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, 2022, the Corporation's unaudited consolidated financial statements as at and for the three months ended March 31, 2023, 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 May 11, 2023. 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"), Indonesian rupiah ("IDR") and Euro dollars ("EUR").

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 pandemic"). 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:

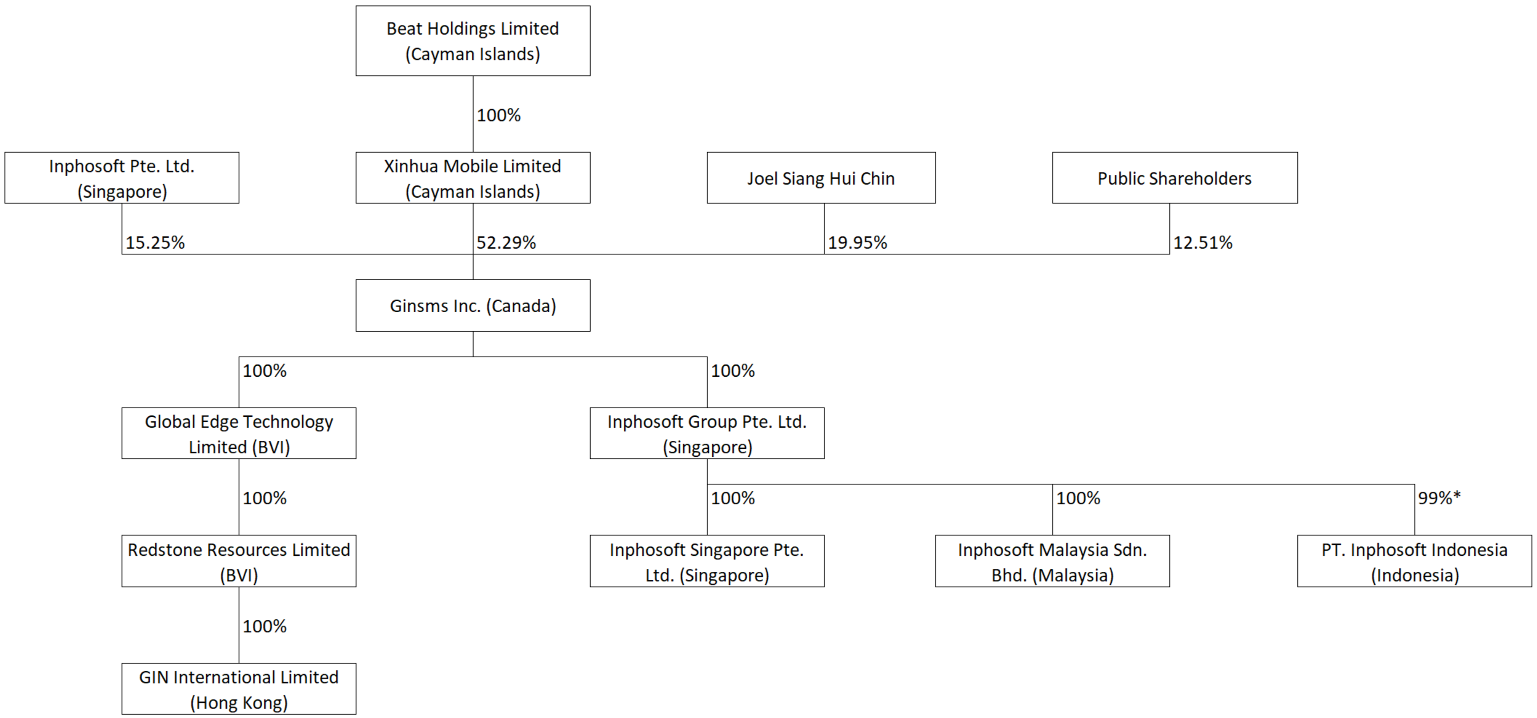
- Management's belief that the Corporation's software products and services are expected to take on a different focus based on an outsourcing model approach leveraging on the lower cost base in Indonesia and Malaysia. Consequently, the revenue for the software segment in Indonesia and Malaysia should 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.

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.

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 on 2021-2030 A2P SMS market (https://www.transparencymarketresearch.com/global-a2p-sms-market.html) stated that the global A2P SMS market revenue is expected to reach US$101 billion by 2030, expanding at a compound annual growth rate ("CAGR") of 4.0% therein.

For the three months ended March 31, 2023, GIN generated lower revenue of $288,377 for its A2P messaging service as compared to $378,560 for the three months ended March 31, 2022. This is due to the fact that there was a decrease in the volume of messaging traffic of some customers for the three months ended March 31, 2023.

