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

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of August 2026

Commission file number 001-40024

MicroAlgo Inc.
(Registrant's Name)

Unit 507, Building C, Taoyuan Street,
Long Jing High and New Technology Jingu Pioneer Park,
Nanshan District, Shenzhen, People's Republic of China, 518052
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

EXPLANATORY NOTE

This Report on Form 6-K is our Unaudited Interim Financial Report for the six months ended June 30, 2026.

The information contained in this Report on Form 6-K is hereby incorporated by reference into the Company's registration statement on Form F-3 (Registration Number 333-283522) which was filed with the U.S. Securities and Exchange Commission (the "Commission") on November 29, 2024, and into each prospectus outstanding under the foregoing registration statement, to the extent not superseded by documents or reports subsequently filed or furnished by the Company under the Securities Act of 1933, or the Securities Exchange Act of 1934.

EXHIBIT INDEX

Exhibit No.	Description
99.1	Unaudited Interim Condensed Consolidated Financial Statements as of June 30, 2026 and December 31, 2025 and for the Six Months Ended June 30, 2026 and 2025
99.2	Management's Discussion and Analysis of Financial Condition and Results of Operation for The First Half of 2026
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 Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements 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.

MicroAlgo Inc.

/s/ Min Shu

Min Shu

Chief Executive Officer

Date: August 28, 2026

MICROALGO INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2025 RMB AUDITED	June 30 2026 RMB UNAUDITED	June 30 2026 USD UNAUDITED
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	1,228,983,711	1,229,278,298	180,486,910
Short term investments	1,138,090,600	867,738,320	127,404,355
Accounts receivable, net	43,587,890	25,399,545	3,729,249
Prepaid services fees	48,743,215	59,519,383	8,738,842
Other receivables and prepaid expenses	1,713,996	26,250,388	3,854,174
Total current assets	2,461,119,412	2,208,185,934	324,213,530
NON-CURRENT ASSETS			
Property and equipment, net	127,162	76,789	11,275
Long-term investments	96,911	96,911	14,229
Deferred tax assets	443,086	296,489	43,532
Operating lease right-of-use assets	738,392	1,044,750	153,394
Total non-current assets	1,405,551	1,514,939	222,430
Total assets	2,462,524,963	2,209,700,873	324,435,960
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable	27,263,888	21,628,301	3,175,542
Deferred revenues	7,121,109	33,248,109	4,881,603
Other payables and accrued liabilities	31,458,765	30,564,992	4,487,660
Bank borrowings	30,000,000	30,000,000	4,404,704
Operating lease liabilities-current	530,997	576,177	84,596
Taxes payable	12,867,650	15,535,576	2,280,988
Total current liabilities	109,242,409	131,553,155	19,315,093
NON-CURRENT LIABILITIES			
Operating lease liabilities – non-current	240,895	458,653	67,341
Total non-current liabilities	240,895	458,653	67,341
Total liabilities	109,483,304	132,011,808	19,382,434
COMMITMENTS AND CONTINGENCIES (REFER TO NOTE 15)			
SHAREHOLDERS' EQUITY			
Class A Ordinary shares, USD 0.0000001 par value, 800,000,000 shares authorized, 10,941,519 and 10,941,519 shares issued and outstanding as of December 31, 2025 and June 30, 2026, respectively	8	8	1
Class B Ordinary shares, USD 0.0000001 par value, 200,000,000 shares authorized, 1,495,942 and 1,495,942 shares issued and outstanding as of December 31, 2025 and June 30, 2026, respectively	2	2	-
Additional paid-in capital	2,333,169,210	2,333,169,210	342,564,009
Retained earnings	80,135,137	(153,750,763)	(22,574,221)
Statutory reserves	8,354,597	7,382,582	1,083,936
Accumulated other comprehensive loss	(99,859,762)	(146,026,382)	(21,440,101)
Total MicroAlgo Inc. shareholders' equity	2,321,799,192	2,040,774,657	299,633,624
NONCONTROLLING INTERESTS			
	31,242,467	36,914,408	5,419,902
Total equity	2,353,041,659	2,077,689,065	305,053,526
Total liabilities and shareholders' equity	2,462,524,963	2,209,700,873	324,435,960

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

MICROALGO INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND
COMPREHENSIVE INCOME (LOSS)

	For the Six Months Ended June 30,		
	2025	2026	2026
	RMB	RMB	USD
OPERATING REVENUES			
Services	188,112,127	136,706,698	20,071,752
Total operating revenues	188,112,127	136,706,698	20,071,752
COST OF REVENUES	(136,540,311)	(98,044,928)	(14,395,297)
GROSS PROFIT	51,571,816	38,661,770	5,676,455
OPERATING EXPENSES			
Selling expenses	(1,134,623)	(897,297)	(131,745)
General and administrative expenses	(9,061,616)	(13,046,670)	(1,915,556)
Research and development expenses	(33,470,081)	(19,145,011)	(2,810,937)
Total operating expenses	(43,666,320)	(33,088,978)	(4,858,238)
INCOME FROM OPERATIONS	7,905,496	5,572,792	818,217
OTHER INCOME/(EXPENSE)			
Investment income/(loss)	25,583,543	(231,490,719)	(33,988,272)
Interest income	882,033	642,826	94,382
Finance expenses, net	(446,665)	(478,832)	(70,303)
Other income/(expense), net	101,963	(76,150)	(11,181)
Total other income/(expense), net	26,120,874	(231,402,875)	(33,975,374)
INCOME/(LOSS) BEFORE INCOME TAXES	34,026,370	(225,830,083)	(33,157,157)
PROVISION FOR INCOME TAXES			
Current	(2,290,252)	(3,209,294)	(471,200)
Deferred	-	(146,597)	(21,524)
Total provision for income tax	(2,290,252)	(3,355,891)	(492,724)
NET INCOME/(LOSS)	31,736,118	(229,185,974)	(33,649,881)
Less: Net income attributable to non-controlling interests	5,265,527	5,671,941	832,774
NET INCOME/(LOSS) ATTRIBUTABLE TO MICROALGO INC.	26,470,591	(234,857,915)	(34,482,655)
NET INCOME/(LOSS)	31,736,118	(229,185,974)	(33,649,881)
OTHER COMPREHENSIVE LOSS			
Foreign currency translation adjustment	(8,360,753)	(46,166,620)	(6,778,344)
COMPREHENSIVE INCOME/(LOSS)	23,375,365	(275,352,594)	(40,428,225)
Less: Comprehensive income attributable to non-controlling interests	5,265,527	5,671,941	832,774
COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO MICROALGO INC	18,109,838	(281,024,535)	(41,260,999)
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES¹			
Basic	2,776,005	12,437,461	12,437,461
Diluted	2,776,005	12,437,461	12,437,461
EARNINGS PER SHARE¹			
Basic	9.54	(18.88)	(2.77)
Diluted	9.54	(18.88)	(2.77)

¹ Number of shares as of June 30, 2025 and prior reporting dates has been retrospectively adjusted for the share consolidation, refer to note 13.

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

MICROALGO INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Ordinary shares Class A		Ordinary shares Class B		Additional paid-in capital	Retained earnings		Accumulated other comprehensive income (loss)	Noncontrolling interests	Total RMB
	Shares ¹	Amount	Shares ¹	Amount		Statutory reserves	Unrestricted			
BALANCE, December 31, 2024	437,885	18,699,133	333,333	14,378,600	1,083,976,271	8,152,694	(33,570,391)	(49,708,261)	17,587,961	1,059,516,007
Shares issued - converted from convertible notes payable	10,503,634	452,348,823	1,162,609	50,076,812	710,878,735	-	-	-	-	1,213,304,370
Net income	-	-	-	-	-	-	26,470,591	-	5,265,527	31,736,118
Foreign currency translation	-	-	-	-	-	-	-	(8,360,753)	-	(8,360,753)
BALANCE, June 30, 2025	<u>10,941,519</u>	<u>471,047,956</u>	<u>1,495,942</u>	<u>64,455,412</u>	<u>1,794,855,006</u>	<u>8,152,694</u>	<u>(7,099,800)</u>	<u>(58,069,014)</u>	<u>22,853,488</u>	<u>2,296,195,742</u>

	Ordinary shares Class A		Ordinary shares Class B		Additional paid-in capital	Retained earnings		Accumulated other comprehensive income (loss)	Noncontrolling interests	Total RMB
	Shares	Amount	Shares	Amount		Statutory reserves ²	Unrestricted			
BALANCE, December 31, 2025	10,941,519	8	1,495,942	2	2,333,169,210	8,354,597	80,135,137	(99,859,762)	31,242,467	2,353,041,659
Net loss	-	-	-	-	-	-	(234,857,915)	-	5,671,941	(229,185,974)
Disposal/closure of subsidiary	-	-	-	-	-	(972,015)	972,015	-	-	-
Foreign currency translation	-	-	-	-	-	-	-	(46,166,620)	-	(46,166,620)
BALANCE, June 30, 2026	<u>10,941,519</u>	<u>8</u>	<u>1,495,942</u>	<u>2</u>	<u>2,333,169,210</u>	<u>7,382,582</u>	<u>(153,750,763)</u>	<u>(146,026,382)</u>	<u>36,914,408</u>	<u>2,077,689,065</u>
BALANCE, June 30, 2026	<u>10,941,519</u>	USD 1	<u>1,495,942</u>	USD -	USD 342,564,009	USD 1,083,936	USD (22,574,221)	USD (21,440,101)	USD 5,419,902	305,053,526

¹ Number of shares as of June 30, 2025 and prior reporting dates has been retrospectively adjusted for the share consolidation, refer to Note 13.

² The closure of SZ Weidong caused the movement on statutory reserves with the amount of RMB 972,015 in current period, refer to Note 3.

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

MICROALGO INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Six Months Ended June 30,		
	2025	2026	2026
	RMB	RMB	USD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income(loss)	31,736,118	(229,185,974)	(33,649,881)
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:			
Depreciation and amortization	164,749	39,099	5,741
(Reversal)/Allowance of credit loss of accounts receivables and other receivables	(4,874,917)	4,547,840	667,730
(Reversal)/Write off of prepaid service fee	(22,149)	45,857	6,733
Deferred tax expense	-	146,597	21,524
Loss on disposal of property and equipment	-	11,274	1,655
Amortization of operating lease right-of-use assets	544,125	379,914	55,780
Loss from short term investment-unrealized and realized	28,062,023	231,490,719	33,988,272
Change in operating assets and liabilities:			
Accounts receivables	196,082	18,113,345	2,659,464
Prepaid services fees	(956,247)	(10,822,025)	(1,588,927)
Other receivables and prepaid expenses	4,893,635	(29,009,232)	(4,259,236)
Accounts payable	(2,412,914)	(5,635,587)	(827,436)
Advance from customers	(974,415)	26,127,000	3,836,057
Other payables and accrued liabilities	(120,833)	(893,773)	(131,227)
Operating lease assets and liabilities	(529,788)	(423,334)	(62,155)
Taxes payable	2,264,562	2,667,926	391,714
Net cash provided by operating activities	57,970,031	7,599,646	1,115,808
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of short-term investments	(389,427,840)	-	-
Proceeds from disposal of short-term investments	38,051,617	38,861,561	5,705,789
Net cash (used in)/provided by investing activities	(351,376,223)	38,861,561	5,705,789
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from bank borrowings	25,000,000	25,000,000	3,670,587
Repayments of bank borrowings	(10,000,000)	(25,000,000)	(3,670,587)
Issuance of convertible debts	1,064,213,504	-	-
Net cash provided by financing activities	1,079,213,504	-	-
EFFECT OF EXCHANGE RATE ON CASH, CASH EQUIVALENTS	(8,360,753)	(46,166,620)	(6,778,344)
CHANGE IN CASH, CASH EQUIVALENTS	777,446,559	294,587	43,252
CASH, CASH EQUIVALENTS, beginning of period	1,035,932,786	1,228,983,711	180,443,658
CASH, CASH EQUIVALENTS, end of period	1,813,379,345	1,229,278,298	180,486,910
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash paid for income taxes	11,613	3,337	490
Cash paid for interest	759,480	405,092	59,477
NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	467,308	686,272	100,761
Shares converted from convertible notes payable	1,213,304,370	-	-

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

MICROALGO INC. AND SUBSIDIARIES

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — Nature of business and organization

MicroAlgo Inc. (“MicroAlgo” or the “Company”) (f/k/a Venus Acquisition Corporation (“Venus”)), a Cayman Islands exempted company, entered into the Merger Agreement dated June 10, 2021 (as amended on January 24, 2022, August 2, 2022, August 3, 2022 and August 10, 2022, the “Merger Agreement”), by and among WiMi Hologram Cloud Inc. (“WiMi” or the “Majority Shareholder”), Venus, Venus Merger Sub Corporation (“Venus Merger Sub”), a Cayman Islands exempted company incorporated for the purpose of effectuating the Business Combination, and VIYI Algorithm Inc. (“VIYI”), a Cayman Islands exempted company.

