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| [Document Submitted]  | Quarterly Securities Report (“Shihanki-Hokokusho”)  |
| [Article of the Applicable Law Requiring Submission of This Document] | Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act of Japan  |
| [Submitted to]  | Director-General of the Tokai Local Finance Bureau  |
| [Date of Submission]  | November 14, 2023   |
| [Quarterly Accounting Period]   | Second Quarter of the 53rd Fiscal Year (from July 1, 2023 to September 30, 2023)  |
| [Company Name]  | Sun Denshi Kabushiki Kaisha   |
| [Company Name in English]   | SUNCORPORATION (the “Company”)  |
| [Position and Name of Representative]                                 | Ryusuke Utsumi, Representative Director and President   |
| [Location of Head Office]   | 250 Asahi, Kochino-cho, Konan-shi, Aichi  |
| [Phone No.]   | 058-755-2201 (main)   |
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| [Phone No.]   | 052-756-5981 (main)   |
| [Contact for Communications]  | Yoshimi Kimura, Senior Managing Director and Representative Director  |
| [Place Where Available for Public Inspection]                         | Tokyo Stock Exchange, Inc.<br>(2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)<br>SUNCORPORATION Tokyo Office<br>(5-6-10 Tsukiji, Chuo-ku, Tokyo) |

## Part I Information on the Company

### I. Overview of the Company

#### 1. Key Financial Data and Trends

| Fiscal term   | 52nd term<br>(Six months ended<br>September 30, 2022) | 53rd term<br>(Six months ended<br>September 30, 2023) | 52nd term<br>(Fiscal year ended<br>March 31, 2023) |
|---|---|---|--|
| Period of account   | From April 1, 2022 to<br>September 30, 2022           | From April 1, 2023 to<br>September 30, 2023           | From April 1, 2022 to<br>March 31, 2023            |
| Net sales (Thousands of yen)                                      | 21,195,296  | 4,648,104   | 37,449,092   |
| Ordinary profit (loss) (Thousands of yen)                         | 12,788,185  | (4,448,383)   | 14,174,666   |
| Profit (loss) attributable to owners of parent (Thousands of yen) | 6,414,746   | (4,229,062)   | 6,878,387  |
| Comprehensive income (Thousands of yen)                           | 11,061,965  | (1,393,974)   | 13,510,337   |
| Net assets (Thousands of yen)                                     | 38,724,188  | 32,300,801  | 35,013,806   |
| Total assets (Thousands of yen)                                   | 80,492,371  | 40,372,113  | 41,767,380   |
| Basic earnings per share (Yen)                                    | 270.30  | (189.88)  | 292.82   |
| Diluted earnings per share (Yen)                                  | 257.22  | —   | 278.46   |
| Equity ratio (%)  | 42.7  | 79.7  | 83.6   |
| Cash flows from operating activities (Thousands of yen)           | (9,484,261)   | 3,816,820   | (13,518,612)                                       |
| Cash flows from investing activities (Thousands of yen)           | (4,974,196)   | (3,495,276)   | (25,131,298)                                       |
| Cash flows from financing activities (Thousands of yen)           | 18,904,261  | (1,385,180)   | 25,574,225   |
| Cash and cash equivalents at end of period (Thousands of yen)     | 35,797,654  | 1,892,432   | 2,934,094  |

| Fiscal term                    | 52nd term<br>(Three months ended<br>September 30, 2022) | 53rd term<br>(Three months ended<br>September 30, 2023) |
|--------------------------------|---|---|
| Period of account              | From July 1, 2022 to<br>September 30, 2022              | From April 1, 2023 to<br>September 30, 2023             |
| Basic earnings per share (Yen) | 102.07  | (72.67)   |

- (Notes)
1. The Company prepares quarterly consolidated financial statements, and thus does not present the trends in key financial data, etc. of the filing company.
  2. Diluted earnings per share for the six months ended September 30, 2023 in the 53rd term are not shown in the above table because basic earnings per share were negative despite the existence of dilutive shares.
  3. In the 53rd term (fiscal year ending March 31, 2024), the Company finalized the provisional accounting for the business combination, and the consolidated financial position for the 52nd term (fiscal year ended March 31, 2023) reflects the details of the finalization of the provisional accounting.

#### 2. Description of Business

During the six months ended September 30, 2023, there were no material changes in the description of business conducted by the Group (the Company and its subsidiaries and associates). There were also no changes in the main subsidiaries and associates.

As the corporate performance management segmentation within the Company Group has partially been changed, the name of the reportable segment “Mobile Data Solution business” has been changed to “Global Data Intelligence business” from the first quarter of the current fiscal year. This name change has no effect on the segment information.

## II. Business Overview

### 1. Business and Other Risks

During the six months ended September 30, 2023, there were neither new business and other risks nor material changes in the business and other risks that were described in the Company's Annual Securities Report for the fiscal year ended March 31, 2023.

### 2. Management's Analysis of Financial Position, Business Performance, and Cash Flows

Forward-looking statements presented in this document are based on judgments made by the Group as of September 30, 2023.

As the corporate performance management segmentation within the Company Group has partially been changed, the name of the reportable segment "Mobile Data Solution business" has been changed to "Global Data Intelligence business" from the first quarter of the current fiscal year. This name change has no effect on the segment information.

#### (1) Review of financial performance

##### <External environment>

The data intelligence market, which our Global Data Intelligence business serves, is growing in the Asia Pacific region. The market owes its growth to law enforcement agencies, for whom leading-edge digital intelligence tools from Cellebrite DI Ltd. (hereafter, "Cellebrite"), such as Universal Forensic Extraction Device (UFED), are now indispensable solutions. In addition, the market has seen an increasing number of users introducing new digital intelligence tools to combat increasingly diverse cybercrimes.

Regarding the pachinko and pachislot market, one of the markets that our Entertainment-related business serves, smart game machines began being introduced in November, 2022, and now there are popular games for these machines. Thus, the demand for such machines, mainly smart pachislot machines, has been increasing. Meanwhile, although there have been signs of recovery from the semiconductor supply crunch due to the global shortage, there are still issues such as the ongoing upsurge of raw material prices and a decrease in number of pachinko parlors. The future of the market thus remains uncertain.

The game content market is expected to continue growing as games have been established as enjoyable home entertainment during the COVID-19 pandemic. Meanwhile, the market has been increasingly competitive as the number of games released has been increasing in an accelerated manner because the technological advancement has made it possible for a single person to develop video game with a single PC.

The market environments of some of our core businesses are uncertain as described above. Against this backdrop, we are working to establish new core products and services in line with the current social trend of moving towards utilization of leading-edge technologies, such as the Internet of things (IoT), augmented reality (AR), and artificial intelligence (AI) for further improvement of the Group's business performance.

In the IoT market, one of the markets that our New IT-related business serves, the range of IoT applications has been expanding because digitalization is imperative to eliminate labor shortages and enhance productivity. Thus, the demand for monitoring and control systems for remotely accessing industrial or other equipment has been increasing. Meanwhile, there recently has been a trend of utilizing edge computing whereby network devices locally process more data than central-management devices so that dependence and loads on clouds can be reduced. To respond to this recent trend, industrial network equipment capable of stably operating for a long period of time has become essential. Furthermore, migration from 3G to LTE (4G) is smoothly ongoing as communication carriers are scheduled to successively terminate 3G services by March 2026.

While the crunch in overall semiconductor supply is easing, component prices are continuing to soar, which may have impacts on supply of our products and our profits, and the impacts remain uncertain at present.

