

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 November 30, 2025

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:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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: 61,281,308 shares of common stock outstanding as of January 12, 2026.

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PART 1 – FINANCIAL INFORMATION

ITEM 1 – FINANCIAL STATEMENTS

FINGERMOTION, INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended November 30, 2025

(Unaudited - Expressed in U.S. Dollars)

FingerMotion, Inc.
Condensed Consolidated Balance Sheets

	November 30, 2025 (Unaudited)	February 28, 2025
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 24,214	\$ 1,128,135
Accounts receivable, net	44,247,007	32,659,437
Inventories	115,752	136,020
Prepayment and deposit	4,896,890	7,016,803
Other receivables	1,670,081	1,096,965
	<u>50,953,944</u>	<u>42,037,360</u>
Non-current Assets		
Equipment	28,938	23,260
Intangible assets	2,226,621	9,758
Right-of-use asset	46,522	126,581
Deferred tax asset	6,799,017	6,623,492
	<u>9,101,098</u>	<u>6,783,091</u>
TOTAL ASSETS	<u>\$ 60,055,042</u>	<u>\$ 48,820,451</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 33,864,932	\$ 24,560,361
Accrual and other payables	9,408,128	9,323,641
Loan payable, current portion	382,623	1,133,745
Lease liability, current portion	40,864	116,808
	<u>43,696,547</u>	<u>35,134,555</u>
Non-current Liabilities		
Lease liability, non-current portion	—	9,986
Deferred tax liabilities	17,447	16,954
	<u>17,447</u>	<u>26,940</u>
TOTAL LIABILITIES	<u>\$ 43,713,994</u>	<u>\$ 35,161,495</u>
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 61,217,225 shares and 57,141,186 issued and outstanding at November 30, 2025 and February 28, 2025 respectively	6,123	5,714
Additional paid-in capital	54,553,014	47,304,416
Additional paid-in capital - stock options	1,767,980	1,473,996
Accumulated deficit	(39,407,147)	(34,187,384)
Accumulated other comprehensive income	(550,278)	(943,276)
Stockholders' equity before non-controlling interests	<u>16,369,692</u>	<u>13,653,466</u>
Non-controlling interests	(28,644)	5,490
TOTAL STOCKHOLDERS' EQUITY	<u>16,341,048</u>	<u>13,658,956</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 60,055,042</u>	<u>\$ 48,820,451</u>

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		Nine Months Ended	
	November 30, 2025	November 30, 2024	November 30, 2025	November 30, 2024
Revenue	\$ 5,796,441	\$ 8,534,079	\$ 22,902,695	\$ 25,366,825
Cost of revenue	(5,533,338)	(8,090,509)	(22,448,331)	(23,940,338)
Gross profit	263,103	443,570	454,364	1,426,487
Amortization & depreciation	(134,964)	(11,561)	(153,283)	(35,315)
General & administrative expenses	(1,162,065)	(1,579,619)	(4,059,957)	(4,997,452)
Marketing cost	(31,122)	(140,478)	(62,064)	(274,584)
Research & development	(85,210)	(146,735)	(335,402)	(506,001)
Credit impairment loss	(343,173)	—	(579,942)	—
Stock compensation expenses	(208,333)	(179,284)	(443,830)	(582,517)
Total operating expenses	(1,964,867)	(2,057,677)	(5,634,478)	(6,395,869)
Net loss from operations	(1,701,764)	(1,614,107)	(5,180,114)	(4,969,382)
Other income (expense):				
Interest income	4,448	4,270	14,158	36,511
Interest expense	(25,225)	(67,325)	(117,354)	(95,903)
Exchange gain (loss)	(570)	(261)	(11,279)	12,132
Other income	41,499	14,768	40,692	19,584
Total other income (expense)	20,152	(48,548)	(73,783)	(27,676)
Net loss before income tax	\$ (1,681,612)	\$ (1,662,655)	\$ (5,253,897)	\$ (4,997,058)
Income tax expenses	—	(57)	—	(12,037)
Net loss	\$ (1,681,612)	\$ (1,662,712)	\$ (5,253,897)	\$ (5,009,095)
Less: Net loss attributable to the non-controlling interest	(11,415)	(1,911)	(34,134)	(4,161)
Net loss attributable to the Company's stockholders	\$ (1,670,197)	\$ (1,660,801)	\$ (5,219,763)	\$ (5,004,934)
Other comprehensive income:				
Foreign currency translation adjustments	111,644	(274,666)	392,998	(99,449)
Comprehensive loss	\$ (1,558,553)	\$ (1,935,467)	\$ (4,826,765)	\$ (5,104,383)
Less: Comprehensive loss attributable to non-controlling interest	(2)	(181)	540	(1,064)
Comprehensive loss attributable to the Company	\$ (1,558,551)	\$ (1,935,286)	\$ (4,827,305)	\$ (5,103,319)
NET LOSS PER SHARE				
Loss Per Share - Basic	\$ (0.03)	\$ (0.03)	\$ (0.09)	\$ (0.09)
Loss Per Share - Diluted	\$ (0.03)	\$ (0.03)	\$ (0.09)	\$ (0.09)
NET LOSS PER SHARE ATTRIBUTABLE TO THE COMPANY				
Loss Per Share - Basic	\$ (0.03)	\$ (0.03)	\$ (0.09)	\$ (0.09)
Loss Per Share - Diluted	\$ (0.03)	\$ (0.03)	\$ (0.09)	\$ (0.09)
Weighted Average Common Shares Outstanding - Basic	60,454,663	53,326,531	59,050,988	52,898,259
Weighted Average Common Shares Outstanding - Diluted	60,454,663	53,326,531	59,050,988	52,898,259

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

FingerMotion, Inc.

Unaudited Condensed Consolidated Statement of Stockholders' Equity

	Common Stock		Capital Paid	Additional	Accumulated	Accumulated	Stockholders'	Non-	Total
	Shares	Amount	in Excess	Paid-in	Deficit	Other	equity	controlling	
			of Par Value	capital		Income		interest	
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	<u>59,408,429</u>	<u>5,941</u>	<u>51,717,567</u>	<u>1,473,996</u>	<u>(36,195,940)</u>	<u>(790,967)</u>	<u>16,210,597</u>	<u>(8,715)</u>	<u>16,201,882</u>
Additional paid-in capital – stock options	—	—	—	293,984	—	—	293,984	—	293,984
Accumulated other comprehensive income	—	—	—	—	—	129,045	129,045	—	129,045
Net Loss	—	—	—	—	(1,541,010)	—	(1,541,010)	(8,514)	(1,549,524)
Balance at August 31, 2025	<u>59,408,429</u>	<u>5,941</u>	<u>51,717,567</u>	<u>1,767,980</u>	<u>(37,736,950)</u>	<u>(661,922)</u>	<u>15,092,616</u>	<u>(17,229)</u>	<u>15,075,387</u>
Common stock issued for cash	241,296	25	365,262	—	—	—	365,287	—	365,287
Common stock issued for professional service	67,500	7	115,335	—	—	—	115,342	—	115,342
Common stock issued for purchase of software IP	1,500,000	150	2,354,850	—	—	—	2,355,000	—	2,355,000
Accumulated other comprehensive income	—	—	—	—	—	111,644	111,644	—	111,644
Net Loss	—	—	—	—	(1,670,197)	—	(1,670,197)	(11,415)	(1,681,612)
Balance at November 30, 2025	<u>61,217,225</u>	<u>6,123</u>	<u>54,553,014</u>	<u>1,767,980</u>	<u>(39,407,147)</u>	<u>(550,278)</u>	<u>16,369,692</u>	<u>(28,644)</u>	<u>16,341,048</u>

	Common Stock		Capital Paid	Additional	Accumulated	Accumulated	Stockholders'	Non-	Total
	Shares	Amount	in Excess	Paid-in	Deficit	Other	equity	controlling	
			of Par Value	capital		Comprehensive	equity	interest	
				stock		equity			
				options					
Balance at March 1, 2024 (As restated)	52,545,350	5,254	40,292,778	1,233,619	(29,074,580)	(767,011)	11,690,060	2,028	11,692,088
Common stock issued for professional service	167,500	17	369,577	—	—	—	369,594	—	369,594
Accumulated other comprehensive income	—	—	—	—	—	(64,999)	(64,999)	—	(64,999)
Net Loss	—	—	—	—	(1,655,904)	—	(1,655,904)	72	(1,655,832)
Balance at May 31, 2024 (As restated)	<u>52,712,850</u>	<u>5,271</u>	<u>40,662,355</u>	<u>1,233,619</u>	<u>(30,730,484)</u>	<u>(832,010)</u>	<u>10,338,751</u>	<u>2,100</u>	<u>10,340,851</u>
Additional paid-in capital – stock options	—	—	—	422,701	—	—	422,701	—	422,701
Accumulated other comprehensive income	—	—	—	—	—	240,216	240,216	—	240,216
Net Loss	—	—	—	—	(1,688,229)	—	(1,688,229)	(2,322)	(1,690,551)
Balance at August 31, 2024 (As restated)	<u>52,712,850</u>	<u>5,271</u>	<u>40,662,355</u>	<u>1,656,320</u>	<u>(32,418,713)</u>	<u>(591,794)</u>	<u>9,313,439</u>	<u>(222)</u>	<u>9,313,217</u>
Common stock issued for cash	1,095,000	110	1,642,391	—	—	—	1,642,501	—	1,642,501
Accumulated other comprehensive income	—	—	—	—	—	(274,666)	(274,666)	—	(274,666)
Net Loss	—	—	—	—	(1,660,801)	—	(1,660,801)	(1,911)	(1,662,712)
Balance at November 30, 2024 (As restated)	<u>53,807,850</u>	<u>5,381</u>	<u>42,304,746</u>	<u>1,656,320</u>	<u>(34,079,514)</u>	<u>(866,640)</u>	<u>9,020,473</u>	<u>(2,133)</u>	<u>9,018,340</u>

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

FingerMotion, Inc.

Unaudited Condensed Consolidated Statements of Cash Flows

	Nine Months Ended	
	November 30, 2025	November 30, 2024
Net (loss)	\$ (5,253,897)	\$ (5,009,095)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Share based compensation expenses	443,830	988,639
Amortization and depreciation	153,283	35,315
Provision for expected credit losses	579,942	—
Gain on disposal of equipment	118	—
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(11,061,678)	(17,296,795)
(Increase) decrease in prepayment and deposit	1,961,515	1,390,794
(Increase) decrease in others receivable	(533,276)	1,438,128
(Increase) decrease in inventories	23,869	(31,096)
Increase (decrease) in accounts payable	8,464,307	13,319,337
Increase (decrease) in accrual and other payables	1,593,083	567,593
Increase (decrease) due to lease liability	(5,791)	10,314
Net Cash (used in) operating activities	<u>(3,634,695)</u>	<u>(4,586,866)</u>
Cash flows from investing activities		
Purchase of equipment	(20,085)	(1,705)
Net cash (used in) investing activities	<u>(20,085)</u>	<u>(1,705)</u>
Cash flows from financing activities		
Repayment of loan payable	(751,122)	—
Proceed from loan payable	—	1,596,806
Proceeds from issuance of common stock	3,321,900	1,642,500
Net cash provided by financing activities	<u>2,570,778</u>	<u>3,239,306</u>
Effect of exchange rates on cash and cash equivalents	(19,919)	(3,367)
Net change in cash	<u>(1,103,921)</u>	<u>(1,352,632)</u>
Cash at beginning of period	1,128,135	1,517,232
Cash at end of period	<u>\$ 24,214</u>	<u>\$ 164,600</u>
Supplemental disclosures of cash flow information:		
Interest paid	<u>\$ 117,354</u>	<u>\$ —</u>
Taxes paid	<u>\$ —</u>	<u>\$ —</u>
Supplemental disclosures of non-cash investing and financing activities:		
Common stock issued for professional service	<u>\$ 172,105</u>	<u>\$ —</u>
Conversion of customer deposit to shares	<u>\$ 1,400,000</u>	<u>\$ —</u>
Common stock issued for purchase of software IP	<u>\$ 2,355,000</u>	<u>\$ —</u>

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

FINGERMOTION, INC.
Nine months ended November 30, 2025 and 2024
Notes to the Unaudited Condensed Consolidated Financial Statements

Note 1 – Nature of Business and basis of Presentation

FingerMotion, Inc. fka 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 specialize 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 Technology 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.

