

1. DATE AND GENERAL INFORMATION

This management's discussion and analysis ("MD&A") of GINSMS Inc. ("GINSMS" or the "Corporation") has been prepared by management and should be read in conjunction with the Corporation's annual audited financial statements and MD&A as at and for the year ended December 31, 2020, the Corporation's unaudited consolidated financial statements as at and for the three and nine months ended September 30, 2021, and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

This MD&A was prepared as of November 11, 2021. Additional information regarding the Corporation is available on SEDAR at www.sedar.com. All monetary amounts set forth in the MD&A are expressed in Canadian dollars, except where otherwise stated. Other currencies are mainly United States dollars ("USD"), Hong Kong dollars ("HKD"), China renminbi ("RMB"), Singapore dollars ("SGD"), Malaysian dollars ("MYR") and Indonesian rupiah ("IDR").

The Corporation Board of Directors has reviewed and approved this MD&A.

Caution Regarding Forward-Looking Information

Certain information included in this MD&A 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 required licenses, dependence on major customers, system failures, delays and other problems, security and privacy breaches, adequacy of network resilience, network diversity and backup systems, loss of significant information, failure to develop, enhance or introduce new value-added services, competition, dependence on third-party software and equipment, market acceptance at desired pricing levels, key members of the management team, credit risk of accounts receivables, conflicts of interest, inability to satisfy customer demand for performance, price or terms, international risks and the potential impact of the COVID-19 pandemic declared by the World Health Organisation on March 11, 2020 (the "COVID-19"). 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:

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- 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. Consequently, 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 application-to-person ("A2P") messaging 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.

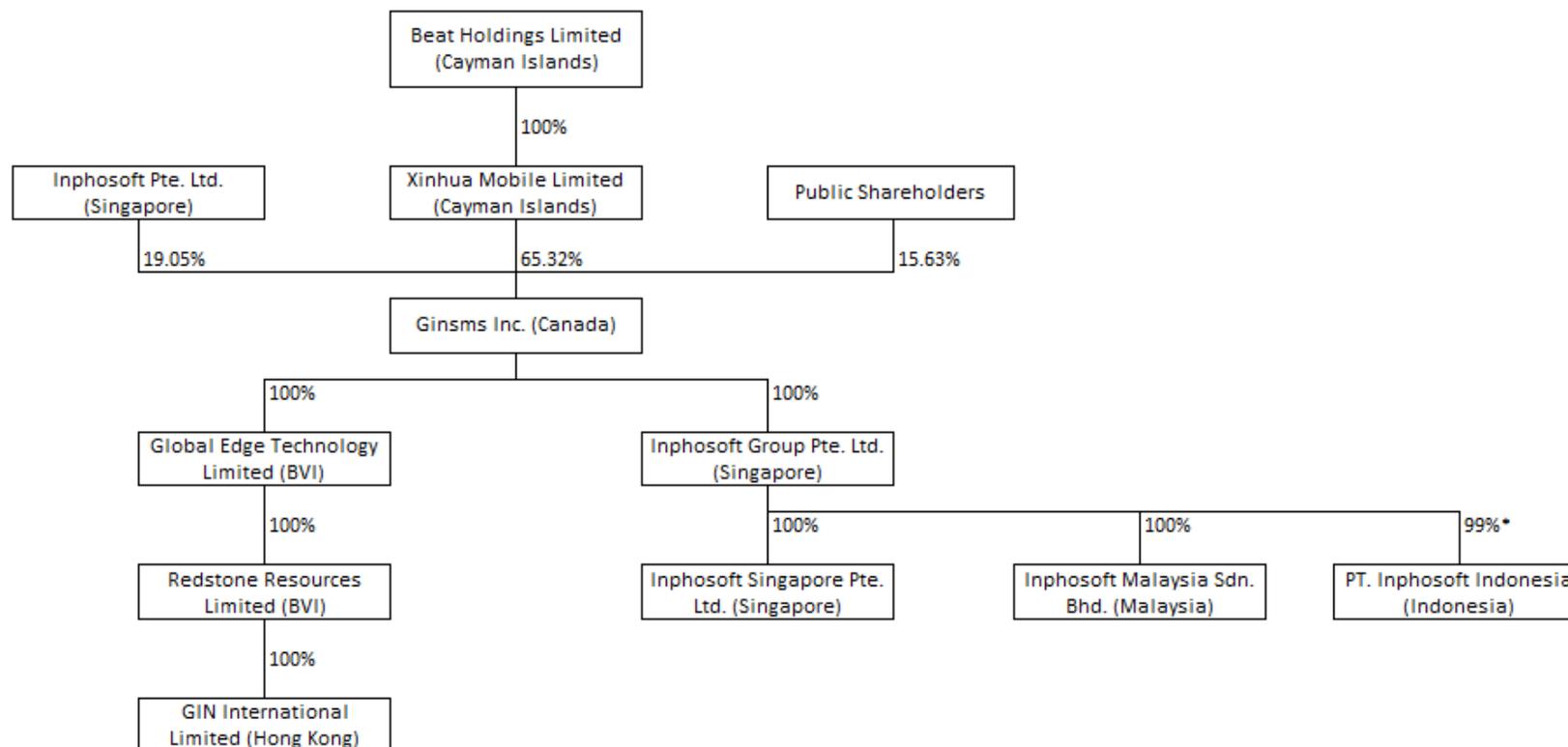
These forward-looking statements are made as of the date of this MD&A and the Corporation assumes no obligation to update or revise them to reflect new events or circumstances except as may be required by law. Accordingly, readers should not place undue reliance on the forward-looking statements. All forward-looking statements contained in this MD&A are qualified by this cautionary statement.

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2. OVERALL PERFORMANCE – DESCRIPTION AND OUTLOOK OF BUSINESS

Group Structure

The following chart depicts the structure of the group. The country of incorporation for each entity in the group is enclosed in brackets next to the name of the entity.



*The remaining 1% is held by Joel Siang Hui Chin, the Chief Executive Officer of the Corporation.

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The Corporation has two main business segments:

- A. Messaging Business
- B. Software Products and Services

The Corporation has faced considerable competition in its existing principal activities, and the profitability of the businesses has been affected.

A. Messaging Business

The Corporation operates its messaging business through GIN International Ltd (“GIN”), its wholly-owned subsidiary in Hong Kong and focus exclusively on the delivery of application-to-peer service (“A2P messaging service”).

The A2P messaging service allows the transmission of short message services (“SMS”) to mobile subscribers of more than 100 mobile operators globally. This is achieved through partnerships with service providers and direct connections with mobile operators globally. GIN’s close working relationships with mobile operators in China, Hong Kong and Southeast Asia puts it in a good position to become a leading provider of A2P messaging service in Asia.

Through its cloud-based A2P messaging service, GIN enables mobile application developers, SMS gateways, enterprises and financial institutions to deliver with GIN’s application programming interface (“API”) SMS worldwide without any upfront capital investment .

Mobile application developers use A2P messaging service to deliver one-time-passwords (“OTP”) for authentication of over-the-top (“OTT”) mobile applications, in-app purchase confirmations or promotion of latest game releases. Enterprises and financial institutions use the A2P service in the areas of mobile marketing, mobile transactions, security, customer relationship management (“CRM”) and enterprise resource planning (“ERP”).

A Transparency Market Research report dated October 2018 (<https://www.transparencymarketresearch.com/application-to-person-sms-api-market-2018-2026.html>) stated that the global A2P SMS market revenue is expected to reach US\$93.18 billion by 2026, expanding at a compound annual growth rate (“CAGR”) of 4.6% therein.

For the three months ended September 30, 2021, GIN generated slightly higher revenue of \$419,237 but lower overall revenue of \$990,814 for the nine months ended September 30, 2021 for its A2P messaging service as compared to \$405,925 and \$1,144,812 for the three and nine months ended September 30, 2020, respectively. The slight increase in the volume of messaging traffic of some customers for the three months ended September 30, 2021 was mainly due to the competitive price offered by the Corporation. However, there was still overall decrease in the volume of messaging traffic for the nine months ended September 30, 2021 as some customers reduced business activities as a results of COVID-19 and their governments only started to relax imposed restrictions on movements of their people and activities of businesses to contain the COVID-19 outbreak during the three months ended September 30, 2021.

B. Software Products and Services

GINSMS operates its software products and services through Inphosoft Group Pte. Ltd. (“Inphosoft”), its wholly-owned subsidiary. Inphosoft is headquartered in Singapore with subsidiaries in Malaysia and Indonesia.

The activities of Inphosoft consist of providing software products and services with a focus in the following areas:

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- i. Provision of support and maintenance services to customers that have purchased its products and solutions.
- ii. Maintain the A2P Cloud platform and develops new features as and when necessary, to support the Corporation's A2P messaging business.
- iii. Outsourcing of technical resources to customers for the purpose of software development based on a time and material basis.

Inphosoft Singapore Pte. Ltd. ("ISPL")

ISPL provide mobile application development services and support and maintenance services to its existing customers that have purchased its products and services through Inphosoft Malaysia Sdn. Bhd., its fellow subsidiary in Malaysia.