##### <Competitive advantages>

In the Global Data Intelligence business, over many years, the Company served law enforcement agencies who deal with tech-savvy criminals (criminal organizations) as well as explosive increases in digital evidence. More specifically, we have provided them with state-of-the-art digital intelligence tools, as well as training and services over the years, to enhance the productivity of investigation resources. UFED Ultra, our next-generation solution, makes it easier for digital investigation agencies to legally access all mobile phones and extract digital evidence. We are also moving forward with investments in AI development to significantly contribute to investigation agencies' identifying and extracting relevant evidence from a massive amount of data and huge numbers

of devices, applications, and search warrants.

In the game machine business of our Entertainment-related business, the Company specializes in certain business fields and customers to establish strong trustful relationships and step up our expressive and technical abilities in the specific areas. This enables us to execute development of contents highly attractive as products, as well as development of high-quality control boards, thus allowing us to enhance our competitive advantages.

In the game content business, the Company internally handles all phases, from development to operation, of mobile games under the famous Shanghai brand. This enables us to maintain cost-efficient profits over a long term. Furthermore, having a number of intellectual properties (IPs) in the genre of retro games, which is regaining popularity mainly in the European market, we have the prospect of further profit expansion through effective utilization of the IPs.

In the New IT-related business, our efforts center on the following: to maintain technological competitive advantages by establishing strong trustful relationships with individual communication carriers and partners and acquiring patents related to migration from 3G to LTE (4G) networks based on technologies accumulated over many years; and to further reinforce our competitiveness by developing products with keywords being 5G and edge AI. Rooster, an industrial network device, supports dual SIM and makes it possible to use lines of different communication carriers redundantly. This device automatically detects a failure in a communication carrier network and switches from the main network to the sub-network, thereby eliminating the effects of network communication failures and enabling uninterrupted operation of remote monitoring and control, and data collection. Thus, sales of Rooster have been growing steadily.

In the IoT field, a problem is to reduce large operational management burdens and maintenance costs that are required for a large number of IoT devices installed in remote locations once they are started to be installed. Our device management service called SunDMS enables alive monitoring and centralized control of Rooster, thus considerably reducing operational costs. This service has been already employed by about 1,000 companies for their operation. SunDMS, an essential service in network redundancy construction and maintenance operation, can realize stable operation, whereby the Company can be differentiated from and advantageous over other companies.

#### <Management initiatives>

The Global Data Intelligence business has been increasingly interrelated with the following phases in the scenes of increasingly sophisticated and organized cybercrimes: digital intelligence (forensics), which is investigation and analysis after the occurrence of incidences; and active cyber defense and threat intelligence, which are intended to predict and prevent in advance incidents where law enforcement agencies are targeted. We are determined to fortify our training and support structures into more specialized ones and conduct activities of providing a lineup of products equipped with new technologies so that Japanese law enforcement agencies can cope with a range of modus operandi, and also enhance sales activities in the Asia Pacific region. In response to growing calls for increasingly diverse cybercrimes to be tackled, we have begun to domestically market relevant new products based on information on its own global digital intelligence tools.

In the new IT business, we are committed to expanding our stock businesses through the following measures: further expanding the sales of the industrial network device Rooster; making efforts to develop solutions including OKUDAKE Sensor Solution; focusing on data businesses such as data visualization and analysis; and increasing added values by enhancing our services.

Furthermore, to improve our earning power, the R&D Department—a department created in October 2022 by combining the Marketing Department and Technology Development Department—is moving forward with data businesses, more specifically, technological development in the AI, information security, and healthcare fields. The Company is conducting joint research with a university that owns a technological seed, thereby pursuing development of differentiated products.

#### <Overview of products and services>

In the Global Data Intelligence business, we are moving forward with providing products, services, and support related to threat intelligence and active cyber defense in addition to conventional digital intelligence products.

We released Cellebrite Guardian, a new SaaS-based evidence management solution, which has been introduced by an increasing number of users. Cellebrite Guardian facilitates the process flow of centralized digital-evidence control including storage, management, and sharing of digital evidence. This solution also enables users to share, copy, and forward evidence data and browse past data under the authority of law enforcement agencies to enhance the efficiency of investigation flows.

Meanwhile, we have proven our high technological capability in digital forensics, for example, by winning two Forensic Focus4:cast awards—DFIR Commercial Tool of the Year and Investigator of the Year—for three consecutive years.

To add new products to our lineup, we have signed a strategic partnership agreement for sales in Japan with Sixgill headquartered in Israel, a global leading company in the threat intelligence field, and started selling its threat intelligence solution named Cybersixgill. This product is equipped with a high-performance automatic information collection capability based on Sixgill's original algorithms, targeting the deep web and dark web. It serves as a tool that enables organizations to detect and protect itself against phishing, data leakage, fraud, malware, misuse of vulnerability, etc. and strengthen cyber resilience in real-time to keep their exposure to risks as small as possible. We expect Cybersixgill to be introduced into not only government and law enforcement agencies but also private companies, such as financial institutions, at an accelerated pace.

In the game machine business of the Entertainment-related business, we work as a contractor responsible for all phases of content development for pachinko and pachislot games, including planning, designing, video production, and programming, as well as all phases related to control boards from designing to manufacturing. In addition, leveraging on our know-how in content development, we also offer smartphone applications simulating real pachinko and pachislot machines to contribute to the operation of real pachinko and pachislot machines in the market and raise awareness of contents.

In the game content business, several plans utilizing IPs related to retro games are now underway. We plan to launch SHANGHAI LEGEND for Nintendo Switch™ in December 7, 2023, and *Hebereke2* for Nintendo Switch™ by March 31, 2024.

In the New IT-related business, our LTE (4G) migration strategy products for beverage vending machines, A330 and A900, have been adopted by several major beverage vendors and already started to be installed. Our router products such as Rooster are promoted as products differentiated from those of other companies with the emphasis on features of network redundancy and linkage with SunDMS, and have been producing steady sales. Aiming to further expand our businesses, we have released an edge computer named LBX8110 in September 2023, where AI image analysis can be implemented. Serving us as a new product in the new IoT field, this edge computer offers new solutions based on the AI technologies such as image analysis.

Lastly, our sensor device OKUDAKE Sensor has entered the full-scale introduction phase for HACCP-based temperature management or predictive maintenance based on acceleration (vibration) sensor.

#### <Overview of the consolidated statements of income>

The Company as a whole posted net sales of ¥4,648 million (down 78.1% year-on-year). This is mainly because Cellebrite, which was a consolidated subsidiary throughout the six months ended September 30, 2022, became an associate accounted for using equity method as of December 31, 2022. Likewise, gross profit, indicative of the added value created by the Group, decreased to ¥1,393 million (down 90.7% year-on-year), and gross profit margin decreased to 30.0% (down by 40.7 points), due in part to the net sales decrease as mentioned above.