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:

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 IMSB, its fellow subsidiary in Malaysia.

With effect from October 1, 2022, ISPL has taken over the time and material agreements ("T&M Agreements") with Activate Interactive Pte. Ltd. ("Activate") and Actxa Pte. Ltd. ("Actxa") from IMSB and PTIN to provide technical resources to Activate and Actxa for the purpose of developing software for Activate's and Actxa's customers and to perform certain pre-sales roles, on a time and material basis. The change is the management decision of Activate and Actxa. Activate and Actxa are currently 98% and 99% beneficially owned by Mr. Chin, respectively. At the same time, IMSB and PTIN have T&M agreements with ISPL, to provide technical resources to ISPL to support the software products and services business operations of ISPL.

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 had T&M Agreements with 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. With effect from October 1, 2022, these T&M Agreements are transferred to ISPL. At the same time, IMSB has T&M agreements with ISPL, to provide technical resources to ISPL to support the software products and services business operations of ISPL.

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 had T&M Agreements with Activate and Actxa to provide technical resources to Activate and Actxa for developing software aimed at Activate's and Actxa's customers and to perform certain pre-sales roles, on a time and material basis. With effect from October 1, 2022, these T&M Agreements were transferred to ISPL. At the same time, PTIN has T&M agreements with ISPL, to provide technical resources to ISPL to support the software products and services business operations of ISPL.

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.

This segment of the Corporation's business has increased its revenue to $532,280 for the three months ended March 31, 2023, compared to the $346,976 for the three months ended March 31, 2022. This was mainly due to increased charge out rates and increased outsourced headcount billing to key customers during the quarter ended March 31, 2023.

3. RESULTS OF OPERATIONS FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2022

Selected Profit and Loss Information

Financial Highlights	**Three-month period ended March 31, 2023 (Unaudited) $**	Three-month period ended March 31, 2022 (Unaudited) $	**Twelve-month period ended December 31, 2022 (Audited) $**	Twelve-month period ended December 31, 2021 (Audited) $
Revenue ($)				
A2P Messaging Service	288,377	378,560	1,428,885	1,338,627
Software Products & Services	532,280	346,976	1,595,248	1,392,707
	820,657	725,536	3,024,133	2,731,334
Cost of sales ($)				
A2P Messaging Service	179,758	262,113	951,718	1,016,352
Software Products & Services	296,443	192,735	910,862	691,748
	476,201	454,848	1,862,580	1,708,100
Gross profit ($)				
A2P Messaging Service	108,619	116,447	477,167	322,275
Software Products & Services	235,837	154,241	684,386	700,959
	344,456	270,688	1,161,553	1,023,234
Gross margin				
A2P Messaging Service	37.7%	30.8%	33.4%	24.1%
Software Products & Services	44.3%	44.5%	42.9%	50.3%
	42.0%	37.3%	38.4%	37.5%
Adjusted EBITDA[(1)] ($)	94,783	99,610	75,120	387,645
Adjusted EBITDA margin	11.5%	13.7%	2.5%	14.2%
Net profit/(loss) ($)	71,668	75,629	(32,284)	281,162
Net profit/(loss) margin	8.7%	10.4%	(1.1)%	10.3%
Profit/(loss) per share ($) Basic and Diluted (In Canadian cents)	0.039	0.050	(0.020)	0.187

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

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

Revenue

For the three months ended March 31, 2023, revenue was $820,657 compared to $725,536 for the three months ended March 31, 2022. Higher revenue for the three months ended March 31, 2023 was mainly due to an increase in revenue in the software products and services segment. This higher revenue was partially offset by the decrease in the messaging business segment.

a) Messaging business segment

The A2P messaging business generated revenue of $288,377, $371,524, $376,476, $302,325, $378,560 for the three-month periods ended March 31, 2023, December 31, 2022, September 30, 2022, June 30, 2022, March 31, 2022, 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 decrease in the revenue of the A2P messaging business for the quarter ended March 31, 2023 as compared to the quarter ended December 31, 2022 is primarily caused by the decrease in the volume of A2P messages delivered to both South East Asia and North Asia.

Messages delivered to South East Asia represent 55.0% of the total volume for the three months ended March 31, 2023 which decreased slightly by 7.1% from the three months ended December 31, 2022. During the quarter ended March 31, 2023, there was a decrease in volume of messaging traffic by some major customers.

Messages delivered to North Asia represent 30.2% of the total volume for the three months ended March 31, 2023, which decreased by 14.7% from the three months ended December 31, 2022. During the quarter ended March 31, 2023, there was a decrease in volume of messaging traffic by some major customers.

