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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]	February 13, 2024
[Quarterly Accounting Period]	Third Quarter of the 53rd Fiscal Year (from October 1, 2023 to December 31, 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
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[Contact for Communications]	Yoshimi Kimura, Senior Managing Director and Representative Director
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo) SUNCORPORATION Tokyo Office (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 (Nine months ended December 31, 2022)	53rd term (Nine months ended December 31, 2023)	52nd term (Fiscal year ended March 31, 2023)
Period of account	From April 1, 2022 to December 31, 2022	From April 1, 2023 to December 31, 2023	From April 1, 2022 to March 31, 2023
Net sales (Thousands of yen)	34,497,449	7,467,638	37,449,092
Ordinary profit (loss) (Thousands of yen)	13,566,607	(4,267,119)	14,174,666
Profit (loss) attributable to owners of parent (Thousands of yen)	6,305,765	(4,145,435)	6,878,387
Comprehensive income (Thousands of yen)	11,959,010	(176,365)	13,510,337
Net assets (Thousands of yen)	34,838,541	33,519,269	35,013,806
Total assets (Thousands of yen)	42,974,172	42,190,734	41,767,380
Basic earnings per share (Yen)	266.28	(186.29)	292.82
Diluted earnings per share (Yen)	252.09	—	278.46
Equity ratio (%)	80.9	79.2	83.6

Fiscal term	52nd term (Three months ended December 31, 2022)	53rd term (Three months ended December 31, 2023)
Period of account	From October 1, 2022 to December 31, 2022	From October 1, 2023 to December 31, 2023
Basic earnings per share (Yen)	(4.62)	3.76

- (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 nine months ended December 31, 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 nine months ended December 31, 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 nine months ended December 31, 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 December 31, 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, saw a wider adoption by U.S. police organizations of leading-edge digital intelligence tools from Cellebrite DI Ltd. (hereafter, "Cellebrite"), such as Universal Forensic Extraction Device (UFED), as they are now indispensable solutions.

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 due to changes in lifestyles since 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.

In the Internet of things (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.

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 IoT, augmented reality (AR), and artificial intelligence (AI) for further improvement of the Group's business performance.

##### <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, has made 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 console games and 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. Cellebrite, an associate accounted for using equity method, announced its release of Mobile Ultra for mobile device investigations in the private sector. As an all-in-one application, Mobile Ultra reveals facts quickly and accelerates the collection, extraction, and reporting process during corporate investigations. It also announced Cellebrite Smart Search, a new SaaS-based solution that securely automates the collection and review of publicly available online data. The addition of Cellebrite Smart Search broadens the range of high-value investigative tools within the Cellebrite portfolio. Built specifically for investigators, Cellebrite Smart Search collects all publicly available online data on a

desired individual or organization and reveals the most relevant information, quickly generating a standardized and shareable report for stakeholders. Cellebrite launched on the market a new SaaS offering for corporate investigations and eDiscovery named Endpoint Mobile Now, its first SaaS solution for private sector customers. To add new products to our lineup, we started a full-scale sale of Cybersixgill, an intelligence solution dedicated for monitoring the deep web and dark web that was developed by Sixgill, a global leading company in the threat intelligence field and headquartered in Israel, with which we signed a strategic partnership agreement for sales in November 2023. 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 have seen an increasing number of Cybersixgill users not only in government organs and law-enforcement agencies, but also in financial service providers and other private enterprises, amid growing awareness of active cyber defense to combat cybercrimes and cyberattacks that have been increasingly sophisticated and organized year by year.

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 *Hebereke2* for multiple platforms (game consoles) globally on February 29, 2024. In addition, *Ikki Unite*, which we launched for Steam in February 2023 and achieved popularity, is scheduled to be released 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 ¥7,467 million (down 78.4% year-on-year). This is mainly because Cellebrite, which was a consolidated subsidiary throughout the nine months ended December 31, 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 ¥2,211 million (down 91.0% year-on-year), and gross profit margin decreased to 29.6% (down by 41.8 points), due in part to the net sales decrease as mentioned above.

