

**Japanese Accounting Standard**

**Audited Financial Statements\***

**for the Year**

**Ended at September 30, 2025**

**From October 1, 2024**  
**to September 30, 2025**



**(\*)-Note: Japanese Accounting Standards are different from the Generally Accepted Accounting Standards in the United States.**

## Balance Sheet

As of September 30, 2025

(Thousands of yen)

Assets		Liabilities	
Account item	Amount	Account item	Amount
<b>I Current assets</b>	<b>1,002,656</b>	<b>I Current liabilities</b>	<b>447,861</b>
Cash and deposits	534,888	Accounts payable – trade	1,330
Accounts receivable - trade	83,134	Short-term borrowings	241,048
Merchandise and finished goods	9,486	Current portion of long-term borrowings	20,892
Work in process	213,408	Accounts payable – other	32,625
Raw materials	41,390	Accrued expenses	90,125
Advance payments to suppliers	67,741	Income taxes payable	2,009
Prepaid expenses	24,673	Advance received	2
Advances paid	13	Deposits received	4,744
Accounts receivable - other	95	Contract liabilities	55,084
Income taxes refund receivable	89	<b>II Non-current liabilities</b>	<b>150,390</b>
		Long-term contractual obligations	139,954
Consumption taxes refund receivable	27,734	Long-term borrowings	10,436
<b>II Non-current assets</b>	<b>49,949</b>	<b>Total liabilities</b>	<b>598,252</b>
(Property, plant and equipment)	0	<b>Net assets</b>	
Other	0	<b>I Shareholders' equity</b>	<b>459,722</b>
(Intangible assets)	42,330	<b>Share capital</b>	<b>60,000</b>
Software in progress	42,330	<b>Capital surplus</b>	<b>3,747,193</b>
Other	0	Legal capital surplus	50,000
(Investments and other assets)	7,619	Other capital surplus	3,697,193
Investment securities	3,000	<b>Retained earnings</b>	<b>(3,347,471)</b>
Investments in capital	10	Other retained earnings	(3,347,471)
Long-term prepaid expenses	202	Retained earnings brought forward	(3,347,471)
Leasehold deposits and guarantee deposits	4,407		
<b>III Deferred assets</b>	<b>5,369</b>		
Share issuance costs	5,369	<b>Total net assets</b>	<b>459,722</b>
<b>Total assets</b>	<b>1,057,975</b>	<b>Total liabilities and net assets</b>	<b>1,057,975</b>

## Statement of Operations

From October 1, 2024 to September 30, 2025

(Thousands of yen)

Account item	Amount	
<b>Net sales</b>		<b>544,689</b>
<b>Cost of sales</b>		<b>254,078</b>
<b>Gross profit</b>		<b>290,610</b>
<b>Selling, general and administrative expenses</b>		<b>869,056</b>
<b>Operating loss</b>		<b>578,445</b>
<b>Non-operating income</b>		
Interest income	3,911	
Miscellaneous income	4,127	8,039
<b>Non-operating expenses</b>		
Interest expenses	7,268	
Interest expenses on bonds	14,054	
Guarantee commission	1,421	
Amortization of share issuance costs	2,275	
US IPO related expenses	293,007	
Foreign exchange losses	8,620	
Miscellaneous losses	9,386	336,035
<b>Ordinary loss</b>		<b>906,441</b>
<b>Extraordinary income</b>		
<b>Extraordinary losses</b>		
Impairment losses	32,212	
Loss on retirement of non-current assets	0	32,212
<b>Loss before income taxes</b>		<b>938,654</b>
Income taxes - current		2,009
<b>Loss</b>		<b>940,663</b>

## **Statement of Changes in Equity**

From October 1, 2024 to September 30, 2025

(Thousands of yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
As of October 1, 2024	100,000	145,020	2,320,715	2,465,735
Cumulative effects of error corrections				
Restated balance after retrospective application	100,000	145,020	2,320,715	2,465,735
Changes during period				
Issuance of new shares	620,729	620,729		620,729
Capital reduction	(660,729)	(715,749)	1,376,478	620,729
Profit				
Total changes during period	(39,999)	(95,019)	1,376,478	1,281,458
Balance as of September 30, 2025	60,000	50,000	3,697,193	3,747,193