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 condensed 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.

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 November 30, 2025 and February 28, 2025:

FINGERMOTION, INC.
 Nine months ended November 30, 2025 and 2024
 Notes to the Unaudited Condensed Consolidated Financial Statements

Note 2 - Summary of Principal Accounting Policies (continued)

Assets and liabilities of the VIE

	November 30, 2025	February 28, 2025
	(unaudited)	
Current assets	\$ 9,127,388	\$ 9,647,455
Non-current assets	431,013	512,958
Total assets	\$ 9,558,401	\$ 10,160,413
Current liabilities	\$ 13,413,927	\$ 12,925,255
Non-current liabilities	17,447	26,940
Total liabilities	\$ 13,431,374	\$ 12,952,195

Assets and liabilities of the VIE's Subsidiaries

	November 30, 2025	February 28, 2025
	(unaudited)	
Current assets	\$ 40,254,430	\$ 29,073,164
Non-current assets	5,779,275	5,598,659
Total assets	\$ 46,033,705	\$ 34,671,823
Current liabilities	\$ 46,518,312	\$ 34,137,259
Non-current liabilities	—	—
Total liabilities	\$ 46,518,312	\$ 34,137,259

Operating Result of VIE

	For the Nine Months Ended November 30, 2025	For the Nine Months Ended November 30, 2024
	(unaudited)	(unaudited)
Revenue	\$ 1,721,728	\$ 4,375,824
Cost of revenue	(1,314,990)	(3,613,533)
Gross profit	\$ 406,738	\$ 762,291
Amortization and depreciation	(12,813)	(17,721)
General and administrative expenses	(1,217,379)	(1,559,299)
Marketing cost	(13,500)	(91,849)
Research & development	(57,712)	(257,022)
Credit impairment loss	(123,095)	—
Total operating expenses	\$ (1,424,499)	\$ (1,925,891)
Loss from operations	\$ (1,017,761)	\$ (1,163,600)
Interest income	13,685	36,387
Other income	18,745	18,273
Total other income	\$ 32,430	\$ 54,660
Tax expense	—	—
Net loss	\$ (985,331)	\$ (1,108,940)

FINGERMOTION, INC.
 Nine months ended November 30, 2025 and 2024
 Notes to the Unaudited Condensed Consolidated Financial Statements

Note 2 - Summary of Principal Accounting Policies (continued)

Operating Result of VIE's Subsidiaries

	For the Nine Months Ended November 30, 2025	For the Nine Months Ended November 30, 2024
	(unaudited)	(unaudited)
Revenue	\$ 20,570,477	\$ 20,991,002
Cost of revenue	(20,235,160)	(20,326,805)
Gross profit	\$ 335,317	\$ 664,197
Amortization and depreciation	(720)	(719)
General and administrative expenses	(807,501)	(819,258)
Marketing cost	(48,565)	(182,735)
Research & development	(67,567)	(66,580)
Credit impairment loss	(463,120)	—
Total operating expenses	\$ (1,387,473)	\$ (1,069,292)
Loss from operations	\$ (1,052,156)	\$ (405,095)
Interest income	41	23
Other income	32,577	1,000
Total other income	\$ 32,618	\$ 1,023
Tax expense	—	(12,037)
Net loss	\$ (1,019,538)	\$ (416,109)

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.

FINGERMOTION, INC.
Nine months ended November 30, 2025 and 2024
Notes to the Unaudited Condensed Consolidated Financial Statements

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 Hongkong 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	
November 30, 2025	RMB7.0772 to \$1.00
February 28, 2025	RMB7.2830 to \$1.00
Income statement and cash flows items	
For the nine months ended November 30, 2025	RMB7.1826 to \$1.00
For the nine months ended November 30, 2024	RMB7.1887 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 nine months ended November 30, 2025 and for the year ended February 28, 2025.

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 nine months ended November 30, 2025, two customers each accounted for more than 10% of the Company's total revenue, with individual contributions of 59% and 24%. As at November 30, 2025, amounts due from these customers represented approximately 80% of the Company's total accounts receivable.

For the nine months ended November 30, 2024, three customers each accounted for more than 10% of the Company's total revenue, with individual contributions of 36%, 30% and 25%. As at November 30, 2024, amounts due from these customers represented approximately 89% of the Company's total accounts receivable.

For the nine months ended November 30, 2025, two suppliers each accounted for more than 10% of the Company's total purchase, with individual contributions of 59% and 24%. As at November 30, 2025, amounts due to these suppliers represented approximately 51% of the Company's total accounts payable.

For the nine months ended November 30, 2024, three suppliers each accounted for more than 10% of the Company's total purchase, with individual contributions of 34%, 32% and 26%. As at November 30, 2025, amounts due to these suppliers represented approximately 43% 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 adopted ASC 606, Revenue from Contracts with Customers ("ASC 606") beginning on January 1, 2018 using the modified retrospective approach. ASC 606 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. The core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied.

The Company has assessed the impact of the guidance by reviewing its existing customer contracts and current accounting policies and practices to identify differences that will result from applying the new requirements, including the evaluation of its performance obligations, transaction price, customer payments, transfer of control and principal versus agent considerations. Based on the assessment, the Company concluded that there was no change to the timing and pattern of revenue recognition for its current revenue streams in scope of ASC 606 and therefore there was no material changes to the Company's consolidated financial statements upon adoption of ASC 606.

The Company recognizes revenue from providing hosting and integration services and licensing the use of its technology platform 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 (for licensing, revenue is recognized when the Company's technology is used to provide hosting and integration services); (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, such as instances where we design a custom website and separately offer other services such as hosting, 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 the purchase cost of emergency equipment for command and communication.

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 quarter, 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.

Note 2 - Summary of Principal Accounting Policies (continued)

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 November 2023, the FASB issued ASU No. 2023-07, Improvements to Reportable Segment Disclosures (Topic 280). This ASU updates reportable segment disclosure requirements by requiring disclosures of significant reportable segment expenses that are regularly provided to the Chief Operating Decision Maker (“CODM”) and included within each reported measure of a segment’s profit or loss. This ASU also requires disclosure of the title and position of the individual identified as the CODM and an explanation of how the CODM uses the reported measures of a segment’s profit or loss in assessing segment performance and deciding how to allocate resources. The ASU is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Adoption of the ASU should be applied retrospectively to all prior periods presented in the financial statements. The Company adopted this ASU on March 1, 2024, which did not have a material impact on the Company’s consolidated financial statements. Refer to Note 2, Segment Reporting for the inclusion of the new required disclosures.

In December 2023, the FASB issued ASU No. 2023-09, Improvements to Income Tax Disclosures (Topic 740). The ASU requires disaggregated information about a reporting entity’s effective tax rate reconciliation as well as additional information on income taxes paid. The ASU is effective on a prospective basis for annual periods beginning after December 15, 2024. Early adoption is also permitted for annual financial statements that have not yet been issued or made available for issuance. This ASU will result in the required additional disclosures being included in our consolidated financial statements, once adopted. The standard is effective for the Company’s 2026 annual period and can be applied either prospectively or retrospectively. The standard is effective for the Company’s 2026 annual period and can be applied either prospectively or retrospectively. The Company is currently evaluating the impact of this accounting standard update on its consolidated financial statements and related 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.

FINGERMOTION, INC.
 Nine months ended November 30, 2025 and 2024
 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 \$39,407,147 and \$34,187,384 as at November 30, 2025 and February 28, 2025 respectively, and had a net loss of \$5,253,897 and \$5,009,095 for the nine months ended November 30, 2025 and 2024, 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 \$22,902,695 and \$25,366,825 in revenue, respectively, for the nine months ended November 30, 2025 and 2024.

	For the nine months ended	
	November 30, 2025	November 30, 2024
	(unaudited)	(unaudited)
Telecommunication Products & Services	\$ 22,712,045	\$ 25,302,176
DaGe Platform	22,190	35,781
Command & Communication	140,877	28,868
Big Data	27,583	—
	\$ 22,902,695	\$ 25,366,825

Note 5 – Equipment

At November 30, 2025 and February 28, 2025, the company has the following amounts related to tangible assets:

	November 30, 2025	February 28, 2025
	(unaudited)	
Equipment	\$ 124,701	\$ 103,945
Less: accumulated depreciation	(95,763)	(80,685)
Net equipment	\$ 28,938	\$ 23,260

No significant residual value is estimated for the equipment. Depreciation expenses for the nine months ended November 30, 2025 and 2024 totaled \$14,973 and \$19,893 respectively.

FINGERMOTION, INC.
 Nine months ended November 30, 2025 and 2024
 Notes to the Unaudited Condensed Consolidated Financial Statements

Note 6 – Intangible Asset

At November 30, 2025 and February 28, 2025, the company has the following amounts related to intangible assets:

	November 30, 2025	February 28, 2025
	(unaudited)	
Mobile applications / Software	2,562,867	201,993
Less: accumulated amortization	(336,246)	(192,235)
Net intangible assets	<u>\$ 2,226,621</u>	<u>\$ 9,758</u>

No significant residual value is estimated for these intangible assets. Amortization expenses for the six months ended November 30, 2025 and 2024 totaled \$138,310 and \$15,422, respectively.

Note 7 – Prepayment and Deposit

Prepaid expenses consist of the deposit pledged to the vendor for stock credits to be used for resale. Our current vendors are China Unicom and China Mobile for our Telecommunication Products & Services business, as well as our SMS & MMS 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.

	November 30, 2025	February 28, 2025
	(unaudited)	
Deposit	\$ 4,585,757	\$ 6,631,704
Prepayment	311,133	385,099
	<u>\$ 4,896,890</u>	<u>\$ 7,016,803</u>

Note 8 – Accounts Receivable, net

	November 30, 2025	February 28, 2025
	(unaudited)	
Accounts receivable	\$ 45,269,140	\$ 33,094,782
Less: allowance for credit losses	(1,022,133)	(435,345)
	<u>\$ 44,247,007</u>	<u>\$ 32,659,437</u>

The Company generally extends 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 Management.

Activities related to allowance for credit losses are presented below.

	November 30, 2025	February 28, 2025
	(unaudited)	
At beginning of the period	\$ 435,345	\$ —
Additions	586,788	435,345
At end of the period	<u>\$ 1,022,133</u>	<u>\$ 435,345</u>

FINGERMOTION, INC.
 Nine months ended November 30, 2025 and 2024
 Notes to the Unaudited Condensed Consolidated Financial Statements

Note 9 – Other Receivables

At November 30, 2025 and February 28, 2025, the company has the following amounts related to other receivables:

	November 30, 2025	February 28, 2025
	(unaudited)	
Other receivables represent:		
Advances to suppliers	\$ 1,225,511	\$ 745,935
Security deposit	215,786	336,558
Others	228,784	14,472
	<u>\$ 1,670,081</u>	<u>\$ 1,096,965</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 Condensed Consolidated Balance Sheet. All operating lease expense is recognized on a straight-line basis over the lease term in the nine months ended November 30, 2025.

