

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **May 31, 2026**

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: **001-41187**

FINGERMOTION, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of organization)

46-4600326

(I.R.S. employer identification no.)

111 Somerset Road, Level 3

Singapore

(Address of principal executive offices)

238164

(Zip code)

(347) 349-5339

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.0001 par value	FNGR	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date: 61,310,361 shares of common stock outstanding as of July 10, 2026.

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PART 1 – FINANCIAL INFORMATION

ITEM 1 – FINANCIAL STATEMENTS

FINGERMOTION, INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended May 31, 2026

(Unaudited - Expressed in U.S. Dollars)

FingerMotion, Inc.
Condensed Consolidated Balance Sheets

	May 31, 2026 (Unaudited)	February 28, 2026
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 987,391	\$ 68,596
Accounts receivable, net	44,927,081	44,832,946
Inventories	309,492	258,159
Prepayment and deposit	4,932,114	4,800,636
Other receivables	1,777,834	1,811,226
Total Current Assets	52,933,912	51,771,563
Non-current Assets		
Equipment	27,530	28,366
Intangible assets	1,833,914	2,030,291
Right-of-use asset	20,428	19,201
Deferred tax asset	7,083,991	6,996,568
Total Non-current Assets	8,965,863	9,074,426
TOTAL ASSETS	\$ 61,899,775	\$ 60,845,989
LIABILITIES AND STOCKHOLDER'S DEFICIT		
Current Liabilities		
Accounts payable	\$ 35,105,714	\$ 34,412,906
Accrual and other payables	9,540,101	10,678,667
Loan payable, current portion	576,233	576,233
Convertible note payable, current portion	3,319,767	—
Lease liability, current portion	10,245	10,604
Total Current Liabilities	48,552,060	45,678,410
Non-current Liabilities		
Deferred tax liabilities	18,248	18,002
Total Non-current Liabilities	18,248	18,002
TOTAL LIABILITIES	\$ 48,570,308	\$ 45,696,412
STOCKHOLDERS' EQUITY		
Preferred stock, par value \$.0001 per share; Authorized 1,000,000 shares; issued and outstanding -0- shares.	—	—
Common Stock, par value \$.0001 per share; Authorized 200,000,000 shares; issued and outstanding 61,281,308 shares and 61,281,308 issued and outstanding at May 31, 2026 and February 28, 2026 respectively	6,129	6,129
Additional paid-in capital	54,652,121	54,652,121
Additional paid-in capital - stock options	1,798,658	1,798,658
Accumulated deficit	(43,185,481)	(41,185,154)
Accumulated other comprehensive income	105,570	(84,104)
Stockholders' equity before non-controlling interests	13,376,997	15,187,650
Non-controlling interests	(47,530)	(38,073)
TOTAL STOCKHOLDERS' EQUITY	13,329,467	15,149,577
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 61,899,775	\$ 60,845,989

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

FingerMotion, Inc.

Unaudited Condensed Consolidated Statements of Operations

	Three Months Ended	
	May 31, 2026	May 31, 2025
Revenue	\$ 650,089	\$ 8,458,743
Cost of revenue	(441,611)	(8,306,222)
Gross profit	208,478	152,521
Amortization & depreciation	(197,592)	(10,553)
General & administrative expenses	(1,236,546)	(1,510,426)
Marketing cost	(48,029)	(12,106)
Research & development	(56,280)	(172,652)
Credit impairment loss	(522,946)	(307,967)
Stock compensation expenses	(81,166)	(127,747)
Total operating expenses	(2,142,559)	(2,141,451)
Net loss from operations	(1,934,081)	(1,988,930)
Other income (expense):		
Interest income	4,982	5,137
Interest expense	(78,824)	(51,881)
Exchange rate gain (loss)	(1,861)	3,761
Other income	—	9,152
Total other income (expense)	(75,703)	(33,831)
Net loss before income tax	\$ (2,009,784)	\$ (2,022,761)
Income tax expenses	—	—
Net loss	\$ (2,009,784)	\$ (2,022,761)
Less: Net loss attributable to the non-controlling interest	(9,457)	(14,205)
Net loss attributable to the Company's stockholders	\$ (2,000,327)	\$ (2,008,556)
Other comprehensive income:		
Foreign currency translation adjustments	189,674	152,309
Comprehensive loss	\$ (1,810,653)	\$ (1,856,247)
Less: Comprehensive income (loss) attributable to non-controlling interest	(616)	542
Comprehensive loss attributable to the Company	\$ (1,810,037)	\$ (1,856,789)
NET LOSS PER SHARE		
Loss Per Share - Basic	\$ (0.03)	\$ (0.04)
Loss Per Share - Diluted	\$ (0.03)	\$ (0.04)
NET LOSS PER SHARE ATTRIBUTABLE TO THE COMPANY		
Loss Per Share - Basic	\$ (0.03)	\$ (0.04)
Loss Per Share - Diluted	\$ (0.03)	\$ (0.04)
Weighted Average Common Shares Outstanding - Basic	61,281,308	57,289,873
Weighted Average Common Shares Outstanding - Diluted	61,281,308	57,289,873

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

FingerMotion, Inc.

Unaudited Condensed Consolidated Statement of Stockholders' Equity

	Common Shares	Stock Amount	Capital Paid in Excess of Par Value	Additional Paid-in capital stock options	Accumulated Deficit	Accumulated Other Comprehensive Income	Stockholders' equity	Non-controlling interest	Total
Balance at									
March 1, 2026	61,281,308	6,129	54,652,121	1,798,658	(41,185,154)	(84,104)	15,187,650	(38,073)	15,149,577
Accumulated other comprehensive income	—	—	—	—	—	189,674	189,674	—	189,674
Net Loss	—	—	—	—	(2,000,327)	—	(2,000,327)	(9,457)	(2,009,784)
Balance at May									
31, 2026	61,281,308	6,129	54,652,121	1,798,658	(43,185,481)	105,570	13,376,997	(47,530)	13,329,467
	Common Shares	Stock Amount	Capital Paid in Excess of Par Value	Additional Paid-in capital stock options	Accumulated Deficit	Accumulated Other Comprehensive Income	Stockholders' equity	Non-controlling interest	Total
Balance at									
March 1, 2025	57,141,186	5,714	47,304,416	1,473,996	(34,187,384)	(943,276)	13,653,466	5,490	13,658,956
Common stock issued for cash	1,679,743	168	2,956,447	—	—	—	2,956,615	—	2,956,615
Common stock issued for professional service	27,500	3	56,760	—	—	—	56,763	—	56,763
Common stock issued for conversion of customer deposit	560,000	56	1,399,944	—	—	—	1,400,000	—	1,400,000
Accumulated other comprehensive income	—	—	—	—	—	152,309	152,309	—	152,309
Net Loss	—	—	—	—	(2,008,556)	—	(2,008,556)	(14,205)	(2,022,761)
Balance at May									
31, 2025	59,408,429	5,941	51,717,567	1,473,996	(36,195,940)	(790,967)	16,210,597	(8,715)	16,201,882

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

FingerMotion, Inc.

Unaudited Condensed Consolidated Statements of Cash Flows

	Three Months Ended	
	May 31, 2026	May 31, 2025
Net (loss)	\$ (2,009,784)	\$ (2,022,761)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Share based compensation expenses	81,166	127,747
Amortization and depreciation	197,592	10,553
Provision for expected credit losses	522,946	307,967
Amortization of debt discount	44,767	—
Gain on disposal of equipment	—	30
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(11,443)	(6,005,779)
(Increase) decrease in prepayment and deposit	(148,973)	862,490
(Increase) decrease in others receivable	57,431	71,455
(Increase) decrease in inventories	(47,263)	43,613
Increase (decrease) in accounts payable	220,815	5,375,987
Increase (decrease) in accrual and other payables	(1,251,456)	26,048
Increase (decrease) due to lease liability	(1,452)	(1,567)
Net Cash (used in) operating activities	(2,345,654)	(1,204,217)
Cash flows from investing activities		
Purchase of equipment	—	(1,826)
Net cash (used in) investing activities	—	(1,826)
Cash flows from financing activities		
Proceeds from convertible promissory note	3,275,000	—
Proceeds from issuance of common stock	—	2,956,615
Net cash provided by financing activities	3,275,000	2,956,615
Effect of exchange rates on cash and cash equivalents	(10,551)	(15,469)
Net change in cash	918,795	1,735,103
Cash at beginning of period	68,596	1,128,135
Cash at end of period	\$ 987,391	\$ 2,863,238
Supplemental disclosures of cash flow information:		
Interest paid	<u><u>\$ 78,824</u></u>	<u><u>\$ 51,881</u></u>
Supplemental disclosures of non-cash investing and financing activities:		
Common stock issued for professional service	<u><u>\$ —</u></u>	<u><u>\$ 56,763</u></u>
Conversion of customer deposit to shares	<u><u>\$ —</u></u>	<u><u>\$ 1,400,000</u></u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

FINGERMOTION, INC.
Three months ended May 31, 2026 and 2025
Notes to the Unaudited Condensed Consolidated Financial Statements

Note 1 – Nature of Business and basis of Presentation

FingerMotion, Inc. aka Property Management Corporation of America (the “**Company**”) was incorporated on January 23, 2014, under the laws of the State of Delaware. The Company then offered management and consulting services to residential and commercial real estate property owners who rent or lease their property to third-party tenants.

The Company changed its name to FingerMotion, Inc. on July 13, 2017, after a change in control. In July 2017 the Company acquired all of the outstanding shares of Finger Motion Company Limited (“**FMCL**”), a Hong Kong corporation formed on April 6, 2016, that is an information technology company which then specialized in operating and publishing mobile games.

Pursuant to the Share Exchange Agreement with FMCL, effective July 13, 2017 (the “**Share Exchange Agreement**”), the Company agreed to exchange the outstanding equity stock of FMCL held by the FMCL Shareholders for shares of common stock of the Company. At the Closing Date, the Company issued 12,000,000 shares of common stock to the FMCL shareholders. In addition, the Company issued 600,000 shares to other consultants in connection with the transactions contemplated by the Share Exchange Agreement.

The transaction was accounted for as a “reverse acquisition” since, immediately following completion of the transaction, the shareholders of FMCL effectuated control of the post-combination Company. For accounting purposes, FMCL was deemed to be the accounting acquirer in the transaction and, consequently, the transaction is treated as a recapitalization of FMCL (i.e., a capital transaction involving the issuance of shares by the Company for the shares of FMCL). Accordingly, the consolidated assets, liabilities, and results of operations of FMCL became the historical financial statements of FingerMotion, Inc. and its subsidiaries, and the Company’s assets, liabilities and results of operations were consolidated with FMCL beginning on the acquisition date. No step-up in basis or intangible assets or goodwill were recorded in this transaction.

As a result of the Share Exchange Agreement and the other transactions contemplated thereunder, FMCL became a wholly-owned subsidiary of the Company.

On October 16, 2018, the Company through its indirect wholly-owned subsidiary, Shanghai JiuGe Business Management Co., Ltd. (“**JiuGe Management**”), entered into a series of agreements known as variable interest agreements (the “**VIE Agreements**”) pursuant to which Shanghai JiuGe Information Technology Co., Ltd. (“**JiuGe Technology**”) became JiuGe Management’s contractually controlled affiliate. The use of VIE agreements is a common structure used to acquire operational control of PRC corporations, particularly in certain industries in which foreign investment is restricted or forbidden by the PRC government. The VIE Agreements include a Consulting Services Agreement, a Loan Agreement, a Power of Attorney Agreement, a Call Option Agreement, and a Share Pledge Agreement in order to secure the connection and commitments of JiuGe Technology.

On March 7, 2019, JiuGe Technology also acquired 99% of the equity interest of Beijing XunLian (“**BX**”), a subsidiary that provides bulk distribution of SMS messages for JiuGe customers at discounted rates.

Finger Motion Financial Company Limited was incorporated on January 24, 2020, and is 100% owned by FingerMotion, Inc. The company has been activated for the insurtech business during the last quarter of the fiscal year 2021 where the Big Data division secured its first contract and recorded revenue.

Shanghai TengLian JiuJiu Information Communication Technology Co., Ltd. was incorporated on December 23, 2020, for the purpose of venturing into mobile phone sales in China. It is 99% owned by JiuGe Technology.

On February 5, 2021, JiuGe Technology disposed of its 99% owned subsidiary, Suzhou BuGuNiao Digital Technology Co., Ltd which was established to venture into R&D projects.

FINGERMOTION, INC.
Three months ended May 31, 2026 and 2025
Notes to the Unaudited Condensed Consolidated Financial Statements

Note 1 – Nature of Business and basis of Presentation (continued)

Shanghai KeShunXiang Automobile Service Co., Ltd. was incorporated on April 10, 2024 for the purpose of venturing into the communication and streaming services in China. It is 99% owned by JiuGe Technology.

Zhejiang ChangXin Communication Equipment Co., Ltd. was incorporated on March 28, 2025 for the purpose of venturing into the research and development, manufacturing and sales of communication equipment, as well as the technical service business of communication equipment in China. It is 70% owned by Shanghai KeShunXiang Automobile Service Co., Ltd.

Shanghai XiaoYi Bin Tong Technology Co., Ltd. was incorporated on April 15, 2025 for the purpose of venturing into the sale of household appliances and electronic products in China. It is 80% owned by JiuGe Technology.

Note 2 - Summary of Principal Accounting Policies

Principles of Consolidation and Presentation

The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”). The consolidated financial statements include the financial statements of the Company, and its wholly-owned subsidiaries. All intercompany accounts, transactions, and profits have been eliminated upon consolidation.

Variable interest entity

Pursuant to Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Section 810, “Consolidation” (“ASC 810”), the Company is required to include in its consolidated financial statements, the financial statements of its variable interest entities (“VIEs”). ASC 810 requires a VIE to be consolidated if that company is subject to a majority of the risk of loss for the VIE or is entitled to receive a majority of the VIE’s residual returns. VIEs are those entities in which a company, through contractual arrangements, bears the risk of, and enjoys the rewards normally associated with ownership of the entity, and therefore the company is the primary beneficiary of the entity.

Under ASC 810, a reporting entity has a controlling financial interest in a VIE, and must consolidate that VIE, if the reporting entity has both of the following characteristics: (a) the power to direct the activities of the VIE that most significantly affect the VIE’s economic performance; and (b) the obligation to absorb losses, or the right to receive benefits, that could potentially be significant to the VIE. The reporting entity’s determination of whether it has this power is not affected by the existence of kick-out rights or participating rights, unless a single enterprise, including its related parties and de - facto agents, have the unilateral ability to exercise those rights. JiuGe Technology’s actual stockholders do not hold any kick-out rights that affect the consolidation determination.

Through the VIE agreements disclosed in Note 1, the Company is deemed the primary beneficiary of JiuGe Technology. Accordingly, the results of JiuGe Technology have been included in the accompanying consolidated financial statements. JiuGe Technology has no assets that are collateral for or restricted solely to settle their obligations. The creditors of JiuGe Technology do not have recourse to the Company’s general credit.

FINGERMOTION, INC.
Three months ended May 31, 2026 and 2025
Notes to the Unaudited Condensed Consolidated Financial Statements

Note 2 - Summary of Principal Accounting Policies (continued)

The following assets and liabilities and of the VIE and VIE's subsidiaries are included in the accompanying condensed consolidated financial statements of the Company as of May 31, 2026 and February 28, 2026:

Assets and liabilities of the VIE

	May 31, 2026 (unaudited)	February 28, 2026
Current assets	\$ 9,378,562	\$ 9,099,111
Non-current assets	421,553	415,307
Total assets	\$ 9,800,115	\$ 9,514,418
Current liabilities	\$ 14,785,043	\$ 14,276,754
Non-current liabilities	18,248	18,002
Total liabilities	\$ 14,803,291	\$ 14,294,756

Assets and liabilities of the VIE's Subsidiaries

	May 31, 2026 (unaudited)	February 28, 2026
Current assets	\$ 41,639,027	\$ 41,411,094
Non-current assets	6,042,999	5,962,380
Total assets	\$ 47,682,026	\$ 47,373,474
Current liabilities	\$ 49,193,830	\$ 48,142,684
Non-current liabilities	—	—
Total liabilities	\$ 49,193,830	\$ 48,142,684

Operating Result of VIE

	For the Three Months Ended May 31, 2026 (unaudited)	For the Three Months Ended May 31, 2025 (unaudited)
Revenue	\$ 497,117	\$ 129,512
Cost of revenue	(357,959)	(72,819)
Gross profit	\$ 139,158	\$ 56,693
Amortization and depreciation	(380)	(4,634)
General and administrative expenses	(281,924)	(410,535)
Research & development	—	(36,064)
Credit impairment loss	(17,562)	(41,170)
Total operating expenses	\$ (299,866)	\$ (492,403)
Loss from operations	\$ (160,708)	\$ (435,710)
Interest income	4,981	4,735
Interest expense	(93)	—
Other income	—	266
Total other income	\$ 4,888	\$ 5,001
Tax expense	—	—
Net profit (loss)	\$ (155,820)	\$ (430,709)

FINGERMOTION, INC.
Three months ended May 31, 2026 and 2025
Notes to the Unaudited Condensed Consolidated Financial Statements

Note 2 - Summary of Principal Accounting Policies (continued)

Operating Result of VIE's Subsidiaries

	For the Three Months Ended May 31, 2026	For the Three Months Ended May 31, 2025
	(unaudited)	(unaudited)
Revenue	\$ 166,068	\$ 7,412,639
Cost of revenue	(83,652)	(7,344,151)
Gross profit	\$ 82,416	\$ 68,488
Amortization and depreciation	(707)	(238)
General and administrative expenses	(329,908)	(263,639)
Marketing cost	(48,029)	(12,106)
Research & development	—	(66,968)
Credit impairment loss	(427,476)	(273,009)
Total operating expenses	\$ (806,120)	\$ (615,960)
Loss from operations	\$ (723,704)	\$ (547,472)
Interest income	1	27
Other income	—	8,886
Total other income	\$ 1	\$ 8,913
Tax expense	—	—
Net profit (loss)	\$ (723,703)	\$ (538,559)

Use of Estimates

The preparation of the Company's financial statements in conformity with generally accepted accounting principles of the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management makes its best estimate of the ultimate outcome for these items based on historical trends and other information available when the financial statements are prepared. Actual results could differ from those estimates.

Certain Risks and Uncertainties

The Company relies on cloud-based hosting through a global accredited hosting provider. Management believes that alternate sources are available; however, disruption or termination of this relationship could adversely affect our operating results in the near-term.

Note 2 - Summary of Principal Accounting Policies (continued)

Segment reporting

ASC 280, “Segment Reporting”, establishes standards for reporting information about operating segments on a basis consistent with the Company’s internal organizational structure as well as information about geographical areas, business segments and major customers in consolidated financial statements for detailing the Company’s business segments. Based on the criteria established by ASC 280, The Company uses the management approach to determine reportable operating segments. The management approach considers the internal organization and reporting used by the Company’s CODM, specifically the Company’s CEO and CFO, for making decisions, allocating resources and assessing performance. The Company does not distinguish revenues, costs and expenses between segments in its internal reporting, but instead reports costs and expenses by nature as a whole. Based on the management’s assessment, the Company determines that it has only one operating segment and therefore one reportable segment as defined by ASC 280. Furthermore, the whole of the Group’s revenue is derived in or from China with all operation being carried out in China, and the Company’s long-lived assets are located in China, no geographical segments are presented. As such, all financial segment information required by the authoritative guidance can be found in these consolidated financial statements.

Foreign Currency Translation and Transactions

The Company’s reporting currency is the US dollar. The functional currencies of the Company’s foreign subsidiaries are their respective local currencies (China Renminbi, Singapore dollar and Hong Kong dollar), which are the monetary unit of account of the principal economic environment in which the Company’s foreign subsidiaries operate. Assets and liabilities of the foreign subsidiaries are translated into US dollars at exchange rates in effect at each period end. Revenues and expenses are translated at average exchange rates in effect during the period. The resulting translation adjustments are recorded in accumulated other comprehensive income (loss) as a component of stockholders’ equity.

Translation of amounts from RMB into USD has been made at the following exchange rates for the respective periods:

Balance sheet items, except for equity accounts	
May 31, 2026	RMB6.7667 to \$1.00
February 28, 2026	RMB6.8590 to \$1.00
Income statement and cash flows items	
For the three months ended May 31, 2026	RMB6.8453 to \$1.00
For the three months ended May 31, 2025	RMB7.2541 to \$1.00

Identifiable Intangible Assets

Identifiable intangible assets are recorded at cost and are amortized over 3 - 10 years. Similar to tangible property and equipment, the Company periodically evaluates identifiable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Note 2 - Summary of Principal Accounting Policies (continued)

Impairment of Long-Lived Assets

The Company classifies its long-lived assets into: (i) computer and office equipment; (ii) furniture and fixtures, (iii) leasehold improvements, and (iv) finite – lived intangible assets.

Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be fully recoverable. It is possible that these assets could become impaired as a result of technology, economy or other industry changes. If circumstances require a long-lived asset or asset group to be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques, including discounted cash flow models, relief from royalty income approach, quoted market values and third-party independent appraisals, as considered necessary.

The Company makes various assumptions and estimates regarding estimated future cash flows and other factors in determining the fair values of the respective assets. The assumptions and estimates used to determine future values and remaining useful lives of long-lived assets are complex and subjective. They can be affected by various factors, including external factors such as industry and economic trends, and internal factors such as the Company's business strategy and its forecasts for specific market expansion.

