



NEWS RELEASE

GINSMS ANNOUNCES FINANCIAL RESULTS FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2022 AND PROVIDES FINANCIAL FORECASTS FOR YEAR 2023

Calgary, Alberta, February 13, 2023 – GINSMS Inc. (TSXV: GOK) (“GINSMS” or the “Corporation”) has announced its financial results for the fourth quarter and twelve months ended December 31, 2022.

The annual audited financial statements of the Corporation for the twelve months ended December 31, 2022 are currently under audit and in the process of preparation. As required under Canadian securities law regulations, the Corporation will be disclosing and filing on SEDAR its annual audited financial statements and the related management’s discussion and analysis (“MD&A”) within 120 days after the end of its year end of December 31, 2022.

This financial disclosure was done in advance of the filing of the audited financial statements of the Corporation to allow GINSMS’ ultimate holding company, Beat Holdings Limited (“BHL”), a public company in Japan, to use certain of GINSMS’ financial information in the preparation of BHL’s financial statements and announcements.

The Corporation’s financial information for the twelve months ended December 31, 2022 is prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All amounts are expressed in Canadian Dollars unless otherwise noted.

Highlights include:

- Revenue of \$3,024,133 for the twelve-month period ended December 31, 2022 as compared to \$2,731,334 for the twelve-month period ended December 31, 2021.
- Revenue of \$878,346 for the three-month period ended December 31, 2022 as compared to Revenue of \$694,953 for the three-month period ended December 31, 2021.
- Gross Profit of \$1,161,553 for the twelve-month period ended December 31, 2022 as compared to gross profit of \$1,023,234 for the twelve-month period ended December 31, 2021.
- Gross Profit of \$357,697 for the three-month period ended December 31, 2022 as compared to gross profit of \$288,782 for the three-month period ended December 31, 2021.
- Operating expenses and finance costs of \$1,185,701 for the twelve-month period ended December 31, 2022 decreased from \$732,629 for the twelve-month period ended December 31, 2021.
- Operating expenses and finance costs of \$402,644 for the three-month period ended December 31, 2022 decreased from \$146,805 for the three-month period ended December 31, 2021.
- Net loss of \$32,284 for twelve-month period ended December 31, 2022 as compared to a net profit of \$281,162 for twelve-month period ended December 31, 2021.
- Net loss of \$20,507 for three-month period ended December 31, 2022 as compared to a net profit of \$131,651 for three-month period ended December 31, 2021.

Selected Profit and Loss Information

Financial Highlights	Three-month period ended December 31, 2022 (Unaudited)	Three-month period ended December 31, 2021 (Unaudited)	Twelve-month period ended December 31, 2022 (Unaudited)	Twelve-month period ended December 31, 2021 (Audited)
Revenues \$				
A2P Messaging Service	371,524	347,813	1,428,885	1,338,627
Software Products & Services	506,822	347,140	1,595,248	1,392,707
	878,346	694,953	3,024,133	2,731,334
Cost of sales \$				
A2P Messaging Service	229,048	228,973	951,718	1,016,352
Software Products & Services	291,601	177,198	910,862	691,748
	520,649	406,171	1,862,580	1,708,100
Gross profit \$				
A2P Messaging Service	142,476	118,840	477,167	322,275
Software Products & Services	215,221	169,942	684,386	700,959
	357,697	288,782	1,161,553	1,023,234
Gross margin %				
A2P Messaging Service	38.3%	34.2%	33.4%	24.1%
Software Products & Services	42.5%	49.0%	42.9%	50.3%
	40.7%	41.6%	38.4%	37.5%
Adjusted EBITDA ⁽¹⁾ \$	(17,987)	166,509	75,120	387,645
Adjusted EBITDA margin	(2.0)%	24.0%	2.5%	14.2%
Net earnings profit/(loss) \$	(20,507)	131,651	(32,284)	281,162
Net earnings profit/(loss) margin	(2.3)%	18.9%	(1.1)%	10.3%
Net earnings profit/(loss) per share \$ Basic and Diluted (in Canadian cents)	(0.009)	0.088	(0.020)	0.187

(1) Adjusted EBITDA is a non-IFRS measure which does not have any standardized meaning under IFRS. Adjusted EBITDA is related to cash earnings and is defined for these purposes as earnings before income taxes, depreciation and amortization (in both cost of sales and general and administration expenses), interest expenses and also excludes certain non-recurring or non-cash expenditure and income. This non-IFRS measure is not recognized under IFRS and accordingly, shareholders are cautioned that this measure should not be construed as an alternative to net income determined in accordance with IFRS. The non-IFRS measure presented is unlikely to be comparable to similar measure presented by other issuers. The Corporation believes that Adjusted EBITDA is a meaningful financial metric as it measures cash generated from operations which the Corporation can use to fund working capital requirements, service interest and principal debt repayment and fund future growth initiatives.

