understands that even if Box A or B above is checked, the certificate representing the Units will bear a legend restricting transfer until it can be established to the satisfaction of the Corporation that a transfer can be made without registration under the Securities Act.

The undersigned holder understands that the Convertible Debenture may not be converted into Units by a holder in the United States and no Units shall be issued to a holder in the United States unless the Units are registered under the Securities Act and the securities laws of any applicable state or an exemption from such registration requirements is available.

If Box C is checked, any opinion tendered must be satisfactory to the Corporation. Holders planning to deliver an opinion of counsel in connection with the conversion of the Convertible Debenture should contact the Corporation in advance to determine whether any opinions to be tendered will be acceptable to the Corporation.

The undersigned holder understands that the Units must not be issued to a person other than the undersigned holder.

Terms not defined herein shall have the same meanings ascribed to them in the Convertible Debenture.

This Conversion Notice may be executed manually or digitally and may be delivered electronically or by facsimile transmission.

DATED this _____ of _____, _____.

Signature witnessed by:

Signature of Subscriber*

Name of Subscriber

Address of Subscriber (include postal code)

* This signature must correspond exactly with the name appearing on the registration panel.

THE RIGHT TO CONVERT, IN WHOLE OR ANY PART, THE INDEBTEDNESS THEN OUTSTANDING UNDER THE CONVERTIBLE DEBENTURE EXPIRES ON THE DATE THAT IS TWO YEARS FROM THE DATE OF ISSUANCE OF THE CONVERTIBLE DEBENTURE, IN ACCORDANCE WITH THE TERMS OF THE CONVERTIBLE DEBENTURE.

Exhibit 4.3

U.S. PURCHASERS

The Convertible Debentures and the Shares issuable upon exercise of the Convertible Debentures (collectively, the "Securities") have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or applicable state securities laws, and the Securities are being offered and sold by the Corporation in reliance upon the exemption from the provisions of Section 5 of the U.S. Securities Act for transactions not involving a public offering provided in Section 4(2) of the U.S. Securities Act or Regulation D promulgated thereunder. The Securities are being offered and sold within the United States only to Accredited Investors as defined in Rule 501(a) of Regulation D under the U.S. Securities Act. The Securities offered hereby are not transferable except in accordance with the restrictions described herein.

DCS DEBENTURE SERIES 2022-1

DIRECT COMMUNICATION SOLUTIONS, INC.
Incorporated under the laws of the State of Delaware

CONVERTIBLE UNSECURED DEBENTURE
DUE **SEPTEMBER 9, 2024**

WHEREAS Direct Communication Solutions Inc. (the "**Corporation**") is indebted to _____ of_____ (the "**Holder**") in an amount equal to **$_____** (the "**Principal Amount**") together with interest thereon and other indebtedness of the Corporation to the Holder as herein set forth;

WHEREAS the Holder has requested and the Corporation has agreed to grant this non-transferable convertible unsecured debenture ("**Debenture**") for the full and timely payment and performance of the obligations of the Corporation herein set forth, including but without limitation, the repayment of the Principal Amount together with interest thereon and other indebtedness of the Corporation to the Holder as herein set forth below, and the conversion thereof into shares of common stock of the Corporation in accordance with the terms and conditions of the Debenture as herein set forth in **Schedule "A"** (which forms a part of and is incorporated by reference into this Debenture)

NOW THEREFORE THIS DEBENTURE WITNESSETH THAT:

ARTICLE 1
INTERPRETATION

1.1 For the purpose of this Debenture and all schedules attached hereto, unless the subject matter or context is inconsistent therewith:

(a) "**business day**" means a day on which banks are open for business in San Diego, California but does not in any event include a Saturday or Sunday;

(b) "**Corporation**" means Direct Communication Solutions, Inc. and its permitted successors and assigns;

(c) "**Debenture**", "this Debenture", "the Debenture", "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions refer to this convertible unsecured debenture, in the Principal Amount represented hereby and not to any particular article, section, sub-section, clause, subdivision or other portion hereof and include any and every instrument supplemental or ancillary hereto and every debenture issued in replacement hereof;

(d) "**Default**" or "**Event of Default**" means an event of default as described in Clause 8.1 hereof;

(e) "**director**" means a director of the Corporation for the time being and "directors" or "board of directors" means the board of directors of the Corporation or, if duly constituted and whenever duly empowered, the executive committee of the board of directors of the Corporation for the time being and reference to action by the directors means action by the directors of the Corporation as a board or action by the said executive committee as such committee;

(f) "**dollars**" or "**$**" means lawful currency of the United States of America and all references to cash or money shall mean dollars in lawful currency of the United States of America;

(g) "**Holder**" means the Person or entity as set forth and described on the face page hereof, or the Persons or entities in whose name this Debenture shall be registered from time to time on the books of the Corporation, kept for that purpose in accordance with the terms of this Debenture and for the purpose hereof, the Holder hereof shall rank on a *pari passu* and equal basis with any other holder of a convertible unsecured debenture of the Corporation issued in the aggregate maximum principal amount of $1,000,000, as to all rights hereunder;

(h) "**Interest**" shall have the meaning as described in Clause 2.2 hereof;

(i) "**material adverse effect**" means a material adverse effect on:

(i) the financial condition of the Corporation;

(ii) the ability of the Corporation to observe or perform its obligations under this Debenture; or

(iii) the property, business, operations or liabilities of the Corporation;

(j) "**Maturity Date**" means September 9, 2024;

(k) "**obligations**" shall mean any and all present and future indebtedness and all performance obligations which may at any time be due and owing by the Corporation to the Holder under this Debenture and all other agreements, instruments and documents now or hereafter executed by or on behalf of the Corporation with respect to any of the foregoing, or any of the transactions contemplated thereby, whether now in existence or incurred hereafter, whether incurred directly or incurred by others and assumed by the Corporation, whether such indebtedness is absolute or contingent, matured or unmatured, direct or indirect, and whether the Corporation is liable for such indebtedness as principal, surety, endorser or otherwise;

(l) "**Person**" means any individual, firm, partnership, company, corporation or other body corporate, government, governmental body, agency, instrumentality, unincorporated body of Persons or association and the heirs, executors, administrators or other legal representatives of an individual

(m) "**Principal**" or "**Principal Amount**" means the amount set forth on the face page hereof or such part thereof which remains outstanding and unpaid from time to time;

(n) "**Receiver**" means a receiver appointed in writing or by order of a court of competent jurisdiction to protect and preserve the Corporation's undertaking or property and includes a receiver-manager;

(o) **"SEC**" means US Securities and Exchange Commission;

(p) **"Securities Act**" means the US Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;

(q) **"Shares" means the shares of common stock of the Company** and

(r) "**Subscription Agreement**" means the Subscription Agreement whereby the Holder agreed to subscribe for a Debenture.

1.2 Time shall be of the essence hereof.

1.3 This Debenture shall in all respects be subject to and be interpreted and construed in accordance with laws of the State of Delaware.

1.4 The division of this Debenture into sections, sub-sections, clauses, sub clauses, and paragraphs in the provisions of headings for all or any thereof is for convenience or reference only and not for the construction or interpretation of this Debenture.

1.5 In this Debenture, unless there is something in the subject matter or context inconsistent therewith, words importing the singular shall include the plural and vice versa; and words importing gender shall include the masculine, feminine and neuter genders.

1.6 If a provision of this Debenture is wholly or partially invalid, this Debenture shall be interpreted as if the invalid provision had not been a part hereof.

ARTICLE 2
REPAYMENT

2.1 The Corporation hereby acknowledges and confirms itself to be indebted to the Holder and promises to pay to the Holder the Principal Amount, together with all accrued and unpaid Interest, in lawful money of the United States of America, on the Maturity Date. Should the Corporation at any time make default on its obligations or in the payment of any part or all of the Principal Amount or Interest or any other amount hereunder, then the Corporation shall pay Interest on the amount in default both before and after judgment at the same rate in like money at the same place on the same date.

2.2 Subject to Clause 2.3, simple interest not compounded shall be payable on the outstanding balance of the Principal Amount at an annual rate of **ten percent (10%)** ("**Interest**"), calculated from and including the date of this Debenture to the date of any payments of Interest hereunder, as well as the Maturity Date, and also after default and before and after judgment. On the Maturity Date, the Principal Amount then outstanding and all Interest and other amounts owing hereunder, shall become immediately due and payable by the Corporation to the Holder in full.

2.3 Interest shall accrue and be added to the Principal.

2.4 The Holder shall, and the Corporation hereby irrevocably authorizes the Holder to, apply all payments made by the Corporation against the Principal Amount, Interest thereon and other monies which are payable by the Corporation under this Debenture in the following order: (i) all expenses and other monies from time to time owed to the Holder hereunder (other than the Principal Amount and Interest thereon), (ii) Interest payable hereunder, and (iii) Principal Amount.

2.5 The Corporation may not make prepayment unless approved by the holders of a majority of the Principal Amount of the Debentures.

ARTICLE 3
AUTHORIZED ISSUE

3.1 The Corporation represents and warrants to and in favour of the Holder that this Debenture has been issued in accordance with resolutions of the directors of the Corporation, and all other matters and things have been done and performed so as to authorize and make the creation and issue of this Debenture and its execution and delivery legal, valid and binding in accordance with the constating documents of the Corporation and all other statutes and laws in that behalf, and this Debenture is given as security for unconditional and absolute payment of the Principal Amount and Interest thereon, and all other monies entitled to the benefit of the security hereby created, with Interest thereon at the rate aforesaid, payable in the manner and at the times and places herein set forth and also as security for the due performance of all obligations of the Corporation hereunder and for the purposes and subject to the conditions, provisions, covenants and stipulations herein expressed.

ARTICLE 4
WAIVER OF EQUITIES

4.1 The Principal Amount, Interest and other monies owing hereunder will be paid and shall be assignable without regard to any equities between the Corporation and the original or any intermediate Holder hereof or any set-off or counterclaim, and the receipt of the Holder for the payment of the Principal Amount and Interest will be a good discharge to the Corporation in respect thereof.

ARTICLE 5
FURTHER ASSURANCES

5.1 The Corporation will at all times use reasonable commercial efforts to, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, mortgages, transfers and assurances in law as the Holder shall reasonably require for better assuring, mortgaging, assigning and confirming unto the Holder all and singular the undertaking and all of the property and assets of the Corporation hereby mortgaged or charged or intended so to be or which the Corporation may hereafter become bound to mortgage or charge to and in favour of the Holder and for the better accomplishing and effectuating of the intentions of this Debenture.