Inphosoft Malaysia Sdn. Bhd. ("IMSB")

IMSB is providing services to enterprise customers in Malaysia and global companies in the telecommunication industry to develop bespoke software solutions that meet the requirements of customers. IMSB will charge a customer a negotiated fixed fee for each project. The cost of sales incurred consists mainly of the salary of employees working on these projects. IMSB provides technical and sales resources to support GIN's A2P messaging business operations.

IMSB also has time and material agreements ("T&M Agreements") with Activate Interactive Pte. Ltd. ("Activate") to provide technical resources to Activate for the purpose of developing software for Activate's customers and to perform certain pre-sales roles, on a time and material basis. Prior to August 20, 2020, Activate was 43% owned by Xinhua Mobile Limited ("Xinhua Mobile"), the immediate parent of the Corporation, and 42% beneficially owned by Mr. Chin. On August 20, 2020, Xinhua Mobile disposed of all shareholding in Activate to Mr. Chin. Activate is currently 98% beneficially owned by Mr. Chin.

In addition, IMSB provides technical support for the A2P Cloud platform and develops new features as and when necessary, to support the Corporation's A2P messaging business.

Salaries and office rental are the major costs of IMSB.

PT Inphosoft Indonesia ("PTIN")

PTIN provides A2P messaging service and has T&M Agreements with Activate to provide technical resources to Activate for developing software aimed at Activate's customers and to perform certain pre-sales roles, on a time and material basis.

Salaries, subcontractor costs and office rental are the major costs of PTIN.

The current focus of Inphosoft is to provide solution to support the need of existing customers and to look for additional enterprise customers to increase sales. Hence, professional fees and support and maintenance revenue will continue to increase or be stable.

The improvement of gross margin of software products and services segment was caused by an increase in chargeable hours and man-hour charge out rates of Inphosoft staff providing technical and support resources to Activate and other key customers from January 1, 2019.

This segment of the Corporation's business has reduced slightly its revenue to \$320,469 for the three months ended September 30, 2021 but has improved its revenue slightly to \$1,045,567 for the nine months ended September 30, 2021, compared to the \$360,868 and \$994,263 for the three and nine

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months ended September 30, 2020, respectively. The outbreak of COVID-19 did not affect the segment materially.

3. RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

Selected Profit and Loss Information

Financial Highlights	Three-month period ended September 30, 2021 (Unaudited) \$	Three-month period ended September 30, 2020 (Unaudited) \$	Nine-month period ended September 30, 2021 (Unaudited) \$	Nine-month period ended September 30, 2020 (Unaudited) \$
Revenue (\$)				
A2P Messaging Service	419,237	405,925	990,814	1,144,812
Software Products & Services	320,469	360,868	1,045,567	994,263
	739,706	766,793	2,036,381	2,139,075
Cost of sales (\$)				
A2P Messaging Service	316,110	304,449	787,379	882,416
Software Products & Services	167,205	180,377	514,550	506,848
	483,315	484,826	1,301,929	1,389,264
Gross profit (\$)				
A2P Messaging Service	103,127	101,476	203,435	262,396
Software Products & Services	153,264	180,491	531,017	487,415
	256,391	281,967	734,452	749,811
Gross margin				
A2P Messaging Service	24.6%	25.0%	20.5%	22.9%
Software Products & Services	47.8%	50.0%	50.8%	49.0%
	34.7%	36.8%	36.1%	35.1%
Adjusted EBITDA ⁽¹⁾ (\$)	45,645	48,974	221,136	(67,891)
Adjusted EBITDA margin	6.2%	6.4%	10.9%	(3.2)%
Net profit / (loss) (\$)	23,499	43,479	149,511	(88,602)
Net profit / (loss) margin	3.2%	5.7%	7.3%	(4.1)%
Profit / (loss) per share (\$)				
Basic (In Canadian cents)	0.015	0.029	0.099	(0.059)
Diluted	0.015	0.029	0.099	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.

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Revenue

For the three and nine months ended September 30, 2021, revenue was \$739,706 and \$2,036,381 compared to \$766,793 and \$2,139,075 for the three and nine months ended September 30, 2020, respectively. Lower revenue for the three months ended September 30, 2021 was due to a decrease in revenue in the software products and services segment that was partially offset by an increase in revenue in the messaging business segment.

a) **Messaging business segment**

The A2P messaging business generated revenue of \$419,237, \$398,179, \$173,398, \$241,944, \$405,925, \$328,660 and \$410,227 for the three-month periods ended September 30, 2021, June 30, 2021, March 31, 2021, December 31, 2020, September 30, 2020, June 30, 2020 and March 31, 2020, respectively.

Pricing of the A2P messaging business is affected by volume, regulatory requirement in each country (i.e. destination of messages delivered), competition within the country and other factors. The margin varies from country to country and varies from customer to customer as the Corporation attempts to gain market share in different countries. The price per message is fixed for each customer but different customers may have different price per message. The margin is lower in some countries where the messaging market is more competitive. In other market, due to the regulatory requirement, the Corporation can earn higher margin. The following analysis is based on the volume of messages delivered to various destinations. This differs from the segmented information for revenue by geographical location, which is based on the location of operations of our customers.

The increase in the revenue of the A2P messaging business is primarily caused by the increase in the volume of A2P messages delivered to South East Asia.

Messages delivered to South East Asia represent 66.3% of the total volume for the three months ended September 30, 2021 which increased by 29.7% from the three months ended June 30, 2021. During the quarter ended September 30, 2021, there was an increase in volume of messaging traffic by some major customers as the various governments started to relax some imposed restrictions on movements of their people and activities of businesses to contain the COVID-19 outbreak.

Messages delivered to North Asia represent 17.7% of the total volume for the three months ended September 30, 2021, which decreased by 66.8% from the three months ended June 30, 2021. During the quarter ended September 30, 2021, there was a decrease in volume of messaging traffic by some major customers in this region.

The average price per message charged to customers is \$0.0467 for the three months ended September 30, 2021 compared to \$0.0400 for the three months ended June 30, 2021. The price per message charged to customers may differ greatly depending on the location where the A2P message is delivered. For example, A2P messages delivered to China are priced at less than 50% of A2P messages delivered to Indonesia, Malaysia and Taiwan. Consequently, the average price per message for the A2P messaging business is dependent on the number of messages delivered to each country. Furthermore, the price per message per country charged to a customer may depend on the volume commitment of the customer. For the three months ended September 30, 2021, the overall average price per message increased primarily because the Corporation increased the pricing for some customers in view of the higher traffic volume.

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b) Software products and services segment

Revenue in the software products and services segment decreased by 11.2% from \$360,868 for the three months ended September 30, 2020 but decreased by 11.5% from \$362,310 for the three months ended June 30, 2021, to \$320,469 for the three months ended September 30, 2021.

Cost of Sales

	Three-month period ended September 30, 2021 (Unaudited) \$	Three-month period ended September 30, 2020 (Unaudited) \$	Nine-month period ended September 30, 2021 (Unaudited) \$	Nine-month period ended September 30, 2020 (Unaudited) \$
Depreciation	4,164	5,297	13,801	17,382
- Property, plant and equipment				
Salaries and wages	162,271	173,650	499,264	486,898
Subcontractor costs	316,387	304,764	787,656	882,731
Software and hardware	-	-	163	147
Others	493	1,115	1,045	2,106
	483,315	484,826	1,301,929	1,389,264

For the three and nine months ended September 30, 2021, cost of sales was \$483,315 and \$1,301,929 compared to \$484,826 and \$1,389,264 for three and nine months ended September 30, 2020, respectively.

Messaging business segment

For the A2P messaging business, the subcontractor costs are the costs paid to mobile operators and gateway providers (“A2P Suppliers”) for usage of their infrastructure to deliver A2P messages to mobile subscribers. The A2P Suppliers charged GIN a per-message cost for delivering the message. The cost per message differs depending on the country where the message was delivered and the volume commitment that GIN has made with the A2P suppliers. The higher the volume commitment, the lower the rates that GIN will be charged by the providers.

The increase in the subcontractor costs in the quarter ended September 30, 2021 from the quarter ended September 30, 2020 was in line with the increase in revenue in the A2P messaging service in the same quarter.

Software product and services segment

Revenues for the software products and services segment are not dependent on the amount of message volume. The cost of sales for the software products and services business is comprised of salaries and wages, amortization, depreciation and purchase of software and hardware.

The decrease in salaries and wages under costs of sales for the quarter ended September 30, 2021 was lower than the decrease experienced in the quarter ended September 30, 2020 and was mainly due to the adjustment of chargeable hour rates of staff providing technical and support resources which was lower than the adjustment of salaries and wages made since the quarter ended March 31, 2021.

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Gross Margin

The overall gross margin of the Corporation declined slightly to 34.7% in the three months ended September 30, 2021 from 36.8% in the quarter ended September 30, 2020. This was mainly due to slight decline in gross margin in the software products and services segment and the messaging segment.