Cost of Sales

	Three-month period ended December 31, 2022 (Unaudited)	Three-month period ended December 31, 2021 (Unaudited)	Twelve-month period ended December 31, 2022 (Unaudited)	Twelve-month period ended December 31, 2021 (Audited)
Depreciation	7,693	4,313	26,754	18,114
- Property, plant and equipment				
Salaries and wages	272,155	172,628	851,008	671,892
Subcontractor costs	229,048	228,977	951,719	1,016,633
Software and hardware	-	-	114	163
Others	11,753	253	32,985	1,298
	520,649	406,171	1,862,580	1,708,100

Operating Expenses and Finance Costs

	Three-month period ended December 31, 2022 (Unaudited)	Three-month period ended December 31, 2021 (Unaudited)	Twelve-month period ended December 31, 2022 (Unaudited)	Twelve-month period ended December 31, 2021 (Audited)
Salaries and wages	188,030	51,418	406,284	251,170
Directors' fees	10,000	10,000	40,000	40,000
Professional fees	109,281	54,855	304,262	273,960
Foreign currency exchange (gain)/loss	30,755	(8,101)	228,541	(2,786)
Other general & administrative expenses	32,379	27,979	121,168	100,924
Allowance /(Reversal of allowance) for doubtful debts	12,932	(9,565)	12,932	(9,565)
Depreciation				
- Property, plant and equipment	86	1,512	3,486	5,800
- Right-of-use assets	16,553	16,813	63,295	63,473
Lease interest on right-of-use assets	2,628	1,894	5,733	9,653
	402,644	146,805	1,185,701	732,629

Selected Balance Sheet Information

The figures reported below are based on the unaudited consolidated financial statements of the Corporation which have been prepared in accordance with IFRS.

	December 31, 2022 (Unaudited) \$	December 31, 2021 (Audited) \$
Current Assets		
Accounts receivable	557,495	601,321
Deposits and prepayments	61,375	62,985
Current tax assets	199	2,586
Bank and cash balances	191,126	183,941
	810,195	850,833
Non-Current Assets		
Right-of-use assets	75,879	48,777
Property, plant and equipment	61,853	33,199
TOTAL ASSETS	947,927	932,809
Current Liabilities		
Accounts payable and accrued liabilities	601,456	591,373
Advances from related parties	647,639	878,410
Loans from related parties	1,372,730	4,826,177
Lease liabilities	41,445	46,093
Promissory note payable	580,000	580,000
Current tax liabilities	7,130	-
	3,250,400	6,922,053
Non-Current Liabilities		
Lease liabilities	28,860	-
TOTAL LIABILITIES	3,279,260	6,922,053
Equity		
Share capital	15,148,160	11,415,709
Deficit	(17,785,068)	(17,753,423)
Accumulated other comprehensive income	319,183	361,874
Total deficiency attributable to equity shareholders	(2,317,725)	(5,975,840)
Non-controlling interest	(13,608)	(13,404)
TOTAL DEFICIENCY	(2,331,333)	(5,989,244)
TOTAL LIABILITIES & EQUITY	947,927	932,809

Total assets of GINSMS including cash, accounts receivable, deposits and prepayment, current tax asset, property, plant and equipment and right-of-use assets as at December 31, 2022 amounted to \$947,927 compared to December 31, 2021 amounted to \$932,809. Bank and cash balances amounted to \$191,126 as at December 31, 2022 a slight increase of 3.9% compared to \$183,941 as at December 31, 2021. The slight increase was mainly due to more cash flow generated from operation in 2022 as compared to 2021.