ARTICLE 6
COVENANTS OF THE CORPORATION

6.1 The Corporation covenants and agrees as follows:

(a) to forever defend the assets of the Company against every Person whomsoever lawfully claiming or attempting to claim the same or any part thereof;

(b) to pay the Principal Amount together with Interest and other monies hereby and other appurtenant charges thereon, in accordance with the terms hereof;

(c) to carry on and continuously conduct its business in a lawful manner;

(d) to keep and maintain proper books of account and records accurately covering all aspects of the business affairs of the Corporation and to permit authorized officers, employees or agents of the Holder to inspect the same during regular business hours upon reasonable advance notice;

(e) to fully pay and discharge as and when the same become due and payable all taxes (including local improvement rates), rates, duties and assessments that may be levied, rated, charged or assessed against the Corporation, or the assets of the Corporation, or any part thereof unless same is being contested in good faith, and if the Corporation fails to pay any of such taxes, rates, duties or assessments and if it is not in good faith contesting the same, the Holder may pay, but shall not be obligated to pay, the same and any amounts so paid by the Holder shall become and form part of the Principal Amount and shall bear Interest at the rate aforesaid until paid;

(f) to at all times promptly observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders and regulations of every governmental authority and agency whether federal, provincial, municipal or otherwise, including, without limiting the generality of the foregoing, those dealing with fire, access, the environment (whether for its protection, preservation, clean-up or otherwise), toxic materials or other environmental hazards, public health and safety, and all private covenants and restrictions affecting the Corporation and from time to time, upon request of the Holder, to provide to the Holder evidence of such observance and compliance and at the Corporation's expense, take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order or regulation; and

(g) to immediately give notice to the Holder of any Event of Default or of any event which with notice or lapse of time, or both, would constitute an Event of Default hereunder.

6.2 The Corporation shall not, without the prior written consent of the holders of a majority of the Principal Amount under all the Debentures, first make any distribution to its shareholders or any of them or declare or pay any dividends.

6.3 (a) The Corporation at its own cost will protect the assets of the Corporation against all encumbrances of any nature, including all claims of workmen or materialmen that might arise from the administration or operation of any part of the assets of the Corporation or from the Corporation's operations; and will pay or cause to be paid all such liabilities and all charges for labour, materials and equipment incurred in such administration and operation unless same is being contested in good faith.

(b) If a lien is placed on any assets of the Corporation, or the title to any assets of the Corporation shall be endangered or shall be attacked directly or indirectly, or if any legal proceedings are instituted against the Corporation, the Corporation will promptly give written notice thereof to the Holder, at its sole cost and expense, and will diligently cure any defect that may be developed or validly claimed, and will take all necessary and proper steps for the defence of the title of the assets of the Corporation and will take such action as is reasonably appropriate to the defence of any such legal proceedings including, but not limited to, the employment of counsel, for the prosecution or defence of litigation and the release or discharge of claims made against the title to the assets of the Corporation. If the Holder shall deem it necessary or expedient, the Corporation hereby authorizes the Holder to take all additional steps deemed by the Holder reasonably necessary or advisable for the defence of such title, or assets of the Corporation including, but not limited to, the employment of independent counsel, for the prosecution or defence of litigation and the compromise or discharge of any adverse claims made with respect thereto.

ARTICLE 7
NON-PERFORMANCE OF COVENANTS

7.1 If the Corporation fails to perform any of its obligations contained in this Debenture, the Holder may itself perform any of the said obligations capable of being performed by it or make advances to perform the same on its behalf but shall be under no obligation to do so.

7.2 No performance or advance by the Holder under this Article and no waiver under any provisions of this Debenture shall prejudice the rights of the Holder with regard to the Corporation in respect of any subsequent breach by the Corporation of the same or of any other covenant, and no such performance or advance shall relieve the Corporation from default unless the Corporation shall make good to the Holder the non-performance or the effect of such non-performance and shall repay all sums expended or advanced by the Holder and interest thereon.

ARTICLE 8
EVENTS OF DEFAULT BY THE CORPORATION AND ACCELERATION

8.1 Notwithstanding anything herein contained in the event of a Default, the entire Principal Amount and all Interest either due or accruing due hereunder and other monies payable by the Corporation hereunder thereon shall become immediately due and payable with or without prior demand therefor. The occurrence of any one or more of the following events (herein called an "**Event of Default**") constitutes an Event of Default in respect of this Debenture, and the security hereby constituted shall become enforceable upon the occurrence of the following events or any one thereof:

(a) Failure by the Corporation to make due and punctual payments of the Principal Amount, Interest thereon or any other monies when and as the same become due and payable pursuant to the terms hereof and such failure or default persists after thirty (30) business days notice by Holder to the Corporation requiring that the Corporation remedy, correct, desist or comply with same;

(b) If the Corporation makes default in the observance or performance of any covenants, agreements or conditions herein on the part of the Corporation to be kept, observed and performed and such failure or default persists after thirty (30) business days notice by Holder to the Corporation requiring that the Corporation remedy, correct, desist or comply with same;

(c) If an order is made or an effective resolution is passed for the winding up of the Corporation or if a petition is filed for the winding up of the Corporation;

(d) If the Corporation makes an authorized assignment or bulk sale of its assets or if a petition in bankruptcy is filed or presented against the Corporation;

(e) If any proceeding with respect to the Corporation is commenced under any applicable insolvency or bankruptcy legislation;

(f) If the Corporation ceases or threatens to cease to carry on its business; or

(g) If a receiver or receiver manager of any of the Corporation's undertaking or property is appointed.

8.2 The holders of a majority of the Principal Amount under all the Debentures may waive, in writing, any breach by the Corporation of any of the provisions contained in this Debenture or any default by the Corporation in the observance or performance of any covenant, agreement or condition required to be kept, observed or performed by the Corporation under the terms of this Debenture; provided always that no act or omission of the Holder in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent breach of default or the rights of the Holder resulting therefrom.

ARTICLE 9
PAYMENT OF COSTS

9.1 The Corporation agrees to pay to the Holder forthwith upon demand all reasonable costs, charges and expenses, including reasonable legal fees on a solicitor and his or her own client basis, of or incurred by the Holder, in recovering or enforcing payment of any of the monies owing here-under including all costs, charges and expenses incurred in connection with taking possession, preserving, collecting or realizing upon the Collateral, together with interest thereon at the rate as herein set forth in this Debenture from the date of incurring such costs, charges and expenses.

ARTICLE 10
NON-NEGOTIABLE AND NON-TRANSFERABLE INSTRUMENT

10.1 This Debenture is not to be treated as a negotiable instrument. The Corporation hereby expressly does not waive presentment, demand, protest or notice of any kind in connection with this Debenture.

10.2 This Debenture is non- transferable.

ARTICLE 11
FURTHER POWERS OF HOLDER

11.1 The Holder may, in the exercise of any of its rights granted hereunder:

(a) act on the opinion or advice of any lawyer, valuer, broker, auctioneer or other expert, whether obtained by the Holder or by the Corporation or otherwise and shall not be responsible for any loss occasioned by so acting. Any such advice or opinion may be sent or obtained by letter, telegram, cablegram or telephonic message and the Holder shall not be liable for acting on any advice or information purporting to be conveyed by any such letter, telegram or cablegram or telephonic message although the same shall contain some error or shall not be authentic; and

(b) accept a certificate of the Corporation to the effect that any particular dealing or transaction or step or thing is, in the opinion of the Persons so certifying, expedient as sufficient evidence that it is expedient; provided how-ever that the Holder shall be in no way bound to call for any certificate of the Corporation or for any further or other evidence in regard thereto, or be responsible for any loss that may be occasioned thereby.

11.2 The Holder, whether in the course of the enforcement of its rights granted to it hereunder or otherwise howsoever:

(a) shall not be responsible for the consequences of any mistake or oversight of judgment or forgetfulness or want of prudence on the part of the Holder or any attorney, receiver, agent or other Person appointed by it hereunder;

(b) shall not be responsible for any misconduct on the part of any Receiver, attorney, agent or other Person appointed by it hereunder or bound to supervise the proceedings of such appointee;

(c) shall not be bound to give notice to any Person or Persons of the execution hereof or to see to the performance or observance of any of the obligations hereby imposed on the Corporation or in any way to interfere with the conduct of the Corporation's business, unless and until the security hereby constituted shall have become enforceable and the Holder shall have determined to enforce the same;

(d) shall, as regards all the powers, authorities and discretions hereby vested in it have absolute and uncontrolled discretion as to the exercise thereof in relation to the mode of and time for the exercise thereof and in the absence of fraud, it shall be in no way, responsible for any loss, cost, damage or inconvenience that may result from the exercise or the non-exercise thereof; and

(e) shall have power, acting reasonably, to determine all questions and doubts arising in relation to any of the provisions hereof any every such determination, whether made upon a question actually raised or implied in the acts or proceedings of the Holder, shall be conclusive and shall bind all Persons interested in these matters.

11.3 The Holder hereof shall, as regards all the powers, authorities and discretions hereby vested in it have absolute and uncontrolled discretion as to the exercise thereof and in the absence of fraud, it shall be in no way, responsible for any loss, cost, damage or inconvenience that may result from the exercise or the non-exercise thereof.

11.4 The provisions of this Article shall not in any way be interpreted or construed so as to limit or restrict the rights and/or remedies of the Holder under this Debenture or otherwise.

ARTICLE 12
NOTICES

12.1 Notice may be served on the Corporation and any demand for payment for any monies owing hereunder may be made upon the Corporation by sending such notice or demand through the post by prepaid registered letter or by fax, or by personal delivery addressed to the Corporation, and any notice or demand so mailed shall be deemed to have been received at the expiration of five (5) days after it is posted and twenty four (24) hours if forwarded by fax or personal delivery. In computing the foregoing time, Saturdays, Sundays and holidays shall be excluded. Any such notice or demand may be served by delivery of such notice or demand in writing to the registered office of the Corporation.

12.2 Notice may be served on the Holder by sending such notice through the post by prepaid registered letter or by fax, or by personal delivery addressed to the Holder, and any notice so mailed shall be deemed to have been received at the expiration of five (5) days after it is posted and twenty-four (24) hours if forwarded by fax or personal delivery. In computing the foregoing time, Saturdays, Sundays and holidays shall be excluded. Any such notice may be served by delivery of such notice in writing to the address of the Holder as stated on the Subscription Agreement.

ARTICLE 13
RETENTION OF REGISTER

13.1 The Corporation shall at all times, keep in its head office in San Diego, California, registration books in which there shall be entered the name and address of the Holder of this Debenture and in which transfers of this Debenture shall be registered, and which at all reasonable times, shall be open for inspection by the Holder.