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

	November 30, 2025	February 28, 2025
	(unaudited)	
Right-of-use asset		
Right-of-use asset, net	\$ 46,522	\$ 126,581
Lease liability		
Current lease liability	\$ 40,864	\$ 116,808
Non-current lease liability	—	9,986
Total lease liability	<u>\$ 40,864</u>	<u>\$ 126,794</u>
Remaining lease term and discount rate		
Weighted-average remaining lease term		<u>5 months</u>
Weighted-average discount rate		<u>4.75%</u>

Commitments

The following table summarizes the future minimum lease payments due under the Company's operating leases as of November 30, 2025:

Twelve months ended November 30, 2026	\$ 41,269
Less: imputed interest	(405)
Present value of lease obligations	<u>\$ 40,864</u>

FINGERMOTION, INC.
Nine months ended November 30, 2025 and 2024
Notes to the Unaudited Condensed Consolidated Financial Statements

Note 11 - Common Stock

On March 29, 2024, the Company issued 17,500 shares of our common stock at a deemed price of \$2.80 per share to one entity pursuant to consulting agreements, dated February 27, 2023 and February 24, 2024.

On March 29, 2024, the Company issued 150,000 shares of our common stock under its 2023 Stock Incentive Plan at a deemed price of \$2.15 per share to two individuals pursuant to consulting agreements.

On October 11, 2024, the Company issued 1,095,000 shares of common stock to 15 individuals due to the closing of its private placement at \$1.50 per share for gross proceeds of \$1,642,500. In connection with the closing of the private placement, the Company paid cash finder's fees of an aggregate of \$158,000 to three individuals.

On December 20, 2024, the Company entered into a securities purchase agreement (the "Purchase Agreement") with certain institutional investors (the "Purchasers"), which provided for the issuance and sale, in a registered direct offering by the Company of (i) 3,333,336 shares of its common stock, par value \$0.0001 per share (the "Common Stock") and (ii) warrants (the "Common Warrants") to purchase up to an aggregate of 5,000,004 shares of Common Stock (the "Offering") at a combined purchase price of \$1.50 per share and one and one-half Common Warrants on December 23, 2024.

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.

FINGERMOTION, INC.

Nine months ended November 30, 2025 and 2024

Notes to the Unaudited Condensed Consolidated Financial Statements

Note 11 - Common Stock (continued)

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.

As of November 30, 2025 there were 61,217,225 shares of the Company’s common stock issued and outstanding, and none of the preferred shares were issued and outstanding.

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

Share Purchase Warrants

A continuity schedule of outstanding stock purchase warrants as at November 30, 2025, and the changes during the period, is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, February 28, 2025	5,288,316	\$ 1.56
Exercised	(1,149,743)	1.50
Exercised	(150,000)	1.88
Issued	3,000,000	1.65
Issued	1,000,000	2.15
Expired	(28,312)	8.22
Issued	300,000	1.65
Adjustment to Exercise Price	25,333	1.50
Expired	(10,000)	6.70
Balance, November 30, 2025	<u>8,275,594</u>	<u>\$ 1.64</u>

On December 20, 2024, the Company entered into the Purchase Agreement with the Purchasers, which provided for the issuance and sale, in a registered direct offering by the Company of (i) 3,333,336 shares of Common Stock and (ii) Common Warrants to purchase up to an aggregate of 5,000,004 shares of Common Stock at a combined purchase price of \$1.50 per share and one and one-half Common Warrants on December 23, 2024. The Common Warrants are exercisable upon issuance and expire five years from the date of issuance.

In connection with the Offering, the Company entered into a Placement Agency Agreement (the "Placement Agency Agreement") on December 20, 2024 with Roth Capital Partners, LLC (the "Placement Agent"), as the exclusive placement agent in connection with the Offering. As partial compensation to the Placement Agent, the Company issued to the Placement Agent a placement agent warrant to purchase up to 250,000 shares of Common Stock at an exercise price of \$1.88 per share (the "Placement Agent Warrant") for a term of five years from the date of commencement of sales in the Offering.

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.

FINGERMOTION, INC.

Nine months ended November 30, 2025 and 2024

Notes to the Unaudited Condensed Consolidated Financial Statements

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.

In connection with the issuance of shares of common stock under the Sales Agreement, the number of warrants remaining under the Placement Agent Warrant has been increased by 25,333 due to the adjustment provisions to the exercise price contained within the Placement Agent Warrant, with the remaining number of warrants thereunder entitling the Placement Agent to purchase 125,333 shares of common stock at a price of \$1.50 per share.

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

A summary of stock purchase warrants outstanding and exercisable as at November 30, 2025 is as follows:

Exercise Price	Number of Warrants Outstanding	Remaining Contractual Life (Years)	Expiry Date
1.50	3,975,594	4.07	December 23, 2029
1.65	3,000,000	1.39	April 20, 2027
2.15	1,000,000	1.39	April 20, 2027
1.65	300,000	1.41	April 27, 2027
1.64	8,275,594		

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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 stockholders 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:

	November 30, 2025	February 28, 2025
Expected Risk-Free Interest Rate	1.06%	1.06%
Expected Volatility	15.27%	15.27%
Expected Life in Years	1.08	1.83
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:

	November 30, 2025	February 28, 2025
Expected Risk-Free Interest Rate	5.37%	5.37%
Expected Volatility	25.48%	25.48%
Expected Life in Years	2.66	3.41
Expected Dividend Yield	—	—
Weighted-Average Grant Date Fair Value	<u>\$ 4.58</u>	<u>\$ 4.58</u>

FINGERMOTION, INC.
 Nine months ended November 30, 2025 and 2024
 Notes to the Unaudited Condensed Consolidated Financial Statements

Stock Options (continued)

A continuity schedule of outstanding stock options as at November 30, 2025, and the changes during the period, is as follows:

	Number of Stock Options	Exercise Price
Balance, February 28, 2025	6,039,100	\$ 4.18
Exercised	—	—
Cancelled/Forfeited	—	—
Balance, November 30, 2025	<u>6,039,100</u>	<u>\$ 4.18</u>

A continuity schedule of outstanding unvested stock options at November 30, 2025, and the changes during the six months periods, is as follows:

	Number of Unvested Stock Options	Weighted Average Grant Date Fair Value
Balance, February 28, 2025	2,303,300	\$ 5.16
Vested – July 28, 2025	(529,700)	\$ 4.58
Balance, November 30, 2025	<u>1,773,600</u>	<u>\$ 5.34</u>

As at November 30, 2025, the aggregate intrinsic value of the outstanding stock options granted on December 28, 2021 was estimated at \$0 as the current price as of November 30, 2025 was \$1.35 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 November 30, 2025 was lower than the strike price.

A summary of stock options outstanding and exercisable as at November 30, 2025 is as follows:

Range of Exercise Prices	Options Outstanding			Options Exercisable		
	Outstanding at November 30, 2025	Exercise Price	Weighted Average Remaining Contractual Term (Years)	Exercisable at November 30, 2025	Exercise Price	Weighted Average Remaining Contractual Term (Years)
\$ 3.00 to \$ 4.00	3,390,600	\$ 3.84	1.08	2,676,400	\$ 3.84	1.08
\$ 4.00 to \$ 5.00	2,648,500	\$ 4.62	2.66	1,589,100	\$ 4.62	2.66
	<u>6,039,100</u>			<u>4,265,500</u>		

FINGERMOTION, INC.
 Nine months ended November 30, 2025 and 2024
 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 nine months ended	
	November 30, 2025	November 30, 2024
	(unaudited)	(unaudited)
Numerator - basic and diluted		
Net Loss	\$ (5,253,897)	\$ (5,009,095)
Denominator		
Weighted average number of common shares outstanding —basic	59,050,988	52,898,259
Weighted average number of common shares outstanding —diluted	59,050,988	52,898,259
Loss per common share — basic	\$ (0.09)	\$ (0.09)
Loss per common share — diluted	\$ (0.09)	\$ (0.09)

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 nine months ended November 30, 2025 and 2024.

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 nine months ended November 30, 2025 and 2024.

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 nine months ended November 30, 2025 and 2024 are as follows:

	For the nine months ended	
	November 30, 2025	November 30, 2024
	(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	<u>0.0%</u>	<u>0.0%</u>

FINGERMOTION, INC.
 Nine months ended November 30, 2025 and 2024
 Notes to the Unaudited Condensed Consolidated Financial Statements

Note 13 – Income Taxes (continued)

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 November 30, 2025 and February 28, 2025, the valuation allowances were \$4,027,115 and \$3,188,969, respectively.

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

	November 30, 2025	February 28, 2025
	<u>(unaudited)</u>	<u></u>
Deferred tax assets		
Net operating losses carry forward	\$ 4,022,189	\$ 3,316,740
Accruals and reserves	6,784,382	6,476,962
Lease liability	19,561	19,029
Total deferred tax assets	<u>10,826,132</u>	<u>9,812,461</u>
Less: Valuation allowance	<u>(4,027,115)</u>	<u>(3,188,969)</u>
Total deferred tax assets, net of valuation allowance	<u>6,799,017</u>	<u>6,623,492</u>
Deferred tax liabilities		
Right-of-use asset	(17,447)	(16,954)
Total deferred tax liabilities	<u>(17,447)</u>	<u>(16,954)</u>
Net deferred tax assets (liabilities)	<u>\$ 6,781,570</u>	<u>\$ 6,606,538</u>

Note 14 - Commitments and Contingencies

Legal proceedings

The Company is not aware of any material outstanding claim and litigation against it.

Note 15 – Loan Payable

On June 1, 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\$370,000 (the "Loan") to the Borrower for working capital purposes. As of the date hereof, 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 1.67% 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 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 November 4, 2024, the Company's wholly owned subsidiary, Finger Motion Company Limited (the "Borrower"), entered into a loan agreement (the "Loan Agreement") with Rita Chou Phooi Har (the "Lender") whereby the Lender agreed to advance a short-term loan facility of SGD\$250,000 (the "Loan") to the Borrower for working capital purposes. As of November 7, 2024, the full amount of the Loan has been drawn upon by the Borrower. 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 1.67% 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 February 14, 2025, the Company repaid 2 short-term loans of SGD\$370,000 and SGD\$250,000.

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.

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Nine months ended November 30, 2025 and 2024

Notes to the Unaudited Condensed Consolidated Financial Statements

Note 16 - Subsequent Events

On December 15, 2025, the Company issued a news release to announce that it has entered into a non-binding term sheet with a voice and messaging telecom service provider regarding the potential acquisition by FingerMotion. The term sheet outlines preliminary terms and enables both parties to proceed with mutual due diligence and to negotiate a definitive acquisition agreement.

No binding agreement has been executed at this time, and there can be no assurance that the parties will enter into a definitive agreement or that any transaction will be completed. Any potential acquisition remains subject to the negotiation and execution of final transaction documents, completion of due diligence, customary closing conditions, and approval by the Company's Board of Directors.

Subsequent to November 30, 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.

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 nine months ended November 30, 2025, and our Annual Report on Form 10-K for the fiscal year ended February 28, 2025, 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, 2025, 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, 2025, our most recently completed year end, to November 30, 2025, and our results of operations for the nine months ended November 30, 2025, 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, 2025.

Corporate Information

The Company was initially incorporated as Property Management Corporation of America on January 23, 2014 in the State of Delaware.