#### Consolidated net sales

| Segment                  | Six months ended<br>September 30, 2022<br>(Millions of yen) | Six months ended<br>September 30, 2023<br>(Millions of yen) | Year-on-year change<br>in percent<br>(%) |
|--------------------------|---|---|--|
| Global Data Intelligence | 17,246  | 484   | (97.2)                                   |
| Entertainment related    | 3,135   | 2,742   | (12.5)                                   |
| New IT-related           | 822   | 1,430   | 74.0                                     |
| Adjustment               | (9)   | (9)   | -  |
| Total                    | 21,195  | 4,648   | (78.1)                                   |

#### Gross profit

| segment                  | Six months ended<br>September 30, 2022<br>(Millions of yen) | Six months ended<br>September 30, 2023<br>(Millions of yen) | Year-on-year change<br>in percent<br>(%) |
|--------------------------|---|---|--|
| Global Data Intelligence | 13,897  | 110   | (99.2)                                   |
| Entertainment related    | 770   | 814   | 5.7                                      |
| New IT-related           | 304   | 458   | 50.7                                     |
| Adjustment               | 9   | 9   | -  |
| Total                    | 14,982  | 1,393   | (90.7)                                   |

#### Gross profit margin

| Segment                  | Six months ended<br>September 30, 2022<br>(%) | Six months ended<br>September 30, 2023<br>(%) |
|--------------------------|---|---|
| Global Data Intelligence | 80.6  | 22.8  |
| Entertainment-related    | 24.6  | 29.7  |
| New IT-related           | 37.0  | 32.1  |
| Total                    | 70.7  | 30.0  |

#### <Overview of selling, general and administrative expenses>

Consolidated selling, general and administrative expenses came to ¥1,322 million (down 92.0% year-on-year). This is mainly because Cellebrite, which was a consolidated subsidiary throughout the six months ended September 30, 2022, became an associate accounted for using equity method as of December 31, 2022.

#### Selling, general and administrative expenses

| Segment                  | Six months ended<br>September 30, 2022<br>(Millions of yen) | Six months ended<br>September 30, 2023<br>(Millions of yen) | Year-on-year change<br>in percent<br>(%) |
|--------------------------|---|---|--|
| Global Data Intelligence | 15,146  | 51  | (99.7)                                   |
| Entertainment-related    | 439   | 482   | 9.7                                      |
| New IT-related           | 284   | 354   | 24.7                                     |
| Adjustment               | 556   | 434   | -  |
| Total                    | 16,427  | 1,322   | (92.0)                                   |

#### Research and development expenses

| Segment                  | Six months ended<br>September 30, 2022<br>(Millions of yen) | Six months ended<br>September 30, 2023<br>(Millions of yen) | Year-on-year change<br>in percent<br>(%) |
|--------------------------|---|---|--|
| Global Data Intelligence | 5,374   | -   | (100.0)                                  |
| Entertainment-related    | 244   | 323   | 32.0                                     |
| New IT-related           | 140   | 109   | (22.2)                                   |
| Adjustment               | 45  | 66  | -  |
| Total                    | 5,804   | 499   | (91.4)                                   |

#### <Overview of operating profit>

The Company posted operating profit of ¥71 million (operating loss of ¥1,445 million for the six months ended September 30, 2022) on a consolidated basis. This is mainly because Cellebrite, which was a consolidated subsidiary throughout the six months ended September 30, 2022, became an associate accounted for using equity method as of December 31, 2022.

## Operating profit

| Segment                  | Six months ended<br>September 30, 2022<br>(Millions of yen) | Six months ended<br>September 30, 2023<br>(Millions of yen) | Year-on-year change<br>in percent<br>(%) |
|--------------------------|---|---|--|
| Global Data Intelligence | (1,249)   | 59  | -  |
| Entertainment-related    | 340   | 341   | 0.3                                      |
| New IT-related           | 20  | 104   | 416.6                                    |
| Adjustment               | (556)   | (434)   | -  |
| Total                    | (1,445)   | 71  | -  |

## <Overview of ordinary profit and profit attributable to owners of parent>

The Company posted ordinary loss of ¥4,448 million (ordinary profit of ¥12,788 million for the six months ended September 30, 2022) on a consolidated basis. This is mainly because it recorded share of loss of entities accounted for using equity method, amounting to ¥4,498 million, due to loss on valuation of derivatives in Cellebrite. The Company posted loss attributable to owners of parent of ¥4,229 million (profit attributable to owners of parent of ¥6,414 million for the six months ended September 30, 2022).

## <Overview of individual segments>

### [Global Data Intelligence business]

|                       | Six months ended<br>September 30, 2022<br>(Millions of yen) | Six months ended<br>September 30, 2023<br>(Millions of yen) | Year-on-year change<br>in amount<br>(Millions of yen) | Year-on-year change<br>in percent<br>(%) |
|-----------------------|---|---|---|--|
| Net Sales             | 17,246  | 484   | (16,762)  | (97.2)                                   |
| Segment profit (loss) | (1,249)   | 59  | 1,308   | -  |

Net sales decreased by ¥16,762 million mainly because Cellebrite, which was a consolidated subsidiary throughout the six months ended September 30, 2022, became an associate accounted for using equity method as of December 31, 2022.

### [Entertainment-related business]

|                | Six months ended<br>September 30, 2022<br>(Millions of yen) | Six months ended<br>September 30, 2023<br>(Millions of yen) | Year-on-year change<br>in amount<br>(Millions of yen) | Year-on-year change<br>in percent<br>(%) |
|----------------|---|---|---|--|
| Net Sales      | 3,135   | 2,742   | (393)   | (12.5)                                   |
| Segment profit | 340   | 341   | 1   | 0.3                                      |

Net sales for the game machine business decreased as a result of sales of control boards being less than forecast due to the low operation level of pachinko machines, despite favorable sales and operation of pachislot machines that we developed as a contractor.

### [New IT-related business]

|                | Six months ended<br>September 30, 2022<br>(Millions of yen) | Six months ended<br>September 30, 2023<br>(Millions of yen) | Year-on-year change<br>in amount<br>(Millions of yen) | Year-on-year change<br>in percent<br>(%) |
|----------------|---|---|---|--|
| Net Sales      | 822   | 1,430   | 608   | 74.0                                     |
| Segment profit | 20  | 104   | 84  | 416.6                                    |

Net sales and profit for this segment as a whole both increased because the M2M business saw the difficulty in component procurement easing although still being affected to some extent by soaring raw material prices.

## (2) Explanation of financial position

### (Assets, liabilities, and net assets)

#### (Assets)

Total assets stood at ¥40,372 million, a decrease of ¥1,395 million from the end of the previous fiscal year.

Current assets stood at ¥23,251 million, a decrease of ¥584 million from the end of the previous fiscal year. The main factors for decrease were decreases of ¥3,871 million in accounts receivable, ¥1,041 million in cash and deposits, and ¥791 million in notes

and accounts receivable - trade. The main factors for increase were increases of ¥3,300 million in money held in trust, ¥1,316 million in raw materials, ¥293 million in finished goods, and ¥151 million in work in process.

Non-current assets stood at ¥17,120 million, a decrease of ¥811 million from the end of the previous fiscal year. The main factor for increase was an increase of ¥2,639 million in investment securities, while the main factor for decrease was a decrease of ¥3,468 million in shares of subsidiaries and associates.

(Liabilities)

Total liabilities stood at ¥8,071 million, an increase of ¥1,317 million from the end of the previous fiscal year. Current liabilities stood at ¥4,967 million, an increase of ¥942 million from the end of the previous fiscal year. The main factors for increase were increases of ¥524 million in notes and accounts payable – trade, ¥338 million in contract liabilities, and ¥249 million in income taxes payable.

Non-current liabilities stood at ¥3,103 million, an increase of ¥375 million from the end of the previous fiscal year. The main factor for increase was an increase of ¥387 million in deferred tax liabilities.

(Net assets)

Total net assets stood at ¥32,300 million, a decrease of ¥2,713 million from the end of the previous fiscal year. The main factor for decrease was a decrease of ¥4,681 million in retained earnings, while the main factor for increase was an increase of ¥1,828 million in valuation difference on available-for-sale securities.

(3) Statuses of cash flows

As of September 30, 2023, the amount of cash and cash equivalents (“Cash”) declined by ¥1,041 million to ¥1,892 million from the end of the previous fiscal year on a consolidated basis. The respective statuses of cash flows and their contributing factors during the six months ended September 30, 2023 are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities in the six months ended September 30, 2023 was ¥3,816 million ( ¥9,484 million used in the six months ended September 30, 2022). The main factor for increase in cash was income taxes refund of ¥3,844 million.