	Shareholders' equity			Total net assets
	Retained earnings	Treasury shares	Total shareholders' equity	
	Other retained earnings			
	Retained earnings brought forward			
As of October 1, 2024	(2,410,910)	—	154,825	154,825
Cumulative effects of error corrections	4,102		4,102	4,102
Restated balance after retrospective application	(2,406,807)	—	158,927	158,927
Changes during period				
Issuance of new shares			1,241,458	1,241,458
Capital reduction			0	0
Profit	(940,663)		(940,663)	(940,663)
Total changes during period	(940,663)	—	300,794	300,794
Balance as of September 30, 2025	(3,347,471)	—	459,722	459,722

# Notes to Financial Statements

## 1. Going Concern

The Company has been recording operating loss and ordinary loss since its inception and for the year ended September 30, 2025, the Company could not reverse this historical trend and recorded operating and ordinary losses. The situation presents a going concern regarding the Company's ability to continue.

However, the Company prepared financial statements under the assumption that the Company continues and did not reflect on the financial statements any going concern or uncertainty surrounding the Company's ability to continue.

## 2. Matters related to significant accounting policies

### 1. Basis and method of valuation of assets

#### (i) Basis and method of valuation of securities

Available-for-sale securities

Shares etc. that do not have a market price

Stated at cost determined by the moving-average method

#### (ii) Basis and method of valuation of inventories

Stated at cost determined by the moving-average method

(Amounts on the balance sheet are calculated by writing down the book value which decreased in profitability.)

### 2. Depreciation method of non-current assets

#### (i) Property, plant and equipment

Machinery and equipment, tools, furniture and fixtures, and vehicles are depreciated using the straight-line method.

The useful lives adopted for major assets are as follows:

Machinery and equipment	5-10 years
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Tools, furniture and fixtures	2-5 years
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Vehicles	7 years
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#### (ii) Intangible assets

Intangible assets are amortized using the straight-line method.

The useful life of software is based on the period of internal use, which ranges from three to five years.

#### (iii) Long-term prepaid expenses

Long-term prepaid expenses are treated using straight-line depreciation.

### 3. Standards for conversion of assets and liabilities in foreign currencies into yen

Receivables and payables denominated in foreign currency are converted into yen at the spot exchange rate on the fiscal year-end, and the conversion adjustments are recorded as losses or gains for the term.

### 4. Accounting of revenues and expenses

Revenue from product sales is primarily derived from sales through manufacturing and other processes, and the Company has obligation to deliver goods or products based on sales contracts with customers. The performance

obligation is considered fulfilled at the point in time when the product is delivered and the customer obtains control of the goods or products. Accordingly, revenue is recognized at the time of delivery.

Revenue from service usage and maintenance services is primarily derived from the provision of cloud services and product maintenance. The Company has obligations to provide cloud and maintenance services based on contracts with customers. These contracts require the fulfillment of performance obligations over a certain period of time, and revenue is recognized based on the progress toward satisfaction of those obligations.

Compensation for the transactions is received within one year after the obligations are satisfied and does not include any significant financial components.

## 5. Other significant basic matters for the preparation of financial statements

Treatment method of deferred assets

Stock issuance costs are depreciated or amortized evenly over a period of three years.

## 3. Change in presentation method

Balance sheet

“Machinery and equipment” (Nil for the current fiscal year) and “Tools, furniture and fixtures” (Nil for the current fiscal year), which were presented separately for the previous fiscal year, are included in “Other” of property, plant and equipment for the current fiscal year as their amounts have become insignificant.

“Trademark right” (Nil for the current fiscal year) and “Software” (Nil for the current fiscal year), which were presented separately for the previous fiscal year, are included in “Other” of intangible assets for the current fiscal year as their amounts have become insignificant.

## 4. Accounting Estimates

### 1) Impairment of Long-lived Assets

¥32,212 thousands of impairment expenses on intangible fixed assets is recorded for the year. We estimated the impairment on the intangible assets based on the cashflows generated from the business units utilizing the intangible assets.

### 2) Recoverability of Deferred Tax Assets

The Company’s ability to recover deferred tax assets is evaluated to be none.

## 5. Error corrections

Corrections were made due to the identification of an error in the accounting treatment for the recognition of software in progress and inventories in prior fiscal years.

The cumulative effects of error corrections have been reflected in the book value of net assets at the beginning of the fiscal year.

