



NEWS RELEASE

GINSMS ANNOUNCES FINANCIAL RESULTS FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2020 AND PROVIDES FINANCIAL FORECASTS FOR YEAR 2021

Calgary, Alberta, February 11, 2021 – GINSMS Inc. (TSXV: GOK) (“GINSMS” or the “Corporation”) has announced its financial results for the fourth quarter and twelve months ended December 31, 2020.

The annual audited financial statements of the Corporation for the twelve months ended December 31, 2020 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”) of the Corporation will be ready within 120 days after the end of its year end of December 31, 2020.

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, 2020 is prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

Highlights include:

- Revenue of \$2,823,335 for the twelve-month period ended December 31, 2020 as compared to \$2,638,717 for the twelve-month period ended December 31, 2019.
- Revenue of \$684,260 for the three-month period ended December 31, 2020 as compared to Revenue of \$633,951 for the three-month period ended December 31, 2019
- Gross Profit of \$1,031,565 for the twelve-month period ended December 31, 2020 as compared to gross profit of \$726,394 for the twelve-month period ended December 31, 2019.
- Gross Profit of \$281,754 for the three-month period ended December 31, 2020 as compared to gross profit of \$228,164 for the three-month period ended December 31, 2019.
- Operating expenses and finance costs decreased from \$1,041,952 for the twelve-month period ended December 31, 2019 to \$1,034,124 for the twelve-month period ended December 31, 2020.
- Operating expenses and finance costs decreased from \$316,617 for the three-month period ended December 31, 2019 to \$194,419 for the three-month period ended December 31, 2020.
- Net loss of \$3,508 for twelve-month period ended December 31, 2020 as compared to a net loss of \$315,311 for twelve-month period ended December 31, 2019.
- Net profit of \$85,094 for three-month period ended December 31, 2020 as compared to a net loss of \$87,334 for three-month period ended December 31, 2019 .

Selected Profit and Loss Information

Financial Highlights	Three-month period ended December 31, 2020 (Unaudited)	Three-month period ended December 31, 2019 (Unaudited)	Twelve-month period ended December 31, 2020 (Unaudited)	Twelve-month period ended December 31, 2019 (Audited)
Revenues \$				
A2P Messaging Service	241,944	321,329	1,386,756	1,589,957
Software Product & Services	442,316	312,622	1,436,579	1,048,760
	684,260	633,951	2,823,335	2,638,717
Cost of sales \$				
A2P Messaging Service	220,288	234,705	1,102,704	1,292,061
Software Product & Services	182,218	171,082	689,066	620,262
	402,506	405,787	1,791,770	1,912,323
Gross profit \$				
A2P Messaging Service	21,656	86,624	284,052	297,896
Software Product & Services	260,098	141,540	747,513	428,498
	281,754	228,164	1,031,565	726,394
Gross margin %				
A2P Messaging Service	9.0%	27.0%	20.5%	18.7%
Software Product & Services	58.8%	45.3%	52.0%	40.9%
	41.2%	36.0%	36.5%	27.5%
Adjusted EBITDA ⁽¹⁾ \$	94,018	(56,041)	10,641	(183,524)
Adjusted EBITDA margin	13.7%	(8.8)%	0.4%	(7.0)%
Net earnings profit/(loss) \$	85,094	(87,334)	(3,508)	(315,311)
Net earnings profit/(loss) margin	12.4%	(13.8)%	(0.1)%	(11.9)%
Net earnings profit/(loss) per share \$				
Basic (in Canadian cents)	0.06	(0.06)	(0.002)	(0.21)
Diluted	N/A	N/A	N/A	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, 2020 (Unaudited)	Three-month period ended December 31, 2019 (Unaudited)	Twelve-month period ended December 31, 2020 (Unaudited)	Twelve-month period ended December 31, 2019 (Audited)
Depreciation	5,087	5,411	22,469	19,819
- Property, plant and equipment				
Loss on written off of suspended project costs	-	-	-	9,466
Salaries and wages	188,818	164,997	675,716	581,141
Subcontractor costs	208,427	234,015	1,091,158	1,293,792
Software and hardware	-	37	147	279
Others	174	1,327	2,280	7,826
	402,506	405,787	1,791,770	1,912,323

