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, 2023, the Corporation’s consolidated unaudited financial statements as at and for the nine months ended September 30, 2024, 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 12, 2024. 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. 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:

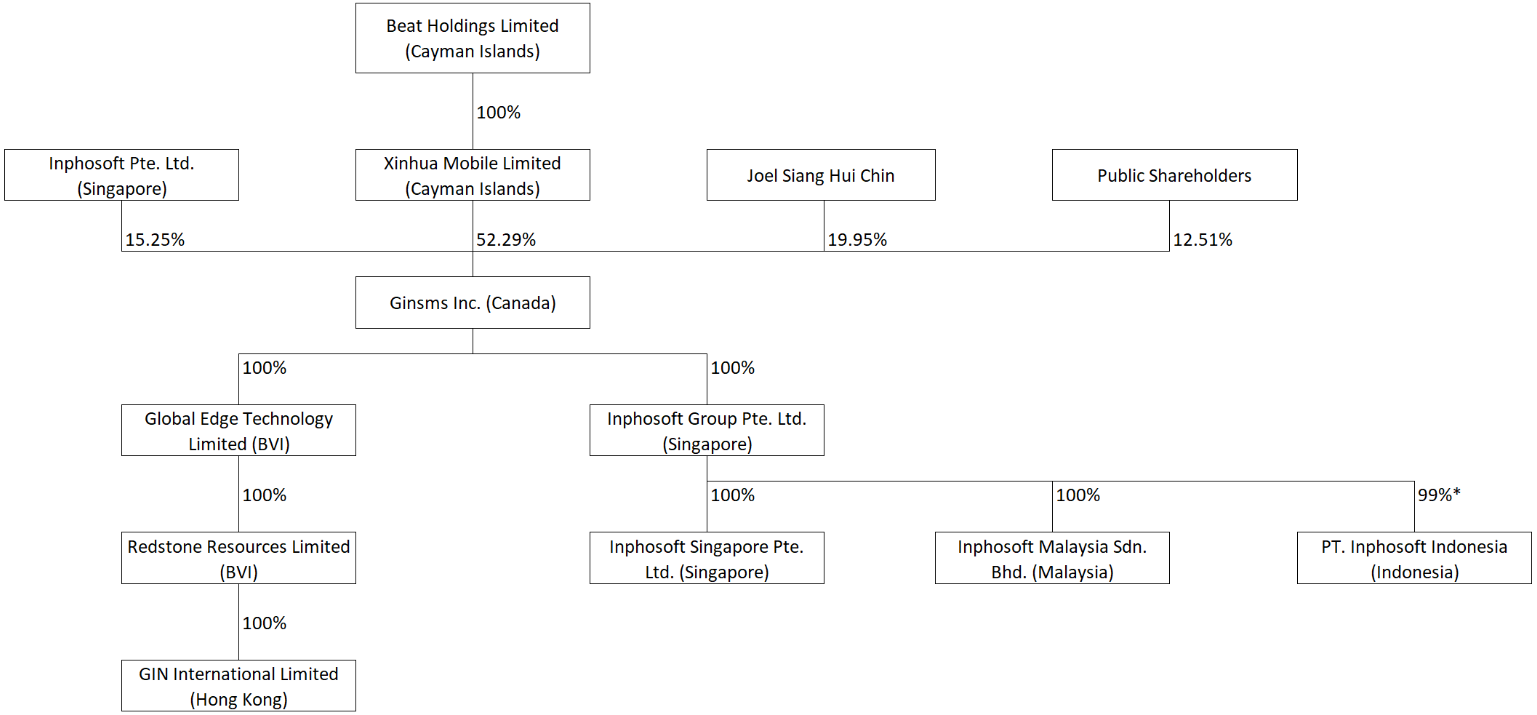
- Management's belief that the Corporation's software products and services are expected to take on a different focus based on an outsourcing model approach leveraging on the lower cost base in Indonesia and Malaysia. Consequently, the revenue for the software segment in Indonesia and Malaysia should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

<u>Group Structure</u>

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 2022-2031 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$105.4 billion by 2031, expanding at a compound annual growth rate ("CAGR") of 4.8% therein.

For the three months ended September 30, 2024, GIN generated lower revenue of $198,849 for its A2P messaging service as compared to $221,750 for the three months ended September 30, 2023. This is due to the fact that the Corporation faced stiff competition which caused a decrease in the volume of messaging traffic of some customers for the three months ended September 30, 2024.