Revenue from the contracts with Activate and other key customers contributed to the significant increase in gross margin of the software products and services segment in recent years. Revenue from broad-based professional services provided to Activate is based on a time and material costs. Activate is a government contractor that provides software products and services tailored to the needs of agencies and ministries of the Singapore government. Activate values Inphosoft's skills and expertise. This enables Inphosoft to charge Activate a premium for its services. Gross margin of 48.6% was earned from the services rendered to Activate for the quarter ended September 30, 2021.

For the A2P messaging business, the gateway fee charged depends on how GIN negotiated the fees based on the estimated volume of messages to pass through the gateway. The Corporation had gross margin of 25.2% during the quarter ended March 31, 2020. The gross margin decreased to 17.5% during the quarter ended June 30, 2020 as some customers reduced the usage of some international routes and the A2P Suppliers increased the unit cost of messaging in view of the lower messaging traffic volume. The gross margin increased to 25.0% during the quarter ended September 30, 2020 mainly because the Corporation could get better price from the A2P suppliers in view of the higher traffic volume in the current quarter. However, the gross margin decreased to 9.0% during the quarter ended December 31, 2020 mainly due to the fact that the Corporation reduced the pricing for some customers and also could not get more favourable cost price from the A2P suppliers in view of the lower traffic volume in that quarter. During the quarter ended March 31, 2021, gross margin improved to 14.2% due to the weakening of Euro against USD and the fact that gateway fee was billed mainly in Euro despite the Corporation having reduced the pricing for some customers and also based on the fact that the Corporation was not able to get more favourable cost price from the A2P suppliers in view of the lower traffic volume in that quarter. During the quarter ended June 30, 2021, gross margin improved to 19.0% as the Corporation adjusted the pricing to some customers in view of the higher traffic volume from them. During the quarter ended September 30, 2021, gross margin continued to improve to 24.6% due to the weakening of Euro against USD and the fact that gateway fee was billed mainly in Euro despite the lower traffic volume in that quarter.

For the software products and services segment, the revenue is mainly generated from the following two streams:

a) Professional services fees

Professional services revenue is generated by two methods:

- Charging a fixed fee to a customer for a project with a defined scope of work. This is mainly for developing be-spoke software solutions that meet the need of such customers.
- Charging a customer for the resources provided to this customer on a time and material basis. A fixed fee per resource per unit time (usually hour or day) is charged to the customer based on a negotiated fee for the said resource. An example is the time and materials contract with Activate.

The cost of sales incurred consists of the salary of employees working on these projects (tracked by the timesheets they fill). For the development of a be-spoke software solution based on a fixed fee, the gross margin can fluctuate depending on the fee that was negotiated and the ability to deliver the project as planned. Historically, the Corporation was able to achieve a gross margin between

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10% to 20%. For time and material contracts, the gross margin is based on the mark-up for each resource, which ranges from 30% to 50% for resources based in Malaysia and Indonesia.

b) Support and maintenance fees

Inphosoft charges a fee to customers who have elected to purchase after sale support and maintenance services. The fee is usually charged on a yearly basis pre-paid in advance. Support and maintenance is provided round the clock seven days a week to customers who have purchased Inphosoft's products or bespoke software, or both, and the support and maintenance services. Cost of sales incurred is mainly the salary of the employees providing round the clock support services. The gross margin for the support and maintenance contracts is usually more than 20%.

Inphosoft research and develops its own software products for the telecommunication industry and these software products are sold by charging customers the license fees in return for the right-to-use the software. The license fee revenue has been decreasing because Inphosoft has not been creating new products and the old products did not achieve the sales volume initially expected. The revenue from license fees are now insignificant.

The gross margin for the software products and services of 47.8% for the three months ended September 30, 2021 exceeded the management's long-term expectations of approximately 20% to 25% as the Corporation set the man-hour charge out rates to be in line with market rates. This margin could be adversely affected if there are cases of project cost overrun. Project cost overrun can occur during the delivery of a software solution to customers.

Operating Expenses and Finance Costs

	Three-month period ended September 30, 2021 (Unaudited) \$	Three-month period ended September 30, 2020 (Unaudited) \$	Nine-month period ended September 30, 2021 (Unaudited) \$	Nine-month period ended September 30, 2020 (Unaudited) \$
Salaries and wages	79,579	85,425	199,752	296,293
Directors' fees	10,000	10,000	30,000	30,000
Professional fees	71,974	73,683	219,105	219,491
Foreign currency exchange loss	21,307	19,184	5,315	138,679
Other general & administrative expenses	32,050	35,264	72,945	103,356
Allowance for doubtful debts	-	-	-	1,568
Depreciation				
- Property, plant and equipment	1,387	1,527	4,288	4,621
- Right-of-use assets	15,358	11,055	46,660	33,448
Lease interest on right-of-use assets	2,120	3,679	7,759	12,249
	233,775	239,817	585,824	839,705

Operating expenses and finance costs amounted to \$233,775 for the three months ended September 30, 2021, were slightly lower than the operating expenses and finance costs for the three months ended September 30, 2020.

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Net profit

The net profit for the three months ended September 30, 2021 amounted to \$23,499 compared to a net profit of \$43,479 for three months ended September 30, 2020.

The lower net profit for the three months ended September 30, 2021 is mainly due to lower gross margin earned.

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.

	September 30, 2021 (Unaudited) \$	December 31, 2020 (Audited) \$
Current Assets		
Accounts receivable	604,231	557,834
Other receivables, prepayments and deposits	71,244	76,576
Bank and cash balances	225,807	296,312
	901,282	930,722
Non-Current Assets		
Property, plant and equipment	27,190	39,999
Right-of-use assets	63,905	73,331
	992,377	1,044,052
Current Liabilities		
Accounts payable and accrued liabilities	654,445	749,061
Advances from related parties	965,105	1,100,130
Loan from related parties	4,794,558	4,933,186
Promissory note payable	580,000	580,000
Lease liabilities	57,464	38,717
Current tax liabilities	552	1,490
	7,052,124	7,402,584
Non-Current Liabilities		
Lease liabilities	5,150	34,629
	7,057,274	7,437,213
Equity		
Share capital	11,415,709	11,415,709
Deficit	(17,885,742)	(18,034,210)
Accumulated other comprehensive income	417,713	239,449
Total deficiency attributable to equity shareholders	(6,052,320)	(6,379,052)
Non-controlling interest	(12,577)	(14,109)
	(6,064,897)	(6,393,161)
TOTAL LIABILITIES & EQUITY	992,377	1,044,052

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Total assets of GINSMS including cash, accounts receivable, other receivables, prepayments and deposits, property, plant and equipment and right-of-use assets as at September 30, 2021 amounted to \$992,377 compared to December 31, 2020 amounted to \$1,044,052. Bank and cash balances amounted to \$225,807 as at September 30, 2021 a decrease of 23.8% compared to \$296,312 as at December 31, 2020. This decrease was mainly due to settlement of advance received from the related parties during the three months ended September 30, 2021.

Accounts receivable

	September 31, 2021 (Unaudited) \$	December 31, 2020 (Audited) \$
Trade receivables (third parties)	97,619	88,286
Less: Allowance for doubtful debts (third parties)	(9,353)	(25,876)
Receivables from related parties	500,843	495,424
Contract assets	15,122	-
	604,231	557,834

Included in accounts receivable at September 30, 2021 are receivables of \$213,201 due from Activate and receivable of \$286,082 due from Actxa Pte. Ltd. ("Actxa"), which are, respectively, 98% and 85% beneficially owned by the Chief Executive Officer of the Corporation and receivable of \$1,560 due from Beat Chain Pte. Ltd. ("Beat Chain") which is a fellow subsidiary of the Corporation.

Prior to the quarter ended September 30, 2020, Activate was 43% owned by Xinhua Mobile Limited ("Xinhua Mobile"), the immediate parent of the Corporation, and 42% beneficially owned by Mr. Chin. On August 20, 2020, Xinhua Mobile disposed of its shareholding in Activate to Mr. Chin. Activate is currently 98% beneficially owned by Mr. Chin.

Increase in trade receivables (third parties) for the quarter ended September 30, 2021 is in line with increase in revenue.

Accounts payable and accrued liabilities

	September 30, 2021 (Unaudited) \$	December 31, 2020 (Audited) \$
Trade payables (third parties)	20,363	73,195
Trade payables from related parties	-	3,320
Deferred income	3,484	-
Contract liabilities	-	60,874
Accrued liabilities and other payable	630,598	611,672
	654,445	749,061

- a) Decrease in trade payables as at September 30, 2021 compared to December 31, 2020 is due to more prompt settlement of trade payables during the quarter ended September 30, 2021.
- b) Contract assets / contract liabilities are related to the professional fees revenue of the software products and services segment. For the professional fees revenue, the subsidiaries will issue invoice to the customers based on the timeframe specified in the contracts but the project manager will assess the progress of the project work and determine the percentage of completion based on

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actual work performed by the staff at the end of the month. When the revenue computed using the percentage of completion is more than the invoiced amount for the month, the understated revenue is considered contract assets. When the revenue computed using the percentage of completion is less than the invoiced amount for the month, the overstated revenue is considered contract liabilities.