#### Consolidated net sales

Segment	Nine months ended December 31, 2022 (Millions of yen)	Nine months ended December 31, 2023 (Millions of yen)	Year-on-year change in percent (%)
Global Data Intelligence	28,734	740	(97.4)
Entertainment related	4,473	4,544	1.6
New IT-related	1,312	2,195	67.3
Adjustment	(22)	(13)	-
Total	34,497	7,467	(78.4)

#### Gross profit

segment	Nine months ended December 31, 2022 (Millions of yen)	Nine months ended December 31, 2023 (Millions of yen)	Year-on-year change in percent (%)
Global Data Intelligence	23,023	173	(99.2)
Entertainment related	1,101	1,308	18.8
New IT-related	475	716	50.5
Adjustment	22	13	-
Total	24,623	2,211	(91.0)

#### Gross profit margin

Segment	Nine months ended December 31, 2022 (%)	Nine months ended December 31, 2023 (%)
Global Data Intelligence	80.1	23.4
Entertainment-related	24.6	28.8
New IT-related	36.3	32.6
Total	71.4	29.6

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

Consolidated selling, general and administrative expenses came to ¥1,993 million (down 92.5% year-on-year). This is mainly because Cellebrite, which was a consolidated subsidiary throughout the nine months ended December 31, 2022, became an associate accounted for using equity method as of December 31, 2022.

#### Selling, general and administrative expenses

Segment	Nine months ended December 31, 2022 (Millions of yen)	Nine months ended December 31, 2023 (Millions of yen)	Year-on-year change in percent (%)
Global Data Intelligence	24,650	81	(99.7)
Entertainment-related	690	728	5.5
New IT-related	399	552	38.2
Adjustment	758	631	-
Total	26,497	1,993	(92.5)

#### Research and development expenses

Segment	Nine months ended December 31, 2022 (Millions of yen)	Nine months ended December 31, 2023 (Millions of yen)	Year-on-year change in percent (%)
Global Data Intelligence	8,828	-	(100.0)
Entertainment-related	417	488	17.0
New IT-related	202	187	(7.2)
Adjustment	77	106	-
Total	9,525	782	(91.8)

#### <Overview of operating profit>

The Company posted operating profit of ¥218 million (operating loss of ¥1,874 million for the nine months ended December 31, 2022) on a consolidated basis. This is mainly because Cellebrite, which was a consolidated subsidiary throughout the nine months ended December 31, 2022, became an associate accounted for using equity method as of December 31, 2022.

## Operating profit

Segment	Nine months ended December 31, 2022 (Millions of yen)	Nine months ended December 31, 2023 (Millions of yen)	Year-on-year change in percent (%)
Global Data Intelligence	(1,626)	91	-
Entertainment-related	433	593	36.8
New IT-related	76	164	115.0
Adjustment	(758)	(631)	-
Total	(1,874)	218	-

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

The Company posted ordinary loss of ¥4,267 million (ordinary profit of ¥13,566 million for the nine months ended December 31, 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 ¥4,145 million (profit attributable to owners of parent of ¥6,305 million for the nine months ended December 31, 2022).

## <Overview of individual segments>

### [Global Data Intelligence business]

	Nine months ended December 31, 2022 (Millions of yen)	Nine months ended December 31, 2023 (Millions of yen)	Year-on-year change in amount (Millions of yen)	Year-on-year change in percent (%)
Net Sales	28,734	740	(27,993)	(97.4)
Segment profit (loss)	(1,626)	91	1,718	-

Net sales decreased by ¥27,993 million mainly because Cellebrite, which was a consolidated subsidiary throughout the nine months ended December 31, 2022, became an associate accounted for using equity method as of December 31, 2022.

### [Entertainment-related business]

	Nine months ended December 31, 2022 (Millions of yen)	Nine months ended December 31, 2023 (Millions of yen)	Year-on-year change in amount (Millions of yen)	Year-on-year change in percent (%)
Net Sales	4,473	4,544	71	1.6
Segment profit	433	593	159	36.8

Net sales and profit for the game machine business increased as a result of increases in products that we developed as a contractor and orders received for new products, despite higher costs arising from surging parts and components prices due mainly to semiconductor shortages.

### [New IT-related business]

	Nine months ended December 31, 2022 (Millions of yen)	Nine months ended December 31, 2023 (Millions of yen)	Year-on-year change in amount (Millions of yen)	Year-on-year change in percent (%)
Net Sales	1,312	2,195	882	67.3
Segment profit	76	164	87	115.0

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) Assets, liabilities, and net assets

(Assets)

Total assets stood at ¥42,190 million, an increase of ¥423 million from the end of the previous fiscal year.

Current assets stood at ¥23,635 million, a decrease of ¥200 million from the end of the previous fiscal year. The main factors for decrease were decreases of ¥3,873 million in accounts receivable, ¥1,768 million in cash and deposits, and ¥137 million in notes and accounts receivable - trade. The main factors for increase were increases of ¥3,300 million in money held in trust, ¥1,798 million in raw materials, and ¥395 million in finished goods.