For the nine months ended September 30, 2024, GIN generated lower revenue of $623,057 for its A2P messaging service as compared to $824,486 for the nine months ended September 30, 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. Maintenance of the A2P Cloud platform and development of 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.

ISPL has time and material agreements (“T&M Agreements”) with Activate Interactive Pte. Ltd. (“Activate”) and Actxa Pte. Ltd. (“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. 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 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 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 generated lower revenue of $321,930 and $1,423,217 for the three and nine months ended September 30, 2024, compared to $550,562 and $1,608,855 for the three and nine months ended September 30, 2023, respectively. This was mainly due to reduced outsourced headcount billing to key customers during the quarter ended September 30, 2024.

3. RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024

Selected Profit and Loss Information

Financial Highlights	Three-month period ended September 30, 2024 (Unaudited) $	Three-month period ended September 30, 2023 (Unaudited) $	Nine-month period ended September 30, 2024 (Unaudited) $	Nine-month period ended September 30, 2023 (Unaudited) $
Revenues $				
A2P Messaging Service	198,849	221,750	623,057	824,486
Software Products & Services	321,930	550,562	1,423,217	1,608,855
	520,779	772,312	2,046,274	2,433,341
Cost of sales $				
A2P Messaging Service	84,536	149,254	285,805	571,143
Software Products & Services	205,187	304,780	799,570	893,045
	289,723	454,034	1,085,375	1,464,188
Gross profit $				
A2P Messaging Service	114,313	72,496	337,252	253,343
Software Products & Services	116,743	245,782	623,647	715,810
	231,056	318,278	960,899	969,153
Gross margin %				
A2P Messaging Service	57.5%	32.7%	54.1%	30.7%
Software Products & Services	36.3%	44.6%	43.8%	44.5%
	44.4%	41.2%	47.0%	39.8%
Adjusted EBITDA(1) $	70,601	12,115	318,651	225,726
Adjusted EBITDA margin	13.6%	1.6%	15.6%	9.3%
Net profit/(loss) $	40,948	(22,822)	246,026	151,283
Net profit/(loss) margin	7.9%	(3.0)%	12.0%	6.2%
Net earnings/(loss) per share $ Basic and Diluted (in Canadian cents)	0.022	(0.013)	0.131	0.080

(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 and nine months ended September 30, 2024, revenue was $520,779 and $2,046,274 compared to $772,312 and $2,433,341 for the three and nine months ended September 30, 2023, respectively. Lower revenue for the three months ended September 30, 2024 was mainly due to the decrease in revenue in both messaging business segment and software products and services segment.

a) Messaging business segment

The A2P messaging business generated revenue of $198,849, $275,248, $148,960, $162,229, $221,750, $314,359 and $288,377 for the three-month periods ended September 30, 2024, June 30, 2024, March 31, 2024, December 31, 2023, September 30, 2023, June 30, 2023 and March 31, 2023, 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 September 30, 2024 as compared to the quarter ended June 30, 2024 is primarily caused by the decrease in the volume of A2P messages delivered to all regions, except the South Asia region.

Messages delivered to the Southeast Asia region represent 12.6% of the total volume for the three months ended September 30, 2024 which represents a decrease of 33.9% from the three months ended June 30, 2024. During the quarter ended September 30, 2024, the Corporation saw a decrease in volume of messaging traffic and sales by some major customers located in this region.

Messages delivered to the South Asia region represent 62.0% of the total volume for the three months ended September 30, 2024 which represents an increase of 6.6% from the three months ended June 30, 2024. Messages delivered to South Asia was not significant prior to the period ended June 30, 2023. During the quarter ended September 30, 2024, the Corporation saw slight increase in volume of messaging traffic by some major customers located in this region.

Messages delivered to the North Asia region represent 25.1% of the total volume for the three months ended September 30, 2024, which represent a decrease of 74.4% from the three months ended June 30, 2024. During the quarter ended September 30, 2024, the Corporation saw a decrease in volume of messaging traffic by some major customers located in this region.

The average price per message charged to customers was $0.0268 for the three months ended September 30, 2024, compared to was $0.0210 for the three months ended June 30, 2024. 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, 2024, the overall average price per message increased mainly due to increase in sales price in South Asia.

b) Software products and services segment

Revenue in the software products and services segment decreased by 41.5% from $550,562 for the three months ended September 30, 2023 but decreased by 40.4% from $539,942 for the three months ended June 30, 2024 and, to $321,930 for the three months ended September 30, 2024. This was mainly due to reduced outsourced headcount billing to key customers during the quarter ended September 30, 2024.