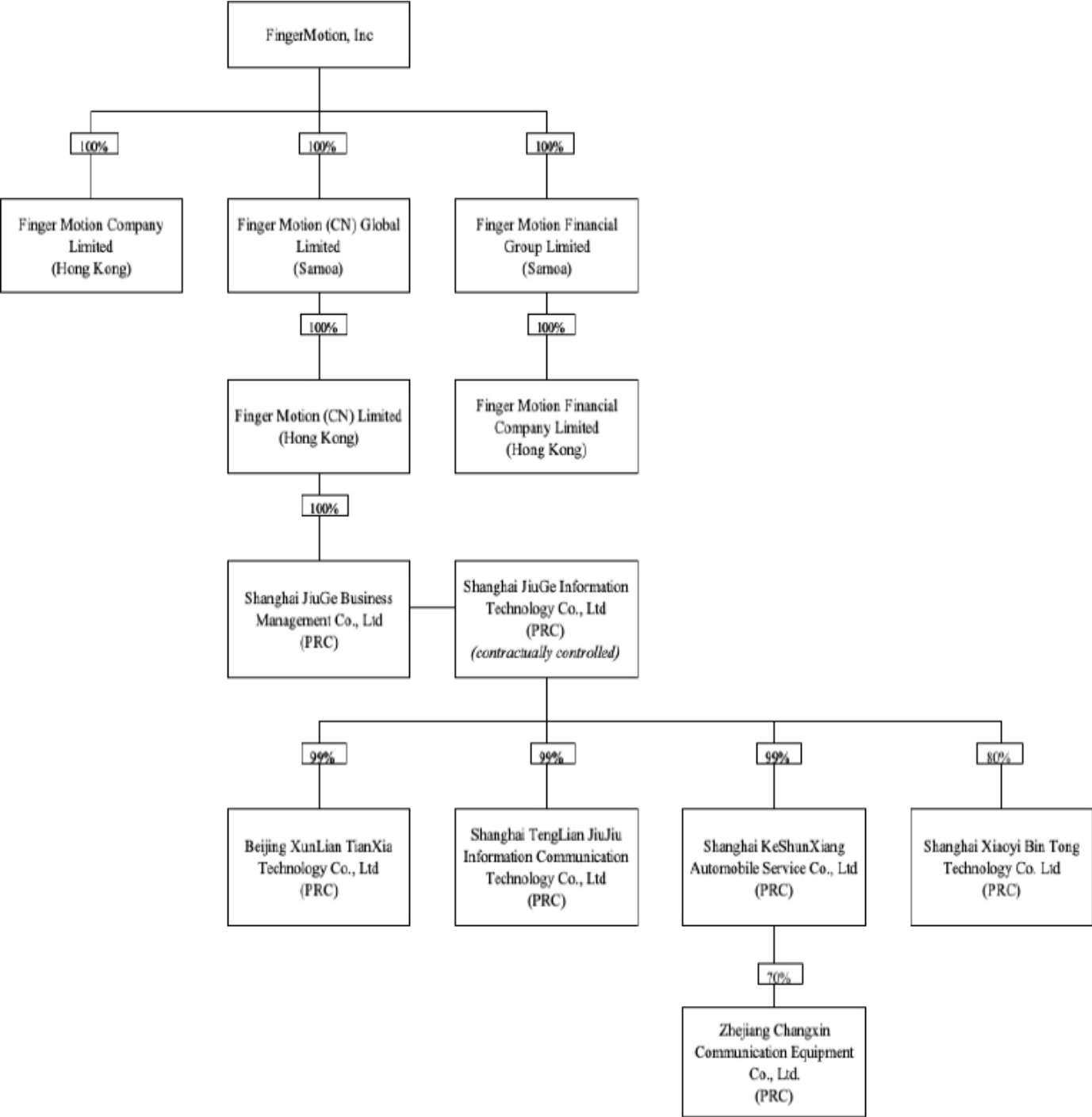
On June 21, 2017, the Company amended its certificate of incorporation to effect a 1-for-4 reverse stock split of the Company’s outstanding common stock, to increase the authorized shares of common stock to 200,000,000 shares and to change the name of the Company from “Property Management Corporation of America” to “FingerMotion, Inc.” (the “**Corporate Actions**”). The Corporate Actions and the amended certificate of incorporation became effective on June 21, 2017.

Our principal executive offices are located at 111 Somerset Road, Level 3, Singapore 238164, and our telephone number is (347) 349-5339.

Our Company has been organized as a holding company and conducts a significant part of our operations through our subsidiaries and through contractual arrangements with Shanghai JiuGe Information Technology Co., Ltd. (“**JiuGe Technology**,” “**our VIE**” or “**the VIE**”), a variable interest entity (“**VIE**”) based in the People’s Republic of China (“**PRC**” or “**China**”). JiuGe Technology’s sole shareholder, Ms. Li Li, is also its legal representative and general manager. To address challenges resulting from laws, policies and practices that may disfavor foreign-owned entities that operate within industries deemed sensitive by the Chinese government, we use the VIE structure to provide contractual exposure to foreign investment in Chinese-based companies. We indirectly own 100% of the equity of Shanghai JiuGe Business Management Co., Ltd. (“**JiuGe Management**,” “**our WFOE**” or “**the WFOE**”), a wholly foreign owned enterprise (“**WFOE**”). JiuGe Management entered into a series of agreements with JiuGe Technology, known as variable interest agreements (the “**VIE Agreements**”) in October 2018, which gives us contractual control over JiuGe Technology. The VIE Agreements have not been tested in court. As a result of our use of the VIE structure, you may never directly hold equity interests in the VIE. Any securities that we offer will be securities of the Company, the Delaware holding company, not of the VIE.

As described in more detail below, under the subheading “VIE Agreements,” we fund the registered capital and operating expenses of the VIE by extending loans to Ms. Li Li, the sole shareholder of the VIE, for the purpose of funding the capital contribution of the subscribed capital of the VIE. The VIE Agreements governing the relationship between the VIE and our WFOE enable us to (i) direct the activities of the VIE that most significantly impact the VIE’s economic performance, (ii) receive substantially all of the economic benefits of the VIE, and (iii) have an exclusive call option to purchase, at any time, all or part of the equity interests in and/or assets of the VIE to the extent permitted by Chinese laws. As a result of the VIE Agreements, the Company is considered the primary beneficiary of the VIE for accounting purposes and is able to consolidate the financial results of the VIE in its consolidated financial statements in accordance with U.S. GAAP.

The following diagram depicts our corporate structure:



Our holding company structure presents unique risks as our investors may never directly hold equity interests in our subsidiaries or the VIE, and we will be dependent upon contributions from our subsidiaries and the VIE to finance our cash flow needs. Our subsidiaries and the VIE are currently not required to obtain permission from the Chinese authorities including the China Securities Regulatory Commission (the “CSRC”), or Cybersecurity Administration Committee (the “CAC”), to operate or to issue securities to foreign investors. However, as of March 31, 2023, pursuant to the Overseas Listing Trial Measures promulgated by the CSRC, we will be required to make filings with the CSRC with respect to any new overseas offering of our securities. 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.

The business of our subsidiaries and the VIE until now are not subject to cybersecurity review with the CAC, given that: (i) data processed in our business does not have a bearing on national security and thus may not be classified as core or important data by the authorities; and (ii) we do not possess a large amount of personal information in our business operations. In addition, we are not subject to merger control review by China’s anti-monopoly enforcement agency due to the level of our revenues which provided from us and audited by our auditor and the fact that we currently do not expect to propose or implement any acquisition of control of, or decisive influence over, any company with revenues within China of more than RMB400 million. Currently, these statements and regulatory actions have had no impact on our daily business operations, the ability to accept foreign investments and list our securities on an U.S. or other foreign exchange. However, since these statements and regulatory actions, including the Overseas Listing Trial Measures, are fairly new, it is uncertain what potential impact such modified or new laws and regulations will have on our daily business operation, the ability to accept foreign investments and list our securities on an U.S. or other foreign exchange.

To operate, the VIE and Beijing XunLian TianXia Technology Co., Ltd. are required to obtain, and have obtained, a value-added telecommunications business license from PRC authorities. In connection with our previous issuance of securities to foreign investors, under current PRC laws, regulations and regulatory rules, as of the date of this periodic report on Form 10-Q, we, our PRC subsidiaries and the VIE, (i) are not required to obtain permissions from the CSRC except that as of March 31, 2023 we may have to file with the CSRC with respect to a new offering of our securities, (ii) are not required to go through cybersecurity review by the CAC, and (iii) have received or were not denied such requisite permissions by any PRC authority. If we, our subsidiaries or the VIE (i) do not receive or maintain such permissions or approvals, (ii) inadvertently conclude that such permissions or approvals are not required or (iii) applicable laws, regulations, or interpretations change and we are required to obtain such permissions or approvals in the future, we may be subject to government enforcement actions, investigations, penalties, sanctions and fines imposed by the CSRC, the CAC and relevant departments of the State Council. In severe circumstances, the business of our PRC subsidiary may be ordered to suspend and its business qualifications and licenses may be revoked.

Share Exchange Agreement

Effective July 13, 2017, the Company entered into that certain Share Exchange Agreement (the “Share Exchange Agreement”) by and among the Company, Finger Motion Company Limited (“FMCL”) and certain shareholders of FMCL (the “FMCL Shareholders”). FMCL, a Hong Kong corporation, was formed on April 6, 2016 and is an information technology company that then specialized in operating and publishing mobile games. Pursuant to 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. On the closing date of the Share Exchange Agreement, the Company issued 12,000,000 shares of common stock to the FMCL shareholders. In addition, the Company issued 600,000 shares to consultants in connection with the transactions contemplated by the Share Exchange Agreement, and 2,562,500 additional shares to accredited investors, which was a concurrent financing but not a condition of closing the Share Exchange Agreement.

As a result of the Share Exchange Agreement and the other transactions contemplated thereunder, FMCL became a wholly-owned subsidiary of the Company. At that time, FMCL continued operations as the Company’s video game division. However, in June 2018, the Company decided to pause the operation of the game division as it saw the opportunity in the telecommunication business and have since refocused into this business.

This description of the Share Exchange Agreement does not purport to be complete and is qualified in its entirety by reference to the terms of the Share Exchange Agreement, which was filed as an exhibit to our Current Report on Form 8-K filed with the SEC on July 20, 2017 and incorporated by reference herein.

VIE Agreements

On October 16, 2018, the Company, through its indirect wholly-owned WFOE, JiuGe Management, entered into the **VIE Agreements** pursuant to which JiuGe Technology became our 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. We operate our mobile payment platform business through JiuGe Technology.

The VIE Agreements included:

- a consulting services agreement through which JiuGe Management is mainly engaged in data marketing, technical services, technical consulting and business consultancy to JiuGe Technology (the “**JiuGe Technology Consulting Services Agreement**”). This agreement was duly signed among the WFOE and the VIE. Under this agreement, the WFOE will provide the following services to the VIE on an exclusive basis: (i) providing a comprehensive solution for all technical issues required for the VIE’s business; (ii) providing training to the professional technicians of the VIE; (iii) assisting the VIE in collecting technical and commercial information and conducting market surveys; (iv) assisting the VIE in procuring business opportunities to obtain contracts awarded by the telecom carriers in China and maintaining the commercial relationship with the telecom carriers; (v) introducing clients to the VIE and assisting the VIE in developing commercial and cooperative relationship with the clients; (vi) providing suggestions and opinions on establishment and improvement of the VIE’s corporate structure, management system and departmental organization; (vii) assisting the VIE in formulating annual business plans, the draft of which shall be made available to WFOE by the VIE prior to the end of November each year; (viii) granting license to the VIE to use WFOE’s intellectual property necessary for the services; and (ix) providing other consulting and technical services at the request of the VIE. The VIE will pay to the WFOE service fees equivalent to the after-tax net profits distributable by the VIE to its shareholder each year, as set forth in the audited financial statements in accordance with the PRC accounting standards, ensuring all the distributable profits of the VIE will be dispatched to the WFOE. The VIE may not assign any of its rights and obligations under the JiuGe Technology Consulting Services Agreement without prior written consent of the WFOE. This agreement ensures that the WFOE and investors will be able to legally obtain the profits of the VIE, and transfer them to the WFOE more conveniently in the form of “service fee”;
- a loan agreement through which JiuGe Management grants loans to Ms. Li Li, as the sole shareholder of JiuGe Technology for the purpose of capital contribution (the “**JiuGe Technology Loan Agreement**”). Under this agreement, JiuGe Management loaned RMB 10,000,000 to Ms. Li Li, as the sole shareholder of the VIE, solely for the purpose of funding the capital contribution of the subscribed capital of the VIE. The loan amount has now been increased to RMB50,000,000. The WFOE has the right to convert the whole or any part of the outstanding principal amount into the equity interests in the VIE and may demand repayment of any or all of the principal amount/ As security for performance and discharge of Ms. Li Li’s obligations under the JiuGe Technology Loan Agreement, Ms. Li Li pledged 100% equity interests in JiuGe Technology, representing the entire registered capital of the VIE, by way of first-ranking security to the WFOE. This agreement could constrain Ms. Li Li to cooperate with WFOE’s instructions and avoid damaging the rights and interests of the WFOE and investors;
- a power of attorney agreement under which the owner of JiuGe Technology has vested their collective voting control over JiuGe Technology to JiuGe Management and will only transfer their equity interests in JiuGe Technology to JiuGe Management or its designee(s) (the “**JiuGe Technology Power of Attorney Agreement**”). The Power of Attorney Agreement was duly issued by Ms. Li Li to the WFOE. Under the JiuGe Technology Power of Attorney Agreement, the WFOE is the exclusive agent who may exercise, at WFOE’s sole discretion, all the rights and powers in respect of all the 100% equity interests held by Ms. Li Li in the VIE on Ms. Li Li’s behalf, including without limitation to propose to convene, attend and vote at the shareholder’s meeting of the VIE. Ms. Li Li cannot assign her rights and obligations under the JiuGe Technology Power of Attorney Agreement without prior written consent of the WFOE and the WFOE will bear its own costs, expenses and fees in connection with performance of the JiuGe Technology Power of Attorney Agreement. This agreement ensures that the WFOE can replace Ms. LI Li in the operation and management of the VIE, and controlling its assets;