On December 9, 2022, the business combination was completed. As a result of the consummation of the business combination, VIYI became a wholly-owned subsidiary of the Company, which has changed its name to MicroAlgo Inc.

The business combination was accounted for as a reverse recapitalization in accordance with U.S. GAAP. Under this method of accounting, Venus will be treated as the “acquired” company for financial reporting purposes. This determination was primarily based on the holders of VIYI expecting to have a majority of the voting power of the post-combination company, VIYI senior management comprising substantially all of the senior management of the post-combination company, the relative size of VIYI compared to Venus, and VIYI operations comprising the ongoing operations of the post-combination company. Accordingly, for accounting purposes, the business combination will be treated as the equivalent of VIYI issuing shares for the net assets of Venus, accompanied by a recapitalization. The net assets of Venus will be stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the business combination will be those of VIYI.

VIYI Algorithm Inc. (“VIYI”), is a company incorporated on September 24, 2020 under the laws of the Cayman Islands. WiMi Hologram Cloud Inc. (“WiMi Inc.” or the “Parent”) is VIYI’s parent company. VIYI and its consolidated subsidiaries, are primarily engaged in providing central processing algorithm services.

On March 8, 2011, Shenzhen Yitian Internet Technology Co., Ltd. was established under the laws of the People’s Republic of China. Shenzhen Yitian is one of our operating entities.

On January 14, 2019, Shenzhen Yitian established a fully owned subsidiary Shenzhen Yiyao Online Technology Co., Ltd. (“YY Online”), YY Online is one of our operating entities.

On October 28, 2020, Shenzhen Yitian established a fully owned subsidiary Weidong Technology Co., Ltd. (“Weidong”) in Hainan, Weidong is one of our operating entities.

On October 9, 2020, VIYI set up a wholly owned holding company in Hong Kong, VIYI Technology Ltd. (“VIYI Ltd”), which holds all of the outstanding equity of Shenzhen Weiyixin Technology Co., Ltd. (“Shenzhen Weiyixin” or “WOFE”) which established on November 18, 2020 under the laws of the PRC.

On November 30, 2020, Shenzhen Weiyixin established Shanghai Weimu Technology Co., Ltd., (“Shanghai Weimu”) in the PRC, and Shenzhen Weiyixin holds 58% outstanding equity of Shanghai Weimu.

On April 15, 2021, VIYI Ltd formed a 55% owned subsidiary Viwo Technology Limited (“Viwo Technology”), a Hong Kong limited company.

On July 1, 2021, Weidong acquired 99% interest of Shanghai Guoyu Information Technologies Co., Ltd (“Shanghai Guoyu”). The remaining 1% of Shanghai Guoyu is acquired by YY Online.

On July 14, 2021, Weidong transferred its 100% equity interest of Khorgas Weidong to Shanghai Guoyu.

On July 19, 2021, Viwo Technology established a fully owned subsidiary Shenzhen Viwotong Technology Co., Ltd. (“Viwotong Tech”) in Shenzhen to support its operations.

In November 2021, Viwotong Tech acquired 100% equity interests of Guangzhou Tapuyu Internet Technology Co., Ltd. (“Tapuyu”).

In December 2022, Viwotong Tech acquired 100% equity of Beijing Younike Information Technology Co., Ltd. (“Younike”).

On March 27, 2023, Weidong established a fully owned subsidiary Shenzhen Weidong Technology Co., Ltd. (“SZ Weidong”) in Shenzhen.

On May 17, 2023, YY Online transferred 1% equity of Shanghai Guoyu to SZ Weidong.

On June 5, 2023 VIYI Technology Ltd established a fully owned subsidiary CDDI Capital Ltd (“CDDI”) in British Virgin Islands.

On June 27, 2023, CDDI formed a 55% owned subsidiary VIWO Technology Inc. (“VIWO Cayman”) in Cayman.

On July 31, 2023, VIYI Technology Ltd transferred its equity of Viwo Technology Limited to VIWO Cayman. VIWO Cayman holds 100% equity in Viwo Technology.

On December 20, 2023, VIWO Cayman established a fully owned subsidiary VIWO Technology (HK) Co., Limited (“VIWO HK”) in Hong Kong.

On January 23, 2024, VIWO Technology (HK) Co., Limited established a wholly-owned subsidiary, Beijing Viwotong Technology Co., Ltd. (“Beijing Viwotong”).

In February 2024, Shenzhen Viwotong transferred 100% equity of Tapuyu and Younike to Beijing Viwotong.

On March 7, 2024, Beijing Viwotong established a wholly-owned subsidiary, Beijing Weiyun Spacetime Technology Co., Ltd (“BJ Weiyun”).

In November, 2024, Beijing Viwotong transferred 100% equity of GZ Tapuyu and BJ Younike to BJ Weiyun for the purpose of easy for group management.

On April 16, 2026, Weidong transferred 99% equity of Shanghai Guoyu to Shenzhen Weiyixin, and SZ Weidong transferred 1% equity of Shanghai Guoyu to Shenzhen Weiyixin. Shanghai Guoyu was 100% owned by Shenzhen Weiyixin.

On May 8, 2026, Shenzhen Weidong Technology Co., Ltd was dissolved.

On July 2, 2026, Hainan Weidong Technology Co., Ltd was dissolved.

The accompanying unaudited interim condensed financial statements reflect the activities of MicroAlgo and each of the following entities as of the date June 30, 2026

Name	Background	Ownership
VIYI Technology Inc. (“VIYI”)	• A Cayman Islands company Incorporated on September 24, 2020	100% owned by MicroAlgo
VIYI Technology Ltd. (“VIYI Ltd”)	• A Hong Kong company • Incorporated on October 9, 2020 • A holding company	100% owned by VIYI
Shenzhen Weiyixin Technology Co., Ltd. (“Shenzhen Weiyixin” or “VIYI WFOE”)	• A PRC limited liability company and deemed a wholly foreign owned enterprise (“WFOE”) • Incorporated on November 18, 2020 • A holding company	100% owned by VIYI Ltd
Shenzhen Yitian Internet Technology Co., Ltd. (“Shenzhen Yitian”)	• A PRC limited liability company • Incorporated on March 08, 2011 • Primarily engages central processing algorithm in advertising industry	100% owned by Beijing WiMi before December 24, 2020 VIE of Shenzhen Weiyixin starting on December 24, 2020. 100% owned by Shenzhen Weiyixin starting April 1, 2022
Shenzhen Qianhai Wangxin Technology Co., Ltd. (“Qianhai Wangxin”)	• A PRC limited liability company Incorporated on October 16, 2015 Primarily engages in central processing algorithm in advertising industry	100% owned by Shenzhen Yitian
Hainan Weidong Technology Co., Ltd. (“Weidong”)	• A PRC limited liability company • Incorporated on October 28, 2020 • Primarily engages in central processing algorithm in advertising industry	100% owned by Shenzhen Yitian before January 11, 2021; 100% owned by Shenzhen Weiyixin after January 11, 2021, and dissolved on July 2, 2026

Name	Background	Ownership
Shanghai Weimu Technology Co., Ltd. (“Shanghai Weimu”)	• A PRC limited liability company • Incorporated on November 30, 2020 • Engages in central processing algorithm in advertising industry	58% owned by Shenzhen Weiyixin
Weiye Yuliang (Beijing) Science Technology Center (Limited Partnership) (“Weiye Yuliang”)	• A PRC Limited Partnership • Incorporated on June 20, 2024	50% owned by Shenzhen Weiyixin
CDDI Capital Ltd (“CDDI”)	• A British Virgin Islands company • Incorporated on June 5, 2023 • A holding company	100% owned by VIYI Ltd
VIWO Technology Inc. (“VIWO Cayman”)	• A Cayman Islands company • Incorporated on June 27, 2023 • A holding company	55% owned by CDDI
Viwo Technology Limited. (“Viwo Tech”)	• A Hong Kong company • Incorporated on April 15, 2021 • Engages in central processing algorithm in advertising industry	100% owned by VIWO Cayman
VIWO Technology (HK) Co., Limited (“VIWO HK”)	• A Hong Kong company • Incorporated on December 20, 2023 • A holding company	100% owned by VIWO Cayman
Shenzhen Viwotong Technology Co., Ltd. (“Viwotong Tech”)	• A PRC limited liability company • Incorporated on July 19, 2021	100% owned by Viwo Tech,

Name	Background	Ownership
Shanghai Guoyu Information Technology Co., Ltd. ("Shanghai Guoyu")	• A PRC limited liability company • Incorporated on March 18, 2019 • Engages in central processing algorithm in advertising industry	99% owned by Weidong, 1% owned by SZ Weidong before April 16, 2026, 100% owned by Shenzhen Weiyixin after April 16, 2026
Guangzhou Tapuyu Internet Technology Co., Ltd. ("Tapuyu")	• A PRC limited liability company • Incorporated on June 22, 2021 • Engages in central processing algorithm in advertising industry	100% owned by SZ Viwotong from December 1, 2021 to February 6, 2024; 100% owned by BJ Viwotong from February 6, 2024 to November 21, 2024; 100% owned by BJ Weiyun after November 21, 2024
Beijing Younike Information Technology Co., Ltd. ("Younike")	• A PRC limited liability company • Incorporated on July 22, 2022 • Engages in central processing algorithm in advertising industry	100% owned by SZ Viwotong from January 1, 2023 to February 28, 2024; 100% owned by BJ Viwotong from February 28, 2024 to November 11, 2024; 100% owned by BJ Weiyun after November 11, 2024
Shenzhen Weidong Technology Co., Ltd. ("SZ Weidong")	• A PRC limited liability company • Incorporated on March 27, 2023 • Primarily engages in central processing algorithm in advertising industry	100% owned by Weidong, dissolved on May 8, 2026
Beijing Viwotong Technology Co., Ltd. ("BJ Viwotong")	• A PRC limited liability company • Incorporated on January 24, 2024 • Primarily engages in central processing algorithm in advertising industry	100% owned by VIWO HK
Beijing Weiyun Spacetime Technology Co., Ltd ("BJ Weiyun")	• A PRC limited liability company • Incorporated on March 7, 2024 • Primarily engages in central processing algorithm in advertising industry	100% owned by BJ Viwotong

Note 2 — Summary of significant accounting policies

Basis of presentation

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (“SEC”), regarding financial reporting, and include all normal and recurring adjustments that management of the Company considers necessary for a fair presentation of its financial position and operation results.

Principles of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries, which include the wholly-foreign owned enterprise (“WFOE”) and subsidiaries over which the Company exercises control and, when applicable, entities for which the Company has a controlling financial interest or is the primary beneficiary. All transactions and balances among the Company and its subsidiaries have been eliminated upon consolidation.