ARTICLE 14
IMMUNITY OF SHAREHOLDERS, OFFICERS & DIRECTORS

14.1 Subject to Clause 14.2 hereof, no recourse under or upon any obligation, covenant or agreement of this Debenture, or for any claim based thereon or otherwise in respect thereof, shall be had against any shareholder, officer or director as such, past, present or future of the Corporation, or of any successor corporation, either directly or through the Corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Debenture and the obligations issued hereunder are solely corporate obligations, and that no such personal liability whatsoever shall attach to, or is or shall be incurred by shareholders, officers or directors, as such, of the Corporation or of any successor corporation, or any of them, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Debenture, and that any and all such personal liability, either at common law or in equity or by constitution or statute, and any and all such rights and claims against every such shareholder, officer or director, as such, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Debenture or implied therefrom, are hereby expressly waived and released as a condition of, and as a consideration for, the execution and issuance of this Debenture.

14.2 The provisions of Clause 14.1 shall have no force or effect whatsoever and cannot be relied on by any officer, shareholder or director who commits fraud, gross negligence, willful misconduct or intentional misrepresentation.

ARTICLE 15
COPY OF DEBENTURE

15.1 By the execution hereof, the Corporation hereby acknowledges receipt of a copy of this Debenture.

IN WITNESS WHEREOF this Debenture, dated for reference and executed _____ ___, 2022.

DIRECT COMMUNICATION SOLUTIONS, INC.

Per: _____
Chris Bursey, Chief Executive Officer

SCHEDULE "A"

TO THE CONVERTIBLE DEBENTURE OF DIRECT COMMUNICATIONS SOLUTIONS INC.

(the "**Corporation**")

Issue of Debentures bearing interest at 10% per annum

TERMS OF OPTION TO CONVERT INTO SHARES OF COMMON STOCK

1. **Conversion**

Subject to the provisions of this option, the Holder shall have the right at its respective option (herein called the "**Option**"), at any time until the expiry of the two (2) year term of the Debenture (herein called the "**Time of Expiry**"), to convert in whole or any part of the Principal, interest thereon and any related indebtedness (collectively, the "**Indebtedness**") then outstanding in lawful money of the United States of America into shares of common stock in the capital stock of the Corporation (the "**Shares**"), for a period of two (2) years from the date of issuance of the Debenture (the "**Term**") at a conversion price at the higher of (i) $1.19 or (ii) a price equal to the price of the shares or units of the next financing carried out before the 2nd anniversary of the closing date less a 25% discount. The Units shall comprise a share and one-half ($^1/_2$) of one warrant. The Debentures have a maturity date of the 2nd anniversary of the closing date and bear an interest rate of 10% per annum, payable semi-annually.

The Subscriber understands and acknowledges that the Convertible Debenture may not be converted into Shares unless an exemption is available from the registration requirements of the U.S. Securities Act and any applicable state securities laws. In connection with any conversion of the Debenture, the Corporation may require the Holder thereof to provide to the Corporation an opinion of counsel selected by the transferor, the form and substance of which opinion shall be reasonably satisfactory to the Corporation, to the effect that such conversion does not require registration under the U.S. Securities Act.

1.1 All Shares issuable upon conversion of the Debentures and all certificates issued pursuant to such conversion shall bear the following legends:

> **"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"). THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (C) WITHIN THE UNITED STATES (1) IN COMPLIANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, OR (2) WITH THE PRIOR CONSENT OF THE COMPANY, IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE LAWS, AND THE HOLDER HAS FURNISHED TO THE COMPANY AN OPINION TO SUCH EFFECT FROM COUNSEL OF RECOGNIZED STANDING REASONABLY SATISFACTORY TO THE COMPANY PRIOR TO SUCH OFFER, SALE OR TRANSFER. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."**

2. Manner of Exercise of Optional Right to Convert

2.1 On each occasion on which the Holder desires to convert a portion of the Indebtedness into Shares, the Holder shall deliver the original Debenture to the Corporation along with written notice specifying the amount of the Indebtedness to be converted (herein called a "**Notice**").

2.2 Upon receiving or delivering a Notice, the Corporation shall forthwith after receiving all approvals required by all applicable regulatory authorities, if required:

(a) Deliver to the Holder certificates for such Shares comprising the portion of the Indebtedness specified in the Notice or, if the Corporation has a securities transfer agent that is a member of the United States Securities Transfer Association or the Securities Transfer Association of Canada at the election of the Corporation, issue non-certificated inventory for such Shares using the Corporation's transfer agent.

2.3 Any part of the Indebtedness may be converted as provided in this Option and all references in this Option to the conversion of the Indebtedness shall be deemed to include the conversion of a part of the Indebtedness where applicable.

3. Conversion Upon a Qualified Financing. In the event of a Qualified Financing (as defined below), immediately following the closing of such Qualified Financing, all unpaid principal and accrued unpaid interest under this Note shall automatically convert, at a per share price equal to the Conversion Price (as defined below), into the same securities issued by the Company pursuant to such Qualified Financing. For purposes hereof, the "**Conversion Price**" shall be the higher of (a) $1.19 or (b) the lowest per share price at which equity securities of the Company are sold in the Qualified Financing less a discount of twenty-five percent (25%). A "**Qualified Financing**" means the next closing of an equity financing or series of related equity financings by the Company resulting in the Company meeting the listing requirements of Nasdaq.

4. Adjustment of Conversion Price

4.1 If and whenever at any time prior to the Time of Expiry the outstanding Shares of the Corporation are subdivided, redivided or changed into a greater or consolidated into a lesser number of Shares or reclassified into different shares, if the Holder has not fully exercised its right of conversion prior to the effective date of such subdivision, redivision, change, or consolidation or reclassification (herein individually called a "**Change**"), the Holder shall be entitled to receive and shall accept, upon the exercise of such right at any time thereafter in lieu of the number of Shares to which the Holder was entitled upon conversion immediately prior to such Change, the aggregate number of Shares of the Corporation that the Holder would have been entitled to receive as a result of such Change if, on the effective date thereof, the Holder had been the registered holder of the number of Shares to which it was entitled upon conversion immediately prior to such Change.

4.2 If and whenever at any time prior to the Time of Expiry there is a capital reorganization of the Corporation or an amalgamation of the Corporation with or into any other Corporation including by way of a sale whereby all or substantially all of the Corporation's undertaking and assets would become the property of any other Corporation, if the Holder has not fully exercised its right of conversion prior to the effective date of such reorganization, consolidation, merger, amalgamation or sale (herein individually called a "**Reorganization**"), the Holder shall be entitled to receive and shall accept, upon exercise of such right at any time on or thereafter, in lieu of the number of Shares to which the Holder was entitled upon conversion immediately prior to such Reorganization, the aggregate number of Shares or other securities or property of the Corporation resulting from the Reorganization that the holder would have been entitled to receive as a result of such Reorganization if, on the effective date thereof, the Holder had been the registered holder of the number of Shares to which it was entitled upon conversion immediately prior to such Reorganization.

4.3 If any Reorganization occurs, appropriate adjustment shall be made in the application of the provisions set forth in this Option with respect to the rights and interests thereafter of the Holder to the end that after such event the Holder shall retain rights substantially equivalent to the rights held by it prior to the occurrence of such event and that the provisions set forth in this Option shall thereafter be made applicable, as nearly as may reasonably be, in relation to any Shares to which the Holder is entitled on the exercise of its right of conversion thereafter. Any such adjustment shall be made by and set forth in a supplement to this Option approved by the Directors of the Corporation.

4.4 The adjustments provided for in this Option are cumulative and shall apply to successive Changes, Reorganizations or other events resulting in any adjustment under the provisions of this Option.

4.5 After any adjustment pursuant to this Option, the term "Shares" where used herein, other than in Section 1 herein, shall be interpreted to mean the shares of any class or classes or the other securities or property which, as a result of all prior adjustments pursuant to this Option, the Holder would have been entitled to receive upon the conversion of the Indebtedness. All shares of any class or other securities or property which the Holder is at the time in question entitled to receive hereunder on the conversion of the Indebtedness, whether or not as a result of adjustments made pursuant to this Option, for the purpose of the interpretation of this Option, shall be deemed to be the Shares which the Holder is entitled to receive pursuant to the conversion of the Indebtedness.

4.6 In the event of any question arising with respect to the adjustments provided in this Option, such question shall be determined by a firm of chartered accountants appointed by the Corporation (who may be the auditors of the Corporation); such accountants shall have access to all necessary records of the Corporation and such determination shall be binding upon all parties in interest.

4.7 No Requirement to Issue Fractional Shares

The Corporation shall not be required to issue fractional Shares upon the conversion of the Indebtedness pursuant to this Option. If any fractional interest in a Share would be deliverable upon the conversion of the Indebtedness, the Corporation shall issue such number of Shares as are determined by rounding any fractional interest to the closest integer.

4.8 Certificate as to Adjustment

The Corporation shall from time to time immediately after the occurrence of any event which requires an adjustment as provided in this section 3, deliver a copy of a certificate signed by two of its Officers to the Holder specifying the nature of the event requiring the same and the amount of the adjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based and the method of calculation and the amount of the adjustment specified in such certificate shall be reported on by a firm of chartered accountants appointed by the Corporation (who may be the auditors of the Corporation) and, shall be conclusive and binding upon all parties in interest.

4.9 **Notice of Special Matters and Holder not a shareholder**

The Corporation covenants with the Holders, and each of them, that at any time prior to the Time of Expiry that the Indebtedness remains outstanding, it will give notice to the Holder of its intention:

(a) To declare any stock dividend on any shares;

(b) To distribute to all holders of shares any securities or assets (other than cash dividends),and, in each notice shall specify the record date or, if none, the effective date for such dividend or distribution, provided that the Corporation shall only be required to specify in such notice particulars of such action as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than thirty (30) days in each case prior to such applicable record date or effective date. The holding of a Debenture will not constitute the holder thereof a shareholder of the Corporation, nor entitle him to any rights or interest in respect thereof except as in the Debenture expressly provided.

5. **Satisfaction and Discharge**

5.1 Cancellation and Destruction

Upon the earlier of the payment by the Corporation of all of the Principal Amount and Interest due on the Debentures or the conversion of the Indebtedness into Shares, the Holder shall deliver the Debenture to the Corporation and the Debenture shall be cancelled and destroyed by the Corporation.