- c) Increase in accrued liabilities and receipt in advance as at September 30, 2021 compared with December 31, 2020 was mainly due to higher accrual of messaging service fees that were incurred but not invoiced by the mobile operators and gateway providers for the current quarter in line with higher cost of sales for the current quarter.

Loans from Related Parties

		September 30, 2021 (Unaudited) \$	December 31, 2020 (Audited) \$
Loans from the director and Chief Executive Officer of the Corporation	(a)	3,633,537	3,743,500
Loan from Inphosoft Pte. Ltd. (“IPL”)	(b)	795,149	822,911
Loan from the immediate parent	(c)	365,872	366,775
		4,794,558	4,933,186

All above loans from related parties are non-trade in nature and unsecured.

- (a) The loans are from the Corporation’s director and Chief Executive Officer, Mr. Chin, and are interest-free and repayable on demand. During the quarter ended September 30, 2021, Mr. Chin confirmed to the Corporation that he will not demand settlement of the loans until the Corporation is in sound financial position to repay.

During the quarter ended September 30, 2021, Mr. Chin was appointed as the Chairman of the Board of Beat Holdings (“Beat Holdings”), the ultimate parent of the Corporation.

- (b) The loan is from IPL, the former holding company of Inphosoft Group Pte. Ltd., and is interest-free. On September 24, 2015, IPL converted its convertible debentures of the Corporation and became a shareholder of the Corporation. A director and the Chief Executive Officer of the Corporation, Mr. Chin, and two directors of the Corporation’s subsidiaries, Mr. Wang Xianxiang and Mr. Xu Hongwei, each has significant influence over IPL. During the quarter ended September 30, 2021, IPL confirmed to the Corporation that it will not demand settlement of the loan until the Corporation is in sound financial position to repay.
- (c) The loan is from Xinhua Mobile, the immediate parent of the Corporation and is interest-free and repayable on demand. During the quarter ended March 31, 2021, Xinhua Mobile agreed to extend the due date of the loan to March 31, 2022 and confirmed to the Corporation that it will not demand settlement of the loan until the Corporation is in sound financial position to repay.

In addition to the above loans, Mr. Chin, Activate, and IPL have also provided interest-free advances of \$279,738, \$643,647 and \$41,720 to the Corporation, respectively. The loans and advance are used to finance the operations of the Corporation.

Promissory note payable

On partial consideration of the acquisition of Inphosoft Group on September 28, 2012, the Corporation issued a \$400,000 non-interest bearing promissory note, due on the first anniversary date of the closing

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date. The note had an initial present value of \$366,523 with accretion recorded at an annual interest rate of 6%. The promissory note payable is interest-free. IPL has also agreed to extend the due date of the promissory note payable to March 31, 2022 and confirmed to the Corporation that it will not demand settlement of the note payable until the Corporation is in sound financial position to repay.

4. SUMMARY OF QUARTERLY RESULTS

The quarterly information set forth below has been presented on the same basis as the unaudited consolidated financial statements, and all necessary adjustments have been included in the amounts stated below to present fairly the unaudited quarterly results when read in conjunction with the unaudited consolidated financial statements and the notes thereto.

	Oct-Dec19	Jan-Mar20	Apr-Jun20	Jul-Sep 20	Oct-Dec 20	Jan-Mar 21	Apr-Jun 21	Jul-Sep 21
Revenue								
A2P Messaging Service	321,329	410,227	328,660	405,925	241,944	173,398	398,179	419,237
Software Products & Services	312,622	314,519	318,876	360,868	442,316	362,788	362,310	320,469
	633,951	724,746	647,536	766,793	684,260	536,186	760,489	739,706
Cost of Sales								
A2P Messaging Service	234,705	306,895	271,072	304,449	220,288	148,856	322,413	316,110
Software Products & Services	171,082	157,147	169,324	180,377	182,218	172,029	175,316	167,205
	405,787	464,042	440,396	484,826	402,506	320,885	497,729	483,315
Operating Expenses ⁽¹⁾	288,020	476,137	91,220	225,083	179,775	206,497	139,913	231,655
Net (Loss) / Profit Before Income Taxes	(88,453)	(231,302)	99,258	42,150	87,335	5,683	120,329	22,616
Income Taxes (recovery) / expense	(1,119)	(207)	244	(1,329)	2,241	-	-	(883)
Net (Loss) / Profit	(87,334)	(231,095)	99,014	43,479	85,094	5,683	120,329	23,499
Net (Loss) / Profit (per share)								
Basic (in Canadian cents)	(0.06)	(0.15)	0.07	0.03	0.06	0.004	0.080	0.015
Diluted	N/A	N/A	0.07	0.03	0.06	0.004	0.080	0.015

(1) Represent the sum of selling, general and administrative expense. For comparative purpose, interest expenses, allowance for doubtful debts, reversal of allowance for doubtful debts, and non-recurring expenditure and income were excluded from the Operating Expenses calculation.

The Corporation faced the stiff competition in the A2P messaging service segment in both the North Asia and South East Asia regions and revenue fluctuated from quarter to quarter. During the quarters ended June 30, 2019 to December 31, 2019, the messaging traffic and revenue fluctuated from quarter to quarter. During the quarter ended March 31, 2020, the Corporation managed to regain some messaging traffic in the North Asia region which improved its revenue. During the quarter ended June 30, 2020, the Corporation lost messaging traffic in all regions primarily due to the outbreak of COVID-19. During the quarter ended September 30, 2020, the Corporation gained messaging traffic in the North Asia region despite the outbreak of COVID-19. However, during the quarter ended December 31, 2020 and the quarter ended March 31, 2021, the Corporation also lost messaging traffic in Southeast Asia region as the outbreak of COVID-19 persisted. During the quarters ended June 30, 2021, the Corporation managed to regain some messaging traffic in both the North Asia and Southeast Asia regions which improved its revenue. During the quarter ended September 30, 2021, the Corporation managed to increase more messaging traffic in the Southeast Asia regions which improved its revenue though lost traffic in the North Asia region. Management has set a goal to steer the A2P messaging business to more growth in the coming quarters. The Corporation intends to continue its focus on increasing the revenue from existing markets in the North Asia and Southeast Asia regions.

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The revenue from software products and services segment remained stable as the Corporation increased the man-hour charge out rates and chargeable hours since the beginning of year 2019. The outbreak of COVID-19 did not affect this segment materially. For the quarter ended December 31, 2020, The Corporation has earned additional amount of revenue as annual commitment fee of about \$120,000 for prioritising manpower resources to perform the projects of Activate. Excluding the annual commitment fee, the revenue from software products and services segment remained stable.

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5. LIQUIDITY AND CAPITAL RESOURCES

Financial Highlights	Three-month period ended September 30, 2021 (Unaudited) \$	Three-month period ended September 30, 2020 (Unaudited) \$	Nine-month period ended September 30, 2021 (Unaudited) \$	Nine-month period ended September 30, 2020 (Unaudited) \$
Cash, beginning of period	6,158,911	231,846	296,312	194,411
Operating activities				
Net profit/(loss) for the period	23,499	43,479	149,511	(88,602)
Deferred tax credit	-	(1,329)	-	(1,292)
Income tax credit	(883)	-	(883)	-
Interest expenses on lease liabilities	2,120	3,679	7,759	12,249
Foreign currency exchange loss	21,307	19,184	5,315	138,679
Allowance for doubtful debts	-	-	-	1,568
Depreciation of property, plant and equipment	5,551	6,824	18,089	22,003
Depreciation of right-of-use assets	15,358	11,055	46,660	33,448
Changes in working capital items	46,710	(42,825)	(136,564)	(204,803)
Interest expenses on lease liabilities	(2,120)	(3,679)	(7,759)	(12,249)
Net cash generated from / (used in) operating activities	111,542	36,388	82,128	(98,999)
Financing activities				
Advance received from a related party	-	-	5,950,591	-
Repayment of advance received from a related party	(5,950,591)	-	(5,950,591)	-
Advance from related parties	-	6,094	233,180	210,377
Repayment of advance from related parties	(293,859)	-	(294,154)	(1,845)
Principal elements of lease payments	(18,321)	(14,767)	(62,564)	(34,904)
Net cash (used in) / generated from financing activities	(6,262,771)	(8,673)	(123,538)	173,628
Investing activities				
Purchase of property, plant and equipment	(4,283)	(3,588)	(7,020)	(11,506)
Net cash used in investing activities	(4,283)	(3,588)	(7,020)	(11,506)
Effect of exchange rate changes on cash held in foreign currencies	222,408	8,330	(22,075)	6,769
(Decrease) / Increase in cash	(5,933,104)	32,457	(70,505)	69,892
Cash, end of period	225,807	264,303	225,807	264,303

The capital resources of the Corporation are comprised mainly of the equity of the Corporation. The debts of the Corporation are comprised mainly of a promissory note payable, loans and advances from related parties.