Use of estimates and assumptions

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the periods presented. Significant accounting estimates reflected in the Company’s consolidated financial statements include the useful lives of property and equipment and intangible assets, impairment of long-lived assets and goodwill, allowance for credit losses, provision for contingent liabilities, revenue recognition, right-of-use assets and lease liabilities, deferred taxes and uncertain tax position, purchase price allocations for business combination, the fair value of contingent consideration related to business acquisitions. Actual results could differ from these estimates.

Foreign currency translation and other comprehensive income (loss)

The Company uses Renminbi (“RMB”) as its reporting currency. The functional currency of MicroAlgo and its subsidiaries which are incorporated in Hong Kong is U.S. dollar, and its subsidiaries which are incorporated in PRC is RMB, which are their respective local currencies based on the criteria of ASC 830, “Foreign Currency Matters”.

In the consolidated financial statements, the financial information of the Company and other entities located outside of the PRC has been translated into RMB. Assets and liabilities are translated at the exchange rates on the balance sheet date, equity amounts are translated at historical exchange rates, and revenues, expenses, gains and losses are translated using the average rate for the period.

The balance sheet amounts, with the exception of shareholders’ equity at December 31, 2025 and June 30, 2026 were translated at USD 1.00 to RMB 7.0288 and to RMB 6.8109, respectively. The average translation rates applied to statement of income accounts for the six months ended June 30, 2025 and 2026 were USD 1.00 to RMB 7.1839, and RMB 6.8932, respectively. The shareholders’ equity accounts were stated at their historical rate. Cash flows are also translated at average translation rates for the periods, therefore, amounts reported on the statement of cash flows will not necessarily agree with changes in the corresponding balances on the consolidated balance sheets.

Cash and cash equivalents

Cash and cash equivalents primarily consist of bank deposits with original maturities of three months or less, which are unrestricted as to withdrawal and use. Cash and cash equivalents also consist of funds earned from the Company’s operating revenues which were held at third party platform fund accounts which are unrestricted as to immediate use or withdraw. The Company maintains most of its bank accounts in the PRC, HK, Singapore and US.

Accounts receivable, net

Accounts receivable includes trade accounts due from customers. Accounts are considered overdue after 90 days. Management reviews its receivables on a regular basis to determine if the credit loss is adequate and provides allowance when necessary. The credit loss is based on management's best estimates of specific losses on individual customer exposures, as well as the historical trends of collections. Account balances are charged off against the credit loss after all means of collection have been exhausted and the likelihood of collection is not probable. During six months ended June 30, 2025 and 2026, the Company made nil and RMB 75,000 (USD 11,012) allowance for credit losses of accounts receivable, respectively.

Short-term investments

Short-term investments are investments in wealth management product with underlying in cash, bonds and equity funds. The investments can be redeemed any time and the investment are recorded at fair value. The gain (loss) from sale of any investments and fair value change are recognized in the statements of income and comprehensive income.

Prepaid services fees

Prepaid services fees are mainly payments made to vendors or services providers for future services. These amounts are refundable and bear no interest. Management reviews its prepaid services fees on a regular basis to determine if the written-off is adequate and adjusts the written-off when necessary. During six months ended June 30, 2025 and 2026, the Company made RMB 22,149 reversal and RMB 45,857 (USD 6,733) written-off of prepaid services fees, respectively.

Other receivables and prepaid expenses

Other receivables that are short-term in nature include employee advances to pay certain of the Company's expenses in the normal course of business and certain short-term deposits. Prepaid expenses included utilities or system services. Credit loss may be established and recorded based on management's assessment of the likelihood of collection. Management reviews these items on a regular basis to determine if the credit loss is adequate and adjusts the credit loss when necessary. Delinquent account balances are written-off against the credit loss after management has determined that the likelihood of collection is not probable. During six months ended June 30, 2025 and 2026, the Company made RMB 4,874,917 reversal and RMB 4,472,840 (USD 656,718) allowance of credit losses for other receivables, respectively.

Property and equipment, net

Property and equipment are stated at cost less accumulated depreciation and impairment if applicable. Depreciation is computed using the straight-line method over the estimated useful lives of the assets with 5% residual value. The estimated useful lives are as follows:

	Useful Life
Office equipment	3 years
Office furniture and fixtures	3 – 5 years
Vehicles	3 – 5 years
Leasehold improvements	lesser of lease term or expected useful life

Long-term investments

The Company accounts for investments with less than 20% of the voting shares and does not have the ability to exercise significant influence over operating and financial policies of the investee using the cost method, included in long-term investments. The Company records these investments at cost in its unaudited interim condensed financial statements and subsequently records any dividends received from the net accumulated earnings of the investee as income. Dividends received in excess of earnings are considered a return of investment and are recorded as reduction in the cost of the investments.

Equity method investments are evaluated for impairment when facts or circumstances indicate that the fair value of the long-term investments is less than its carrying value. An impairment is recognized when a decline in fair value is determined to be other-than-temporary. The Company reviews several factors to determine whether a loss is other-than-temporary. These factors include, but are not limited to, the: (i) nature of the investment; (ii) cause and duration of the impairment; (iii) extent to which fair value is less than cost; (iv) financial condition and near term prospects of the investments; and (v) ability to hold the security for a period of time sufficient to allow for any anticipated recovery in fair value. As of June 30, 2026, the Company recognized the accumulative impairment of RMB 1,103,089 (USD 161,960) for the long-term investment, which stayed the same as recognized in the prior period, mainly due to the weak financial condition recognized of Shenzhen Weiyixin's investments in near periods.

Impairment for long-lived assets

Long-lived assets, including property and equipment and intangible assets with finite lives are reviewed for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will impact the future use of the assets) indicate that the carrying value of an asset may not be recoverable. The Company assesses the recoverability of the assets based on the undiscounted future cash flows the assets are expected to generate and recognize an impairment loss when estimated undiscounted future cash flows expected to result from the use of the asset plus net proceeds expected from disposition of the asset, if any, are less than the carrying value of the asset. If an impairment is identified, the Company would reduce the carrying amount of the asset to its estimated fair value based on a discounted cash flows approach or, when available and appropriate, to comparable market values. During six months ended June 30, 2025 and 2026, nil and nil impairment of long-lived assets was recognized.

Convertible notes payable

Convertible notes are debt or equity instruments that either require or permit the investor to convert the instrument into equity securities of the issuer. The Company accounts for its convertible notes in accordance with ASC 470-20 Debt with Conversion and Other Options, whereby the convertible instrument is initially accounted for as a single unit of account, unless it contains a derivative that must be bifurcated from the host contract in accordance with ASC 815-15 Derivatives and hedging – Embedded Derivatives or the substantial premium model in ASC 470-20 Debt – Debt with Conversion and Other Options applies. For the year ended December 31, 2025 and six months ended June 30, 2026, the convertible notes payable amounted to nil and nil.

Business combination

The purchase price of an acquired company is allocated between tangible and intangible assets acquired and liabilities assumed from the acquired business based on their estimated fair values, with the residual of the purchase price recorded as goodwill. Transaction costs associated with business combinations are expensed as incurred, and are included in general and administrative expenses in the Company's consolidated statements of operations. The results of operations of the acquired business are included in the Company's operating results from the date of acquisition.

Fair value measurement

The accounting standard regarding fair value of financial instruments and related fair value measurements defines financial instruments and requires disclosure of the fair value of financial instruments held by the Company.

The accounting standards define fair value, establish a three-level valuation hierarchy for disclosures of fair value measurement and enhance disclosure requirements for fair value measures. The three levels are defined as follow:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instruments.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value.

Warrants liabilities

The Company accounts for warrants (Public Warrants or Private Warrants) as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in Financial Accounting Standards Board ("FASB") ASC 480 and ASC 815, "Derivatives and Hedging" ("ASC 815"). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company's own Class A Ordinary shares and whether the warrant holders could potentially require "net cash settlement" in a circumstance outside of the Company's control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of equity at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded as liabilities at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the warrants are recognized as a non-cash gain or loss on the consolidated statements of operations. The Company has elected to account for its Public Warrants as equity and the Private Warrants as liabilities.

Revenue recognition

The Company adopted Accounting Standards Update ("ASU") 2014-09 Revenue from Contracts with Customers (ASC Topic 606). The ASU requires the use of a new five-step model to recognize revenue from customer contracts. The five-step model requires that the Company (i) identifies the contract with the customer, (ii) identifies the performance obligations in the contract, (iii) determines the transaction price, including variable consideration to the extent that it is probable that a significant future reversal will not occur, (iv) allocates the transaction price to the respective performance obligations in the contract, and (v) recognizes revenue when (or as) the Company satisfies the performance obligation.

(i) *Central Processing Advertising Algorithm Services*

— Advertising display services

For the advertising algorithm advertising display services, the Company's performance obligation is to identify advertising spaces, embed images or videos into films, shows and short form videos that are hosted by leading online streaming platforms in China. Revenue is recognized at a point in time when the related services have been delivered based on the specific terms of the contract, which are commonly based on specific action (i.e., cost per impression ("CPM") for online display).

The Company enters into advertising contracts with advertisers where the amounts charged per specific action are fixed and determinable, the specific terms of the contracts were agreed on by the Company, the advertisers and channel providers, and collectability is probable. Revenue is recognized on a CPM basis as impressions.

The Company considers itself as provider of the services as it has control of the specified services and products at any time before it is transferred to the customers which is evidenced by (1) the Company is primarily responsible to its customers for products and services offered where the products were designed in house and the Company has customer services team to directly serve the customers; and (2) having latitude in establish pricing. Therefore, the Company acts as the principal of these arrangements and reports revenue earned and costs incurred related to these transactions on a gross basis.

— Software development

The Company also designs software for central processing units based on customers' specific needs. The contract is typically fixed priced and does not provide any post contract customer support or upgrades. The Company's performance obligation is to design, develop, test and install the related software for customers, all of which are considered one performance obligation as the customers do not obtain benefit for each separate service. The duration of the development period is short, usually less than one year.

The Company's revenue from software development contracts is generally recognized over time during the development period and the Company has no alternative use of the customized software and application without incurring significant additional costs. Revenue is recognized based on the Company's measurement of progress towards completion based on output methods when the Company could appropriately measure the customization progress towards completion by reaching certain milestones specified in contracts. Assumptions, risks and uncertainties inherent in the estimates used to measure progress could affect the amount of revenues, receivables and deferred revenues at each reporting period.

The Company assesses whether it acts as a principal or an agent in its software development contracts by evaluating whether it controls the specified software development services before they are transferred to the customer, in accordance with the principles under ASC 606. The Company has determined that it acts as a principal in these arrangements. This determination is primarily supported by the following factors: (i) Primary responsibility – the Company has the primary obligation to deliver the fully functional customized software to the customer and is directly responsible for the acceptability, performance, and quality of the final software product; (ii) Inventory risk – although no physical inventory is involved, the Company bears economic risks throughout the development process; and (iii) Pricing discretion – The Company has the sole discretion to establish the fixed contract price with the customer through direct negotiations, and the pricing is not subject to any third-party supplier's fee structure, as the Company utilizes its own in-house engineering resources to fulfill the contract. Furthermore, the Company integrates the design, development, testing, and installation services into a combined output (the customized software system) for which the customer has contracted as a whole. Therefore, the Company obtains control of the integrated software development services before transferring them to the customer. Consequently, the Company recognizes revenue from these software development contracts on a gross basis, presenting the total contract consideration as revenue, with the related development costs recognized as cost of sales. No amounts are recorded as net commission or service fee income from these arrangements.

Contract balances:

The Company records receivable related to revenue when it has an unconditional right to invoice and receive payment.

Payments received from customers before all the relevant criteria for revenue recognition met are recorded as deferred revenue.