(Cash flows from investing activities)

Net cash used in investing activities in the six months ended September 30, 2023 was ¥3,495 million ( ¥4,974 million used in the six months ended September 30, 2022). The main factor for decrease in cash was investments in money held in trust of ¥4,000 million.

(Cash flows from financing activities)

Net cash used in financing activities in the six months ended September 30, 2023 was ¥1,385 million (¥18,904 million provided in the six months ended September 30, 2022). The main factors for decrease in cash were purchase of treasury shares of ¥903 million and dividends paid of ¥452 million.

(4) Issues in business and finance to be addressed

There has been no material change in issues to be addressed by the Group during the six months ended September 30, 2023.

(5) Research and development activities

The Company recorded research and development expenses of ¥499 million in total on a consolidated bases during the six months ended September 30, 2023.



3. Material Business Agreements, etc.

Not applicable.

### III. Information on the Filing Company

#### 1. Information on the Company's Shares

##### (1) Total number of shares, etc.

###### 1) Total number of shares

| Class        | Total number of shares authorized to be issued |
|--------------|--|
| Common share | 48,000,000                                     |
| Total        | 48,000,000                                     |

###### 2) Total number of shares issued

| Class        | As of the end of the period under review (September 30, 2023) | As of the submission date (November 14, 2023) | Stock exchange on which the Company is listed | Description                               |
|--------------|---|---|---|---|
| Common share | 24,007,728  | 24,007,728                                    | Standard Market of the Tokyo Stock Exchange   | One unit of stock constitutes 100 shares. |
| Total        | 24,007,728  | 24,007,728                                    | —   | —   |

Note: The number of shares issued as of the submission date does not include the number of shares issued upon exercise of share acquisition rights between November 1, 2023 and the filing date of this Quarterly Securities Report.

##### (2) Status of the stock acquisition rights

###### 1) Details of stock option plans

Not applicable

###### 2) Rights plans

Not applicable

##### (3) Status in the exercise of bonds with stock acquisition rights with exercise price amendment

Not applicable

##### (4) Changes in the total number of shares issued, the amount of capital stock, and others

| Date                         | Change in total number of shares issued (Shares) | Balance of total number of shares issued (Shares) | Changes in capital stock (Thousands of yen) | Balance of capital stock (Thousands of yen) | Changes in legal capital surplus (Thousands of yen) | Balance of legal capital surplus (Thousands of yen) |
|------------------------------|--|---|---|---|---|---|
| July 1 to September 30, 2023 | —  | 24,007,728  | —   | 2,097,606                                   | —   | 2,111,073   |

## (5) Major shareholders

As of September 30, 2023

| Name   | Address   | Number of shares held (Shares) | Percentage of shares held to the total number of issued shares (excluding treasury shares) (%) |
|--|---|--------------------------------|--|
| Tokai Engineering Kabushiki Kaisha   | 26-2 Aza-Ishizaka, Hiroji-cho, Showa-ku, Nagoya-shi, Aichi  | 4,267,600                      | 19.2   |
| FUJISHOJI CO., LTD.  | 1-1-4 Uchihonmachi, Chuo-ku, Osaka-shi, Osaka   | 940,000                        | 4.2  |
| MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB (Standing proxy: BofA Securities Japan Co., Ltd.) | Merrill Lynch Financial Centre, 2 King Edward Street, London, United Kingdom (Nihombashi 1-chome Mitsui Building, 1-4-1 Nihombashi, Chuo-ku, Tokyo)                     | 918,210                        | 4.1  |
| Interactive Brokers LLC (Standing proxy: Interactive Brokers Securities Japan Inc.)                        | One Pickwick Plaza Greenwich, Connecticut 06830, USA (3-2-5 Kasumigaseki, Chiyoda-ku, Tokyo)  | 837,900                        | 3.8  |
| STATE STREET BANK CLIENT OMNIBUS OM04 (Standing proxy: HSBC Bank Tokyo Branch)                             | 338 Pitt Street, Sydney, NSW 2000, Australia (3-11-1 Nihombashi, Chuo-ku, Tokyo)  | 717,158                        | 3.2  |
| Goldman Sachs International (Standing proxy: Goldman Sachs Japan, Co., Ltd.)                               | Plumtree Court, 25 Shoe Lane, London EC4A 4AU, U.K. (Roppongi Hills Mori Tower, 6-10-1 Roppongi, Minato-ku, Tokyo)  | 708,642                        | 3.2  |
| CEPLUX-THE INDEPENDENT UCITS PLATFORM 2 (Standing proxy: Citibank, N.A., Tokyo Branch)                     | 31, Z.A. Bourmicht, L-8070, Bertrange, Luxembourg (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)  | 703,200                        | 3.2  |
| Michie Utsumi  | Showa-ku, Nagoya-shi, Aichi   | 680,000                        | 3.1  |
| Yashue Watanabe  | Tempaku-ku, Nagoya-shi, Aichi   | 680,000                        | 3.1  |
| OASIS INVESTMENTS II MASTER FUND LTD. (Standing proxy: Citibank, N.A., Tokyo Branch)                       | Maples Corporate Services Ltd., PO BOX 309, Ugland House South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands (6-27-30 Shinjuku, Shinjuku-ku, Tokyo) | 678,220                        | 3.0  |
| Total  | —   | 11,130,930                     | 50.1   |

(6) Status of voting rights

1) Issued shares

As of September 30, 2023

| Classification   | Number of shares<br>(Shares)                 | Number of voting<br>rights (Units) | Details |
|--|--|------------------------------------|---------|
| Shares without voting rights                                 | —  | —                                  | —       |
| Shares with limited voting rights<br>(treasury shares, etc.) | —  | —                                  | —       |
| Shares with limited voting rights<br>(others)                | —  | —                                  | —       |
| Shares with full voting rights<br>(treasury shares, etc.)    | (Treasury shares)<br>Common shares 1,794,100 | —                                  | —       |
| Shares with full voting rights<br>(others)                   | Common shares 22,208,600                     | 222,086                            | —       |
| Shares below one unit  | Common shares 5,028                          | —                                  | —       |
| Total number of shares issued                                | 24,007,728                                   | —                                  | —       |
| Total voting rights held by all<br>shareholders              | —  | 222,086                            | —       |

2) Treasury shares, etc.

As of September 30, 2023

| Shareholder                         | Address of shareholder                      | Number of shares<br>held under own<br>name<br>(Shares) | Number of shares<br>held under the<br>names of others<br>(Shares) | Total<br>(Shares) | Percentage of<br>shares held to the<br>total number of<br>shares issued (%) |
|-------------------------------------|---|--|---|-------------------|---|
| (Treasury shares)<br>SUNCORPORATION | 250 Asahi, Kochino-cho,<br>Konan-shi, Aichi | 1,794,100  | —   | 1,794,100         | 7.47  |
| Total                               | —   | 1,794,100  | —   | 1,794,100         | 7.47  |

2. Directors and Officers

Not applicable

## IV Financial Information

### 1. Basis of preparation of the quarterly consolidated financial statements

The quarterly consolidated financial statements of the Company are prepared in accordance with the “Regulation on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements” (Cabinet Office Order No. 64 of 2007).

### 2. Note on independent audit

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, the Company’s quarterly consolidated financial statements for the three months ended September 30, 2023 (July 1, 2023 to September 30, 2023) and for the six months ended September 30, 2023 (April 1, 2023 to September 30, 2023) received a quarterly review from Frontier Audit Corporation.