Accounts Receivable, Net

Accounts receivable is stated at the amount the Company expects to collect. The Company maintains allowances for credit losses for estimated losses. Management considers the following factors when determining the collectability of specific accounts: historical experience, creditworthiness of the clients, aging of the receivables and other specific circumstances related to the accounts. Allowance for credit losses is made and recorded into administrative expenses based on the aging of accounts receivable and on any specifically identified receivables that may become uncollectible. Accounts receivable which are deemed to be uncollectible are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Our assessment considered the estimates of expected credit and collectability trends. Volatility in market conditions and evolving credit trends are difficult to predict and may cause variability and volatility that may have an impact on our allowance for credit losses in future periods. Refer to Note 8 for allowances for credit losses recognized in profit or loss by the Company during the three months ended May 31, 2026 and for the year ended February 28, 2026.

FINGERMOTION, INC.
Three months ended May 31, 2026 and 2025
Notes to the Unaudited Condensed Consolidated Financial Statements

Note 2 - Summary of Principal Accounting Policies (continued)

Concentration of Credit Risks

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, accounts receivable and other receivable. The Company's cash and cash equivalents are placed with high-credit-quality financial institutions, and at times exceed federally insured limits. To date, the Company has not experienced any credit loss relating to its cash and cash equivalents.

For the three months ended May 31, 2026, four customers each accounted for more than 10% of the Company's total revenue, with individual contributions of 29% , 29%, 18% and 16%. As at May 31, 2026, amounts due from these customers were nil.

For the three months ended May 31, 2025, three customers each accounted for more than 10% of the Company's total revenue, with individual contributions of 74%, 11% and 10%. As at May 31, 2025, amounts due from these customers represented approximately 37% of the Company's total accounts receivable.

For the three months ended May 31, 2026, two suppliers each accounted for more than 10% of the Company's total purchase, with individual contributions of 70% and 11%. As at May 31, 2026, amounts due to these suppliers represented approximately 1% of the Company's total accounts payable.

For the three months ended May 31, 2025, three suppliers each accounted for more than 10% of the Company's total purchase, with individual contributions of 75%, 11% and 10%. As at May 31, 2025, amounts due to these suppliers represented approximately 77% of the Company's total accounts payable.

Lease

Operating and finance lease right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of the future lease payments over the lease term. When the rate implicit to the lease cannot be readily determined, the Company utilizes its incremental borrowing rate in determining the present value of the future lease payments. The incremental borrowing rate is derived from information available at the lease commencement date and represents the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term and amount equal to the lease payments in a similar economic environment. The right-of-use asset includes any lease payments made and lease incentives received prior to the commencement date. Operating lease right-of-use assets also include any cumulative prepaid or accrued rent when the lease payments are uneven throughout the lease term. The right-of-use assets and lease liabilities may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

Cash and Cash Equivalents

Cash and cash equivalents represent cash on hand, demand deposits, and other short-term highly liquid investments placed with banks, which have original maturities of three months or less and are readily convertible to known amounts of cash.

Equipment

Equipment is stated at cost. Depreciation of equipment is provided using the straight-line method for financial reporting purposes at rates based on the estimated useful lives of the assets. Estimated useful lives range from three to seven years. Land is classified as held for sale when management has the ability and intent to sell, in accordance with ASC Topic 360-45.

Note 2 - Summary of Principal Accounting Policies (continued)

Earnings Per Share

Basic (loss) earnings per share is based on the weighted average number of common shares outstanding during the period while the effects of potential common shares outstanding during the period are included in diluted earnings per share.

FASB Accounting Standard Codification Topic 260 (“ASC 260”), “Earnings Per Share,” requires that employee equity share options, non-vested shares and similar equity instruments granted to employees be treated as potential common shares in computing diluted earnings per share. Diluted earnings per share should be based on the actual number of options or shares granted and not yet forfeited, unless doing so would be anti-dilutive. The Company uses the “treasury stock” method for equity instruments granted in share-based payment transactions provided in ASC 260 to determine diluted earnings per share. Antidilutive securities represent potentially dilutive securities which are excluded from the computation of diluted earnings or loss per share as their impact was antidilutive.

Revenue Recognition

The Company recognizes revenue in accordance with ASC 606, Revenue from Contracts with Customers, when control of promised goods or services is transferred to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. It generates revenue primarily from telecommunications mobile recharge and top-up services, data plans, subscription plan, mobile devices and related services provided to consumer and enterprise customers.

Telecommunication Services

The Company provides mobile recharge and top-up services, data plans, subscription plans, and other related telecommunication services to third-party businesses and online marketplaces through its digital platform. Revenue is recognized when the related services are delivered, activated, or otherwise made available to the customer, which is the point at which control of the promised services is transferred to the customer in accordance with the terms of the underlying arrangements.

Telecommunication Products

Telecommunication products revenue primarily relates to sales of mobile devices. Telecommunication products are generally considered separate performance obligations because customers can benefit from the devices independently. Revenue associated with mobile devices sales is recognized at a point in time when control transfers to the customer, generally upon picked up by the customer.

Other Segments

The Company recognizes revenue from providing online-to-offline integration services (DaGe platform), communication and coordination solutions, and data and analytics services to its customers. The Company recognizes revenue when all of the following conditions are satisfied: (1) there is persuasive evidence of an arrangement; (2) the service has been provided to the customer or the equipment has been accepted by the customer; (3) the amount of fees to be paid by the customer is fixed or determinable; and (4) the collection of fees is probable. We account for our multi-element arrangements in data and analytics services, such as instances where we design a custom website and separately offer other services, which are recognized over the period for when services are performed.

Cost of Revenue

Cost of revenue consists of telecommunication products and services, and SMS & MMS business for operators or other suppliers, and purchase cost of emergency equipment for command and communication.

Note 2 - Summary of Principal Accounting Policies (continued)

Research and Development

Research and development costs are expensed as incurred. Research and development expenses for Sapietus include compensation, employee benefits, stock-based compensation, materials and components purchased for research and development. During the year ended February 28, 2026, the Company also commenced product development efforts under a new strategic collaboration to integrate its Mobile Integrated Command and Communication Platform into emergency response vehicles.

Selling, General and Administrative

Selling, general and administrative expenses include compensation, employee benefits, stock-based compensation, professional service fees, allocation of facility costs, depreciation and amortization associated with general selling and administrative overhead activities.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes in accordance with Accounting Standards Codification (“ASC”) 740, “Income Taxes” (“ASC 740”). Under this method, income tax expense is recognized as the amount of: (i) taxes payable or refundable for the current year and (ii) future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. A valuation allowance is provided to reduce the deferred tax assets reported if based on the weight of available evidence it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Non-controlling interest

Non-controlling interests held 1% of the shares of three of our subsidiaries, 30% of the shares of Zhejiang ChangXin Communication Equipment Co., Ltd. and 20% of the shares of Shanghai XiaoYi Bin Tong Technology Co., Ltd., are recorded as a component of our equity, separate from the Company’s equity. Purchase or sales of equity interests that do not result in a change of control are accounted for as equity transactions. Results of operations attributable to the non-controlling interest are included in our consolidated results of operations and, upon loss of control, the interest sold, as well as interest retained, if any, will be reported at fair value with any gain or loss recognized in earnings. The cumulative results of operations attributable to noncontrolling interests are also recorded as noncontrolling interests in the Company’s consolidated balance sheets.

Note 2 - Summary of Principal Accounting Policies (continued)

Recently Issued Accounting Pronouncements

(i) Recently adopted accounting pronouncements

In December 2023, the FASB issued Accounting Standards Update (ASU) 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which enhances the transparency and decision usefulness of income tax disclosures. The amendments address more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The ASU also includes certain other amendments to improve the effectiveness of income tax disclosures. The amendments in this ASU are effective for public business entities for annual periods beginning after December 15, 2024 on a prospective basis through retrospective application is permitted. Early adoption is permitted. The Company adopted ASU 2023-09 for the year beginning on March 1, 2025 on a retrospective basis and the adoption does not have a material impact on its disclosures.

(ii) Recently issued accounting pronouncements not yet adopted

In November 2024, the FASB issued ASU No. 2024-03, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40). This ASU requires disclosure, in the notes to financial statements, of specified information about certain costs and expenses. A reporting entity is required to 1) disclose the amounts of (a) purchases of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization, and (e) depreciation, depletion, and amortization recognized as part of oil and gas-producing activities (DD&A) (or other amounts of depletion expense) included in each relevant expense caption. A relevant expense caption is an expense caption presented on the face of the income statement within continuing operations that contains any of the expense categories listed in (a)–(e); 2) include certain amounts that are already required to be disclosed under current generally accepted accounting principles in the same disclosure as the other disaggregation requirements; 3) disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively, and 4) disclose the total amount of selling expenses and, in annual reporting periods, an entity’s definition of selling expenses. The ASU is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of this accounting standard update on its consolidated financial statements and related disclosures.

In January 2025, the FASB issued ASU 2025-01, “Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures.” The amendment in ASU 2025-01 amends the effective date of ASC 2024-03 to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of this accounting standard update on its consolidated financial statements and related disclosures.

In July 2025, the FASB issued ASU 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets (ASU 2025-05), which amends guidance on the measurement of credit losses for accounts receivable and contract assets. ASU 2025-05 is effective for annual reporting periods beginning after December 15, 2025, and interim periods within those annual periods. Early adoption is permitted. The Company is currently evaluating the impact of this accounting standard update on its consolidated financial statements and related disclosures.

In December 2025, the Financial Accounting Standards Board (“**FASB**”) issued Accounting Standards Update (“**ASU**”) 2025-11, Interim Reporting (Topic 270): Improvements to Interim Disclosure Requirements. The standard clarifies disclosure requirements for interim financial statements and is effective for interim periods beginning after December 15, 2026. Early adoption is permitted. The Company is currently evaluating the impact of this accounting standard update on its consolidated financial statements and related disclosures.

FINGERMOTION, INC.
Three months ended May 31, 2026 and 2025
Notes to the Unaudited Condensed Consolidated Financial Statements

Note 3 - Going Concern

The accompanying condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates, among other things, the realization of assets and satisfaction of liabilities in the normal course of business. The Company had an accumulated deficit of \$43,185,481 and \$41,185,154 as at May 31, 2026 and February 28, 2026 respectively, and had a net loss of \$2,009,784 and \$2,022,761 for the three months ended May 31, 2026 and 2025, respectively.

The Company's continuation as a going concern is dependent on its ability to obtain additional financing to fund operations, implement its business model, and ultimately, attain profitable operations. The Company will need to secure additional funds through various means, including equity and debt financing or any similar financing. There can be no assurance that the Company will be able to obtain additional equity or debt financing, if and when needed, on terms acceptable to the Company, or at all. Any additional equity or debt financing may involve substantial dilution to the Company's stockholders, restrictive covenants, or high interest costs. The Company's long-term liquidity also depends upon its ability to generate revenues and achieve profitability.

Note 4 - Revenue

We recorded \$650,089 and \$8,458,743 in revenue, respectively, for the three months ended May 31, 2026 and 2025.

	For the three months ended	
	May 31, 2026	May 31, 2025
	(unaudited)	(unaudited)
Telecommunication Products & Services	\$ 502,672	\$ 8,311,254
Marketplace Platform & Digital Commerce Infrastructure Solutions	11,939	10,938
Advanced Technology & Platform Solutions	135,478	109,241
Data & Analytics Platform Solutions	—	27,310
	<u>\$ 650,089</u>	<u>\$ 8,458,743</u>

Note 5 – Equipment

At May 31, 2026 and February 28, 2026, the company has the following amounts related to tangible assets:

	May 31, 2026	February 28, 2026
	(unaudited)	
Equipment	\$ 129,961	\$ 128,347
Less: accumulated depreciation	(102,431)	(99,981)
Net equipment	<u>\$ 27,530</u>	<u>\$ 28,366</u>

No significant residual value is estimated for the equipment. Depreciation expenses for the three months ended May 31, 2026 and 2025 totaled \$1,184 and \$3,414, respectively.

FINGERMOTION, INC.
Three months ended May 31, 2026 and 2025
Notes to the Unaudited Condensed Consolidated Financial Statements

Note 6 – Intangible Assets

At May 31, 2026 and February 28, 2026, the company has the following amounts related to intangible assets:

	<u>May 31, 2026</u> (unaudited)	<u>February 28, 2026</u>
Mobile applications	\$ 2,360,337	\$ 2,569,478
Less: accumulated amortization	(526,423)	(539,187)
Net intangible assets	<u>\$ 1,833,914</u>	<u>\$ 2,030,291</u>

No significant residual value is estimated for these intangible assets. Amortization expenses for the three months ended May 31, 2026 and 2025 totaled \$196,408 and \$7,139 respectively.

Note 7 – Prepayment and Deposit

Prepaid expenses consist of the deposit pledge to the vendor for stock credits for resale. Our current vendors are China Unicom and China Mobile for our Telecommunication Products & Services business. Deposits include payments placed into the e-commerce platforms where we offer our products and services. The platforms are PinDuoDuo, Tmall, and JD.com.

	<u>May 31, 2026</u> (unaudited)	<u>February 28, 2026</u>
Deposit	\$ 4,757,658	\$ 4,518,064
Prepayment	174,456	282,572
	<u>\$ 4,932,114</u>	<u>\$ 4,800,636</u>

Note 8 – Accounts Receivable, net

	<u>May 31, 2026</u> (unaudited)	<u>February 28, 2026</u>
Accounts receivable	\$ 47,175,549	\$ 46,535,767
Less: allowance for credit losses	(2,248,468)	(1,702,821)
	<u>\$ 44,927,081</u>	<u>\$ 44,832,946</u>

The Company normally allows credit terms to customers ranging from 90 to 150 days. The Company seeks to maintain strict control over its accounts receivable. Overdue accounts receivable are reviewed regularly by the Management.

Activities related to allowance for credit losses are presented below.

	<u>May 31, 2026</u> (unaudited)	<u>February 28, 2026</u>
At beginning of the period	\$ 1,702,821	\$ 435,345
Additions	545,647	1,267,476
At end of the period	<u>\$ 2,248,468</u>	<u>\$ 1,702,821</u>

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Note 9 – Other Receivables

At May 31, 2026 and February 28, 2026, the company has the following amounts related to other receivables:

	<u>May 31, 2026</u> (unaudited)	<u>February 28, 2026</u>
<u>Other receivables represent:</u>		
Advances to suppliers	\$ 1,456,336	\$ 1,498,558
Security deposit	309,273	297,896
Others	12,225	14,772
	<u>\$ 1,777,834</u>	<u>\$ 1,811,226</u>

Note 10 – Right-of-use Asset and Lease Liability

The Company has entered into lease agreements with various third parties. The terms of operating leases typically range from one to two years. These operating leases are included in “Right-of-use Asset” on the Company’s Condensed Consolidated Balance Sheet and represent the Company’s right to use the underlying asset for the lease term. The Company’s obligation to make lease payments is included in “Lease liability” on the Company’s Condensed Consolidated Balance Sheet. Additionally, the Company has entered into various short-term operating leases with an initial term of twelve months or less. These leases are not recorded on the Company’s Consolidated balance sheet. All operating lease expense is recognized on a straight-line basis over the lease term in the three months ended May 31, 2026.

Information related to the Company's right-of-use assets and related lease liabilities were as follows:

	<u>May 31, 2026</u> (unaudited)	<u>February 28, 2026</u>
Right-of-use asset		
Right-of-use asset, net	<u>\$ 20,428</u>	<u>\$ 19,201</u>
Lease liability		
Current lease liability	\$ 10,245	\$ 10,604
Non-current lease liability	—	—
Total lease liability	<u>\$ 10,245</u>	<u>\$ 10,604</u>
Remaining lease term and discount rate		May 31, 2026
Weighted-average remaining lease term		2 months
Weighted-average discount rate		<u>3.68%</u>

Commitments

The following table summarizes the future minimum lease payments due under the Company’s operating leases as of May 31, 2026:

2026	\$ 10,277
Less: imputed interest	(32)
	<u>\$ 10,245</u>

The following summarizes cash flow information related to leases for the year ended May 31, 2026:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from leases	\$ 10,667

FINGERMOTION, INC.
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Note 11 - Common Stock

On March 3, 2025, the Company issued 27,500 shares of its common stock at a deemed price of \$1.86 per share to one entity pursuant to a consulting agreement.

On May 15, 2025, the Company issued 312,500 shares of its common stock at a price of \$1.50 per share to one entity pursuant to the exercise of warrants.

On May 23, 2025, the Company issued 100,000 shares of its common stock at a price of \$1.88 per share to one entity pursuant to the exercise of warrants.

On May 28, 2025, the Company issued an aggregate of 940,000 shares of its common stock at a price or deemed price of \$2.50 per share to 8 individuals due to the closing of a private placement, which resulted in the receipt of \$950,000 in cash and the settlement of an outstanding liability of \$1,400,000.

On May 28, 2025, the Company issued 837,243 shares of its common stock at a price of \$1.50 per share to one entity pursuant to the exercise of warrants.

On May 29, 2025, the Company issued 50,000 shares of its common stock at a price of \$1.88 per share to one entity pursuant to the exercise of warrants.

On September 30, 2025, the Company, its indirect wholly owned subsidiary, Shanghai JiuGe Business Management Co., Ltd. (“**JiuGe Management**”), and Shanghai Jihaohe Information Technology Co., Ltd. (“**Shanghai Jihaohe**”), entered into an asset purchase agreement (the “**Asset Purchase Agreement**”) pursuant to which the Company caused JiuGe Management to acquire all of the intellectual property (including, without limitation, all of the inventions, software in source code or object code, trademarks, copyrights and trade secrets) underpinning the Company’s DaGe platform, in consideration of the issuance by the Company to Shanghai Jihaohe of 1,500,000 shares of common stock in the capital of the Company. The Asset Purchase Agreement closed on October 2, 2025, and the Company issued the 1,500,000 shares of common stock to Shanghai Jihaohe at a deemed issuance price of \$1.57 per share.

On October 17, 2025, the Company issued 60,000 shares of its common stock at a deemed price of \$1.67 per share to one individual pursuant to a settlement agreement.

On October 17, 2025, the Company issued 7,500 shares of its common stock at a deemed price of \$1.86 per share to one entity pursuant to a consulting agreement.

On October 23, 2025 the Company entered into a Sales Agreement (the “**Sales Agreement**”) with R.F. Lafferty & Co., Inc. as sales agent (the “**Sales Agent**”), under which the Company may, from time to time, sell shares of its common stock, par value \$0.0001 per share (the “**Placement Shares**”), having an aggregate offering price of up to \$50,000,000 through the Sales Agent (the “**ATM Offering**”).

From October 23, 2025 to November 30, 2025, the Company issued 51,296 shares of its common stock under the Sales Agreement for gross cash proceeds of \$80,087. The total issuance costs were \$2,002, all of which were related to compensation paid to the Sales Agent.

On November 14, 2025, the Company issued 190,000 shares of common stock at a price of \$1.50 per share to one individual due to the closing of a private placement for gross proceeds of \$285,000.

From December 12, 2025 to December 23, 2025, the Company issued 64,083 shares of its common stock under the Sales Agreement for gross cash proceeds of \$98,942. The total issuance costs were \$2,474, all of which were related to compensation paid to the Sales Agent.

FINGERMOTION, INC.
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Notes to the Unaudited Condensed Consolidated Financial Statements

Note 11 - Common Stock (continued)

On May 13, 2026, the Company entered into a securities purchase agreement with an institutional investor and issued a senior secured convertible note with an original principal amount of \$5,000,000 and an original issue discount of \$700,000. The note is convertible into shares of the Company's common stock at an initial fixed conversion price of \$0.94 per share, subject to adjustment as set forth in the note. The note was, and the shares of common stock issuable upon conversion of the note will be, issued in a transaction exempt from the registration requirements under the Securities Act in reliance on Section 4(a)(2) thereof and Rule 506(b) of Regulation D thereunder.

As of May 31, 2026 there were 61,281,308 shares of the Company's common stock issued and outstanding, and none of the preferred shares were issued and outstanding.

Share Purchase Warrants

A continuity schedule of outstanding stock purchase warrants as at May 31, 2026, and the changes during the periods, is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, February 28, 2026	8,275,594	\$ 1.64
Correction of prior warrant count adjustment	(25,333)	1.50
Balance, May 31, 2026	8,250,261	\$ 1.37

On May 14, 2025, the Company received \$468,750 from the exercise of warrants for the purchase of 312,500 shares of common stock of the Company at a price of \$1.50 per share from an entity.

On May 23, 2025, the Company received \$188,000 from the exercise of the Placement Agent Warrant for the purchase of 100,000 shares of common stock of the Company at a price of \$1.88 per share from the Placement Agent.

On May 27, 2025, the Company received \$1,255,864.50 from the exercise of warrants for the purchase of 837,243 shares of common stock of the Company at a price of \$1.50 per share from an entity.

On May 29, 2025, the Company received \$94,000 from the exercise of the Placement Agent Warrant for the purchase of 50,000 shares of common stock of the Company at a price of \$1.88 per share from the Placement Agent.

On October 21, 2025, the Company issued an aggregate of 4,000,000 common stock purchase warrants (the "**Warrants**") to a consultant pursuant to a consulting services agreement with respect to investor relations services. 3,000,000 of the Warrants entitle the holder to purchase up to 3,000,000 shares of common stock (each, a "**Warrant Share**") at an exercise price of \$1.65 per Warrant Share until April 20, 2027, and 1,000,000 of the Warrants entitle the holder to purchase up to 1,000,000 Warrant Shares at an exercise price of \$2.15 per Warrant Share until April 20, 2027.