The Company's disaggregated revenue streams in consideration of the Company's type of goods and services and sales channels are as follows:

	June 30, 2025 RMB (Unaudited)	June 30, 2026 RMB (Unaudited)	June 30, 2026 USD (Unaudited)
Central processing advertising algorithm services	188,112,127	136,706,698	20,071,752
Total revenues	188,112,127	136,706,698	20,071,752

The Company's revenue by timing of transfer of services is summarized below:

	June 30, 2025 RMB (Unaudited)	June 30, 2026 RMB (Unaudited)	June 30, 2026 USD (Unaudited)
Services transferred at a point in time	142,800,304	74,260,052	10,903,118
Services transferred over time	45,311,823	62,446,646	9,168,634
Total revenues	188,112,127	136,706,698	20,071,752

The Company's revenue by geographic locations is summarized below:

	June 30, 2025 RMB (Unaudited)	June 30, 2026 RMB (Unaudited)	June 30, 2026 USD (Unaudited)
Mainland PRC revenues	142,800,304	74,260,052	10,903,118
Hong Kong revenues	45,311,823	62,446,646	9,168,634
Total revenues	188,112,127	136,706,698	20,071,752

Cost of revenue

Cost of revenue for central processing algorithm services comprised of costs paid to channel distributors based on the sales agreements, shared costs with content providers based on the profit-sharing arrangements, third party consulting services expenses and compensation expenses for the Company's professionals.

For software development services, the cost of revenue includes the costs paid to the development vendors during the process of software development.

Research and development

Research and development expenses include salaries and other compensation-related expenses to the Company's research and product development personnel, outsourced subcontractors, as well as office rental, depreciation and related expenses for the Company's research and product development team.

Value added taxes ("VAT")

Revenue represents the invoiced value of service, net of VAT. The VAT is based on gross sales price and VAT rates range up to 13% in China, depending on the type of service provided or product sold. Entities that are VAT general taxpayers are allowed to offset qualified input VAT paid to suppliers against their output VAT liabilities. Net VAT balance between input VAT and output VAT is recorded in tax payable. All of the VAT returns filed by the Company's subsidiaries in China have been and remain subject to examination by the tax authorities for five years from the date of filing.

Income taxes

The Company accounts for current income taxes in accordance with the laws of the relevant tax authorities. The charge for taxation is based on the results for the fiscal year as adjusted for items, which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxes are accounted for using the asset and liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax basis used in the computation of assessable tax profit. In principle, deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized. Deferred tax is calculated using tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax is charged or credited in the income statement, except when it is related to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities.

An uncertain tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. No penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the period incurred.

Other income/(expense), net

Other income mainly includes government subsidies which are amounts granted by local government authorities as an incentive for companies to promote development of the local technology industry. The Company receives government subsidies related to government sponsored projects and records such government subsidies as a liability when it is received. The Company records government subsidies as other income when there is no further performance obligation. For the six months ended June 30, 2025 and June 30, 2026, total government subsidies amounted to RMB 100,717 and nil. During the six months ended June 30, 2025 and June 30, 2026, total amount of other income, net was RMB 101,963 and total amount of other expense, net was RMB 76,150 (USD 11,181), respectively.

Leases

The Company adopted FASB ASU 2016-02, “Leases” (Topic 842), and elected the practical expedients that does not require us to reassess: (1) whether any expired or existing contracts are, or contain, leases, (2) lease classification for any expired or existing leases and (3) initial direct costs for any expired or existing leases. For lease terms of twelve months or fewer, a lessee is permitted to make an accounting policy election not to recognize lease assets and liabilities. The Company also adopted the practical expedient that allows lessees to treat the lease and non-lease components of a lease as a single lease component.

Operating lease ROU assets and lease liabilities are recognized at the adoption date or the commencement date, whichever is earlier, based on the present value of lease payments over the lease term. Since the implicit rate for the Company’s leases is not readily determinable, the Company use its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow, on a collateralized basis, an amount equal to the lease payments, in a similar economic environment and over a similar term.

Lease terms used to calculate the present value of lease payments generally do not include any options to extend, renew, or terminate the lease, as the Company does not have reasonable certainty at lease inception that these options will be exercised. The Company generally considers the economic life of its operating lease ROU assets to be comparable to the useful life of similar owned assets. The Company has elected the short-term lease exception, therefore operating lease ROU assets and liabilities do not include leases with a lease term of twelve months or less. Its leases generally do not provide a residual guarantee. The operating lease ROU asset also excludes lease incentives. Lease expense is recognized on a straight-line basis over the lease term.

The Company reviews the impairment of its ROU assets consistent with the approach applied for its other long-lived assets. The Company reviews the recoverability of its long-lived assets when events or changes in circumstances occur that indicate that the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on its ability to recover the carrying value of the asset from the expected undiscounted future pre-tax cash flows of the related operations. The Company has elected to include the carrying amount of operating lease liabilities in any tested asset group and include the associated operating lease payments in the undiscounted future pre-tax cash flows.

Employee benefit

The full-time employees of the Company are entitled to staff welfare benefits including medical care, housing fund, pension benefits, unemployment insurance and other welfare, which are government mandated defined contribution plans. The Company is required to accrue for these benefits based on certain percentages of the employees’ respective salaries, subject to certain ceilings, in accordance with the relevant PRC regulations, and make cash contributions to the state-sponsored plans out of the amounts accrued. Total expenses for the plans were RMB 765,260 and RMB 705,268 (USD 103,550) for the six months ended June 30, 2025 and 2026, respectively.

Noncontrolling interests

Noncontrolling interest consists of an aggregate of 42% of the equity interest of Shanghai Weimu, 45% of equity interest of Viwo Cayman, held by other investors. Excess of contribution received from noncontrolling shareholders over carrying value of the entity is recorded in additional paid in capital. The noncontrolling interests are presented in the consolidated balance sheets, separately from equity attributable to the shareholders of the Company. Noncontrolling interests in the results of the Company are presented on the face of the consolidated statement of operations as an allocation of the total income or loss for the year between non-controlling interest holders and the shareholders of the Company.

Noncontrolling interests consist of the following:

	December 31, 2025	June 30, 2026	June 30, 2026
	RMB	RMB	USD
		(Unaudited)	(Unaudited)
Shanghai Weimu	2,512,517	2,989,323	438,903
Viwo Cayman	28,729,950	33,925,085	4,980,999
Total noncontrolling interests	31,242,467	36,914,408	5,419,902

Earnings per share¹

The Company computes earnings per share (“EPS”) in accordance with ASC 260, “Earnings per Share”. ASC 260 requires companies to present basic and diluted EPS. Basic EPS is measured as net income divided by the weighted average ordinary share outstanding for the period. Diluted EPS presents the dilutive effect on a per share basis of the potential Class A Ordinary shares (e.g., convertible securities, options and warrants) as if they had been converted at the beginning of the periods presented, or issuance date, if later. Potential Class A Ordinary shares that have an anti-dilutive effect (i.e., those that increase income per share or decrease loss per share) are excluded from the calculation of diluted EPS. During the six months ended June 30, 2025 and 2026, the basic shares were 2,776,005 shares and 12,437,461 shares, respectively, and the dilutive shares were 2,776,005 and 12,437,461, respectively. During the six months ended June 30, 2025 and 2026, the basic earnings per share and the basic loss per share were RMB 9.54 and RMB 18.88 (USD 2.77), respectively, and the diluted earnings per share and diluted loss per share were RMB 9.54 and RMB 18.88 (USD 2.77), respectively.

Statutory reserves

Pursuant to the laws applicable to the PRC, PRC entities must make appropriations from after-tax profit to the non-distributable “statutory surplus reserve fund”. Subject to certain cumulative limits, the “statutory surplus reserve fund” requires annual appropriations of 10% of after-tax profit until the aggregated appropriations reach 50% of the registered capital (as determined under accounting principles generally accepted in the PRC (“PRC GAAP”) at each year-end). For foreign invested enterprises and joint ventures in the PRC, annual appropriations should be made to the “reserve fund”. For foreign invested enterprises, the annual appropriation for the “reserve fund” cannot be less than 10% of after-tax profits until the aggregated appropriations reach 50% of the registered capital (as determined under PRC GAAP at each year-end). If the Company has accumulated loss from prior periods, the Company is able to use the current period net income after tax to offset against the accumulate loss.

¹ Number of shares as of June 30, 2025 and prior reporting dates has been retrospectively adjusted for the share consolidation, refer to note 13.

Segment reporting

FASB 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 financial statements for details on the Company's business segments.

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 chief operating decision maker ("CODM") for making decisions, allocating resources and assessing performance. The Company's CODM has been identified as the CEO, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Company.

Based on management's assessment, the Company determined that it has one operating segment and therefore one reportable segment as defined by ASC 280, which is provided central processing algorithm services. All of the Company's net revenues were generated in the PRC and Hong Kong.

Recently issued accounting pronouncements

In November, 2024, the FASB issued ASU 2024-03, "Income Statement—Reporting Comprehensive Income (Subtopic 220-40): Disaggregation of Income Statement Expenses." This pronouncement introduces new disclosure requirements aimed at enhancing transparency in financial reporting by requiring disaggregation of specific income statement expense captions. Under the new guidance, entities are required to disclose a breakdown of certain expense categories, such as: employee compensation; depreciation; amortization, and other material components. The disaggregated information can be presented either on the face of the income statement or in the notes to the financial statements, often using a tabular format. The amendments will be effective for fiscal years beginning after December 15, 2025, and interim periods within those fiscal years. Early adoption is permitted. In January 2025, the FASB issued ASU 2025-01, which revises the effective date of ASU 2024-03 (on disclosures about disaggregation of income statement expenses) "to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027". Entities within the ASU's scope are permitted to early adopt the ASU.

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"), which expands annual and interim disclosure requirements for reportable segments. On adoption, the disclosure improvements will be applied retrospectively to prior periods presented. The ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company disclosures in respect of this ASU are included in *Note 16 - Segments*.

In December 2023, the FASB issued ASU 2023-09, which is an update to Topic 740, Income Taxes. The amendments in this update related to the rate reconciliation and income taxes paid disclosures improve the transparency of income tax disclosures by requiring (1) adding disclosures of pretax income (or loss) and income tax expense (or benefit) to be consistent with U.S. Securities and Exchange Commission (the "SEC") Regulation S-X 210.4-08(h), Rules of General Application — General Notes to Financial Statements: Income Tax Expense, and (2) removing disclosures that no longer are considered cost beneficial or relevant. For public business entities, the amendments in this Update are effective for annual periods beginning after December 15, 2024. For entities other than public business entities, the amendments are effective for annual periods beginning after December 15, 2025. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The amendments in this update should be applied on a prospective basis. Retrospective application is permitted.

In June 2025, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2025-05- Financial Instruments—Credit Losses (Topic 326). The current credit loss guidance in Topic 326 requires that an entity consider available information that is relevant to assessing the collectability of cash flows when developing an estimate of expected credit losses. The historical credit loss experience of financial assets with similar risk characteristics generally provides a basis for an entity’s assessment of expected credit losses. However, an entity is required to consider adjustments to that information to reflect the extent to which management expects current conditions and reasonable and supportable forecasts to differ from the conditions that existed for the period over which historical information was evaluated. Those adjustments may be qualitative in nature and should reflect current conditions and forecasted changes related to relevant data (such as changes in unemployment rates, property values, commodity values, delinquency, or other factors that are associated with credit losses on the financial asset or in the group of financial assets). In addition, under current guidance, an entity would not consider collection activity after the balance sheet date when developing its estimate of expected credit losses. The amendments will be effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance.

Except as mentioned above, the Company does not believe other recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the Company’s unaudited interim condensed consolidated balance sheets, statements of income and comprehensive income and statements of cash flows.