- a call option agreement under which the owner of JiuGe Technology has granted to JiuGe Management the irrevocable and unconditional right and option to acquire all of their equity interests in JiuGe Technology or transfer these rights to a third party (the “**JiuGe Technology Call Option Agreement**”). This agreement was duly signed by and among Ms. Li Li, the WFOE and the VIE. Under this agreement, the WFOE has an exclusive, irrevocable and unconditional option to purchase or to designate a third party to purchase 100% equity interests of the VIE at RMB one (1) yuan or the lowest amount of consideration permitted under the laws of PRC at any time, giving the WFOE a sole discretion to exercise such option at any time and in any manner as permitted by the laws of PRC. Pursuant to the JiuGe Technology Call Option Agreement, Ms. Li Li may not, without prior written consent of the WFOE: (i) transfer or dispose of the equity interests in the VIE or the assets of the VIE in any manner; (ii) create any encumbrance of any kind over the equity interests in the VIE, other than the VIE Agreements; and (iii) resolve to or procure the VIE to: (a) change its registered capital; (b) amend its articles of association; (c) change any of its shareholders; (d) appoint, remove or replace its senior management; (e) make or receive investment of any kind or merge or consolidate with any entity; (f) change information filed at the competent authorities in the PRC; (g) make any lending or borrowing or provide security of any kind; (h) pay, make or declare any dividend, charge, fee or other distribution of any kind; (i) incur, create or permit to subsist or have any outstanding financial indebtedness; (j) enter into any agreements that conflict with the JiuGe Technology Call Option Agreement; or (k) do any acts that would adversely impair the VIE’s ability to perform the obligations under the VIE Agreements. Neither Ms. Li Li nor the VIE may assign any of its rights and obligations under the agreement without the prior written consent of WFOE or unilaterally terminate the agreement. This agreement is one of the guarantees for WFOE and investors to ensure that the VIE will not have any potential equity changes that endanger the rights and interests of WFOE and investors; and
- a share pledge agreement under which the owner of JiuGe Technology has pledged all of their rights, titles and interests in JiuGe Technology to JiuGe Management to guarantee JiuGe Technology’s performance of its obligations under the JiuGe Technology Consulting Services Agreement (the “**JiuGe Technology Share Pledge Agreement**”). This agreement was duly signed among Ms. Li Li, the WFOE and the VIE. Under this agreement, all the equity interests of the VIE held by Ms. Li Li were pledged to the WFOE, giving the WFOE a right to exercise the share pledge where Ms. Li Li or the VIE violates the VIE Agreements. This measure under this agreement will result in the equity of the VIE being locked, making it impossible for any third party to legally obtain the equity of the VIE without the prior consent of the WFOE.

Our PRC counsel has reviewed these agreements and believes that all the VIE Agreements were duly signed and are not in violation of applicable laws of PRC. We are of the opinion that the VIE Agreements are valid and giving the WFOE a full control over the VIE in respect of the current and effective PRC laws and regulations. However, the VIE Agreements have never been challenged or recognized in court for the time being, and the PRC government may determine that the VIE Agreements are not in compliance with applicable PRC laws, rules and regulations compared with direct ownership, they may be less effective in controlling through the VIE structure.

In the first half of 2018, JiuGe Technology established contracts with China Unicom and China Mobile, initiating the provision of mobile data services to businesses and corporations in key provinces/municipalities including Chengdu, Jiangxi, Jiangsu, Chongqing, Shanghai, Zhuhai, Zhejiang, Shaanxi and Inner Mongolia. As with all dynamic markets, the specifics of our operational contracts have naturally evolved over time but our dedication to these provinces is unwavering, and we consistently enhance our service and product offerings to ensure optimal service. Additionally, as we continue to grow, there is the potential for our reach to expand into additional provinces in the PRC.

In September 2018, JiuGe Technology launched and commercialized mobile payment and recharge services to businesses for China Unicom. The JiuGe Technology mobile payment and recharge platform enables the seamless delivery of real-time payment and recharge services to third-party channels and businesses. We earn a negotiated rebate amount from each of China Unicom and China Mobile for all monies paid by consumers to China Unicom and China Mobile that we process. To encourage consumers to utilize our portal instead of using our competitors' platforms or paying China Unicom or China Mobile directly, we offer mobile data and talk time at a rate discounted from these companies' stated rates, which are also the rates we must pay to them to purchase the mobile data and talk time provided to consumers through the use of our platform. Accordingly, we earn income on the rebates we receive from the telecommunications companies, reduced by the amounts by which we discount the mobile data and talk time sold through our platform.

In October 2018, China Unicom and China Mobile awarded JiuGe Technology with contracts that established partnerships for data analysis, that could unlock potential value-added services.

This description of the VIE Agreements discussed above does not purport to be complete and are qualified in their entirety by reference to the terms of the VIE Agreements, which were filed as exhibits to our Current Report on Form 8-K filed with the SEC on December 27, 2018 and are incorporated by reference herein. The English translation version of the JiuGe Technology Share Pledge Agreement was filed as Exhibit 10.6 to our Form S-1/A (Amendment No. 1) filed with the SEC on January 5, 2023, and is incorporated by reference herein.

Acquisition of Operational Control of Beijing Technology

On March 7, 2019, the Company acting through JiuGe Technology acquired operational control of Beijing Technology, a company in the business of providing mass SMS text services to businesses looking to communicate with large numbers of their customers and prospective customers. Through Beijing Technology, the Company entered into the business of mass SMS text message service as a complement to its mobile payment and recharge business. The mass SMS text message service offers bulk SMS services to end consumers with competitive pricing. Currently, the Company's SMS integrated platform is processing more than 150 million SMS text messages per month. Beijing Technology retains a license from the Ministry of Industry and Information Technology ("MIIT") to operate SMS and MMS business in the PRC. Similar to the mobile recharge business, Beijing Technology is required to make a deposit or bulk purchase in advance and has secured business customers that will utilize Beijing Technology's SMS integrated platform to send bulk SMS text messages monthly. Beijing Technology has the capability to manage and track the entire process, including to assist the Company's clients to fulfil the government guidelines, until the SMS messages have been delivered successfully.

China Unicom Cooperation Agreement

On July 7, 2019, JiuGe Technology entered into that certain Yunnan Unicom Electronic Sales Platform Construction and Operation Cooperation Agreement (the "**Cooperation Agreement**") with China United Network Communications Limited Yunnan Branch ("**China Unicom Yunnan**"). Under the Cooperation Agreement, JiuGe Technology is responsible for constructing and operating China Unicom Yunnan's electronic sales platform through which consumers can purchase various goods and services from China Unicom Yunnan, including mobile telephones, mobile telephone service, broadband data services, terminals, "smart" devices and related financial insurance. The Cooperation Agreement provides that JiuGe Technology is required to construct and operate the platform's webpage in accordance with China Unicom Yunnan's specifications and policies, and applicable law, and bear all expenses in connection therewith. As consideration for the services it provides under the Cooperation Agreement, JiuGe Technology receives a percentage of the revenue received from all sales it processes for China Unicom Yunnan on the platform.

The Cooperation Agreement expires three years from the date of its signature, subject to a yearly auto-renewal clause, which is currently in an auto-renewal period, but it may be terminated by (i) JiuGe Technology upon three months' written notice or (ii) by China Unicom Yunnan unilaterally. The Cooperation Agreement contains customary representations from each party regarding such party's authority to enter into and perform under the Cooperation Agreement, and provides customary events of default, including for various types of failure to perform. Any disputes arising between the parties under the Cooperation Agreement will be adjudicated in Chinese courts.

This description of the Cooperation Agreement does not purport to be complete and is qualified in its entirety by reference to the terms of the Cooperation Agreement, which was filed as an exhibit to our Current Report on Form 8-K filed with the SEC on November 9, 2019 and is incorporated by reference herein.

In January 2022, TengLian (a 99% owned subsidiary of JiuGe Technology) signed a co-operation agreement with China Unicom to launch the Device Protection program for mobile phones and the new 5G phones.

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 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 licence, 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 or any securities listing.

Overview

The Company is a mobile data specialist company incorporated in Delaware, USA, with its head office located at 111 Somerset Road, Level 3, Singapore 238164. As described elsewhere in this Quarterly Report, our Company has been organized as a holding company and conducts a significant part of our operations through our subsidiaries and through contractual arrangements with JiuGe Technology, a VIE based in China.

The Company operates the following lines of business: (i) Telecommunications Products and Services; (ii) Value Added Products and Services (iii) Short Message Services (“SMS”) and Multimedia Messaging Services (“MMS”); (iv) a Rich Communication Services (“RCS”) platform; (v) Big Data Insights; and (vi) a Video Games Division (inactive).

Telecommunications Products and Services

The Company’s current product mix consisting of payment and recharge services, data plans, subscription plans, mobile phones, loyalty points redemption and other products bundles (i.e. mobile protection plans). Chinese mobile phone consumers often utilize third-party e-marketing websites to pay their phone bills. If the consumer connected directly to the telecommunications provider to pay his or her bill, the consumer would miss out on any benefits or marketing discounts that e-marketers provide. Thus, consumers log on to these e-marketer’s websites, click into their respective phone provider’s store, and “top up,” or pay, their telecommunications provider for additional mobile data and talk time.

To connect to the respective mobile telecommunications providers, these e-marketers must utilize a portal licensed by the applicable telecommunication company that processes the payment. We have been granted one of these licenses by China United Network Communications Group Co., Ltd. (“**China Unicom**”) and China Mobile Communications Corporation (“**China Mobile**”), each of which is a major telecommunications provider in China. We principally earn revenue by providing mobile payment and recharge services to customers of China Unicom and China Mobile.

We conduct our mobile payment business through JiuGe Technology, our VIE. In the first half of 2018, JiuGe Technology secured contracts with China Unicom and China Mobile to distribute mobile data for businesses and corporations in nine provinces/municipalities, namely Chengdu, Jiangxi, Jiangsu, Chongqing, Shanghai, Zhuhai, Zhejiang, Shaanxi, Inner Mongolia, Henan and Fujian. In September 2018, JiuGe Technology launched and commercialized mobile payment and recharge services to businesses for China Unicom. In May 2021, JiuGe Technology signed a volume-based agreement with China Mobile Fujian to offer recharge services to the Fujian province which we have launched and commercialized in November 2021.