On November 4, 2025, 28,312 stock purchase warrants having an exercise price of \$8.22 per share expired.

On November 5, 2025, the Company issued 300,000 common stock purchase warrants (the "**Warrants**") to a consultant pursuant to a consulting services agreement. The Warrants entitle the holder to purchase up to 300,000 shares of common stock (each, a "**Warrant Share**") at an exercise price of \$1.65 per Warrant Share until April 27, 2027.

FINGERMOTION, INC.
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Share Purchase Warrants (continued)

In connection with the preparation of the current period financial statements, the Company reviewed the adjustment provisions contained within the Placement Agent Warrant and determined that the previously disclosed increase of 25,333 warrants under the Placement Agent Warrant should not have been recorded. Accordingly, the Placement Agent Warrant remained exercisable for 100,000 shares of common stock. The Company has corrected the warrant continuity schedule in this Quarterly Report.

On November 21, 2025, 10,000 stock purchase warrants having an exercise price of \$6.70 per share expired.

On May 13, 2026, the Company entered into a securities purchase agreement with an institutional investor and issued a senior secured convertible note (the “**Note**”) with an original principal amount of \$5,000,000 and an original issue discount of \$700,000. The Note is convertible into shares of the Company’s common stock at an initial fixed conversion price of \$0.94 per share, subject to adjustment as set forth in the Note.

In connection with the issuance of the Note, pursuant to the adjustment provisions contained within the common stock purchase warrants and placement agent warrant issued in the registered direct offering that closed on December 23, 2024, the exercise price of such warrants was adjusted to \$0.94 per share. The adjustment did not result in any increase in the number of warrants outstanding.

The Company had previously disclosed in its Annual Report on Form 10-K that the number of warrants outstanding increased as a result of this adjustment. Upon further review, the Company determined that only the exercise price was adjusted, and the number of warrants outstanding remained unchanged. Accordingly, the warrant continuity schedule in this Quarterly Report reflects the corrected number of warrants outstanding and the adjusted exercise price.

A summary of stock purchase warrants outstanding and exercisable as at May 31, 2026 is as follows:

Exercise Price	Number of Warrants Outstanding	Remaining Contractual Life (Years)	Expiry Date
0.94	3,950,261	3.57	December 23, 2029
1.65	3,000,000	0.89	April 20, 2027
2.15	1,000,000	0.89	April 20, 2027
1.65	300,000	0.91	April 27, 2027
1.37	8,250,261		

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Stock Options

On December 28, 2021, the Company granted an aggregate of 4,545,000 stock options pursuant to the Company's 2021 Stock Incentive Plan having an exercise price of \$8.00 per share and an expiry date of five years from the date of grant to 40 individuals who were directors, officers, employees and consultants of the Company. We relied upon the exemption from registration under the U.S. Securities Act provided by Rule 903 of Regulation S promulgated under the U.S. Securities Act for the grant of stock options to individuals who are non-U.S. persons and upon the exemption from registration under Section 4(a)(2) of the U.S. Securities Act for two individuals who are U.S. persons. The stock options are all subject to vesting provisions of 20% on the date of grant and 20% on each of the first, second, third, and fourth anniversary of the date of grant. At our annual meeting of stockholders held on February 17, 2023, the stockholder approved an amendment to the exercise price of the outstanding stock options from \$8.00 to \$3.84. The strike price adjustment did not affect the fair value.

The fair value of these stock options was estimated at the date of grant, using the Black-Scholes Option Valuation Model, with the following weighted average assumptions:

	May 31, 2026	February 28, 2026
Expected Risk-Free Interest Rate	1.06%	1.06%
Expected Volatility	15.27%	15.27%
Expected Life in Years	0.58	0.83
Expected Dividend Yield	—	—
Weighted-Average Grant Date Fair Value	<u>\$ 6.46</u>	<u>\$ 6.46</u>

On July 28, 2023, the Company granted an aggregate of 2,648,500 stock options pursuant to the Company's 2023 Stock Incentive Plan having an exercise price of \$4.62 per share and an expiry date of five years from the date of grant to 22 individuals who were employees and consultants of the Company's subsidiaries and contractually controlled affiliate. The stock options are all subject to vesting provisions of 20% on the date of grant and 20% on each of the first, second, third and fourth anniversary of the date of grant.

The fair value of these stock options was estimated at the date of grant, using the Black-Scholes Option Valuation Model, with the following weighted average assumptions:

	May 31, 2026	February 28, 2026
Expected Risk-Free Interest Rate	5.37%	5.37%
Expected Volatility	25.48%	25.48%
Expected Life in Years	2.16	2.41
Expected Dividend Yield	—	—
Weighted-Average Grant Date Fair Value	<u>\$ 4.58</u>	<u>\$ 4.58</u>

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Notes to the Unaudited Condensed Consolidated Financial Statements

Stock Options (continued)

A continuity schedule of outstanding stock options as at May 31, 2026, and the changes during the period, is as follows:

	Number of Stock Options	Exercise Price
Balance, February 28, 2026	6,039,100	\$ 4.18
Cancelled/Forfeited	—	—
Balance, May 31, 2026	6,039,100	\$ 4.18

A continuity schedule of outstanding unvested stock options at May 31, 2026, and the changes during the three months periods, is as follows:

	Number of Unvested Stock Options	Weighted Average Grant Date Fair Value
Balance, February 28, 2026	1,059,400	\$ 4.58
Vested	—	\$ —
Balance, May 31, 2026	1,059,400	\$ 4.58

As at May 31, 2026, the aggregate intrinsic value of the outstanding stock options granted on December 28, 2021 was estimated at \$0 as the current price as of May 31, 2026 is \$0.77 which is lower than the strike price while the aggregate intrinsic value of the outstanding stock options granted on July 28, 2023 is \$0 as the current price as of May 31, 2026 is lower than the strike price.

A summary of stock options outstanding and exercisable as at May 31, 2026 is as follows:

Range of Exercise Prices	Options Outstanding			Options Exercisable		Weighted Average Remaining Contractual Term (Years)
	Outstanding at May 31, 2026	Exercise Price	Weighted Average Remaining Contractual Term (Years)	Exercisable at May 31, 2026	Exercise Price	
\$ 3.00 to \$ 4.00	3,390,600	\$ 3.84	0.58	3,390,600	\$ 3.84	0.58
\$ 4.00 to \$ 5.00	2,648,500	\$ 4.62	2.16	1,589,100	\$ 4.62	2.16
	6,039,100			4,979,700		

FINGERMOTION, INC.
Three months ended May 31, 2026 and 2025
Notes to the Unaudited Condensed Consolidated Financial Statements

Note 12 –Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per common share:

	For the three months ended	
	May 31, 2026	May 31, 2025
	(unaudited)	(unaudited)
Numerator - basic and diluted		
Net Loss	\$ (2,009,784)	\$ (2,022,761)
Denominator		
Weighted average number of common shares outstanding — basic	61,281,308	57,289,873
Weighted average number of common shares outstanding — diluted	61,281,308	57,289,873
Loss per common share — basic	\$ (0.03)	\$ (0.04)
Loss per common share — diluted	\$ (0.03)	\$ (0.04)

Note 13 – Income Taxes

The Company and its subsidiaries file separate income tax returns.

The United States of America

FingerMotion, Inc. is incorporated in the State of Delaware in the U.S. and is subject to a U.S. federal corporate income tax of 21%. The Company generated a taxable loss for the three months ended May 31, 2026 and 2025.

Hong Kong

Finger Motion Company Limited, Finger Motion (CN) Limited and Finger Motion Financial Company Limited were incorporated in Hong Kong and Hong Kong's profits tax rate is 16.5%. These companies did not earn any income that was derived in Hong Kong for the three months ended May 31, 2026 and 2025.

The People's Republic of China (PRC)

JiuGe Management, Beijing XunLian, Shanghai TengLian JiuJiu, Shanghai KeShunXiang, Zhejiang ChangXin Communication Equipment Co., Ltd and Shanghai XiaoYi Bin Tong Technology Co., Ltd. were incorporated in the People's Republic of China and subject to PRC income tax at 25%. JiuGe Technology was incorporated in the People's Republic of China and subject to PRC income tax at 15% as high-tech enterprise.

Income tax mainly consists of foreign income tax at statutory rates and the effects of permanent and temporary differences. The Company's effective income tax rates for the three months ended May 31, 2026 and 2025 are as follows:

	For the three months ended	
	May 31, 2026	May 31, 2025
	(unaudited)	(unaudited)
U.S. statutory tax rate	21.0%	21.0%
PRC profit tax rate	25.0%	25.0%
Changes in valuation allowance and others	(46.0%)	(46.0%)
Effective tax rate	0%	0%

FINGERMOTION, INC.
Three months ended May 31, 2026 and 2025
Notes to the Unaudited Condensed Consolidated Financial Statements

Note 13 – Income Taxes (continued)

	<u>May 31, 2026</u> (unaudited)	<u>February 28, 2026</u>
Current tax	\$ —	\$ —
Deferred tax benefit	—	—
Total provision for (benefit from) income tax expense	<u>\$ —</u>	<u>\$ —</u>

The reconciliations of income tax expenses computed by applying the statutory income tax rates, ranging from 15% to 25%, to the Company's income tax expenses for the presented years are as follows:

	<u>May 31, 2026</u> (unaudited)	<u>February 28, 2026</u>
Loss before income tax expenses	\$ (2,009,784)	\$ (7,041,333)
Income tax credit computed at various statutory income tax rate (15% to 25%)	(250,814)	(440,899)
Reconciling items:		
Tax incentive – R&D Credit	—	(69,940)
Income not subject to tax in China	(9,741)	(38,590)
Non-deductible expenses	260,555	549,429
Total provision for (benefit from) income tax	<u>\$ —</u>	<u>\$ —</u>

Deferred tax has resulted primarily from future tax deductible or creditable temporary differences. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. At May 31, 2026 and February 28, 2026, the valuation allowances were \$4,631,065 and \$4,389,425, respectively.

The significant components of the Company's deferred tax account balances are as follows:

	<u>May 31, 2026</u> (unaudited)	<u>February 28, 2026</u>
Deferred tax assets		
Net operating losses carry forward	\$ 4,362,371	\$ 4,244,187
Accruals and reserves	7,351,148	7,121,646
Lease liability	1,537	20,160
Total deferred tax assets	11,715,056	11,385,993
Less: Valuation allowance	(4,631,065)	(4,389,425)
Total deferred tax assets, net of valuation allowance	<u>7,083,991</u>	<u>6,996,568</u>
Deferred tax liabilities		
Right-of-use asset	(18,248)	(18,002)
Total deferred tax liabilities	<u>(18,248)</u>	<u>(18,002)</u>
Net deferred tax assets (liabilities)	<u>\$ 7,065,743</u>	<u>\$ 6,978,566</u>

Note 14 - Commitments and Contingencies

From time to time, the Company may be involved in or referenced in legal matters arising in the ordinary course of business. The Company is not aware of any material outstanding claim or litigation against it

FINGERMOTION, INC.

Three months ended May 31, 2026 and 2025

Notes to the Unaudited Condensed Consolidated Financial Statements

Note 15 – Loan Payable

On July 18, 2024, the Company's wholly owned subsidiary, Finger Motion Company Limited (the "**Borrower**"), entered into a loan agreement with Dr. Liew Yow Ming (the "**Lender**") whereby the Lender agreed to advance a short-term loan facility of SGD\$1,500,000 (the "**Loan**") to the Borrower for working capital purposes. As of September 4, 2024, the full amount of the Loan has been drawn upon by the Borrower. Each drawdown portion of the Loan is due one (1) year from the date of the drawdown, unless extended by the Lender. If the Lender agrees, the Borrower may prepay the whole or any part of the Loan by providing the Lender not less than three (3) business days prior written notice and subject to payment of interest accrued thereon. Any prepayment of the Loan shall be in an amount of SGD\$50,000 or multiples thereof. The Loan shall bear interest at the rate of 1.50% per month, any such interest to accrue from day to day and to be calculated based on a 365-day year, and is payable on a monthly basis on or before the last day of each successive month.

On July 21, 2025, the Company repaid a short-term loan of SGD500,000.

On August 1, 2025, the Company repaid a short-term loan of SGD500,000.

On September 4, 2025 the Company and the Lender entered into an extension of loan agreement of the final tranche of SGD\$500,000. The new repayment date is due on March 4, 2026 and the interest rate has been increased to 2% per month.

On December 9, 2025, the Company's wholly owned subsidiary, Finger Motion Company Limited (the "**Borrower**") entered into a loan agreement with Dr. Liew Yow Ming (the "**Lender**") for a short-term loan facility of SGD\$150,000 for working capital purposes. The loan bears interest at 12% per annum, payable monthly, and matures six (6) months from the drawdown date unless otherwise extended by the Lender.

On December 24, 2025, the Company's wholly owned subsidiary, Finger Motion Company Limited (the "**Borrower**") entered into a separate loan agreement with Dr. Liew Yow Ming (the "**Lender**") for a short-term loan facility of SGD\$100,000 for working capital purposes. The loan bears interest at 12% per annum, payable monthly, and matures five (5) years from the drawdown date unless otherwise extended by the Lender.

On March 4, 2026, Finger Motion Company Limited, a wholly owned subsidiary of the Company, entered into a further extension agreement with the existing lender in respect of the remaining outstanding balance of SGD\$500,000 under the loan agreement dated July 18, 2024, extending the repayment date from March 4, 2026 to September 4, 2026. The loan had previously been extended on September 4, 2025, when the repayment date was extended from September 4, 2025 to March 4, 2026 and the interest rate was revised to 24.5% per annum. All other material terms remained unchanged.

Note 16 – Convertible Note Payable

On May 13, 2026 (the “**Closing Date**”), we entered into a securities purchase agreement (the “**May 2026 Note Purchase Agreement**”) with an institutional investor (the “**Note Investor**”), pursuant to which we issued to the Note Investor a senior secured convertible note (the “**Note**”) with an original principal amount of \$5,000,000 and an original issue discount of \$700,000. The Note bears no interest (except upon an event of default) and, unless earlier converted or redeemed, will mature on the first anniversary of the Closing Date. At closing, the Company received \$3,275,000 after the deduction of \$25,000 legal fee, with the remaining \$1,000,000 of the \$4,300,000 aggregate subscription amount to be released to the Company upon the SEC declaring effective a resale registration statement covering the resale of a number of shares of Common Stock equal to 200% of the maximum number of Conversion Shares issuable upon conversion of the Note.

The Note is convertible, at any time at the Note Investor’s option, into shares of the Company’s common stock, par value \$0.0001 per share (the “**Common Stock**” and such shares issuable upon conversion, the “**Conversion Shares**”), at an initial fixed conversion price of \$0.94 per share (the “**Fixed Conversion Price**”), which is subject to adjustment for stock splits, stock dividends, stock combinations, recapitalizations, and other customary events. In addition, during each monthly period specified in the Note (each, a “**Monthly Redemption Conversion Period**”), the Note Investor may convert up to \$1,000,000 in aggregate principal amount of the Note (plus all accrued and unpaid amounts thereon) at a “Redemption Conversion Price” equal to the lower of (i) the Fixed Conversion Price then in effect and (ii) 90% of the lowest daily volume-weighted average price of the Common Stock during the seven consecutive trading days ending on and including the applicable date of conversion or the first trading day of the applicable Monthly Redemption Conversion Period, in each case subject to a floor price (the “**Floor Price**”) initially set at 20% of the Nasdaq Minimum Price (as defined in Nasdaq Listing Rule 5635) on the trading day prior to the date of the May 2026 Note Purchase Agreement, which resets automatically every six months. If the Company is unable to issue Conversion Shares due to the exchange cap described below or if a Floor Price condition exists, the Note Investor may require the Company to satisfy the applicable monthly conversion amount in cash at a 7.5% premium.

If an event of default occurs and is continuing, the Note shall become due and payable, at the Note Investor’s election, in cash at an amount equal to 125% of all the outstanding principal amount of the Note, accrued and unpaid interest, and any other unpaid amounts (collectively, the “**Outstanding Value**”). Upon the occurrence and continuation of an event of default, default interest shall accrue at an annual rate of 12%.

The Note also contains additional conversion, redemption, and put mechanics, including (i) an optional redemption right in favor of the Company, exercisable after 40 trading days following the effective date of the initial resale registration statement, at a price equal to 115% of the Outstanding Value of the Note, (ii) a change of control put right entitling the Note Investor to require redemption of the Outstanding Value under the Note at a premium upon the occurrence of a change of control transaction, and (iii) a subsequent placement redemption right entitling the Note Investor to require the Company to apply up to 30% of the gross proceeds of such subsequent placement to redeem at a price equal to 115% of the Outstanding Value being redeemed, in each case subject to the terms and conditions set forth in the Note.

The May 2026 Note Purchase Agreement contains customary representations, warranties, and agreements of the Company and the Note Investor, and customary indemnification rights and obligations of the parties. The Company has agreed to seek stockholder approval for the issuance of Conversion Shares in excess of 19.99% of the outstanding shares of Common Stock as of the date of the May 2026 Note Purchase Agreement. Absent such approval (or an opinion of outside counsel that stockholder approval is not required), the Company may not issue Conversion Shares in excess of 12,256,260 shares in the aggregate (the “**Exchange Cap**”). Conversions are also subject to a 9.99% beneficial ownership limitation.

In connection with the May 2026 Note Purchase Agreement, the Company entered into a registration rights agreement with the Note Investor. The Company also entered into a security agreement with the Note Investor (the “**Security Agreement**”), pursuant to which the Company granted to the Note Investor, acting as collateral agent, a first-priority security interest in substantially all of the Company’s personal property assets, subject to customary permitted liens and excluded assets, as set forth in the Security Agreement.

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Note 17 – Related Party Transactions

In the ordinary course of business, the Company engages in transactions with its principal stockholders, affiliates, and executive officers. These transactions are carried out on terms comparable to those that would be obtained in arm-length dealings with unrelated third parties.

At May 31, 2026 and February 28, 2026,, the Company engaged in the following transactions with ZhongXin Marine (Zhoushan) Satellite Communications Equipment Co., Ltd., which holds a 30% non-controlling interest in the Company's subsidiary:

	May 31, 2026	February 28, 2026
Related party transaction		
Purchases of two satellite portable stations	—	\$ 15,270
Jinhua project - traffic fees	\$ 8,473	—
Yantai Wanhua project - satellite equipment	\$ 20,949	—

The following balances were outstanding at the end of the reporting periods:

	May 31, 2026	February 28, 2026
Related party payable		
ZhongXin Marine (Zhoushan) Satellite Communications Equipment Co., Ltd.	\$ —	\$ 7,938

	May 31, 2026	February 28, 2026
Related party prepayment		
ZhongXin Marine (Zhoushan) Satellite Communications Equipment Co., Ltd.	\$ 30,081	\$ —

Note 18 - Subsequent Events

Subsequent to May 31, 2026, the resale registration statement relating to the shares of common stock issuable upon conversion of the senior secured convertible note was declared effective by the SEC. Following effectiveness, the remaining \$1,000,000 of the aggregate subscription amount was released to the Company.

Except for the above, the Company has determined that it does not have any other material subsequent events to disclose in these consolidated financial statements.

ITEM 2 – MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The terms the “Registrant”, “we”, “us”, “our”, “FingerMotion” and the “Company” mean FingerMotion, Inc. or as the context requires, collectively with its consolidated subsidiaries and contractually controlled companies.

Cautionary Note Regarding Forward-Looking Statements

The following management’s discussion and analysis of the Company’s financial condition and results of operations (the “MD&A”) contains forward-looking statements that involve risks, uncertainties and assumptions including, among others, statements regarding our capital needs, business plans and expectations. In evaluating these statements, you should consider various factors, including the risks, uncertainties and assumptions set forth in reports and other documents we have filed with or furnished to the SEC and, including, without limitation, this Quarterly Report on Form 10-Q for the three months ended May 31, 2026, and our Annual Report on Form 10-K for the fiscal year ended February 28, 2026, including the consolidated financial statements and related notes contained therein. These factors, or any one of them, may cause our actual results or actions in the future to differ materially from any forward-looking statement made in this document. Refer to “Cautionary Note Regarding Forward-looking Statements” as disclosed in our Annual Report on Form 10-K for the fiscal year ended February 28, 2026, and Item 1A - Risk Factors, under Part II - Other Information of this Quarterly Report.