GINSMS has a deteriorated liquidity position for the three months ended September 30, 2021 compared to the three months ended September 30, 2020 primarily due to settlement of advances from related parties.

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GINSMS is facing a lower liquidity risk as it has a working capital deficiency of \$6,150,842 as at September 30, 2021 as compared \$6,471,862 as at December 31, 2020. The Corporation's liabilities now include a promissory note payable, advance from related parties and the loans from related parties.

The operation of the Corporation is partially financed by the loans from related parties and the advances from related parties amounting to \$4,794,558 and \$965,105 respectively as at September 30, 2021. The terms and conditions of the loans are described above under *Section 3 – Loans from Related Parties*.

The Corporation entered into an office lease for its operations during the quarter ended December 31, 2019 and another office lease during the quarter ended March 31, 2021. The first lease is for fixed term of 3 years and the second lease is for fixed term of 2 years. Lease liabilities of \$62,614 (December 31, 2020: \$73,346) are recognised with related right-of-use assets of \$63,905 (December 31, 2020: \$73,331) as at September 30, 2021. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes.

Mr. Chin, Xinhua Mobile and IPL confirmed that they will not demand settlement of the loans until the Corporation is in sound financial position to repay them. Moreover, during the prior quarter ended March 31, 2021, Xinhua Mobile and IPL agreed to extend the due date to March 31, 2022.

The ultimate parent has agreed to provide adequate funds for the Corporation to meet all third party obligations for at least the ensuing twelve-month period. During the prior quarter ended June 30, 2021, the Corporation received advances from its ultimate parent, Beat Holdings as a short-term working capital funding to be repaid on or before September 30, 2021. As at September 30, 2021, the amount of advance due to Beat Holdings was fully repaid.

The directors will continuously and closely monitor the Corporation's liquidity position and financial performance and implement measures to improve the Corporation's cash flow.

Based on these actions, the Corporation expects to generate/obtain sufficient cash flows to fund its operations, working capital requirements and capital program for the next twelve months.

6. OFF BALANCE SHEET ARRANGEMENTS

GINSMS does not have off-balance sheet arrangements.

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7. TRANSACTIONS WITH RELATED PARTIES

The Corporation was a party to the following related party transactions that have been recorded at their exchange amounts for the three and nine months ended September 30, 2021 and September 30, 2020:

	Three-month period ended September 30, 2021 (Unaudited) \$	Three-month period ended September 30, 2020 (Unaudited) \$	Nine-month period ended September 30, 2021 (Unaudited) \$	Nine-month period ended September 30, 2020 (Unaudited) \$
Software products and services revenue from companies controlled by immediate parent ¹	-	91,442	-	492,671
Software products and services revenue from companies controlled by a director ²	268,756	179,253	805,492	287,473
Accounting fee paid to an officer ³	7,662	12,591	45,183	41,000

Notes:

1. Software products and services revenue earned from Activate, Beat Chain and/or Xinhua Mobile (HK) Limited, companies controlled by Xinhua Mobile, for the professional services rendered by Inphosoft Subsidiaries on a time and material basis.
2. Software products and services revenue earned from Activate and/or Actxa, companies controlled by Mr. Chin, for the professional services rendered by Inphosoft Subsidiaries on a time and material basis.
3. Accounting fee paid to the Interim Chief Financial Officer, Ms. Shum Chee Ming, in relation to her role as finance manager preparing management reports of the Corporation.

As of September 30, 2021, the Corporation has non-trade loans from related parties of \$4,794,558 (Section 3 – *Loans from Related Parties*) and advance of \$965,105 (December 31, 2020 - \$4,933,186 and \$1,100,130). The loans and advances are used to finance the operations of the Corporation. During the prior quarter ended June 30, 2021, the Corporation received advances from its ultimate parent, Beat Holdings as a short-term working capital funding to be repaid on or before September 30, 2021. As at September 30, 2021, the amount of advance due to Beat Holdings was fully repaid.

As of September 30, 2021, included in accounts payables and accrued liabilities are amounts of \$113,160 (December 31, 2020 - \$90,677) owed to related parties. As of September 30, 2021, included in accounts receivable are trade receivables of \$500,843 (December 31, 2020 - \$495,424) owed by related parties.

The T&M Agreements, entered into by IMSB and PTIN with Activate allow the customers to use resources from IMSB and PTIN on a time and material basis. Activate generates revenue by providing software products and services, primarily in the area of mobile applications and games to its customers that include various agencies and ministries of the Singapore government. Activate can subcontract parts of its projects to IMSB and PTIN which possess software development skill sets and use the staff of such IMSB and PTIN to perform certain pre-sales roles, on a time and material basis. The professional services provided by IMSB and PTIN are broad-based ranging from account management, pre-sales support, design and development of software programs, project management, testing, deployment and support and maintenance of software programs.

The non-exclusive T&M Agreements were initially entered into for a period of one year and have been subsequently automatically renewed on a yearly basis. These T&M Agreements can be terminated at any time upon one party giving to the other a 30-day termination notice. Under these T&M Agreements, Activate will settle invoices within 14 days, any late payment is subject to a 1% late interest charge. The IMSB and PTIN and Activate are bound by the terms and conditions of a non-disclosure agreement.

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IMSB and PTIN agreed to provide intellectual property indemnity to Activate and its customers in the event of any suit or proceeding being brought against Activate and its customers for a violation of intellectual property rights by IMSB and PTIN. All rights, titles and interests to any copyrights and other intellectual property rights produced by IMSB and PTIN solely in the course of services provided to Activate are the sole and exclusive properties of Activate once the services provided by IMSB and PTIN have been paid in full. Activate has the right to assign to its customers any and all such intellectual property rights, without limitation.

Gross margin of IMSB and PTIN from work performed for Activate is higher because the invoicing to Activate is in SGD and a higher margin is built-in to cater for currency risk as revenue is charged in SGD. Pursuant to arm's-length negotiations, Activate agreed to pay IMSB and PTIN the rates quoted as they are still a lot cheaper than paying for similar resources in Singapore.

The above transactions are in the normal course of business, are at arm's-length and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

8. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CHANGES) AND BASIS OF PRESENTATION AND ADOPTION OF IFRS

The basis of presentation is described in Note 2 of the audited consolidated financial statements for the twelve-month financial year ended December 31, 2020.

The disclosure in Note 2 highlighted that the spread of COVID-19 in all relevant jurisdictions has impacted the Corporation's operation and customer base and uncertainty regarding the extent, duration and are having a material impact in all aspects of the Corporation's operations. The Corporation confirmed it is adopting the going concern basis in preparing its consolidated financial statements.

The significant accounting policies used in the preparation of the Corporation's audited consolidated financial statements are described in Note 4 of the audited consolidated financial statements for the twelve-month financial year ended December 31, 2020. There have been no changes to our accounting policies since December 31, 2020.

9. FINANCIAL INSTRUMENTS

Financial instruments of the Corporation consist of cash, accounts receivable, accounts payable, accrued liabilities, interest-free advance from related parties, interest-free/interest-bearing loans of related parties and a promissory note payable. GINSMS limits exposure to credit loss by placing its cash with high credit quality financial institutions.

The carrying amounts of cash, accounts receivable and other accounts payable, accrued liabilities, interest-free advance from related parties and interest-free/interest-bearing loans of related parties approximate their values due to the short-term nature of these instruments. The functional currency of Global Edge Technology Limited and GIN is the HKD. In the case of Inphosoft Group, the functional currency is principally that of the SGD but also the IDR and the MYR. In accordance with Canadian GAAP, the consolidated financial statements of the Corporation, which are prepared using the functional currencies, have been translated into Canadian dollars. Assets and liabilities are translated at exchange rates applicable at the balance sheet dates; revenues and expenses are translated at the average exchange rates applicable during the period covered by the financial statements; and capital and statutory capital reserves are translated at historical exchange rates.

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10. SHAREHOLDERS' EQUITY & DISCLOSURE OF OUTSTANDING SHARE DATA

Shareholders' equity

	September 30, 2021 (Unaudited) \$	December 31, 2020 (Audited) \$
Share capital	11,415,709	11,415,709
Deficit	(17,885,742)	(18,034,210)
Accumulated other comprehensive income	417,713	239,449
Non-controlling interest	(12,577)	(14,109)
	(6,064,897)	(6,393,161)

Shareholders' equity as at September 30, 2021, which showed a deficit of \$6,064,897, is improving from a deficit of \$6,393,161 as at December 31, 2020. The improvement in shareholders' equity is due to the increase in net profit of \$149,511 and other comprehensive income of \$178,753.

