



March 15, 2022

Dear all,

Company name: SUNCORPORATION
Name of representative: Ryusuke Utsumi,
CEO
(Code No. 6736 TSE JASDAQ)
For further information, please contact
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Notice on non-operating income

Please be advised that SUNCORPORATION will record the following non-operating income in the fiscal year ending in March 2022.

1. Gains on valuation of derivatives (consolidated)

With regard to the derivative liabilities recorded in connection with the merger agreement entered into when Cellebrite DI Ltd ("Cellebrite"), a consolidated subsidiary of SUNCORPORATION, became listed on NASDAQ on August 30, 2021, a 4,730 million yen gain on valuation of derivatives arising from changes in fair value due to changes in Cellebrite's share price and other factors will be recorded as non-operating income.

As stated in "The Third Quarter Report of the 51st term, 4. Accounting status 1. Notes to the quarterly consolidated financial statements (additional information)" published on February 14, 2022, in connection with the conclusion of the Merger Agreement, Cellebrite recognises the price adjustment clauses and certain restricted shares inherited from TWC Tech Holdings II Corp ("TWC") as liabilities, as well as the warrant liabilities. These liabilities affect the Group's results and financial position due to changes in the fair value of Cellebrite's share price and other factors. The details of these liabilities are as follows.

(1) Price adjustment clauses under merger agreements

As a post-closing adjustment to the consideration for the transaction, if the trading volume weighted average price (VWAP) of Cellebrite for 20 of any 30 days within five years of the Closing Date exceeds US\$12.5, US\$15 and US\$17.5, each time, 5,000,000 shares (up to a maximum of 15,000,000 shares) will be issued to the shareholders at the Closing, including SUNCORPORATION, in proportion to their shareholding at the time of the merger (69.89% for SUNCORPORATION).

(2) Restricted shares

Cellebrite has inherited restricted shares in TWC's sponsors and will be entitled to 3,000,000 shares if Cellebrite's volume weighted average price per share (VWAP) for 20 of any 30 days within seven years of the Closing Date exceeds US\$12.5 and US\$15 respectively, and 1,500,000 shares if the VWAP exceeds US\$30.

(3) Warrant liabilities

Based on the merger agreement with TWC, Cellebrite has inherited the warrant liabilities (public and private warrant liabilities) issued by TWC. Holders of the warrant liabilities have the right to purchase Cellebrite shares at a price of US\$11.5 per share on or after September 29, 2021. The warrant liability expires five years after the Closing Date, either upon redemption by Cellebrite in accordance with certain requirements or upon the liquidation of Cellebrite.

2. The impact on performance

The above non-operating income is reflected in today's "Notice on the forecast results and dividends for the fiscal year ending in March 2022".