Introduction

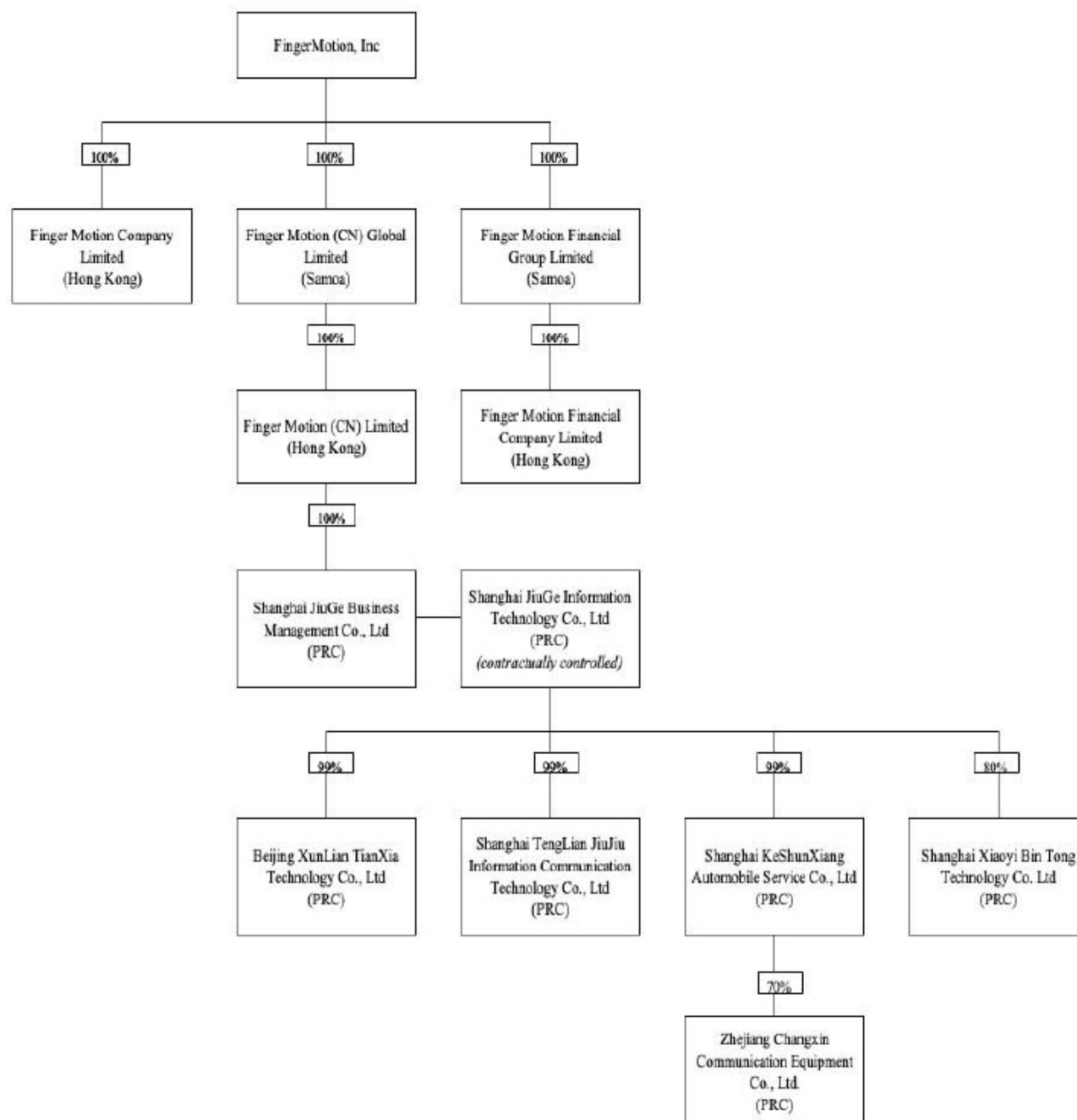
This MD&A is focused on material changes in our financial condition from February 28, 2026, our most recently completed year end, to May 31, 2026, and our results of operations for the three months ended May 31, 2026, and should be read in conjunction with Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations as contained in our Annual Report on Form 10-K for the fiscal year ended February 28, 2026.

Corporate Information

The Company has been organized as a holding company and conducts a significant part of its operations through subsidiaries and contractual arrangements with affiliated entities in the PRC, including Shanghai JiuGe Information Technology Co., Ltd. (“**JiuGe Technology**”, “**our VIE**” or “**the VIE**”). The Company’s operations in the PRC are primarily carried out through its wholly owned subsidiaries and Shanghai JiuGe Business Management Co., Ltd. (“**JiuGe Management**”, “**our WFOE**” or “**the WFOE**”), a wholly foreign-owned enterprise (“**WFOE**”), which has entered into a series of contractual agreements with the VIE and its respective shareholder.

These contractual arrangements are intended to provide the Company with effective control over the VIE and the ability to receive substantially all of the economic benefits of the VIE’s operations. The VIE structure is employed to comply with PRC laws and regulations that restrict or prohibit foreign ownership in certain industries. However, these arrangements have not been tested in a court of law in the PRC and carry associated risks and uncertainties. See “Item 1A. Risk Factors—Risks Related to VIE Agreements.”

The following diagram depicts our corporate structure:



The Company's holding company structure presents unique risks as the Company's investors may never directly hold equity interests in the Company's subsidiaries or the VIE.

The Company relies on distributions and other payments from its subsidiaries and VIE to fund its operations. These payments are subject to PRC laws and regulations, including restrictions on dividends, foreign exchange controls, and other regulatory requirements.

The Company's subsidiaries and VIE are subject to regulation by PRC authorities, including the China Securities Regulatory Commission ("CSRC") and the Cyberspace Administration of China ("CAC"). As of the date of this report, the Company is not required to obtain specific approvals from these authorities to operate its current business. However, under the CSRC's Overseas Listing Trial Measures, the Company may be required to complete filing procedures for future overseas securities offerings, the failing of which may result in an order to make correction, a warning, and/or the imposition of fines.

The regulatory environment in China is evolving, and it remains uncertain how new or changing laws and regulations may impact the Company's operations, its ability to accept foreign investment, or its ability to maintain a listing on a U.S. or other foreign exchange.

Licensing

The Company's operations in the PRC require specific licenses and permits. Its VIE and related operating entities hold value-added telecommunications business licenses issued by the Ministry of Industry and Information Technology ("MIIT"). These licenses are necessary for providing mobile payment, recharge, and messaging services in China.

VIE Structure

The Company conducts a substantial portion of its operations in China through VIE arrangements. These arrangements consist of a series of contractual agreements (the "**VIE Agreements**") between the Company's WFOE and the VIE, along with its shareholder, pursuant to which JiuGe Technology became the Company's contractually controlled affiliate. The VIE Agreements include a consulting services agreement, a loan agreement, a power of attorney agreement, a call option agreement and a share pledge agreement in order to secure the connection and commitments of the VIE.

The purpose of these agreements is to give the Company effective control over the VIE and to enable it to receive the majority of the economic benefits from its operations. However, the Company lacks direct equity ownership in the VIE, which means these arrangements may not be as effective as direct ownership.

The enforceability of the VIE agreements under PRC law remains uncertain, and there is no guarantee that the Company will be able to maintain effective control over the VIE. Please see "Item 1A. Risk Factors—Risks Related to VIE Agreements."

Acquisition of Operational Control of Beijing Technology

The Company acting through the VIE expanded its telecommunications services through the acquisition of operational control of Beijing XunLian TianXia Technology Co., Ltd. ("**Beijing Technology**"), which provides enterprise messaging solutions, including short message services ("**SMS**") and multimedia messaging services ("**MMS**"), for enterprise customers. This service complements the Company's mobile payment and recharge offerings and operates under licenses issued by the MIIT.

Strategic Cooperation with China Unicom

The Company, through its VIE, JiuGe Technology, has established cooperative arrangements with China United Network Communications Limited and its regional branches, including China Unicom Yunnan. These arrangements represent a key component of the Company's telecommunications ecosystem and support its transaction-based service model.

Under these cooperation arrangements, JiuGe Technology is responsible for constructing and operating electronic sales platforms and related services through which consumers may purchase telecommunications products and services, including mobile devices, mobile service plans, broadband services, and related offerings. The Company receives a share of the revenue generated from transactions processed through these platforms.

The Company believes these arrangements enhance its integration with major telecommunications operators in China and provide opportunities to increase transaction volume and service penetration. The extent of revenue generated from these arrangements depends on transaction activity, customer adoption, and ongoing commercial cooperation with the relevant counterparties.

In addition, in January 2022, TengLian, a subsidiary of JiuGe Technology, entered into a cooperation arrangement with China Unicom to support device protection programs for mobile and 5G devices. This initiative expands the Company's involvement in value-added telecommunications services and may enhance its broader service offerings.

These cooperative arrangements are subject to customary commercial terms, including renewal provisions and termination rights, and their continuation and financial contributions will depend on ongoing performance, regulatory conditions, and market demand

Intercorporate Relationships

The following is a list of all of our subsidiaries and the corresponding date of jurisdiction of incorporation or organization and the ownership interest of each. All of our subsidiaries are directly or indirectly owned or controlled by us:

Name of Entity	Place of Incorporation / Formation	Ownership Interest
Finger Motion Company Limited ⁽¹⁾	Hong Kong	100%
Finger Motion (CN) Global Limited ⁽²⁾	Samoa	100%
Finger Motion (CN) Limited ⁽³⁾	Hong Kong	100%
Shanghai JiuGe Business Management Co., Ltd. ⁽⁴⁾	PRC	100%
Shanghai JiuGe Information Technology Co., Ltd. ⁽⁵⁾	PRC	Contractually controlled ⁽⁵⁾
Beijing XunLian TianXia Technology Co., Ltd. ⁽⁶⁾	PRC	Contractually controlled
Finger Motion Financial Group Limited ⁽⁷⁾	Samoa	100%
Finger Motion Financial Company Limited ⁽⁸⁾	Hong Kong	100%
Shanghai TengLian JiuJiu Information Communication Technology Co., Ltd. ⁽⁹⁾	PRC	Contractually controlled
Shanghai KeShunXiang Automobile Service Co., Ltd. ⁽¹⁰⁾	PRC	Contractually controlled
Zhejiang ChangXin Communication Equipment Co., Ltd. ⁽¹¹⁾	PRC	Contractually controlled
Shanghai XiaoYi Bin Tong Technology Co., Ltd. ⁽¹²⁾	PRC	Contractually controlled

Notes:

- (1) Finger Motion Company Limited is a wholly-owned subsidiary of FingerMotion, Inc.
- (2) Finger Motion (CN) Global Limited is a wholly-owned subsidiary of FingerMotion, Inc.
- (3) Finger Motion (CN) Limited is a wholly-owned subsidiary of Finger Motion (CN) Global Limited.
- (4) Shanghai JiuGe Business Management Co., Ltd., sometimes referred to in this Quarterly Report as “the WFOE”, is a wholly-owned subsidiary of Finger Motion (CN) Limited.
- (5) Shanghai JiuGe Information Technology Co., Ltd., sometimes referred to in this Quarterly Report as “the VIE”, is a variable interest entity that is contractually controlled by Shanghai JiuGe Business Management Co., Ltd.
- (6) Beijing XunLian TianXia Technology Co., Ltd. is a 99% owned subsidiary of Shanghai JiuGe Information Technology Co., Ltd.
- (7) Finger Motion Financial Group Limited is a wholly-owned subsidiary of FingerMotion, Inc.
- (8) Finger Motion Financial Company Limited is a wholly-owned subsidiary of Finger Motion Financial Group Limited.
- (9) Shanghai TengLian JiuJiu Information Communication Technology Co., Ltd. is a 99% owned subsidiary of Shanghai JiuGe Information Technology Co., Ltd.
- (10) Shanghai KeShunXiang Automobile Service Co., Ltd. is a 99% owned subsidiary of Shanghai JiuGe Information Technology Co., Ltd.
- (11) Zhejiang ChangXin Communication Equipment Co., Ltd. is a 70% owned subsidiary of Shanghai KeShunXiang Automobile Service Co., Ltd.
- (12) Shanghai XiaoYi Bin Tong Technology Co., Ltd. is a 80% owned subsidiary of Shanghai JiuGe Information Technology Co., Ltd.

Because we do not directly hold equity interests in the VIE, we are subject to risks and uncertainties of the interpretations and applications of Chinese laws and regulations, including but not limited to, the validity and enforcement of the VIE Agreements among the WFOE, the VIE and the shareholder of the VIE. We are also subject to the risks and uncertainties about any future actions of the Chinese government in this regard that could disallow the VIE structure, which would likely result in a material change in our operations and may cause the value of our shares of common stock (“**Common Shares**”) to depreciate significantly or become worthless.

The VIE Agreements may not be as effective as direct ownership in providing operational control. For instance, the VIE and its shareholders could breach their contractual arrangements with us by, among other things, failing to conduct their operations in an acceptable manner or taking other actions that are detrimental to our interests. The shareholder of the VIE may not act in the best interests of our Company or may not perform their obligations under the VIE Agreements. Such risks exist throughout the period in which we intend to operate certain portions of our business through the VIE Agreements with the VIE. In the event that the VIE or its shareholder fail to perform their respective obligations under the VIE Agreements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. In addition, even if legal actions are taken to enforce the VIE Agreements, there is uncertainty as to whether Chinese courts would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the United States or any state. See “Risk Factors—Risks Related to the VIE Agreements”. We rely on the VIE Agreements with the VIE and its shareholder for a significant portion of our business operations. The VIE Agreements may not be as effective as direct ownership in providing operational control. Any failure by the VIE or its shareholder to perform their obligations under such contractual arrangements would have a material and adverse effect on our business.

As of the date of this Quarterly Report on Form 10-Q, we and the VIE are not required to seek permissions from the CSRC, the CAC, or any other entity that is required to approve of the operations of the VIE, other than a value-added telecommunications business license, which has already been obtained. Nevertheless, Chinese regulatory authorities may in the future promulgate laws, regulations or implement rules that require us, our subsidiaries or the VIEs to obtain permissions from such regulatory authorities to approve the operations of the VIE.

Overview

The Company is a mobile services, data, and technology company incorporated in Delaware, USA, with its head office located at 111 Somerset Road, Level 3, Singapore 283164. As described elsewhere in this Quarterly Report, the Company has been organized as a holding company and conducts a significant part of its operations through its subsidiaries and through contractual agreements with JiuGe Technology, the VIE based in China. The Company indirectly owns 100% of the equity of JiuGe Management, a WFOE that has entered into the VIE Agreements which gives the Company operational control over JiuGe Technology and consolidates its financial results.

The Company organizes its operations across four primary areas: (i) telecommunications products and services, (ii) marketplace platform and digital commerce infrastructure solutions, (iii) data and analytics platform solutions, and (iv) advanced technology and platform solutions.

The Company's strategic focus is to continue operating and optimizing its telecommunications products and services business while expanding its higher-margin, technology-driven platform offerings. These offerings include the development and commercialization of its marketplace platforms, data analytics solutions (including applications for insurance and financial services), and critical infrastructure technology platforms. The Company is also focused on enhancing its underlying technology capabilities, including platform scalability, data processing, and system integration, to support growth across multiple industry verticals. The timing and extent of growth in these areas will depend on factors such as market adoption, competitive conditions, regulatory developments, and the Company's ability to execute its platform development and commercialization strategies.

Business Segments

The Company operates an integrated portfolio of technology-driven platforms and services across four core areas:

- (i) telecommunication products and services,
- (ii) marketplace platform and digital commerce infrastructure solutions,
- (iii) data and analytics platform solutions, and
- (iv) advanced technology and platform solutions.

These offerings leverage the Company's technological capabilities across multiple industry applications, with a focus on scalable and extensible platform architectures.

(i) Telecommunications Products and Services

The Company offers telecommunications-related services in the PRC through its subsidiaries and VIE structure. This segment includes mobile payment and recharge services, as well as enterprise messaging services such as SMS and MMS. These services historically represent a significant portion of the Company's revenue.

The Company conducts its operations through JiuGe Technology.

Mobile Payment and Recharge Services

The Company provides mobile airtime and data recharge services to telecommunications carriers and channel partners, allowing end users to purchase prepaid mobile credits through its platform. The Company procures airtime and data packages in bulk from telecommunications operators and distributes them through a network of enterprise customers, digital platforms, and other distribution channels.

JiuGe Technology holds licensed access agreements with major Chinese telecom providers, including China Mobile Communications Corporation (“**China Mobile**”) and China United Network Communications Group Co., Ltd. (“**China Unicom**”). Through these arrangements, JiuGe Technology offers mobile payment and recharge services, earning revenue from transaction rebates paid by telecom operators.

The platform provides real-time payment and recharge services to third-party businesses, e-commerce channels, and online marketplaces such as JD.com, Pinduoduo, and Tmall. JiuGe Technology generates revenue by processing payments for telecom services and receiving rebates from telecom operators. To attract users, it may offer discounted data or talk-time packages through its platform. Additionally, the Company serves as a loyalty redemption agent for China Mobile, allowing customers to redeem telecom loyalty benefits through its platform.

In 2019, JiuGe Technology entered into an agreement with China Unicom’s Yunnan division to build and operate an online sales platform for telecom-related products and services, including mobile phones, broadband services, smart devices, and related insurance offerings. Under this arrangement, JiuGe Technology receives a percentage of the sales revenue generated through the platform.

The Company has also secured contracts with China Mobile and China Unicom to acquire new telecom subscribers and continues to expand mobile phone sales through its online channels.

Enterprise Messaging Services (SMS and MMS)

The Company provides enterprise messaging services through Beijing Technology, which it controls operationally via JiuGe Technology. Beijing Technology is licensed by the MIIT to provide SMS and MMS services in the PRC.

The Company procures messaging capacity in bulk and delivers these services to enterprise customers, including automobile manufacturers, hotel chains, airlines, and e-commerce companies. Its integrated messaging platform enables enterprise customers to manage high-volume messaging campaigns, ensuring compliance with relevant regulatory requirements for message content and distribution, and provides delivery tracking capabilities.

(ii) Marketplace Platform and Digital Commerce Infrastructure

The Company develops mobile-first, online-to-offline (“**O2O**”) marketplace platform solutions designed to connect consumers with service providers and vendors of products and services. The platform integrates core marketplace functionalities, including service discovery, provider matching, booking and scheduling, payment processing, and post-transaction feedback mechanisms.

The Marketplace Platform and Digital Commerce Infrastructure segment is designed to be scalable and extensible across multiple service-based and transaction-oriented industry verticals. The Company focuses on ongoing technology development and platform enhancement, including improvements to system performance, user experience, data analytics integration, and transaction processing efficiency. These initiatives are intended to enhance user engagement, improve transaction conversion rates, and support long-term scalability.

The Company intends to generate revenue from its Marketplace Platform and Digital Commerce Infrastructure services through transaction-based fees, subscription arrangements, advertising services, and other value-added offerings. The timing and extent of revenue generation will depend on factors such as market adoption, platform scalability, competitive conditions, regulatory developments, and the Company's ability to execute its commercialization strategy.

DaGe Platform

The DaGe Platform is a digital marketplace designed to connect automotive owners with service providers and vendors of automotive-related products and services. This platform facilitates various services, including vehicle maintenance, repair, tire replacement, and electric vehicle (EV) charging, as well as the sale of automotive accessories.

The platform includes functionality for service discovery, booking management, payment processing, and user feedback, and is intended to support mobility-related applications.

The DaGe Platform is part of the Company's Marketplace Platform and Digital Commerce Infrastructure services initiatives and is at early stages of development. These activities may require ongoing investment and may not generate significant revenue in the near term. The Company may seek to generate revenue from this platform through transaction-based fees, subscriptions, advertising, and related services; however, the timing and extent of such revenue remain uncertain and will depend on market adoption, platform development, and regulatory conditions.

JiuGe Procurement Platform

The JiuGe Procurement Platform is an enterprise procurement solution operated by JiuGe Technology and is included within the Company's Marketplace Platform and Digital Commerce Infrastructure initiatives.

The platform is designed to support JiuGe Technology's mobile recharge business by centralizing supplier product catalogues and facilitating procurement workflows for employee benefits, customer rewards, and promotional campaign distribution. The goal is to improve procurement efficiency, supplier coordination, and internal resource allocation.

(iii) Data And Analytics Platform Solutions

The Company provides data analytics and data-driven solutions through its Sapientus platform to insurance companies, financial service providers, and enterprise customers. This segment represents a key strategic focus and is intended to support the Company's transition toward higher-margin and scalable services.

Sapientus aggregates and processes large volumes of structured and unstructured data from multiple sources to generate analytical insights and reporting outputs that support decision-making in sectors such as insurance, financial services, and mobility. The platform is designed to support risk assessment, trends identification, customer segmentation, marketing analysis, and related business operations.

The Company continues to invest in expanding its data capabilities and analytical models. The performance and growth of this segment may be affected by market acceptance, regulatory developments, and the Company's ability to access and utilize data in compliance with applicable laws and regulations.

(iv) Advanced Technology and Platform Solutions

The Company develops advanced technology and platform solutions designed for enterprise and mission-oriented environments that require real-time communication, coordination, and operational management capabilities. These solutions are intended to support complex workflows across a range of industry applications where reliability, performance, and system integration are important.

C2 Platform

The Company, through its VIE, JiuGe Technology, has developed a C2 Platform focused on communications and operational coordination for mobility-related applications, including emergency response, logistics, and specialized field operations.

The C2 Platform represents the Company's initial deployment of its technology in mission-critical and public infrastructure environments that support public safety and operational coordination. The platform reflects the Company's ability to design and implement system-level software solutions intended to operate in environments requiring reliability, performance, and continuity of service.

The Company intends to leverage its experience and technical capabilities developed through the C2 Platform to evaluate and pursue opportunities in other areas of critical infrastructure. These potential applications may include public safety systems, transportation networks, emergency response coordination, and other large-scale operational environments, subject to customer demand, technical feasibility, and regulatory considerations.

The C2 Platform integrates mobile communications, data processing, and system coordination functions to facilitate information sharing between field personnel and centralized command centres. This platform is designed to support real-time data transmission, remote monitoring, and coordination of field operations.

The Company's C2 Platform initiatives focus on developing and deploying communication and platform solutions for commercial and specialty vehicles. These solutions aim to enhance situational awareness, fleet coordination, and remote operations across various use cases, including emergency response, logistics, and infrastructure services. The C2 Platform is currently in the commercialization stage and is being introduced to enterprise and public-sector customers through pilot deployments, procurement processes, and direct engagement activities. The timing and extent of future revenue generation will depend on a number of factors, including customer adoption, procurement cycles, competitive conditions, and the successful scaling of deployments across additional jurisdictions and applications.

