



NEWS RELEASE

GINSMS ANNOUNCES FINANCIAL RESULTS FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2021 AND PROVIDES FINANCIAL FORECASTS FOR YEAR 2022

Calgary, Alberta, February 11, 2022 – GINSMS Inc. (TSXV: GOK) (“GINSMS” or the “Corporation”) has announced its financial results for the fourth quarter and twelve months ended December 31, 2021.

The annual audited financial statements of the Corporation for the twelve months ended December 31, 2021 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, 2021.

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, 2021 is prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

Highlights include:

- Revenue of \$2,731,334 for the twelve-month period ended December 31, 2021 as compared to \$2,823,335 for the twelve-month period ended December 31, 2020.
- Revenue of \$694,953 for the three-month period ended December 31, 2021 as compared to Revenue of \$684,260 for the three-month period ended December 31, 2020.
- Gross Profit of \$1,023,234 for the twelve-month period ended December 31, 2021 as compared to gross profit of \$1,031,565 for the twelve-month period ended December 31, 2020.
- Gross Profit of \$288,782 for the three-month period ended December 31, 2021 as compared to gross profit of \$281,754 for the three-month period ended December 31, 2020.
- Operating expenses and finance costs of \$732,629 for the twelve-month period ended December 31, 2021 decreased from \$1,034,124 for the twelve-month period ended December 31, 2020.
- Operating expenses and finance costs of \$146,805 for the three-month period ended December 31, 2021 decreased from \$194,419 for the three-month period ended December 31, 2020.
- Net profit of \$281,162 for twelve-month period ended December 31, 2021 as compared to a net loss of \$3,508 for twelve-month period ended December 31, 2020.
- Net profit of \$131,651 for three-month period ended December 31, 2021 as compared to a net profit of \$85,094 for three-month period ended December 31, 2020.

Selected Profit and Loss Information

Financial Highlights	Three-month period ended December 31, 2021 (Unaudited)	Three-month period ended December 31, 2020 (Unaudited)	Twelve-month period ended December 31, 2021 (Unaudited)	Twelve-month period ended December 31, 2020 (Audited)
Revenues \$				
A2P Messaging Service	347,813	241,944	1,338,627	1,386,756
Software Product & Services	347,140	442,316	1,392,707	1,436,579
	694,953	684,260	2,731,334	2,823,335
Cost of sales \$				
A2P Messaging Service	228,973	220,288	1,016,352	1,102,704
Software Product & Services	177,198	182,218	691,748	689,066
	406,171	402,506	1,708,100	1,791,770
Gross profit \$				
A2P Messaging Service	118,840	21,656	322,275	284,052
Software Product & Services	169,942	260,098	700,959	747,513
	288,782	281,754	1,023,234	1,031,565
Gross margin %				
A2P Messaging Service	34.2%	9.0%	24.1%	20.5%
Software Product & Services	49.0%	58.8%	50.3%	52.0%
	41.6%	41.2%	37.5%	36.5%
Adjusted EBITDA ⁽¹⁾ \$	166,509	108,147	387,645	85,953
Adjusted EBITDA margin	24.0%	15.8%	14.2%	3.0%
Net earnings profit/(loss) \$	131,651	85,094	281,162	(3,508)
Net earnings profit/(loss) margin	18.9%	12.4%	10.3%	(0.1)%
Net earnings profit/(loss) per share \$				
Basic (in Canadian cents)	0.088	0.057	0.187	(0.002)
Diluted	0.088	0.057	0.187	N/A

(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, 2021 (Unaudited)	Three-month period ended December 31, 2020 (Unaudited)	Twelve-month period ended December 31, 2021 (Unaudited)	Twelve-month period ended December 31, 2020 (Audited)
Depreciation	4,313	5,087	18,114	22,469
- Property, plant and equipment				
Salaries and wages	172,628	188,818	671,892	675,716
Subcontractor costs	228,977	208,427	1,016,633	1,091,158
Software and hardware	-	-	163	147
Others	253	174	1,298	2,280
	406,171	402,506	1,708,100	1,791,770