The average price per message charged to customers is $0.0354 for the three months ended March 31, 2023, compared to $0.0334 for the three months ended December 31, 2022. 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 March 31, 2023, the overall average price per message increased due to higher pricing as compared to the quarter ended December 31, 2022.

b) Software products and services segment

Revenue in the software products and services segment increased by 53.4% from $346,976 for the three months ended March 31, 2022 and increased by 5.0% from $506,822 for the three months ended December 31, 2022, to $532,280 for the three months ended March 31, 2023.

Cost of Sale

	Three-month period ended March 31, 2023 (Unaudited) $	Three-month period ended March 31, 2022 (Unaudited) $	**Twelve-month period ended December 31, 2022 (Audited) $**	Twelve-month period ended December 31, 2021 (Audited) $
Depreciation - Property, plant and equipment	8,984	5,641	**26,754**	18,114
Salaries and wages	278,408	186,362	**851,008**	671,892
Subcontractor costs	179,758	262,113	**951,719**	1,016,633
Software and hardware	-	-	**114**	163
Others	9,051	732	**32,985**	1,298
	476,201	454,848	**1,862,580**	1,708,100

For the three months ended March 31, 2023, cost of sales was $476,201 compared to $454,848 for three months ended March 31, 2022.

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 decrease in the subcontractor costs in the quarter ended March 31, 2023 from the quarter ended March 31, 2022 was higher than the decrease in revenue in the A2P messaging service in the same quarter mainly due to the fact that the A2P Suppliers invoiced mainly in Euro whose value has weakened against USD while sales invoiced mainly in both Euro and USD during the quarter ended March 31, 2023.

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.

Increase in salaries and wages under costs of sales for the quarter ended March 31, 2023 is in line with the increase in revenue for the software products and services segment in the quarter ended March 31, 2022.

Gross Margin

The overall gross margin of the Corporation increased to 42.0% in the three months ended March 31,2023 from 37.3% in the three months ended March 31, 2022 . This was mainly due to an increase in gross margin in 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 27.0% was earned from the services rendered to Activate for the quarter ended March 31, 2023.

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. During the quarter ended March 31, 2022, gross margin declined slightly to 30.8% as volume of messaging traffic was largely affected by the COVID-19 pandemic situation that has improved only in certain regions of the world. During the quarter ended June 30, 2022, gross margin declined to 25.5% as traffic volume continued to decline as a whole as the COVID-19 pandemic situation had not continued to improve as expected. The fact that cost price from some of the A2P suppliers have increased and were not accompanied by the same level of price increase to the customers contributed to the decline of the gross margin. During the quarter ended September 30, 2022 and the quarter ended December 31, 2022, gross margin increased to 37.5% and 38.3%, respectively mainly due to the fact that the A2P Suppliers invoices mainly in Euro whose value has weakened against USD while sales invoices mainly in both Euro and USD. During the quarter ended March 31, 2023, gross margin dropped slightly to 37.7%.

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 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 is now insignificant.

The gross margin for the software products and services of 44.3% for the three months ended March 31, 2023 is comparable to the gross margin of 44.5% for the three months ended March 31, 2022.

The gross margin 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 March 31, 2023 (Unaudited) $	Three-month period ended March 31, 2022 (Unaudited) $	**Twelve-month period ended December 31, 2022 (Audited) $**	Twelve-month period ended December 31, 2021 (Audited) $
Salaries and wages	**114,973**	99,931	**406,284**	251,170
Directors' fees	**10,000**	10,000	**40,000**	40,000
Professional fees	**77,832**	72,280	**304,262**	273,960
Foreign currency exchange (gain)/loss	**(6,867)**	(29,400)	**228,541**	(2,786)
Other general & administrative expenses	**62,719**	23,908	**121,168**	100,924
Allowance/(Reversal of allowance) for doubtful debts	**-**	-	**12,932**	(9,565)
Depreciation				
- Property, plant and equipment	**101**	1,408	**3,486**	5,800
- Right-of-use assets	**11,727**	15,698	**63,295**	63,473
Interest expenses	**2,303**	1,234	**5,733**	9,653
	272,788	195,059	**1,185,701**	732,629

Operating expenses and finance costs amounted to $272,788 for the three months ended March 31, 2023, and were higher than the operating expenses and finance costs for the three months ended March 31 31, 2022.

Salaries and wages were higher for the quarter ended March 31, 2023 compared to the quarter ended March 31, 2022 as there were more new staff hired who were under training and were not assigned to projects during the current quarter. In addition, increase in other general and administrative expenses is mainly due to the staff adopted a hybrid work arrangement resulting in an increased and more regular presence in the office for work since the second quarter of 2022.