Recent Developments

On May 13, 2026, the Company entered into a securities purchase agreement with an institutional investor and issued a senior secured convertible note with an original principal amount of \$5,000,000 and an original issue discount of \$700,000. The note is convertible into shares of the Company's common stock at an initial fixed conversion price of \$0.94 per share, subject to adjustment. The financing was undertaken to support working capital requirements, ongoing operations and strategic initiatives.

Results of Operations

Three Months Ended May 31, 2026 Compared to Three Months Ended May 31, 2025

The following table sets forth our results of operations for the periods indicated:

	For the three months ended	
	May 31, 2026	May 31, 2025
Revenue	\$ 650,089	\$ 8,458,743
Cost of revenue	\$ (441,611)	\$ (8,306,222)
Total operating expenses	\$ (2,142,559)	\$ (2,141,451)
Total other income (expenses)	\$ (75,703)	\$ (33,831)
Net Loss attributable to the Company's stockholders	\$ (2,000,327)	\$ (2,008,556)
Foreign currency translation adjustment	\$ 189,674	\$ 152,309
Comprehensive loss attributable to the Company	\$ (1,810,653)	\$ (1,856,247)
Basic Loss Per Share attributable to the Company	\$ (0.03)	\$ (0.04)
Diluted Loss Per Share attributable to the Company	\$ (0.03)	\$ (0.04)

Revenue

The following table sets forth the Company's revenue from its lines of business for the periods indicated:

	For the three months ended		Change (%)
	May 31, 2026	May 31, 2025	
Telecommunication Products & Services	\$ 502,672	\$ 8,311,254	-94%
Marketplace Platform & Digital Commerce Infrastructure Solutions	\$ 11,939	\$ 10,938	9%
Advanced Technology & Platform Solutions	\$ 135,478	\$ 109,241	24%
Data & Analytics Platform Solutions	\$ —	\$ 27,310	-100%
Total Revenue	\$ 650,089	\$ 8,458,743	-92%

We recorded \$650,089 in revenue for the three months ended May 31, 2026, a decrease of \$7,808,654 or 92%, compared to \$8,458,743 for the three months ended May 31, 2025. The decrease was primarily attributed to decreases in revenue of \$7,808,582 and \$27,310 from our Telecommunication Product & Services segment and Data & Analytics Platform Solutions segment, respectively. These decreases were partially offset by increases in revenue of \$1,001 and \$26,237 from our Marketplace Platform & Digital Commerce Infrastructure Solutions and Advanced Technology & Platform Solutions, respectively.

We principally earn revenue by providing mobile payment and recharge services to customers of telecommunications companies in China. This operating model requires working capital to support transaction volumes with telecommunications operators and platform partners. During the three-month period ending May 31, 2026, revenue in this segment decreased significantly compared to the prior year period, primarily due to lower transaction volume. The lower transaction volume was attributable to the Company's available working capital position during the period. Management continues to monitor transaction volumes, collection cycles and working capital allocation, and intends to deploy available capital selectively based on liquidity, commercial demand and expected returns.

Revenue from our Marketplace Platform & Digital Commerce Infrastructure Solutions segment remained limited during the period. The DaGe platform and related marketplace initiatives remain at an early stage of commercialization, and revenue will depend on user adoption, business development activities, platform scaling, and available working capital.

Revenue from our Advanced Technology and Platform Solutions segment increased to \$135,478 for the three-months ended May 31, 2026, compared to \$109,241 for the three-months ended May 31, 2025. Revenue in this segment was primarily project-based and related to delivery and deployment activities under the Company's command and communication platform initiatives, including the delivery of two vehicles to a local emergency bureau in Zhejiang Province during the period. Revenue from this segment may vary from period to period depending on customer procurement schedules, delivery timing and project implementation progress.

No revenue was generated from our Data and Analytics Platform Solutions segment during the three months ended May 31, 2026, compared to \$27,310 for the prior year period. Activity in this segment remains limited and is currently conducted on a project basis.

Cost of Revenue

The following table sets forth the Company's cost of revenue for the periods indicated:

	For the three months ended	
	May 31, 2026	May 31, 2025
Telecommunication Products & Services	\$ 357,963	\$ 8,194,652
Marketplace Platform & Digital Commerce Infrastructure Solutions	\$ 10,268	\$ 22,490
Advanced Technology & Platform Solutions	\$ 73,380	\$ 89,080
Data & Analytics Platform Solutions	\$ —	\$ —
Total Cost of Revenue	\$ 441,611	\$ 8,306,222

We recorded \$441,611 in costs of revenue for the three months ended May 31, 2026, a decrease of \$7,864,611 or 95%, compared to the three months ended May 31, 2025. The decrease was primarily attributable to the significant reduction in transaction volume in the Telecommunication Products & Services segment during the period. As revenue from this segment decreased, the related product and service costs, including costs associated with mobile recharge, subscription plans and mobile phone sales, decreased correspondingly.

Cost of revenue from the Marketplace Platform & Digital Commerce Infrastructure Solutions segment also decreased compared to the prior year period, reflecting the limited scale of activity during the quarter. Cost of revenue from the Advanced Technology & Platform Solutions segment decreased to \$73,380 for the three months ended May 31, 2026 from \$89,080 for the three months ended May 31, 2025, while revenue from this segment increased, reflecting project-specific margins during the period.

Gross profit

Our gross profit for the three months ended May 31, 2026 was \$208,478, compared to \$152,521 for the three months ended May 31, 2025, representing an increase of \$55,957 or 37%. Gross margin improved to approximately 32% for the three months ended May 31, 2026 from approximately 2% for the three months ended May 31, 2025.

The increase in gross profit and gross margin was primarily attributable to a change in revenue mix during the period. Although revenue from the Telecommunication Products & Services segment decreased significantly compared to the prior year period, the segment generates gross profit of \$144,709, representing a gross margin of approximately 29% during the current period. In addition, the Advanced Technology & Platform Solutions segment generated gross profit of \$62,098, representing a gross margin of approximately 46%, while the Marketplace Platform & Digital commerce Infrastructure Solutions segment generated gross profit of \$1,671, representing a gross margin of approximately 14%.

Management continues to evaluate revenue opportunities based on both transaction volume and margin contribution, with the objective of supporting sustainable gross profit while managing working capital requirements.

Amortization & Depreciation

We recorded amortization & depreciation of \$197,592 for intangible assets & fixed assets for the three months ended May 31, 2026, an increase of \$187,039 or 1,772%, compared to the three months ended May 31, 2025. The increase resulted from the purchase of software IP.

General & Administrative Expenses

The following table sets forth the Company's general and administrative expenses for the periods indicated:

	For the three months ended	
	May 31, 2026	May 31, 2025
Accounting	\$ 36,840	\$ 49,879
Consulting	\$ 384,673	\$ 455,609
Entertainment	\$ 32,650	\$ 45,088
IT	\$ 18,149	\$ 10,778
Rent	\$ 34,463	\$ 31,621
Salaries & Wages	\$ 433,164	\$ 612,045
Technical fee	\$ 162,279	\$ 31,717
Travelling	\$ 20,235	\$ 79,187
Others	\$ 114,094	\$ 194,502
Total G&A Expenses	\$ 1,236,546	\$ 1,510,426

We recorded \$1,236,546 in general and administrative expenses for the three months ended May 31, 2026, a decrease of \$273,880 or 18%, compared to the three months ended May 31, 2025. The decrease was primarily due to lower salaries & wages, traveling, entertainment, accounting, consulting, and other miscellaneous expenses compared to the prior year. These decreases were partially offset by higher technical fees and IT expenses during the period.

General and administrative expenses consist primarily of personnel-related costs, professional and accounting services, and general office and operational expenses necessary to support regulatory compliance. These expenses include ongoing costs associated with corporate governance, audit and regulatory filings, consulting and advisory services, as well as operational support across our business segments.

Marketing Cost

The following table sets forth the Company's marketing cost for the periods indicated:

	For the three months ended	
	May 31, 2026	May 31, 2025
Marketing Cost	\$ 48,029	\$ 12,106

We recorded \$48,029 in marketing costs for the three months ended May 31, 2026, an increase of \$35,923 or 297%, compared to the three months ended May 31, 2025. The increase was primarily due to higher promotional and business development costs recognized during the period.

Research & Development

The following table sets forth the Company's research & development for the periods indicated:

	For the three months ended	
	May 31, 2026	May 31, 2025
Research & Development	\$ 56,280	\$ 172,652

We recorded \$56,280 in research & development for the three months ended May 31, 2026, a decrease of \$116,372 or 67% compared to the three months ended May 31, 2025. The decrease was primarily due to lower personnel-related costs and reduced development activity during the period. Research and development activities were focused on ongoing platform maintenance and selected project-based development work, with expenditures managed in line with available working capital and project requirements.

Credit Impairment Loss

The following table sets forth the Company's credit impairment loss for the periods indicated:

	For the three months ended	
	May 31, 2026	May 31, 2025
Credit impairment loss	\$ 522,946	\$ 307,967

We recorded \$522,946 in credit impairment loss for three months ended May 31, 2026, an increase of \$214,979 or 70% compared to the three months ended May 31, 2025. The increase was mainly attributable to a higher allowance recognized on trade receivables following management's assessment of expected credit losses, including the aging of outstanding balances, collection experience, current business conditions and expected timing of recoveries. The provision reflects a prudent assessment of expected credit risk, while management continues to monitor collections and credit exposure on an ongoing basis.

Share Compensation Expenses

The following table sets forth the Company's share compensation expenses for the periods indicated:

	For the three months ended	
	May 31, 2026	May 31, 2025
Share compensation expenses	\$ 81,166	\$ 127,747

We incurred fees of \$81,166 in share issuance for consultants in consideration of services and stock option compensation expense for the three months ended May 31, 2026 as compared to \$127,747 for the three months ended May 31, 2025. The decrease of \$46,581 or 36% was due to the reduced engagement of consultants to the Company that were compensated with shares of our common stock, which highlights our effort to minimize equity issuances as part of our broader financial strategy to optimize equity issuances. However, we will continue to employ equity compensation for consultants selectively, aligning with our strategic and financial objectives.

Operating Expenses

We recorded \$2,142,559 in operating expenses for the three months ended May 31, 2026, as compared to \$2,141,451 in operating expenses for the three months ended May 31, 2025. The increase of \$1,108 or 0.1%, for the three months ended May 31, 2026, is as set forth above.

Net Loss attributable to the Company's stockholders

The net loss attributable to the Company's stockholders was \$2,000,327 for the three months ended May 31, 2026 and \$2,008,556 for the three months ended May 31, 2025. The decrease in net loss attributable to the Company's stockholders of \$8,229 or 0.4% is as set forth above.

Liquidity and Capital Resources

The following table sets out our cash and working capital as of May 31, 2026 and February 28, 2026:

	As at May 31, 2026	As at February 28, 2026
Cash reserves	\$ 987,391	\$ 68,596
Working capital	\$ 4,381,852	\$ 6,093,153

At May 31, 2026, we had cash and cash equivalents of \$987,391, as compared to cash and cash equivalents of \$68,596 at February 28, 2026. The increase in cash was primarily attributable to proceeds received from the issuance of the senior secured convertible note in May 2026, partially offset by cash used in operating activities during the period.

Working capital decreased to \$4,381,852 at May 31, 2026 from \$6,093,153 at February 28, 2026. The decrease was primarily due to continued operating cash requirements and changes in working capital balances during the period, including the use of cash to support operations and the settlement of certain obligations.

Our business model, particularly in mobile payment, requires periodic fund deposits with telecommunication operators and platform partners to support transaction volumes. During the period, the Company's liquidity constraints position affected the level of transaction activity that it was able to support. Management continues to monitor cash flows, collection cycles, payment terms, and working capital allocation, and is seeking to deploy available capital selectively based on liquidity, commercial demand, and expected returns.

The Company's ability to support its operations and execute its business strategy will depend on a combination of operational cash flows, effective working capital management, and access to additional financing. There can be no assurance that additional financing will be available on acceptable terms, or at all.

Statement of Cashflows

The following table provides a summary of cash flows for the periods presented:

	For the three months ended	
	May 31, 2026	May 31, 2025
Net cash used in operating activities	\$ (2,345,654)	\$ (1,204,217)
Net cash used in investing activities	\$ —	\$ (1,826)
Net cash provided by financing activities	\$ 3,275,000	\$ 2,956,615
Effect of exchange rates on cash & cash equivalents	\$ (10,551)	\$ (15,469)
Net increase in cash and cash equivalents	\$ 918,795	\$ 1,735,103

Cash Flow used in Operating Activities

Net cash used in operating activities increased by \$1,141,437 in the three months ended May 31, 2026 compared to the three months ended May 31, 2025, primarily due to an increase in account receivable of (\$11,443) (May 31, 2025: (\$6,005,779)), increase in prepayment and deposit of (\$148,973) (May 31, 2025: \$862,490), increase in inventories of (\$47,263) (May 31, 2025: \$43,613), decrease in accrual and other payables of (\$1,251,456) (May 31, 2025: \$26,048) and decrease in lease liability of (\$1,452) (May 31, 2025: (\$1,567)); offset by decrease in other receivable of \$57,431 (May 31, 2025: \$71,455), and increase in accounts payable of \$220,815 (May 31, 2025: \$5,375,987).

Cash Flow used in Investing Activities

During the three months ended May 31, 2026, the Company did not incur any investing activities.

Cash Flow provided by Financing Activities

During the three months ended May 31, 2026, net cash provided by financing activities was \$3,275,000 compared to net cash provided by financing activities during the three months ended May 31, 2025 of \$2,956,615. On May 13, 2026 (the “**Closing Date**”), the Company entered into a securities purchase agreement (the “**May 2026 Note Purchase Agreement**”) with an institutional investor (the “**Note Investor**”), pursuant to which we issued to the Note Investor a senior secured convertible note (the “**Note**”) with an original principal amount of \$5,000,000 and an original issue discount of \$700,000. The Note bears no interest (except upon an event of default) and, unless earlier converted or redeemed, will mature on the first anniversary of the Closing Date.

Capital Allocation Strategy

Our capital allocation strategy focuses on:

1. **Supporting Core Business Operations** – Maintaining adequate working capital to support the telecommunications products and services business at sustainable transaction volumes while optimizing capital efficiency.
2. **Selective Platform Investments** – Allocating capital to platform-based initiatives (C2 Platform, DaGe Platform, JiuGe Procurement Platform, Sapientus solutions) based on commercial traction, market opportunity, and potential return on investment.
3. **Strategic Acquisitions** – Pursuing selective acquisition opportunities that provide complementary technology capabilities, expand market access, enhance operational scale, or accelerate platform development..
4. **Regional Expansion** – Investing in market entry and business development activities in Southeast Asian markets, such as Indonesia and Thailand, for the C2 Platform and Sapientus solutions.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Subsequent Events

Subsequent to May 31, 2026, the resale registration statement relating to the shares of common stock issuable upon conversion of the senior secured convertible note was declared effective by the SEC. Following effectiveness, the remaining \$1,000,000 of the aggregate subscription amount was released to the Company.

Other than the above, we have determined that we do not have any material subsequent events to report.

Critical Accounting Policies

For a complete summary of all our significant accounting policies refer to Note 2 - *Summary of Principal Accounting Policies* of the Notes to the Consolidated Financial Statements as presented under Item 8, Financial Statements and Supplementary Data in our Annual Report on Form 10-K for our fiscal year ended February 28, 2026, filed with the SEC on May 29, 2026.

For our Critical Accounting Policies, please refer to the “Critical Accounting Policies” section under Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for our fiscal year ended February 28, 2026 filed with the SEC on May 29, 2026.

Recently Issued Accounting Pronouncements

The Company does not believe recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the consolidated financial position, statements of operations and cash flows.

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company as defined in Rule 12b-2 under the Exchange Act, the Company is not required to provide the information required by this item.

ITEM 4 – CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this Quarterly Report. Our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on such evaluation of our disclosure controls and procedures as of May 31 2026, our Chief Executive Officer and Chief Financial Officer concluded that due to the existence of material weaknesses in our internal controls over financial reporting, as discussed in more detail below, our disclosure controls and procedures were not effective as of May 31, 2026. Management has continued to monitor the implementation of the remediation plan described below.

Management's quarterly report on internal control over financial reporting

Management of FingerMotion, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). The Company's internal control over financial reporting ("ICFR") is designed under the supervision of our Chief Executive Officer, acting in the capacity of principal executive officer, and our Chief Financial Officer, acting in the capacity of principal financial officer, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles, or GAAP. The Company's ICFR includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that the Company's receipts and expenditures are being made only in accordance with authorizations of the Company's management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

We are a "smaller reporting company" as defined in Item 10(f)(1) of Regulation S-K under the Securities Act. For as long as we continue to be a smaller reporting company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not smaller reporting companies.

Our management, including our principal executive officer and principal financial officer, assessed the effectiveness of the Company's internal control over financial reporting as of May 31, 2026 in accordance with the framework in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on this assessment, Management concluded that certain aspects of the Company's internal control over financial reporting as of May 31, 2026, were not effective.

A material weakness, as defined in standards established pursuant to the Sarbanes-Oxley Act, is a deficiency or combination of deficiencies in internal controls over financial reporting such that there is a reasonable possibility that a material misstatement or our annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

The ineffectiveness of our internal control over financial reporting was due to the following material weakness, which also existed as of February 29, 2026:

- We have limited segregation of duties and oversight of work performed as well as lack of compensating controls in the Company's finance and accounting functions due to limited personnel. As a result, segregation of all conflicting duties may not always be possible and may not be economically feasible. Furthermore, we cannot provide reasonable assurance that receipts and expenditures are being made only in accordance with management and director authorization. However, to the extent possible, the initiation of transactions, the custody of assets and the recording of transactions should be performed by separate individuals.

Management's Plan to Remediate the Material Weaknesses:

Management has taken significant steps towards remediation of these material weaknesses since 2023, including implementing measures designed to address the control deficiencies. While progress has been made in designing and implementing these controls, testing and validating their effectiveness has yet to commence. The remediation actions include:

- Management has documented a complete set of controls incorporating segregation of duties, separate individuals performing and reviewing controls, and proper authorization and segregation of duties around payments and expenditures since 2023. While significant progress has been made in implementing most of these controls, the process is not yet complete. Management continues to work towards completing the implementation and anticipates further progress during the year.
- Management has implemented corporate governance policies and charters that will further align the Company's governance procedures with the requirements noted in the Sarbanes-Oxley Act, including a Codes of Business Conduct and Ethics, which reflects the overall corporate principles, policies and values that provides overall guidance for our control procedures.

Notwithstanding the assessment that our ICFR was not effective as of May 31, 2026 and that there is a material weaknesses as identified herein, we believe that our consolidated financial statements contained in this Quarterly Report fairly present our financial position, results of operations and cash flows for the period covered thereby in all material respects. We are committed to continuing to improve our internal control processes and we are undertaking measures to remediate the material weaknesses we have identified and generally strengthen our internal control over financial reporting. We will also continue to further review, optimize, and enhance our financial reporting controls and procedures. These material weaknesses will not be considered remediated until the applicable remediated controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

Changes in internal control over financial reporting

Except for the remediation procedures being implemented by the Company as described above, there have been no other changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during our fiscal quarter ended May 31, 2026, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1 – LEGAL PROCEEDINGS

The Company is not a party to any pending legal proceeding. We are not aware of any pending legal proceeding to which any of our officers, directors, affiliates or any beneficial holders of 5% or more of our voting securities are adverse to us or have a material interest adverse to us.

ITEM 1A – RISK FACTORS

In addition to the information contained in our Annual Report on Form 10-K for the fiscal year ended February 28, 2026, and this Quarterly Report on Form 10-Q, we have identified the following material risks and uncertainties which reflect our outlook and conditions known to us as of the date of this Quarterly Report. These material risks and uncertainties should be carefully reviewed by our stockholders and any potential investors in evaluating the Company, our business and the market value of our common stock. Furthermore, any one of these material risks and uncertainties has the potential to cause actual results, performance, achievements or events to be materially different from any future results, performance, achievements or events implied, suggested or expressed by any forward-looking statements made by us or by persons acting on our behalf. Refer to “Cautionary Note Regarding Forward-looking Statements” as disclosed in our Annual Report on Form 10-K for the fiscal year ended February 28, 2026.

There is no assurance that we will be successful in preventing the material adverse effects that any one or more of the following material risks and uncertainties may cause on our business, prospects, financial condition and operating results, which may result in a significant decrease in the market price of our common stock. Furthermore, there is no assurance that these material risks and uncertainties represent a complete list of the material risks and uncertainties facing us. There may be additional risks and uncertainties of a material nature that, as of the date of this Quarterly Report, we are unaware of or that we consider immaterial that may become material in the future, any one or more of which may result in a material adverse effect on us. You could lose all or a significant portion of your investment due to any one of these material risks and uncertainties.

Risks Related to the Business

We have a limited operating history and, as a result, our past results may not be indicative of future operating performance.

We have a limited operating history, which makes it difficult to forecast our future results. You should not rely on our past results of operations as indicators of future performance. You should consider and evaluate our prospects in light of the risks and uncertainty frequently encountered by companies like ours.

If we fail to address the risks and difficulties that we face, including those described elsewhere in this “Risk Factors” section, our business, financial condition and results of operations could be adversely affected. Further, because we have limited historical financial data and operate in an evolving market, any predictions about our future revenue and expenses may not be as accurate as they would be if we had a longer operating history or operated in a more predictable market. We have encountered in the past, and will encounter in the future, risks and uncertainties frequently experienced by growing companies with limited operating histories in rapidly changing industries. If our assumptions regarding these risks and uncertainties are incorrect or change, or if we do not address these risks successfully, our results of operations could differ materially from our expectations and our business, financial condition and results of operations could be adversely affected.