Operating Expenses and Finance Costs

	Three-month period ended December 31, 2020 (Unaudited)	Three-month period ended December 31, 2019 (Unaudited)	Twelve-month period ended December 31, 2020 (Unaudited)	Twelve-month period ended December 31, 2019 (Audited)
Salaries and wages	199,835	175,992	496,128	485,726
Directors' fees	10,000	40,000	40,000	40,000
Professional fees	52,610	58,081	272,101	273,470
Foreign currency exchange loss/(gain)	(118,487)	(25,332)	20,192	(68,688)
Other general & administrative expenses	34,221	37,729	137,577	202,911
Allowance for doubtful debts	515	-	2,083	6,131
Reversal of allowance for doubtful debts	-	-	-	(12,959)
Depreciation				
- Property, plant and equipment	1,596	1,550	6,217	2,732
- Right-of-use assets	10,892	3,749	44,340	15,017
Interest expenses	-	23,275	-	91,081
Loss on written-off of property, plant and equipment	-	-	-	-
Lease interest on right-of-use assets	3,237	1,573	15,486	6,531
	194,419	316,617	1,034,124	1,041,952

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, 2020 (Unaudited) \$	December 31, 2019 (Audited) \$
Current Assets		
Accounts receivable	557,834	360,885
Other receivables, prepayments and deposits	76,576	82,133
Bank and cash balances	296,312	194,411
	930,722	637,429
Non-Current Assets		
Right-of-use assets	73,331	120,385
Property, plant and equipment	39,999	50,859
TOTAL ASSETS	1,044,052	808,673
Current Liabilities		
Accounts payable and accrued liabilities	749,061	670,400
Advances from related parties	1,100,130	887,512
Loan from a related party	4,933,186	4,168,840
Lease liabilities	38,717	40,071
Promissory note payable	580,000	580,000
Current tax liabilities	1,490	590
	7,402,584	6,347,413
Non-Current Liabilities		
Loans from related parties	-	824,628
Lease liabilities	34,629	76,777
TOTAL LIABILITIES	7,437,213	7,248,818
Equity		
Share capital	11,415,709	11,415,709
Deficit	(18,034,210)	(18,032,088)
Accumulated other comprehensive income	239,449	189,253
Total deficiency attributable to equity shareholders	(6,379,052)	(6,427,126)
Non-controlling interest	(14,109)	(13,019)
TOTAL DEFICIENCY	(6,393,161)	(6,440,145)
TOTAL LIABILITIES & EQUITY	1,044,052	808,673

Total assets of GINSMS including cash, accounts receivable, other receivables, prepayment and deposits, property, plant and equipment and right-of-use assets as at December 31, 2020 amounted to \$1,044,052 compared to December 31, 2019 amounted to \$808,673. Bank and cash balances amounted to \$296,312 as at December 31, 2020 an increase of 52.4% compared to \$194,411 as at December 31, 2019. This increase was mainly due to decrease of cash flow used in the operation of the Corporation. The cash flow used in operating activities is \$7,787 for the twelve months ended December 31, 2020 against the cash flow used in operating activities of \$477,633 for the twelve months ended December 31, 2019. The lower cashflow used in the operating activities is partially offset by the lower cash flow generated from financing activities which was \$166,183 for the twelve months ended December 31, 2020 as compared to \$469,503 for the twelve months ended December 31, 2019.