Non-current assets stood at ¥18,555 million, an increase of ¥623 million from the end of the previous fiscal year. The main factor for increase was an increase of ¥4,155 million in investment securities, while the main factor for decrease was a decrease of ¥3,467 million in shares of subsidiaries and associates.

(Liabilities)

Total liabilities stood at ¥8,671 million, an increase of ¥1,917 million from the end of the previous fiscal year.

Current liabilities stood at ¥5,131 million, an increase of ¥1,106 million from the end of the previous fiscal year. The main factors for increase were increases of ¥430 million in short-term borrowings, ¥327 million in contract liabilities, ¥249 million in notes and accounts payable – trade, and ¥220 million in income taxes payable.

Non-current liabilities stood at ¥3,540 million, an increase of ¥811 million from the end of the previous fiscal year. The main factor for increase was an increase of ¥822 million in deferred tax liabilities.

(Net assets)

Total net assets stood at ¥33,519 million, a decrease of ¥1,494 million from the end of the previous fiscal year. The main factor for decrease was a decrease of ¥4,598 million in retained earnings, while the main factor for increase was an increase of ¥2,953 million in valuation difference on available-for-sale securities.

(3) Issues in business and finance to be addressed

There has been no material change in issues to be addressed by the Group during the nine months ended December 31, 2023.

(4) Research and development activities

The Company recorded research and development expenses of ¥782 million in total on a consolidated bases during the nine months ended December 31, 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 (December 31, 2023)	As of the submission date (February 13, 2024)	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 February 1, 2024 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)
October 1 to December 31, 2023	—	24,007,728	—	2,097,606	—	2,111,073

(5) Major shareholders

There is no matter to be stated, as the current quarterly accounting period is the third quarter.

(6) Status of voting rights

As for the status of voting rights as of December 31, 2023, we cannot confirm and list the details in the shareholder registry. The below is based on the registry as of the most recent record date on September 30, 2023.

1) Issued shares

As of December 31, 2023

Classification	Number of shares (Shares)	Number of voting rights (Units)	Details
Shares without voting rights	—	—	—
Shares with limited voting rights (treasury shares, etc.)	—	—	—
Shares with limited voting rights (others)	—	—	—
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Common shares 1,794,100	—	—
Shares with full voting rights (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 shareholders	—	222,086	—

2) Treasury shares, etc.

As of December 31, 2023

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

Note: 1,050 shares of treasury shares were disposed of during the three months ended December 31, 2023, due to the exercise of stock option rights. As a result, the number of treasury shares as of December 31, 2023 decreased to 1,793,177, including those acquired through the purchase of shares less than one unit.

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 December 31, 2023 (October 1, 2023 to December 31, 2023) and for the nine months ended December 31, 2023 (April 1, 2023 to December 31, 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 (As of March 31, 2023)	The third quarter of the current fiscal year (As of December 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	3,138,716	1,370,691
Money held in trust	10,900,000	14,200,000
Notes and accounts receivable - trade	2,550,051	* 2,412,917
Accounts receivable	3,892,155	18,944
Finished goods	265,381	660,712
Work in process	394,134	482,960
Raw materials	2,055,861	3,854,359
Other	639,898	635,173
Allowance for doubtful accounts	(597)	(596)
Total current assets	23,835,600	23,635,162
Non-current assets		
Property, plant and equipment		
Land	949,043	949,043
Other, net	679,701	661,235
Total property, plant and equipment	1,628,744	1,610,278
Intangible assets		
Goodwill	510,007	469,425
Other	274,529	244,454
Total intangible assets	784,537	713,879
Investments and other assets		
Investment securities	11,646,475	15,802,278
Shares of subsidiaries and associates	3,468,520	1,000
Other	426,543	428,134
Allowance for doubtful accounts	(23,040)	—
Total investments and other assets	15,518,498	16,231,413
Total non-current assets	17,931,780	18,555,571
<b>Total assets</b>	<b>41,767,380</b>	<b>42,190,734</b>

(Thousands of yen)

