BLACK SANDS FIRST ACT CO.

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2025 AND 2024, AND FOR THE YEAR ENDED DECEMBER 31, 2025 AND THE PERIOD FROM INCEPTION (JUNE 13, 2024) THROUGH DECEMBER 31, 2024

(Unaudited)

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(UNAUDITED)

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Black Sands First Act Co.
Newark, Delaware

We have reviewed the accompanying financial statements of Black Sands First Act Co. (the "Company"), which comprise the balance sheets as of December 31, 2025 and December 31, 2024, and the related statements of operations, stockholder's equity, and cash flows for the year ended December 31, 2025 and the period from inception (June 13, 2024) through December 31, 2024, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Substantial Doubt about the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 8 to the financial statements, the Company has not generated revenue, maintains no cash balances, and is dependent on the availability of future funding or support for its planned activities . The Company has stated that these conditions raise substantial doubt about its ability to continue as a going concern. Management's evaluation of these conditions and management's plans regarding these matters are also described in Note 8. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our conclusion is not modified with respect to this matter.

SetApart Accountancy Corp.

October 28, 2026
Calabasas, CA 91302

BLACK SANDS FIRST ACT CO.
BALANCE SHEETS
(UNAUDITED)

As of December 31,	2025	2024
(USD $ in Dollars)		
ASSETS		
Current Assets:		
Cash	$ -	$ -
Total Current Assets	**-**	**-**
Total Assets	**$ -**	**$ -**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Total Liabilities	**-**	**-**
STOCKHOLDERS' EQUITY		
Common Stock	600	600
Subscription Receivable	(600)	(600)
Retained Earnings/(Accumulated Deficit)	-	-
Total Stockholders' Equity	**-**	**-**
Total Liabilities and Stockholders' Equity	**$ -**	**$ -**

See accompanying notes to financial statements.

BLACK SANDS FIRST ACT CO.
STATEMENTS OF OPERATIONS
(UNAUDITED)

	Year Ended December 31, 2025	For the Period from Inception (June 13, 2024) to December 31, 2024
(USD $ in Dollars)		
Net Revenue	$ -	$ -
Cost of Goods Sold	-	-
Gross Profit/ (Loss)	**-**	**-**
Operating Expenses		
General and Administrative	-	-
Research and Development	-	-
Selling and Marketing	-	-
Total Operating Expenses	**-**	**-**
Operating Income/(Loss)	**-**	**-**
Interest Expense	-	-
Other Loss/(Income)	-	-
Income/(Loss) Before Provision for Income Taxes	**-**	**-**
Provision/(Benefit) for Income Taxes	-	-
Net Income/(Net Loss)	**$ -**	**$ -**

See accompanying notes to financial statements.

BLACK SANDS FIRST ACT CO.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(UNAUDITED)

(in , $US)	Common Stock Shares	Common Stock Amount	Subsription Receivable	Retained Earnings/ (Accumulated Deficit)	Total Stockholders' Equity
Inception Date- June 13, 2024		$ -	$ -	$ -	$ -
Issuance of stock	**6,000,000**	**600**	(600)		-
Net Income/(Loss)				-	-
Balance—December 31, 2024	**6,000,000**	**600**	**(600)**	$ -	$ -
Net Income/(Loss)				-	-
Balance—December 31, 2025	**6,000,000**	$ **600**	$ **(600)**	$ -	$ -

See accompanying notes to financial statements.

BLACK SANDS FIRST ACT CO.
STATEMENTS OF CASH FLOWS
(UNAUDITED)

For the Year Ended December 31,	Year Ended December 31, 2025	For the Period from Inception (June 13, 2024) to December 31, 2024
(USD $ in Dollars)		
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income/Loss)	$ -	$ -
Net Cash Provided by/(Used In) Operating Activities	**-**	**-**
CASH FLOW FROM INVESTING ACTIVITIES		
Net Cash Provided by/(Used In) Investing Activities	**-**	**-**
CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash Provided by/(Used In)Financing Activities	**-**	**-**
Change in Cash	**-**	**-**
Cash —Beginning of The Year	-	-
Cash—End of The Year	**$ -**	**$ -**
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	$ -	$ -
Cash Paid During the Year for Income Taxes	$ -	$ -

See accompanying notes to financial statement

1. NATURE OF OPERATION

Black Sands First Act Co. (the "Company") was incorporated in the State of Delaware on June 13, 2024. The Company is a wholly owned subsidiary of Black Sands Anime Co. (the "Parent"), a Delaware corporation. The Company was established as a special-purpose entity to hold certain rights associated with the development, production, and distribution of the first three episodes of the animated series Black Sands: The Anime (the "Project").