5.2 Non-Presentation of Debentures

If the Holder of any Debenture shall fail to present the same for payment on the date on which the Principal Amount and Interest becomes payable, either on the Maturity Date or otherwise, or shall not accept payment on account thereof and give such receipt therefor (if any) as the Corporation may require, the Corporation shall be entitled to set aside the Principal Amount and Interest in trust to be paid to the Holder of such Debenture upon due presentation and surrender thereof in accordance with the provisions of this Debenture; and thereupon the Principal Amount and Interest payable on or represented by each Debenture in respect whereof such moneys have been set aside shall be deemed to have been paid and thereafter such Debentures shall not be considered as outstanding and the Holders thereof shall thereafter have no right in respect thereof except that of receiving payment of the moneys so set aside by the Corporation (without interest thereon).

5.3 Repayment of Unclaimed Moneys

Any moneys set aside under section 5.2 and not claimed by and paid to Holders of Debentures within six years after the date of such setting aside shall, subject to applicable law, be repaid to the Corporation and thereafter the Holders of the Debentures in respect of which such moneys were so paid to the Corporation shall have no rights in respect thereof except to obtain payment of such moneys without interest thereon from the Corporation.

5.4 Discharge

Upon the payment by the Corporation of all of the Principal Amount and Interest due on the Debentures or upon the conversion of the Indebtedness into Shares, the Holder shall, at the request of the Corporation, execute and deliver to the Corporation such deeds or other instruments as shall be necessary to evidence the satisfaction and discharge of the Debentures and to release the Corporation from its covenants contained herein.

6. **Lock-Up.** For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Holder agrees that, during the period beginning from the date of conversion of this Debenture and continuing to and including the date 180 days after the date of the final prospectus (the "**Prospectus**") with respect to a public offering of the Company's Common Stock which results in the Company listing on a United States national securities exchange (the "**Restricted Period**"), the Holder will not offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of any shares of Common Stock of the Company, or any options or warrants to purchase any shares of Common Stock of the Company, or any securities convertible into, exchangeable for or that represent the right to receive shares of Common Stock of the Company, whether now owned or hereinafter acquired, owned directly by the Holder (including holding as a custodian) or with respect to which the Holder has beneficial ownership within the rules and regulations of the SEC (collectively, the "**Lock-Up Shares**"). The foregoing restriction is expressly agreed to preclude the Holder from engaging in any hedging or other transaction that is designed to or that reasonably could be expected to lead to or result in a sale or disposition of the Lock-Up Shares even if such Lock-Up Shares would be disposed of by someone other than the Holder. Such prohibited hedging or other transactions would include without limitation any short sale or any purchase, sale or grant of any right (including without limitation any put or call option) with respect to any of the Lock-Up Shares or with respect to any security that includes, relates to, or derives any significant part of its value from such Lock-Up Shares.

APPENDIX "I"

CONVERSION NOTICE

TO: DIRECT COMMUNICATION SOLUTIONS, INC. (the "Corporation")
11021 Via Frontera, Suite C
San Diego, CA. 92127
Attention: Mr. Chris Bursey

(1) The undersigned holder of the Convertible Debenture hereby converts $_____ , which represents, in whole or any part, the Indebtedness currently outstanding under the Convertible Debenture, into shares of capital stock of the Corporation (the "Shares") at a at a conversion price at the higher of (i) US$1.19 or (ii) a price equal to the price of the shares or units of the next financing carried out before the 2nd anniversary of the closing date less a 25% discount. The Debentures have a maturity date of the 2nd anniversary of the closing date and bear an interest rate of 10% per annum, payable semi-annually.

(2) The undersigned hereby irrevocably directs that the said Shares be issued and delivered to the undersigned as follows:

Name in Full	**Address (Include Postal Code)**	**Number of Shares**

* Certificates representing Shares will not be registered or delivered to an address in the United States unless Box B or C below is checked.

(3) The undersigned represents, warrants and certifies as follows (one (only) of the following must be checked):

A. □ The undersigned holder (i) at the time of conversion of amounts outstanding under the Convertible Debenture is not in the United States, as defined in Regulation S under the United States *Securities Act of 1933*, as amended (the "Securities Act"), and (ii) is not converting amounts outstanding under the Convertible Debenture on behalf of a person in the United States; and (iii) did not execute or deliver this Exercise Notice in the United States.

B. □ The holder is a U.S. Accredited Investor and is converting amounts outstanding under the Convertible Debenture on its own behalf and not for the account or benefit of any other person.

C. □ The undersigned holder has delivered to the Corporation an opinion of counsel (which will not be sufficient unless it is satisfactory to the Corporation) to the effect that an exemption from the registration requirements of the Securities Act and applicable state securities laws is available.

The undersigned holder understands that even if Box A or B above is checked, the certificate representing the Shares will bear a legend restricting transfer until it can be established to the satisfaction of the Corporation that a transfer can be made without registration under the Securities Act.

The undersigned holder understands that the Convertible Debenture may not be converted into Shares by a holder in the United States and no Shares shall be issued to a holder in the United States unless the Shares are registered under the Securities Act and the securities laws of any applicable state or an exemption from such registration requirements is available.

If Box C is checked, any opinion tendered must be satisfactory to the Corporation. Holders planning to deliver an opinion of counsel in connection with the conversion of the Convertible Debenture should contact the Corporation in advance to determine whether any opinions to be tendered will be acceptable to the Corporation.

The undersigned holder understands that the Shares must not be issued to a person other than the undersigned holder. Terms not defined herein shall have the same meanings ascribed to them in the Convertible Debenture.

This Conversion Notice may be executed manually or digitally and may be delivered electronically or by facsimile transmission.

DATED this_____of_____,_____.

Signature witnessed by:

Signature of Subscriber*

Name of Subscriber

Address of Subscriber (include postal code)

* This signature must correspond exactly with the name appearing on the registration panel.

THE RIGHT TO CONVERT, IN WHOLE OR ANY PART, THE INDEBTEDNESS THEN OUTSTANDING UNDER THE CONVERTIBLE DEBENTURE EXPIRES ON THE DATE THAT IS TWO YEARS FROM THE DATE OF ISSUANCE OF THE CONVERTIBLE DEBENTURE, IN ACCORDANCE WITH THE TERMS OF THE CONVERTIBLE DEBENTURE.

Exhibit 4.4

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER SEPTEMBER 9, 2022."

"THIS WARRANT AND THE SECURITIES DELIVERABLE UPON EXERCISE THEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A PERSON IN THE UNITED STATES UNLESS THE SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LAW OF ANY SUCH STATE OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" IS AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT."

NON-TRANSFERABLE SHARE PURCHASE WARRANT
to acquire Shares of Common Stock of
DIRECT COMMUNICATION SOLUTIONS, INC.

(a company incorporated under the laws of Delaware)

THE RIGHT TO PURCHASE SHARES OF COMMON STOCK UNDER THIS WARRANT EXPIRES AT THE CLOSE OF BUSINESS (SAN DIEGO, CALIFORNIA TIME) AT THE PLACE OF EXERCISE ON SEPTEMBER 9, 2024, IN ACCORDANCE WITH THE TERMS OF THIS WARRANT

Warrant Certificate No. **2022-2(1)**

CERTIFICATE FOR Shares of Common Stock Purchase Warrants, each whole Share Purchase Warrant entitling the holder thereof to acquire one Share of Common Stock of Direct Communication Solutions, Inc.

THIS IS TO CERTIFY THAT (the "**holder**") is entitled, upon and subject to the terms and conditions set forth herein and in the Warrant Terms and Conditions hereinafter referred to, to purchase at any time, before the close of business (San Diego, California time) at the place of exercise in San Diego California, on **September 9, 2024** (the "**Expiry Date**"), one fully paid and non-assessable Share of Common Stock (a "**Share**") in the capital of Direct Communication Solutions, Inc.. (the "**Company**") as constituted on June 05, 1996 for each whole Share Purchase Warrant (collectively, the "**Warrants**") by surrendering to the Company at its head office this certificate, with an Exercise Form in the form attached hereto duly completed and executed, accompanied by a certified cheque, bank draft or money order in lawful money payable to or to the order of the Company at par in the City of San Diego, California in an amount equal to the purchase price of the Shares so subscribed for.

Surrender of this certificate and the completed Exercise Form attached hereto and payment as provided above will be deemed to have been effected only on personal delivery thereof to, or if sent by mail or other means of transmission on actual receipt thereof by, the Company at its head office.

Subject to adjustment thereof in the events and in the manner set forth in the Warrant Terms and Conditions hereinafter referred to, the price payable for each Share upon the exercise of Warrants shall be **US$0.86 (CDN$1.10)** per Share (the "**Exercise Price"**). Subject to the following paragraphs, the Exercise Price shall be paid by a certified cheque, bank draft or money order in lawful money of Canada payable to or to the order of the Company at par in the City of San Diego, California in an amount equal to the purchase price of the Shares so subscribed for. The Exercise Price shall be delivered together with the Exercise Form attached hereto.

Certificates for the Shares subscribed for will be mailed to the persons specified in the Exercise Form attached hereto at their respective addresses specified therein or, if so specified in the Exercise Form, delivered to such persons at the office where this certificate is surrendered. If fewer Shares are purchased than the number that can be purchased pursuant to this certificate, the holder hereof will be entitled to receive without charge a new certificate in respect of the balance of the Shares not so purchased. No fractional Shares will be issued upon exercise of any Warrant.

These Warrants are issued subject to the terms and conditions issued by the Company (the "**Warrant Terms and Conditions**") and dated September 9, 2022 attached hereto and the holder may exercise the right to purchase Shares only in accordance with the Warrant Terms and Conditions.

On presentation to the Company at its head office, subject to the provisions of the Warrant Terms and Conditions and on compliance with the reasonable requirements of the Company, one or more certificates representing Warrants may be exchanged for one or more certificates representing Warrants entitling the holder thereof to purchase in the aggregate an equal number of Shares as are purchasable under the Warrant certificate or certificates so exchanged.

Nothing contained in this certificate, the Warrant Terms and Conditions or elsewhere shall be construed as conferring upon the holder hereof any right of interest whatsoever as a holder of Shares or any other right or interest except as herein and in the Warrant Terms and Conditions expressly provided.

The Warrants evidenced by this certificate are issuable only as fully registered Warrants. The Warrants are non-transferable.

Time is of the essence hereof.

This Warrant Certificate will not be valid for any purpose until it has been signed by an authorized signatory of the Company.

IN WITNESS WHEREOF the Company has caused this Warrant Certificate to be duly signed as of September 9, 2022.

DIRECT COMMUNICATION SOLUTIONS, INC.