# 1. Quarterly Consolidated Financial Statements

## (1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

|                                       | Previous fiscal year<br>(As of March 31, 2023) | The second quarter of<br>the current fiscal year<br>(As of September 30, 2023) |
|---------------------------------------|--|--|
| <b>Assets</b>                         |  |  |
| Current assets                        |  |  |
| Cash and deposits                     | 3,138,716                                      | 2,097,055  |
| Money held in trust                   | 10,900,000                                     | 14,200,000   |
| Notes and accounts receivable - trade | 2,550,051                                      | * 1,758,576  |
| Accounts receivable                   | 3,892,155                                      | 21,044   |
| Finished goods                        | 265,381  | 559,199  |
| Work in process                       | 394,134  | 545,293  |
| Raw materials                         | 2,055,861                                      | 3,372,655  |
| Other                                 | 639,898  | 698,111  |
| Allowance for doubtful accounts       | (597)  | (398)  |
| Total current assets                  | 23,835,600                                     | 23,251,537   |
| Non-current assets                    |  |  |
| Property, plant and equipment         |  |  |
| Land                                  | 949,043  | 949,043  |
| Other, net                            | 679,701  | 666,012  |
| Total property, plant and equipment   | 1,628,744                                      | 1,615,055  |
| Intangible assets                     |  |  |
| Goodwill                              | 510,007  | 483,691  |
| Other                                 | 274,529  | 275,904  |
| Total intangible assets               | 784,537  | 759,596  |
| Investments and other assets          |  |  |
| Investment securities                 | 11,646,475                                     | 14,286,454   |
| Shares of subsidiaries and associates | 3,468,520                                      | —  |
| Other                                 | 426,543  | 483,439  |
| Allowance for doubtful accounts       | (23,040)                                       | (23,970)   |
| Total investments and other assets    | 15,518,498                                     | 14,745,923   |
| Total non-current assets              | 17,931,780                                     | 17,120,575   |
| <b>Total assets</b>                   | <b>41,767,380</b>                              | <b>40,372,113</b>  |

(Thousands of yen)

|   | Previous fiscal year<br>(As of March 31, 2023) | The second quarter of<br>the current fiscal year<br>(As of September 30, 2023) |
|---|--|--|
| <b>Liabilities</b>                                    |  |  |
| Current liabilities                                   |  |  |
| Notes and accounts payable - trade                    | 2,411,060                                      | * 2,935,984  |
| Short-term borrowings                                 | 161,395  | 95,075   |
| Current portion of long-term borrowings               | 43,778   | 39,287   |
| Accrued expenses                                      | 290,385  | 248,577  |
| Accounts payable                                      | 1,355  | 3,887  |
| Income taxes payable                                  | 2,904  | 252,233  |
| Advances received                                     | 45,559   | 80,111   |
| Contract liabilities                                  | 782,468  | 1,120,775  |
| Provision for bonuses                                 | 197,175  | 152,067  |
| Other   | 88,737   | 39,385   |
| Total current liabilities                             | 4,024,821                                      | 4,967,385  |
| Non-current liabilities                               |  |  |
| Long-term borrowings                                  | 249,111  | 282,737  |
| Deferred tax liabilities                              | 2,398,498                                      | 2,785,653  |
| Deferred tax liabilities for land revaluation         | 9,920  | 9,920  |
| Retirement benefit liability                          | 10,428   | 10,438   |
| Other   | 60,794   | 15,177   |
| Total non-current liabilities                         | 2,728,752                                      | 3,103,926  |
| Total liabilities                                     | 6,753,574                                      | 8,071,311  |
| <b>Net assets</b>                                     |  |  |
| Shareholders' equity                                  |  |  |
| Share capital   | 2,089,685                                      | 2,097,606  |
| Capital surplus                                       | 3,317,507                                      | 3,323,557  |
| Retained earnings                                     | 30,773,457                                     | 26,091,745   |
| Treasury shares                                       | (2,806,314)                                    | (3,694,780)  |
| Total shareholders' equity                            | 33,374,335                                     | 27,818,128   |
| Accumulated other comprehensive income                |  |  |
| Valuation difference on available-for-sale securities | 2,964,829                                      | 4,793,291  |
| Deferred gains or losses on hedges                    | (24,755)                                       | —  |
| Revaluation reserve for land                          | (434,203)                                      | (434,203)  |
| Foreign currency translation adjustment               | (972,154)                                      | 9,715  |
| Total accumulated other comprehensive income          | 1,533,715                                      | 4,368,803  |
| Share award rights                                    | 27,013   | 24,012   |
| Share acquisition rights                              | 78,741   | 89,857   |
| Total net assets                                      | 35,013,806                                     | 32,300,801   |
| Total liabilities and net assets                      | 41,767,380                                     | 40,372,113   |

## (2) Quarterly Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

(Quarterly Consolidated Statement of Income)

(For the six months ended September 30)

(Thousands of yen)

|   | For the six months ended<br>September 30, 2022<br>(From April 1, 2022<br>to September 30, 2022) | For the six months ended<br>September 30, 2023<br>(From April 1, 2023<br>to September 30, 2023) |
|---|---|---|
| Net sales   | 21,195,296  | 4,648,104   |
| Cost of sales   | 6,212,749   | 3,254,613   |
| Gross profit  | 14,982,546  | 1,393,491   |
| Selling, general and administrative expenses                | * 16,427,743  | * 1,322,034   |
| Operating profit (loss)                                     | (1,445,196)   | 71,456  |
| Non-operating income  |   |   |
| Interest and dividend income                                | 116,059   | 15,730  |
| Foreign exchange gains                                      | 5,191,406   | —   |
| Gain on valuation of derivatives                            | 8,974,378   | —   |
| Other   | 11,538  | 25,807  |
| Total non-operating income                                  | 14,293,383  | 41,538  |
| Non-operating expenses                                      |   |   |
| Interest expenses   | 10,319  | 1,823   |
| Foreign exchange losses                                     | —   | 29,640  |
| Share of loss of entities accounted for using equity method | —   | 4,498,420   |
| Provision of allowance for doubtful accounts                | 28,566  | —   |
| Commission for purchase of treasury shares                  | 2,884   | 22,704  |
| Other   | 18,231  | 8,789   |
| Total non-operating expenses                                | 60,001  | 4,561,378   |
| Ordinary profit (loss)                                      | 12,788,185  | (4,448,383)   |
| Extraordinary income  |   |   |
| Gain on sale of non-current assets                          | 59  | —   |
| Gain on reversal of share acquisition rights                | 198   | 476   |
| Total extraordinary income                                  | 257   | 476   |
| Extraordinary losses  |   |   |
| Loss on sale of non-current assets                          | 3,807   | —   |
| Loss on sale of shares of subsidiaries                      | 85,491  | —   |
| Loss on liquidation of subsidiaries                         | —   | 2,342   |
| Other   | 31,067  | 0   |
| Total extraordinary losses                                  | 120,366   | 2,342   |
| Profit (loss) before income taxes                           | 12,668,076  | (4,450,248)   |
| Income taxes - current                                      | 856,639   | 228,027   |
| Income taxes - deferred                                     | 153,998   | (449,213)   |
| Total income taxes  | 1,010,637   | (221,186)   |
| Profit (loss)   | 11,657,438  | (4,229,062)   |
| Profit attributable to non-controlling interests            | 5,242,691   | —   |
| Profit (loss) attributable to owners of parent              | 6,414,746   | (4,229,062)   |



## (Quarterly Consolidated Statement of Comprehensive Income)

(For the six months ended September 30)