Operating Expenses and Finance Costs

	Three-month period ended December 31, 2021 (Unaudited)	Three-month period ended December 31, 2020 (Unaudited)	Twelve-month period ended December 31, 2021 (Unaudited)	Twelve-month period ended December 31, 2020 (Audited)
Salaries and wages	51,418	199,835	251,170	496,128
Directors' fees	10,000	10,000	40,000	40,000
Professional fees	54,855	52,610	273,960	272,101
Foreign currency exchange (gain)/loss	(8,101)	(118,487)	(2,786)	20,192
Other general & administrative expenses	27,979	34,221	100,924	137,577
(Reversal of)/ allowance for doubtful debts	(9,565)	515	(9,565)	2,083
Depreciation				
- Property, plant and equipment	1,512	1,596	5,800	6,217
- Right-of-use assets	16,813	10,892	63,473	44,340
Lease interest on right-of-use assets	1,894	3,237	9,653	15,486
	146,805	194,419	732,629	1,034,124

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, 2021 (Unaudited) \$	December 31, 2020 (Audited) \$
Current Assets		
Accounts receivable	601,321	557,834
Other receivables, prepayments and deposits	62,985	76,576
Current tax asset	2,586	-
Bank and cash balances	183,941	296,312
	850,833	930,722
Non-Current Assets		
Right-of-use assets	48,777	73,331
Property, plant and equipment	33,199	39,999
TOTAL ASSETS	932,809	1,044,052
Current Liabilities		
Accounts payable and accrued liabilities	591,373	749,061
Advances from related parties	878,410	1,100,130
Loan from a related party	4,826,177	4,933,186
Lease liabilities	46,093	38,717
Promissory note payable	580,000	580,000
Current tax liabilities	-	1,490
	6,922,053	7,402,584
Non-Current Liabilities		
Lease liabilities	-	34,629
TOTAL LIABILITIES	6,922,053	7,437,213
Equity		
Share capital	11,415,709	11,415,709
Deficit	(17,753,423)	(18,034,210)
Accumulated other comprehensive income	361,874	239,449
Total deficiency attributable to equity shareholders	(5,975,840)	(6,379,052)
Non-controlling interest	(13,404)	(14,109)
TOTAL DEFICIENCY	(5,989,244)	(6,393,161)
TOTAL LIABILITIES & EQUITY	932,809	1,044,052

Total assets of GINSMS including cash, accounts receivable, other receivables, prepayment and deposits, current tax asset, property, plant and equipment and right-of-use assets as at December 31, 2021 amounted to \$932,809 compared to December 31, 2020 amounted to \$1,044,052. Bank and cash balances amounted to \$183,941 as at December 31, 2021 an decrease of 37.9% compared to \$296,312 as at December 31, 2020. This decrease was mainly due to cash flow used in the financing activities of the Corporation for the twelve months ended December 31, 2021 as contrasted to cash flow from the financing activities of the Corporation for the twelve months ended December 31, 2020.

