

Explanatory material of Financial Results for Q1 of the Fiscal Year Ending March 2022

SUNCORPORATION

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1. Outline of financial results

Highlight by Business Segment for Q1 of FY March 2022

(Unit Million yen)

	Net Sales	Operating Profit	Ratio (%)	Description
Mobile Data Solutions	5,939	437	7.3	Profits increased due to strong orders for mobile forensic equipment and related services, and a significant increase in sales of digital forensic products compared to the previous year.
Entertainment-Related	820	147	17.9	Although sales fell below the previous year's level due to the sale of the hall systems business, productivity improvements in control boards and contract development turned the business into a profit. In the games business, sales and profits increased due to a focus on the 'Shanghai Puzzle Game', which has a large number of users.
New IT Business Related	481	39	8.1	<p>【M2M】 Sales of M2M communication devices, such as those used in vending machines, were strong, resulting in an increase in sales, while efforts to improve cost efficiency resulted in a return to profitability.</p> <p>【AR】 Sales increased, mainly due to software-based sales, but a loss was recorded due to higher marketing and other costs.</p>
Corporate ex.	△11	△199	—	—
Total	7,229	425	5.8	—

1. Outline of financial results

Consolidated PL for Q1 of FY March ended 2022 (YoY)

(Unit Million yen)

	FY March 2021 Q1	FY March 2022 Q1	Change (%)	Description
Net Sales	5,520	7,229	30.9	Due to a significant increase in sales of mobile data solutions
COGS	1,784 32.3%	1,654 22.8%	△7.3 △9.5 P	—
Gross Profit	3,736 67.6%	5,575 77.1%	49.2 +9.5 P	—
SGA ex. Include R&D	4,766 86.3%	5,150 71.2%	8.0 △15.1 P	The increase was due to mobile R&D activities and a focus on improving the analysis system.
R&D ex.	1,768 32.0%	1,899 26.2%	+7.4 △5.8 P	There was an increase in mobile, but a decrease in all other segments.
Operating profit	△1,030 △18.7%	425 5.8%	— +24.5 P	Mobile orders remained steady.
Ordinary profit	△1,064 △19.3%	441 6.1%	— +25.4 P	—
Net loss attributable to Suncorp	△895 △16.2%	202 2.7%	— +18.9 P	—

1. Outline of financial results

Business segments information

(Unit Million yen)

		FY March 2021 Q1	FY March 2022 Q1	Change (%)
Mobile data solutions	Net Sales	4,245	5,939	+39.9
	Operating Profit	△723	437	—
	Ratio(%)	—	7.3	—P
Entertainment-related	Net Sales	937	820	△12.5
	Operating Profit	△27	147	—
	Ratio(%)	—	17.9	—P
New IT business-related	Net Sales	339	481	+41.6
	Operating Profit	△28	39	—
	Ratio(%)	—	8.1	—P
Corporate Expenses	Operating Profit	△251	△199	—
Total	Net Sales	5,520	7,229	+30.9
	Operating Profit	△1,030	425	—
	Ratio(%)	—	5.8	—P

1. Outline of financial results

Consolidated B/S (YoY)

(Unit Million yen)

	The end of March, 2021	The end of June, 2021	Change (%)	Description
Total Assets	49,785	51,484	+3.4	—
Current Assets	43,648 87.6%	44,737 86.8%	+24.9 △0.8 P	Mainly due to the following increase in cash and deposits
Cash and deposit	32,534 65.3%	33,853 65.7%	+4.0 +0.4 P	Increase in cash and cash equivalents of 1,319 million yen
Inventory	1,125 2.2%	1,648 3.2%	+46.4 +1.0 P	—
Fix Assets	6,136 12.3%	6,747 13.1%	+9.9 +0.8 P	Increase in deferred tax assets and other in investments and other assets
Current Liabilities	27,885 56.0%	28,216 54.8%	+1.1 △1.2 P	The increase in contractual liabilities and the decrease in unearned revenue and provision for bonuses are the main reasons.
Fix Liabilities	1,079 2.1%	1,153 2.2%	+6.8 +0.1 P	Other increased by 62 million yen.
Net Assets	20,820 41.8%	22,114 42.9%	+6.2 +1.1 P	The increase was mainly due to foreign currency translation adjustments and non-controlling interests.