By: _____

Authorized Signatory

EXERCISE FORM

TO: DIRECT COMMUNICATION SOLUTIONS, INC. (the "Company")

(1) The undersigned holder of the within Warrant Certificate hereby subscribes for_____ shares ("**Shares**") of the Company (or such number of Shares or other securities or property to which such subscription entitles him or her in lieu thereof or in addition thereto under the provisions of the Warrant Terms and Conditions mentioned in the attached Warrant Certificate) at the price determined under, and on the terms specified in, the Warrant Certificate and Warrant Terms and Conditions and encloses herewith a bank draft, certified cheque or money order payable at par to or to the order of the Company in payment therefor.

(2) The undersigned hereby irrevocably directs that the said Shares be issued and delivered as follows. **[Notice to Holders: Shares to be held through a Registered Retirement Savings Plan should be sent directly to the trustee of the plan directly from the Company or such shares will not qualify for inclusion in such a plan.]**

Name(s) in Full	**Address(es)* (Include Postal Code)**	**Number(s) of Shares**

*Certificates representing Shares will not be registered or delivered to an address in the United States unless Box B or C below is checked.

(3) The undersigned represents, warrants and certifies as follows (one (only) of the following must be checked):

A. 0 The undersigned holder (i) at the time of exercise of this Warrant is not in the United States, as defined in Regulation S under the United States *Securities Act of 1933*, as amended (the "Securities Act"), and (ii) is not exercising this Warrant on behalf of a person in the United States; and (iii) did not execute or deliver this Exercise Form in the United States.

B. 0 The holder is a U.S. Purchaser that is an Accredited Investor and is exercising the Warrants on its own behalf and not for the account or benefit of any other person.

C. 0 The undersigned holder has delivered to the Company an opinion of counsel (which will not be sufficient unless it is satisfactory to the Company) to the effect that an exemption from the registration requirements of the Securities Act and applicable state securities laws is available.

The undersigned holder understands that unless Box A above is checked, the certificate representing the Shares will bear a legend restricting transfer without registration under the Securities Act and applicable state securities laws unless an exemption from registration is available.

The undersigned holder understands that even if Box B above is checked, this Warrant may not be exercised by a holder in the United States and no Shares shall be issued to a holder in the United States unless the Shares are registered under the Securities Act and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available.

If Box C is checked, any opinion tendered must be satisfactory to the Company and the Transfer Agent. Holders planning to deliver an opinion of counsel in connection with the exercise of Warrants should contact the Company in advance to determine whether any opinions to be tendered will be acceptable to the Company.

The undersigned holder understands that if the Shares are to be issued to a person or persons other than the undersigned holder, then the undersigned holder must provide signed documentation authorizing the issuance of the Shares to a person or persons other than the undersigned holder and the signature of the undersigned holder must be signature guaranteed by a Chartered bank or medallion guaranteed by a member of a recognized medallion guarantee program.

(Please print full name in which Share certificates are to be issued. If any Shares are to be issued to a person or persons other than the Warrant holder, the Warrant holder must pay to the Transfer Agent all eligible transfer taxes or other government charges.)

Terms not defined herein shall have the same meanings ascribed to them in the Warrant Certificate and the Warrant Terms and Conditions.

DATED this of , _____.

Signature Guaranteed by:

Signature of Subscriber*

Name of Subscriber

Address of Subscriber (include postal code)

* This signature must correspond exactly with the name appearing on the registration panel.

□ Please check box if the Share certificates are to be delivered at the office where this Warrant Certificate is surrendered, failing which the certificates will be mailed.

THE RIGHT TO PURCHASE SHARES UNDER THIS WARRANT EXPIRES AT THE CLOSE OF BUSINESS SAN DIEGO, CALIFORNIA TIME AT THE PLACE OF EXERCISE ON SEPTEMBER 9, 2024, IN ACCORDANCE WITH THE TERMS OF THIS WARRANT.

TERMS AND CONDITIONS dated September 9, 2022, attached to the Warrants issued by Direct Communication Solutions, Inc.

ARTICLE ONE - INTERPRETATION

Section 1.01 - Definitions

In these Terms and Conditions, unless there is something in the subject matter or context inconsistent therewith:

(a) "Accredited Investor" means an "accredited investor" as that term is defined in Rule 501 of Regulation D;

(b) "Company" means **Direct Communication Solutions, Inc.** until a successor company will have become such as a result of a consolidation, amalgamation or merger with or into any other company or companies, or as a result of the conveyance or transfer of all or substantially all of its properties and estates as an entirety to any other company and thereafter "Company" will mean successor corporation;

(c) "Company's Auditors" means an independent firm of accountants duly appointed as Auditors of the Company;

(d) "Director" means a Director of the Company for the time being, and reference, without more, to action by the directors means action by the Directors of the Company as a Board, or whoever duly empowered, action by an executive committee of the Board;

(e) "herein", "hereby" and similar expressions refer to these Terms and Conditions as the same may be amended or modified from time to time; and the expression "Article" and "Section" followed by a number refer to the specified Articles or Section of these Terms and Conditions;

(f) "person" means an individual, corporation, partnership, trustee or any unincorporated organization and words importing person have a similar meaning;

(g) "Regulation D" means Regulation D under the U.S. Securities Act;

(h) "Regulation S" means Regulation S under the U.S. Securities Act;

(i) "shares" means the common shares in the capital of the Company as constituted at the date hereof and any shares resulting from any subdivision or consolidation of shares;

(j) "Transfer Agent" means **TSX Trust Company** at its head office in Vancouver, British Columbia or its successors;

(k) "United States" means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia;

(l) "U.S. Purchaser" means a person that purchased the Warrants in the United States or on behalf of any person in the United States directly from the Company pursuant to a written subscription agreement for the purchase of units;

(m) "U.S. Securities Act" means the United States *Securities Act of 1933*, as amended;

(n) "Warrant Holder" or "Holders" means the holders of the Warrants; and

(o) "Warrants" means the Warrants of the Company issued and presently authorized, as set out in Section 2.01 hereof and for the time being outstanding.

U.S. Purchasers

Section 1.02 - Gender

Words importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders.

Section 1.03 - Interpretation not affected by Headings

The division of these Terms and Conditions into Articles and Sections, and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation thereof.

Section 1.04 - Applicable Law

The Warrants will be construed in accordance with the Laws of the Province of British Columbia and the Laws of Canada applicable thereto and will be treated in all respects as British Columbia contracts.

ARTICLE TWO - ISSUE OF WARRANTS

Section 2.01 - Issue of Warrants

Warrants entitling the Holders thereof to purchase that number of shares as specified in the Warrant Certificate are authorized to be issued by the Company.

Section 2.02 - Additional Warrants

The Company may at any time and from time to time issue additional warrants or grant options or similar rights to purchase shares of its capital stock.

Section 2.03 - Warrant to Rank Pari-Passu

All Warrants and additional Warrants, options or similar rights to purchase shares from time to time issued or granted by the Company, will rank pari-passu whatever may be the actual dates of issue or grant thereof, or of the dates of the certificates by which they are evidenced.

Section 2.04 - Issue in substitution for Lost Warrants

(1) In case a Warrant becomes mutilated, lost, destroyed or stolen, the Company shall authorize and direct the transfer agent to implement and enforce a Blanket Lost Instrument Bond Program, including the Waiver of Probate provision, provided or set out by a national insurance company (collectively, the "Program"). Further, the Company shall authorize the transfer agent to determine the insurance provider for the Program from time to time. The Company, at its discretion, may issue and deliver a new Warrant of like date and tenor as the one mutilated, lost, destroyed or stolen, in exchange for and in place of and upon cancellation of such mutilated Warrant, or in lieu of, and in substitution for such lost, destroyed or stolen Warrant and the substituted Warrant will be entitled to the benefit hereof and rank equally in accordance with its terms and all other Warrants issued or to be issued by the Company.

(2) The applicant for the issue of a new Warrant pursuant hereto will bear the cost of the issue thereof and in case of loss, destruction or theft. Before a replacement Warrant certificate shall be issued, the holder of such Warrant certificate must deliver to the transfer agent: (a) evidence satisfactory to the transfer agent of the loss, theft or destruction of such Warrant certificate; and (b) an indemnity bond issued by an insurance company licensed to do business in all provinces of Canada in a form satisfactory to the transfer agent. If the loss or waiver exceeds the limit of the Program, the Company's written approval will be required before a replacement Warrant certificate shall be countersigned by the transfer agent.

Section 2.05 - Warrant Holder Not a Shareholder

The holding of a Warrant will not constitute the holder thereof a shareholder of the Company, nor entitle him to any rights or interest in respect thereof except as in the Warrant expressly provided.

ARTICLE THREE - NOTICE

Section 3.01 - Notice to the Holder

Any notice to be given to the Holders will be sent by prepaid registered post and will be deemed to have been received by the Holder on the fourth day following the day of posting of the mailing thereof. Any such notice will be addressed to the Holder at the address of the Holder appearing on the Holder's Warrant or to such other address as the Holder may advise the Company of by notice in writing.

Section 3.02 - Notice to the Company

Any notice to be given to the Company will be sent by prepaid registered post addressed to the Company at its registered office as defined in the *Business Corporations Act* (British Columbia) and will be deemed to have been received by the Company on the fourth day following the mailing thereof, provided that if there shall be at the time of mailing or between the time of mailing and the actual receipt of the notice, a labour dispute, slow down, or other disruption which might effect the normal delivery of such notice by mails, then such notice shall only be effective if and when received by the Company.

ARTICLE FOUR - EXERCISE OF WARRANTS

Section 4.01 - Method of Exercise of Warrants

(1) The right to purchase shares conferred by the warrants may be exercised by the Holder of such Warrant surrendering it, with a duly completed and executed subscription in the form on the reverse of the Warrant certificates and cash or a certified cheque payable to or to the order of the Company, at par in Vancouver, British Columbia, for the purchase price applicable at the time of surrender in respect of the shares subscribed for in lawful money of Canada, to the Transfer Agent at its principal office in the City of Vancouver, British Columbia, or to the Company at its offices.

U.S. Purchasers

(2) The Warrants and the shares issuable upon exercise thereof have not been registered under the U.S. Securities Act or the securities law of any state of the United States, and the Warrants may not be exercised within the United States or by or on behalf of any person in the United States unless the shares issuable upon the exercise of the Warrants are registered under the U.S. Securities Act and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available. No exercise of any Warrants shall be effective, and no certificate representing shares shall be issued pursuant to the exercise of Warrants, unless the appropriate box on the Warrant Exercise Form is selected specifying one of the following:

(a) the holder at the time of exercise of the Warrant is not in the United States, is not exercising the Warrants on behalf of a person in the United States, and did not execute or deliver the Warrant Exercise Form in the United States;

(b) the holder is a U.S. Purchaser that is an Accredited Investor and is exercising the Warrants on its own behalf and not for the account or benefit of any other person; or

(c) the holder provides an opinion of counsel of recognized standing in form and substance satisfactory to the Company and the Transfer Agent to the effect that registration under the U.S. Securities Act and applicable state securities laws is not required.