Selected Liquidity and Capital Resources Information

Financial Highlights	Three-month period ended December 31, 2020 (Unaudited) \$	Three-month period ended December 31, 2019 (Unaudited) \$	Twelve-month period ended December 31, 2020 (Unaudited) \$	Twelve-month period ended December 31, 2019 (Audited) \$
Cash, beginning of period/year	264,303	159,798	194,411	267,951
Operating activities				
Net profit/(loss) for the period/year	85,094	(87,334)	(3,508)	(315,311)
Deferred tax expenses/(credit)	1,292	(1,119)	-	(1,034)
Current tax expenses	949	-	949	787
Interest expenses on other borrowings	-	23,275	-	91,081
Interest expenses on lease liabilities	3,237	1,573	15,486	6,531
Foreign currency exchange (gain)/loss	(118,487)	(25,332)	20,192	(68,688)
Allowance for doubtful debts	515	-	2,083	6,131
Reversal of allowance for doubtful debts	-	-	-	(12,959)
Loss on written off of suspended project costs	-	-	-	9,466
Depreciation of property, plant and equipment	6,683	6,961	28,686	22,551
Depreciation of right-of-use assets	10,892	3,749	44,340	15,017
Changes in working capital items	104,274	(51,331)	(100,529)	(223,887)
Interest expenses on lease liabilities	(3,237)	(6,531)	(15,486)	(6,531)
Income tax paid	-	-	-	(787)
Net cash generated from / (used in) operating activities	91,212	(136,089)	(7,787)	(477,633)
Financing activities				
Advances from related parties	2,000	220,628	212,377	570,806
Repayment of advance from a related party	(845)	(26,929)	(2,690)	(82,758)
Principal elements of lease payments	(8,600)	(4,314)	(43,504)	(18,545)
Net cash (used in) / generated from financing activities	(7,445)	189,385	166,183	469,503
Investing activities				
Purchase of property, plant and equipment	(7,226)	(6,012)	(18,732)	(37,579)
Net cash used in investing activities	(7,226)	(6,012)	(18,732)	(37,579)
Effect of exchange rate changes on cash held in foreign currencies	(44,532)	(12,671)	(37,763)	(27,831)
Increase/(Decrease) in cash	32,009	34,613	101,901	(73,540)
Cash, end of period/year	296,312	194,411	296,312	194,411

SEGMENTED INFORMATION

a) Revenue by customers

	Twelve-month period ended December 31, 2020 (Unaudited)		Twelve-month period ended December 31, 2019 (Audited)	
	\$	% of total revenue	\$	% of total revenue
Customer A	967,115	34.3	715,735	27.1
Next five top customers				
Customer B	466,487	16.5	306,676	11.6
Customer C	418,707	14.8	508,608	19.3
Customer D	233,917	8.3	301,059	11.4
Customer E	201,072	7.1	44,289	1.7
Customer F	164,597	5.8	134,064	5.1
All other customers	371,440	13.2	628,286	23.8
Total	2,823,335	100.0	2,638,717	100.0

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

	Twelve-month period ended December 31, 2020 (Unaudited)		Twelve-month period ended December 31, 2019 (Audited)	
	\$	% of total revenue	\$	% of total revenue
Singapore	1,228,385	43.5	778,854	29.5
Indonesia	293,055	10.4	441,679	16.7
Other Asia countries	160,856	5.7	289,087	11.0
Europe	225,155	8.0	234,651	8.9
United States	885,199	31.4	815,840	30.9
Other regions	30,685	1.0	78,606	3.0
Total	2,823,335	100.0	2,638,717	100.0

c) Total assets by geographical location

	As at December 31, 2020 (Unaudited)		As at December 31, 2019 (Audited)	
	\$	% of total assets	\$	% of total assets
Singapore	45,245	4.3	83,739	10.4
Indonesia	586,881	56.2	435,139	53.8
Other Asia countries	381,092	36.5	205,461	25.4
Europe	5,006	0.5	11,512	1.4
United States	20,717	2.0	51,005	6.3
Other regions	5,111	0.5	21,817	2.7
Total	1,044,052	100.0	808,673	100.0

d) Financial information by business segments

	Messaging	Software products and services	Unallocated	Total
	\$	\$	\$	\$
Twelve-month period ended December 31, 2020 (Unaudited)				
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 (Unaudited)				
Segment assets	195,671	846,158	2,223	1,044,052
Segment liabilities	(3,730,960)	(1,386,298)	(2,319,958)	(7,437,216)