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Consolidated performance forecast for FY March 2022

We have not decided the consolidated performance forecast for the fiscal year ending March 2022

Financial forecast

We have been unable to finalize our consolidated business forecast for the fiscal year ending March 31, 2022 because the procedures for listing of our consolidated subsidiary, Cellebrite DI Ltd. on the NASDAQ Capital Market in the U.S. as a result of the merger between Cellebrite DI Ltd. and TWC Tech Holdings II Corp. Ltd., a special purpose acquisition company, has not been completed, and it is difficult to reasonably assess the impact of the COVID-19 pandemic on our business performance at this time. We will closely monitor the trends, and if there is a significant impact on our performance, we will examine the details and promptly make an announcement if timely disclosure is required.

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3. Measures of Suncorp group

Results of FY March 2021 and Measures of FY March 2022

Converted to profitability as a result of business selection and concentration

	Results	Measures
Mobile data solutions	<ul style="list-style-type: none"> ✓ Acquisition of Blackbag ✓ Business Growth in APAC, EMEA 	<ul style="list-style-type: none"> ✓ Consideration of M&A toward realizing Leading company in Digital intelligence market ✓ Post Merger Integration to BlackBag ✓ Response to the impact from Covid-19
Entertainment-related	<ul style="list-style-type: none"> ✓ Increased efficiency and reduced costs ✓ Reduce of goods and product ✓ Transfer of the hall systems business 	<ul style="list-style-type: none"> ✓ Improvement of Development process ✓ Reducing costs and promoting a highly profitable structure ✓ Increase market share
New IT M2M AceReal	<ul style="list-style-type: none"> ✓ Reinforce marketing activities of "okudake sensor" for Haccp. ✓ Conversion of SunDMS into a paid service ✓ Review of AR business activities 	<ul style="list-style-type: none"> ✓ 【M2M】 Development Major New Router ✓ 【M2M】 Focus on customised development for specific applications ✓ 【M2M】 Cloud services for a fee ✓ 【AR】 Expansion of industries and services for remote support
Corporate	<ul style="list-style-type: none"> ✓ Implementation of business restructuring ✓ Raising capital ✓ Merger of Cellebrite with TWC in preparation for Nasdaq listing 	<ul style="list-style-type: none"> ✓ Consideration toward Launch new security business ✓ Consideration of M&A opportunities for new businesses ✓ Ongoing review of business structure innovation.

Rebuild our business portfolio

Promoting selection and concentration Building a business structure in a new business environment

Purpose

- ✓ The selection and concentration of business
- ✓ Improvement of Financial condition
- ✓ Response in new business environment(Covid-19 etc.)

Policy

- ✓ Maintain profitability of Major businesses(Mobile data, Entertainment related)
- ✓ Focus to investments of M2M business
- ✓ Review of business profitability (AR, Game contents)

Execution

- ✓ In preparation for the listing of the Company's consolidated subsidiary Cellebrite DI Ltd. on the NASDAQ stock exchange in the United States through its merger with TWC (De-SPAC), the Company filed a Form-F-4 under the US Securities Act with the US Securities and Exchange Commission, which became effective on 6 August 2021 (US Eastern Time).

Mobile data solutions business

Make a difference with digital intelligence



- ✓ **The impact of Covid-19 has led to a re-evaluation of security risks as the workforce becomes more remote**
- ✓ **Making a difference by providing seamless digital intelligence solutions**
- ✓ **Launching the Connect Global Virtual Summit to create a forum for digital investigation leaders, eDiscovery professionals and the DFIR community to create a safer world**

M2M business

Making safety and security "easy" with IoT/M2M

Providing added value of "remote monitoring and control" to customers who need to improve their business, efficiency and innovation through IoT/M2M.



Differentiation of Routers and Gateways

Strengthening the functions of "SunDMS" to expand the stock business

Migration to LTE (4G) for beverage vending machines

Many of the approximately 2.3 million beverage vending machines in Japan still use 3G connections for inventory control, so we have started to gradually introduce 4G.

3. Measures of Suncorp group

XR Business (AR and VR)

Sales promotion of remote work support solutions Launch of AceReal Assist in February 2021



AceReal Asssit Features

- ✓ Support for multiple smart glasses
- ✓ Adjusts to the best call quality according to the communication environment
- ✓ Web-based application

Compatible smart glasses

AceReal One (by SunCorporation)



HMT-1, HMT-1Z1 (by RealWear)



EverySight Smartglasses (by EverySight)



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Projected performance and other values in this presentation are based on information available to us as of date of presentation.

Actual performance may vary greatly due to risks or uncertain factors relating to subsequent economic circumstances, market situation, or competition.

All values less than one million yen indicated are rounded down.

Contact information:
SUNCORPORATION
Corporate Strategy Division
Email : ir@sun-denshi.co.jp