Cost of Sale

	Three-month period ended September 30, 2024 (Unaudited) $	Three-month period ended September 30, 2023 (Unaudited) $	Nine-month period ended September 30, 2024 (Unaudited) $	Nine-month period ended September 30, 2023 (Unaudited) $
Depreciation - Property, plant and equipment	11,287	10,737	33,648	29,270
Salaries and wages	184,362	282,905	720,054	835,025
Subcontractor costs	86,038	149,254	307,354	571,143
Software and hardware	-	1,893	-	1,951
Others	8,036	9,245	24,319	26,799
	289,723	454,034	1,085,375	1,464,188

For the three and nine months ended September 30, 2024, cost of sales was $289,723 and $1,085,375 compared $454,034 and $1,464,188 for three and nine months ended September 30, 2023, 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 decrease in the subcontractor costs in the quarter ended September 30, 2024 from the quarter ended September 30, 2023 was higher than the decrease in revenue in the A2P messaging service segment in the same quarter mainly due to the fact that the A2P Suppliers invoiced mainly in Euro whose value has weakened against USD while our sales were invoiced mainly in Euro and USD during the quarter ended September 30, 2024.

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, depreciation and purchase of software and hardware.

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Decrease in salaries and wages under costs of sales for the quarter ended September 30, 2024 was lower than the decrease in revenue for the software products and services segment in the quarter ended September 30, 2023 mainly due to strengthening of MYR and IDR against SGD during the quarter ended September 30, 2024. Salaries and wages were paid in MYR and IDR while the revenue was invoiced in SGD.

Gross Margin

The overall gross margin of the Corporation of 44.4% in the three months ended September 30, 2024 was higher than gross margin of 41.2% in the three months ended September 30, 2023.

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 49.7% was earned from the services rendered to Activate for the quarter ended September 30, 2024.

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, 2023, gross margin dropped slightly to 37.7%. During the quarter ended June 30, 2023, gross margin dropped further to 23% mainly due to the fact that the A2P Suppliers invoices mainly in Euro whose value has improved and strengthened against USD. During the quarter ended September 30, 2023 and December 31, 2023, gross margin improved to 32.7% and 44.4%, respectively mainly due to the fact that the A2P Suppliers invoices mainly in Euro whose value has weakened against USD despite the revenue declined. During the quarter ended March 31, 2024, gross margin dropped to 36.1% due to the fact that the A2P Suppliers invoices mainly in Euro whose value has improved and strengthened against USD. During the quarter ended June 30, 2024, gross margin surged to 61.4% due to the fact that increase in traffic came from the North Asia and the South Asia regions that normally earned higher gross margins. During the quarter ended September 30, 2024, gross margin reduced to 57.5% due to decrease in traffic from the North Asia region that normally earned higher gross margin.

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 36.3% for the three months ended September 30, 2024 is lower than the gross margin of 44.6% for the three months ended September 30, 2023 as there were fewer staff as full time outsourced headcount to the customers that earned higher gross margin.

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 September 30, 2024 (Unaudited) $	Three-month period ended September 30, 2023 (Unaudited) $	Nine-month period ended September 30, 2024 (Unaudited) $	Nine-month period ended September 30, 2023 (Unaudited) $
Salaries and wages	93,871	128,565	247,244	273,894
Directors' fees	10,000	10,000	30,000	30,000
Professional fees	60,834	67,713	231,341	209,492
Foreign currency exchange (gain)/loss	(71,944)	(7,995)	(41,085)	15,934
Other general & administrative expenses	78,981	118,616	208,396	243,377
Depreciation				
- Property, plant and equipment	247	83	513	270
- Right-of-use assets	11,471	11,706	33,977	35,359
Interest on lease liabilities	681	1,616	2,045	5,923
	184,141	330,304	712,431	814,249

Operating expenses and finance costs amounted to $184,141 for the three months ended September 30, 2024, and were lower than the operating expenses and finance costs for the three months ended

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September 30, 2023.

This was mainly due to lower salaries and wages with higher attrition of staff during the quarter ended September 30, 2024 compared to the quarter ended September 30, 2023. In addition, there was higher foreign exchange gain due to strengthening of functional currencies of the Corporation against USD.

Net profit

The net profit for the three months ended September 30, 2024 amounted to $40,948 as compared to the net loss of $22,822 for three months ended September 30, 2023.