We have a history of net losses and we may not be able to achieve or maintain profitability in the future.

For all annual periods of our operating history we have experienced net losses. We generated net losses of approximately \$2.0 million during the three-month period ended May 31, 2026 and net losses of approximately \$7.0 million, \$5.1 million and \$3.8 million for the years ended February 28, 2026, 2025 and 2024, respectively. At May 31, 2026 and February 28, 2026, we had an accumulated deficit of \$43.1 million and \$41.2 million, respectively. We have not achieved profitability, and we may not realize sufficient revenue to achieve profitability in future periods. Our expenses will likely increase in the future as we develop and launch new offerings and platform features, expand in existing and new markets, increase our sales and marketing efforts and continue to invest in our platform. These efforts may be more costly than we expect and may not result in increased revenue or growth in our business. If we are unable to generate adequate revenue growth and manage our expenses, we may continue to incur significant losses in the future and may not be able to achieve or maintain profitability.

If we fail to effectively manage our growth, our business, financial condition and results of operations could be adversely affected.

We are currently experiencing growth in our business. This expansion increases the complexity of our business and has placed, and will continue to place, strain on our management, personnel, operations, systems, technical performance, financial resources and internal financial control and reporting functions. Our ability to manage our growth effectively and to integrate new employees, technologies and acquisitions into our existing business will require us to continue to expand our operational and financial infrastructure and to continue to retain, attract, train, motivate and manage employees. Continued growth could strain our ability to develop and improve our operational, financial and management controls, enhance our reporting systems and procedures, recruit, train and retain highly skilled personnel and maintain user satisfaction. Additionally, if we do not effectively manage the growth of our business and operations, the quality of our offerings could suffer, which could negatively affect our reputation and brand, business, financial condition and results of operations.

We depend on our key personnel and other highly skilled personnel, and if we fail to attract, retain, motivate or integrate our personnel, our business, financial condition and results of operations could be adversely affected.

Our success depends in part on the continued service of our founders, senior management team, key technical employees and other highly skilled personnel and on our ability to identify, hire, develop, motivate, retain and integrate highly qualified personnel for all areas of our organization. We may not be successful in attracting and retaining qualified personnel to fulfill our current or future needs. Our competitors may be successful in recruiting and hiring members of our management team or other key employees, and it may be difficult for us to find suitable replacements on a timely basis, on competitive terms or at all. If we are unable to attract and retain the necessary personnel, particularly in critical areas of our business, we may not achieve our strategic goals.

Our concentration of earnings from two telecommunications companies may have a material adverse effect on our financial condition and results of operations.

We currently derive a substantial amount of our total revenue through contracts secured with China Unicom and China Mobile. If we were to lose the business of one or both of these mobile telecommunications companies, if either were to fail to fulfill its obligations to us, if either were to experience difficulty in paying rebates to us on a timely basis, if either negotiated lower pricing terms, or if either increased the number of licensed payment portals it permits to process its payments, it could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows. Additionally, we cannot guarantee that the volume of revenue we earn from China Unicom and China Mobile will remain consistent going forward. Any substantial change in our relationships with either China Unicom or China Mobile, or both, whether due to actions by our competitors, regulatory authorities, industry factors or otherwise, could have a material adverse effect on our business, financial condition and results of operations.

Any actual or perceived security or privacy breach could interrupt our operations, harm our brand and adversely affect our reputation, brand, business, financial condition and results of operations.

Our business involves the processing and transmission of our users' personal and other sensitive data. Because techniques used to obtain unauthorized access to or to sabotage information systems change frequently and may not be known until launched against us, we may be unable to anticipate or prevent these attacks. Unauthorized parties may in the future gain access to our systems or facilities through various means, including gaining unauthorized access into our systems or facilities or those of our service providers, partners or users on our platform, or attempting to fraudulently induce our employees, service providers, partners, users or others into disclosing names, passwords, payment information or other sensitive information, which may in turn be used to access our information technology systems, or attempting to fraudulently induce our employees, partners or others into manipulating payment information, resulting in the fraudulent transfer of funds to criminal actors. In addition, users on our platform could have vulnerabilities on their own mobile devices that are entirely unrelated to our systems and platform but could mistakenly attribute their own vulnerabilities to us. Further, breaches experienced by other companies may also be leveraged against us. For example, credential stuffing attacks are becoming increasingly common and sophisticated actors can mask their attacks, making them increasingly difficult to identify and prevent. Certain efforts may be state-sponsored or supported by significant financial and technological resources, making them even more difficult to detect.

Although we have developed systems and processes that are designed to protect our users' data, prevent data loss and prevent other security breaches, these security measures cannot guarantee security. Our information technology and infrastructure may be vulnerable to cyberattacks or security breaches; also, employee error, malfeasance or other errors in the storage, use or transmission of personal information could result in an actual or perceived privacy or security breach or other security incident.

Any actual or perceived breach of privacy or security could interrupt our operations, result in our platform being unavailable, result in loss or improper disclosure of data, result in fraudulent transfer of funds, harm our reputation and brand, damage our relationships with third-party partners, result in significant legal, regulatory and financial exposure and lead to loss of confidence in, or decreased use of, our platform, any of which could adversely affect our business, financial condition and results of operations. Any breach of privacy or security impacting any entities with which we share or disclose data (including, for example, our third-party providers) could have similar effects.

Additionally, defending against claims or litigation based on any security breach or incident, regardless of their merit, could be costly and divert management's attention. We cannot be certain that our insurance coverage will be adequate for data handling or data security liabilities actually incurred, that insurance will continue to be available to us on commercially reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have an adverse effect on our reputation, brand, business, financial condition and results of operations.

Systems failures and resulting interruptions in the availability of our platform or offerings could adversely affect our business, financial condition and results of operations.

Our systems, or those of third parties upon which we rely, may experience service interruptions or degradation because of hardware and software defects or malfunctions, distributed denial-of-service and other cyberattacks, human error, earthquakes, hurricanes, floods, fires, natural disasters, power losses, disruptions in telecommunications services, fraud, military or political conflicts, terrorist attacks, computer viruses, ransomware, malware or other events. Our systems also may be subject to break-ins, sabotage, theft and intentional acts of vandalism, including by our own employees. Some of our systems are not fully redundant and our disaster recovery planning may not be sufficient for all eventualities. Our business interruption insurance may not be sufficient to cover all of our losses that may result from interruptions in our service as a result of systems failures and similar events.

We have not experienced any system failures or other events or conditions that have interrupted the availability or reduced or affected the speed or functionality of our offerings. These events, were they to occur in the future, could adversely affect our business, reputation, results of operations and financial condition.

The successful operation of our business depends upon the performance and reliability of Internet, mobile, and other infrastructures that are not under our control.

Our business depends on the performance and reliability of Internet, mobile and other infrastructures that are not under our control. Disruptions in Internet infrastructure or the failure of telecommunications network operators to provide us with the bandwidth we need to provide our services and offerings could interfere with the speed and availability of our platform. If our platform is unavailable when platform users attempt to access it, or if our platform does not load as quickly as platform users expect, platform users may not return to our platform as often in the future, or at all, and may use our competitors' products or offerings more often. In addition, we have no control over the costs of the services provided by national telecommunications operators. If mobile Internet access fees or other charges to Internet users increase, consumer traffic may decrease, which may in turn cause our revenue to significantly decrease.

Our business depends on the efficient and uninterrupted operation of mobile communications systems. The occurrence of an unanticipated problem, such as a power outage, telecommunications delay or failure, security breach or computer virus could result in delays or interruptions to our services, offerings and platform, as well as business interruptions for us and platform users. Furthermore, foreign governments may leverage their ability to shut down directed services, and local governments may shut down our platform at the routing level. Any of these events could damage our reputation, significantly disrupt our operations, and subject us to liability, which could adversely affect our business, financial condition and operating results. We have invested significant resources to develop new products to mitigate the impact of potential interruptions to mobile communications systems, which can be used by consumers in territories where mobile communications systems are less efficient. However, these products may ultimately be unsuccessful.

We may be subject to claims, lawsuits, government investigations and other proceedings that may adversely affect our business, financial condition and results of operations.

We may be subject to claims, lawsuits, arbitration proceedings, government investigations and other legal and regulatory proceedings as our business grows and as we deploy new offerings, including proceedings related to our products or our acquisitions, securities issuances or business practices. The results of any such claims, lawsuits, arbitration proceedings, government investigations or other legal or regulatory proceedings cannot be predicted with certainty. Any claims against us, whether meritorious or not, could be time-consuming, result in costly litigation, be harmful to our reputation, require significant management attention and divert significant resources. Determining reserves for litigation is a complex and fact-intensive process that requires significant subjective judgment and speculation. It is possible that such proceedings could result in substantial damages, settlement costs, fines and penalties that could adversely affect our business, financial condition and results of operations. These proceedings could also result in harm to our reputation and brand, sanctions, consent decrees, injunctions or other orders requiring a change in our business practices. Any of these consequences could adversely affect our business, financial condition and results of operations. Furthermore, under certain circumstances, we have contractual and other legal obligations to indemnify and to incur legal expenses on behalf of our business and commercial partners and current and former directors and officers.

We may require additional funding to support our business, and any failure to obtain such funding or to comply with the terms of any financing we obtain could materially and adversely affect our business, financial condition and results of operations.

To grow our business, FingerMotion currently looks to take advantage of the immense growth in the total variety of mobile services provided in China. For the Company to continue to grow, the deposit with the Telecoms needs to increase, as most of the revenue we process is dependent on the size of the deposit we have with each Telecom. We will need to raise additional capital to materially increase the amounts of these deposits with the Telecoms and to support the rollout of our Command & Communications business. If we raise additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences or privileges senior to those of our common stock, and our existing stockholders may experience dilution. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital-raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. A failure to comply with the terms of any financing could result in an event of default, entitling our creditors to exercise various remedies, including increasing interest rates, accelerating repayment of all outstanding amounts, or enforcing security interests over our assets, any of which could adversely affect our business, financial condition and results of operations. We cannot be certain that additional funding will be available to us on favorable terms, or at all. If we are unable to obtain adequate funding or funding on terms satisfactory to us, when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly limited, and our business, financial condition and results of operations could be adversely affected.

Claims by others that we infringed their proprietary technology or other intellectual property rights could harm our business.

Companies in the Internet and technology industries are frequently subject to litigation based on allegations of infringement or other violations of intellectual property rights. In addition, certain companies and rights holders seek to enforce and monetize patents or other intellectual property rights they own, have purchased or otherwise obtained. As we gain a public profile and the number of competitors in our market increases, the possibility of intellectual property rights claims against us grows. From time to time, third parties may assert claims of infringement of intellectual property rights against us. Many potential litigants, including some of our competitors and patent-holding companies, have the ability to dedicate substantial resources to assert their intellectual property rights. Any claim of infringement by a third party, even those without merit, could cause us to incur substantial costs defending against the claim, could distract our management from our business and could require us to cease use of such intellectual property. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, we risk compromising our confidential information during this type of litigation. We may be required to pay substantial damages, royalties or other fees in connection with a claimant securing a judgment against us, we may be subject to an injunction or other restrictions that prevent us from using or distributing our intellectual property, or we may agree to a settlement that prevents us from distributing our offerings or a portion thereof, which could adversely affect our business, financial condition and results of operations.

With respect to any intellectual property rights claim, we may have to seek out a license to continue operations found to be in violation of such rights, which may not be available on favorable or commercially reasonable terms and may significantly increase our operating expenses. Some licenses may be non-exclusive, and therefore our competitors may have access to the same technology licensed to us. If a third party does not offer us a license to its intellectual property on reasonable terms, or at all, we may be required to develop alternative, non-infringing technology, which could require significant time (during which we would be unable to continue to offer our affected offerings), effort and expense and may ultimately not be successful. Any of these events could adversely affect our business, financial condition and results of operations.

Geopolitical Tensions Between the United States and China Could Adversely Affect Our Operations and Business Environment.

Although our services are not directly affected by tariffs, ongoing political and trade tensions between the United States and China could lead to new regulations or restrictions that may impact our operations. These may include changes in laws, data rules, or cross-border business policies that we cannot predict at this time. Any unexpected government action could affect how we operate or grow our business in the future.

Risks Related to Our Securities

Our stock has limited liquidity.

Our common stock began trading on the Nasdaq Capital Market on December 28, 2021, and before that it traded on the OTCQX operated by OTC Markets Group Inc. Trading volume in our shares may be sporadic and the price could experience volatility. If adverse market conditions exist, you may have difficulty selling your shares.

The market price of our common stock may fluctuate significantly in response to numerous factors, some of which are beyond our control, including the following:

- actual or anticipated fluctuations in our operating results;
- changes in financial estimates by securities analysts or our failure to perform in line with such estimates;
- changes in market valuations of other companies, particularly those that market services such as ours;
- announcements by us or our competitors of significant innovations, acquisitions, strategic partnerships, joint ventures or capital commitments;

- introduction of product enhancements that reduce the need for our products;
- departure of key personnel; and
- changes in overall global market sentiments and economy trends

We do not intend to pay cash dividends for the foreseeable future.

We have never declared nor paid cash dividends on our capital stock. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any cash dividends in the foreseeable future. As a result, stockholders must rely on sales of their common stock after price appreciation as the only way to realize any future gains on their investment.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the market price and trading volume of our common stock could decline.

The trading market for our common stock may depend in part on the research and reports that securities or industry analysts publish about us, our business, our market or our competition. The analysts' estimates are based upon their own opinions and are often different from our estimates or expectations. If one or more of the analysts who cover us downgrade our common stock, provide a more favorable recommendation about our competitors or publish inaccurate or unfavorable research about our business, the price of our securities would likely decline. If few securities analysts commence coverage of us, or if one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our securities could decrease, which might cause the price and trading volume of our common stock to decline.

The continued sale of our equity securities will dilute the ownership percentage of our existing shareholders and may decrease the market price for our Common Shares.

Our Certificate of Incorporation, as amended, authorize the issuance of up to 200,000,000 Common Shares and up to 1,000,000 shares of preferred stock ("**Preferred Shares**"). Our Board of Directors has the authority to issue additional shares of our capital stock to provide additional financing in the future and designate the rights of the preferred shares, which may include voting, dividend, distribution or other rights that are preferential to those held by the common stockholders. The issuance of any such common or preferred shares may result in a reduction of the book value or market price of our outstanding common shares. To grow our business substantially, we will likely have to issue additional equity securities to obtain working capital to deposit with the telecommunications companies for which we process mobile recharge payments. Our efforts to fund our intended business plans will therefore result in dilution to our existing stockholders. If we do issue any such additional common shares, such issuance also will cause a reduction in the proportionate ownership and voting power of all other stockholders. As a result of such dilution, if you acquire common shares your proportionate ownership interest and voting power could be decreased. Furthermore, any such issuances could result in a change of control or a reduction in the market price for our common shares.

If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

As a public company, we are subject to the reporting requirements of the Exchange Act and the Sarbanes-Oxley Act of 2002 (the "**SOX**"). The SOX requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal control over financial reporting. We have expended, and anticipate that we will continue to expend, significant resources in order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting.

Our current controls and any new controls that we develop may become inadequate because of changes in the conditions in our business. Further, weaknesses in our disclosure controls or our internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls, or any difficulties encountered in their implementation or improvement, could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting could also adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely adversely affect the market price of our common stock.

Financial Industry Regulatory Authority (“FINRA”) sales practice requirements may also limit a stockholder’s ability to buy and sell our shares of common stock, which could depress the price of our shares of common stock.

FINRA rules require broker-dealers to have reasonable grounds for believing that the investment is suitable for a customer before recommending that investment to the customer. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer’s financial status, tax status, investment objectives, and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low-priced securities will not be suitable for at least some customers. Thus, if our shares of common stock become speculative low-priced securities, the FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our shares of common stock, which may limit your ability to buy and sell our shares of common stock, have an adverse effect on the market for our shares of common stock, and thereby depress our price per share of common stock.

Our shares of common stock have been thinly traded, and you may be unable to sell at or near ask prices or at all if you need to sell your shares of common stock to raise money or otherwise desire to liquidate your shares.

Until December 28, 2021, our shares of common stock were quoted on the OTCQB/QX where they were “thinly traded”, meaning that the number of persons interested in purchasing our shares of common stock at or near bid prices at any given time was relatively small or non-existent. Since we listed on Nasdaq on December 28, 2021, the volume of our shares of common stock traded has increased, but that volume could decrease until we are thinly traded again. That could occur due to a number of factors, including that we are relatively unknown to stock analysts, stock brokers, institutional investors and others in the investment community that generate or influence sales volume, and that even if we came to the attention of such persons, they tend to be risk-averse and might be reluctant to follow an unproven company such as ours or purchase or recommend the purchase of our shares of common stock until such time as we became more seasoned. As a consequence, there may be periods of several days or more when trading activity in our shares of common stock is minimal or non-existent, as compared to a seasoned issuer which has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. Broad or active public trading market for our shares of common stock may not develop or be sustained.

Risks Related to the VIE Agreements

The PRC government may determine that the VIE Agreements are not in compliance with applicable PRC laws, rules and regulations.

JiuGe Management, our WFOE, manages and operates the mobile data business through JiuGe Technology, the VIE, pursuant to the rights it holds under the VIE Agreements. Almost all economic benefits and risks arising from JiuGe Technology’s operations are transferred to JiuGe Management under these agreements.

There are risks involved with the operation of our business in reliance on the VIE Agreements, including the risk that the VIE Agreements may be determined by PRC regulators or courts to be unenforceable. Our PRC counsel has advised us that the VIE Agreements are binding and enforceable under PRC law, but has further advised that if the VIE Agreements were for any reason determined to be in breach of any existing or future PRC laws or regulations, the relevant regulatory authorities would have broad discretion in dealing with such breach, including:

- imposing economic penalties;
- discontinuing or restricting the operations of JiuGe Technology or JiuGe Management;
- imposing conditions or requirements in respect of the VIE Agreements with which JiuGe Technology or JiuGe Management may not be able to comply;
- requiring our company to restructure the relevant ownership structure or operations;
- taking other regulatory or enforcement actions that could adversely affect our company's business; and
- revoking the business licenses and/or the licenses or certificates of JiuGe Management, and/or voiding the VIE Agreements.

Any of these actions could adversely affect our ability to manage, operate and gain the financial benefits of JiuGe Technology, which would have a material adverse impact on our business, financial condition and results of operations. Furthermore, if the PRC government determines that the contractual arrangements constituting part of our VIE structure do not comply with PRC regulations, or if regulations change or are interpreted differently in the future, we may be unable to assert our contractual rights over the assets of our VIE, and our Common Shares may decline in value or become worthless.

Our ability to manage and operate JiuGe Technology under the VIE Agreements may not be as effective as direct ownership.

We conduct our mobile data business in the PRC and generate virtually all of our revenues through the VIE Agreements. Our plans for future growth are based substantially on growing the operations of JiuGe Technology. However, the VIE Agreements may not be as effective in providing us with control over JiuGe Technology as direct ownership. Under the current VIE arrangements, as a legal matter, if JiuGe Technology fails to perform its obligations under these contractual arrangements, we may have to (i) incur substantial costs and resources to enforce such arrangements, and (ii) rely on legal remedies under PRC law, which we cannot be sure would be effective. Therefore, if we are unable to effectively control JiuGe Technology, it may have an adverse effect on our ability to achieve our business objectives and grow our revenues.

The VIE Agreements have never been challenged or recognized in court for the time being, the PRC government may determine that the VIE Agreements are not in compliance with applicable PRC laws, rules and regulations.

The VIE Agreements are governed by the PRC law and provide for the resolution of disputes through arbitral proceedings pursuant to PRC law. If JiuGe Technology or its shareholders fail to perform the obligations under the VIE Agreements, we would be required to resort to legal remedies available under PRC law, including seeking specific performance or injunctive relief, or claiming damages. We cannot be sure that such remedies would provide us with effective means of causing JiuGe Technology to meet its obligations or recovering any losses or damages as a result of non-performance. Further, the legal environment in China is not as developed as in other jurisdictions. Uncertainties in the application of various laws, rules, regulations or policies in PRC legal system could limit our liability to enforce the VIE Agreements and protect our interests.

The payment arrangement under the VIE Agreements may be challenged by the PRC tax authorities.

We generate our revenues through the payments we receive pursuant to the VIE Agreements. We could face adverse tax consequences if the PRC tax authorities determine that the VIE Agreements were not entered into based on arm's length negotiations. For example, PRC tax authorities may adjust our income and expenses for PRC tax purposes which could result in our being subject to higher tax liability or cause other adverse financial consequences.

Shareholders of JiuGe Technology have potential conflicts of interest with our Company which may adversely affect our business.

Li Li is the legal representative and general manager, and also a shareholder of JiuGe Technology. There could be conflicts that arise from time to time between our interests and the interests of Ms. Li. There could also be conflicts that arise between us and JiuGe Technology that would require our shareholders and JiuGe Technology's shareholder to vote on corporate actions necessary to resolve the conflict. There can be no assurance in any such circumstances that Ms. Li will vote her shares in our best interest or otherwise act in the best interests of our company. If Ms. Li fails to act in our best interests, our operating performance and future growth could be adversely affected.

We rely on the approval certificates and business license held by JiuGe Management and any deterioration of the relationship between JiuGe Management and JiuGe Technology could materially and adversely affect our business operations.