To address the going concern issue, the Corporation has instituted the following plan:

- (a) The Corporation intends to focus on increasing its gross profit margin in both its A2P messaging business and its software products and services business by scrutinizing existing and new business contracts to ensure that they generate satisfactory gross profit margins. The management has seen significant improvement in both gross profit margin and adjusted EBITDA due to these measures and believes that the Corporation will have the ability to continue its operations for the next twelve months.
- (b) Despite of the Corporation's liabilities which include a promissory note payable, the interest-free advance from related parties and the interest-free/interest-bearing loans from the related parties, the liquidity risk is addressed and mitigated as mentioned in Section 5 of this MD&A.

As a result, the management has concluded that the Corporation is able to continue as a going concern for a period of 12 months from September 30, 2021.

Authorized share capital

The authorised share capital of the Corporation consists of an unlimited number of common shares and an unlimited number of preferred shares.

The holders of the common shares are entitled to dividends, if, as and when declared by the Board of Directors, to one vote per share at meetings of the shareholders and, upon dissolution, to share equally in such assets of the Corporation as are distributable to the holders of common shares.

The holders of the preferred shares are entitled to preference over the holders of common shares with respect to the payment of dividends, dissolution or winding-up or any other return of capital or distribution of assets for the purpose of winding up the Corporation's affairs. As at the date thereof, there are no preferred shares issued and outstanding.

The table below summarizes the issued and outstanding shares of the Corporation for the period ended September 30, 2021 versus the year ended December 31, 2020.

Issued	September 30, 2021 (Unaudited)		December 31, 2020 (Audited)	
	Shares	Amount (\$)	Shares	Amount (\$)
Balance, beginning and end of period/year	149,793,861	11,415,709	149,793,861	11,415,709

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Information on the Corporation's capital, including the numbers of common shares issued and outstanding is contained in the Corporation's unaudited consolidated financial statements for the three and nine-month periods ended September 30, 2021, which are available at www.sedar.com.

11.SEGMENTED INFORMATION

a) Revenue by customers

	Three-month period ended September 30, 2021 (Unaudited)		Three-month period ended September 30, 2020 (Unaudited)	
	\$	% of total revenue	\$	% of total revenue
Customer A	207,577	28.1	219,096	28.6
Next five top customers				
Customer B	61,283	8.3	98,580	12.0
Customer C	207,140	28.0	185,296	24.2
Customer D	72,504	9.8	58,910	7.7
Customer E	33,064	4.5	64,393	8.4
Customer F	22,593	3.1	5,339	0.7
All other customers	135,545	18.2	135,179	17.5
Total	739,706	100.0	766,793	100.0

	Nine-month period ended September 30, 2021 (Unaudited)		Nine-month period ended September 30, 2020 (Unaudited)	
	\$	% of total revenue	\$	% of total revenue
Customer A	744,313	36.6	616,338	28.8
Next five top customers				
Customer B	288,791	14.2	319,338	14.9
Customer C	353,483	17.4	407,139	19.0
Customer D	183,701	9.0	209,290	9.8
Customer E	131,692	6.5	128,793	6.0
Customer F	33,815	1.7	18,759	0.9
All other customers	300,586	14.6	439,418	20.6
Total	2,036,381	100.0	2,139,075	100.0

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

	Three-month period ended September 30, 2021 (Unaudited)		Three-month period ended September 30, 2020 (Unaudited)	
	\$	% of total revenue	\$	% of total revenue
Singapore	285,470	38.6	287,092	37.4
Indonesia	86,147	11.6	78,193	10.2
Other Asia countries	56,310	7.6	35,716	4.7
Europe	39,772	5.4	75,125	9.8
United States	268,804	36.3	283,879	37.0
Other regions	3,203	0.5	6,788	0.9
Total	739,706	100.0	766,793	100.0

	Nine-month period ended September 30, 2021 (Unaudited)		Nine-month period ended September 30, 2020 (Unaudited)	
	\$	% of total revenue	\$	% of total revenue
Singapore	877,106	43.1	833,626	39.0
Indonesia	221,753	10.9	255,691	12.0
Other Asia countries	131,131	6.4	118,511	5.5
Europe	154,771	7.6	177,721	8.3
United States	644,315	31.6	726,481	34.0
Other regions	7,305	0.4	27,045	1.2
Total	2,036,381	100.0	2,139,075	100.0

c) Total assets by geographical location

	As at September 30, 2021 (Unaudited)		As at December 31, 2020 (Audited)	
	\$	% of total assets	\$	% of total assets
Singapore	46,492	4.7	45,245	4.3
Indonesia	603,540	60.8	586,881	56.2
Other Asia countries	294,219	29.6	381,092	36.5
Europe	2,409	0.2	5,006	0.5
United States	40,418	4.1	20,717	2.0
Other regions	5,299	0.6	5,111	0.5
Total	992,377	100.0	1,044,052	100.0

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d) Financial information by business segments

	Messaging	Software products and services	Unallocated	Total
	\$	\$	\$	\$
Nine-months period ended September 30, 2021 (Unaudited)				
Revenue	990,814	1,045,567	-	2,036,381
Intersegment revenue	10,363	108,606	-	118,969
Amortization and depreciation	-	64,749	-	64,749
Interest income	41	133	-	174
Interest and finance expenses	-	7,759	-	7,759
Income tax credit	-	(883)	-	(883)
Segment profit/(loss)	85,427	225,503	(161,419)	149,511
Additions to segment non-current assets	-	47,500	-	47,500
At September 30, 2021 (Unaudited)				
Segment assets	145,042	843,774	3,561	992,377
Segment liabilities	(3,146,289)	(1,437,123)	(2,473,862)	(7,057,274)

	Messaging	Software products and services	Unallocated	Total
	\$	\$	\$	\$
Nine-months period ended September 30, 2020 (Unaudited)				
Revenue	1,144,812	994,263	-	2,139,075
Intersegment revenue	-	139,358	-	139,358
Amortization and depreciation	-	55,451	-	55,451
Interest income	-	156	-	156
Interest and finance expenses	-	12,249	-	12,249
Income tax credit	-	(1,292)	-	(1,292)
Segment profit/(loss)	172,807	(56,395)	(205,014)	(88,602)
Additions to segment non-current assets	-	11,506	-	11,506
At September 30, 2020 (Unaudited)				
Segment assets	198,356	755,905	937	955,198
Segment liabilities	(3,659,291)	(2,391,400)	(1,301,036)	(7,351,727)

12. FOREIGN CURRENCY RISK

The Corporation is exposed to foreign currency rate variability primarily in relation to certain assets and liabilities denominated in foreign currencies such as USD. However, the Corporation has no material exposure to foreign currency risk as most of its foreign operations are self-sustaining and these foreign operations' functional currencies are in HKD and SGD. The Corporation is mainly exposed to the effects of fluctuation in SGD and USD.

The Corporation also mitigates foreign currency risks, within each segment, by transacting in their functional currency for material procurement, sales contracts and financing activities.

The Corporation currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Corporation monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

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13. EVENTS AFTER THE REPORTING PERIOD

(a) Uncertainty of the Coronavirus (COVID-19) Outbreak

The extent to which the COVID-19 outbreak will spread 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 and the recoverability of the account receivables.

For additional details, refer to our risk factors included below under “Risks and Uncertainties”

14. OTHER MD&A REQUIREMENTS

The Company announced its financial forecasts for the twelve months ending December 31, 2021 on February 11, 2021. The table below shows an analysis of the difference between the actual and forecasted financial highlights for the three months ended September 30, 2021.

Financial Outlook

Financial Highlights	Actual (\$)	Forecast (\$)	Variance (\$)	Variance (%)
	Jul-Sep 2021	Jul-Sep 2021	Jul-Sep 2021	Jul-Sep 2021
Revenues \$				
A2P Messaging Service	419,237	180,311	238,926	132.5%
Software Product & Services	320,469	299,633	20,836	7.0%
	739,706	479,944	259,762	54.1%
Cost of sales \$				
A2P Messaging Service	316,110	153,966	162,144	105.3%
Software Product & Services	167,205	206,706	(39,501)	(19.1)%
	483,315	360,672	122,643	34.0%
Gross profit \$				
A2P Messaging Service	103,127	26,345	76,782	291.4%
Software Product & Services	153,264	92,927	60,337	64.9%
	256,391	119,272	137,119	115.0%
Gross margin %				
A2P Messaging Service	24.6%	14.6%	10.0%	68.4%
Software Product & Services	47.8%	31.0%	16.8%	54.2%
	34.7%	24.9%	9.8%	39.5%
Selling, general and administrative expenses	(210,428)	(236,149)	25,721	(10.9)%
Operating profit/(loss)	45,963	(116,877)	162,840	(139.3)%
Non-operating income	80	-	80	-

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Non-operating expenses	(23,427)	(4,791)	(18,636)	389.0%
Ordinary profit/(loss)	22,616	(121,668)	144,284	(118.6)%
Extraordinary gains	-	-	-	-
Extraordinary losses	-	-	-	-
Profit/(loss) before tax and non-controlling interest	22,616	(121,668)	144,284	(118.6)%
Income tax credit	883	-	883	-
Non-controlling interest	(394)	-	(394)	-
Net profit/(loss) attributable to shareholders	23,105	(121,668)	144,773	(119.0)%
Adjusted EBITDA	45,645	(99,777)	145,422	(145.7)%

Notes:

- (1) Adjusted EBITDA is a non-GAAP measure related to cash earnings and is defined for these purposes as earnings before income taxes, depreciation & 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.
- (2) Non-operating income included interest income and other non-operating income. Non-operating expenses included loss on foreign exchange and interest expense.