The certificates representing any shares issued in connection with the exercise of Warrants pursuant to clause (b) or (c) of this subsection 4.01(2) shall bear the legend set forth in Section 4.08(3) of these Terms and Conditions. No certificates for shares shall be registered or delivered to an address in the United States unless the holder complies with clause (b) or (c) of this subsection 4.01(2).

(3) Notwithstanding any provision herein contained to the contrary, the Company shall not be required to deliver certificates for shares to any Warrant Holder who is a resident of the United States if, in the opinion of either counsel to the Transfer Agent or counsel to the Company, any instrument is required to be filed with, or any permission, order or ruling is required to be obtained from, any securities administrator or any other step is required under any federal or state law of the United States before the shares may be issued or delivered, if registration of the shares under the U.S. Securities Act or state law is required, or if in the opinion of counsel to the Company an exemption from registration under the U.S. Securities Act or state law is unavailable. If the shares issuable upon the exercise of the Warrants are not exempt from registration under the U.S. Securities Act or in the states in which the holders of the Warrants reside, the Company will be unable to issue shares to those persons resident in the United States desiring to exercise their Warrants. In such case, Warrant Holders will not be able to receive shares upon exercise of their Warrants and the Company is under no obligation to issue or register the shares in those circumstances.

Section 4.02 - Effect of Exercise of Warrants

(1) Upon surrender and payment as aforesaid, the shares so subscribed for will be deemed to have been issued and such person or persons will be deemed to have become the holder or holders of record of such shares on the date of such surrender and payment, and such shares will be issued at the subscription price in effect on the date of such surrender and payment and subject to any resale restrictions required under any applicable securities legislation or any applicable stock exchange policies or rules.

(2) Within ten (10) business days after surrender and payment as aforesaid, the Company will forthwith cause to be delivered to the person or persons in whose name or names the shares so subscribed for are to be issued as specified in such subscription, a certificate or certificates for the appropriate number of shares not exceeding those which the Warrant Holder is entitled to purchase pursuant to the Warrant surrendered.

Section 4.03 - Subscription for Less than Entitlement

The holder of any Warrant may subscribe for and purchase a number of shares less than the number which he is entitled to purchase pursuant to the surrendered Warrant. In the event of any purchase of a number of common shares less than the number which can be purchased pursuant to a Warrant, the holder thereof upon exercise thereof will in addition be entitled to receive a new Warrant in respect of the balance of the shares which he was entitled to purchase pursuant to the surrendered Warrant and which were not then purchased.

Section 4.04 - Warrants for Fractions of Shares

To the extent that the holder of any Warrant is entitled to receive on the exercise or partial exercise thereof a fraction of a common share, such right may be exercised in respect of such fraction only in combination with another Warrant or other Warrants which in the aggregate entitle the holder to receive a whole number of such common shares.

Section 4.05 - Expiration of Warrants

After the expiration of the period within which a Warrant is exercisable, all rights thereunder will wholly cease and terminate and such Warrant will be void and of no effect.

Section 4.06 - Time of Essence

Time will be of the essence hereof.

Section 4.07 - Subscription Price

One Warrant and US$0.86 (CDN$1.10) are required to purchase one share of common stock.

Section 4.08 - Transfer Restrictions and Legends

(1) The Warrantholder understands and acknowledges that the Warrants and the shares issuable upon exercise of the Warrants have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States.

(2) Each certificate representing Warrants issued to a U.S. Purchaser, and all certificates representing Warrants issued in exchange thereof or in substitution thereof shall bear the following legend:

> "THIS WARRANT AND THE SECURITIES DELIVERABLE UPON EXERCISE THEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A PERSON IN THE UNITED STATES UNLESS THE SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LAW OF ANY SUCH STATE OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" IS AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT."

(3) Certificates representing shares issued to a U.S. Purchaser upon exercise of Warrants in the United States or by or on behalf of a Person in the United States, and all certificates issued in exchange thereof or in substitution thereof, until such time as it is no longer required under the applicable requirements of the U.S. Securities Act or applicable U.S. state laws and regulations, shall bear the following legend:

> "THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"). THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE 1933 ACT, (C) WITHIN THE UNITED STATES (1) IN COMPLIANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE 1933 ACT PROVIDED BY RULE 144 THEREUNDER, IFAVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS OR (2) WITH THE PRIOR CONSENT OF THE COMPANY, IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE 1933 ACT OR ANY APPLICABLE STATE LAWS, AND THE HOLDER HAS FURNISHED TO THE COMPANY AN OPINION TO SUCH EFFECT FROM COUNSEL OF RECOGNIZED STANDING REASONABLY SATISFACTORY TO THE COMPANY PRIOR TO SUCH OFFER, SALE OR TRANSFER. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA. PROVIDED THAT THE COMPANY IS A "FOREIGN ISSUER" WITHIN THE MEANING OF REGULATION S AT THE TIME OF SALE, A NEW CERTIFICATE BEARING NO LEGEND MAY BE OBTAINED FROM THE COMPANY'S REGISTRAR AND TRANSFER AGENT UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION, IN FORM SATISFACTORY TO THE COMPANY AND THE COMPANY'S REGISTRAR AND TRANSFER AGENT TO THE EFFECT THAT SUCH SALE IS BEING MADE IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT."

U.S. Purchasers

provided, that if the shares issuable upon exercise of the Warrants are being sold under clause (B) above at a time when the Company is a "foreign issuer" as defined in Rule 902 under the U.S. Securities Act, the legend may be removed by providing a declaration to the Company and to the Transfer Agent as follows (or as the Company may prescribe from time to time):

> "The undersigned acknowledges that the sale of the securities of Direct Communication Solutions, Inc. the "Company to which this declaration relates, is being made in reliance on Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), and certifies that (1) the undersigned is not an "affiliate" of the Company (as that term is defined in Rule 405 under the U.S. Securities Act); (2) the offer of such securities was not made to a person in the United States and either (a) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believe that the buyer was outside the United States, or (b) the transaction was executed on or through the facilities of the TSX Venture Exchange or any other designated offshore securities market, and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States; (3) neither the seller nor any affiliate of the seller nor any person acting on any of their behalf has engaged in any directed selling efforts in the United States in connection with the offer and sale of such securities; (4) the sale is bona fide and not for the purpose of "washing off" the resale restrictions imposed because the securities are "restricted securities" (as that term is defined in Rule 144(a)(3) under the U.S. Securities Act); (5) the seller does not intend to replace such securities with fungible unrestricted securities and (6) the contemplated sale is not a transaction, or part of a series of transactions, which, although in technical compliance with Regulation S, is part of a plan or scheme to evade the registration provisions of the U.S. Securities Act. Terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act."

provided further, that, if any of the shares issuable upon exercise of the Warrants are being sold pursuant to Rule 144 of the U.S. Securities Act, the legend may be removed by delivery to the Transfer Agent an opinion or other evidence reasonably satisfactory to the Company and the Transfer Agent to the effect that the legend is no longer required under applicable requirements of the U.S. Securities Act or state securities laws.

The Company shall use its reasonable commercial efforts to cause the Transfer Agent to remove such legend, and to deliver a certificate which does not bear such legend, within five business days of the receipt of such a declaration or, in the case of shares being sold pursuant to Rule 144 under the U.S. Securities Act, receipt of the foregoing evidence.

U.S. Purchasers

(4) The Warrantholder acknowledges that (1) the Warrants are non-transferable, and (2) any share certificate issued with respect to an exercise of Warrants which includes the legend set forth in subsection 4.08(3) above may not be transferred except pursuant to registration or compliance with exemptions therefrom under the U.S. Securities Act and all applicable state securities laws, and the Company shall not register any transfer of the shares so legended unless the transfer documents, with certificate, have been presented to and approved by the Company's counsel and, in addition to the other requirements set forth herein:

(a) the transferor has executed and delivered to the Transfer Agent a declaration in the form set forth in subsection 4.08(3) (or as the Company may otherwise prescribe) to the effect that the transfer is being made pursuant to Rule 904 of Regulation S under the U.S. Securities Act, and in such case the share certificate issued to the transferee shall not include the legend set forth in subsection 4.08(3) unless the Company has, prior to the issuance thereof, informed the Transfer Agent that it has ceased to be a "foreign issuer" as defined in Rule 902 under the U.S. Securities Act; or

(b) the transferor has delivered to the Transfer Agent an opinion of counsel satisfactory to the Transfer Agent and the Company to the effect that the transfer is in compliance with the requirements of the U.S. Securities Act and all applicable state securities laws , and the Company has confirmed in writing to the Transfer Agent that such evidence is satisfactory to the Company, and in such case the share certificate issued to the transferee shall include the legend set forth in subsection 4.08(3) unless such opinion states that the legend is no longer required; or

(c) the Company has confirmed in writing to the Transfer Agent that it has received other evidence satisfactory to it that the transfer is in compliance with the requirements of the U.S. Securities Act and all applicable state securities laws, and has instructed the Transfer Agent regarding the inclusion or omission of the legend set forth in subsection 4.08(3) on the share certificate issued to the transferee; or

(d) the transferee is the Company.

Section 4.09 - Adjustment of Exercise Price

The exercise price and the number of common shares deliverable upon the exercise of the Warrants will be subject to adjustment in the event and in the manner following:

(1) If and whenever the shares at any time outstanding are subdivided into a greater or consolidated into a lesser number of shares the exercise price will be decreased or increased proportionately as the case may be; upon any such subdivision or consolidation the number of shares deliverable upon the exercise of the Warrants will be increased or decreased proportionately as the case may be.

(2) (a) In case of any reorganization or of any reclassification of the capital of the Company or in the case of consolidation, merger or amalgamation of the Company with or into any other Company (hereinafter collectively referred to as a "Reorganization"), each Warrant will after such Reorganization confer the right to purchase the number of shares or other securities of the Company (or of the Company resulting from such Reorganization) which the Warrant Holder would have been entitled to upon Reorganization if the Warrant Holder had been a shareholder at the time of such Reorganization.

(b) In any such case, if necessary, appropriate adjustments will be made in the application of the provisions of this Article 4 relating to the rights and interest thereafter of the holders of the Warrants so that the provisions of this Article will be made applicable as nearly as reasonable possible to any shares or other securities deliverable after the Reorganization on the exercise of the Warrants.

(c) The subdivision or consolidation of shares at any time outstanding into a greater or lesser number of shares (whether with or without par value) will not be deemed to be a Reorganization for the purposes of this paragraph 2.