We operate our mobile data business in China on the basis of the approval certificates, business license and other requisite licenses held by JiuGe Management and JiuGe Technology. There is no assurance that JiuGe Management and JiuGe Technology will be able to renew their licenses or certificates when their terms expire with substantially similar terms as the ones they currently hold.

Further, our relationship with JiuGe Technology is governed by the VIE Agreements that are intended to provide us with effective control over the business operations of JiuGe Technology. However, the VIE Agreements may not be effective in providing control over the application for and maintenance of the licenses required for our business operations. JiuGe Technology could violate the VIE Agreements, go bankrupt, suffer from difficulties in its business or otherwise become unable to perform its obligations under the VIE Agreements and, as a result, our operations, reputations and business could be severely harmed.

If JiuGe Management exercises the purchase option it holds over JiuGe Technology's share capital pursuant to the VIE Agreements, the payment of the purchase price could materially and adversely affect our financial position.

Under the VIE Agreements, JiuGe Technology's shareholder has granted JiuGe Management an option for the maximum period of time permitted by law to purchase all of the equity interest in JiuGe Technology at a price equal to one dollar or the lowest applicable price allowable by PRC laws and regulations. As JiuGe Technology is already our contractually controlled affiliate, JiuGe Management's exercising of the option would not bring immediate benefits to our company, and payment of the purchase prices could adversely affect our financial position.

Risks Related to Doing Business in China

Changes in China's political or economic situation could harm us and our operating results.

Economic reforms adopted by the Chinese government have had a positive effect on the economic development of the country, but the government could change these economic reforms or any of the legal systems at any time. This could either benefit or damage our operations and profitability. Some of the things that could have this effect are:

- Level of government involvement in the economy;
- Control of foreign exchange;
- Methods of allocating resources;
- Balance of payments position;
- International trade restrictions; and
- International conflict.

The Chinese economy differs from the economies of most countries belonging to the Organization for Economic Cooperation and Development (the “OECD”), in many ways. For example, state-owned enterprises still constitute a large portion of the Chinese economy and weak corporate governance and a lack of flexible currency exchange policy still prevail in China. As a result of these differences, we may not develop in the same way or at the same rate as might be expected if the Chinese economy was similar to those of the OECD member countries.

Uncertainties with respect to the PRC legal system could limit the legal protections available to you and us.

We conduct substantially all of our business through our operating subsidiary and affiliate in the PRC. Our principal operating subsidiary and affiliate, JiuGe Management and JiuGe Technology, are subject to laws and regulations applicable to foreign investments in China and, in particular, laws applicable to foreign-invested enterprises. The PRC legal system is based on written statutes, and prior court decisions may be cited for reference but have limited precedential value. Since 1979, a series of new PRC laws and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, since the PRC legal system continues to evolve rapidly, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties, which may limit legal protections available to you and us. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention. In addition, most of our executive officers and all of our directors are not residents of the United States, and substantially all the assets of these persons are located outside the United States. As a result, it could be difficult for investors to effect service of process in the United States or to enforce a judgment obtained in the United States against our Chinese operations, subsidiary and affiliate.

The current tensions in international trade and rising political tensions, particularly between the United States and China, may adversely impact our business, financial condition, and results of operations.

Recently there have been heightened tensions in international economic relations, such as the one between the United States and China. Political tensions between the United States and China have escalated due to, among other things, trade disputes, the COVID-19 outbreak, sanctions imposed by the U.S. Department of Treasury on certain officials of the Hong Kong Special Administrative Region and the PRC central government, export control restrictions imposed by U.S. Department of Commerce on Chinese entities and the executive orders issued by the U.S. government in November 2020 that prohibit certain transactions with certain China-based companies and their respective subsidiaries. Responding to the restrictions aforementioned, the PRC central government also issued several countermeasures, including but not limited to counter-sanctions and export control rules of China. Rising political tensions could reduce levels of trade, investments, technological exchanges, and other economic activities between the two major economies. Such tensions between the United States and China, and any escalation thereof, may have a negative impact on the general, economic, political, and social conditions in China and, in turn, adversely impacting our business, financial condition, and results of operations. Regulations were introduced which includes but not limited to Article 177 of the PRC Securities Law which states that overseas securities regulatory authorities shall not carry out an investigation and evidence collection activities directly in China without the consent of the securities regulatory authority of the State Council and the relevant State Council department(s). It further defines that no organization or individual shall provide the documents and materials relating to securities business activities to overseas parties arbitrarily. With this regulation in force, it may result in delays by the Company to fulfill any request to provide relevant documents or materials by the regulatory authorities or in the worst-case scenario that the Company would not be able to fulfill the request if the approval from the regulatory authority of the State Council and the relevant State Council department(s) were rejected.

You may have difficulty enforcing judgments against us.

We are a Delaware holding company, but Finger Motion (CN) Limited is a Hong Kong company, and our principal operating affiliate and subsidiary, JiuGe Technology and JiuGe Management, are located in the PRC. Most of our assets are located outside the United States and most of our current operations are conducted in the PRC. In addition, all of our directors and officers are nationals and residents of countries other than the United States. A substantial portion of the assets of these persons is located outside the United States. As a result, it may be difficult for you to effect service of process within the United States upon these persons. It may also be difficult for you to enforce in U.S. courts judgments predicated on the civil liability provisions of the U.S. federal securities laws against us and our officers and directors, all of whom are not residents in the United States and the substantial majority of whose assets are located outside the United States. In addition, there is uncertainty as to whether the courts of the PRC would recognize or enforce judgments of U.S. courts. The recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. Courts in China may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based on treaties between China and the country where the judgment is made or on reciprocity between jurisdictions. China does not have any treaties or other arrangements that provide for the reciprocal recognition and enforcement of foreign judgments with the United States. In addition, according to the PRC Civil Procedures Law, courts in the PRC will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates basic principles of PRC law or national sovereignty, security or the public interest. Therefore, it is uncertain whether a PRC court would enforce a judgment rendered by a court in the United States.

The PRC government exerts substantial influence over the manner in which we must conduct our business activities.

The PRC government has exercised and continues to exercise substantial control over virtually every sector of the Chinese economy through regulation and state ownership. Our ability to operate in China may be harmed by changes in its laws and regulations, including those relating to taxation, import and export tariffs, environmental regulations, land use rights, property and other matters. We believe that our operations in China are in material compliance with all applicable legal and regulatory requirements. However, the central or local governments of the jurisdictions in which we operate may impose new, stricter regulations or interpretations of existing regulations that would require additional expenditures and efforts on our part to ensure our compliance with such regulations or interpretations.

Accordingly, government actions in the future, including any decision not to continue to support recent economic reforms and to return to a more centrally planned economy or regional or local variations in the implementation of economic policies, could have a significant effect on economic conditions in China or particular regions thereof and could require us to divest ourselves of any interest we then hold in Chinese properties or joint ventures.

The PRC government may exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers.

Recent statements by the PRC government indicate an intent to take actions to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers. On February 17, 2023, the CSRC promulgated Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the “**Overseas Listing Trial Measures**”) and five guidelines, which became effective on March 31, 2023. The Overseas Listing Trial Measures have introduced a filing-based regulatory regime that regulates both direct and indirect overseas offerings and listings of PRC domestic companies’ securities. Under the Overseas Listing Trial Measures, if the issuer meets both of the following conditions, any overseas securities offering or listing conducted by such issuer will constitute an indirect overseas offering that is subject to the prescribed filing procedures: (i) 50% or more of the issuer’s operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent accounting year is accounted for by domestic companies; and (ii) the main parts of the issuer’s business activities are conducted in mainland China, or its main places of business are located in mainland China, or the senior managers in charge of its business operations and management are mostly Chinese citizens or domiciled in mainland China. Any such issuer that submits an application for an initial public offering to competent overseas regulators, must make the required filing with the CSRC within three business days following the date of the application. Where a domestic company fails to comply with filing requirements or is otherwise determined to be in violation of the Overseas Listing Trial Measures, the CSRC may order rectification, issue a warning, and impose a fine ranging from RMB1,000,000 to RMB10,000,000. Controlling persons (including directors and officers) of the domestic company that are determined to be responsible for such filing delinquencies or violations can also be sanctioned.

On February 17, 2023, the CSRC held a press conference in connection with the release of the Overseas Listing Trial Measures and issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies, which, among other things, clarified that domestic companies that had been listed overseas on or before the effective date of the Overseas Listing Trial Measures (March 31, 2023) shall be deemed to be “stock enterprises”. Stock enterprises were exempted from having to immediately comply with the filing procedures, with their first filings being deferred to when they undertook a further overseas offering or listing. Generally, we understand that, for these purposes, the filing requirement would apply in respect of securities that are offered in a public overseas offering, and likely to securities that, having been offered in a private overseas offering, become eligible for resale to the public.

Specifics of the Overseas Listing Trial Measures, and the administrative rules, policies and practices of the CSRC, are somewhat unclear, and it remains uncertain what potential impact such modified or new laws and regulations will have on our ability to conduct our business, accept investments or list or maintain a listing on a U.S. or foreign exchange. If we are found to be delinquent in our filing obligations under, or are otherwise found to be in violation of, the Overseas Listing Trial Measures, this could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and could cause the value of our securities to significantly decline or be worthless.

Future inflation in China may inhibit our ability to conduct business in China.

In recent years, the Chinese economy has experienced periods of rapid expansion and highly fluctuating rates of inflation. During the past ten years, the rate of inflation in China has been as high as 4.5% and as low as 0.2%. These factors have led to the adoption by the Chinese government, from time to time, of various corrective measures designed to restrict the availability of credit or regulate growth and contain inflation. High inflation may in the future cause the Chinese government to impose controls on credit and/or prices, or to take other action, which could inhibit economic activity in China, and thereby harm the market for our products and our company.

Capital outflow policies in the PRC may hamper our ability to remit income to the United States.

The PRC has adopted currency and capital transfer regulations. These regulations may require that we comply with complex regulations for the movement of capital and as a result we may not be able to remit all income earned and proceeds received in connection with our operations or from the sale of one of our operating subsidiaries to the U.S. or to our shareholders.

Adverse regulatory developments in China may subject us to additional regulatory review, and additional disclosure requirements and regulatory scrutiny to be adopted by the SEC in response to risks related to recent regulatory developments in China may impose additional compliance requirements for companies like us with significant China-based operations, all of which could increase our compliance costs, subject us to additional disclosure requirements.

The recent regulatory developments in China, in particular with respect to restrictions on China-based companies raising capital offshore, may lead to additional regulatory review in China over our financing and capital raising activities in the United States. In addition, we may be subject to industry-wide regulations that may be adopted by the relevant PRC authorities, which may have the effect of limiting our service offerings, restricting the scope of our operations in China, or causing the suspension or termination of our business operations in China entirely, all of which will materially and adversely affect our business, financial condition and results of operations. We may have to adjust, modify, or completely change our business operations in response to adverse regulatory changes or policy developments, and we cannot assure you that any remedial action adopted by us can be completed in a timely, cost-efficient, or liability-free manner or at all.

On July 30, 2021, in response to the recent regulatory developments in China and actions adopted by the PRC government, the Chairman of the SEC issued a statement asking the SEC staff to seek additional disclosures from offshore issuers associated with China-based operating companies before their registration statements will be declared effective. On August 1, 2021, the CSRC stated in a statement that it had taken note of the new disclosure requirements announced by the SEC regarding the listings of Chinese companies and the recent regulatory development in China, and that both countries should strengthen communications on regulating China-related issuers. We cannot guarantee that we will not be subject to tightened regulatory review and we could be exposed to government interference in China.

Compliance with China's new Data Security Law, Measures on Cybersecurity Review (revised draft for public consultation), Personal Information Protection Law (second draft for consultation), regulations and guidelines relating to the multi-level protection scheme and any other future laws and regulations may entail significant expenses and could materially affect our business.

China has implemented or will implement rules and is considering a number of additional proposals relating to data protection. China's new Data Security Law promulgated by the Standing Committee of the National People's Congress of China in June 2021, or the Data Security Law, took effect in September 2021. The Data Security Law provides that the data processing activities must be conducted based on "data classification and hierarchical protection system" for the purpose of data protection and prohibits entities in China from transferring data stored in China to foreign law enforcement agencies or judicial authorities without prior approval by the Chinese government. As a result of the new Data Security Law, we may need to make adjustments to our data processing practices to comply with this law.

Additionally, China's Cyber Security Law, requires companies to take certain organizational, technical and administrative measures and other necessary measures to ensure the security of their networks and data stored on their networks. Specifically, the Cyber Security Law provides that China adopt a multi-level protection scheme (MLPS), under which network operators are required to perform obligations of security protection to ensure that the network is free from interference, disruption or unauthorized access, and prevent network data from being disclosed, stolen or tampered. Under the MLPS, entities operating information systems must have a thorough assessment of the risks and the conditions of their information and network systems to determine the level to which the entity's information and network systems belong-from the lowest Level 1 to the highest Level 5 pursuant to the Measures for the Graded Protection and the Guidelines for Grading of Classified Protection of Cyber Security. The grading result will determine the set of security protection obligations that entities must comply with. Entities classified as Level 2 or above should report the grade to the relevant government authority for examination and approval.

The Cyberspace Administration of China (the "CAC") has taken action against several Chinese internet companies in connection with their initial public offerings on U.S. securities exchanges, for alleged national security risks and improper collection and use of the personal information of Chinese data subjects. According to the official announcement, the action was initiated based on the National Security Law, the Cyber Security Law and the Measures on Cybersecurity Review, which are aimed at "preventing national data security risks, maintaining national security and safeguarding public interests." On July 10, 2021, the CAC published a revised draft of the Measures on Cybersecurity Review, expanding the cybersecurity review to data processing operators in possession of personal information of over 1 million users if the operators intend to list their securities in a foreign country.

It is unclear at the present time how widespread the cybersecurity review requirement and the enforcement action will be and what effect they will have on the telecommunications sector generally and the Company in particular. China's regulators may impose penalties for non-compliance ranging from fines or suspension of operations, and this could lead to us delisting from the U.S. stock market.

Also, on November 20, 2021, the National People's Congress passed the Personal Information Protection Law, which was implemented on November 1, 2021. The law creates a comprehensive set of data privacy and protection requirements that apply to the processing of personal information and expands data protection compliance obligations to cover the processing of personal information of persons by organizations and individuals in China, and the processing of personal information of persons in China outside of China if such processing is for purposes of providing products and services to, or analyzing and evaluating the behavior of, persons in China. The law also proposes that critical information infrastructure operators and personal information processing entities who process personal information meeting a volume threshold to-be-set by Chinese cyberspace regulators are also required to store in China personal information generated or collected in China, and to pass a security assessment administered by Chinese cyberspace regulators for any export of such personal information. Lastly, the draft contains proposals for significant fines for serious violations of up to RMB 50 million or 5% of annual revenues from the prior year.

Interpretation, application and enforcement of these laws, rules and regulations evolve from time to time and their scope may continually change, through new legislation, amendments to existing legislation and changes in enforcement. Compliance with the Cyber Security Law and the Data Security Law could significantly increase the cost to us of providing our service offerings, require significant changes to our operations or even prevent us from providing certain service offerings in jurisdictions in which we currently operate or in which we may operate in the future. Despite our efforts to comply with applicable laws, regulations and other obligations relating to privacy, data protection and information security, it is possible that our practices, offerings or platform could fail to meet all of the requirements imposed on us by the Cyber Security Law, the Data Security Law and/or related implementing regulations. Any failure on our part to comply with such law or regulations or any other obligations relating to privacy, data protection or information security, or any compromise of security that results in unauthorized access, use or release of personally identifiable information or other data, or the perception or allegation that any of the foregoing types of failure or compromise has occurred, could damage our reputation, discourage new and existing counterparties from contracting with us or result in investigations, fines, suspension or other penalties by Chinese government authorities and private claims or litigation, any of which could materially adversely affect our business, financial condition and results of operations. Even if our practices are not subject to legal challenge, the perception of privacy concerns, whether or not valid, may harm our reputation and brand and adversely affect our business, financial condition and results of operations. Moreover, the legal uncertainty created by the Data Security Law and the recent Chinese government actions could materially adversely affect our ability, on favorable terms, to raise capital, including engaging in follow-on offerings of our securities in the U.S. market.

Restrictions on currency exchange may limit our ability to receive and use our revenues effectively.

The majority of our revenues will be settled in Chinese Renminbi (RMB), and any future restrictions on currency exchanges may limit our ability to use revenue generated in RMB to fund any future business activities outside China or to make dividend or other payments in U.S. dollars. Although the Chinese government introduced regulations in 1996 to allow greater convertibility of the RMB for current account transactions, significant restrictions still remain, including primarily the restriction that foreign-invested enterprises may only buy, sell or remit foreign currencies after providing valid commercial documents, at those banks in China authorized to conduct foreign exchange business. In addition, conversion of RMB for capital account items, including direct investment and loans, is subject to governmental approval in China, and companies are required to open and maintain separate foreign exchange accounts for capital account items. We cannot be certain that the Chinese regulatory authorities will not impose more stringent restrictions on the convertibility of the RMB.

Fluctuations in exchange rates could adversely affect our business and the value of our securities.

The value of our common stock will be indirectly affected by the foreign exchange rate between U.S. dollars and RMB and between those currencies and other currencies in which our sales may be denominated. Appreciation or depreciation in the value of the RMB relative to the U.S. dollar would affect our financial results reported in U.S. dollar terms without giving effect to any underlying change in our business or results of operations. Fluctuations in the exchange rate will also affect the relative value of any dividend we issue that will be exchanged into U.S. dollars as well as earnings from, and the value of, any U.S. dollar-denominated investments we make in the future.

Since July 2005, the RMB is no longer pegged to the U.S. dollar. Although the People's Bank of China regularly intervenes in the foreign exchange market to prevent significant short-term fluctuations in the exchange rate, the RMB may appreciate or depreciate significantly in value against the U.S. dollar in the medium to long term. Moreover, it is possible that in the future PRC authorities may lift restrictions on fluctuations in the RMB exchange rate and lessen intervention in the foreign exchange market.

Very limited hedging transactions are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions. While we may enter into hedging transactions in the future, the availability and effectiveness of these transactions may be limited, and we may not be able to successfully hedge our exposure at all. In addition, our foreign currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert RMB into foreign currencies.

Restrictions under PRC law on our PRC subsidiary's ability to make dividends and other distributions could materially and adversely affect our ability to grow, make investments or acquisitions that could benefit our business, pay dividends to our shareholders, and otherwise fund and conduct our businesses.

Substantially all of our revenue is earned by JiuGe Management, our PRC subsidiary. PRC regulations restrict the ability of our PRC subsidiary to make dividends and other payments to its offshore parent company. PRC legal restrictions permit payments of dividends by our PRC subsidiary only out of its accumulated after-tax profits, if any, determined in accordance with PRC accounting standards and regulations. Our PRC subsidiary is also required under PRC laws and regulations to allocate at least 10% of our annual after-tax profits determined in accordance with PRC GAAP to a statutory general reserve fund until the amount in said fund reaches 50% of our registered capital. Allocations to these statutory reserve funds can only be used for specific purposes and are not transferable to us in the form of loans, advances or cash dividends. Any limitations on the ability of our PRC subsidiary to transfer funds to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends and otherwise fund and conduct our business.

PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from making loans or additional capital contributions to our PRC subsidiary and affiliated entities, which could harm our liquidity and our ability to fund and expand our business.

As an offshore holding company of our PRC subsidiary, we may (i) make loans to our PRC subsidiary and affiliated entities, (ii) make additional capital contributions to our PRC subsidiary, (iii) establish new PRC subsidiaries and make capital contributions to these new PRC subsidiaries, and (iv) acquire offshore entities with business operations in China in an offshore transaction. However, most of these uses are subject to PRC regulations and approvals. For example:

- loans by us to our wholly-owned subsidiary in China, which is a foreign-invested enterprise, cannot exceed statutory limits and must be registered with the State Administration of Foreign Exchange of the PRC (the “SAFE”) or its local counterparts;
- loans by us to our affiliated entities, which are domestic PRC entities, over a certain threshold must be approved by the relevant government authorities and must also be registered with the SAFE or its local counterparts; and
- capital contributions to our wholly-owned subsidiary must file a record with the PRC Ministry of Commerce (“MOFCOM”) or its local counterparts and shall also be limited to the difference between the registered capital and the total investment amount.

We cannot assure you that we will be able to obtain these government registrations or filings on a timely basis, or at all. If we fail to finish such registrations or filings, our ability to capitalize our PRC subsidiary’s operations may be adversely affected, which could adversely affect our liquidity and our ability to fund and expand our business.

On March 30, 2015, the SAFE promulgated a notice relating to the administration of foreign invested company of its capital contribution in foreign currency into RMB (Hui Fa [2015]19) (“**Circular 19**”). Although Circular 19 has fastened the administration relating to the settlement of exchange of foreign-investment, allows the foreign-invested company to settle the exchange on a voluntary basis, it still requires that the bank review the authenticity and compliance of a foreign-invested company’s settlement of exchange in previous time, and the settled in RMB converted from foreign currencies shall deposit on the foreign exchange settlement account, and shall not be used for several purposes as listed in the “negative list”. As a result, the notice may limit our ability to transfer funds to our operations in China through our PRC subsidiary, which may affect our ability to expand our business. Meanwhile, the foreign exchange policy is unpredictable in China, it shall be various with the nationwide economic pattern, the strict foreign exchange policy may have an adverse impact in our capital cash and may limit our business expansion.

Failure to comply with PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident shareholders to personal liability, limit our ability to acquire PRC companies or to inject capital into our PRC subsidiary or affiliate, limit our PRC subsidiary’s and affiliate’s ability to distribute profits to us or otherwise materially adversely affect us.