Net (loss) / profit

The net profit for the three months ended March 31, 2023 amounted to $71,668 and is slightly lower than the net profit of $75,629 for three months ended March 31, 2022.

The slight decrease in net profit for the three months ended March 31, 2023 was due to higher gross margin offset by higher salaries and wages and other general and administrative expenses incurred for the current quarter.

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.

	March 31, 2023 (Unaudited) $	December 31, 2022 (Audited) $
Current Assets		
Accounts receivable	**663,194**	557,495
Deposits and prepayments	**62,326**	61,375
Current tax assets	**298**	199
Bank and cash balances	**171,350**	191,126
	897,168	810,195
Non-Current Assets		
Right-of-use assets	**66,837**	75,879
Property, plant and equipment	**77,708**	61,853
TOTAL ASSETS	**1,041,713**	947,927
Current Liabilities		
Accounts payable and accrued liabilities	**687,622**	601,456
Advances from related parties	**631,490**	647,639
Loans from related parties	**1,388,401**	1,372,730
Lease liabilities	**44,262**	41,445
Promissory note payable	**580,000**	580,000
Current tax liabilities	**7,387**	7,130
	3,339,162	3,250,400
Non-Current Liabilities		
Lease liabilities	**17,347**	28,860
TOTAL LIABILITIES	**3,356,509**	3,279,260
Equity		
Share capital	**15,148,160**	15,148,160
Deficit	**(17,712,746)**	(17,785,068)
Accumulated other comprehensive income	**264,486**	319,183
Total deficiency attributable to equity shareholders	**(2,300,100)**	(2,317,725)
Non-controlling interests	**(14,696)**	(13,608)
TOTAL DEFICIENCY	**(2,314,796)**	(2,331,333)
TOTAL LIABILITIES & EQUITY	**1,041,713**	947,927

Total assets of GINSMS including cash, accounts receivable, deposits and prepayments, current tax assets, property, plant and equipment and right-of-use assets as at March 31, 2023 amounted to $1,041,713 compared to $947,927 as at December 31, 2022. Bank and cash balances amounted to $171,350 as at March 31, 2023 a decrease of 10.3% compared to $191,126 as at December 31, 2022. The decrease was mainly due to the Corporation relying more on cash generated from operation and less on advances from related parties to finance its operation.

Accounts receivable

	March 31, 2023 (Unaudited) $	December 31, 2022 (Audited) $
Trade receivables (third parties)	**134,792**	200,765
Trade receivables from related parties	**535,273**	363,709
Trade receivables from ultimate parent	**6,044**	5,936
Less: Allowance for doubtful debts	**(12,915)**	(12,915)
	663,194	557,495

Included in accounts receivable at March 31, 2023 are receivables of $239,947 due from Activate and receivable of $295,326 due from Actxa Pte. Ltd. (“Actxa”), which are, respectively, 98% and 99% (directly and indirectly) beneficially owned by the Chief Executive Officer of the Corporation.

Increase in trade receivables (third parties) for the quarter ended March 31, 2023 is in line with increase in revenue for the quarter.

Accounts payable and accrued liabilities

	March 31, 2023 (Unaudited) $	December 31, 2022 (Audited) $
Trade payables (third parties)	**8,132**	26,812
Other payables to related parties	**4,420**	3,911
Contract liabilities	**46,561**	-
Accrued liabilities and other payable	**628,509**	570,733
	687,622	601,456

a) Decrease in trade payables as at March 31, 2023 compared to December 31, 2022 is in line with the increase in cost of sales.

b) Contract liabilities relating to software products and services are balances due to customers under software products and services. These arise if a particular milestone payment exceeds the revenue recognised to date under the cost-to-cost method.

c) Increase in accrued liabilities and receipt in advance as at March 31, 2023 compared with December 31, 2022 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.

Loans from Related Parties

		March 31, 2023 (Unaudited) $	December 31, 2022 (Audited) $
Loans from a director	(a)	**143,195**	142,500
Loan from Inphosoft Pte. Ltd. ("IPL")	(b)	**855,731**	840,432
Loan from the immediate parent	(c)	**389,475**	389,798
		1,388,401	1,372,730

All above loans from related parties are interest-free, non-trade in nature, unsecured and repayable on demand.

(a) The loans are from the Corporation's director and Chief Executive Officer, Mr. Chin who confirmed to the Corporation that he will not demand settlement of the loans until the Corporation is in sound financial position to repay.

