



February 21, 2024

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)

To Our Shareholders

We would like to state the following since some of our shareholders have requested that SUNCORPORATION ("SUN") distribute the Cellebrite shares owned by SUN and non-operating assets as a dividend to the shareholders of SUN as a measure to increase SUN's shareholder value and to remedy the situation where SUN's market capitalization is less than the value of the Cellebrite shares owned by SUN.

While we appreciate your request to implement the appropriate measures to return profits to the shareholders, we believe that the distribution of Cellebrite shares as a dividend to the SUN shareholders would be very difficult in practice and would not be the appropriate method to increase SUN's shareholder value for the following reasons.

- While many foreign shareholders and Japanese institutional shareholders own SUN's shares, there are still approximately 25% of Japanese individual shareholders who typically do not have an account to hold U.S.-listed securities. As a practical matter, under the current system, such Japanese shareholders would not be able to receive Cellebrite's U.S. listed shares. Since SUN cannot force such shareholders to open an account to hold U.S. listed securities, it is possible that SUN may not be able to distribute its profits to shareholders on a pro rata basis.
- In the event of a dividend distribution in kind, the dividend is classified as dividend income and is therefore taxable at the SUN's shareholder level. However, they will not receive cash to pay such taxes. In particular, Japanese shareholders who do not have an account to hold U.S. listed securities would have difficulty paying such taxes because they would not be able to receive the Cellebrite shares and then sell those shares to obtain cash.
- Based on the most recent annual balance sheet as of March 31, 2023, SUN's retained earnings for distribution is only JPY 27 billion, and it does not have sufficient earnings available to implement the distribution of all or a substantial portion of the Cellebrite shares held by SUN as a dividend.
- Under the Companies Act of Japan, the distribution-in-kind (without giving an option to select cash distribution) to the SUN's shareholders require a special resolution with two-thirds or more votes in favor of such proposal attended at the general meeting which would be difficult to pass given that, generally, Japanese investors would not want US listed shares.

In light of the above, we believe that distributing Cellebrite shares as a dividend to the shareholders of SUN would be very difficult in practice and would not be the appropriate method to increase SUN's shareholder value. We are considering various measures to enhance the SUN's shareholder value and would be willing to discuss such measures with you, but please note that a distribution in kind would not be one of those measures.

Yours sincerely,