Note 3 — Deconsolidation of subsidiaries

Deregistration of Shenzhen Weidong Technology Co., Ltd. (“SZ Weidong”)

On May 8, 2026, the Company’s board of directors confirmed that the liquidation of SZ Weidong had been completed and lost its control of SZ Weidong. The deregistration of SZ Weidong resulted in no material gain or loss. Since the deregistration did not represent any strategic change of the Company’s operation, the deregistration was not presented as discontinued operations.

Note 4 — Short-term investments

Short-term investments consist of the following:

	December 31, 2025	June 30, 2026	June 30, 2026
	RMB	RMB	USD
		(Unaudited)	(Unaudited)
Marketable securities	1,138,090,600	867,738,320	127,404,355

Fair value disclosure:

	December 31, 2025	December 31, 2025		
		Fair Value		
		Level 1	Level 2	Level 3
	RMB	RMB	RMB	RMB
Marketable securities	1,138,090,600	1,138,090,600	-	-

	June 30, 2026 RMB (Unaudited)	June 30, 2026 Fair Value		
		Level 1	Level 2	Level 3
		RMB	RMB	RMB
		(Unaudited)	(Unaudited)	(Unaudited)
Marketable securities	867,738,320	867,738,320	-	-

There is no transfer between the levels for the periods presented.

As of December 31, 2025, and June 30, 2026, short-term investments amounted to RMB 1,138,090,600 and RMB 867,738,320 (USD 127,404,355), respectively. The fair value change resulted in unrealized investment loss of approximately RMB 26,310,055 (USD 3,862,934). The realized investment loss was approximately RMB 205,180,664 (USD 30,125,338).

Note 5 — Accounts receivable and allowance for credit losses

Accounts receivable, net consisted of the following:

	December 31, 2025	June 30, 2026	June 30, 2026
	RMB	RMB	USD
		(Unaudited)	(Unaudited)
Accounts receivable	43,587,890	25,399,545	3,729,249
Less: allowance for credit losses	-	-	-
Accounts receivable, net	43,587,890	25,399,545	3,729,249

The following table summarizes the changes in allowance for credit losses:

	December 31, 2025	June 30, 2026	June 30, 2026
	RMB	RMB	USD
		(Unaudited)	(Unaudited)
Beginning balance	-	-	-
Addition	-	75,000	11,012
Recovery	-	75,000	11,012
Ending balance	-	-	-

Allowance for credit losses for the year ended December 31, 2025 and the six months ended June 30, 2026 amounted to nil and nil, respectively.

Note 6 — Property and equipment, net

Property and equipment, net consists of the following:

	December 31, 2025	June 30, 2026	June 30, 2026
	RMB	RMB	USD
		(Unaudited)	(Unaudited)
Office electronic equipment	20,448	-	-
Office fixtures and furniture	155,461	155,461	22,825
Vehicles	1,201,452	1,201,452	176,402
Subtotal	1,377,361	1,356,913	199,227
Less: accumulated depreciation	(1,250,199)	(1,280,124)	(187,952)
Total	127,162	76,789	11,275

Depreciation expense for the six months ended June 30, 2025 and June 30, 2026 amounted to RMB 164,749 and RMB 39,099 (USD 5,741), respectively. During the six months ended June 30, 2026, the loss on disposal of property and equipment was RMB 11,274 (USD 1,655).

Note 7 — Long-term investments

Long-term investments consist of the following:

	December 31, 2025	June 30, 2026	June 30, 2026
	RMB	RMB	USD
		(Unaudited)	(Unaudited)
5.0% Investment in a company in mobile games industry	600,000	600,000	88,094
5.0% Investment in a company in central processing advertising algorithm services	600,000	600,000	88,094
Subtotal	1,200,000	1,200,000	176,188
Less: Impairment loss	1,103,089	1,103,089	161,959
Total	96,911	96,911	14,229

During the year ended December 31, 2025 and the six months ended June 30, 2026, the Company's long-term investments amounted to RMB 96,911 and RMB 96,911 (USD 14,229), respectively. The Company made impairment allowance of equity method investments with the amount of RMB 534,181 (USD 78,430) for the company in mobile games industry and RMB 568,908 (USD 83,529) for the company in central processing.

Note 8 — Bank borrowings

Bank borrowings include the followings:

	December 31, 2025	June 30, 2026	June 30, 2026
	RMB	RMB	USD
		(Unaudited)	(Unaudited)
Bank borrowings-short-term	30,000,000	30,000,000	4,404,704
Total	30,000,000	30,000,000	4,404,704

The total outstanding bank borrowings were RMB 30,000,000 and RMB 30,000,000 (USD 4,404,704) as of December 31, 2025 and June 30, 2026. During the six months ended June 30, 2026, the Company received the bank borrowings with the amount of RMB 25,000,000 (USD 3,670,587) and repaid the bank borrowings with the amount of RMB 25,000,000 (USD 3,670,587). All bank borrowings are secured and are working capital loans under revolving credit facilities, each with a maturity term not exceeding 12 months, for daily operational needs. The loans bear interest at floating rates. All loans will be paid off before July 2027.

Note 9 — Convertible notes payable

Convertible notes payable includes the followings:

	December 31, 2025	June 30, 2026	June 30, 2026
	RMB	RMB	USD
		(Unaudited)	(Unaudited)
Investors	-	-	-
Total	-	-	-

During the six months ended June 30, 2026, the Company entered into convertible note purchase agreements with investors, pursuant to which the Company will issue to each investor an unsecured convertible promissory note. Each note has a term of 360 days and bears an interest at 0% per annum. If an event of default on the note occurs, interest shall accrue on the outstanding balance at the rate equal to the lesser of 10% per annum or the maximum rate permitted under applicable law until paid. Each Investors has the right at any time after the purchase amount has been paid in full, at its election, to convert all or a portion of the outstanding balance under each of the note into ordinary shares of the Company of par value USD 0.0000001. As of December 31, 2025 and June 30, 2026, there were RMB nil and nil convertible notes payable outstanding, respectively. During the six months ended June 30, 2026, the cash received from convertible notes payable issued by Company was nil. The total amount of convertible notes payable converted to shares was nil. The balance of the convertible notes payable was nil for the six months ended June 30, 2026.

The issuance of convertible notes payable during the six months ended June 30, 2026 are as followings:

On May 6, 2025, the Company entered into Convertible Note Purchase Agreements (“Purchase Agreements”) with certain investors (the “Investors”). On May 8, 2025, the Company issued to each Investor an Unsecured Convertible Promissory Note (the “Notes”) pursuant to the relevant Purchase Agreements. The aggregate original principal amount of the Notes is \$36,000,000. The Note has a term of 360 days commencing on the earlier of May 8, 2025 or the effective date of each of the Notes. The Notes carry an aggregate original issue discount of \$2,880,000. The Company bore the costs and other transaction expenses incurred in connection with the purchase and sale of the Notes.

On May 16, 2025, the Company entered into Convertible Note Purchase Agreements (“CNPA”) with certain investors (the “Investors”). Pursuant to the CNPAs, the Company will issue to the Investors convertible notes in one or more tranches with an aggregate original principal amount of \$80,000,000 (the “Notes”). On May 20, 2025, the Company issued in the aggregate \$20,000,000 of Notes to the Investors.

On May 25, 2025, the Company issued to each Investor an Unsecured Convertible Promissory Note (the “Notes”) pursuant to the relevant Purchase Agreements. The aggregate original principal amount of the Notes is \$10,000,000.

On June 20, 2025, MicroAlgo Inc. (the “Company”) entered into a Convertible Note Purchase Agreement (the “Purchase Agreement”) with its parent company, WiMi Hologram Cloud Inc. (the “Purchaser”). Pursuant to the Purchase Agreement, the Company issued an Unsecured Convertible Promissory Note (the “Note”) to the Purchaser in the principal amount of \$35,000,000 for a purchase price of \$32,200,000.

As of December 31, 2025, all the convertible note mentioned above has been converted into shares. The coupon rate and effective interest rate were 0.0% and 8.7%, respectively, with the maturity of 360 days. During the year ended December 31, 2025, the Company confirmed finance cost-discount on conversion of convertible notes payable with the amount of \$391,052.

Note 10 — Taxes

Income tax

Cayman Islands

Under the current laws of the Cayman Islands, MicroAlgo, VIYI and VIWO Cayman are not subject to tax on income or capital gain. Additionally, upon payments of dividends to the shareholders, no Cayman Islands withholding tax will be imposed.

Hong Kong

VIYI Ltd, Viwo Tech and VIWO HK are incorporated in Hong Kong and are subject to Hong Kong Profits Tax on the taxable income as reported in its statutory financial statements adjusted in accordance with relevant Hong Kong tax laws. The applicable tax rate is 8.25% on assessable profits up to \$2,000,000, and 16.5% on the portion of assessable profits exceeding \$2,000,000 in Hong Kong. The Company made provisions for Hong Kong profit tax according to assessable profits derived from or earned in Hong Kong since inception. Under Hong Kong tax law, VIYI Ltd and Viwo Tech and VIWO HK are exempted from income tax on its foreign-derived income and there are no withholding taxes in Hong Kong on remittance of dividends.

PRC

The subsidiaries incorporated in the PRC are governed by the income tax laws of the PRC and the income tax provision in respect to operations in the PRC is calculated at the applicable tax rates on the taxable income for the periods based on existing legislation, interpretations and practices in respect thereof. Under the Enterprise Income Tax Laws of the PRC (the “EIT Laws”), domestic enterprises and Foreign Investment Enterprises (the “FIE”) are usually subject to a unified 25% enterprise income tax rate while preferential tax rates, tax holidays and even tax exemption may be granted on case-by-case basis. EIT grants preferential tax treatment to certain High and New Technology Enterprises (“HNTEs”). Under this preferential tax treatment, HNTEs are entitled to an income tax rate of 15%, subject to a requirement that they re-apply for HNTE status every three years. In addition, 75% of R&D expenses of the PRC entities are subject to additional deduction from pre-tax income.

Qianhai Wangxin was formed and registered in Qianhai District in Guangdong Province, China in 2015. The company is subject to income tax at a reduced rate of 15% due to the local tax policies to attract companies in various industries. The reduced rate benefit was expired in December 2025.

Significant components of the provision for income taxes are as follows:

	For the Six Months Ended June 30, 2025 RMB (Unaudited)	For the Six Months Ended June 30, 2026 RMB (Unaudited)	For the Six Months Ended June 30, 2026 USD (Unaudited)
Current income tax expense	(2,290,252)	(3,209,294)	(471,200)
Deferred income tax expense	-	(146,597)	(21,524)
Income tax expense	(2,290,252)	(3,355,891)	(492,724)

During the six months ended June 30, 2026, the Company recorded gross deferred income tax expense of RMB 279,520 (USD 41,040), which was offset by a reversal of RMB 426,117 (USD 62,564). The reversal exceeded the provision, resulting in a net deferred income tax expense of RMB 146,597 (USD 21,524).

Deferred tax assets

Significant components of deferred tax assets were as follows:

	December 31, 2025 RMB (Unaudited)	June 30, 2026 RMB (Unaudited)	June 30, 2026 USD (Unaudited)
Deferred tax assets:			
Net operating loss carry forwards	-	2,539,301	372,829
Allowance for credit losses	443,086	1,148,424	168,616
Less: valuation allowance	-	(3,391,237)	(497,913)
Deferred tax assets, net	443,086	296,489	43,532

The Company evaluated the recoverable amounts of deferred tax assets, and provided a valuation allowance to the extent that future taxable profits will be available against which the net operating loss and temporary difference can be utilized. The Company considers both positive and negative factors when assessing the future realization of the deferred tax assets and applied weigh to the relative impact of the evidence to the extent it could be objectively verified.