Selected Liquidity and Capital Resources Information

Financial Highlights	Three-month period ended December 31, 2022 (Unaudited) \$	Three-month period ended December 31, 2021 (Unaudited) \$	Twelve-month period ended December 31, 2022 (Unaudited) \$	Twelve-month period ended December 31, 2021 (Audited) \$
Cash, beginning of period/year	231,142	225,807	183,941	296,312
Operating activities				
Net (loss)/profit before tax	(44,947)	141,977	(24,148)	290,605
Interest expenses	2,628	1,894	5,733	9,653
Foreign currency exchange loss/(gain)	30,755	(8,101)	228,541	(2,786)
Allowance/(Reversal of allowance) for doubtful debts	12,932	(9,565)	12,932	(9,565)
Depreciation of property, plant and equipment	7,779	5,825	30,239	23,914
Depreciation of right-of-use assets	16,553	16,813	63,296	63,473
Changes in working capital items	(87,594)	(42,907)	42,602	(179,471)
Interest expenses on lease liabilities	(2,628)	(1,894)	(5,733)	(9,653)
Income tax (paid)/refunded	(65)	(2,586)	1,552	(2,586)
Net cash (used in) / generated from operating activities	(64,587)	101,456	355,014	183,584
Financing activities				
Advance from a related company	-	-	-	5,950,591
Repayment of advance from a related party	-	-	-	(5,950,591)
Advances from related parties	88,534	-	89,056	233,180
Repayment of advance from related parties	(74,368)	(121,628)	(348,646)	(415,782)
Principal elements of lease payments	(19,211)	(13,259)	(72,078)	(75,823)
Net cash used in financing activities	(5,045)	(134,887)	(331,668)	(258,425)
Investing activities				
Purchase of property, plant and equipment	(11,357)	(11,337)	(60,247)	(18,357)
Net cash used in investing activities	(11,357)	(11,337)	(60,247)	(18,357)
Effect of exchange rate changes on cash held in foreign currencies	40,973	2,902	44,086	(19,173)
(Decrease)/Increase in cash	(40,016)	(41,866)	7,185	(112,371)
Cash, end of period/year	191,126	183,941	191,126	183,941

SEGMENTED INFORMATION

a) Revenue by customers

	Twelve-month period ended December 31, 2022 (Unaudited)		Twelve-month period ended December 31, 2021 (Audited)	
	\$	% of total revenue	\$	% of total revenue
Customer A	985,373	32.6	958,215	35.1
Next five top customers				
Customer B	446,002	14.7	131,497	4.8
Customer C	436,752	14.4	263,080	9.6
Customer D	230,616	7.6	355,874	13.0
Customer E	156,890	5.2	412,223	15.1
Customer F	153,224	5.1	67,857	2.5
All other customers	615,276	20.4	542,588	19.9
Total	3,024,133	100.0	2,731,334	100.0

b) Revenue by geographical location (by location of operations)

	Twelve-month period ended December 31, 2022 (Unaudited)		Twelve-month period ended December 31, 2021 (Audited)	
	\$	% of total revenue	\$	% of total revenue
Singapore	1,456,620	48.2	1,168,360	42.8
Indonesia	489,437	16.2	338,879	12.4
Other Asia countries	431,058	14.3	234,557	8.6
Europe	248,129	8.2	210,206	7.7
United States	387,783	12.8	770,298	28.2
Other regions	11,106	0.3	9,034	0.3
Total	3,024,133	100.0	2,731,334	100.0

c) Total non-current assets by geographical location

	As at December 31, 2022 (Unaudited)		As at December 31, 2021 (Audited)	
	\$	% of total assets	\$	% of total assets
Indonesia	125,075	90.8	50,831	62.0
Other Asia countries	12,657	9.2	31,145	38.0
Total	137,732	100.0	81,976	100.0

d) Financial information by business segments

	Messaging	Software products and services	Unallocated	Total
	\$	\$	\$	\$
Twelve-month period ended December 31, 2022 (Unaudited)				
Revenue	1,428,885	1,595,248	-	3,024,133
Intersegment revenue	18,593	282,161	-	300,754
Amortization and depreciation	-	93,535	-	93,535
Interest income	81	243	-	324
Interest and finance expenses	-	5,733	-	5,733
Income tax expenses	-	8,136	-	8,136
Segment (losses)/profits	(193,143)	500,986	(340,127)	(32,284)
Additions to segment non-current assets	-	153,224	-	153,224
At December 31, 2022 (Unaudited)				
Segment assets	240,217	686,685	21,025	947,927
Segment liabilities	(435,726)	(1,689,510)	(1,154,024)	(3,279,260)