For the three months ended September 30, 2021,

- Revenue for the A2P messaging service segment exceeded the forecast primarily because the Corporation increased pricing to some customers and there was also an increase in volume of messaging traffic by some major customers despite of the outbreak of COVID-19 during the quarter ended September 30, 2021.
- Revenue for the Software product and service segment was higher than the forecast primarily because the business activities of this segment improved and were not affected much by the outbreak of COVID-19 despite governments imposed restrictions on movements of people and activities of businesses to contain the outbreak.
- The actual gross margin of 24.6% for the A2P messaging service segment was higher than forecast because the Corporation increased pricing to customers and experienced an increase in volume of messaging traffic by some major customers.
- The actual gross margin of 47.8% for the software product and services segment was higher than forecast because the Corporation increased pricing of its software product and service.
- The selling, general and administrative expenses were \$25,721 lower than forecast primarily because of lower accounting fee, office rental and telephone charges that were forecasted for.
- Net profit attributable to shareholders was \$23,105 which improved substantially from the loss of \$121,668 forecasted primarily due to increased in pricing to customers of both the A2P messaging service segment and software product and services segment, and increase in in volume of messaging traffic by some major customers that resulted in higher gross margin than forecasted.

The table below shows an analysis of the difference between the actual and forecasted financial highlights for the nine months ended September 30, 2021.

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Financial Highlights	Actual (\$)	Forecast (\$)	Variance (\$)	Variance (%)
	Jan-Sep 2021	Jan-Sep 2021	Jan-Sep 2021	Jan-Sep 2021
Revenues \$				
A2P Messaging Service	990,814	534,255	456,559	85.5%
Software Product & Services	1,045,567	898,897	146,670	16.3%
	2,036,381	1,433,152	603,229	42.1%
Cost of sales \$				
A2P Messaging Service	787,379	456,197	331,182	72.6%
Software Product & Services	514,550	620,118	(105,568)	(17.0)%
	1,301,929	1,076,315	225,614	21.0%
Gross profit \$				
A2P Messaging Service	203,435	78,058	125,377	160.6%
Software Product & Services	531,017	278,779	252,238	90.5%
	734,452	356,837	377,615	105.8%
Gross margin %				
A2P Messaging Service	20.5%	14.6%	5.9%	40.5%
Software Product & Services	50.8%	31.0%	19.8%	63.8%
	36.1%	24.9%	11.2%	44.9%
Selling, general and administrative expenses	(572,924)	(708,447)	135,523	(19.1)%
Operating profit / (loss)	161,528	(351,610)	513,138	(145.9)%
Non-operating income	174	-	174	-
Non-operating expenses	(13,074)	(14,373)	1,299	(9.0)%
Ordinary profit/(loss)	148,628	(365,983)	514,611	(140.6)%
Extraordinary gains	-	-	-	-
Extraordinary losses	-	-	-	-
Profit/(loss) before tax and non-controlling interest	148,628	(365,983)	514,611	(140.6)%
Income tax credit	883	-	883	-
Non-controlling interest	(1,043)	-	(1,043)	-
Net profit/(loss) attributable to shareholders	148,468	(365,983)	514,451	(140.6)%
Adjusted EBITDA	221,136	(300,310)	521,446	(173.6)%

Risks and Uncertainties

Through its operations, the Corporation is exposed to various business risks and uncertainties which could have an impact on its capacity to achieve its growth objectives. Consequently, the following factors should be taken into account when evaluating the Corporation's future prospects:

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Dependence on Required Licenses

The A2P messaging business in Hong Kong is a highly regulated business activity and requires licenses from the Hong Kong Telecommunications Authority ("TA"), without which GIN would be unable to operate. GIN is subject to the rules and regulations of the TA, which regulates the telecom industry in Hong Kong, and the Hong Kong Office of Communications Authority ("HOCA"), which assists the TA in enforcing and administering the *Telecommunications Ordinance*. The TA's authority includes regulating and licensing telecom facilities and managing the radio frequency spectrum. If the TA determines that GIN has violated Hong Kong's telecom laws or regulations or the conditions of its licenses, the TA may suspend or cancel GIN's licenses or take other action detrimental to GIN. GIN is also subject to various other rules, laws and ordinances applicable to companies operating in Hong Kong, including, for example, laws relating to obscenity and privacy. If GIN is found to be in violation of these laws, it may face judgments or consequences detrimental to its business. In addition, the Public Non-exclusive Telecommunications Service (PNETS) licence granted by HOCA to GIN is normally valid for one year, subject to renewal at the discretion of HOCA and compliance of all terms and conditions of the licenses. In the event that HOCA refuses to renew any of the existing licenses of GIN, GIN's ability to offer its services will be adversely affected. The Chief Executive in council of the HOCA may also cancel or suspend licenses if it considers that it is in the public's interest to do so. Moreover, if the TA changes its existing regulations or policies such as those governing interconnection or competition, including the requirement on GIN to obtain separate or further licenses for its existing operations or services, or to obtain licenses in respect of its future operations or services based on new communication technologies, the Corporation's results of operations, financial condition, business and prospects could be adversely affected. GIN may also incur extra costs in order to comply with technical specifications or other conditions resulting from any enacted or proposed changes in the applicable laws and regulations. As a result, the Corporation's financial condition, results of operations and/or prospects may be adversely affected. The business of the Corporation's customers is also subject to regulations. As a result, such regulations could indirectly affect the Corporation's business. As communications technologies and the telecom industry continue to evolve, the regulations governing the telecom industry may change. If this were to occur, the demand for the Corporation's services could change in ways that GIN cannot easily predict and may result in a decline in the Corporation's revenue.

Dependence on Major Customers

The Corporation depends on major customers for a significant portion of its business and the loss of any of such customers could materially and adversely affect the Corporation, and hence the Corporation's business and financial position. A significant portion of the Corporation's revenue has been and is expected to continue to be, derived from a limited number of customers. Most of these customers are major operators of telecom services in the Asia Pacific region. There can be no assurance that its major customers will continue to use its services. In the event that any of these customers cease to use the services of the Corporation and the Corporation fails to replace such customer(s), the Corporation's business and financial position may be materially and adversely affected.

System Failures, Delays and Other Problems

System failures, delays and other problems could harm the Corporation's reputation and business, cause it to lose customers and expose GINSMS to customer liability. GIN's system architecture is contingent on its ability to process a high volume of transactions in a timely and effective manner. GIN may experience failures or interruptions of its systems and services, or other problems in connection with its operations as a result of, amongst others things:

- damage to or failure of its computer software or hardware or its infrastructure and connections;
- data processing errors by its systems;
- computer viruses or software defects;
- physical or electronic break-ins, sabotage, intentional acts of vandalism and similar events; and

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- failure of GIN to adapt to rapid technological changes in the telecom industry.

If GIN cannot adequately ensure that its network services perform consistently at a high level or otherwise fails to meet its customers' expectations:

- it may experience damage to its reputation, which may adversely affect its ability to attract or retain customers for its existing services, and may also make it more difficult for GIN to market its existing or future services;
- it may suffer significant damage or expose itself to customer liability claims, under its contracts or otherwise, including the requirement to pay penalties relating to service level requirements in its contracts;
- its operating expenses or capital expenditures may increase as a result of corrective actions that GIN must perform;
- GIN's customers may reduce their use of GIN's services; or
- one or more of its significant contracts may be terminated early, or may not be renewed.

These or other consequences would adversely affect the Corporation's revenue and performance.

Security and Privacy Breaches

Security or privacy breaches may result in an interruption of service or a reduced quality of service, which could increase GIN's costs or result in a reduction in the use of GIN's services by its customers. GIN's systems may be vulnerable to physical break-ins, computer viruses, attacks by computer hackers or similar disruptive problems. If unauthorized users gain access to GIN's databases, they may be able to steal, publish, delete or modify sensitive information that is stored or transmitted on GIN's networks and which GIN is required by its contracts to keep confidential. A security or privacy breach could result in an interruption of service or a reduced quality of service. Confidential information internal to GIN may also be disclosed to unauthorized personnel who may use such information in a manner adverse to the interests of GIN. Hackers may attempt to "flood" the network, thereby preventing legitimate network traffic or to disrupt the connection between two machines, thereby preventing access to a service or preventing a particular individual from accessing a service. The Corporation may therefore be required to make significant expenditures in connection with corresponding corrective or preventive measures. In addition, a security or privacy breach may harm GIN's reputation and cause its customers to reduce their use of GIN's services, which could harm the Corporation's revenue and business prospects. In addition, GIN's revenue may be adversely affected by un-captured usage, in the event that GIN's system is "hacked" into, resulting in transmissions that may not be detected by its billing system. Further, the increase in traffic as a result of such unauthorized "hacking" may slow or overload GIN's transmission network, thereby adversely affecting the overall quality of services which GIN provides to its paying customers. GIN's exposure to telecom security concerns is heightened as Hong Kong and Chinese laws relating to liability under such circumstances are relatively new. In addition, GIN does not carry "errors and omissions" or other insurance covering losses or liabilities caused by computer viruses or security breaches, which under such circumstances could mitigate damages that GIN may suffer. If GIN incurs any such losses or liabilities, the Corporation's operating results, financial condition, business and prospects may be adversely affected.