The amount is disclosed under “Cumulative effects of error corrections” in the Statement of Changes in Equity.

## 6. Balance sheet

Accumulated depreciation amounts directly deducted from assets

Tangible fixed assets

Property, plant and equipment	¥99,003 thousand
Other	¥99,003 thousand

Intangible assets	¥26,894 thousand
Other	¥26,894 thousand

Note: Accumulated depreciation amounts include accumulated impairment.

## 7. Income Statement

Impairment losses

The Company recognized impairment losses for the asset groups shown below.

(Background)

As profits or cash flows from operating activities arising from assets used in the hardware business have continuously been negative and are expected to remain negative, the Company recognized impairment losses.

(Amount of impairment losses)

Category	Amount (Thousands of yen)
Property, plant and equipment - Other	27,091
Intangible assets - Other	5,121
Total	32,212

(Grouping method)

The Company treated the manufacture and sales of hardware products as a unit that generates independent cash flows.

(Calculation method of recoverable amount)

The recoverable amount is calculated based on the assumption that the net selling value is 0.

## 8. Revenue recognition

It is described in “4 Accounting of revenues and expenses” in “Matters related to significant accounting policies.”

## 9. Statement of changes in equity

(1) Class and total number of issued shares and treasury shares at the end of fiscal year

Class	Number of shares on October 1, 2024	Increase	Decrease	Number of shares on September 30, 2025
Ordinary shares	382,231	34,231,976	0	34,614,207

On October 24, 2024, a 60-for-1 stock split of common shares was implemented.

(2) Dividends of surplus

Not applicable.

(3) Share acquisition rights: 1,102,680 units for the same number of ordinary shares



## 10. Deferred Tax Assets

Deferred Tax Assets generated from net loss carryforwards, of which recoverability is evaluated to zero.

## 11. Financial instruments

### 1. Status of financial instruments

The Company mainly conducts its fund management activities with short-term deposits and the like, and funds are procured mainly through bank loans, issuance of new shares, and issuance of bonds. The Company deals with customers' credit risk associated with accounts receivable - trade, which are operating receivables, through periodical monitoring of the conditions of principal business partners by sales departments and management of due dates and outstanding balances on each business partner. Efforts are also made to early identification and mitigation of collection risks in the event of deterioration in financial conditions or other factors of those business partners. Investment securities are primarily stocks of corporate customers with which the Company has business relationships and are used to check the financial conditions of the issuing entities on a regular basis.

Every payment term of accounts payable - trade, which are operating payables, is within one year. Short-term borrowings primarily represent the funding relating to operating transactions. The interest rates on the borrowings are primarily fixed interests.

### 2. Market value of financial instruments

#### (i) Calculation method of the value of financial instruments and matters related to securities

The balance sheet amount, market value, and the difference between the two are as follows. Shares for which market values are not available are not included. (See Note 2). Cash and deposits, accounts receivable - trade, accounts payable - trade, short-term borrowings, etc. are not presented, as their carrying amounts approximate fair value because of the short maturity of these instruments.

(Thousands of yen)

Account item	Balance sheet amount	Market value	Difference
(1) Long-term borrowings*	31,328	30,912	(415)

(\*) - Current portion of long-term borrowings is also included.

Note 1: Calculation of market value of financial instruments and matters related to securities

The market value of long-term borrowings is calculated by applying a discount rate to the total of principal and interest for similar new borrowings.

Note 2: Shares for which market values are not available

(Thousands of yen)

Account item	Balance sheet amount
Shares not listed	3,000

## 12. Per share information

Net assets per share	¥13.28
Basic earnings (loss) per share	(¥34.35)

Note: While the Company executed a 60-for-1 stock split for its common shares effective October 24, 2024, the basic earnings (loss) per share and net asset per share information for the year ended September 30, 2025 have been calculated based on the assumption that the stock split was executed at the beginning of the term.

(TRANSLATION)

## Independent Auditor's Report

December 9, 2025

To the Board of Directors of  
PicoCELA Inc.