The JiuGe Technology mobile payment and recharge platform enables the seamless delivery of real-time payment and recharge services to third-party channels and businesses. We earn a rebate from each telecommunications company on the funds paid by consumers to the telecommunications companies we process. To encourage consumers to utilize our portal instead of using our competitors' platforms or paying China Unicom or China Mobile directly, we offer mobile data and talk time at a rate discounted from these companies' stated rates, which are also the rates we must pay to them to purchase the mobile data and talk time provided to consumers through the use of our platform. Accordingly, we earn income on the rebates we receive from China Unicom and China Mobile, reduced by the amounts by which we discount the mobile data and talk time sold through our platform.

FingerMotion started and commercialized its "Business to Business" ("B2B") model by integrating with various e-commerce platforms to provide its mobile payment and recharge services to subscribers or end consumers. In the first quarter of 2019, FingerMotion expanded its business by commercializing its first "Business to Consumer" ("B2C") model, offering the telecommunication providers' products and services, including data plans, subscription plans, mobile phones, and loyalty points redemption, directly to subscribers or customers of the e-commerce companies, such as PinDuoDuo.com, TMall.com, and JD.Com. The Company plans to further expand its universal exchange platform by setting up B2C stores on several other major e-commerce platforms in China. In addition, we have been designated as one of China Mobile's loyalty redemption partners, which allows us to provide such services for their customers via our platform.

Additionally, as previously disclosed, on July 7, 2019, JiuGe Technology, our VIE, entered into that certain Cooperation Agreement with China Unicom Yunnan, whereby JiuGe Technology is responsible for constructing and operating China Unicom's electronic sales platform through which consumers can purchase various goods and services from China Unicom, including mobile telephones, mobile telephone service, broadband data services, terminals, "smart" devices and related financial insurance. The Cooperation Agreement provides that JiuGe Technology is required to construct and operate the platform's webpage in accordance with China Unicom's specifications and policies, and applicable law, and bear all expenses in connection therewith. As consideration for the service JiuGe Technology provides under the Cooperation Agreement, it receives a percentage of the revenue received from all sales it processes for China Unicom on the platform. The Cooperation Agreement expires three years from the date of its signature with a yearly auto-renewal clause, which is currently in an auto-renewal period, but it may be terminated by (i) JiuGe Technology upon three months' written notice or (ii) by China Unicom unilaterally.

In March 2020, FingerMotion secured a contract with both China Mobile and China Unicom to acquire new users to take up the respective subscription plans.

In February 2021, we increased the mobile phones sales to end users using all of our platforms. This business will continue to contribute to the overall revenue for the group as part of our offering to our customers.

During the recent fiscal year, the Company expanded its offering under their telecommunication product and services by increasing their product line revenue streams

Value Added Product and Services

The Company continues to evaluate and develop value-added products and services in collaboration with the telecommunication provider and all our e-commerce platform partners. In 2022, our contractually controlled subsidiary, JiuGe Technology, through its 99% owned subsidiary Shanghai TengLian JiuJiu Information Communication Technology Co., Ltd. entered into an agreement with both China Unicom and China Mobile to introduce a Mobile Device Protection product as part of subscription plans for new mobile phones and new 5G devices. The initiatives formed part of our broader efforts to expand value-added solutions in cooperation with telecom operators. Additionally, we have introduced cloud-based services that provide corporate customers with secure data storage, processing capabilities, and databases accessible via the internet. These services complement our telecommunication offerings. We continue to work closely with our partners to identify and pursue additional value-added product lines that align with evolving market opportunities.

SMS and MMS Services

On March 7, 2019, the Company, acting through JiuGe Technology, acquired operational control of Beijing XunLian TianXia Technology Co., Ltd. (“**Beijing Technology**”), a company in the business of providing mass SMS text services to businesses looking to communicate with large numbers of their customers and prospective customers. With this acquisition, the Company expanded into a second partnership with the telecom companies by acquiring bulk SMS and MMS bundles at reduced prices and offering bulk SMS services to end consumers with competitive pricing. Beijing Technology retains a license from MIIT to operate the SMS and MMS business in the PRC. Similar to the mobile payment and recharge business, Beijing Technology is required to make a deposit or bulk purchase in advance and has secured business customers, including premium car manufacturers, hotel chains, airlines and e-commerce companies, that utilize Beijing Technology’s SMS integrated platform to send bulk SMS text messages monthly. Beijing Technology has the capability to manage and track the entire process, including guiding the Company’s customer to meet MIIT’s guidelines on messages composed, until the SMS messages have been delivered successfully.

Rich Communication Services

In March 2020, the Company began the development of an RCS platform, also known as Messaging as a Platform (“**MaaP**”). This RCS platform will be a proprietary business messaging platform that enables businesses and brands to communicate and service their customers on the 5G infrastructure, delivering a better and more efficient user experience at a lower cost. For example, with the new 5G RCS message service, consumers will have the ability to list available flights by sending a message regarding a holiday and will also be able to book and buy flights by sending messages. This will allow telecommunication providers like China Unicom and China Mobile to retain users on their systems, without having to utilize third party apps or log onto the Internet, which will increase their user retention. We expect this to open up a new marketing channel for the Company’s current and prospective business partners. Currently, the deployment of this RCS platform is under review, with discussion ongoing among government bodies, major service providers, and telecommunication companies. These deliberations aim to assess the potential market impacts and establish the necessary consents before the launch, considering the significant changes the platform may introduce to user interactions with existing services. The discussion seeks to ensure that all stakeholders’ concerns are addressed comprehensively. Once these issues are resolved and the necessary approval is obtained, we anticipate a substantial enhancement in our service offerings and an expansion of our market reach.

Big Data Insights

In July 2020, the Company launched its proprietary technology platform “Sapientus” as its big data insights arm to deliver data-driven solutions and insights for businesses within the insurance, healthcare, and financial services industries. The Company, acting primarily through its indirect wholly-owned subsidiary, Finger Motion Financial Company Limited (“**FMFCL**”) applies its vast experience in the insurance and financial services industry and capabilities in technology and data analytics to develop revolutionary solutions targeted towards insurance and financial consumers. Integrating diverse publicly available information, insurance and financial based data with technology and finally registering them into the FingerMotion telecommunications and insurance ecosystem, the Company would be able to provide functional insights and facilitate the transformation of key components of the insurance value chain, including driving more effective and efficient underwriting, enabling fraud evaluation and management, empowering channel expansion and market penetration through novel product innovation, and more. The ultimate objective is to promote, enhance, and deliver better value to our partners and customers.

The Company’s proprietary risk assessment engine offers standard and customized scoring and appraisal services based on multi-dimensional factors. The Company has the ability to provide potential customers and partners with insights-driven and technology-enabled solutions and applications, including preferred risk selection, precision marketing, product customization, and claims management (e.g., fraud detection). The Company’s mission is to deliver the next generation of data-driven solutions in the financial services, healthcare, and insurance industries resulting in more accurate risk assessments, more efficient processes, and a more delightful user experience.

On or around January 25, 2021, FMFCL entered into a services agreement with Pacific Life Re, a global life reinsurer serving the insurance industry with a comprehensive suite of products and services.

In December 2021, the Company, acting through JiuGe Technology, formed a collaborative research alliance with Munich Re in extending behavioral analytics to enhance understanding of morbidity and behavioral patterns in the Chinese market, with the goal of creating value for both insurers and the end insurance consumers through better technology, product offerings, and customer experience.

As part of its regional initiatives, the Company also entered into an agreement with PT Mach Wireless Teknologi in Indonesia to explore the introduction of an AI-powered insurance risk rating platform.

Building on these earlier initiatives, the Company has most recently advanced development of its Insurance Management and Enablement (IME) platform, a digital solution designed to streamline customer management, product configuration, policy administration, and performance tracking across the insurance value chain. IME is positioned as a cornerstone initiative under Sapietus, with the objective of improving efficiency, compliance, and decision-making for insurers and brokers while creating new avenues for recurring revenue and strategic partnerships.

Smart Mobility Solution

FingerMotion's Advanced Mobile Integrated Command and Communication Platform (the "**C2 Platform**"), saw considerable advancements during the fiscal year ended February 28, 2025. Designed to support mission-critical mobile communications for public safety agencies, emergency response teams, and industrial sectors, the C2 Platform is built on FingerMotion's telecommunications infrastructure, leveraging 5G connectivity and cloud-based technology to offer real-time data sharing, geospatial mapping, and situational awareness.

During the fiscal year ended February 28, 2025, we expanded the deployment of the C2 Platform into pilot regions, establishing partnerships with automotive manufacturers and industrial partners. These partnerships enabled us to showcase the platform's capabilities, including mobile video feeds, real-time GPS tracking, and AI-driven analytics for improving public safety operations. Our C2 Platform is positioned to serve both public sector agencies and private sector enterprises in high-risk areas such as disaster management, fleet operations, and emergency response missions.

We expect these deployments to scale up during the fiscal year ending February 28, 2026, with further geographic expansion planned for key markets in China. These developments are expected to drive revenue growth from enterprise sales, government contracts, and strategic partnerships.

DaGe Platform

The DaGe platform, FingerMotion's integrated marketplace for automotive products and services, continued its expansion in the fiscal year ended February 28, 2025. The platform offers a range of services, such as vehicle maintenance, repair, tire replacement, and EV charging, catering to the growing EV market. With the increasing adoption of EVs, the demand for EV charging stations and related services has been a significant growth driver for DaGe.

During the fiscal year ended February 28, 2025, we expanded our network of service providers, onboarded additional automotive maintenance providers, and onboarded more EV charging stations into the platform. We also enhanced user experience by offering location-based, proximity recommendations, real-time pricing, and seamless transaction processing, all within the mobile app. The increase in user engagement on the DaGe platform resulted in higher transaction volumes, which directly contributed to revenue growth in this segment.

Additionally, we leveraged our existing telecommunications infrastructure to expand the platform's reach, capitalizing on cross-promotion opportunities within our mobile services business. The introduction of loyalty programs and seasonal promotions helped retain users and drive repeat business, thereby further strengthening the platform's position in the market. As we look ahead, we plan to continue expanding DaGe's offerings by targeting new markets and forming strategic partnerships with both local and national service providers.

Building on the momentum from the previous fiscal year, the DaGe platform continued to evolve during the three months ended May 31, 2025. We focused on strengthening relationships with service providers, enhancing user experience, and selectively expanding coverage across key regions. Ongoing efforts to refine platform functionality and deepen user engagement are aligned with our broader strategy to scale DaGe's presence in the automotive services and EV ecosystem. We also continued to leverage synergies with our telecommunications business to support user acquisition and platform traffic.

Recent Developments

On September 30, 2025, our Company, our WFOE, JiuGe Management, and Shanghai Jihaohe Information Technology Co., Ltd. ("**Shanghai Jihaohe**"), entered into an asset purchase agreement pursuant to which we 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 our DaGe platform, in consideration of the issuance by us to Shanghai Jihaohe on October 2, 2025, of 1,500,000 fully-paid and non-assessable shares of our common stock at a deemed issuance price of \$1.57 per share.

On October 23, 2025, we entered into a Sales Agreement (the "**Sales Agreement**") with R.F. Lafferty & Co., Inc. as sales agent (the "**Sales Agent**"), under which we 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**").

Upon delivery of a "Placement Notice" under and subject to the terms and conditions of the Sales Agreement, the Sales Agent may sell the Placement Shares by any method permitted by law deemed to be an "at the market" offering as defined in Rule 415 promulgated under the United States Securities Act of 1933, as amended (the "**Securities Act**"), including without limitation sales made directly on the Nasdaq Capital Market (the "**Exchange**"), on any other existing trading market for our shares of common stock or to or through a market maker. Subject to the terms of a Placement Notice, the Sales Agent may also sell the Placement Shares by any other method permitted by law, including but not limited to in negotiated transactions with our prior written consent. We acknowledge and agree that (i) there can be no assurance that the Sales Agent will be successful in selling the Placement Shares, (ii) the Sales Agent will incur no liability or obligation to us or any other person or entity if it does not sell the Placement Shares for any reason other than a failure by the Sales Agent to use its commercially reasonable efforts consistent with its normal trading and sales practices and applicable law and regulations to sell such Placement Shares as required under the Sales Agreement, and (iii) the Sales Agent shall be under no obligation to purchase the Placement Shares on a principal basis pursuant to the Sales Agreement, except as otherwise agreed by the Sales Agent and us in writing and expressly set forth in a Placement Notice.

