



November 14, 2022

Dear all,

Company name: SUNCORPORATION
Name of representative: Ryusuke Utsumi,
CEO
(Code No. 6736 TSE Standard)
Contact: Yoshimi Kimura,
Senior Managing Director
(Tel 052-756-5981)

Notice of Our Consolidated Subsidiary's Change into an Equity Method Affiliate

Our consolidated subsidiary Cellebrite DI Ltd. ("Cellebrite") is expected to change into an equity method affiliate from October 1, 2022.

1. Reasons for the change.

Cellebrite issues options (RSUs) to employees, which causes dilution of shares.

Although we held 50.5% of Cellebrite's shares at the end of March 2022, the aforementioned dilution resulted in a shareholding of 49.8% at October 1st, 2022.

As a result, for the fiscal year ending in March 2023, Cellebrite will remain in the income statement as a consolidated subsidiary until the 3rd quarter of the fiscal year, but will be excluded from the BS from the end of the 3rd quarter, and will become an equity method affiliate from the 4th quarter.

2. An Overview of Cellebrite

(1) Name	Cellebrite DI Ltd	
(2) Location.	94 Shlomo Shmeltzer Rd., Park Ezorim, P.O.B. 3925 Petah Tikva 4970602 Israel	
(3) Title and name of representative	Yossi Carmil, CEO	
(4) Business activities	Development and sale of digital solutions	
(5) Capital	1,345 NIS (¥28,662,000)	
(6) Date of Establishment	April, 1999	
(7) Major shareholders and shareholding ratios	Ordinary Shares SUNCORPORATION: 50.5%. IGP SAFERWORLD LIMITED PARTNERSHIP : 17.2% CEDE & CO (FAST ACCOUNT) : 12.4% Preferred shares have been converted into ordinary shares.	
(8) The relationship with the listed company	capital ties	Investment is made as described in (7) above.
	Human resources	Two directors serve concurrently as directors of Cellebrite
	business relations	Cellebrite is SUNCORPORATION's supplier
(9) Consolidated operating results and consolidated financial position of the company concerned.		

	Fiscal Year ended in December 2019	Fiscal Year ended in December 2020	Fiscal Year ended in December 2021
Net Assets	USD 151,615,000 (¥16,611,007,000)	USD 164,591,000 (¥17,035,186,000)	USD(57,563,000) (¥-6,620,974,000)
Total Assets	USD 303,935,000 (¥33,299,159,000)	USD 364,527,000 (¥37,728,595,000)	USD 349,020,000 (¥40,144,394,000)
Net assets per share	USD 1.04 (¥113.50)	USD 0.97 (¥99.98)	USD (-0.36) (-¥40.99)
Sales amount	USD 171,612,000 (¥18,801,916,000)	USD 195,160,000 (¥20,199,098,000)	USD 246,294,000 (¥28,328,737,000)
Operating profits	USD (2,124,000) (¥-232,800,000)	USD 8,383,000 (¥867,724,000)	USD 11,945,000 (¥1,374,011,000)
Ordinary profits	USD 1,207,000 (¥132,291,000)	USD 10,657,000 (¥1,103,078,000)	USD 98,571,000 (¥11,337,648,000)
Net profit for the fiscal year attributable to shareholders of the parent company	(SUNCORPORATION Attribution) USD (1,305,000) (¥-142,938,000) (Cellebrite attribution) USD (1,697,000) (¥-185,990,000)	(SUNCORPORATION Attribution) USD 2,957,000 (¥306,064,000) (Cellebrite attribution) USD 4,176,000 (¥432,234,000)	(SUNCORPORATION Attribution) USD 47,333,000 (¥5,444,334,000) (Cellebrite attribution) USD 87,597,000 (¥10,075,498,000)
Net profit per share	(SUNCORPORATION Attribution) (USD -0.06) (-¥6.33) (Cellebrite attribution) (USD -0.01) (-¥1.27)	(SUNCORPORATION Attribution) USD 0.13 (¥13.42) (Cellebrite attribution) USD 0.02 (¥1.8)	(SUNCORPORATION Attribution) USD 1.98 (¥227.48) (Cellebrite attribution) USD 0.54 (¥62.37)
Dividend per share	USD 0.06 (¥6.5)	USD 0.57 (¥62.7)	-

Note: The above figures are after consolidation adjustments.

3. Future outlook

Although Cellebrite will change into an equity method affiliate due to the share dilution caused by the shareholding ratio change, we will remain a major shareholder as before and will continue to work with Cellebrite as one of our group companies.

While the impact includes the exclusion of Cellebrite's sales from our consolidated sales figures from the fiscal year ending in March 2023, there will be no impact on our business performance.