	Previous fiscal year (As of March 31, 2023)	The third quarter of the current fiscal year (As of December 31, 2023)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	2,411,060	* 2,660,914
Short-term borrowings	161,395	591,800
Current portion of long-term borrowings	43,778	38,366
Accrued expenses	290,385	250,788
Accounts payable	1,355	3,386
Income taxes payable	2,904	223,727
Advances received	45,559	82,409
Contract liabilities	782,468	1,110,406
Provision for bonuses	197,175	126,584
Other	88,737	42,808
Total current liabilities	4,024,821	5,131,193
Non-current liabilities		
Long-term borrowings	249,111	275,041
Deferred tax liabilities	2,398,498	3,220,695
Deferred tax liabilities for land revaluation	9,920	9,920
Retirement benefit liability	10,428	10,844
Other	60,794	23,770
Total non-current liabilities	2,728,752	3,540,271
Total liabilities	6,753,574	8,671,464
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,089,685	2,097,606
Capital surplus	3,317,507	3,323,406
Retained earnings	30,773,457	26,175,372
Treasury shares	(2,806,314)	(3,692,716)
Total shareholders' equity	33,374,335	27,903,669
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,964,829	5,918,469
Deferred gains or losses on hedges	(24,755)	—
Revaluation reserve for land	(434,203)	(434,203)
Foreign currency translation adjustment	(972,154)	18,520
Total accumulated other comprehensive income	1,533,715	5,502,786
Share award rights	27,013	24,012
Share acquisition rights	78,741	88,801
Total net assets	35,013,806	33,519,269
Total liabilities and net assets	41,767,380	42,190,734

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

(Quarterly Consolidated Statement of Income)

(For the nine months ended December 31)

	(Thousands of yen)	
	For the nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)	For the nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)
Net sales	34,497,449	7,467,638
Cost of sales	9,874,243	5,256,054
Gross profit	24,623,206	2,211,584
Selling, general and administrative expenses	26,497,951	1,993,106
Operating profit (loss)	(1,874,744)	218,477
Non-operating income		
Interest and dividend income	318,027	46,866
Foreign exchange gains	3,069,942	—
Gain on valuation of derivatives	12,107,269	—
Other	16,231	26,744
Total non-operating income	15,511,471	73,610
Non-operating expenses		
Interest expenses	13,400	2,993
Foreign exchange losses	—	22,021
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	3,959	22,704
Other	24,192	13,069
Total non-operating expenses	70,119	4,559,207
Ordinary profit (loss)	13,566,607	(4,267,119)
Extraordinary income		
Gain on sale of non-current assets	2,240	0
Gain on reversal of share acquisition rights	198	1,029
Total extraordinary income	2,438	1,030
Extraordinary losses		
Loss on sale of non-current assets	4,033	229
Loss on sale of shares of subsidiaries	85,491	—
Loss on liquidation of subsidiaries	—	6,165
Impairment losses	70,230	—
Other	41,083	139
Total extraordinary losses	200,839	6,534
Profit (loss) before income taxes	13,368,207	(4,272,623)
Income taxes - current	59,005	270,863
Income taxes - deferred	381,474	(398,051)
Total income taxes	440,479	(127,187)
Profit (loss)	12,927,727	(4,145,435)
Profit attributable to non-controlling interests	6,621,961	—
Profit (loss) attributable to owners of parent	6,305,765	(4,145,435)

## (Quarterly Consolidated Statement of Comprehensive Income)

(For the nine months ended December 31)

(Thousands of yen)

	For the nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)	For the nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)
Profit (loss)	12,927,727	(4,145,435)
Other comprehensive income		
Valuation difference on available-for-sale securities	1,842,854	2,920,650
Deferred gains or losses on hedges	(293,886)	—
Foreign currency translation adjustment	(2,517,685)	18,520
Share of other comprehensive income of entities accounted for using equity method	—	1,029,900
Total other comprehensive income	(968,716)	3,969,070
Comprehensive income	11,959,010	(176,365)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,335,134	(176,365)
Comprehensive income attributable to non-controlling interests	5,623,876	—



[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 third 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 third quarter of the current fiscal year are as follows:

	Previous fiscal year (As of March 31, 2023)	The third quarter of the current fiscal year (As of December 31, 2023)
Notes receivable - trade	— thousand yen	2,565 thousand yen
Notes payable - trade	— thousand yen	113,816 thousand yen

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

The Company does not prepare a quarterly consolidated statement of cash flows for the nine months ended December 31, 2023.

The amounts of the depreciation/amortization (including amortization of intangible assets other than that of goodwill and customer-related assets), and the amortization of goodwill and customer-related assets for the nine months ended December 31, 2023 are as follows:

	Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)	Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)
Depreciation/amortization	1,075,732 thousand yen	181,861 thousand yen
Amortization of goodwill	416,259 thousand yen	40,582 thousand yen
Amortization of customer-related assets	— thousand yen	6,987 thousand yen

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

Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 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

## 2. Significant changes in the amount of shareholders' equity

In the three months ended December 31, 2022, the Company excluded Cellebrite and its 13 subsidiaries from the scope of consolidation to make them the Company's associates accounted for using equity method.