The net profit for the three months ended September 30, 2024 was due to higher foreign exchange gain and lower 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 audited consolidated financial statements of the Corporation which have been prepared in accordance with IFRS.

	September 30, 2024 (Unaudited) $	December 31, 2023 (Audited) $
Current Assets		
Accounts receivable	849,928	635,568
Deposits and prepayments	95,275	63,439
Current tax assets	153	330
Bank and cash balances	240,595	239,824
	1,185,951	939,161
Non-Current Assets		
Right-of-use assets	92,393	30,954
Property, plant and equipment	57,020	83,061
TOTAL ASSETS	1,335,364	1,053,176
Current Liabilities		
Accounts payable and accrued liabilities	641,874	827,380
Advances from related parties	903,393	698,935
Loans from related parties	1,407,967	1,390,642
Lease liabilities	47,342	25,354
Promissory note payable	580,000	580,000
Current tax liabilities	-	3,972
	3,580,576	3,526,283
Non-Current Liabilities		
Lease liabilities	37,740	-
TOTAL LIABILITIES	3,618,316	3,526,283

	September 30, 2024 (Unaudited) $	December 31, 2023 (Audited) $
Equity		
Share capital	15,148,160	15,148,160
Deficit	(17,668,114)	(17,913,638)
Accumulated other comprehensive income	251,231	307,289
Total deficiency attributable to equity shareholders	(2,268,723)	(2,458,189)
Non-controlling interests	(14,229)	(14,918)
TOTAL DEFICIENCY	(2,282,952)	(2,473,107)
TOTAL LIABILITIES & EQUITY	1,335,364	1,053,176

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 September 30, 2024 amounted to $1,335,364 compared to $1,053,176 as at December 31, 2023. Bank and cash balances amounted to $240,595 as at September 30, 2024 compared to $239,824 as at December 31, 2023.

Accounts receivable

	September 30, 2024 (Unaudited) $	December 31, 2023 (Audited) $
Trade receivables (third parties)	89,915	66,888
Trade receivables from related parties	870,619	679,369
Trade receivables from ultimate parent	6,196	6,113
Less: Allowance for doubtful debts	(116,802)	(116,802)
	849,928	635,568

Included in accounts receivable at September 30, 2024 are receivables of $133,617 due from Activate and receivable of $737,002 due from 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 September 30 2024 despite lower revenue earned for the quarter is due to less settlement of receivables by the customers during the current quarter.

Accounts payable and accrued liabilities

	September 30 2024 (Unaudited) $	December 31, 2023 (Audited) $
Trade payables (third parties)	8,241	7,642
Other payables to related parties	16,962	8,734
Contract liabilities	8,960	23,427
Accrued liabilities and other payables	607,711	787,577
	641,874	827,380

a) Increase in trade payables as at September 30, 2024 compared to December 31, 2023 is due to lower payment of the invoices to suppliers.

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) Decrease in accrued liabilities and other payables as at September 30, 2024 as compared to December 31, 2023 was due to lower cost of sales for the current quarter.

Loans from Related Parties

		September 30, 2024 (Unaudited) $	December 31, 2023 (Audited) $
Loans from a director	(a)	141,663	143,898
Loan from Inphosoft Pte. Ltd. ("IPL")	(b)	877,251	865,409
Loan from the immediate parent	(c)	389,053	381,335
		1,407,967	1,390,642

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. During the quarter ended March 31, 2024, Mr. Wang resigned as director of the Corporation's subsidiaries.

(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, 2025 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, ultimate parent, and IPL have also provided interest-free advances of $509,364, $355,082 and $37,933 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.

	Oct-Dec 22	Jan-Mar 23	Apr-Jun 23	Jul-Sep 23	Oct-Dec 23	Jan-Mar 24	Apr-Jun 24	Jul-Sep 24
Revenue								
A2P Messaging Service	371,524	288,377	314,359	221,750	162,229	148,960	275,248	**198,849**
Software Products & Services	506,822	532,280	526,013	550,562	592,935	561,345	539,942	**321,930**
	878,346	820,657	840,372	772,312	755,164	710,305	815,190	**520,779**
Cost of sales								
A2P Messaging Service	229,048	179,758	242,131	149,254	90,242	95,150	106,119	**84,536**
Software Products & Services	291,601	296,443	291,822	304,780	317,123	314,037	280,346	**205,187**
	520,649	476,201	533,953	454,034	407,365	409,187	386,465	**289,723**
Operating expenses(1)	387,084	270,485	209,153	328,688	530,451	294,500	232,918	**184,141**
Net (loss)/ profit before Income taxes	(44,947)	71,668	95,262	(12,026)	(288,554)	5,746	195,807	**46,915**
Income taxes (credit)/ expense	(24,440)	-	(7,175)	10,796	(7,615)	3,832	(7,357)	**5,967**
Net (loss)/ profit	(20,507)	71,668	102,437	(22,822)	(280,939)	1,914	203,164	**40,948**
Net (loss)/ profit (per share)								
Basic and Diluted (in Canadian cents)	(0.009)	0.039	0.054	(0.013)	(0.149)	0.001	0.108	**0.022**