	Messaging	Software products and services	Unallocated	Total
	\$	\$	\$	\$
Twelve-month period ended December 31, 2019 (Audited)				
Revenue	1,589,957	1,048,760	-	2,638,717
Intersegment revenue	-	364,701	-	364,701
Amortization and depreciation	-	37,568	-	37,568
Interest income	119	267	-	386
Interest and finance expenses	-	6,531	91,081	97,612
Income tax credit	-	247	-	247
Segment profits/(losses)	583,856	(104,342)	(794,825)	(315,311)
Additions to segment non-current assets	-	37,579	-	37,579
At December 31, 2019 (Audited)				
Segment assets	171,894	636,021	758	808,673
Segment liabilities	(3,119,501)	(2,971,487)	(1,157,830)	(7,248,818)

Outlook

The Corporation announces its financial forecasts for the twelve months ending December 31, 2021. The information included in this news release represents management's guidance as approved on February 11, 2021. 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 36.5% for the year ended December 31, 2020 and with the expected decrease in revenue earned from business with key customers of the Corporation, the forecasted gross margin of 22.3% in 2021 is reasonable and achievable. The man-hour rates in 2020 have been adjusted substantially to be in line with prevailing market rates hence the increment in man-hour rates in 2021 will be at reduced rate while the salary increments factored in the 2021 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, 2020 declined by 40.3% compared to the year ended December 31, 2019. Both the North Asia and South East Asia region experienced stiff competition and 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, 2020 decreased by 12.8% but annual gross margin increased marginally to 20.5% compared with gross margin of 18.7% for the year ended December 31, 2019. The actual gross margin for the quarter ended December 31, 2020 of 9.0% showed that the gross margin declined steeply as the Corporation experienced delayed impact of the coronavirus (COVID-19) outbreak in the second half year of 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. 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 2021.
- 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 2021	Apr – Jun 2021	Jul – Sep 2021	Oct – Dec 2021
Revenues \$				
A2P Messaging Service	175,868	178,076	180,311	182,574
Software Product & Services	299,632	299,632	299,633	299,633
	475,500	477,708	479,944	482,207
Cost of sales \$				
A2P Messaging Service	150,173	152,058	153,966	155,898
Software Product & Services	206,706	206,706	206,706	207,226
	356,879	358,764	360,672	363,124
Gross profit \$				
A2P Messaging Service	25,695	26,018	26,345	26,676
Software Product & Services	92,926	92,926	92,927	92,407
	118,621	118,944	119,272	119,083
Gross margin %				
A2P Messaging Service	14.6%	14.6%	14.9%	14.6%
Software Product & Services	31.0%	31.0%	31.0%	30.8%
	24.9%	24.9%	24.9%	24.7%
Selling, general and administrative expenses	(236,149)	(236,149)	(236,149)	(236,149)
Operating loss	(117,528)	(117,205)	(116,877)	(117,066)
Non-operating income (1)	-	-	-	-
Non-operating expenses (1)	(4,791)	(4,791)	(4,791)	(4,791)
Ordinary loss	(122,319)	(121,996)	(121,668)	(121,857)
Extraordinary gains	-	-	-	-
Extraordinary losses	-	-	-	-
Loss before tax and non-controlling interest	(122,319)	(121,996)	(121,668)	(121,857)
Income taxes	-	-	-	-
Non-controlling interest	-	-	-	-
Net loss for the period	(122,319)	(121,996)	(121,668)	(121,857)
Adjusted EBITDA (2)	(100,428)	(100,105)	(99,777)	(99,966)

(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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