(b) The loan is from IPL. 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. 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. Subsequent to the end of the reporting period, Xinhua Mobile agreed to extend the due date of the loan to March 31, 2024 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, ultimate parent and IPL have also provided interest-free advances of $299,629, $231,022, $59,460 and $41,379 to the Corporation, respectively. The loans and advance are used to finance the operations of the Corporation.

Promissory note payable

The promissory note payable is from IPL and is interest-free, unsecured and repayable on demand. IPL has confirmed to the Corporation that it will not demand settlement of the note payable until the Corporation is in sound financial position.

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.

	Apr-Jun 21	Jul-Sep 21	Oct-Dec 21	Jan-Mar 22	Apr-Jun 22	Jul-Sep 22	Oct-Dec 22	Jan-Mar 23
Revenue								
A2P Messaging Service	398,179	419,237	347,813	378,560	302,325	376,476	371,524	**288,377**
Software Products & Services	362,310	320,469	347,140	346,976	328,555	412,895	506,822	**532,280**
	760,489	739,706	694,953	725,536	630,880	789,371	878,346	**820,657**
Cost of sales								
A2P Messaging Service	322,413	316,110	228,973	262,113	225,222	235,335	229,048	**179,758**
Software Products & Services	175,316	167,205	177,198	192,735	181,799	244,727	291,601	**296,443**
	497,729	483,315	406,171	454,848	407,021	480,062	520,649	**476,201**
Operating expenses[(1)]	139,913	231,655	154,476	193,825	227,332	358,795	387,084	**270,485**
Net profit/(loss) before Income taxes	120,329	22,616	141,977	75,629	(4,195)	(50,635)	(44,947)	**71,668**
Income taxes (credit)/ expense	-	(883)	10,326	-	10,954	21,622	(24,440)	**-**
Net profit/(loss)	120,329	23,499	131,651	75,629	(15,149)	(72,257)	(20,507)	**71,668**
Net profit/(loss) (per share)								
Basic and Diluted (in Canadian cents)	0.080	0.015	0.088	0.050	(0.010)	(0.049)	(0.009)	**0.039**

(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. The outbreak of the COVID-19 pandemic worsened the situation from the quarter ended September 30, 2020. In the Southeast Asia regions, the COVID-19 pandemic situation has now improved and governments have relaxed circulation of people and business activity has picked up. However, in the North Asia regions, COVID-19 pandemic situation took longer to improve. During the quarters ended December 31, 2020 to December 31, 2022, revenue still fluctuated from quarter to quarter. During the quarter ended March 31, 2023, the Corporation lost some messaging traffic in both North Asia regions and Southeast Asia regions.

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.

The revenue from the software products and services segment remained stable as the Corporation increased the man-hour charge out rates and chargeable hours. The outbreak of the COVID-19 pandemic did not affect this segment materially.

5. LIQUIDITY AND CAPITAL RESOURCES

Financial Highlights	**Three-month period ended March 31, 2023 (Unaudited) $**	Three-month period ended March 31, 2022 (Unaudited) $	**Twelve-month period ended December 31, 2022 (Audited) $**	Twelve-month period ended December 31, 2021 (Audited) $
Cash, beginning of period/year	**191,126**	183,941	**183,941**	296,312
Operating activities				
Net profit/(loss) before tax	**71,668**	75,629	**(24,148)**	290,605
Interest expenses	**2,303**	1,234	**5,733**	9,653
Foreign currency exchange (gain)/loss	**(6,867)**	(29,400)	**228,541**	(2,786)
Allowance/(Reversal of allowance) for doubtful debts	**-**	-	**12,932**	(9,565)
Depreciation of property, plant and equipment	**9,085**	7,049	**30,240**	23,914
Depreciation of right-of-use assets	**11,727**	15,698	**63,295**	63,473
Changes in working capital items	**(20,484)**	30,639	**42,602**	(179,471)
Interest expenses on lease liabilities	**(2,303)**	(1,234)	**(5,733)**	(9,653)
Income tax (paid)/refunded	**(91)**	66	**1,552**	(2,586)
Net cash generated from operating activities	**65,038**	99,681	**355,014**	183,584
Financing activities				
Advance from a related party	**-**	-	**-**	5,950,591
Repayment of advances from a related party	**-**	-	**-**	(5,950,591)
Advances from related parties	**60,691**	233,180	**89,056**	233,180
Repayment of advances from related parties	**(83,820)**	(332,966)	**(348,646)**	(415,782)
Principal elements of lease payments	**(11,183)**	(18,789)	**(72,078)**	(75,823)
Net cash used in financing activities	**(34,312)**	(118,575)	**(331,668)**	(258,425)
Investing activities				
Purchase of property, plant and equipment	**(23,157)**	(16,783)	**(60,247)**	(18,357)
Net cash used in investing activities	**(23,157)**	(16,783)	**(60,247)**	(18,357)
Effect of exchange rate changes on cash held in foreign currencies	**(27,345)**	9,475	**44,086**	(19,173)
(Decrease)/increase in cash	**(19,776)**	(26,202)	**7,185**	(112,371)
Cash, end of period/year	**171,350**	157,739	**191,126**	183,941

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.