(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 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 quarter ended March 31, 2023, the Corporation lost some messaging traffic in both North Asia and Southeast Asia regions. During the quarter ended June 30, 2023, the Corporation continued to lose messaging traffic in both the North Asia and the Southeast Asia regions but gained significant messaging traffic in the South Asia region. The South Asia region was not a major contributor to the Corporation's revenue prior to the quarter ended June 30, 2023. During the quarters ended September 30, 2023 and December 31, 2023, the Corporation continued to lose messaging traffic in all regions due to stiff competition. During the quarter ended March 31, 2024, the Corporation managed to increase messaging traffic in all regions except the Southeast Asia region. The continued loss in messaging traffic in the Southeast Asia region caused drastic decline in sales prices for the region. This led to overall decline in revenue earned for the quarter. During the quarter ended June 30, 2024, there was a surge in messaging traffic in the North Asia and the South Asia regions that increased the revenue. During the quarter ended September 30, 2024, the Corporation lost messaging traffic in all regions due to stiff competition, except the South 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 the 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 from the quarters ended March 31, 2023 to December 31, 2023. However, the chargeable hours had decreased from the quarters ended March 31, 2024 to September 30, 2024 as there was a reduced demand of outsourced headcount staff on the projects of Activate and Actxa.

5. LIQUIDITY AND CAPITAL RESOURCES

Financial Highlights	Three-month period ended September 30, 2024 (Unaudited) $	Three-month period ended September 30, 2023 (Unaudited) $	Nine-month period ended September 30, 2024 (Unaudited) $	Nine-month period ended September 30, 2023 (Unaudited) $
Cash, beginning of period/year	290,830	223,357	239,824	191,126
Operating activities				
Net profit/(loss) before tax	46,915	(12,026)	248,468	154,904
Interest expenses	681	1,616	2,045	5,923
Foreign currency exchange (gain)/loss	(71,944)	(7,995)	(41,085)	15,934
Depreciation of property, plant and equipment	11,534	10,820	34,161	29,540
Depreciation of right-of-use assets	11,471	11,706	33,977	35,359
Changes in working capital items	13,246	(122,072)	(431,239)	(252,693)
Interest expenses on lease liabilities	(681)	(1,616)	(2,045)	(5,923)
Income tax (paid)/ refunded	(5,970)	895	(6,123)	879
Net cash generated from/(used in) operating activities	5,252	(118,672)	(161,841)	(16,077)
Financing activities				
Advances from related parties	29,406	110,805	272,414	376,383
Repayment of advance from related parties	(72,279)	(54,749)	(73,530)	(310,359)
Principal elements of lease payments	(11,156)	(11,859)	(35,734)	(34,758)
Net cash (used in)/generated from financing activities	(54,029)	44,197	163,150	31,266
Investing activities				
Purchase of property, plant and equipment	(105)	(29,970)	(8,916)	(56,452)
Net cash used in investing activities	(105)	(29,970)	(8,916)	(56,452)
Effect of exchange rate changes on cash held in foreign currencies	(1,353)	(3,660)	8,378	(34,611)
(Decrease)/Increase in cash	(50,235)	(108,105)	771	(75,874)
Cash, end of period/year	240,595	115,252	240,595	115,252

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 nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 primarily due to more advance from related parties under financing activities, partly offset by cash used in its operation in the quarter ended September 30, 2024.