(Thousands of yen)

|  | For the six months ended<br>September 30, 2022<br>(From April 1, 2022<br>to September 30, 2022) | For the six months ended<br>September 30, 2023<br>(From April 1, 2023<br>to September 30, 2023) |
|--|---|---|
| Profit (loss)  | 11,657,438  | (4,229,062)   |
| Other comprehensive income   |   |   |
| Valuation difference on available-for-sale securities                                | (8,172)   | 1,795,472   |
| Deferred gains or losses on hedges   | (423,892)   | —   |
| Foreign currency translation adjustment  | (163,408)   | 9,715   |
| Share of other comprehensive income of entities<br>accounted for using equity method | —   | 1,029,900   |
| Total other comprehensive income   | (595,472)   | 2,835,087   |
| Comprehensive income   | 11,061,965  | (1,393,974)   |
| Comprehensive income attributable to   |   |   |
| Comprehensive income attributable to owners of<br>parent                             | 5,652,428   | (1,393,974)   |
| Comprehensive income attributable to non-controlling<br>interests                    | 5,409,537   | —   |

## (3) Quarterly Consolidated Statement of Cash Flows

|  | (Thousands of yen)  |   |
|--|---|---|
|  | For the six months ended<br>September 30, 2022<br>(From April 1, 2022<br>to September 30, 2022) | For the six months ended<br>September 30, 2023<br>(From April 1, 2023<br>to September 30, 2023) |
| Cash flows from operating activities                                 |   |   |
| Profit (loss) before income taxes                                    | 12,668,076  | (4,450,248)   |
| Depreciation   | 667,787   | 119,285   |
| Amortization of goodwill   | 261,926   | 26,315  |
| Share-based payment expenses   | 368,077   | 26,165  |
| Increase (decrease) in allowance for doubtful accounts)              | 63,178  | (198)   |
| Increase (decrease) in provision for bonuses                         | (515,455)   | (45,857)  |
| Increase (decrease) in retirement benefit liability                  | (25,300)  | 9   |
| Interest and dividend income   | (116,059)   | (15,730)  |
| Interest expenses  | 10,319  | 1,823   |
| Foreign exchange losses (gains)                                      | (5,461,213)   | (19,370)  |
| Share of loss (profit) of entities accounted for using equity method | —   | 4,498,420   |
| Loss (gain) on valuation of derivatives                              | (8,974,378)   | —   |
| Loss (gain) on sale of shares of subsidiaries                        | 85,491  | —   |
| Loss (gain) on sale of non-current assets                            | 3,747   | —   |
| Gain on reversal of share acquisition rights                         | (198)   | (476)   |
| Decrease (increase) in trade receivables                             | 81,440  | 796,132   |
| Decrease (increase) in inventories                                   | (597,677)   | (1,761,585)   |
| Increase (decrease) in trade payables                                | (402,748)   | 522,999   |
| Decrease (increase) in prepaid expenses                              | —   | (112,726)   |
| Increase (decrease) in contract liabilities                          | (265,058)   | 338,163   |
| Increase (decrease) in accrued expenses                              | (805,960)   | 63,134  |
| Other, net   | 1,059,167   | (26,698)  |
| Subtotal   | (1,894,838)   | (40,444)  |
| Interest and dividends received                                      | 164,129   | 15,730  |
| Interest paid  | (10,319)  | (1,823)   |
| Income taxes paid  | (7,743,233)   | (673)   |
| Income taxes refund  | —   | 3,844,031   |
| Net cash provided by (used in) operating activities                  | (9,484,261)   | 3,816,820   |

|  | (Thousands of yen)  |   |
|--|---|---|
|  | For the six months ended<br>September 30, 2022<br>(From April 1, 2022<br>to September 30, 2022) | For the six months ended<br>September 30, 2023<br>(From April 1, 2023<br>to September 30, 2023) |
| Cash flows from investing activities   |   |   |
| Net decrease (increase) in time deposits   | 2,310,932   | —   |
| Purchase of securities   | (4,433,176)   | —   |
| Proceeds from redemption of securities   | 1,239,801   | —   |
| Proceeds from cancellation of money held in trust  | —   | 700,000   |
| Investments in money held in trust   | —   | (4,000,000)   |
| Purchase of investment securities  | (3,456,715)   | —   |
| Proceeds from redemption of investment securities  | —   | 46,484  |
| Purchase of property, plant and equipment  | (608,176)   | (87,435)  |
| Purchase of intangible assets  | (61,282)  | (159,916)   |
| Other, net   | 34,420  | 5,591   |
| Net cash provided by (used in) investing activities  | (4,974,196)   | (3,495,276)   |
| Cash flows from financing activities   |   |   |
| Net increase (decrease) in short-term borrowings   | (3,403,000)   | (9,062)   |
| Proceeds from long-term borrowings   | 20,000  | —   |
| Repayments of long-term borrowings   | (21,998)  | (30,261)  |
| Dividends paid   | (478,821)   | (452,648)   |
| Proceeds from exercise of employee share options   | 5,374   | 11,988  |
| Proceeds from share issuance to non-controlling shareholders                                   | 627,357   | —   |
| Purchase of treasury shares  | (414,193)   | (903,099)   |
| Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation | 22,561,992  | —   |
| Other, net   | 7,549   | (2,097)   |
| Net cash provided by (used in) financing activities  | 18,904,261  | (1,385,180)   |
| Effect of exchange rate change on cash and cash equivalents                                    | 3,913,412   | 21,974  |
| Net increase (decrease) in cash and cash equivalents   | 8,359,215   | (1,041,662)   |
| Cash and cash equivalents at beginning of period   | 27,438,438  | 2,934,094   |
| Cash and cash equivalents at end of period   | * 35,797,654  | * 1,892,432   |

[Notes]

(Additional Information)

(Liability financial instruments in Cellebrite)

Cellebrite, which is the Company's associate accounted for using equity method, assessed certain restricted shares and warrant liabilities, both of which it inherited from TWC Tech Holding II Corp. (hereafter, "TWC Corp."), at fair value and recognized them as liabilities based on the price adjustment clause in the merger agreement signed on August 30, 2021 when it was listed on the NASDAQ market in the United States of America.

The Company therefore reported share of loss (profit) of entities accounted for using equity method as a result of changes in fair value of the liabilities due to the fluctuation of Cellebrite's share price, etc. as non-operating income/expenses.

(1) Price adjustment clauses based on the merger agreement

As consideration adjustment after the closing of the transaction, if Cellebrite's volume weighted average price (VWAP) exceeds USD 12.5, USD 15 and USD 17.5 for 20 days out of any 30 days within five years from the closing date, every time each condition is satisfied, respectively, Cellebrite will issue 5,000,000 shares (up to 15,000,000 shares) for the shareholders at the time of closing, including the Company, according to their holding ratios. Also, if change of control which is defined in the merger agreement takes place in the same period, 15,000,000 shares will be issued at the timing of occurrence of the event.

(2) Restricted shares

Cellebrite has inherited restricted shares for TWC Corp.'s sponsors. If Cellebrite's volume weighted average price (VWAP) exceeds USD 12.5 and USD 15 for 20 days out of any 30 days within seven years from the closing date, rights on 3,000,000 shares will be vested, respectively. When it exceeds USD 30, rights on 1,500,000 shares will be vested. Also, if change of control which is defined in the merger agreement takes place in the same period, 7,500,000 shares will be issued at the timing of occurrence of the event.

(3) Warrant liabilities

Cellebrite has inherited the warrant liabilities (publicly offered warrant liability and privately offered warrant liability) issued by TWC Corp. in the merger agreement with the latter. Holders of the warrant liabilities have rights to purchase shares of Cellebrite at the price of USD 11.5 per share on and after September 29, 2021. The warrant liabilities will expire upon either of five years after the closing date, redemption by Cellebrite based on certain requirements, or Cellebrite's liquidation.