The Corporation has an improved liquidity position for the three months ended March 31, 2023 compared to the three months ended March 31, 2022 primarily due to the fact that there was less repayment of advances from related parties for the three months ended March 31, 2023.

The Corporation is facing a slightly higher liquidity risk as it has a working capital deficiency of $2,441,994 as at March 31, 2023 as compared of $2,440,205 as at December 31, 2022. The Corporation's liabilities now include a promissory note payable, advances 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 $1,388,401 and $631,490 respectively as at March 31, 2023. The terms and conditions of the loans are described above under *Section 3 – Loans from Related Parties*.

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.

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.

The Corporation renewed an office lease for its operations during the quarter ended December 31, 2022 and another office lease during the quarter ended March 31, 2021. The first lease is renewed for fixed term of 1 year and the second lease is for fixed term of 2 years. Lease liabilities of $61,609 (December 31, 2022: $70,305) are recognised with related right-of-use assets of $66,837 (December 31, 2022: $75,879) as at March 31, 2023. 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.

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

The Corporation does not have off-balance sheet arrangements.

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 months ended March 31, 2023 and March 31, 2022:

	Three-month period ended March 31, 2023 (Unaudited) $	Three-month period ended March 31, 2022 (Unaudited) $	**Twelve-month period ended December 31, 2022 (Audited) $**	Twelve-month period ended December 31, 2021 (Audited) $
Software products and services revenue from companies controlled by a director [1]	**494,810**	297,886	**1,648,943**	1,089,712
Administrative fee income from ultimate parent	**6,080**	5,637	**22,590**	22,869
Accounting fee paid to an officer[2]	**9,481**	7,548	**16,135**	48,223

Notes:
1. Software products and services revenue earned from Activate and/or Actxa, companies controlled by Mr. Chin, for the professional services rendered by subsidiaries of Inphosoft on a time and material basis.
2. 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 March 31, 2023, the Corporation has non-trade loans from related parties of $1,388,401 (Section 3 – *Loans from Related Parties*) and advances of $631,490 (December 31, 2022 - $1,372,730 and $647,639). The loans and advances are used to finance the operations of the Corporation.

As of March 31, 2023, included in accounts payables and accrued liabilities are amounts of $59,943 (December 31, 2022 - $43,911) owed to related parties. As of December 31, 2022, included in accounts receivable are trade receivables of $541,317 (December 31, 2022 - $369,645) owed by related parties and ultimate parent.

Prior to October 1, 2022, the T&M Agreements, entered into by IMSB and PTIN with Activate and Actxa allow the customers to use resources from IMSB and PTIN on a time and material basis. With effect from October 1, 2022, ISPL has taken over the T&M Agreements and engages the resources from IMSB and PTIN. Activate generate 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 ISPL that uses the staff of IMSB and PTIN which possess software development skill sets and also 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.

ISPL 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 ISPL. All rights, titles and interests to any copyrights and other intellectual property rights produced by ISPL solely in the course of services provided to Activate are the sole and exclusive properties of Activate once the services provided by ISPL have been paid in full. Activate has the right to assign to its customers any and all such intellectual property rights, without limitation.

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, 2022.

The disclosure in Note 2 highlighted that the spread of the COVID-19 pandemic 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, 2022. There have been no changes to our accounting policies since December 31, 2022.

9. FINANCIAL INSTRUMENTS

Financial instruments of the Corporation consist of cash, accounts receivable, accounts payable, accrued liabilities, advances from related parties, loans from 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, advances from related parties and loans from 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.

10. SHAREHOLDERS' EQUITY & DISCLOSURE OF OUTSTANDING SHARE DATA

Shareholders' equity

	March 31, 2023 (Unaudited) $	December 31, 2022 (Audited) $
Share capital	**15,148,160**	**15,148,160**
Deficit	**(17,712,746)**	**(17,785,068)**
Accumulated other comprehensive income	**264,486**	**319,183**
Non-controlling interests	**(14,696)**	**(13,608)**
	(2,314,796)	**(2,331,333)**

During the prior quarter ended December 31, 2022, in an effort to improve the Corporation's financial position by decreasing the Corporation's and its subsidiaries debt and increasing its net asset value, the Corporation has entered into an agreement with Mr. Chin, a director of the Corporation and its Chief Executive Officer, for the repayment of loans representing an aggregate principal and interest total amount of $3,732,451 granted to the Corporation by Mr. Chin by the way of issuance of 37,324,507 common shares of the Corporation at a price of $0.10 per share. The shares for debt transaction approved by the TSX Venture Exchange on October 31, 2022 and completed on November 14, 2022.