The Corporation is facing a lower liquidity risk as it has a working capital deficiency of $2,422,774 as at September 30, 2024 as compared of $2,587,122 as at December 31, 2023. 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 $1,407,967 and $903,393 respectively as at September 30, 2024. The terms and conditions of the loans are described above under *Selected Balance Sheet Information – 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, 2023 and another office lease during the quarter ended September 31, 2024. The first lease is renewed for a fixed term of 1 year and the second lease is for a fixed term of 2 years. Lease liabilities of $85,082 (December 31, 2023: $25,354) are recognised with related right-of-use assets of $92,393 (December 31, 2023: $30,954) as at September 30, 2024. 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 continue to closely monitor the Corporation's liquidity position and financial performance and implement if needed, 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 and nine months ended September 30, 2024 and September 30, 2023:

	Three-month period ended September 30, 2024 (Unaudited) $	Three-month period ended September 30, 2023 (Unaudited) $	Nine-month period ended September 30, 2024 (Unaudited) $	Nine-month period ended September 30, 2023 (Unaudited) $
Software products and services revenue from companies controlled by a director [1]	289,232	514,736	1,122,614	1,499,212
Administrative fee income from ultimate parent	6,148	5,957	18,219	18,045
Accounting fee paid to an officer[2]	1,271	1,997	10,262	13,994

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 September 30, 2024, the Corporation has non-trade loans from related parties of $1,407,967 (*Selected Balance Sheet Information – Loans from Related Parties*) and advances of $903,393 (December 31, 2023 - $1,390,642 and $698,935). The loans and advances are used to finance the operations of the Corporation.

As of September 30, 2024, included in accounts payables and accrued liabilities are amounts of $87,073 (December 31, 2023 - $89,086) owed to related parties. As of September 30, 2024, included in accounts receivable are trade receivables of $876,815 (December 31, 2023 - $685,482) owed by related parties and ultimate parent.

ISPL has T&M Agreements with Activate 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 MATERIAL ACCOUNTING POLICY INFORMATION (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, 2023.

The material accounting policy information 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 year ended December 31, 2023. There have been no changes to our accounting policies since December 31, 2023.

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

	September 30, 2024 (Unaudited) $	December 31, 2023 (Audited) $
Share capital	15,148,160	15,148,160
Deficit	(17,668,114)	(17,913,638)
Accumulated other comprehensive income	251,231	307,289
Non-controlling interests	(14,229)	(14,918)
	(2,282,952)	(2,473,107)

Shareholders' equity as at September 30, 2024, which showed a deficit of $2,282,952 is improving from a deficit of $2,473,107 as at December 31, 2023. The improvement in shareholders' equity is due to the net profit of $246,026 partially offset by other comprehensive loss of $55,871 for the nine month ended September 30, 2024.

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. Management has seen significant improvement in both gross profit margin and adjusted EBITDA 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, management has concluded that the Corporation is able to continue as a going concern.

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 nine months ended September 30, 2024 versus the year ended December 31, 2023.

Issued	September 30, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Shares	Amount ($)	Shares	Amount ($)
Balance, beginning of year	187,118,368	15,148,160	187,118,368	15,148,160
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 September 30, 2024 (Unaudited)		Three-month period ended September 30, 2023 (Unaudited)	
	$	% of total revenue	$	% of total revenue
Customer A	179,595	34.5	398,652	51.6
Next five top customers				
Customer B	109,637	21.1	116,083	15.0
Customer C	10,556	2.0	26,673	3.5
Customer D	97,694	18.8	-	-
Customer E	15,990	3.1	29,877	3.9
Customer F	47,864	9.2	5,559	0.7
All other customers	59,443	11.3	195,468	25.3
Total	520,779	100.0	772,312	100.0

	Nine-month period ended September 30, 2024 (Unaudited)		Nine-month period ended September 30, 2023 (Unaudited)	
	$	% of total revenue	$	% of total revenue
Customer A	789,052	38.6	1,143,257	47.0
Next five top customers				
Customer B	333,562	16.3	355,955	14.6
Customer C	234,136	11.4	84,963	3.5
Customer D	143,927	7.0	-	-
Customer E	138,459	6.8	91,617	3.8
Customer F	117,583	5.7	65,594	2.7
All other customers	289,555	14.2	691,955	28.4
Total	2,046,274	100.0	2,433,341	100.0

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

	Three-month period ended September 30, 2024 (Unaudited)		Three-month period ended September 30, 2023 (Unaudited)	
	$	% of total revenue	$	% of total revenue
Singapore	295,380	56.7	520,692	67.4
Indonesia	31,180	6.0	80,021	10.4
Other Asia countries	109,604	21.0	100,989	13.1
Europe	28,135	5.4	44,359	5.7
United States	54,148	10.4	24,813	3.2
Other regions	2,321	0.5	1,438	0.2
Total	520,779	100.0	772,312	100.0