As a result, as of December 31, 2022, the Company's capital surplus amounted to ¥3,317,507 thousand while its retained earnings amounted to ¥30,200,835 thousand.

Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 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 Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 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 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	8,975,052	4,451,093	1,272,806	14,698,951	—	14,698,951
Goods transferred over time	19,758,956	—	39,541	19,798,498	—	19,798,498
Revenue from contracts with customers	28,734,008	4,451,093	1,312,348	34,497,449	—	34,497,449
Revenue from external customers	28,734,008	4,451,093	1,312,348	34,497,449	—	34,497,449
Transactions with other segments	—	22,184	—	22,184	(22,184)	—
Total	28,734,008	4,473,277	1,312,348	34,519,634	(22,184)	34,497,449
Segment profit (loss)	(1,626,727)	433,843	76,357	(1,116,526)	(758,218)	(1,874,744)

(Note) 1 Adjusted amount for segment loss of ¥(758,218) thousand includes elimination of intersegment transactions of ¥76 thousand and company-wide expenses not allocated to each reportable segment of ¥(758,295) 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.

2. Information on assets for each reportable segment

In the three months ended December 31, 2022, the Company excluded Cellebrite and its 13 subsidiaries, which had been the Company's consolidated subsidiaries, from the scope of consolidation to make them the Company's associates accounted for using equity method. As a result, the segment assets of the Global Data Intelligence business decreased by ¥36,366,642 thousand from March 31, 2022.

3. Information on impairment losses on non-current assets or goodwill etc. for each reportable segment

(Significant impairment losses on non-current assets)

In the three months ended December 31, 2022, the Company recorded ¥70,230 thousand as impairment losses under extraordinary losses, for buildings, facilities attached to buildings, tools, furniture and fixtures, and restoration costs due to the relocation of the Company headquarters, which were company-wide assets not allocated to business segments.

(Significant changes in the amount of goodwill)

In the three months ended December 31, 2022, the Company excluded Cellebrite and its 13 subsidiaries, which had been the Company's consolidated subsidiaries, from the scope of consolidation to make them the Company's associates accounted for using equity method. As a result, goodwill decreased by ¥3,050,048 thousand in the Global Data Intelligence business.

II Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 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	59,420	4,531,659	2,160,017	6,751,098	—	6,751,098
Goods transferred over time	681,227	—	35,312	716,539	—	716,539
Revenue from contracts with customers	740,647	4,531,659	2,195,330	7,467,638	—	7,467,638
Revenue from external customers	740,647	4,531,659	2,195,330	7,467,638	—	7,467,638
Transactions with other segments	—	13,020	—	13,020	(13,020)	—
Total	740,647	4,544,680	2,195,330	7,480,658	(13,020)	7,467,638
Segment profit	91,768	593,526	164,196	849,491	(631,013)	218,477

(Note) 1 Adjusted amount for segment profit of ¥(631,013) thousand includes company-wide expenses not allocated to each reportable segment of ¥(631,013) 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 nine months ended December 31, 2022. The change, however, has no impact on the segment information for the nine months ended December 31, 2022.

3. Information on assets for each reportable segment

In the nine months ended December 31, 2023, segment assets of the Global Data Intelligence business decreased by ¥3,720,140 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	Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)	Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)
(1) Basic earnings (losses) per share	266.28 yen	(186.29) yen
(The basis for calculation)		
Profit (loss) attributable to owners of parent (thousand yen)	6,305,765	(4,145,435)
Profit not attributable to common shareholders (thousand yen)	—	—
Profit (loss) attributable to owners of parent in relation to common stock (thousand yen)	6,305,765	(4,145,435)
Weighted average number of common shares during the fiscal year (thousand yen)	23,681	22,253
(2) Diluted earnings per share	252.09 yen	—
(The basis for calculation)		
Adjustments to profit attributable to owners of parent (thousand yen)	(326,370)	—
[Of which adjustments by dilutive shares of consolidated subsidiaries (thousand yen)]	[(326,370)]	—
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 nine months ended December 31, 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

February 13, 2024

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 and notes, for the third quarter (from October 1, 2023 to December 31, 2023) and for the nine months period (from April 1, 2023 to December 31, 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 December 31, 2023 and their operating results for the nine 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.