The Sales Agreement may be terminated by the either party by giving the other party ten (10) days' notice in its sole discretion at any time after the date of the Sales Agreement.

We will pay the Sales Agent a commission of 2.5% of the gross sales price of the Placement Shares sold, and have agreed to provide the Sales Agent with customary indemnification and contribution rights. We also agreed to reimburse the Sales Agent for its reasonable and documented out-of-pocket costs and expenses (including but not limited to the reasonable fees and documented out-of-pocket costs and expenses of counsel to the Sales Agent) in an amount not to exceed \$40,000.

Results of Operations

Three Months Ended November 30, 2025 Compared to Three Months Ended November 30, 2024

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

	For the three months ended	
	November 30, 2025	November 30, 2024
Revenue	\$ 5,796,441	\$ 8,534,079
Cost of revenue	\$ (5,533,338)	\$ (8,090,509)
Total operating expenses	\$ (1,964,867)	\$ (2,057,677)
Total other income (expenses)	\$ 20,152	\$ (48,548)
Net loss attributable to the Company's stockholders	\$ (1,670,197)	\$ (1,660,801)
Foreign currency translation adjustment	\$ 111,644	\$ (274,666)
Comprehensive loss attributable to the Company	\$ (1,558,551)	\$ (1,935,286)
Basic Loss Per Share attributable to the Company	\$ (0.03)	\$ (0.03)
Diluted Loss Per Share attributable to the Company	\$ (0.03)	\$ (0.03)

Revenue

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

	For the three months ended		Change (%)
	November 30, 2025	November 30, 2024	
Telecommunication Products & Services	\$ 5,760,910	\$ 8,503,412	-32%
DaGe Platform	\$ 4,354	\$ 30,529	-86%
Command & Communication	\$ 31,051	\$ 138	22401%
Big Data	\$ 126	\$ —	100%
Total Revenue	\$ 5,796,441	\$ 8,534,079	-32%

We recorded \$5,796,441 in revenue for the three months ended November 30, 2025, a decrease of \$2,737,638 or 32%, compared to the three months ended November 30, 2024. The decrease was primarily attributable to lower revenue from the Telecommunication Products & Services and DaGe Platform, partially offset by higher revenue from the Command & Communication segment.

We principally earn revenue by providing mobile payment and recharge services to customers of telecommunications companies in China. Specifically, we earn a negotiated rebate amount from the telecommunications companies for all monies paid by consumers to those companies that we process. This operating model requires working capital to support transaction volumes. During the three months ended November 30, 2025, limitations in available working capital constrained the Company's ability to fund transaction-based activities at prior levels. As a result, transaction volumes declined during the period. For the three months ended November 30, 2025, our revenue was primarily driven by our Telecommunication Products & Services segment, which contributed \$5.76 million, representing 99.4% of total revenue.

The DaGe Platform, launched in 2024, generated \$4,354 in revenue compared to \$30,529 in the same period last year. Revenue remained limited during the quarter as operational and promotional activities were constrained by limited working capital.

The Command and Communication segment generated \$31,051 in revenue during the quarter ending November 30, 2025, compared to \$138 in the prior-year period. The quarter-over-quarter increase reflects the early-stage nature of the segment in the prior year period, when operations had only recently commenced. Despite the increase, revenue contributions remain limited and reflect project-based activity, with the scope of execution constrained by available working capital.

The Big Data segment generated revenue of \$126 during the quarter. Activity in this segment remained limited during the period.

Cost of Revenue

The following table sets forth our cost of revenue for the periods indicated:

	For the three months ended	
	November 30, 2025	November 30, 2024
Telecommunication Products & Services	\$ 5,495,643	\$ 8,031,444
DaGe Platform	\$ 6,983	\$ 58,931
Command & Communication	\$ 30,712	\$ 134
Big Data	\$ —	\$ —
Total Cost of Revenue	\$ 5,533,338	\$ 8,090,509

We recorded \$5,533,338 in costs of revenue for the three months ended November 30, 2025, a decrease of \$2,557,171 or 32%, compared to the three months ended November 30, 2024. The decrease was primarily attributable to lower transaction volumes, particularly within the Telecommunication Products & Services segment, consistent with the reduction in revenue during the period. Cost of revenue primarily consists of product costs and transaction-related costs incurred in connection with mobile payment and recharge services provided to customers of telecommunications companies in China. As transaction activity declined during the quarter due to working capital constraints, the associated variable costs declined proportionately.

Gross profit

For the three months ended November 30, 2025, we recorded a gross profit of \$263,103, a decrease of \$180,467 or 41%, compared to the three months ended November 30, 2024. The decline in gross profit was primarily attributable to the decline in revenue, reflecting reduced transaction volumes during the period.

Amortization & Depreciation

We recorded amortization & depreciation of \$134,964 for intangible assets & fixed assets for the three months ended November 30, 2025, an increase of \$123,403 or 1,067%, compared to the three months ended November 30, 2024. The increase resulted from the purchase of software IP.

General & Administrative Expenses

The following table sets forth our general and administrative expenses for the periods indicated:

	For the three months ended	
	November 30, 2025	November 30, 2024
Accounting	\$ 52,151	\$ 185,352
Consulting	\$ 206,599	\$ 224,664
Entertainment	\$ 60,451	\$ 86,751
IT	\$ 15,349	\$ 12,048
Rent	\$ 40,152	\$ 33,140
Salaries & Wages	\$ 611,527	\$ 616,996
Technical fee	\$ 43,443	\$ 24,195
Travelling	\$ 29,555	\$ 100,538
Others	\$ 102,838	\$ 283,955
<i>Total G&A Expenses</i>	<i>\$ 1,162,065</i>	<i>\$ 1,567,639</i>

We recorded \$1,162,065 in general and administrative expenses for the three months ended November 30, 2025, a decrease of \$405,574 or 26%, compared to the three months ended November 30, 2024. The decrease was primarily due to lower expenditures in travel, entertainment, accounting, and other miscellaneous expenses. General and administrative expenses consist 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 our marketing costs for the periods indicated:

	For the three months ended	
	November 30, 2025	November 30, 2024
Marketing Cost	\$ 31,122	\$ 140,478

We recorded \$31,122 in marketing costs for the three months ended November 30, 2025, being a decrease of \$109,356 or 78%, compared to the three months ended November 30, 2024. The decrease was primarily attributable to reduced marketing and promotional activities during the quarter, reflecting cost control measures implemented in response to liquidity constraints.

Research & Development

The following table sets forth our research & development for the periods indicated:

	For the three months ended	
	November 30, 2025	November 30, 2024
Research & Development	\$ 85,210	\$ 146,735

We incurred fees of \$85,210 in research & development for the three months ended November 30, 2025 as compared to \$146,735 for the three months ended November 30, 2024 representing a decrease of \$61,525 or 42%. Research and development expenses primarily consist of personnel-related costs. Activity during the quarter remained limited in scope, with expenditures aligned to our available working capital.

Credit Impairment Loss

The following table sets forth our credit impairment loss for the periods indicated:

	For the three months ended	
	November 30, 2025	November 30, 2024
Credit impairment loss	\$ 343,173	\$ —

We recorded \$343,173 in credit impairment loss for the three months ended November 30, 2025, compared to no such losses for the three months ended November 30, 2024, reflecting a prudent assessment of expected credit loss based on updated evaluations of customer credit risk and overall credit exposure.

Share Compensation Expenses

The following table sets forth our share compensation expenses for the periods indicated:

	For the three months ended	
	November 30, 2025	November 30, 2024
Share compensation expenses	\$ 208,333	\$ 179,284

We incurred fees of \$208,333 in share issuance for consultants in consideration of services and stock option compensation expense for the three months ended November 30, 2025 as compared to \$179,284 for the three months ended November 30, 2024. The increase of \$29,049 or 16% was primarily attributable share-based compensation expense recognised during the period, including the amortisation of equity awards granted to consultants and investor relation service providers.

Operating Expenses

We recorded \$1,964,867 in operating expenses for the three months ended November 30, 2025, as compared to \$2,045,697 in operating expenses for the three months ended November 30, 2024. The decrease of \$80,830 or 4%, for the three months ended November 30, 2025 is as set forth above.

Net Loss attributable to the Company's stockholders

The net loss attributable to our stockholders was \$1,670,197 for the three months ended November 30, 2025 and \$1,660,801 for the three months ended November 30, 2024. The increase in net loss attributable to our stockholders of \$9,396 or 1% is as set above.

Nine Months Ended November 30, 2025 Compared to Nine Months Ended November 30, 2024

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

	For the nine months ended	
	November 30, 2025	November 30, 2024
Revenue	\$ 22,902,695	\$ 25,366,825
Cost of revenue	\$ (22,448,331)	\$ (23,940,338)
Total operating expenses	\$ (5,634,478)	\$ (6,395,869)
Total other income (expenses)	\$ (73,783)	\$ (27,676)
Net loss attributable to the Company's stockholders	\$ (5,219,763)	\$ (5,004,934)
Foreign currency translation adjustment	\$ 392,998	\$ (99,449)
Comprehensive loss attributable to the Company	\$ (4,827,305)	\$ (5,103,319)
Basic Loss Per Share attributable to the Company	\$ (0.09)	\$ (0.09)
Diluted Loss Per Share attributable to the Company	\$ (0.09)	\$ (0.09)

Revenue

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

	For the nine months ended		
	November 30, 2025	November 30, 2024	Change (%)
Telecommunication Products & Services	\$ 22,712,045	\$ 25,302,176	-10%
DaGe Platform	\$ 22,190	\$ 35,781	-38%
Command & Communication	\$ 140,877	\$ 28,868	388%
Big Data	\$ 27,583	\$ —	100%
<i>Total Revenue</i>	<i>\$ 22,902,695</i>	<i>\$ 25,366,825</i>	<i>-10%</i>

We recorded \$22,902,695 in revenue for the nine months ended November 30, 2025, a decrease of \$2,464,130 or 10%, compared to the nine months ended November 30, 2024. The decrease resulted from decreases in revenue of \$2,590,131 and \$13,591 from our Telecommunication Products & Services and DaGe Platform, respectively, offset by increases in revenue of \$112,009 and \$27,583 from our Command & Communication and Big Data, respectively.

We principally earn revenue by providing mobile payment and recharge services to customers of telecommunications companies in China. Specifically, we earn a negotiated rebate amount from the telecommunications companies for all monies paid by consumers to those companies that we process. This operating model requires working capital to support transaction volumes. During the nine months ended November 30, 2025, our revenue remained primarily driven by our Telecommunication Products & Services segment, which contributed \$22.71 million, representing 99.2% of total revenue.

The DaGe Platform, launched in 2024, generated \$22,190 in revenue compared to \$35,781 in the same period last year. Revenue remained limited during the nine months as operational and promotional activities were constrained by available working capital.

The Command and Communication segment generated \$140,877 in revenue for the nine months ended November 30, 2025, compared to \$28,868 in the prior year period. The year-over-year increase reflects the early-stage nature of the segment in the prior year period, when operations had only recently commenced. Despite the increase, revenue contributions remained limited, and activity during the period primarily reflected project-based work, with the scope and pace of deployment constrained by available working capital.

The Big Data segment generated revenue of \$27,583 for the nine months ended November 30, 2025. Activity in this segment remains limited during the period.