Uncertain tax positions

The Company evaluates each uncertain tax position (including the potential application of interest and penalties) based on the technical merits, and measure the unrecognized benefits associated with the tax positions. As of December 31, 2025, and June 30, 2026, the Company did not have any significant unrecognized uncertain tax positions. The Company did not incur any interest and penalties related to potential underpaid income tax expenses for the year ended December 31, 2025, and for the six months ended June 30, 2026, and does not anticipate any significant increases or decreases in unrecognized tax benefits in the next 12 months from June 30, 2026.

Value added taxes (“VAT”)

Revenue represents the invoiced value of service, net of VAT. The VAT is based on gross sales price and VAT rates range up to 13% in China, depending on the type of service provided or product sold.

Taxes payable consisted of the following:

	December 31, 2025	June 30, 2026	June 30, 2026
	RMB	RMB	USD
		(Unaudited)	(Unaudited)
VAT taxes payable	439,126	330,835	48,575
Income taxes payable	12,410,542	15,193,301	2,230,733
Other taxes payable	17,982	11,440	1,680
Total	<u>12,867,650</u>	<u>15,535,576</u>	<u>2,280,988</u>

Note 11 — Concentration of risk

Credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash. In China, the insurance coverage of each bank is RMB 500,000 (approximately USD 73,412). As of June 30, 2026, cash balance of RMB 164,155,586 (USD 24,101,893) was deposited with financial institutions located in China, of which RMB 136,664,394 (USD 20,065,541) was subject to credit risk. The Hong Kong Deposit Protection Board pays compensation up to a limit of HKD 800,000 (approximately USD 102,019) if the bank with which an individual/a company hold its eligible deposit fails. As of June 30, 2026, cash balance of RMB 310,609,175 (USD 45,604,718) was maintained at financial institutions in Hong Kong, of which RMB 304,256,487 (USD 44,671,995) was subject to credit risk. In Singapore, the insurance coverage of each bank is SGD 100,000 (approximately USD 77,236). As of June 30, 2026, cash balance of RMB 702,460,397 (USD 103,137,676) was maintained at financial institutions in Singapore, of which RMB 700,536,070 (USD 102,855,140) was subject to credit risk. In the US, the insurance coverage of each bank is USD 250,000. As of June 30, 2026, cash balance of USD 7,642,623 (RMB 52,053,140) was deposited with a financial institution located in US, of which USD 6,847,935 (RMB 46,640,604) was subject to credit risk. While management believes that these financial institutions are of high credit quality, it also continually monitors their credit worthiness.

A majority of the Company’s expense transactions are denominated in RMB and a significant portion of the Company and its subsidiaries’ assets and liabilities are denominated in RMB. RMB is not freely convertible into foreign currencies. In the PRC, certain foreign exchange transactions are required by law to be transacted only by authorized financial institutions at exchange rates set by the PBOC. Remittances in currencies other than RMB by the Company in China must be processed through the PBOC or other China foreign exchange regulatory bodies which require certain supporting documentation in order to affect the remittance.

To the extent that the Company needs to convert U.S. dollars into RMB for capital expenditures and working capital and other business purposes, appreciation of RMB against U.S. dollar would have an adverse effect on the RMB amount the Company would receive from the conversion. Conversely, if the Company decides to convert RMB into U.S. dollar for the purpose of making payments for dividends, strategic acquisition or investments or other business purposes, appreciation of U.S. dollar against RMB would have a negative effect on the U.S. dollar amount available to the Company.

Note 12 — Leases

Lease commitments

The Company determines if a contract contains a lease at inception. US GAAP requires that the Company's leases be evaluated and classified as operating or finance leases for financial reporting purposes. The classification evaluation begins at the commencement date and the lease term used in the evaluation includes the non-cancellable period for which the Company has the right to use the underlying asset, together with renewal option periods when the exercise of the renewal option is reasonably certain and failure to exercise such option which result in an economic penalty. All of the Company's real estate leases are classified as operating leases.

The Company has entered into 5 non-cancellable operating lease agreements for 5 office spaces expiring through September 2029. As of June 30, 2026, the Company recognized approximately RMB 1.0 million (USD 0.2 million) right of use ("ROU") assets and RMB 1.0 million (USD 0.2 million) of lease liabilities based on the present value of the future minimum rental payments of leases, using a weighted average discount rate of 7%, which is determined using an incremental borrowing rate with similar term in the PRC. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The leases generally do not contain options to extend at the time of expiration and the weighted average remaining lease terms are 1 year. The Company takes the short-term lease exemption for the lease agreements with a term of less than 1 year and expensed nil and nil for the year ended December 31, 2025 and the six months ended June 30, 2026, respectively.

The maturity of the Company's operating lease obligations is presented below:

Twelve Months Ending December 31,	Operating Lease Amount	
	RMB	USD
	(Unaudited)	(Unaudited)
2026 (remaining six months)	375,947	55,198
2027	466,623	68,511
2028	154,569	22,695
2029	48,231	7,081
Total lease payments	1,045,370	153,485
Less: Interest	10,540	1,548
Present value of lease liabilities	1,034,830	151,937

Note 13 — Shareholders' equity

The Company was established under the laws of Cayman Islands on May 14, 2018 with authorized share of 50,000,000 ordinary shares of par value USD 0.001 each.

On October 21, 2022, the Company held an Extraordinary General Meeting of its stockholders of record. The Meeting approved amendments to increase the number of authorized Ordinary shares of the Company from USD 50,000 divided into 50,000,000 Ordinary shares of par value USD 0.001 each to USD 200,000 divided into 200,000,000 Ordinary shares of par value USD 0.001 each.

Share consolidation or reverse share split

On March 15, 2024, the Company held an Extraordinary General Meeting of its stockholders of record. The Meeting approved amendments to (i) every ten (10) shares of the Company's ordinary share issued, par value of US\$0.001, was consolidated into one (1) share of ordinary share, par value \$0.01, and the authorized share capital of the Company was reduced from US\$200,000 divided into 200,000,000 shares of a nominal or par value of US\$0.001 each to US\$200,000 divided into 20,000,000 shares of a nominal or par value of US\$0.01 each; (ii) increase the number of authorized Ordinary shares of the Company from US\$200,000 divided into 20,000,000 shares of a nominal or par value of US\$0.01 each to US\$2,000,000 divided into 200,000,000 shares of a nominal or par value of US\$0.01 each, by the creation of an additional 180,000,000 shares of a nominal or par value of US\$0.01 each to rank pari passu in all respects with the existing shares in the capital of the Company.

On March 22, 2024, the Company's share consolidation plan became effective.

On November 29, 2024, the Company held 2024 annual general meeting of shareholders. The Meeting approved amendments to (i) every 20 issued and unissued ordinary shares of a nominal or par value of US\$0.01 each in the capital of the Company be consolidated into one (1) share of a nominal or par value of US\$0.2 each such that following the Share Consolidation the authorized share capital of the Company will be changed from US\$2,000,000 divided into 200,000,000 shares of a nominal or par value of US\$0.01 each to US\$2,000,000 divided into 10,000,000 shares of a nominal or par value of US\$0.2 each; (ii) increase the authorized share capital of the Company from US\$2,000,000 divided into 10,000,000 Consolidated Ordinary Shares of a nominal or par value of \$0.2 each, to US\$200,000,000 divided into 1,000,000,000 Consolidated Ordinary Shares of a nominal or par value of \$0.2 each, by the creation of an additional 990,000,000 Consolidated Ordinary Shares.; (iii) the authorized share capital of the Company be changed to create a dual-class share structure by

a) re-designating 800,000,000 authorized Consolidated Class A Ordinary shares (including all the issued and outstanding Consolidated Class A Ordinary shares) into class A Class A Ordinary shares of a nominal or par value of US\$0. 2 par value each (the "Class A Class A Ordinary shares"), and each Class A Ordinary Share shall be entitled to one (1) vote per Class A Ordinary Share; and

b) re-designating 200,000,000 authorized but unissued Consolidated Ordinary shares into class B Class A Ordinary shares of a nominal or par value of US\$0.2 each (the "Class B Ordinary shares"), and each Class B Ordinary Share shall be entitled to 20 votes per Class B Ordinary Share (the "Variation of Share Capital"), such that immediately following the Variation of Share Capital, the authorized share capital of the Company shall be changed from US\$200,000,000 divided into 1,000,000,000 Consolidated Ordinary shares to US\$200,000,000 divided into 800,000,000 Class A Ordinary shares, and 200,000,000 Class B Ordinary shares;

On December 13, 2024, the Company's share consolidation plan became effective.

On July 2, 2025, the Company held an Extraordinary General Meeting of shareholders. The Meeting approved (i) A 30-for-1 share consolidation of the Company's issued and unissued Class A and Class B ordinary shares; (ii) An increase in the authorized share capital to US\$6,000,000,000, effective immediately following the Share Consolidation. (iii) A capital reduction and reorganization, which includes reducing the par value of the Company's ordinary shares to US\$0.0000001. (iv) An amendment to the Company's Memorandum and Association to reflect the new capital structure following the reorganization. The proposals (iii) and (iv) are special resolutions, and their implementation remains conditional upon the sanction of the Grand Court of the Cayman Islands.

On July 16, 2025, the Company's share consolidation plan became effective. The share capital of the Company is US\$6,000,000,000 divided into 1,000,000,000 shares comprising of (i) 800,000,000 Class A Ordinary Shares of a par value of US\$6 each, and (ii) 200,000,000 Class B Ordinary Shares of a par value of US\$6 each. Each Class A Ordinary Share shall be entitled to one (1) vote per Class A Ordinary Share and each Class B Ordinary Share shall be entitled to 20 votes per Class B Ordinary Share.

On September 16, 2025, the Grand Court of the Cayman Islands (the “Court”) issued an order confirming the reduction of the Company’s share capital as approved by the shareholders.

In accordance with the Court’s directive, the Company submitted the order of the Court to the Registrar of Companies in the Cayman Islands for registration, and the reduction of share capital has now become effective. As confirmed by the Court, the capital reduction and reorganization entailed the following:

- The par value of each issued share was reduced from US\$6.00 to US\$0.0000001.
- The credit arising from this reduction was transferred to a distributable reserve account for the Company.
- The authorized share capital of the Company was changed from US\$6,000,000,000 (divided into 1,000,000,000 shares) to US\$100 (divided into 1,000,000,000 shares).

As of June 30, 2026, the share capital of the Company is US\$100 divided into 1,000,000,000 shares comprising of (i) 800,000,000 Class A Ordinary Shares of a par value of US\$0.0000001 each, and (ii) 200,000,000 Class B Ordinary Shares of a par value of US\$0.0000001 each. Each Class A Ordinary Share shall be entitled to one (1) vote per Class A Ordinary Share and each Class B Ordinary Share shall be entitled to 20 votes per Class B Ordinary Share.

The Company believes the share consolidation should be accounted for on a retroactive basis pursuant to ASC 260. The Company has retroactively restated all shares and per share data for all periods presented.

Ordinary shares issued and outstanding

In 2025, the Company issued 10,503,634¹ Class A ordinary shares and 1,162,609¹ Class B ordinary shares pursuant to the Convertible Note Purchase Agreements signed with certain investors and the parent company WiMi.

In the first half of 2026, there were no new issuances of the Company’s shares.

As of June 30, 2026, the Company had 10,941,519¹ Class A Ordinary shares and 1,495,942¹ Class B Ordinary shares issued and outstanding with a par value of USD 0.0000001 each.

Statutory reserve

The Company’s PRC entities are required to set aside at least 10% of their after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of its registered capital. In addition, the Company’s PRC entities may allocate a portion of its after-tax profits based on PRC accounting standards to enterprise expansion fund and staff bonus and welfare fund at its discretion. The Company’s PRC entities may allocate a portion of its after-tax profits based on PRC accounting standards to a discretionary surplus fund at its discretion. The statutory reserve funds and the discretionary funds are not distributable as cash dividends. Remittance of dividends by a wholly foreign-owned company out of China is subject to examination by the banks designated by State Administration of Foreign Exchange. As of December 31, 2025, and June 30, 2026, the Company’s PRC entities collectively attributed RMB 8,354,597 and RMB 7,382,582 (USD 1,083,936) for their statutory reserves, respectively. As of the year ended December 31, 2025 and the six months ended June 30, 2026, the Company’s PRC entities collectively attributed to statutory reserves of RMB 201,903 and accumulated deficit of statutory reserves of RMB 972,015 (USD 142,715), respectively.