Shareholders' equity as at March 31, 2023, which showed a deficit of $2,314,796 is improving from a deficit of $2,331,333 as at December 31, 2022. The slight improvement in shareholders' equity is due to the net profit of $71,668 and is partially offset by other comprehensive loss of $55,131 for the three months ended March 31, 2023.

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 advances from related parties and the 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 March 31, 2023.

Authorised 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 three months ended March 31, 2023 versus the year ended December 31, 2022.

Issued	**March 31, 2023 (Unaudited)**		December 31, 2021 (Audited)	
	Shares	**Amount ($)**	Shares	Amount ($)
Balance, beginning of year	**187,118,368**	**15,148,160**	149,793,861	11,415,709
Additional shares issued	**-**	**-**	37,324,507	3,732,451
Balance, end of year	**187,118,368**	**15,148,160**	187,118,368	15,148,160

Information on the Corporation's capital, including the numbers of common shares issued and outstanding is contained in the Corporation's audited consolidated financial statements which are available at www.sedar.com.

11.SEGMENTED INFORMATION

a) Revenue by customers

	Three-month period ended March 31, 2023 (Unaudited)		Three-month period ended March 31, 2022 (Unaudited)	
	$	% of total revenue	$	% of total revenue
Customer A	371,962	45.3	205,721	28.4
Next five top customers				
Customer B	122,855	15.0	92,157	12.7
Customer C	121,318	14.8	89,224	12.3
Customer D	51,752	6.3	64,712	8.9
Customer E	33,198	4.0	82,044	11.3
Customer F	31,387	3.8	29,594	4.1
All other customers	88,185	10.8	162,084	22.3
Total	820,657	100.0	725,536	100.0

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

	Three-month period ended March 31, 2023 (Unaudited)		Three-month period ended March 31, 2022 (Unaudited)	
	$	% of total revenue	$	% of total revenue
Singapore	500,897	61.0	305,035	42.0
Indonesia	132,423	16.1	110,655	15.3
Other Asia countries	57,677	7.0	86,335	11.9
Europe	43,344	5.3	75,146	10.4
United States	84,952	10.4	146,847	20.2
Other regions	1,364	0.2	1,518	0.2
Total	820,557	100.0	725,536	100.0

c) Total non-current assets by geographical location

	As at March 31, 2023 (Unaudited)		As at December 31, 2022 (Audited)	
	$	% of total assets	$	% of total assets
Indonesia	130,961	90.6	125,074	90.8
Other Asia countries	13,584	9.4	12,658	9.2
Total	144,545	100.0	137,732	100.0

d) Financial information by business segments

	Messaging	Software products and services	Unallocated	Total
	$	$	$	$
Three-month period ended March 31, 2023 (Unaudited)				
Revenue	288,377	532,280	-	820,657
Intersegment revenue	35,477	78,145	-	113,622
Amortisation and depreciation	-	20,812	-	20,812
Interest income	-	64	-	64
Interest and finance expenses	-	2,303	-	2,303
Segment profits/(losses)	98,975	46,396	(73,703)	71,668
Additions to segment non-current assets	-	23,157	-	23,157
At March 31, 2023 (Unaudited)				
Segment assets	127,070	895,330	19,313	1,041,713
Segment liabilities	(419,689)	(1,738,244)	(1,198,576)	(3,356,509)

	Messaging	Software products and services	Unallocated	Total
	$	$	$	$
Three-month period ended March 31, 2022 (Unaudited)				
Revenue	378,560	346,976	-	725,536
Intersegment revenue	18,278	64,783	-	83,061
Amortisation and depreciation	-	22,747	-	22,747
Interest income	-	39	-	39
Interest and finance expenses	-	1,234	-	1,234
Segment profits/(losses)	88,731	25,684	(38,786)	75,629
Additions to segment non-current assets	-	16,783	-	16,783
At March 31, 2022 (Unaudited)				
Segment assets	251,699	585,252	59,489	896,440
Segment liabilities	(3,212,015)	(1,064,570)	(2,550,437)	(6,827,022)

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, SGD, MYR and IDR. The Corporation is mainly exposed to the effects of fluctuation in SGD against USD and CAD against 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.