The Company is in the development and pre-revenue stage and has not generated revenues for the year ended December 31, 2025 and the period from inception (June 13, 2024) through December 31, 2024.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies is presented to assist in understanding the Company's financial statements. The accounting policies conform to accounting principles generally accepted in the United States of America ("GAAP" and "US GAAP").

Basis of Presentation
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with US GAAP and the Company has adopted the calendar year as its basis of reporting.

Use of Estimates
The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Correction of Prior-Period Error
During the preparation of the Company's financial statements for the year ended December 31, 2025, management identified a prior-period error related to the reporting of common stock issued and outstanding.

The Company's previously issued audited financial statements as of June 13, 2024 (inception date) reported 10,000,000 shares of common stock issued and outstanding, with $1,000 recorded as common stock and a corresponding $1,000 stock subscription receivable. However, management determined that no shares had been issued as of the inception date. Subsequently, on July 23, 2024, the Company issued 6,000,000 shares of common stock to its Parent for an aggregate stated consideration of $600.

Management evaluated the error in accordance with ASC 250, Accounting Changes and Error Corrections, and the materiality guidance in SEC Staff Accounting Bulletin No. 99. Management concluded that the error was not material to the previously issued financial statements. Accordingly, the accompanying financial statements reflect the corrected capitalization, including 6,000,000 shares of common stock issued and outstanding as of December 31, 2025

Stock Subscription Receivable
Stock subscription receivables represent amounts due from shareholders for shares of common stock issued for which consideration has not yet been received. In accordance with Accounting Standards Codification ("ASC") 505-10-45-2, Equity, such receivables are presented as a deduction from stockholders' equity rather than as assets in the accompanying balance sheets.

Revenue Recognition
The Company recognizes revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods or services. In determining when and how revenue is to be recognized from contracts with customers, the Company performs

the following five step analysis laid under ASC 606, *Revenue from Contracts with Customers*: (1) identification of contract with customers, (2) determination of performance obligations, (3) measurement of the transaction price, (4) allocation of transaction price to the performance obligations, and (5) recognition of revenue when or as the company satisfies each performance obligation.

The company has not started its operations yet and is in the pre-revenue stage.

Income Taxes
The Company is taxed as a C corporation for income tax purposes. The Company accounts for income taxes under the liability method, and deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying values of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided on deferred tax assets if it is determined that it is more likely than not that the deferred tax asset will not be realized. The Company records interest, net of any applicable related income tax benefit, on potential income tax contingencies as a component of income tax expense. The Company records tax positions taken or expected to be taken in a tax return based upon the amount that is more likely than not to be realized or paid, including in connection with the resolution of any related appeals or other legal processes. Accordingly, the Company recognizes liabilities for certain unrecognized tax benefits based on the amounts that are more likely than not to be settled with the relevant taxing authority. The Company recognizes interest and/or penalties related to unrecognized tax benefits as a component of income tax expense.

Fair Value of Financial Instruments
The carrying value of the Company's financial instruments included in current assets and current liabilities (such as cash and cash equivalents, restricted cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate fair value due to the short-term nature of such instruments).

The inputs used to measure fair value are based on a hierarchy that prioritizes observable and unobservable inputs used in valuation techniques. These levels, in order of highest to lowest priority, are described below:

Level 1 — Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 — Observable prices that are based on inputs not quoted on active markets but corroborated by market data.

Level 3 — Unobservable inputs reflecting the Company's assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

Related Party Transactions
The Company identifies and discloses material transactions and balances with related parties, including its Parent and entities under common control, in accordance with ASC 850, Related Party Disclosures.

Subsequent Events
The Company considers events or transactions that occur after the balance sheet date, but prior to the issuance of the financial statements to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. Subsequent events have been evaluated through the date the financial statements were issued.

3. INTELLECTUAL PROPERTY RIGHTS AND PRODUCTION ARRANGEMENTS

On July 15, 2024, the Parent assigned to the Company certain intellectual property, copyright, production, and distribution rights associated with the first three episodes of the Project, pursuant to an assignment agreement. The assignment is limited to the production and distribution of the specified episodes, with the Parent retaining

certain rights to subsequent episodes, derivative works, merchandising, and other related content. The transfer occurred between entities under common control.

Production Authorization Agreement
On November 21, 2024, the Company entered into a Production Authorization Agreement with Composition Media, LLC, authorizing Composition Media to undertake production activities related to the Project, including animation, recording, editing, and post-production. The agreement does not transfer ownership of the Company's intellectual property rights to Composition Media, LLC.