¹ Number of shares as of June 30, 2025 and prior reporting dates has been retrospectively adjusted for the share consolidation (10 to 1, 20 to 1, and 30 to 1) effective March 22, 2024, December 13, 2024 and July 16, 2025.

Restricted assets

The Company's ability to pay dividends is primarily dependent on the Company receiving distributions of funds from its subsidiary. Relevant PRC statutory laws and regulations permit payments of dividends by the Company's PRC entities only out of its accumulated deficit, if any, as determined in accordance with PRC accounting standards and regulations. The results of operations reflected in the accompanying consolidated financial statements prepared in accordance with U.S. GAAP differ from those reflected in the statutory financial statements of the Company's PRC entities.

As a result of the foregoing restrictions, the Company's PRC entities are restricted in their ability to transfer their assets to the Company. Foreign exchange and other regulation in the PRC may further restrict the Company's PRC entities from transferring funds to the Company in the form of dividends, loans and advances. As of June 30, 2026, amounts restricted are the paid-in-capital and statutory reserve of the Company's PRC entities, which amounted to RMB 148,473,456 (USD 21,799,388).

Note 14 — Warrants

Private Warrants

Simultaneously with the closing of the Initial Public Offering, the Company consummated a private placement of 225,000 Private Units at \$10.0 per unit, purchased by the sponsor. The Private Units are identical to the units sold in the Initial Public Offering except that the warrants included in the Private Units (the "Private Warrants") and the Class A Ordinary shares issuable upon the exercise of the Private Warrants will not be transferable, assignable or saleable until after the completion of a Business Combination, subject to certain limited exceptions. Additionally, the Private Warrants will be exercisable on a cashless basis and will be non-redeemable so long as they are held by the initial purchasers or their permitted transferees. If the Private Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

The private warrants are accounted for as liabilities in accordance with ASC 815-40 and are presented within warrant liabilities on the balance sheets. The warrants were classified as Level 3 at the initial measurement date due to the use of unobservable inputs.

The Company established the initial fair value for the private warrants at \$380,000 on February 11, 2021, the date of the Company's Initial Public Offering, using a Black-Scholes model. The Company allocated the proceeds received from the sale of Private Units, first to the private warrants based on their fair values as determined at initial measurement, with the remaining proceeds recorded as Class A Ordinary shares subject to possible redemption, and Class A Ordinary shares based on their relative fair values recorded at the initial measurement date. The warrants were classified as Level 3 at the initial measurement date due to the use of unobservable inputs.

The key inputs into the Black-Scholes model were as follows at their following measurement dates:

	December 31, 2025 USD	December 31, 2025 RMB	June 30, 2026 USD	June 30, 2026 RMB
Input				
Share price	4.42	31.07	4.05	27.58
Risk-free interest rate	3.47%	3.47%	4.10%	4.10%
Volatility	52.79%	52.79%	80.00%	80.00%
Exercise price	69,000.00	484,987.20	69,000.00	469,952.10
Warrant life (yr)	1.92	1.92	1.42	1.42

As of December 9, 2022, the aggregate value of the private warrants was \$123,750. The change in fair value from January 1, 2022 to December 9, 2022 was approximately \$300,000 was included in the historical retained earnings (accumulated deficits) of Venus. The fair value of the warrants on December 31, 2025 and June 30, 2026 were nil, mainly due to the high exercise price comparing to actual share price.

Note 15 — Commitments and contingencies

Contingencies

From time to time, the Company is involved in claims and legal proceedings that arise in the ordinary course of business. Based on currently available information, management does not believe that the ultimate outcome of any unresolved matters, individually and in the aggregate, is reasonably possible to have a material adverse effect on the Company's financial position, results of operations or cash flows.

However, litigation is subject to inherent uncertainties and the Company's view of these matters may change in the future. The Company records a liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The Company reviews the need for any such liability on a regular basis. The Company has not recorded material liabilities in this regard as of December 31, 2025 and June 30, 2026, respectively.

Note 16 — Segments

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 unaudited interim condensed financial statements for detailing the Company's business segments.

The Company's chief operating decision maker is the Chief Executive Officer, who reviews the financial information of the separate operating segments when making decisions about allocating resources and assessing the performance of the group. The Company has determined that it has one operating segment: central processing algorithm services.

The following tables present summary information by segment for the six months ended June 30, 2025, and 2026:

	Central processing algorithm services	Total for the six months ended June 30, 2025	
	RMB	RMB	USD
	(Unaudited)	(Unaudited)	(Unaudited)
Revenues	188,112,127	188,112,127	26,277,782
Cost of revenues	136,540,311	136,540,311	19,073,606
Gross profit	51,571,816	51,571,816	7,204,176
Depreciation and amortization	708,874	708,874	99,024
Total capital expenditures	-	-	-

	Central processing algorithm services	Total for the six months ended June 30, 2026	
	RMB	RMB	USD
	(Unaudited)	(Unaudited)	(Unaudited)
Revenues	136,706,698	136,706,698	20,071,752
Cost of revenues	98,044,928	98,044,928	14,395,297
Gross profit	38,661,770	38,661,770	5,676,455
Depreciation and amortization	419,013	419,013	61,521
Total capital expenditures	-	-	-

Total assets as of:

	December 31, 2025	June 30, 2026	June 30, 2026
	RMB	RMB	USD
	(Unaudited)	(Unaudited)	(Unaudited)
Central processing algorithm services	2,462,524,963	2,209,700,873	324,435,960
Total assets	2,462,524,963	2,209,700,873	324,435,960

The Company's operations are primarily based in the mainland PRC and Hong Kong, where the Company derives a substantial portion of their revenues. Management also reviews consolidated financial results by business locations. Disaggregated information of revenues by geographic locations are as follows:

	For the six months ended June 30, 2025	For the six months ended June 30, 2026	For the six months ended June 30, 2026
	RMB	RMB	USD
	(Unaudited)	(Unaudited)	(Unaudited)
Mainland PRC revenues	142,800,304	74,260,052	10,903,118
Hong Kong revenues	45,311,823	62,446,646	9,168,634
Total revenues	188,112,127	136,706,698	20,071,752

Note 17 — Related party transactions and balances

Amounts due to Parent Company (WiMi Hologram Cloud Inc.) are those nontrade payables arising from transactions between the Company and the Parent Company, such as advances made by the Parent Company on behalf of the Company, and allocated shared expenses paid by the Parent Company. Those balances are unsecured and non-interest bearing and are payable on demand.

During the year ended December 31, 2025 and the six months ended June 30, 2026, the Company obtained nil and nil from Parent Company and repaid nil and nil to Parent Company, respectively.

During years ended December 31, 2025, Parent Company purchased convertible note issued by the Company with the amount of \$45,000,000 for a purchase price of \$41,400,000. As of December 31, 2025, all the convertible note has been converted into shares. There were no transactions occurred between the Company and Parent Company during the six months ended June 30, 2026.

Note 18 — Subsequent events**Deregistration of Hainan Weidong Technology Co., Ltd. (“Weidong”)**

On July 2, 2026, the Company’s board of directors confirmed that the liquidation of Weidong had been completed and lost its control of Weidong. Since the deregistration did not represent any strategic change of the Company’s operation, the deregistration was not presented as discontinued operations.

The Company evaluated all events and transactions that occurred after June 30, 2026 up through the date of this report when the financial statements were issued, there were no other events that require adjustment to or disclosure in the consolidated financial statements.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our condensed unaudited interim condensed consolidated financial statements and related notes included in Exhibit 99.1. This discussion and other parts of this report contain forward-looking statements that involve risks and uncertainties, such as statements of our plans, objectives, expectations and intentions. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in this Report and our annual report on Form 20-F for the fiscal year ended December 31, 2025 under Forward-Looking Statements and Item 3.D. Risk Factors, filed with the SEC on April 1, 2026.

A. OPERATING RESULTS**Overview**

We are dedicated to the development and application of bespoke central processing algorithms. We provide comprehensive solutions to customers by integrating central processing algorithms with software or hardware, or both, to streamline their digital services for end-users or technological development purposes, thereby helping them increase the number of customers, improve end-user satisfaction, achieve direct cost savings, reduce power consumption, and achieve technical goals. The range of our services include algorithm optimization, accelerating computing power without the need for hardware upgrades, lightweight data processing, and data intelligence services. Our ability to efficiently deliver software and hardware optimization to our customers through bespoke central processing algorithms serves as a driving force for our long-term development.

Currently, our technology and solutions are mainly in the field of internet multimedia video advertising, where we have historically been successful in providing advertising distribution solutions, software services, and comprehensive solutions for enterprise customers.

In the mid-to-long-term, we will continue to adhere to its strategic mindset. By improving upon each iteration of our one-stop intelligent data management solutions made possible by our proprietary central processing algorithm services, we can help customers to enhance their service efficiency and make model innovations in business, and actively enhance the industry value of the central processing algorithm services in the general field of data intelligent processing industry.

We derive our revenue from central processing algorithms services for the internet advertisement.

Our total revenues were RMB 188.1 million and RMB 136.7 million (USD 20.1 million) for the six months ended June 30, 2025 and 2026, respectively. We recorded net income of RMB 31.7 million and net loss of RMB 229.2 million (USD 33.6 million) for the six months ended June 30, 2025 and 2026, respectively.

Key Factors Affecting Results of Operations

Our results of operations are affected by the factors discussed below.

Our ability to increase the number of customers and average revenue for central processing algorithm services

Our revenues were 100% generated from our central processing algorithm services for the six months ended June 30, 2025 and 2026.

Our ability to increase our revenues and enhance our profitability will depend on our ability to continue to increase our customer base and revenue per customer for our central processing algorithm services. To achieve this, we strive to increase our marketing efforts and to enhance the quality and capabilities of our technologies.

Investment in technology and talent

We expend considerable capital and efforts in the research and development of algorithmic use cases and product solutions to maintain our competitiveness in the computer and internet industries. Considering the rapid growth of data volume, data processing capabilities are the key to enterprise development, which requires the advancement of technology related to central processing algorithms, new services, products, and capabilities to newer stages of development. To retain existing customers and attract potential customers, we must continue to innovate to keep pace with the growth of the industry and our business to bring forward new cutting-edge technologies. Our current research and development efforts primarily focus on enhancing its artificial intelligence technology, image processing technology and application solutions to create novel service and product offerings. We spent approximately RMB 33.5 million and RMB 19.1 million (USD 2.8 million) on research and development for the six months ended June 30, 2025 and 2026, respectively.

China's increased demand for central processing algorithm services in internet advertisement industry

Effective central processing algorithm solutions can empower downstream industries experiencing high demand for data analysis and computing power optimization, which applies to internet advertising, finance, retail, logistics, and other industries. Because of huge downstream demands, the overall market of central processing algorithm services is enormous.

Our ability to pursue strategic opportunities for growth

We intend to continually pursue strategic acquisitions and investments in selective technologies and businesses in the central processing algorithm to enhance our technology capabilities. We believe that a solid acquisition and investment strategy may be critical for us to accelerate our growth and strengthen its competitive position in the future. our ability to identify and execute strategic acquisitions and investments will likely affect our operating results over time.

Our ability to expand its application fields and to diversify its customer base

Currently, our revenue is derived from providing central processing algorithm solutions to businesses in the internet advertisement industries. With increasing awareness and acceptance of this technology, we expect that more applications will be identified to magnify the value of this technology, such as the industry of the Internet, finance, local government, and manufacturing industries that have strong demand for data empowerment. Expand the scenario application of central processing algorithm services. Our ability to expand its application fields and diversify its customer base may affect our operating results in the future.

