



6 December, 2022

Company Name: W-SCOPE Corporation
Stock Exchange Listing: Tokyo Stock Exchange Prime
Representative: Won-Kun Choi, President & CEO
Contact: Hideo Ouchi, Director
TEL: +81-(0)3-6432-5320

(Progress of disclosure matter)
Notice regarding initiatives for new businesses

Regarding the new business disclosed in the “Notice Regarding initiatives for new Business” dated 28 July, 2022, W-SCOPE KOREA CO., LTD. (hereinafter referred to as WSK), a wholly owned subsidiary of our company, has concluded LOI (Letter of Intent) to supply BPED substack (ion-exchange membrane stack modules) with POSCO Argentina, a wholly owned subsidiary of POSCO HOLDINGS of major steel manufacturer, on 6 December 2022,. The contract amount is expected to be at least 10% of WSK's next fiscal year's sales.

As a background to this business, the POSCO Group (hereinafter referred to as POSCO) which has already been announced in the press is planning the lithium production business in a saltlake in Argentina from the first half of 2024. Along with this, WSK has been working with POSCO to develop environment-friendly and highly efficient ion exchange membranes for lithium extraction. This time, we have concluded the LOI because we have succeeded in developing an ion-exchange membrane stack module with higher lithium extraction efficiency and superior durability than our competitors.

Based on this LOI, WSK plans to complete the BPED substack for salt water within the first half of next year and start supplying it from the first quarter of 2024.

(Future outlook)

The impact on future business results is undecided at this time, and we will inform you as soon as it is confirmed. In addition, we will promptly announce any matters that should be disclosed.

< Reference >

1. POSCO

POSCO was established in 1965, and they are the leading company that has been supporting the Korean steel industry for 57 years. In particular, with the goal of 2050, they are the first steel company to present a goal to challenge CO2 zero, and they aim to shift their business structure from steel-centered to the eco-friendly future materials (lithium, nickel, etc.).

In addition, POSCO is a company that provides a stable supply of lithium by owning the entire supply chain from mining (including salt water) to processing and sales of lithium which is an essential mineral for the production of secondary batteries.

2. Ion exchange membrane

Function : Selects and extracts cations or anions dissolved in a solution using electrical properties. Our ion exchange membranes extract lithium hydroxide directly from salt water or lithium dissolved compounds.

Application Market : Mineral Extraction, Green Hydrogen (Water Electrolysis), Fuel Cell, Water Treatment, Biotechnology, etc.

Market size: 112 trillion JPY in 2024

(Consumable materials that normally need to be replaced every 2-3 years)

Growth rate: 25.45% (annual average)

| Category | Existing lithium extraction method | Ion exchange membrane method |
|---|--|---|
| Wastewater & waste | Large | Small |
| lithium hydroxide production efficiency | 2-stage extraction Salt water or compound → lithium carbonate → Lithium hydroxide | 1-stage extraction Salt water or compound → Lithium hydroxide |
| CO2 emissions | Large | Nearly zero |