Recent Measures Taken Due to the Outbreak of COVID-19

In light of the uncertain and rapidly evolving situation relating to the spread of the COVID-19, the Corporation has taken temporary precautionary measures intended to help minimize the risk of the virus to its employees which could negatively impact its business. We are temporarily requiring all employees to work remotely, have suspended all non-essential travel worldwide for our employees, and are discouraging employee attendance at industry events and in-person work-related meetings. While we have a distributed workforce and our employees are accustomed to working remotely or

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working with other remote employees, our workforce is not fully remote. Our employees travel frequently to establish and maintain relationships with one another and with our customers and some of our business processes assume that employees can review and sign documents in person. Although we continue to monitor the situation and may adjust our current policies as more information and guidance become available, temporarily suspending travel and doing business in-person could negatively impact our marketing efforts, challenge our ability to enter into customer contracts in a timely manner, slow down our recruiting efforts, or create operational or other challenges as we adjust to a fully-remote workforce, any of which could harm our business. The extent to which the COVID-19 and our precautionary measure may impact our business will depend on future developments, which are highly uncertain and cannot be predicted at this time.

Adequacy of Network Resilience, Network Diversity and Backup Systems

Inadequate network resilience, network diversity and backup systems may result in service disruptions. Any failure of GIN's backup systems or any insufficiency in GIN's redundancy capacity may disrupt GIN's operations. GIN regularly reviews its network and assesses its vulnerability to such outside factors. However, there can be no assurance that GIN's existing alternative routes and cable diversity will provide adequate backup for all types of service interruptions that may occur. Moreover, even with these contingency measures, service disruptions could last for a considerable period of time before complete service can be restored. This may cause customers to reduce their use of GIN's services, which could harm the Corporation's revenue and business prospects.

Loss of Significant Information

Loss of significant information may adversely affect the Corporation's business. In cases of a failure of GIN's data storage system, GIN may lose critical network or billing data, source code, proprietary production system designs or important email correspondence with its customers and suppliers.

Failure to Develop, Enhance or Introduce New Value-Added Services ("VAS")

If the Corporation fails to develop or introduce on a timely basis new VAS, its business will suffer. Rapid change in technology, short product life cycles, changes in customer requirements and evolving industry standards characterize the markets for the Corporation's products. The success of the Corporation depends on the Corporation's ability to timely develop and introduce innovative new VAS that gain market acceptance. The Corporation may not be successful in forecasting future customer requirements or in selecting, developing and marketing new products or enhancing the Corporation's existing products on a timely or cost-effective basis. Moreover, the Corporation may encounter technical problems in connection with its product development that could result in delayed introduction or its inability to introduce new products or product enhancements. Such cancellations or delays could result in a decrease in sales or a loss of customers, or both. The Corporation may also focus on technologies that do not function as expected or are not widely adopted. In addition, products or technologies developed by others may render the Corporation's products non-competitive or obsolete and result in a significant reduction in traffic volume from the Corporation's customers and the loss of existing and prospective customers.

Competition

The market for communications services is extremely competitive and rapidly changing. The Corporation faces competition from other providers of connectivity and value-added services, some of which are larger and may be better funded than the Corporation. A number of the Corporation's current and potential competitors may have greater name recognition and/or more extensive customer bases than GIN. Increasing competition could result in reduced revenue, reduced sales margins and loss of market share, any one of which could harm the business of the Corporation.

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Dependence on Third-Party Software and Equipment

The failure of third-party software and equipment that GIN uses in its systems may cause interruptions or failures of its systems. In addition to the use of the internet and certain telecom networks maintained by broker carriers and other third parties for the transmission of data traffic, GIN also incorporates hardware, software and equipment developed by third parties into its systems. As a result, GIN's ability to provide interoperability services depends in part on the continued performance and support of these third-party products. If these products experience failures or contain defects, and the third parties supplying these products fail to provide adequate remedial support, this may result in the interruption or unsatisfactory performance of GIN's systems or services.

Market Acceptance at Desired Pricing Levels

The Corporation's failure to achieve or sustain market acceptance at desired pricing levels may impact its ability to maintain profitability or positive cash flow. The Corporation's competitors and customers may cause the Corporation to reduce the prices it charges for its services which in turn could adversely affect the Corporation's profitability and cash flow. The primary sources of pricing pressure include:

- competitors offering competing services at reduced prices, or bundling and pricing services in a manner which makes it difficult for the Corporation to compete; and
- customers with a significant volume of transactions may have enhanced leverage in pricing negotiations with the Corporation;

GINSMS may not be able to offset the effects of all or any price reductions.

Key Members of the Management Team

The loss of any key members of the management team may impair the Corporation's ability to identify and secure new contracts with customers or otherwise manage its business effectively. The Corporation's success depends, in part, on the continued contributions of its senior management. Most of them are well experienced in the telecom industry and have in depth knowledge of various aspects of the development of a telecom business.

Credit Risk of Accounts Receivable

The Corporation is subject to credit risk in respect of its accounts receivable. GINSMS provides credit periods to its customers, which are calculated from the dates the invoices are issued by GINSMS to the dates of payment by the customers. Although GINSMS implements credit control policies and measures, GINSMS cannot assure that these measures are adequate in protecting GINSMS against material credit risks. GINSMS may provide services to customers who do not provide sufficient deposits, advance payments or bank guarantees for GINSMS' services. Moreover, should GINSMS' customers be unable to pay in full for any reason, the Corporation's profit and cash flow will be adversely affected. Any delay in the payment by customers may also adversely affect the Corporation's operations and financial position. The Corporation may have to sustain legal costs in pursuing unsettled invoices, a process which is time-consuming and may be affected by a variety of factors including any counterclaim from such non-paying customers. Even if the Corporation obtains favourable judgments, enforcement of such judgments may take time and may not always be successful.

Conflicts of Interest

Certain directors and officers of the Corporation are also directors, officers, or shareholders of other companies that may operate in the same sectors as the Corporation. Such associations may give rise to conflicts of interest from time to time. The directors of the Corporation are required by law to act honestly and in good faith with a view to the best interests of the Corporation and to disclose any interest which they may have in any project or opportunity of the Corporation. If a conflict of interest

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arises at a meeting of the board of directors, any director in a conflict is required under the *Canada Business Corporations Act* to disclose his interest and to abstain from voting on such matter.

Inability to Satisfy Customer Demand for Performance, Price or Terms

The market in which Inphosoft operates is highly competitive, and Inphosoft expects that the level of competition on pricing and product offering will continue to be intense. Additionally, certain emerging markets, such as countries in the Middle-East, Africa, South America and Southeast Asia, are particularly sensitive to pricing as a key differentiator. Where price is a primary decision driver, Inphosoft may not be able to effectively compete or it may chose not to compete due to unacceptable margins. If Inphosoft is not able or chooses not to compete against its current and future competitors, its current and potential customers may choose to purchase similar products offered by Inphosoft's competitors, which would negatively affect its revenues or profitability, or both. The markets for Inphosoft's products are subject to rapid technological changes, evolving industry standards and regulatory developments, and its operating results depend to a significant extent on its ability to adapt to these changes. Inphosoft competes principally on the basis of: (i) product performance and functionality; (ii) product quality and reliability; (iii) customer service and support; and (iv) price. Many of Inphosoft competitors have substantially broader product portfolios and financial and technological resources, product development, marketing, distribution and support capabilities, name recognition and established relationships with telecommunications service providers than it has. Certain competitors of Inphosoft may price their products at unsustainably low levels in an effort to acquire market share or delay or avoid business failures. Inphosoft may not be able to compete effectively against existing or future competitors or to maintain or capture meaningful market share, and Inphosoft's business could be harmed if its competitors' products and services provide higher performance, offer additional features and functionality or are more reliable or less expensive than its products. Increased competition could force Inphosoft to lower its prices or take other actions to differentiate its products, which could adversely affect its business.

International Risks

GINSMS's international operations are significant and it intends to continue to expand these international operations, particularly in Asia. Foreign operations face additional specific local risks, which may adversely affect GINSMS, including but not limited to, change in legal and regulatory requirements and less favourable intellectual property laws, change in local tax rates and other potentially adverse tax consequences (including the cost of repatriation of earnings), collectability of accounts in foreign jurisdictions, and burdens of complying with a wide variety of foreign laws, including changing import and export regulations.