



13 September 2021

Company Name: W-Scope Corporation
 Stock Exchange Listing: Tokyo Stock Exchange Section I
 Representative: Won-Kun Choi, President & CEO
 Contact: Hideo Ouchi, Director of Corporate Strategy & Planning
 TEL: +81-(0)3-5436-7155

Notice of the transfer of shares in a consolidated subsidiary and the recording of an extraordinary gain (gain on sale of shares in an affiliated company)

At a meeting of the Board of Directors held on the 9th of September 2021, the Company resolved to transfer some shares of its consolidated subsidiary W-SCOPE CHUNGJU PANT CO. ("WCP") to KB Securities Co., Ltd. and Next Level Co., Ltd. and today the number of shares to be transferred has been finalized.

1. Reasons for the share transfer

The Company is in a situation where some of its bank loans (balance at the end of August 2021: approximately ¥11.6 billion) are in breach of financial covenants, and events or circumstances have arisen during the second quarter of the current fiscal year that may cause significant doubt about the Company's ability to continue as a going concern. As this has become a major barrier to the growth of the Group, which is preparing for the listing of WCP shares, the Company has decided to sell a portion of its WCP shares to improve the soundness of its financial base by repaying its bank loans in full with the proceeds of the sale and cash and deposits. The remaining fund after the repayment of the loan will be used for future capital investment.

2. Method of the transfer

The Company will transfer 2,206,764 shares of WCP (15.24% of the total number of shares issued) held by the Company under a share purchase agreement with cash as consideration.

3. Details of the Subsidiary

1. Name of the Subsidiary	W-SCOPE CHUNGJU PLANT CO., LTD.		
2. Address	195, Megapolis-ro, Daesowon-myeon, Chungju-si, Chungbuk, 27461, Korea		
3. Name and title of representative	Won-Kun Choi, President & CEO		
4. Capital	KRW7,239mil (as of the end of Aug 2021)		
5. Net asset	KRW187,241mil (as of the end of Aug 2021)		
6. Total asset	KRW597,470mil (as of the end of Aug 2021)		
7. Relationship between the Company and the Subsidiary	The Company owns 14,479,600 shares (100% ownership) of the Subsidiary.		
8. Financial summary of the Subsidiary for the past three years			
(KRWmil / Dec year-end)	FY2018	FY2019	FY2020
Net asset	147,223	193,938	163,358
Total asset	157,792	401,567	523,162
BPS (KRW)	21,650	13,393	11,281
Operating profit	△10,929	△5,055	9,760
Recurring profit	△9,513	△6,513	△44,278
Net profit	△9,513	△6,513	△31,178
EPS (KRW)	△1,399	△449	△2,153
Dividend per share (KRW)	—	—	—

4. Outline of the companies to which the shares are transferred

1. Name of the company	KB Securities Co., Ltd.
2. Address	50 Yeouinaru-ro, Yeongdeungpo-gu, Seoul, Republic of Korea
3. Name and title of representatives	PARK JEONG RIM, CEO KIM SUNG HYUN, CEO
4. Business description	Securities company

1. Name of the company	Next Level Co., Ltd.
2. Address	Republic of Korea
3. Business description	Equity investment company of Hanna Group

5. Share transfer, transfer amount and status of shares held before and after the transfer

1. Shares held by the Company before the transfer	14,479,600 shares (100%)
2. Shares to be transferred	2,206,764 shares <ul style="list-style-type: none">• KB Securities CO., Ltd.: 510,644 shares• Next Level Co., Ltd.: 1,696,120 shares
3. Transfer amount	KRW 166,490mil
4. Shares to be held by the Company after the transfer	12,272,836 shares (84.76%)

6. Schedule

We expect to sign the share purchase agreement and complete the share transfer during the week starting 13th of September 2021, and to repay all bank borrowings in Japan by the end of September 2021.

7. Impact on consolidated results

As a result of this share transfer, we expect to record an extraordinary gain of approximately ¥13 billion as a gain on the sale of shares in an affiliated company in the third quarter of the fiscal year ending December 31, 2021.

The impact of the share transfer on the Company's consolidated business results has not yet been determined. In the event that there are any material information that should be publicly announced in the future, we will announce them as soon as they are determined.

8. Others

Depending on the outcome of the procedures with the relevant authorities, the above "5. Number of shares to be transferred, number of shares to be transferred, transfer amount and status of shares held before and after transfer", "6. Schedule" and "7. Impact on consolidated business results" may change. In such a case, we will disclose the information.