(Notes to Quarterly Consolidated Balance Sheet)

- \* For the accounting treatment of matured notes due on quarterly balance sheet date, the balance sheet date of the second quarter of the current fiscal year fell on a holiday of financial institutions. The Company, however, treated them as having been settled on the maturity date. The amounts of the notes due on the balance sheet date of the second quarter of the current fiscal year are as follows:

|                          | Previous fiscal year<br>(As of March 31, 2023) | The second quarter<br>of the current fiscal year<br>(As of September 30, 2023) |
|--------------------------|--|--|
| Notes receivable - trade | — thousand yen                                 | 10,660 thousand yen  |
| Notes payable - trade    | — thousand yen                                 | 103,164 thousand yen   |

## (Notes to Quarterly Consolidated Statement of Income)

- \* Major items of expenses of selling, general and administrative expenses and their amounts are as follows:

|  | Six months ended September 30, 2022<br>(From April 1, 2022<br>to September 30, 2022) | Six months ended September 30, 2023<br>(From April 1, 2023<br>to September 30, 2023) |
|--|--|--|
| Salaries, allowances and bonuses             | 5,341,185 thousand yen   | 278,439 thousand yen   |
| Research and development expenses            | 5,804,771 thousand yen   | 499,296 thousand yen   |
| Provision of allowance for doubtful accounts | 82,227 thousand yen  | (625) thousand yen   |
| Provision for bonuses                        | 37,500 thousand yen  | 44,098 thousand yen  |
| Retirement benefit expenses                  | 260,477 thousand yen   | 8,864 thousand yen   |

## (Notes to Quarterly Consolidated Statement of Cash Flows)

- \* The relationship between the balance of cash and cash equivalents at the end of the six months ended September 30, 2023 and the amount of items stated in quarterly consolidated balance sheet is as follows:

|   | Six months ended September 30, 2022<br>(From April 1, 2022<br>to September 30, 2022) | Six months ended September 30, 2023<br>(From April 1, 2023<br>to September 30, 2023) |
|---|--|--|
| Cash and deposits                                     | 38,495,378 thousand yen  | 2,097,055 thousand yen   |
| Time deposits with deposit terms of over three months | (2,697,724) thousand yen   | (204,623) thousand yen   |
| Cash and cash equivalents                             | 35,797,654 thousand yen  | 1,892,432 thousand yen   |

## (Notes to Shareholders' Equity, etc.)

Six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)

## 1. Dividends paid

| Resolution   | Class of shares | Total amount (thousands of yen) | Dividend per share (yen) | Record date    | Effective date | Sources of dividend |
|--|-----------------|---------------------------------|--------------------------|----------------|----------------|---------------------|
| Ordinary General Meeting of Shareholders held on June 23, 2022 | Common stock    | 478,821                         | 20                       | March 31, 2022 | June 24, 2022  | Retained earnings   |

Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)

## 1. Dividends paid

| Resolution   | Class of shares | Total amount (thousands of yen) | Dividend per share (yen) | Record date    | Effective date | Sources of dividend |
|--|-----------------|---------------------------------|--------------------------|----------------|----------------|---------------------|
| Ordinary General Meeting of Shareholders held on June 22, 2023 | Common stock    | 452,648                         | 20                       | March 31, 2023 | June 23, 2023  | Retained earnings   |

(Segment information, etc.)

[Segment information]

I Six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)

1. Information on net sales and profit (loss) for each reportable segment and information on the disaggregation of revenue

(Thousands of yen)

|  | Global Data<br>Intelligence<br>business | Entertainment-<br>related business | New IT-related<br>business | Total      | Adjusted<br>amount<br>(Note 1) | Amount<br>reported on the<br>quarterly<br>consolidated<br>statement of<br>income<br>(Note 2) |
|--|---|------------------------------------|----------------------------|------------|--------------------------------|--|
| Sales                                    |   |                                    |                            |            |                                |  |
| Goods transferred at a point in<br>time  | 5,210,081                               | 3,125,932                          | 796,521                    | 9,132,535  | —                              | 9,132,535  |
| Goods transferred over time              | 12,036,895                              | —                                  | 25,865                     | 12,062,760 | —                              | 12,062,760   |
| Revenue from contracts with<br>customers | 17,246,977                              | 3,125,932                          | 822,387                    | 21,195,296 | —                              | 21,195,296   |
| Revenue from external<br>customers       | 17,246,977                              | 3,125,932                          | 822,387                    | 21,195,296 | —                              | 21,195,296   |
| Transactions with other<br>segments      | —                                       | 9,597                              | —                          | 9,597      | (9,597)                        | —  |
| Total                                    | 17,246,977                              | 3,135,529                          | 822,387                    | 21,204,894 | (9,597)                        | 21,195,296   |
| Segment profit (loss)                    | (1,249,336)                             | 340,732                            | 20,241                     | (888,362)  | (556,833)                      | (1,445,196)  |

(Note) 1 Adjusted amount for segment loss of ¥(556,833) thousand includes elimination of intersegment transactions of ¥13 thousand and company-wide expenses not allocated to each reportable segment of ¥(556,846) thousand. The company-wide expenses mainly consist of general and administrative expenses not attributable to reportable segments.

2 Segment profit (loss) has been adjusted with operating (loss) on the quarterly consolidated statement of income.

II Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)

1. Information on net sales and profit (loss) for each reportable segment and information on the disaggregation of revenue

(Thousands of yen)

|                                       | Global Data Intelligence business | Entertainment-related business | New IT-related business | Total     | Adjusted amount (Note 1) | Amount reported on the quarterly consolidated statement of income (Note 2) |
|---------------------------------------|-----------------------------------|--------------------------------|-------------------------|-----------|--------------------------|--|
| Sales                                 |                                   |                                |                         |           |                          |  |
| Goods transferred at a point in time  | 41,466                            | 2,732,334                      | 1,406,629               | 4,180,430 | —                        | 4,180,430  |
| Goods transferred over time           | 443,462                           | —                              | 24,211                  | 467,673   | —                        | 467,673  |
| Revenue from contracts with customers | 484,928                           | 2,732,334                      | 1,430,841               | 4,648,104 | —                        | 4,648,104  |
| Revenue from external customers       | 484,928                           | 2,732,334                      | 1,430,841               | 4,648,104 | —                        | 4,648,104  |
| Transactions with other segments      | —                                 | 9,687                          | —                       | 9,687     | (9,687)                  | —  |
| Total                                 | 484,928                           | 2,742,022                      | 1,430,841               | 4,657,792 | (9,687)                  | 4,648,104  |
| Segment profit                        | 59,251                            | 341,747                        | 104,559                 | 505,558   | (434,102)                | 71,456   |

(Note) 1 Adjusted amount for segment profit of ¥(434,102) thousand includes company-wide expenses not allocated to each reportable segment of ¥(434,102) thousand. The company-wide expenses mainly consist of general and administrative expenses not attributable to reportable segments.

2 Segment profit has been adjusted with operating profit on the quarterly consolidated statement of income.

2. Information on changes in reportable segments, etc.

(Changes in reportable segments)

As the corporate performance management segmentation within the Company Group has partially been changed, the name of the reportable segment “Mobile Data Solution business” has been changed to “Global Data Intelligence business” from the first quarter of the current fiscal year.

Note that the segment name after the aforementioned change is disclosed in segment information for the six months ended September 30, 2022. The change, however, has no impact on the segment information for the six months ended September 30, 2022.

