



## NEWS RELEASE

### **GINSMS ANNOUNCES FINANCIAL RESULTS FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2023 AND PROVIDES FINANCIAL FORECASTS FOR YEAR 2024**

Calgary, Alberta, February 13, 2024 – GINSMS Inc. (TSXV: GOK) (“GINSMS” or the “Corporation”) has announced its financial results for the fourth quarter and twelve months ended December 31, 2023.

The annual audited financial statements of the Corporation for the twelve months ended December 31, 2023 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, 2023.

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, 2023 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 \$3,188,505 for the twelve-month period ended December 31, 2023 as compared to revenue of \$3,024,133 for the twelve-month period ended December 31, 2022.
- Revenue of \$755,164 for the three-month period ended December 31, 2023 as compared to revenue of \$878,346 for the three-month period ended December 31, 2022.
- Gross Profit of \$1,316,952 for the twelve-month period ended December 31, 2023 as compared to gross profit of \$1,161,553 for the twelve-month period ended December 31, 2022.
- Gross Profit of \$347,799 for the three-month period ended December 31, 2023 as compared to gross profit of \$357,697 for the three-month period ended December 31, 2022.
- Operating expenses and finance costs of \$1,450,602 for the twelve-month period ended December 31, 2023 increased from \$1,185,701 for the twelve-month period ended December 31, 2022.
- Operating expenses and finance costs of \$636,353 for the three-month period ended December 31, 2023 increased from \$402,644 for the three-month period ended December 31, 2022.
- Net loss of \$129,656 for twelve-month period ended December 31, 2023 as compared to a net loss of \$32,284 for twelve-month period ended December 31, 2022.
- Net loss of \$280,939 for three-month period ended December 31, 2023 as compared to a net loss of \$20,507 for three-month period ended December 31, 2022.

## Selected Profit and Loss Information

Financial Highlights	Three-month period ended December 31, 2023 (Unaudited)	Three-month period ended December 31, 2022 (Unaudited)	Twelve-month period ended December 31, 2023 (Unaudited)	Twelve-month period ended December 31, 2022 (Audited)
Revenues \$				
A2P Messaging Service	162,229	371,524	986,715	1,428,885
Software Products & Services	592,935	506,822	2,201,790	1,595,248
	755,164	878,346	3,188,505	3,024,133
Cost of sales \$				
A2P Messaging Service	90,242	229,048	661,385	951,718
Software Products & Services	317,123	291,601	1,210,168	910,862
	407,365	520,649	1,871,553	1,862,580
Gross profit \$				
A2P Messaging Service	71,987	142,476	325,330	477,167
Software Products & Services	275,812	215,221	991,622	684,386
	347,799	357,697	1,316,952	1,161,553
Gross margin %				
A2P Messaging Service	44.4%	38.3%	33.0%	33.4%
Software Products & Services	46.5%	42.5%	45.0%	42.9%
	46.1%	40.7%	41.3%	38.4%
Adjusted EBITDA <sup>(1)</sup> \$	(264,350)	(17,987)	(38,624)	75,120
Adjusted EBITDA margin	(35.0)%	(2.0)%	(1.2)%	2.5%
Net loss \$	(280,939)	(20,507)	(129,656)	(32,284)
Net loss margin	(37.2)%	(2.3)%	(4.1)%	(1.1)%
Net earnings profit/(loss) per share \$ Basic and Diluted (in Canadian cents)	(0.149)	(0.009)	(0.069)	(0.020)

(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, 2023 (Unaudited)	Three-month period ended December 31, 2022 (Unaudited)	Twelve-month period ended December 31, 2023 (Unaudited)	Twelve-month period ended December 31, 2022 (Audited)
Depreciation	11,340	7,693	40,610	26,754
- Property, plant and equipment				
Salaries and wages	283,763	272,155	1,118,788	851,008
Subcontractor costs	102,769	229,048	673,912	951,719
Software and hardware	-	-	1,951	114
Others	9,493	11,753	36,292	32,985
	407,365	520,649	1,871,553	1,862,580

### **Operating Expenses and Finance Costs**

	Three-month period ended December 31, 2023 (Unaudited)	Three-month period ended December 31, 2022 (Unaudited)	Twelve-month period ended December 31, 2023 (Unaudited)	Twelve-month period ended December 31, 2022 (Audited)
Salaries and wages	343,367	188,030	617,261	406,284
Directors' fees	10,000	10,000	40,000	40,000
Professional fees	61,517	109,281	271,009	304,262
Foreign currency exchange loss	34,650	30,755	50,584	228,541
Other general & administrative expenses	69,289	32,379	312,666	121,168
Allowance for doubtful debts	104,666	12,932	104,666	12,932
Depreciation				
- Property, plant and equipment	86	86	356	3,486
- Right-of-use assets	11,542	16,553	46,901	63,295
Lease interest on right-of-use assets	1,236	2,628	7,159	5,733
	636,353	402,644	1,450,602	1,185,701