13. EVENTS AFTER THE REPORTING PERIOD

(a) Uncertainties caused by the COVID-19 pandemic

In some of the regions where the Corporation has business operations, the COVID-19 pandemic situation has improved and governments have relaxed or lifted imposed restrictions on the circulation of people which resulted in a pick-up of business activities. However, this improvement is not happening in all regions. For those regions still affected by the COVID-19 pandemic, the extent to which the COVID-19 pandemic will spread and its impact on our result are still unknown and highly unpredictable. In those regions still affected by the COVID-19 pandemic, our ability to sell, grow and attract new customers is impeded.

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, 2023 on February 13, 2023. The table below shows an analysis of the difference between the actual and forecasted financial highlights for the three months ended March 31, 2023.

Financial Outlook

Financial Highlights	Actual ($)	Forecast ($)	Variance ($)	Variance (%)
	Jan-Mar 2023	Jan-Mar 2023	Jan-Mar 2023	Jan-Mar 2023
Revenues $				
A2P Messaging Service	288,377	296,011	(7,634)	(2.6)%
Software Products & Services	532,280	596,751	(64,471)	(10.8)%
	820,657	892,762	(72,105)	(8.1)%
Cost of sales $				
A2P Messaging Service	179,758	242,143	(62,385)	(25.8)%
Software Products & Services	296,443	375,959	(79,516)	(21.2)%
	476,201	618,102	(141,901)	(23.0)%
Gross profit $				
A2P Messaging Service	108,619	53,868	54,751	101.6%
Software Products & Services	235,837	220,792	15,045	6.8%
	344,456	274,660	69,796	25.4%
Gross margin %				

Financial Highlights	Actual ($)	Forecast ($)	Variance ($)	Variance (%)
	Jan-Mar 2023	Jan-Mar 2023	Jan-Mar 2023	Jan-Mar 2023
A2P Messaging Service	37.7%	18.2%	19.5%	107.0%
Software Products & Services	44.3%	37.0%	7.3%	19.8%
	42.0%	30.8%	11.2%	36.4%
Selling, general and administrative expenses	(277,416)	(190,232)	(87,184)	45.8%
Operating profit/(loss)	67,040	84,428	(17,388)	(20.6)%
Non-operating income	6,931	-	6,931	-
Non-operating expenses	(2,303)	(1,081)	(1,222)	113.0%
Ordinary profit/(loss)	71,668	83,347	(11,679)	(14.0)%
Extraordinary gains	-	-	-	-
Extraordinary losses	-	-	-	-
Profit/(loss) before tax and non-controlling interests	71,668	83,347	(11,679)	(14.0)%
Income tax credit	-	-	-	-
Non-controlling interests	654	-	654	-
Net profit/(loss) attributable to shareholders	72,322	83,347	(11,025)	(13.2)%
Adjusted EBITDA	94,783	104,468	(9,685)	(9.3)%

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 & amortisation (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 March 31, 2023,

- Revenue for the A2P messaging service segment was lower than forecast primarily because the Corporation experienced a decrease in volume of messaging traffic coming from certain major customers.

- The actual gross margin of 37.7% for the A2P messaging service segment was higher than forecast because the Corporation increased pricing to customers and also due to the fact that the A2P Suppliers invoiced mainly in Euro whose value has weakened against USD while sales invoiced mainly in both Euro and USD despite of the fact that the Corporation experienced a decrease in volume of messaging traffic coming from certain major customers.

- Revenue for the software products and services segment was lower than forecast primarily because there was decreased projects and outsourced headcount billings to a key customer as one management staff had resigned during the quarter.

- The actual gross margin of 44.3% for the software products and services segment was higher than forecast because of a tight labour market for technical talent and the Corporation was able to charge the higher fees to customers than initially budgeted in relation to the higher salary offered by the Corporation to attract talents.

- The selling, general and administrative expenses were higher than forecast primarily because of higher staff costs that were not forecasted for.

- Net profit attributable to shareholders was $72,322 which deteriorated substantially from the net profit of $83,347 forecasted primarily due to higher staff costs that were not forecasted for.

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:

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) license 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 other 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
- 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.

Measures Taken Due to the Outbreak of COVID-19 pandemic

In light of the improvement to the situation relating to the spread of the COVID-19 pandemic, the Corporation has relaxed temporary precautionary measures intended to help minimize the risk of the virus to its employees which could negatively impact its business. All employees are now on hybrid arrangement that allow them to work in the office or remotely from home. We have started to resume more travel worldwide for our employees, and employee can attend industry events and in-person work-related meetings. We continue to monitor the situation and may adjust our current policies as more information and guidance become available. The extent to which the COVID-19 pandemic 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.

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 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.