In October 2005, the SAFE, issued the Notice on Relevant Issues in the Foreign Exchange Control over Financing and Return Investment Through Special Purpose Companies by Residents Inside China, generally referred to as Circular 75, which required PRC residents to register with the competent local SAFE branch before establishing or acquiring control over an offshore special purpose company (“SPV”), for the purpose of engaging in an equity financing outside of China on the strength of domestic PRC assets originally held by those residents. Internal implementing guidelines issued by the SAFE, which became public in June 2007 (“**Notice 106**”), expanded the reach of Circular 75 by (1) purporting to cover the establishment or acquisition of control by PRC residents of offshore entities which merely acquire “control” over domestic companies or assets, even in the absence of legal ownership; (2) adding requirements relating to the source of the PRC resident’s funds used to establish or acquire the offshore entity; covering the use of existing offshore entities for offshore financings; (3) purporting to cover situations in which an offshore SPV establishes a new subsidiary in China or acquires an unrelated company or unrelated assets in China; and (4) making the domestic affiliate of the SPV responsible for the accuracy of certain documents which must be filed in connection with any such registration, notably, the business plan which describes the overseas financing and the use of proceeds. Amendments to registrations made under Circular 75 are required in connection with any increase or decrease of capital, transfer of shares, mergers and acquisitions, equity investment or creation of any security interest in any assets located in China to guarantee offshore obligations and Notice 106 makes the offshore SPV jointly responsible for these filings. In the case of an SPV which was established, and which acquired a related domestic company or assets, before the implementation date of Circular 75, a retroactive SAFE registration was required to have been completed before March 30, 2006; this date was subsequently extended indefinitely by Notice 106, which also required that the registrant establish that all foreign exchange transactions undertaken by the SPV and its affiliates were in compliance with applicable laws and regulations. Failure to comply with the requirements of Circular 75, as applied by the SAFE in accordance with Notice 106, may result in fines and other penalties under PRC laws for evasion of applicable foreign exchange restrictions. Any such failure could also result in the SPV’s affiliates being impeded or prevented from distributing their profits and the proceeds from any reduction in capital, share transfer or liquidation to the SPV, or from engaging in other transfers of funds into or out of China.

We have advised our shareholders who are PRC residents, as defined in Circular 75, to register with the relevant branch of SAFE, as currently required, in connection with their equity interests in us and our acquisitions of equity interests in our PRC subsidiary and affiliate. However, we cannot provide any assurances that their existing registrations have fully complied with, and they have made all necessary amendments to their registration to fully comply with, all applicable registrations or approvals required by Circular 75. Moreover, because of uncertainty over how Circular 75 will be interpreted and implemented, and how or whether the SAFE will apply it to us, we cannot predict how it will affect our business operations or future strategies. For example, our present and prospective PRC subsidiaries' and affiliates' ability to conduct foreign exchange activities, such as the remittance of dividends and foreign currency-denominated borrowings, may be subject to compliance with Circular 75 by our PRC resident beneficial holders. In addition, such PRC residents may not always be able to complete the necessary registration procedures required by Circular 75. We also have little control over either our present or prospective direct or indirect shareholders or the outcome of such registration procedures. A failure by our PRC resident beneficial holders or future PRC resident shareholders to comply with Circular 75, if the SAFE requires it, could subject these PRC resident beneficial holders to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our subsidiary's and affiliate's ability to make distributions or pay dividends or affect our ownership structure, which could adversely affect our business and prospects.

We may be subject to fines and legal sanctions by the SAFE or other PRC government authorities if we or our employees who are PRC citizens fail to comply with PRC regulations relating to employee stock options granted by offshore listed companies to PRC citizens.

On March 28, 2007, the SAFE promulgated the Operating Procedures for Foreign Exchange Administration of Domestic Individuals Participating in Employee Stock Ownership Plans and Stock Option Plans of Offshore Listed Companies (“**Circular 78**”). Under Circular 78, Chinese citizens who are granted share options by an offshore listed company are required, through a Chinese agent or Chinese subsidiary of the offshore listed company, to register with SAFE and complete certain other procedures, including applications for foreign exchange purchase quotas and opening special bank accounts. We and our Chinese employees who have been granted share options are subject to Circular 78. Failure to comply with these regulations may subject us or our Chinese employees to fines and legal sanctions imposed by the SAFE or other PRC government authorities and may prevent us from further granting options under our share incentive plans to our employees. Such events could adversely affect our business operations.

Under the New EIT Law, we may be classified as a “resident enterprise” of China. Such classification will likely result in unfavorable tax consequences to us and our non-PRC shareholders.

Under the New EIT Law effective on January 1, 2008, an enterprise established outside China with “de facto management bodies” within China is considered a “resident enterprise,” meaning that it can be treated in a manner similar to a Chinese enterprise for enterprise income tax purposes. The implementing rules of the New EIT Law define de facto management as “substantial and overall management and control over the production and operations, personnel, accounting, and properties” of the enterprise.

On April 22, 2009, the State Administration of Taxation issued the Notice Concerning Relevant Issues Regarding Cognizance of Chinese Investment Controlled Enterprises Incorporated Offshore as Resident Enterprises pursuant to Criteria of de facto Management Bodies (the “**Notice**”), further interpreting the application of the New EIT Law and its implementation non-Chinese enterprise or group controlled offshore entities. Pursuant to the Notice, an enterprise incorporated in an offshore jurisdiction and controlled by a Chinese enterprise or group will be classified as a “non-domestically incorporated resident enterprise” if (i) its senior management in charge of daily operations reside or perform their duties mainly in China; (ii) its financial or personnel decisions are made or approved by bodies or persons in China; (iii) its substantial assets and properties, accounting books, corporate chops, board and shareholder minutes are kept in China; and (iv) at least half of its directors with voting rights or senior management often resident in China. A resident enterprise would be subject to an enterprise income tax rate of 25% on its worldwide income and must pay a withholding tax at a rate of 10% when paying dividends to its non-PRC shareholders. However, it remains unclear as to whether the Notice is applicable to an offshore enterprise incorporated by a Chinese natural person. Nor are detailed measures on imposition of tax from non-domestically incorporated resident enterprises available. Therefore, it is unclear how tax authorities will determine tax residency based on the facts of each case.

Given the above conditions, although unlikely, we may be deemed to be a resident enterprise by Chinese tax authorities. If the PRC tax authorities determine that we are a “resident enterprise” for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. First, we may be subject to the enterprise income tax at a rate of 25% on our worldwide taxable income as well as PRC enterprise income tax reporting obligations. In our case, this would mean that income such as interest on financing proceeds and non-China source income would be subject to PRC enterprise income tax at a rate of 25%. Second, although under the New EIT Law and its implementing rules dividends paid to us from our PRC subsidiary would qualify as “tax-exempt income,” we cannot guarantee that such dividends will not be subject to a 10% withholding tax, as the PRC foreign exchange control authorities, which enforce the withholding tax, have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for PRC enterprise income tax purposes. Finally, it is possible that future guidance issued with respect to the new “resident enterprise” classification could result in a situation in which a 10% withholding tax is imposed on dividends we pay to our non-PRC shareholders and with respect to gains derived by our non-PRC shareholders from transferring our shares. We are actively monitoring the possibility of “resident enterprise” treatment.

If we were treated as a “resident enterprise” by PRC tax authorities, we would be subject to taxation in both the U.S. and China, and our PRC tax may not be creditable against our U.S. tax.

We may be exposed to liabilities under the Foreign Corrupt Practices Act (the “FCPA”) and Chinese anti-corruption laws, and any determination that we violated these laws could have a material adverse effect on our business.

We are subject to the FCPA and other laws that prohibit improper payments or offers of payments to foreign governments and their officials and political parties by U.S. persons and issuers as defined by the statute, for the purpose of obtaining or retaining business. We have operations, agreements with third parties and we earn the majority of our revenue in China. PRC also strictly prohibits bribery of government officials. Our activities in China create the risk of unauthorized payments or offers of payments by our executive officers, employees, consultants, sales agents or other representatives of our Company, even though they may not always be subject to our control. It is our policy to implement safeguards to discourage these practices by our employees. However, our existing safeguards and any future improvements may prove to be less than effective, and the executive officers, employees, consultants, sales agents or other representatives of our Company may engage in conduct for which we might be held responsible. Violations of the FCPA or Chinese anti-corruption laws may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could negatively affect our business, operating results and financial condition. In addition, the U.S. government may seek to hold our Company liable for successor liability FCPA violations committed by companies in which we invest or that we acquire.

Because our business is located in the PRC, we may have difficulty establishing adequate management, legal and financial controls, which we are required to do in order to comply with U.S. securities laws.

PRC companies have historically not adopted a Western style of management and financial reporting concepts and practices, which includes strong corporate governance, internal controls and computer, financial and other control systems. Some of our staff is not educated and trained in the Western system, and we may have difficulty hiring new employees in the PRC with such training. As a result of these factors, we may experience difficulty in establishing management, legal and financial controls, collecting financial data and preparing financial statements, books of account and corporate records and instituting business practices that meet Western standards. Therefore, we may, in turn, experience difficulties in implementing and maintaining adequate internal controls as required under Section 404 of the SOX. This may result in significant deficiencies or material weaknesses in our internal controls, which could impact the reliability of our financial statements and prevent us from complying with Commission rules and regulations and the requirements of the SOX. Any such deficiencies, weaknesses or lack of compliance could have a materially adverse effect on our business.

The disclosures in our reports and other filings with the SEC and our other public announcements are not subject to the scrutiny of any regulatory bodies in the PRC. Accordingly, our public disclosure should be reviewed in light of the fact that no governmental agency that is located in the PRC, where part of our operations and business are located, has conducted any due diligence on our operations or reviewed or cleared any of our disclosure.

We are regulated by the SEC and our reports and other filings with the SEC are subject to SEC review in accordance with the rules and regulations promulgated by the SEC under the Securities Act and the Exchange Act. Unlike public reporting companies whose operations are located primarily in the United States, however, substantially all of our operations are located in the PRC and Hong Kong. Since substantially all of our operations and business takes place outside of United States, it may be more difficult for the staff of the SEC to overcome the geographic and cultural obstacles that are present when reviewing our disclosure. These same obstacles are not present for similar companies whose operations or business take place entirely or primarily in the United States. Furthermore, our SEC reports and other disclosure and public announcements are not subject to the review or scrutiny of any PRC regulatory authority. For example, the disclosure in our SEC reports and other filings are not subject to the review of the CSRC. Accordingly, you should review our SEC reports, filings and our other public announcements with the understanding that no local regulator has done any due diligence on our Company and with the understanding that none of our SEC reports, other filings or any of our other public announcements has been reviewed or otherwise been scrutinized by any local regulator.

Certain PRC regulations, including those relating to mergers and acquisitions and national security, may require a complicated review and approval process which could make it more difficult for us to pursue growth through acquisitions in China.

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (the “**M&A Rules**”), which became effective in September 2006 and were further amended in June 2009, requires that if an overseas company is established or controlled by PRC domestic companies or citizens intends to acquire equity interests or assets of any other PRC domestic company affiliated with the PRC domestic companies or citizens, such acquisition must be submitted to the MOFCOM, rather than local regulators, for approval. In addition, the M&A Rules requires that an overseas company controlled directly or indirectly by PRC companies or citizens and holding equity interests of PRC domestic companies needs to obtain the approval of the China Securities Regulatory Commission, or CSRC, prior to listing its securities on an overseas stock exchange. On September 21, 2006, the CSRC published a notice on its official website specifying the documents and materials required to be submitted by overseas special purpose companies seeking the CSRC’s approval of their overseas listings.

The M&A Rules established additional procedures and requirements that could make merger and acquisition activities in China by foreign investors more time-consuming and complex. For example, the MOFCOM must be notified in the event a foreign investor takes control of a PRC domestic enterprise. In addition, certain acquisitions of domestic companies by offshore companies that are related to or affiliated with the same entities or individuals of the domestic companies, are subject to approval by the MOFCOM. In addition, the Implementing Rules Concerning Security Review on Mergers and Acquisitions by Foreign Investors of Domestic Enterprises, issued by the MOFCOM in November 2011, require that mergers and acquisitions by foreign investors in “any industry with national security concerns” be subject to national security review by the MOFCOM. In addition, any activities attempting to circumvent such review process, including structuring the transaction through a proxy or contractual control arrangement, are strictly prohibited.

The Regulations on Foreign Investment Security Assessment (the “**Security Assessment Rules**”) which became effective in January 2021, requires that if foreign investors intend to directly or indirectly invest in the PRC in key industries and obtaining actual control over the invested enterprise, including important agricultural products, important energy and resources, major equipment manufacturing, important infrastructure, important transport services, important cultural products and services, important information technology and internet products and services, important financial services, key technologies, and other important areas, they shall proactively apply for approval to the working mechanism office (the “**Security Assessment Office**”) before their implementation.

There is significant uncertainty regarding the interpretation and implementation of these regulations relating to merger and acquisition activities in China. In addition, complying with these requirements could be time-consuming, and the required notification, review or approval process may materially delay or affect our ability to complete merger and acquisition transactions in China. As a result, our ability to seek growth through acquisitions may be materially and adversely affected. In addition, if the MOFCOM or Security Assessment Office determines that we should have obtained its approval for our entry into contractual arrangements with our affiliated entities, we may be required to file for remedial approvals. There is no assurance that we would be able to obtain such approval from the MOFCOM or Security Assessment Office.

If the MOFCOM, the CSRC and/or other PRC regulatory agencies subsequently determine that the approvals from the MOFCOM and/or CSRC and/or other PRC regulatory agencies were required, our PRC business could be challenged, and we may need to apply for a remedial approval and may be subject to certain administrative punishments or other sanctions from PRC regulatory agencies. The regulatory agencies may impose fines and penalties on our operations in the PRC, limit our operating privileges in the PRC, delay or restrict the conversion and remittance of our funds in foreign currencies into the PRC, or take other actions that could materially and adversely affect our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our common stock.

As substantially all of our operations are conducted through the VIE in China, our ability to pay dividends is primarily dependent on receiving distributions of funds from the VIE. However, the PRC government might exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers, which would likely result in a material change in our operations, even significantly limit or completely hinder our ability to offer or continue to offer securities or dividends to investors, and the value of our common stock may depreciate significantly or become worthless.

On July 6, 2021, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly issued the Opinions on Strictly Cracking Down on Illegal Securities Activities in Accordance with the Law (the “**Cracking Down on Illegal Securities Activities Opinions**”). The Cracking Down on Illegal Securities Activities Opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision over overseas listings by China-based companies, and proposed to take measures, including promoting the construction of relevant regulatory systems to control the risks and deal with the incidents faced by China-based overseas-listed companies.

In addition, on December 24, 2021, the CSRC issued the draft Administration Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies (the “**Draft Administration Provisions**”) and the draft Administrative Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (the “**Draft Administrative Measures**”), for public comments. The Draft Administration Provisions and the Draft Administrative Measures regulate overseas securities offering and listing by domestic companies in direct or indirect form. The Draft Administration Provisions specify the responsibilities of the CSRC to regulate the activities of overseas securities offering and listing by domestic companies and establish a filing-based regime. As a supporting measure to the Draft Administration Provisions, the Draft Administrative Measures, detail the determination criteria for indirect overseas listing in overseas markets. Specifically, an offering and listing shall be considered as an indirect overseas offering and listing by a domestic company if the issuer meets the following conditions: (i) the operating income, gross profit, total assets, or net assets of the domestic enterprise in the most recent fiscal year was more than 50% of the relevant line item in the issuer’s audited consolidated financial statement for that year; and (ii) senior management personnel responsible for business operations and management are mostly PRC citizens or are ordinarily resident in the PRC, or the main place of business is in the PRC or carried out in the PRC. In accordance with the Draft Administrative Measures, the issuer or its designated material domestic company, shall file with the CSRC and report the relevant information for its initial public offering.

On February 17, 2023, the CSRC promulgated the Overseas Listing Trial Measures and five relevant guidelines, which became effective on March 31, 2023. The Overseas Listing Trial Measures regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities by adopting a filing-based regulatory regime. According to the Overseas Listing Trial Measures, if the issuer meets both the following conditions, the overseas securities offering and listing conducted by such issuer will be determined as indirect overseas offering, which shall be subject to the filing procedure set forth under the Overseas Listing Trial Measures: (i) 50% or more of the issuer's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent accounting year is accounted for by domestic companies; and (ii) the main parts of the issuer's business activities are conducted in mainland China, or its main places of business are located in mainland China, or the senior managers in charge of its business operations and management are mostly Chinese citizens or domiciled in mainland China. Where an abovementioned issuer submits an application for an initial public offering to competent overseas regulators, such issuer shall file with the CSRC within three business days after such application is submitted. Where a domestic company fails to fulfill filing procedure or in violation of the provisions as stipulated above, in respect of its overseas offering and listing, the CSRC shall order rectification, issue warnings to such domestic company, and impose a fine ranging from RMB1,000,000 to RMB10,000,000. Also, the directly liable persons and actual controllers of the domestic company that organize or instruct the aforementioned violations shall be warned and/or imposed fines.

Also on February 17, 2023, the CSRC also held a press conference for the release of the Overseas Listing Trial Measures and issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies, which, among others, clarifies that the domestic companies that have already been listed overseas on or before the effective date of the Overseas Listing Trial Measures (March 31, 2023) shall be deemed as "stock enterprises". Stock enterprises are not required to complete the filing procedures immediately, and they shall be required to file with the CSRC when subsequent matters such as refinancing are involved.

Due to the Overseas Listing Trial Measures, we will be required to file with the CSRC with respect to an offering of new securities, which may subject us to additional compliance requirements in the future and we cannot assure you that we will be able to get the clearance from the CSRC for any offering of new securities on a timely manner. Any failure of us to comply with the new Overseas Listing Trial Measures may significantly limit or completely hinder our ability to offer or continue to offer our securities, cause significant disruption to our business operations, and severely damage our reputation.

Furthermore, it is uncertain when and whether we will be able to obtain permission or approval from the CSRC or the PRC government to offer securities to list on U.S. exchanges or the execution of a VIE Agreement in the future. However, our operations are conducted through the VIE in PRC, and our ability to pay dividends is primarily dependent on receiving distributions of funds from the VIE, if we do not obtain or maintain any of the permissions or approvals which may be required in the future by the PRC government for the operation of the VIE or the execution of VIE Agreements, our operations and financial conditions could be adversely effected, even significantly limit or completely hinder our ability to offer or continue to offer securities or dividends to investors and cause the value of our securities to significantly decline or become worthless.

ITEM 2 – UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS AND ISSUER PURCHASES OF EQUITY SECURITIES

On May 13, 2026, the Company entered into a securities purchase agreement with an institutional investor and issued a senior secured convertible note with an original principal amount of \$5,000,000 and an original issue discount of \$700,000. The note is convertible into shares of the Company's common stock at an initial fixed conversion price of \$0.94 per share, subject to adjustment as set forth in the note. The note was, and the shares of common stock issuable upon conversion of the note will be, issued in a transaction exempt from the registration requirements under the Securities Act in reliance on Section 4(a)(2) thereof and Rule 506(b) of Regulation D thereunder.

ITEM 3 – DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 – MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5 – OTHER INFORMATION

During our fiscal quarter ended May 31, 2026, none of our directors or executive officers adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" as defined in Item 408(c) of Regulation S-K.

ITEM 6 – EXHIBITS

The following exhibits are included with this Quarterly Report:

Exhibit	Description of Exhibit
<u>31.1^(*)</u>	<u>Certification of Chief Executive Officer pursuant to the Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14(a).</u>
<u>31.2^(*)</u>	<u>Certification of Chief Financial Officer pursuant to the Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14(a).</u>
<u>32.1^(**)</u>	<u>Certifications pursuant to the Securities Exchange Act of 1934 Rule 13a-14(b) or 15d-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS ^(*)	XBRL Instance Document
101.SCH ^(*)	XBRL Taxonomy Extension Schema Document
101.CAL ^(*)	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF ^(*)	XBRL Taxonomy Extension Definitions Linkbase Document
101.LAB ^(*)	XBRL Taxonomy Extension Label Linkbase Document
101.PRE ^(*)	XBRL Taxonomy Extension Presentation Linkbase Document
104 ^(*)	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101 attachments)

Notes:

(*) Filed herewith

(**) Furnished herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FINGERMOTION, INC.

Dated: July 15, 2026

By: /s/ Martin J. Shen

Martin J. Shen, President, Chief Executive Officer
(Principal Executive Officer) and Director

By: /s/ Yew Hon Lee

Yew Hon Lee, Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION

I, Martin J. Shen, certify that:

1. I have reviewed this Form 10-Q of FingerMotion, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 15, 2026

/s/ Martin J. Shen

Martin J. Shen, Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Yew Hon Lee, certify that:

1. I have reviewed this Form 10-Q of FingerMotion, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 15, 2026

/s/ Yew Hon Lee

Yew Hon Lee, Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Martin Shen, the Chief Executive Officer of FingerMotion, Inc., and Yew Hon Lee, the Chief Financial Officer of FingerMotion, Inc., each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to their knowledge, the Quarterly Report on Form 10-Q of FingerMotion, Inc. for the quarterly period ended May 31, 2026 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and that the information contained in the Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of FingerMotion, Inc.

Date: July 15, 2026

/s/ Martin J. Shen

Martin J. Shen, Chief Executive Officer
(Principal Executive Officer)

/s/ Yew Hon Lee

Yew Hon Lee, Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to FingerMotion, Inc. and will be retained by FingerMotion, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.