	Messaging	Software products and services	Unallocated	Total
	\$	\$	\$	\$
Twelve-month period ended December 31, 2021 (Audited)				
Revenue	1,338,627	1,392,707	-	2,731,334
Intersegment revenue	10,375	222,572	-	232,947
Amortization and depreciation	-	87,387	-	87,387
Interest income	41	192	-	233
Interest and finance expenses	-	9,653	-	9,653
Income tax expenses	-	9,443	-	9,443
Segment profits/(losses)	252,775	280,703	(252,316)	281,162
Additions to segment non-current assets	-	59,526	-	59,526
At December 31, 2021 (Audited)				
Segment assets	150,465	774,767	7,577	932,809
Segment liabilities	(3,059,029)	(1,344,928)	(2,518,096)	(6,922,053)

Outlook

The Corporation announces its financial forecasts for the next twelve months ending December 31, 2023. The information included in this news release represents management's guidance as approved on February 13, 2023. The financial outlook was prepared for BHL, the ultimate holding company of the Corporation, for its public company reporting obligations in Japan.

The material factors and assumptions used to develop the financial outlook include:

- a. Continued business from the Corporation's major customers. The actual gross margin of Software Products and Services achieved 42.9% for the year ended December 31, 2022 and with the expected increase in revenue earned from business with key customers of the Corporation, the forecasted gross margin of 37.0% in 2023 is reasonable and achievable. The man-hour rates in 2022 were in line with prevailing market rates hence the increment in man-hour rates in 2023 will be at reduced rate while the salary increments are factored in the 2023 budget. Management believes that the forecast revenue and gross margin is conservative and reasonable.
- b. The actual traffic growth rate of A2P business for the year ended December 31, 2022 increased by 17.4% compared to the year ended December 31, 2021. Both the South East Asia and other regions enjoyed higher growth due to improvement of the COVID-19 pandemic situation and a removal of governments imposed restrictions on the circulation of people and an increase in business activities as a result. The Corporation also adjusted the prices of its products and services to improve gross margin. Revenue for the year ended December 31, 2022 increased by 6.7% while annual gross margin increased to 33.4% compared with gross margin of 24.1% for the year ended December 31, 2021. The actual gross margin for the quarter ended December 31, 2022 of 38.3% showed that the gross margin increased as the Corporation experienced recovery from the impact of the COVID-19 outbreak as compared to the prior quarter ended December 31, 2021. The extent of the impact of the COVID-19 pandemic on our result will depend on future developments, which are highly uncertain and unpredictable. Although we continue to monitor the COVID-19 situation, we believe that its impact will be lesser on our business practices this year compared to previous years
- c. No significant changes in the environment (including competition) where the Corporation operates that will significantly affect the pricing of the Corporation's services resulting in changes of the gross margin for the various business segments, except what is disclosed in note b above.
- d. Timely completion and launch of certain additional value-added services for the Corporation's customers.
- e. The related parties agreed to convert their interest-bearing loans and notes payable to interest-free loans with effect from the year 2019 / 2020, no interest expense expected in 2023.
- f. Continued ability to obtain financing through loans and cash advances to support the sales operations of the Corporation.

The purpose of this financial outlook is to allow the Corporation's ultimate holding company, BHL, to make reference and/or to use such outlook in its own financial disclosure. The operation of GINSMS is a major part of the growth strategy of BHL. As such, BHL believes that disclosing such information would be useful for its shareholders. Consequently readers of this press release are cautioned that the financial outlook of GINSMS concerning its expected gross margin and revenue is forward looking information and may not be appropriate for other purposes.

Financial Highlights	Forecast	Forecast	Forecast	Forecast
(\\$)	Jan – Mar 2023	Apr – Jun 2023	Jul – Sep 2023	Oct – Dec 2023
Revenues \$				
A2P Messaging Service	296,011	299,727	303,489	307,298
Software Products & Services	596,751	596,751	596,751	596,751
	892,762	896,478	900,240	904,049
Cost of sales \$				
A2P Messaging Service	242,143	245,182	248,260	251,376
Software Products & Services	375,959	375,959	375,959	375,959
	618,102	621,141	624,219	627,335
Gross profit \$				
A2P Messaging Service	53,868	54,545	55,229	55,922
Software Products & Services	220,792	220,792	220,792	220,792
	274,660	275,337	276,021	276,714
Gross margin %				
A2P Messaging Service	18.2%	18.2%	18.2%	18.2%
Software Products & Services	37.0%	37.0%	37.0%	37.0%
	30.8%	30.7%	30.7%	30.6%
Selling, general and administrative expenses	(190,232)	(190,232)	(190,232)	(190,232)
Operating profit	84,428	85,105	85,789	86,482
Non-operating income (1)	-	-	-	-
Non-operating expenses (1)	(1,081)	(1,081)	(1,081)	(1,081)
Ordinary profit	83,347	84,024	84,708	85,401
Extraordinary gains	-	-	-	-
Extraordinary losses	-	-	-	-
Profit before tax and non-controlling interest	83,347	84,024	84,708	85,401
Income taxes	-	-	-	-
Non-controlling interest	-	-	-	-
Net profit for the period	83,347	84,024	84,708	85,401
Adjusted EBITDA (2)	104,468	105,145	105,829	106,522