3. Information on assets for each reportable segment

In the six months ended September 30, 2023, segment assets of the Global Data Intelligence business decreased by ¥3,567,450 thousand as the Company reported shares of loss of entities accounted for using equity method regarding Cellebrite, which is the Company’s associate accounted for using equity method.

(Revenue recognition)

Information on the disaggregation of revenue from contracts with customers are as described in Notes to “Segment information, etc.”

(Per share information)

Basic earnings (losses) per share and the basis for its calculation as well as diluted earnings per share and the basis for its calculation are as follows.

| Item   | Six months ended<br>September 30, 2022<br>(From April 1, 2022<br>to September 30, 2022) | Six months ended<br>September 30, 2023<br>(From April 1, 2023<br>to September 30, 2023) |
|--|---|---|
| (1) Basic earnings (losses) per share  | 270.30 yen  | (189.88) yen  |
| (The basis for calculation)  |   |   |
| Profit (loss) attributable to owners of parent (thousand yen)  | 6,414,746   | (4,229,062)   |
| Profit not attributable to common shareholders (thousand yen)  | —   |   |
| Profit (loss) attributable to owners of parent in relation to common stock (thousand yen)  | 6,414,746   | (4,229,062)   |
| Weighted average number of common shares during the fiscal year (thousand yen)   | 23,732  | 22,272  |
| (2) Diluted earnings per share   | 257.22 yen  | —   |
| (The basis for calculation)  |   |   |
| Adjustments to profit attributable to owners of parent (thousand yen)  | (300,904)   | —   |
| [Of which adjustments by dilutive shares of consolidated subsidiaries (thousand yen)]  | [(300,904)]   | —   |
| Number of increased common stock (thousand shares)   | 37  | —   |
| [Of which share award rights (thousand shares)]  | [22]  | —   |
| [Of which share acquisition rights (thousand shares)]  | [14]  | —   |
| Details of shares not included in calculation of fully diluted earnings per share due to non-dilutive effect, for which there was a significant change since the end of the previous fiscal year | —   | —   |

(Note) Diluted earnings per share for the six months ended September 30, 2023 are not shown in the above table because the basic earnings per share were negative despite the existence of dilutive shares.

(Significant Subsequent Events)

Not applicable.



2 [Others]

Not applicable.

## Part II Information on Guarantors of the Filing Company

Not applicable.

## Quarterly Review Report of Independent Auditors

November 13, 2023

To the Board of Directors of  
SUNCORPORATION

Frontier Audit Corporation

Shinagawa-ku, Tokyo

Designated and  
Engagement Partner

Certified Public  
Accountant Yukio Fujii

Designated and  
Engagement Partner

Certified Public  
Accountant Daisuke Hongo

### Auditor's Conclusion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, Frontier Audit Corporation has reviewed the quarterly consolidated financial statements of SUNCORPORATION listed under "Financial Information", namely the quarterly consolidated balance sheet, the quarterly consolidated statement of income, the quarterly consolidated statement of comprehensive income, the quarterly consolidated statement of cash flows and notes, for the second quarter (from July 1, 2023 to September 30, 2023) and for the six months period (from April 1, 2023 to September 30, 2023) of the fiscal year from April 1, 2023 to March 31, 2024.

In the quarterly review which we conducted, we have concluded that the quarterly consolidated financial statements referred to above are prepared in accordance with standards for preparation of quarterly consolidated financial statements generally accepted in Japan, and nothing has come to our attention that causes us to believe that they do not fairly present, in all material respects, the financial positions of SUNCORPORATION and its consolidated subsidiaries as of September 30, 2023, their operating results and their cash flows for the six months ended on the same date.

### Basis for Auditor's Conclusion

We have conducted our quarterly review based on quarterly review standards that are generally accepted in Japan. Our responsibility under the quarterly review standards is stated in "Auditor's Responsibilities for the Quarterly Review of the Quarterly Financial Statements". We are independent of the Company and its consolidated subsidiaries in accordance with the code of professional ethics in Japan and fulfill other ethical responsibilities as an auditor. We believe that we have obtained the evidence to provide a basis for our conclusion.

### Management's and the Audit and Supervisory Committee's Responsibilities for the Quarterly Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the quarterly consolidated financial statements based on the standards for the preparation of quarterly consolidated financial statements generally accepted in Japan. This includes the development and operation of internal control as management judges necessary to enable the preparation and fair presentation of quarterly consolidated financial statements which are free from material misstatement, whether due to fraud or error.

In preparing the quarterly consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the quarterly consolidated financial statements in accordance with the going concern assumption and disclosing items regarding the going concern assumption in accordance with the standards for preparation of quarterly consolidated financial statements generally accepted in Japan if such items are required to be disclosed.

The Audit and Supervisory Committee is responsible for monitoring the execution of Directors' duties in the development and operation of the financial reporting process.

## Auditor's Responsibilities for the Quarterly Review of the Quarterly Consolidated Financial Statements

We are responsible for expressing a conclusion on the quarterly consolidated financial statements in the quarterly review report from an independent perspective based on the quarterly review which we have conducted.

We exercise professional judgements and conduct the followings with an attitude of professional skepticism throughout the process of a quarterly review in accordance with quarterly review standards generally accepted in Japan.

- We principally make inquiries to the management and the persons who are responsible for financial and accounting matters, etc. applying analytical procedures and conducting other quarterly review procedures. The quarterly review procedures are less exhaustive than the annual audits on financial statements conducted in accordance with audit standards generally accepted in Japan.
- If we deem that there is a material uncertainty regarding events or conditions which may cast significant doubt on matters on the going concern assumption, we conclude whether the quarterly consolidated financial statements are found to contain any matters that would lead one to believe that those are not fairly presented in accordance with the standards for preparation of quarterly consolidated financial statements generally accepted in Japan based on the evidence we obtain. If there is a material uncertainty regarding the going concern assumption, we are required to raise awareness in notes to the quarterly consolidated financial statements in the quarterly review report, or if notes to a material uncertainty in the quarterly financial statements are inappropriate, we are required to express a qualified or negative conclusion on the quarterly consolidated financial statements. While our conclusion is based on the evidence that we obtained by the date of the quarterly review report, the Company may not be able to exist as a going concern, depending on future events or circumstances.
- We evaluate not only whether the presentation and notes of the quarterly consolidated financial statements are found to contain any matters that would lead one to believe that those are not in accordance with the standards for preparation of quarterly consolidated financial statements generally accepted in Japan, but also assess the presentation, structure and content of the quarterly consolidated financial statements, including the related notes, as well as whether the quarterly consolidated financial statements are found to contain any matters that would lead one to believe that those do not fairly present underlying transactions and accounting events.
- In order to express a conclusion on the quarterly consolidated financial statements, we obtain evidence on the financial information of the Company and its consolidated subsidiaries. We are responsible for the instructions, supervision and execution of the quarterly review of the quarterly consolidated financial statements. We bear sole responsibility for our conclusion.

We report to the Audit and Supervisory Committee on the scope and timing of implementation of a planned quarterly review and material findings in a quarterly review.

We report to the Audit and Supervisory Committee that we have observed the code of professional ethics in Japan in terms of independence and on matters that are reasonably believed to impact our independence, as well as on details of any countermeasures if those are applied to eliminate obstacles or on any safeguards if those are applied to reduce obstacles to an acceptable level.

## Interest

There exists no special interest between the Company as well as its consolidated subsidiaries and this audit corporation or its engagement partners which is required to be stated pursuant to the provisions of the Certified Public Accountants Act.

End of text

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(Note) 1. The original of the quarterly review report stated above is separately archived by the Company (the company submitting the quarterly report).

2. XBRL data is not included in the target of the quarterly review.