### **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, 2023 (Unaudited) \$	December 31, 2022 (Audited) \$
<b>Current Assets</b>		
Accounts receivable	635,568	557,495
Deposits and prepayments	63,439	61,375
Current tax assets	330	199
Bank and cash balances	239,824	191,126
	939,161	810,195
<b>Non-Current Assets</b>		
Right-of-use assets	30,954	75,879
Property, plant and equipment	83,061	61,853
<b>TOTAL ASSETS</b>	1,053,176	947,927
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	827,380	601,456
Advances from related parties	698,935	647,639
Loans from related parties	1,390,642	1,372,730
Lease liabilities	25,354	41,445
Promissory note payable	580,000	580,000
Current tax liabilities	3,972	7,130
	3,526,283	3,250,400
<b>Non-Current Liabilities</b>		
Lease liabilities	-	28,860
<b>TOTAL LIABILITIES</b>	3,526,283	3,279,260
<b>Equity</b>		
Share capital	15,148,160	15,148,160
Deficit	(17,913,638)	(17,785,068)
Accumulated other comprehensive income	307,289	319,183
Total deficiency attributable to equity shareholders	(2,458,189)	(2,317,725)
Non-controlling interests	(14,918)	(13,608)
<b>TOTAL DEFICIENCY</b>	(2,473,107)	(2,331,333)
<b>TOTAL LIABILITIES &amp; EQUITY</b>	1,053,176	947,927

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, 2023 amounted to \$1,053,176 compared to \$947,927 as at December 31, 2022. Bank and cash balances amounted to \$239,824 as at December 31, 2023 an increase of 25.5% compared to \$191,126 as at December 31, 2022. The increase was mainly due to more net cash inflow from operating activities during the year.

### Selected Liquidity and Capital Resources Information

<b>Financial Highlights</b>	Three-month period ended December 31, 2023 (Unaudited) \$	Three-month period ended December 31, 2022 (Unaudited) \$	Twelve-month period ended December 31, 2023 (Unaudited) \$	Twelve-month period ended December 31, 2022 (Audited) \$
<b>Cash, beginning of period/year</b>	115,252	231,142	191,126	183,941
<b>Operating activities</b>				
Net loss before tax	(288,554)	(44,947)	(133,650)	(24,148)
Interest expenses	1,236	2,628	7,159	5,733
Foreign currency exchange loss	34,650	30,755	50,584	228,541
Allowance for doubtful debts	104,666	12,932	104,666	12,932
Depreciation of property, plant and equipment	11,426	7,779	40,966	30,239
Depreciation of right-of-use assets	11,542	16,553	46,901	63,296
Changes in working capital items	294,595	(87,594)	41,902	42,602
Interest expenses on lease liabilities	(1,236)	(2,628)	(7,159)	(5,733)
Income tax refunded/(paid)	5	(65)	884	1,552
<b>Net cash generated from / (used in) operating activities</b>	168,330	(64,587)	152,253	355,014
<b>Financing activities</b>				
Advances from related parties	55,470	88,534	431,853	89,056
Repayment of advance from related parties	(75,592)	(74,368)	(385,951)	(348,646)
Principal elements of lease payments	(12,058)	(19,211)	(46,816)	(72,078)
<b>Net cash used in financing activities</b>	(32,180)	(5,045)	(914)	(331,668)
<b>Investing activities</b>				
Purchase of property, plant and equipment	(5,467)	(11,357)	(61,919)	(60,247)
<b>Net cash used in investing activities</b>	(5,467)	(11,357)	(61,919)	(60,247)
Effect of exchange rate changes on cash held in foreign currencies	(6,111)	40,973	(40,722)	44,086
<b>Increase / (Decrease) in cash</b>	124,572	(40,016)	48,698	7,185
<b>Cash, end of period/year</b>	239,824	191,126	239,824	191,126

## SEGMENTED INFORMATION

### a) Revenue by customers

	Twelve-month period ended December 31, 2023 (Unaudited)		Twelve-month period ended December 31, 2022 (Audited)	
	\$	% of total revenue	\$	% of total revenue
Customer A	1,510,790	47.4	985,373	32.6
Next five top customers				
Customer B	478,672	15.0	446,002	14.7
Customer C	341,984	10.7	436,752	14.4
Customer D	148,235	4.6	122,189	4.0
Customer E	123,004	3.9	153,224	5.1
Customer F	116,706	3.7	230,616	7.6
All other customers	469,114	14.7	649,977	21.6
Total	3,188,505	100.0	3,024,133	100.0

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

	Twelve-month period ended December 31, 2023 (Unaudited)		Twelve-month period ended December 31, 2022 (Audited)	
	\$	% of total revenue	\$	% of total revenue
Singapore	2,013,538	63.1	1,456,620	48.2
Indonesia	413,811	13.0	489,437	16.2
Other Asia countries	372,061	11.7	431,058	14.3
Europe	200,917	6.3	248,129	8.2
United States	182,531	5.7	387,783	12.8
Other regions	5,647	0.2	11,106	0.3
Total	3,188,505	100.0	3,024,133	100.0