	Nine-month period ended September 30, 2024 (Unaudited)		Nine-month period ended September 30, 2023 (Unaudited)	
	$	% of total revenue	$	% of total revenue
Singapore	1,140,834	55.8	1,517,256	62.2
Indonesia	204,401	10.0	322,723	13.3
Other Asia countries	330,332	16.1	288,865	11.9
Europe	216,794	10.6	132,918	5.5
United States	144,586	7.1	167,697	6.9
Other regions	9,327	0.4	3,882	0.2
Total	2,046,274	100.0	2,433,341	100.0

c) Total non-current assets by geographical location

	As at September 30, 2024 (Unaudited)		As at December 31, 2023 (Audited)	
	$	% of total assets	$	% of total assets
Indonesia	141,852	94.9	100,787	88.4
Other Asia countries	7,561	5.1	13,228	11.6
Total	149,413	100.0	114,015	100.0

d) Financial information by business segments

	Messaging	Software products and services	Unallocated	Total
	$	$	$	$
Nine-month period ended September 30, 2024 (Unaudited)				
Revenue	623,057	1,423,217	-	2,046,274
Intersegment revenue	18,962	220,345	-	239,307
Amortisation and depreciation	-	68,138	-	68,138
Interest income	336	336	-	672
Interest and finance expenses	-	2,045	-	2,045
Income tax expense	-	2,442	-	2,442
Segment profits/(losses)	422,370	(12,201)	(164,143)	246,026
Additions to segment non-current assets	-	103,728	-	103,728
At September 30, 2024 (Unaudited)				
Segment assets	172,468	1,139,914	22,982	1,335,364
Segment liabilities	(396,612)	(1,711,877)	(1,509,827)	(3,618,316)

	Messaging	Software products and services	Unallocated	Total
	$	$	$	$
Nine-month period ended September 30, 2023 (Unaudited)				
Revenue	824,486	1,608,855	-	2,433,341
Intersegment revenue	35,357	227,218	-	262,575
Amortisation and depreciation	-	64,899	-	64,899
Interest income	191	309	-	500
Interest and finance expenses	-	5,923	-	5,923
Income tax expense	-	3,621	-	3,621
Segment profits/(losses)	184,493	116,748	(149,958)	151,283
Additions to segment non-current assets	-	56,452	-	56,452
At September 30, 2023 (Unaudited)				
Segment assets	118,355	991,814	24,404	1,134,573
Segment liabilities	(422,400)	(1,645,556)	(1,286,491)	(3,354,447)

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. OTHER MD&A REQUIREMENTS

The Company announced its financial forecasts for the twelve months ending December 31, 2024 on February 13, 2024 and reforecast for the third and fourth quarter of 2024 on August 12, 2024. The table below shows an analysis of the difference between the actual and reforecasted financial highlights for the three months ended September 30, 2024.

Financial Outlook

Financial Highlights	Actual ($)	Reforecast ($)	Variance ($)	Variance (%)
	Jul-Sep 2024	Jul-Sep 2024	Jul-Sep 2024	Jul-Sep 2024
Revenues $				
A2P Messaging Service	198,849	215,729	(16,880)	(7.8)%
Software Products & Services	321,930	316,641	5,289	1.7
	520,779	532,370	(11,591)	(2.2)%
Cost of sales $				
A2P Messaging Service	84,536	121,178	(36,642)	(30.2)%
Software Products & Services	205,187	237,547	(32,360)	(13.6)%
	289,723	358,725	(69,002)	(19.2)%
Gross profit $				
A2P Messaging Service	114,313	94,551	19,762	20.9%
Software Products & Services	116,743	79,094	37,649	47.6%
	231,056	173,645	57,411	33.1%
Gross margin %				
A2P Messaging Service	57.5%	43.8%	13.7%	31.2%
Software Products & Services	36.3%	25.0%	11.3%	45.2%
	44.4%	32.6%	11.8%	36.0%
Selling, general and administrative expenses	(255,609)	(289,232)	33,623	(11.6)%
Operating profit	(24,553)	(115,587)	91,034	(78.8)%
Non-operating income	72,149	-	72,149	-
Non-operating expenses	(681)	(1,595)	914	(57.3)%
Ordinary profit	46,915	(117,182)	164,097	(140.0)%
Extraordinary gains	-	-	-	-
Extraordinary losses	-	-	-	-
Profit before tax and non-controlling interests	46,915	(117,182)	164,097	(140.0)%
Income tax credit	(5,967)	-	(5,967)	-
Non-controlling interests	(24)	-	(24)	-
Net profit attributable to shareholders	40,924	(117,182)	158,106	(134.9)%
Adjusted EBITDA	70,601	(95,451)	166,052	(174.0)%

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 September 30, 2024,

- Revenue for the A2P messaging service segment was comparable to reforecast.