Key Components of Our Results of Operations

We currently operate in one segment and generate revenue by providing central processing algorithm services. Please see our unaudited interim condensed consolidated financial statements included elsewhere in this report.

Revenues

Our revenues consist of providing central processing algorithm solutions, including internet advertising solutions and related software development technology services.

Our breakdown of revenues for the six months ended June 30, 2025 and 2026, respectively, is summarized below:

	For the Six Months Ended		
	June 30,		
	2025	2026	2026
	RMB	RMB	USD
	(Unaudited)	(Unaudited)	(Unaudited)
Revenues			
Central processing algorithm services	188,112,127	136,706,698	20,071,752
Total revenue	188,112,127	136,706,698	20,071,752

Cost of Revenues

Cost of revenue for our central processing algorithm solutions for the internet advertisement algorithm services comprised of (i) costs paid to channel providers and shared costs with content providers based on the profit-sharing arrangements, (ii) third party consulting services expenses and (iii) compensation expenses for our professionals.

Our breakdown of cost of revenues for the six months ended June 30, 2025 and 2026, respectively, is summarized below:

	For the Six Months Ended		
	June 30,		
	2025	2026	2026
	RMB	RMB	USD
	(Unaudited)	(Unaudited)	(Unaudited)
Cost of revenues			
Central processing algorithm services	136,540,311	98,044,928	14,395,297
Total cost of revenues	136,540,311	98,044,928	14,395,297

Gross Profit

The Company's gross profit decreased by approximately RMB 12.9 million or 25.0%, from approximately RMB 51.6 million for the six months ended June 30, 2025, to approximately RMB 38.7 million (USD 5.7 million) during the six months ended June 30, 2026. For the six months ended June 30, 2025, and 2026, the Company's overall gross margin was 27.4% and 28.3%, respectively.

Selling Expenses

Our selling expenses consist primarily of (i) compensation for selling personnel and (ii) travel expenses for its sales representatives.

General and administrative expenses.

Our general and administrative expenses consist primarily of (i) compensation for its management and administrative personnel, (ii) expenses in connection with its operation supporting functions such as legal, accounting, consulting and other professional service fees, and (iii) office rental, depreciation, and other administrative related expenses.

Research and Development Expenses

Our research and development expenses include salaries and other compensation-related expenses to our research and product development personnel, outsourced subcontractors, as well as office rental, depreciation, and related expenses for our research and product development team.

Six Months Ended June 30, 2026 Compared to Six Months Ended June 30, 2025

Revenues

We generate revenue from central processing algorithm services. For the six months ended June 30, 2025 and 2026, our revenues were RMB 188.1 million and RMB 136.7 million (USD 20.1 million), respectively.

Our central processing algorithm services revenue decreased by approximately RMB 51.4 million (USD 7.5 million), or 27.3%, from approximately RMB 188.1 million for the six months ended June 30, 2025, to approximately RMB 136.7 million (USD 20.1 million) for the six months ended June 30, 2026. This decrease was primarily attributable to our clients' declining demand for internet advertising.

We generate revenues from advertising display services when we complete its performance obligation to deliver related advertising services based on the specific terms of the contract, which are commonly based on a specific action, e.g., cost per impression ("CPM") for online display. Revenue from performance-based advertising services is generated when traffic users completed a transaction as specified in contracts.

Cost of Revenues

For our central processing algorithm services, the cost of revenues consists of the costs paid to (i) channel providers and shared costs with content providers based on the profit-sharing arrangements, (ii) third-party consulting services expenses, and (iii) compensation expenses for our professionals.

Our cost of revenues for central processing algorithm services decreased by approximately RMB 38.5 million (USD 5.7 million), or 28.2%, from approximately RMB 136.5 million for the six months ended June 30, 2025, to approximately RMB 98.0 million (USD 14.4 million) for the six months ended June 30, 2026. The decrease in the cost of revenues was mainly due to the decrease in central processing algorithm services revenue.

Gross Profit

Our gross profit decreased by approximately RMB 12.9 million (USD 1.9 million), from approximately RMB 51.6 million for the six months ended June 30, 2025 to approximately RMB 38.7 million (USD 5.7 million) for the six months ended June 30, 2026. The decrease was due to economic uncertainties and tightened client budgets, reduced advertiser demand, which has led to decreased business for advertise integrators, resulting in lower usage of our advertise services.

Operating Expenses

Operating expenses were RMB 43.7 million and RMB 33.1 million (USD 4.9 million) for the six months ended June 30, 2025 and 2026, respectively. The total operating expenses decreased by approximately RMB 10.6 million (USD 1.6 million), mainly due to the decrease of research and development expenses with the amount of approximately RMB 14.3 million (USD 2.1 million).

Selling expenses were RMB 1.1 million and RMB 0.9 million (USD 0.1 million) for the six months ended June 30, 2025 and 2026, respectively. The slight drop was due to the normal fluctuation of rental expenses, payroll expenses and social insurance expenses during the six months ended June 30, 2026.

General and administrative expenses were RMB 9.1 million and RMB 13.0 million (USD 1.9 million) for the six months ended June 30, 2025 and 2026, respectively. The increase of approximately RMB 4.0 million (USD 0.6 million), or 44.0 % was mainly due to the confirmed credit losses of other receivables, with a total amount of approximately RMB 4.6 million (USD 0.7 million).

Research and development expenses were RMB 33.5 million and RMB 19.1 million (USD 2.8 million) for the six months ended June 30, 2025 and 2026, respectively. The decrease of approximately RMB 14.3 million, or 42.8% was mainly because more R&D projects had completed, and contemporary R&D technology was adequate for the business development needs, which was based on the attribution of resources and high efficiency.

Other Income, Net

Total other income, net was RMB 26.1 million and total other expense, net was RMB 231.4 million (USD 34.0 million) for the six months ended June 30, 2025 and 2026 respectively. The total other expense increased by approximately RMB 257.5 million (USD 37.8 million), primarily reflecting a swing from investment income with the amount of approximately RMB 25.6 million in the prior period to investment loss with the amount of approximately RMB 231.5 million (USD 34.0 million) in the current period.

Provision for Income Taxes

Provision for income taxes were RMB 2.3 million and RMB 3.4 million (USD 0.5 million) for the six months ended June 30, 2025 and 2026, respectively. The increase in provision for income taxes of approximately RMB 1.1 million (USD 0.2 million), or 46.5% was due to the increase of net income from some subsidiaries.

Net Income

As a result of the combination of factors discussed above, our net income decreased from RMB 31.7 million for the six months ended June 30, 2025, to net loss with the amount of approximately RMB 229.2 million (USD 33.6 million) for the six months ended June 30, 2026.

After the deduction of non-controlling interest, net loss attributable to us was approximately RMB 234.9 million (USD 34.5 million) for the six months ended June 30, 2026, compared to approximately RMB 26.5 million net income attributable to us for the same period in 2025.

Comprehensive loss attributable to us was approximately RMB 281.0 million (USD 41.2 million) for the six months ended June 30, 2026, compared to approximately RMB 18.1 million comprehensive income attributable to us for the same period in 2025.

B. LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2026, we had cash and cash equivalents of approximately RMB 1,229.3 million (USD 180.5 million). Our working capital was approximately RMB 2,076.6 million (USD 304.9 million) as of June 30, 2026. In assessing our liquidity, we monitor and analyze our cash on-hand and our operating and capital expenditure commitments. To date, we have financed our working capital requirements through cash flow generated from operations, debt and equity financing.

We believe our current working capital is sufficient to support our operations for the next twelve months. We may, however, need additional cash resources in the future if we experience changes in business conditions or other developments, or if we find and wish to pursue opportunities for investment, acquisition, capital expenditure or similar actions. If we determine that our cash requirements exceed the amount of cash and cash equivalents we have on hand at the time, we may seek to issue equity or debt securities or obtain credit facilities. The issuance and sale of additional equity would result in further dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that would restrict our operations. Our obligation to bear credit risk for certain financing transactions we facilitate may also strain our operating cash flow. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

Current foreign exchange and other regulations in the PRC may restrict our PRC entities in their ability to transfer their net assets to us and our subsidiaries in Hong Kong and to our investors. The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Under current corporate structure, our Cayman Islands holding company may rely on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval of SAFE by complying with certain procedural requirements. Specifically, under the existing exchange restrictions, without prior approval of SAFE, cash generated from the operations of our PRC subsidiaries in China may be used to pay dividends to us. However, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. As a result, we need to obtain SAFE approval to use cash generated from the operations of our PRC subsidiaries to pay off their respective debt in a currency other than Renminbi owed to entities outside China, or to make other capital expenditure payments outside China in a currency other than Renminbi.

In light of the flood of capital outflows of China in 2016 due to the weakening Renminbi, the PRC government has imposed more restrictive foreign exchange policies and stepped up scrutiny of major outbound capital movement including overseas direct investment. More restrictions and substantial vetting process are put in place by SAFE to regulate cross-border transactions falling under the capital account. If any of our shareholders regulated by such policies fail to satisfy the applicable overseas direct investment filing or approval requirement timely or at all, it may be subject to penalties from the relevant PRC authorities. The PRC government may at its discretion further restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to its shareholders.

However, these restrictions have no material impact on the ability of these PRC subsidiaries to transfer funds to us as we have no present plans to declare dividends which it plans to retain our retained earnings to continue to grow our business. In addition, these restrictions have no material impact on the ability of us to meet its cash obligations, as a majority of our current cash obligations are due within the PRC. See “Item 3.D. Risk Factors — Risks Related to Doing Business in China — PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of the offering to make loans or make additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.”

The following table summarizes the key components of our cash flows for the six months ended June 30, 2025 and 2026.

	For the Six Months Ended		
	June 30,		
	2025	2026	2026
	RMB	RMB	USD
	(Unaudited)	(Unaudited)	(Unaudited)
Net cash provided by operating activities	57,970,031	7,599,646	1,115,808
Net cash (used in)/provided by investing activities	(351,376,223)	38,861,561	5,705,789
Net cash provided by financing activities	1,079,213,504	-	-
Effect of exchange rate change on cash and cash equivalents	(8,360,753)	(46,166,620)	(6,778,344)
Net change in cash and cash equivalents	777,446,559	294,587	43,252
Cash and cash equivalents, beginning of period	1,035,932,786	1,228,983,711	180,443,658
Cash and cash equivalents, end of period	1,813,379,345	1,229,278,298	180,486,910

Operating activities

Net cash provided by operating activities was approximately RMB 7.6 million (USD 1.1 million) for the six months ended June 30, 2026, as compared to net cash provided by operating activities of approximately RMB 58.0 million for the six months ended June 30, 2025.

Net cash provided by operating activities for the six months ended June 30, 2026 was mainly attributable to the net loss of approximately RMB 229.2 million (USD 33.6 million) adjusted by loss from short-term investment-unrealized and realized with the amount of approximately RMB 231.5 million (USD 34.0 million) and advance from customers with the amount of approximately RMB 26.1 million (USD 3.8 million). Cash inflow was offset mainly by increase in other receivables and prepaid expenses of RMB 29.0 million (USD 4.3 million).

Investing activities

Net cash provided by investing activities was approximately RMB 38.9 million (USD 5.7 million) for the six months ended June 30, 2026, net cash used in investing activities was approximately RMB 351.4 million for the six months ended June 30, 2025.

Cash provided by investing activities for the six months ended June 30, 2026 was due to the increase of sale of short-term investments with the amount of approximately RMB 38.9 million (USD 5.7 million).

Financing activities

Net cash provided by financing activities was nil for the six months ended June 30, 2026. Net cash provided by financing activities were approximately RMB 1079.2 million for the six months ended June 30, 2025.