Selected Liquidity and Capital Resources Information

Financial Highlights	Three-month period ended December 31, 2021 (Unaudited) \$	Three-month period ended December 31, 2020 (Unaudited) \$	Twelve-month period ended December 31, 2021 (Unaudited) \$	Twelve-month period ended December 31, 2020 (Audited) \$
Cash, beginning of period/year	225,807	264,303	296,312	194,411
Operating activities				
Net profit/(loss) for the period/year	131,651	85,094	281,162	(3,508)
Deferred tax expenses/(credit)	-	1,292	-	-
Current tax expenses	10,326	949	9,443	949
Interest expenses on lease liabilities	1,894	3,237	9,653	15,486
Foreign currency exchange (gain)/loss	(8,101)	(118,487)	(2,786)	20,192
(Reversal of)/ allowance for doubtful debts	(9,565)	515	(9,565)	2,083
Depreciation of property, plant and equipment	5,825	6,683	23,914	28,686
Depreciation of right-of-use assets	16,813	10,892	63,473	44,340
Changes in working capital items	(42,907)	104,274	(179,471)	(100,529)
Interest expenses on lease liabilities	(1,894)	(3,237)	(9,653)	(15,486)
Income tax paid	(2,586)	-	(2,586)	-
Net cash generated from / (used in) operating activities	101,456	91,212	183,584	(7,787)
Financing activities				
Advance from a related company	-	-	5,950,591	-
Repayment of advance from a related party	-	-	(5,950,591)	-
Advances from related parties	-	2,000	233,180	212,377
Repayment of advance from a related party	(121,628)	(845)	(415,782)	(2,690)
Principal elements of lease payments	(13,259)	(8,600)	(75,823)	(43,504)
Net cash (used in) / generated from financing activities	(134,887)	(7,445)	(258,425)	166,183
Investing activities				
Purchase of property, plant and equipment	(11,337)	(7,226)	(18,357)	(18,732)
Net cash used in investing activities	(11,337)	(7,226)	(18,357)	(18,732)
Effect of exchange rate changes on cash held in foreign currencies	2,902	(44,532)	(19,173)	(37,763)
(Decrease)/Increase in cash	(41,866)	32,009	(112,371)	101,901
Cash, end of period/year	183,941	296,312	183,941	296,312

SEGMENTED INFORMATION

a) Revenue by customers

	Twelve-month period ended December 31, 2021 (Unaudited)		Twelve-month period ended December 31, 2020 (Audited)	
	\$	% of total revenue	\$	% of total revenue
Customer A	958,215	35.1	967,115	34.3
Next five top customers				
Customer B	412,223	15.1	466,487	16.5
Customer C	355,874	13.0	418,707	14.8
Customer D	289,336	10.6	233,917	8.3
Customer E	175,861	6.4	164,597	5.8
Customer F	67,857	2.5	-	-
All other customers	471,968	17.3	572,512	20.3
Total	2,731,334	100.0	2,823,335	100.0

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

	Twelve-month period ended December 31, 2021 (Unaudited)		Twelve-month period ended December 31, 2020 (Audited)	
	\$	% of total revenue	\$	% of total revenue
Singapore	1,168,360	42.8	1,228,385	43.5
Indonesia	338,879	12.4	293,055	10.4
Other Asia countries	234,557	8.6	160,856	5.7
Europe	210,206	7.7	225,155	8.0
United States	770,298	28.2	885,199	31.4
Other regions	9,034	0.3	30,685	1.0
Total	2,731,334	100.0	2,823,335	100.0

c) Total assets by geographical location

	As at December 31, 2021 (Unaudited)		As at December 31, 2020 (Audited)	
	\$	% of total assets	\$	% of total assets
Singapore	29,766	3.2	45,245	4.3
Indonesia	515,216	55.2	586,881	56.2
Other Asia countries	343,178	36.8	381,092	36.5
Europe	7,033	0.8	5,006	0.5
United States	31,329	3.4	20,717	2.0
Other regions	6,287	0.6	5,111	0.5
Total	932,809	100.0	1,044,052	100.0

d) Financial information by business segments

	Messaging	Software products and services	Unallocated	Total
	\$	\$	\$	\$
Twelve-month period ended December 31, 2021 (Unaudited)				
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 expense	-	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 (Unaudited)				
Segment assets	150,465	774,767	7,577	932,809
Segment liabilities	(3,059,029)	(1,344,928)	(2,518,096)	(6,922,053)

	Messaging	Software products and services	Unallocated	Total
	\$	\$	\$	\$
Twelve-month period ended December 31, 2020 (Audited)				
Revenue	1,386,756	1,436,579	-	2,823,335
Intersegment revenue	-	11,382	-	11,382
Amortization and depreciation	-	73,026	-	73,026
Interest income	1	200	-	201
Interest and finance expenses	-	15,486	-	15,486
Income tax expense	-	949	-	949
Segment profits/(losses)	255,253	(102,672)	(156,089)	(3,508)
Additions to segment non-current assets	-	18,732	-	18,732
At December 31, 2020 (Audited)				
Segment assets	195,671	846,158	2,223	1,044,052
Segment liabilities	(3,730,960)	(1,386,298)	(2,319,955)	(7,437,213)