- The actual gross margin of 57.5% for the A2P messaging service segment was higher than reforecast due to strengthening of USD against EUR. The billings were denominated in USD and EUR and the cost of sales were mainly denominated in EUR.

- Revenue for the software products and services segment was comparable to reforecast.

- The actual gross margin of 36.3% for the software products and services segment was higher than reforecast due to strengthening of SGD against MYR and IDR. The billings were denominated in SGD and the cost of sales were denominated in MYR and IDR.

- The selling, general and administrative expenses were lower than reforecast primarily because lower salaries and wages due to higher attrition of staff than reforecast.

- Net profit attributable to shareholders was $40,924 as compared to the net loss of $117,182 reforecast primarily higher gross margin earned than forecasted for, despite overall decrease in revenue for the current quarter, lower salaries and wages than reforecast and unrealized foreign currency exchange gain not budgeted for.

The table below shows an analysis of the difference between the actual and reforecasted financial highlights for the nine months ended September 30, 2024.

Financial Highlights	Actual ($)	Reforecast ($)	Variance ($)	Variance (%)
	Jan-Sep 2024	Jan-Sep 2024	Jan-Sep 2024	Jan-Sep 2024
Revenues $				
A2P Messaging Service	623,057	451,024	172,033	38.1%
Software Products & Services	1,423,217	1,822,641	(399,424)	(21.9)%
	2,046,274	2,273,665	(227,391)	(10.0)%
Cost of sales $				
A2P Messaging Service	285,805	318,501	(32,696)	(10.3)%
Software Products & Services	799,570	1,123,023	(323,453)	(28.8)%
	1,085,375	1,441,524	(356,149)	(24.7)%
Gross profit $				
A2P Messaging Service	337,252	132,523	204,729	154.5%
Software Products & Services	623,647	699,618	(75,971)	(10.9)%
	960,899	832,141	128,758	15.5%
Gross margin %				
A2P Messaging Service	54.1%	29.4%	24.7%	84.2%
Software Products & Services	43.8%	38.4%	5.4%	14.2%
	47.0%	36.6%	10.4%	28.3%
Selling, general and administrative expenses	(752,143)	(935,402)	183,259	(19.6)%

Financial Highlights	Actual ($)	Reforecast ($)	Variance ($)	Variance (%)
	Jan-Sep 2024	Jan-Sep 2024	Jan-Sep 2024	Jan-Sep 2024
Operating profit	208,756	(103,261)	312,017	(302.2)%
Non-operating income(1)	41,757	-	41,757	-
Non-operating expenses	(2,045)	(4,683)	(2,638)	(56.3)%
Ordinary profit	248,468	(107,944)	356,412	(330.2)%
Extraordinary gains	-	-	-	-
Extraordinary losses	-	-	-	-
Profit before tax and non-controlling interests	248,468	(107,944)	356,412	(330.2)%
Income tax credit	(2,442)	-	(2,442)	-
Non-controlling interests	(502)	-	(502)	-
Net profit attributable to shareholders	245,524	(107,944)	353,468	(327.5)%
Adjusted EBITDA(2)	318,651	(42,853)	361,504	(843.6)%

Notes:

(1) Non-operating income included interest income and other non-operating income. Non-operating expenses included loss on foreign exchange and interest expense.

(2) Adjusted EBITDA is a non-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.

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 considered 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.

The introduction of new supply chain due diligence and reporting requirements could expose the Corporation to certain Risks

In May 2023, Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* was passed and came into force on January 1, 2024. Pursuant to this new legislation, any company that is subject to the reporting requirements, including the Corporation, is required to file an annual report with Public Safety Canada disclosing the steps the company has taken during its previous financial year to prevent and reduce the risk that forced labour and child labour is used at any step of the production of goods in Canada or elsewhere by the company. While the Corporation is currently unaware of any forced or child labour in any of its supply chains, the increased scrutiny on the supply chains of Canadian companies could uncover the risk or existence of forced or child labour in a supply chain to which the Corporation has a connection, which could negatively impact the reputation of the Corporation.

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 choose 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.