(3) The adjustments provided for in this Section are cumulative and will become effective immediately after the record date for or, if no record date is fixed, the effective date of the event which results in such adjustments.

Section 4.10 - Determination of Adjustments

If any questions will at any time arise with respect to the exercise price or any adjustment provided for in Section 4.08, such question will be conclusively determined by the Company's Auditors, or, if they decline to so act any other firm of Chartered Accountants in Vancouver, British Columbia, that the Company may designate and who will have access to all appropriate records and such determination will be binding upon the Company and the holders of the Warrants.

ARTICLE FIVE - COVENANTS BY THE COMPANY

Section 5.01 - Reservation of Shares

The Company will reserve and there will remain unissued out of its authorized capital a sufficient number of shares to satisfy the rights of purchase provided for herein and in the Warrants should the holders of all the Warrants from time to time outstanding determine to exercise such rights in respect of all shares which they are or may be entitled to purchase pursuant thereto and hereto.

Section 5.02 - Company may Purchase

The Company may from time to time offer to purchase and purchase, for cancellation only, any Warrants in such manner, from such persons and on such terms and conditions as it determines.

ARTICLE SIX - WAIVER OF CERTAIN RIGHTS

Section 6.01 - Immunity of Shareholders, etc.

The Warrant Holder, as part of the consideration for the issue of the Warrants, waives and releases and will not have any rights, cause of action or remedy now or hereafter existing in any jurisdiction against any past, present or future incorporator, shareholder, director or officer (as such) of the Company for the issue of shares pursuant to any Warrant or on any covenant, agreement, representation or warranty by the Company herein contained or in the Warrant.

ARTICLE SEVEN - MODIFICATION OF TERMS, MERGER, SUCCESSORS

Section 7.01 - Modification of Terms and Conditions for Certain Purposes

From time to time the Company may, subject to the provisions of these Terms and Conditions, modify the Terms and Conditions herein for the purpose of correction or rectification of any ambiguities, defective provisions, errors or omissions herein.

Section 7.02 - Transferability

The Warrant and all rights attached to it are non-transferable.

U.S. Purchasers

NELSON MULLINS

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December 14, 2022

Direct Communication Solutions, Inc.
11021 Via Frontera, Suite C
San Diego, CA 92127

Re: Registration Statement on Form S-1 (File No. 333-268637)

Ladies and Gentlemen:

We have examined the Registration Statement on Form S-1, as amended (the "Registration Statement"), of Direct Communication Solutions, Inc., a Delaware corporation (the "Company"), filed pursuant to the Securities Act of 1933, as amended (the "Securities Act"), in connection with the offering by the Company of: (a) up to an aggregate of 2,127,500 shares (the "Shares") of the Company's common stock, $0.00001 par value per share (the "Common Stock"), including up to 277,500 shares that may be sold pursuant to the underwriters' over-allotment option; (b) the representative's warrants that will be issued by the Company to the representative of the underwriters of the offering (the "Representative's Warrants"); and (c) up to 106,375 shares of Common Stock issuable upon exercise of the Representative's Warrants (the "Representative's Warrant Shares").

In arriving at the opinions expressed below, we have examined originals, or copies certified or otherwise identified to our satisfaction as being true and complete copies of the originals, of specimen common stock certificates, and such other documents, corporate records, certificates of officers of the Company and of public officials and other instruments as we have deemed necessary or advisable to enable us to render the opinions set forth below. In our examination, we have assumed without independent investigation the genuineness of all signatures, the legal capacity and competency of all natural persons, the authenticity of all documents submitted to us as originals and the conformity to original documents of all documents submitted to us as copies.

Based upon the foregoing, and subject to the assumptions, exceptions, qualifications and limitations set forth herein, we are of the opinion that: (i) the Shares, when issued against payment therefor as set forth in the Registration Statement, will be validly issued, fully paid and non-assessable; (ii) the Representative's Warrant Shares, when issued upon exercise of the Representative's Warrants, will be validly issued, fully paid and non-assessable; and (iii) the Representative's Warrants, when issued as set forth in the Registration Statement, will be legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms.

The opinions expressed above are subject to the following additional exceptions, qualifications, limitations and assumptions:

A. Our opinions expressed herein are limited to the laws of the State of New York and the General Corporation Law of the State of Delaware. The opinions expressed herein are based upon the law of the State of New York and the General Corporation Law of the State of Delaware in effect on the date hereof and as of the effective date of the Registration Statement. We assume no obligation to revise or supplement this opinion in the event of future changes in such laws or the interpretations thereof or such facts.

B. The opinion in clause (iii) above is subject to (a) the effect of any bankruptcy, insolvency, reorganization, moratorium, arrangement or similar laws affecting the rights and remedies of creditors' generally, including without limitation the effect of statutory or other laws regarding fraudulent transfers or preferential transfers, and (b) general principles of equity, including without limitation concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance, liquidated damages, injunctive relief or other equitable remedies regardless of whether enforceability is considered in a proceeding in equity or at law.

We consent to the filing of this opinion as an exhibit to the Registration Statement, and we further consent to the use of our name under the caption "Legal Matters" in the Registration Statement and the prospectus that forms a part thereof. In giving these consents, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the Rules and Regulations of the Commission.

Very truly yours,

/s/ Nelson Mullins Riley & Scarborough LLP

Exhibit 10.6

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (the "**Agreement**") is made and entered into as of the ___ day of _____ 202_, by and between Direct Communication Solutions, Inc., a Delaware corporation (the "**Company**"), and _____ ("**Indemnitee**").

WITNESSETH THAT:

WHEREAS, highly competent persons have become more reluctant to serve corporations as directors or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board of Directors of the Company (the "**Board**") has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware ("**DGCL**"). The certificate of incorporation, as amended, (the "**Certificate**"), the Bylaws, as amended (the "**Bylaws**") and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the Board, officers and other persons with respect to indemnification;

WHEREAS, the uncertainties relating to such insurance and to indemnification have increased the difficulty of attracting and retaining such persons;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company's stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the Certificate, Bylaws and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder; and

WHEREAS, Indemnitee does not regard the protection available under the Certificate, Bylaws and insurance as adequate in the present circumstances, and may not be willing to serve as an officer or director without adequate protection, and the Company desires Indemnitee to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that Indemnitee be so indemnified.

NOW, THEREFORE, in consideration of Indemnitee's agreement to serve as a director from and after the date hereof, the parties hereto agree as follows:

1. Indemnity of Indemnitee. The Company hereby agrees to hold harmless and indemnify Indemnitee to the fullest extent permitted by law, as such may be amended from time to time. In furtherance of the foregoing indemnification, and without limiting the generality thereof.

(a) Proceedings Other Than Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section l(a) if, by reason of Indemnitee's Corporate Status (as hereinafter defined), the Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding (as hereinafter defined) other than a Proceeding by or in the right of the Company. Pursuant to this Section 1(a), Indemnitee shall be indemnified against all Expenses (as hereinafter defined), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee, or on Indemnitee's behalf, in connection with such Proceeding or any claim, issue or matter therein, if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal Proceeding, had no reasonable cause to believe the Indemnitee's conduct was unlawful.

(b) Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section 1(b) if, by reason of Indemnitee's Corporate Status, the Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding brought by or in the right of the Company. Pursuant to this Section 1(b), Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by the Indemnitee, or on the Indemnitee's behalf, in connection with such Proceeding if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company; provided, however, if applicable law so provides, no indemnification against such Expenses shall be made in respect of any claim, issue or matter in such Proceeding as to which Indemnitee shall have been adjudged to be liable to the Company unless and to the extent that the Court of Chancery of the State of Delaware shall determine that such indemnification may be made.

(c) Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a party to and is successful, on the merits or otherwise, in any Proceeding, Indemnitee shall be indemnified to the maximum extent permitted by law, as such may be amended from time to time, against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

(d) Indemnification Appointing Stockholder. If (i) Indemnitee is or was affiliated with one or more venture capital funds that has invested in the Company (an "**Appointing Stockholder**"), and (ii) the Appointing Stockholder is, or is threatened to be made, a party to or a participant in any Proceeding relating to or arising by reason of Appointing Stockholder's position as a stockholder of, or lender to, the Company, or Appointing Stockholder's appointment of or affiliation with Indemnitee or any other director, including, without limitation, any alleged misappropriation of a Company asset or corporate opportunity, any claim of misappropriation or infringement of intellectual property relating to the Company, any alleged false or misleading statement or omission made by the Company (or on its behalf) or its employees or agents, or any allegation of inappropriate control or influence over the Company or its Board members, officers, equity holders or debt holders, then the Appointing Stockholder will be entitled to indemnification hereunder for Expenses to the same extent as Indemnitee, and the terms of this Agreement as they relate to procedures for indemnification of Indemnitee and advancement of Expenses shall apply to any such indemnification of Appointing Stockholder.

2. Additional Indemnity. In addition to, and without regard to any limitations on, the indemnification provided for in Section 1 of this Agreement, the Company shall and hereby does indemnify and hold harmless Indemnitee against all Expenses, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee or on Indemnitee's behalf if, by reason of Indemnitee's Corporate Status, Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding (including a Proceeding by or in the right of the Company), including, without limitation, all liability arising out of the negligence or active or passive wrongdoing of Indemnitee. The only limitation that shall exist upon the Company's obligations pursuant to this Agreement shall be that the Company shall not be obligated to make any payment to Indemnitee that is finally determined (under the procedures, and subject to the presumptions, set forth in Sections 6 and 7 hereof) to be unlawful.

3. Contribution.

(a) Whether or not the indemnification provided in Sections 1 and 2 hereof is available, in respect of any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), the Company shall pay, in the first instance, the entire amount of any judgment or settlement of such action, suit or proceeding without requiring Indemnitee to contribute to such payment and the Company hereby waives and relinquishes any right of contribution it may have against Indemnitee. The Company shall not enter into any settlement of any action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnitee.

(b) Without diminishing or impairing the obligations of the Company set forth in the preceding subparagraph, if, for any reason, Indemnitee shall elect or be required to pay all or any portion of any judgment or settlement in any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), the Company shall contribute to the amount of Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by Indemnitee in proportion to the relative benefits received by the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, from the transaction or events from which such action, suit or proceeding arose; provided, however, that the proportion determined on the basis of relative benefit may, to the extent necessary to conform to law, be further adjusted by reference to the relative fault of the Company and all officers, directors or employees of the Company other than Indemnitee who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, in connection with the transaction or events that resulted in such expenses, judgments, fines or settlement amounts, as well as any other equitable considerations which applicable law may require to be considered. The relative fault of the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, shall be determined by reference to, among other things, the degree to which their actions were motivated by intent to gain personal profit or advantage, the degree to which their liability is primary or secondary and the degree to which their conduct is active or passive.