(1) Non-operating income included interest income and other non-operating income. Non-operating expenses included loss on foreign exchange and interest expense.

(2) Adjusted EBITDA is a non-IFRS measure which does not have any standardized meaning under IFRS. Adjusted EBITDA is related to cash earnings and is defined for these purposes as earnings before income taxes, depreciation and amortization (in both cost of sales and general and administration expenses), interest expenses and also excludes certain non-recurring or non-cash expenditure and income. This non-IFRS measure is not recognized under IFRS and accordingly, shareholders are cautioned that this measure should not be construed as an

alternative to net income determined in accordance with IFRS. The non-IFRS measure presented is unlikely to be comparable to similar measure presented by other issuers. The Corporation believes that Adjusted EBITDA is a meaningful financial metric as it measures cash generated from operations which the Corporation can use to fund working capital requirements, service interest and principal debt repayment and fund future growth initiatives.

About GINSMS

GINSMS is a mobile technology and services company focusing on 2 areas namely its A2P Messaging Service and its Software Products and Services. GINSMS operates a cloud-based A2P messaging service that allows the termination of SMS to mobile subscribers of more than 200 mobile operators globally. GINSMS also develops and distribute innovative software products and services for mobile operators and enterprises and have successfully deployed more than 100 solutions worldwide. GINSMS has offices in China, Singapore, Hong Kong, Malaysia and Indonesia.

Forward Looking Statements

Certain information included in this press release may contain forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may”, “could”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, or “continue” or the negative thereof or variations thereon or similar terminology. These statements are not historical facts, but reflect management’s current beliefs and are based on information currently available to management regarding future results and events. Particularly, these forward-looking statements are based on management’s estimate of future events based on technological advances relating to the Corporation’s services, current market conditions and past experiences of management in relation to how certain contracts will affect revenues. Forward-looking statements, by their very nature, involve significant risks, uncertainties and assumptions.

A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to dependence on major customers, system failures, delays and other problems, increasing competition, security and privacy breaches, dependence on third-party software and equipment, adequacy of network reliance, network diversity and backup systems, loss of significant information, insurance coverage, capacity limits, rapid technology changes, market acceptance, decline in volume of attractions, retention of key members of the management team, success of expansion into Chinese and other Asian markets, credit risk, consolidation of existing customers, dependence on required licenses, economy and politics in countries where the Corporation operates, conflicts of interest, effect of the COVID-19 and residency of directors and officers. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, the Corporation cannot assure the reader that actual results will be consistent with these forward-looking statements.

In particular, forward-looking statements include the following assumptions:

- Management’s belief that the Corporation’s software products and services are expected to take on a different focus based on an outsourcing model approach leveraging on the lower cost base in Indonesia and Malaysia. Therefore the revenue for the software segment in Indonesia and Malaysia should continue to increase. Management’s belief that the future growth in messaging is in the area of A2P Messaging Service and the Corporation’s investment in this area will create a viable and profitable business in the future.
- Management’s belief that the Corporation is able to generate sufficient amounts of cash through operations and financing activities to fulfil the working capital requirements of its present operations.

These forward-looking statements are made as of the date of this press release and the Corporation assumes no obligation to update or revise them to reflect new events or circumstances except as may be required by law. Accordingly, readers should not place undue reliance on the forward-looking statements. Forward looking statements are presented in this news release for the purpose of assisting investors and others in understanding certain key

elements of our expected fiscal 2021 and 2022 financial results, as well as our objectives, strategic priorities and business outlook for fiscal 2021 and 2022, and in obtaining a better understanding of the Corporation's anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes. All forward-looking statements contained in this press release are qualified by this cautionary statement.

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