4. EQUITY AND CAPITALIZATION

Common Stock
The Company is authorized to issue 10,000,000 shares of common stock and 10,000,000 shares of preferred stock, each with a par value of $0.0001 per share.

Pursuant to a Stock Purchase Agreement dated July 23, 2024, the Company issued 6,000,000 shares of common stock to the Parent for an aggregate purchase price of $600.

As of December 31, 2025 and 2024, the Company had 6,000,000 shares of common stock issued and outstanding, all held by the Parent. No preferred shares were issued or outstanding as of either reporting date.

Stock Subscription Receivable
As of December 31, 2025 and 2024, the Company had a stock subscription receivable of $600 from the Parent, representing unpaid consideration for the issuance of common stock. The receivable is presented as a deduction from stockholders' equity in the accompanying balance sheets.

5. INCOME TAXES

The provision for income taxes for the year ended December 31, 2025 and December 31, 2024 consists of the following:

For the Year Ended December 31,	2025	2024
Net Operating Loss	$ -	$ -
Valuation Allowance	-	-
Net Provision For Income Tax	**$ -**	**$ -**

Significant components of the Company's deferred tax assets and liabilities at December 31, 2025, and December 31, 2024 are as follows:

As of December 31,	2025	2024
Net Operating Loss	$ -	$ -
Valuation Allowance	-	-
Total Deferred Tax Asset	**$ -**	**$ -**

Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. On the basis of this evaluation, the Company has determined that it is more likely than not that the Company will not recognize the benefits of the federal and state net deferred tax assets, and, as a result, full valuation allowance has been set against its net deferred tax assets as of December 31, 2025 and December 31, 2024. The amount of the deferred tax asset to be realized could be adjusted if estimates of future taxable income during the carry-forward period are reduced or increased.

For the fiscal year ending December 31, 2025, the Company had federal cumulative net operating loss ("NOL") carryforwards of $0. Utilization of some of the federal and state NOL carryforwards to reduce future income taxes will depend on the Company's ability to generate sufficient taxable income prior to the expiration of the

carryforwards. The federal net operating loss carryforward is subject to an 80% limitation on taxable income, does not expire, and will carry on indefinitely.

The Company recognizes the impact of a tax position in the financial statements if that position is more likely than not to be sustained on a tax return upon examination by the relevant taxing authority, based on the technical merits of the position. As of December 31, 2025, and December 31, 2024, the Company had no unrecognized tax benefits.

The Company recognizes interest and penalties related to income tax matters in income tax expense. As of December 31, 2025, and December 31, 2024, the Company had no accrued interest and penalties related to uncertain tax positions.

6. CONTINGENCIES AND COMMITMENTS

Contingencies

The Company's operations are subject to a variety of local, state, and federal regulations. Failure to comply with these requirements may result in fines, penalties, restrictions on operations, or losses of permits, which will have an adverse impact on the Company's operations and might result in an outflow of economic resources.

Litigation and Claims
From time to time, the Company may be involved in or exposed to litigation arising from operations in the normal course of business. As of December 31, 2025, and December 31, 2024, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations.

7. RELATED PARTY TRANSACTIONS

The Company is a wholly owned subsidiary of Black Sands Anime Co. ("BSA"), a Delaware Corporation incorporated on June 13, 2024. Manuel Godoy serves as Chief Executive Officer of both entities. As discussed in Note 3, the Parent assigned certain intellectual property rights to the Company in connection with the Project. All crowdfunding proceeds raised under the Regulation Crowdfunding campaign (Form C filed August 8, 2024) have been deposited into and recorded in BSA's bank accounts, as BSA is the sole bank account holder. Production expenditures related to the Project are disbursed by BSA to Composition Media, LLC, the production company engaged to produce the Project.

As of December 31, 2025 and 2024, the Company had a stock subscription receivable of $600 from the Parent, as further discussed in Note 4 – Equity and Capitalization.

8. GOING CONCERN

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. The Company has not generated revenue and had no cash balances as of December 31, 2025 or 2024. The development and exploitation of the Project are dependent on the availability of funding, the activities of BSA, and arrangements with third parties. Management has concluded that these conditions raise substantial doubt about the Company's ability to continue as a going concern within one year after the financial statements are issued.

Management intends to continue relying on support or arrangements coordinated by BSA and to pursue financing or other resources as needed to support Project-related activities. There can be no assurance that sufficient funding or support will be available.

Management's plans have not alleviated the substantial doubt. The accompanying financial statements do not include adjustments that might result from the outcome of this uncertainty.

9. SUBSEQUENT EVENTS

The Company evaluated events occurring after the balance sheet date through the date these financial statements were issued and determined that there were no events requiring adjustment to, or disclosure in, the financial statements.