Nanatsu-boshi Audit Corporation  
Tokyo, Japan

Designated Engagement  
Partner  
Certified Public Accountant  
Koichi Yasuda

Designated Engagement  
Partner  
Certified Public Accountant  
Michio Minakata

### **Opinion**

Pursuant to Article 436, paragraph 2, item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of operations, the statement of changes in net assets and notes to the financial statements, and its supplemental schedules of PicoCELA Inc. (the Company) applicable to the 18th fiscal year from October 1, 2024 to September 30, 2025.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position and results of operations applicable to the fiscal year ended September 30, 2025, in accordance with accounting principles generally accepted in Japan.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material Uncertainty Related to Going Concern**

As disclosed in the notes to the financial statements, the Company has continuously recorded operating losses and ordinary losses in prior years, and also incurred operating loss, ordinary loss and net loss during the current fiscal year. These events and conditions indicate the existence of circumstances that

raise significant doubt about the Company's ability to continue as a going concern, and therefore, a material uncertainty related to going concern exists at present. The measures being taken by management to address these events and conditions, as well as the reasons why material uncertainty exists, are described in the relevant note to the financial statements. The financial statements have been prepared on the assumption that the Company will continue as a going concern, and the effects of such material uncertainty have not been reflected in the financial statements. This matter does not affect our audit opinion.

### **Other Information**

The other information comprises the information included in the Company's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit & Supervisory Board is responsible for overseeing the Directors' performance of their duties with respect to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of Management and the Audit & Supervisory Board for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit & Supervisory Board is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Interest required to be disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

#### **Notes to the Reader of Independent Auditor's Report**

This is an English translation of the Japanese language Independent Auditor's Report issued by Nanatsu-boshi Audit Corporation in connection with the audit of the financial statements of the Company, prepared in Japanese, for the fiscal year ended September 30, 2025. Nanatsu-boshi Audit Corporation has not audited the English language version of the financial statements for the above-mentioned year.

## Audit Report

The Audit and Supervisory Committee has conducted an audit of the execution of Directors' duties during the fiscal year from October 1, 2024 to September 30, 2025 and has prepared this Audit Report to report its methods and results as follows:

### (Audit methods and procedures)

#### (1) Methods and details of audit conducted by the Audit and Supervisory Committee

The Audit and Supervisory Committee established the audit policy, allocation of duties, and other relevant matters, and received reports from each Audit and Supervisory Committee member regarding the implementation of audits and results thereof, as well as reports from the Directors and other relevant personnel regarding the execution of their duties, and asked for explanation as necessary.

#### (2) While conforming to the audit policy, the allocation of duties, etc., determined by the Audit and Supervisory Committee, the Audit and Supervisory Committee endeavored to facilitate mutual understanding with the Directors, the internal audit division, and other employees, and to collect information and improve the auditing environment, and conducted the audit by the following methods:

- Attended the meetings of the Board of Directors and other important meetings, received reports on the status of work executed from the Directors and employees and requested their explanations as necessary, inspected material internal decision-making documents, and examined the business conditions and assets at the headquarters and principal offices.

#### (3) Monitored and verified whether the Accounting Auditor maintained independence and conducted proper audits while receiving reports from the Accounting Auditor regarding the status of the execution of its duties and requesting explanations where deemed necessary.

Based on the above method, the Audit and Supervisory Committee reviewed the business report and its supplementary schedules, financial statements (balance sheet, statement of income, statement of changes in equity, notes to financial statements) and their supplementary schedules.

### (Audit results)

#### (1) Audit results of business report and other information

- (i) The business report and its supplementary schedules present fairly the status of the Company in conformity with the relevant laws and regulations, and Articles of Incorporation.
- (ii) We find no unfair act or material fact in violation of laws and regulations or the Articles of Incorporation with respect to the performance of duties by the Directors.

#### (2) Audit results of financial statements and their supplementary schedules

The audit methods and results of the Accounting Auditor, Nanatsu-boshi Audit Corporation, are fair and reasonable.

December 11, 2025

Audit and Supervisory Committee, PicoCELA Inc.

Audit and Supervisory Committee Member	Hideaki Horikiri	Seal
Audit and Supervisory Committee Member	Yoshinari Noguchi	Seal
Audit and Supervisory Committee Member	Mutsuko Oba	Seal

Note: Pursuant to a resolution passed at the Extraordinary General Shareholders' Meeting held on September 30, 2025, the Company abolished its Audit and Supervisory Board and established an Audit and Supervisory Committee effective the same day. The content of this Audit Report that pertains to the status during the period from October 1, 2024 through the conclusion of the above Extraordinary General Shareholders' Meeting is based on the information carried over from the former Audit and Supervisory Board.