Outlook

The Corporation announces its financial forecasts for the twelve months ending December 31, 2022. The information included in this news release represents management's guidance as approved on February 11, 2022. 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 50.3% for the year ended December 31, 2021 and with the expected increase in revenue earned from business with key customers of the Corporation, the forecasted gross margin of 34.8% in 2022 is reasonable and achievable. The man-hour rates in 2021 had been adjusted substantially to be in line with prevailing market rates hence the increment in man-hour rates in 2022 will be at reduced rate while the salary increments are factored in the 2022 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, 2021 declined by 11.2% compared to the year ended December 31, 2020. Both the North Asia and South East Asia region experienced stiff competition hence the growth from this region was affected. The Corporation also adjusted the prices to improve gross margin but that also resulted in a decrease in traffic from customers. Revenue for the year ended December 31, 2021 decreased by 3.5% while annual gross margin increased to 24.1% compared with gross margin of 20.5% for the year ended December 31, 2020. The actual gross margin for the quarter ended December 31, 2021 of 34.2% showed that the gross margin increased steeply as the Corporation experienced recovery from the impact of the coronavirus (COVID-19) outbreak as compared to the prior quarter ended December 31, 2020. The extent that the coronavirus (COVID-19) outbreak will spread widely and its impact on our result will depend on future developments, which are highly uncertain and unpredictable as shown by the recent surge in infection due to the Omicron variant. Although uncertain at this time, the outbreak could impede our ability to sell, grow and attract new customers. A number of our employees travel frequently to establish and maintain relationships with our customers. Although we continue to monitor the situation and may adjust our current policies as more information and guidance become available, suspending travel, not doing business in-person, and employees government imposed quarantined or sanitary public health authority imposed closures could negatively impact our operations and marketing efforts and also challenge our ability to enter into new customer contracts in a timely manner, which in turn could harm our business performance.
- 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 2022.
- 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	Apr – Jun	Jul – Sep	Oct – Dec
	2022	2022	2022	2022
Revenues \$				
A2P Messaging Service	296,413	300,133	303,901	307,715
Software Product & Services	380,270	380,270	380,270	380,270
	676,683	680,403	684,171	687,985
Cost of sales \$				
A2P Messaging Service	242,760	245,807	248,893	252,017
Software Product & Services	247,750	247,750	247,750	247,750
	490,510	493,557	496,643	499,767
Gross profit \$				
A2P Messaging Service	53,653	54,326	55,008	55,698
Software Product & Services	132,520	132,520	132,520	132,520
	186,173	186,846	187,528	188,218
Gross margin %				
A2P Messaging Service	18.1%	18.1%	18.1%	18.1%
Software Product & Services	34.8%	34.8%	34.8%	34.8%
	27.5%	27.5%	27.4%	27.4%
Selling, general and administrative expenses	(182,471)	(182,471)	(182,900)	(183,754)
Operating profit	3,702	4,375	4,628	4,464
Non-operating income (1)	-	-	-	-
Non-operating expenses (1)	(2,516)	(2,516)	(2,727)	(3,150)
Ordinary profit	1,186	1,859	1,901	1,314
Extraordinary gains	-	-	-	-
Extraordinary losses	-	-	-	-
Profit before tax and non-controlling interest	1,186	1,859	1,901	1,314
Income taxes	-	-	-	-
Non-controlling interest	-	-	-	-
Net loss for the period	1,186	1,859	1,901	1,314
Adjusted EBITDA (2)	25,268	25,941	26,623	27,317

- (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 2020 and 2021 financial results, as well as our objectives, strategic priorities and business outlook for fiscal 2020 and 2021, 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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