### c) Total non-current assets by geographical location

	As at December 31, 2023 (Unaudited)		As at December 31, 2022 (Audited)	
	\$	% of total assets	\$	% of total assets
Indonesia	100,787	88.4	125,074	90.8
Other Asia countries	13,228	11.6	12,658	9.2
Total	114,015	100.0	137,732	100.0

d) Financial information by business segments

	Messaging	Software products and services	Unallocated	Total
	\$	\$	\$	\$
<b>Twelve-month period ended December 31, 2023 (Unaudited)</b>				
Revenue	986,715	2,201,790	-	3,188,505
Intersegment revenue	35,469	273,994	-	309,463
Amortization and depreciation	-	87,867	-	87,867
Interest income	314	524	-	838
Interest and finance expenses	-	7,159	-	7,159
Income tax credit	(893)	(3,101)	-	(3,994)
Segment profits/(losses)	44,417	90,206	(264,279)	(129,656)
Additions to segment non-current assets	-	61,919	-	61,919
<b>At December 31, 2023 (Unaudited)</b>				
Segment assets	120,626	907,460	25,090	1,053,176
Segment liabilities	(401,139)	(1,784,184)	(1,340,960)	(3,526,283)

	Messaging	Software products and services	Unallocated	Total
	\$	\$	\$	\$
<b>Twelve-month period ended December 31, 2022 (Audited)</b>				
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 expense	-	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
<b>At December 31, 2022 (Audited)</b>				
Segment assets	240,217	686,685	21,025	947,927
Segment liabilities	(435,726)	(1,689,510)	(1,154,024)	(3,279,260)

## **Outlook**

The Corporation announces its financial forecasts for the next twelve months ending December 31, 2024. The information included in this news release represents management's guidance as approved on February 13, 2024. 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 the Software Products and Services segment achieved 45.0% for the year ended December 31, 2023 and with the expected increase in revenue earned from business with key customers of the Corporation, the forecasted gross margin of 41.2% in 2024 is reasonable and achievable. The man-hour rates in 2023 were in line with prevailing market rates hence the increment in man-hour rates in 2024 will be at reduced rate while the salary increments are factored in the 2024 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, 2023 decreased by 30.2% compared to the year ended December 31, 2022. Both the South East Asia and North Asia regions suffered lower growth due to stiff competition. The Corporation also adjusted the prices of its products and services to maintain gross margin. Revenue for the year ended December 31, 2023 decreased by 30.9% while annual gross margin of 33.0% is comparable with gross margin of 33.4% for the year ended December 31, 2022.
- 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 notes a and b above.
- d. Timely completion and launch of certain additional value-added services for the Corporation's customers.
- e. 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.



<b>Financial Highlights</b>	Forecast	Forecast	Forecast	Forecast
(\\$)	Jan – Mar 2024	Apr – Jun 2024	Jul – Sep 2024	Oct – Dec 2024
Revenues \$				
A2P Messaging Service	117,060	118,235	119,421	120,619
Software Products & Services	753,000	753,000	753,000	753,000
	870,060	871,235	872,421	873,619
Cost of sales \$				
A2P Messaging Service	98,169	99,154	100,148	101,153
Software Products & Services	442,738	442,738	442,738	442,738
	540,907	541,892	542,886	543,891
Gross profit \$				
A2P Messaging Service	18,891	19,081	19,273	19,466
Software Products & Services	310,262	310,262	310,262	310,262
	329,153	329,343	329,535	329,728
Gross margin %				
A2P Messaging Service	16.1%	16.1%	16.1%	16.1%
Software Products & Services	41.2%	41.2%	41.2%	41.2%
	37.8%	37.8%	37.8%	37.7%
Selling, general and administrative expenses	(323,085)	(323,085)	(323,085)	(323,085)
Operating profit	6,068	6,258	6,450	6,643
Non-operating income (1)	-	-	-	-
Non-operating expenses (1)	(1,544)	(1,544)	(1,595)	(1,698)
Ordinary profit	4,524	4,714	4,855	4,945
Extraordinary gains	-	-	-	-
Extraordinary losses	-	-	-	-
Profit before tax and non-controlling interest	4,524	4,714	4,855	4,945
Income taxes	-	-	-	-
Non-controlling interest	-	-	-	-
Net profit for the period	4,524	4,714	4,855	4,945
Adjusted EBITDA (2)	26,204	26,394	26,586	26,779

(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 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. On the other hand, management’s belief that the future growth in messaging is in the area of A2P Messaging Service is affected by stiff competition and hence profitability of the business in the future is uncertain.
- 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 2023 financial results, as well as our objectives, strategic priorities and business outlook for fiscal 2024, 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.

**For further information, please contact:**

GINSMS Inc.  
Joel Chin, CEO  
Tel: +65-6441-1029  
Email: [investor.relations@ginsms.com](mailto:investor.relations@ginsms.com)

NEITHER THE TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.