(c) The Company hereby agrees to fully indemnify and hold Indemnitee harmless from any claims of contribution which may be brought by officers, directors, or employees of the Company, other than Indemnitee, who may be jointly liable with Indemnitee.

(d) To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

4. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a witness, or is made (or asked) to respond to discovery requests, in any Proceeding to which Indemnitee is not a party, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

5. Advancement of Expenses. Notwithstanding any other provision of this Agreement, the Company shall advance all Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding by reason of Indemnitee's Corporate Status within thirty (30) days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by a written undertaking by or on behalf of Indemnitee to repay any Expenses advanced if it shall ultimately be determined that Indemnitee is not entitled to be indemnified against such Expenses. Any advances and undertakings to repay pursuant to this Section 5 shall be unsecured and interest free.

6. Procedures and Presumptions for Determination of Entitlement to Indemnification. It is the intent of this Agreement to secure for Indemnitee rights of indemnity that are as favorable as may be permitted under the DGCL and public policy of the State of Delaware. Accordingly, the parties agree that the following procedures and presumptions shall apply in the event of any question as to whether Indemnitee is entitled to indemnification under this Agreement:

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification. Notwithstanding the foregoing, any failure of Indemnitee to provide such a request to the Company, or to provide such a request in a timely fashion, shall not relieve the Company of any liability that it may have to Indemnitee unless, and to the extent that, such failure actually and materially prejudices the interests of the Company.

(b) Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 6(a) hereof, a determination with respect to Indemnitee's entitlement thereto shall be made in the specific case by one of the following four (4) methods, which shall be at the election of the Board (1) by a majority vote of the disinterested directors, even though less than a quorum, (2) by a committee of disinterested directors designated by a majority vote of the disinterested directors, even though less than a quorum, (3) if there are no disinterested directors or if the disinterested directors so direct, by independent legal counsel in a written opinion to the Board, a copy of which shall be delivered to the Indemnitee, or (4) if so directed by the Board, by the stockholders of the Company. For purposes hereof, disinterested directors are those members of the Board who are not parties to the action, suit or proceeding in respect of which indemnification is sought by Indemnitee.

(c) If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 6(b) hereof, the Independent Counsel shall be selected as provided in this Section 6(c). The Independent Counsel shall be selected by the Board. Indemnitee may, within ten (10) days after such written notice of selection shall have been given, deliver to the Company a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "**Independent Counsel**" as defined in Section 13 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If a written objection is made and substantiated, the Independent Counsel selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within twenty (20) days after submission by Indemnitee of a written request for indemnification pursuant to Section 6(a) hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition the Court of Chancery of the State of Delaware or other court of competent jurisdiction for resolution of any objection which shall have been made by the Indemnitee to the Company's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 6(b) hereof. The Company shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with acting pursuant to Section 6(b) hereof, and the Company shall pay all reasonable fees and expenses incident to the procedures of this Section 6(c), regardless of the manner in which such Independent Counsel was selected or appointed.

(d) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence. Neither the failure of the Company (including by its directors or independent legal counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or independent legal counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(e) Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise (as hereinafter defined), including financial statements, or on information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise. In addition, the knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement. Whether or not the foregoing provisions of this Section 6(e) are satisfied, it shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(f) If the person, persons or entity empowered or selected under Section 6 to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such sixty (60) day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making such determination with respect to entitlement to indemnification in good faith requires such additional time to obtain or evaluate documentation and/or information relating thereto; and provided further, that the foregoing provisions of this Section 6(f) shall not apply if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 6(b) of this Agreement and if (A) within fifteen (15) days after receipt by the Company of the request for such determination, the Board or the Disinterested Directors, if appropriate, resolve to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within seventy five (75) days after such receipt and such determination is made thereat, or (B) a special meeting of stockholders is called within fifteen (15) days after such receipt for the purpose of making such determination, such meeting is held for such purpose within sixty (60) days after having been so called and such determination is made thereat.

(g) Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any Independent Counsel, member of the Board or stockholder of the Company shall act reasonably and in good faith in making a determination regarding the Indemnitee's entitlement to indemnification under this Agreement. Any costs or expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(h) The Company acknowledges that a settlement or other disposition short of final judgment may be successful if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any action, claim or proceeding to which Indemnitee is a party is resolved in any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such action, claim or proceeding with or without payment of money or other consideration) it shall be presumed that Indemnitee has been successful on the merits or otherwise in such action, suit or proceeding. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(i) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

7. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 6 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 5 of this Agreement, (iii) no determination of entitlement to indemnification is made pursuant to Section 6(b) of this Agreement within ninety (90) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to this Agreement within ten (10) days after receipt by the Company of a written request therefor, or (v) payment of indemnification is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification or such determination is deemed to have been made pursuant to Section 6 of this Agreement, Indemnitee shall be entitled to an adjudication in an appropriate court of the State of Delaware, or in any other court of competent jurisdiction, of Indemnitee's entitlement to such indemnification. Indemnitee shall commence such proceeding seeking an adjudication within one hundred eighty (180) days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 7(a). The Company shall not oppose Indemnitee's right to seek any such adjudication.

(b) In the event that a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 7 shall be conducted in all respects as a de novo trial on the merits, and Indemnitee shall not be prejudiced by reason of the adverse determination under Section 6(b).

(c) If a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 7, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's misstatement not materially misleading in connection with the application for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) In the event that Indemnitee, pursuant to this Section 7, seeks a judicial adjudication of Indemnitee's rights under, or to recover damages for breach of, this Agreement, or to recover under any directors' and officers' liability insurance policies maintained by the Company, the Company shall pay on Indemnitee's behalf, in advance, any and all expenses (of the types described in the definition of Expenses in Section 13 of this Agreement) actually and reasonably incurred by Indemnitee in such judicial adjudication, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of expenses or insurance recovery.

(e) The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 7 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement. The Company shall indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Company of a written request therefore) advance, to the extent not prohibited by law, such expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advance of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of Expenses or insurance recovery, as the case may be.

(f) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

8. Non-Exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate, the Bylaws, any agreement, a vote of stockholders, a resolution of directors of the Company, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in Indemnitee's Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in the DGCL, whether by statute or judicial decision, permits greater indemnification than would be afforded currently under the Certificate, Bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents or fiduciaries of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any director, officer, employee, agent or fiduciary under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has directors' and officers' liability insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(c) Except as provided in paragraph (b) above, in the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee (other than against the Fund Indemnitors), who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) Except as provided in paragraph (b) above, the Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(e) Except as provided in paragraph (b) above, the Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

9. Exception to Right of Indemnification. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any claim made against Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision; or

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of state statutory law or common law; or

(c) in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation, or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

10. Duration of Agreement. All agreements and obligations of the Company contained herein shall continue during the period Indemnitee is an officer or director of the Company (or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise) and for a period of five (5) years following the end of the Indemnitee's term of service as an officer or director of the Company and shall continue thereafter so long as Indemnitee shall be subject to any Proceeding (or any proceeding commenced under Section 7 hereof) by reason of his Corporate Status, whether or not Indemnitee is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), assigns, spouses, heirs, executors and personal and legal representatives.

11. Security. To the extent requested by Indemnitee and approved by the Board, the Company may at any time and from time to time provide security to Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of the Indemnitee.

12. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumes the obligations imposed on it hereby in order to induce Indemnitee to serve as an officer or director of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as an officer or director of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

(c) The Company shall not seek from a court, or agree to, a "bar order" which would have the effect of prohibiting or limiting the Indemnitee's rights to receive advancement of expenses under this Agreement.

13. Definitions. For purposes of this Agreement:

(a) "**Corporate Status**" describes the status of a person who is or was a director, officer, employee, agent or fiduciary of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving at the express written request of the Company.

(b) "**Disinterested Director**" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(c) "**Enterprise**" shall mean the Company and any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that Indemnitee is or was serving at the express written request of the Company as a director, officer, employee, agent or fiduciary.

(d) "**Expenses**" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding and any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(e) "**Independent Counsel**" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five (5) years has been, retained to represent (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company agrees to pay the reasonable fees of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(f) "**Proceeding**" includes any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought by or in the right of the Company or otherwise and whether civil, criminal, administrative or investigative, in which Indemnitee was, is or will be involved as a party or otherwise, by reason of Indemnitee's Corporate Status, by reason of any action taken by Indemnitee or of any inaction on Indemnitee's part while acting in Indemnitee's Corporate Status; in each case whether or not Indemnitee is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement; including one pending on or before the date of this Agreement, but excluding one initiated by an Indemnitee pursuant to Section 7 of this Agreement to enforce Indemnitee's rights under this Agreement.

14. Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision. Further, the invalidity or unenforceability of any provision hereof as to either Indemnitee or Appointing Stockholder shall in no way affect the validity or enforceability of any provision hereof as to the other. Without limiting the generality of the foregoing, this Agreement is intended to confer upon Indemnitee and Appointing Stockholder indemnification rights to the fullest extent permitted by applicable laws. In the event any provision hereof conflicts with any applicable law, such provision shall be deemed modified, consistent with the aforementioned intent, to the extent necessary to resolve such conflict.

15. Modification and Waiver. No supplement, modification, termination or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

16. Notice By Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with or otherwise receiving any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification covered hereunder. The failure to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise unless and only to the extent that such failure or delay materially prejudices the Company.

17. Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, and if not so confirmed, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent:

(a) To Indemnitee at the address set forth below Indemnitee signature hereto.

(b) To the Company at:

Direct Communication Solutions, Inc.
11021 Via Frontera, Suite C
San Diego, CA 92127
Attention: Chris Bursey

or to such other address as may have been furnished to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

18. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

19. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

20. Governing Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Indemnification Agreement on and as of the day and year first above written.

DIRECT COMMUNICATION SOLUTIONS, INC.

By: _____
Name: Chris Bursey
Title: Chief Executive Officer

INDEMNITEE

By: _____
Name:
Address:

Exhibit 21.1

List of Subsidiaries

Name of Subsidiary	Jurisdiction of Incorporation
Direct Communication Solutions (Canada) Inc.	British Columbia

Exhibit 23.1

DAVIDSON & COMPANY LLP Chartered Professional Accountants

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form S-1/A of our report dated April 22, 2022, relating to the consolidated financial statements of Direct Communication Solutions, Inc., which is part of this Registration Statement.

We also consent to the reference to us under the caption "Experts" in the Prospectus.

/s/ DAVIDSON & COMPANY LLP

Vancouver, Canada

Chartered Professional Accountants

December 14, 2022