Cost of Revenue

The following table sets forth our cost of revenue for the periods indicated:

	For the nine months ended	
	November 30, 2025	November 30, 2024
Telecommunication Products & Services	\$ 22,284,965	\$ 23,844,759
DaGe Platform	\$ 43,097	\$ 67,444
Command & Communication	\$ 120,269	\$ 28,135
Big Data	\$ —	\$ —
Total Cost of Revenue	\$ 22,448,331	\$ 23,940,338

We recorded \$22,448,331 in costs of revenue for the nine months ended November 30, 2025, a decrease of \$1,492,007 or 6%, compared to the nine months ended November 30, 2024. As previously mentioned, we principally earn revenue by providing mobile payment and recharge services to customers of telecommunications companies, subscription plans, and mobile phone sales in China. To earn this revenue, we incur costs of the product, certain customer acquisition costs, including discounts, promotions, and marketing initiatives aimed at user growth and partner engagement, particularly in our emerging segments, which are reflected in our cost of revenue.

Gross profit

For the nine months ended November 30, 2025, we recorded a gross profit of \$454,364, a decrease of \$972,123 or 68%, compared to the nine months ended November 30, 2024. Cost of revenue primarily consists of product costs and transaction-related costs incurred in connection with mobile payment and recharge services provided to customers of telecommunications companies in China. As transaction activity declined during the nine months due to working capital constraints, the associated variable costs declined proportionately.

Amortization & Depreciation

We recorded amortization & depreciation of \$153,283 for intangible assets & fixed assets for the nine months ended November 30, 2025, an increase of \$117,968 or 334%, compared to the nine months ended November 30, 2024. The increase resulted from the purchase of software IP.

General & Administrative Expenses

The following table sets forth our general and administrative expenses for the periods indicated:

	For the nine months ended	
	November 30, 2025	November 30, 2024
Accounting	\$ 199,794	\$ 244,609
Consulting	\$ 1,002,923	\$ 1,010,730
Entertainment	\$ 139,718	\$ 214,351
IT	\$ 51,558	\$ 45,799
Rent	\$ 112,470	\$ 100,080
Salaries & Wages	\$ 1,792,281	\$ 1,850,585
Technical fee	\$ 107,186	\$ 119,436
Travelling	\$ 146,759	\$ 263,995
Others	\$ 507,268	\$ 1,147,867
<i>Total G&A Expenses</i>	<i>\$ 4,059,957</i>	<i>\$ 4,997,452</i>

We recorded \$4,059,957 in general and administrative expenses for the nine months ended November 30, 2025, a decrease of \$937,495 or 19%, compared to the nine months ended November 30, 2024. The decrease was primarily due to lower salaries & wages, traveling, entertainment, accounting, and other miscellaneous expenses compared to the prior year. General and administrative expenses consist 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 our marketing costs for the periods indicated:

	For the nine months ended	
	November 30, 2025	November 30, 2024
Marketing Cost	\$ 62,064	\$ 274,584

We recorded \$62,064 in marketing costs for the nine months ended November 30, 2025, being a decrease of \$212,520 or 77%, compared to the nine months ended November 30, 2024. The decrease was primarily attributable to reduced marketing and promotional activities during the nine months, particularly in this reporting quarter, reflecting cost control measures implemented in response to liquidity constraints.

Research & Development

The following table sets forth our research & development for the periods indicated:

	For the nine months ended	
	November 30, 2025	November 30, 2024
Research & Development	\$ 335,402	\$ 506,001

We incurred fees of \$335,402 in research & development for the nine months ended November 30, 2025 as compared to \$506,001 for the nine months ended November 30, 2024 representing a decrease of \$170,599 or 34%. Research and development expenses primarily consist of personnel-related costs. Activities during the nine months remained limited in scope, particularly in this reporting quarter, with expenditures aligned to our available working capital.

Credit Impairment Loss

The following table sets forth our credit impairment loss for the periods indicated:

	For the nine months ended	
	November 30, 2025	November 30, 2024
Credit impairment loss	\$ 579,942	\$ —

We recorded \$579,942 in credit impairment loss for the nine months ended November 30, 2025, an increase of \$579,942 or 100% compared to the nine months ended November 30, 2024, reflecting a prudent assessment of expected credit loss based on updated evaluations of customer credit risk and overall credit exposure.

Share Compensation Expenses

The following table sets forth our share compensation expenses for the periods indicated:

	For the nine months ended	
	November 30, 2025	November 30, 2024
Share compensation expenses	\$ 443,830	\$ 582,517

We incurred fees of \$443,830 in share issuance for consultants in consideration of services and stock option compensation expense for the nine months ended November 30, 2025 as compared to \$582,517 for the nine months ended November 30, 2024. The decrease of \$138,687 or 24% 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 \$5,634,478 in operating expenses for the nine months ended November 30, 2025, as compared to \$6,395,869 in operating expenses for the nine months ended November 30, 2024. The decrease of \$761,391 or 12%, for the nine months ended November 30, 2025 is as set forth above.

Net Loss attributable to the Company's stockholders

The net loss attributable to our stockholders was \$5,219,763 for the nine months ended November 30, 2025 and \$5,004,934 for the nine months ended November 30, 2024. The increase in net loss attributable to our stockholders of \$214,829 or 4% is as set forth above.

Liquidity and Capital Resources

The following table sets out our cash and working capital as of November 30, 2025 and February 28, 2025:

	As at November 30, 2025	As at February 28, 2025
Cash reserves	\$ 24,214	\$ 1,128,135
Working capital	\$ 7,257,397	\$ 6,902,805

At November 30, 2025, we had cash and cash equivalents of \$24,214, as compared to cash and cash equivalents of \$1,128,135 at February 28, 2025.

Our business model, particularly in mobile payment, requires periodic fund deposits with our telecommunication companies to obtain access to the mobile data and talk time we make available to consumers on our portal. During the period, liquidity constraints limited our ability to fund certain operations, which contributed to reduced activity levels. Management continues to monitor cash flows and align expenditures with available resources. We believe that its existing working capital and cash flows from operations will support near-term operating requirements. We may seek additional financing to support ongoing operations. 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 nine months ended	
	November 30, 2025	November 30, 2024
Net cash used in operating activities	\$ (3,634,695)	\$ (4,586,866)
Net cash used in investing activities	\$ (20,085)	\$ (1,705)
Net cash provided by financing activities	\$ 2,570,778	\$ 3,239,306
Effect of exchange rates on cash & cash equivalents	\$ (19,919)	\$ (3,367)
Net decrease in cash and cash equivalents	\$ (1,103,921)	\$ (1,352,632)

Cash Flow used in Operating Activities

Net cash used in operating activities decreased by \$952,171 in the nine months ended November 30, 2025 compared to the nine months ended November 30, 2024, primarily due to an increase in account receivable of (\$11,061,678) (November 30, 2024: (\$17,296,795)), increase in other receivable of (\$533,276) (November 30, 2024: \$1,438,128) and decrease in lease liability of (\$5,791) (November 30, 2024: \$10,314); offset by decrease in prepayment and deposit of \$1,961,515 (November 30, 2024: \$1,390,794), decrease in inventories of \$23,869 (November 30, 2024: (\$31,096)), increase in accounts payable of \$8,464,307 (November 30, 2024: \$13,319,337) and increase in accrual and other payable of \$1,593,083 (November 30, 2024: \$567,593)

Cash Flow used in Investing Activities

During the nine months ended November 30, 2025, net cash used in investing activities increased by \$18,380 compared to \$1,705 in the nine months ended November 30, 2024 due to the purchase of equipment.

Cash Flow provided by Financing Activities

During the nine months ended November 30, 2025, net cash provided by financing activities was \$2,570,778 compared to net cash provided by financing activities during the nine months ended November 30, 2024 of \$3,239,306. The decrease was primarily attributable to lower net borrowings during the period, including repayments of loans made earlier in the fiscal year. During the three months ended November 30, 2025, we also raised additional capital through sales of common stock under our at-the-market offering program. Proceeds from these issuances were used primarily for general working capital purposes. Notwithstanding these proceeds, we continue to experience working capital constraints, and our liquidity remains dependent on operating performance, the timing of customer collections, and access to additional financing.

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

On December 15, 2025, the Company issued a news release to announce that it has entered into a non-binding term sheet with a voice and messaging telecom service provider regarding the potential acquisition by FingerMotion. The term sheet outlines preliminary terms and enables both parties to proceed with mutual due diligence and negotiate a definitive acquisition agreement.

No binding agreement has been executed at this time, and there can be no assurance that the parties will enter into a definitive agreement or that any transaction will be completed. Any potential acquisition remains subject to the negotiation and execution of final transaction documents, completion of due diligence, customary closing conditions, and approval by the Company's Board of Directors.

Subsequent to November 30, 2025, we continued to issue shares of its common stock under the Sales Agreement. These issuances did not impact the Company's financial position as of November 30, 2025.

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, 2025 filed with the SEC on May 29, 2025.

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, 2025 filed with the SEC on May 29, 2025.

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 November 30, 2025, 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 November 30, 2025. 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 November 30, 2025 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 November 30, 2025, 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, 2024:

- 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 in 2023, including implementing measures designed 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 in 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 November 30, 2025, 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 November 30, 2025, 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, 2025, 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, 2025.

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 a net loss of approximately \$5.2 million during the nine-month period ended November 30, 2025 and net losses of approximately \$5.1 million, \$3.8 million and \$7.5 million for the years ended February 28, 2025, 2024 and 2023, respectively. At November 30, 2025 and February 28, 2025, we had an accumulated deficit of approximately \$39.4 million and \$34.2 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 effected 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.

To grow our business, FingerMotion currently looks to take advantage of the immense growth in the total variety of mobile services provided in China. On February 1, 2022, the Xinhua News Agency reported that the combined business revenue in the telecom sector rose 8% year on year to about US\$232.43 billion in 2021, with the growth rate up 4.1 percentage points from 2020, according to the PRC Ministry of Industry and Information Technology. 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. 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 shareholders 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 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. 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.

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 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.

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 October 2, 2025, we issued 1,500,000 shares of its common stock at a deemed price of \$1.57 per share to one entity pursuant to an asset purchase agreement. We relied upon the exclusion from the registration requirements of the United States Securities Act of 1933, as amended (the “**Securities Act**”), for offshore transactions provided by Rule 903(b) of Regulation S promulgated under the Securities Act for the issuance of such shares.

On October 17, 2025, we 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. We relied upon the exemption from registration under the Securities Act provided by Rule 506(b) or Section 4(a)(2) of the Securities Act for the issuance of the shares to the individual that is a U.S. person.

On October 17, 2025, we 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. We relied upon the exemption from registration under the Securities Act provided by Rule 506(b) or Section 4(a)(2) of the Securities Act for the issuance of the shares to the entity that is a U.S. person.

On October 21, 2025, we 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. We relied upon the exemption from the registration requirements of the Securities Act provided by Rule 506(b) of Regulation D and/or Section 4(a)(2) under the Securities Act for the issuance of the Warrants to the one entity, which is a U.S. person.

On November 5, 2025, we 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. We relied upon the exemption from the registration requirements of the Securities Act provided by Rule 506(b) of Regulation D and/or Section 4(a)(2) under the Securities Act for the issuance of the Warrants to the one entity, which is a U.S. person.

On November 14, 2025, we 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. We relied upon the exclusion from the registration requirements of the Securities Act for offshore transactions provided by Rule 903(b) of Regulation S promulgated under the Securities Act for the issuance of such shares.

ITEM 3 – DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 – MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5 – OTHER INFORMATION

During our fiscal quarter ended November 30, 2025, 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
31.1^(*)	Certification of Chief Executive Officer pursuant to the Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14(a).
31.2^(*)	Certification of Chief Financial Officer pursuant to the Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14(a).
32.1^(**)	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.
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: January 14, 2026

By: /s/ Martin J. Shen

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

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: January 14, 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: January 14, 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 November 30, 2025 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: January 14, 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.
