19 December 2019

Company Name: W-Scope Corporation
Stock Exchange Listing: Tokyo Stock Exchange Section 1
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Notice of Financing by Convertible Bonds of Subsidiary

W-SCOPE Corporation ("WS") announces that WS decided at the Board of Directors to issue convertible bonds of WS's subsidiary W-SCOPE CHUNGJU PLANT CO., LTD ("WCP") to 5 Korean institutional investors, and WCP signed a convertible bond underwriting agreement on the same day.

1. Overview

In order to prepare for future capital investment in WCP, WCP will issue convertible bonds to Noh & Partners Corporation (as stated in "Notice on Funding by Convertible Bonds from Subsidiaries" dated November 29), followed by the issuance of convertible bonds for 5 Korean institutional investors (KDB Small and Medium-sized Mezzanine Private Placement Investment Limited Partnership, IBK・BNW Technical Finance 2018 Private Placement Investment Limited Partnership, Shinhan Investment Co., Ltd., and Shinhan Capital Co., Ltd.). Noh & Partners Corporation has been assigned additional convertible bonds.
This financing also resulted in capital investment and working capital procurement through the issuance of convertible bonds by WCP, a 100% subsidiary of WS, and the contract procurement amount was 56 billion KRW (approximately 5.3 billion JPY). The new 4 convertible bond underwriters have been conducting due diligence in collaboration with Noh & Partners Corporation.
The contract amount was determined based on the current market capitalization of WCPs of 250 billion KRW, similar to that of Noh & Partners Corporation.

The following is an overview of the convertible bonds to be issued.

Name	WCP 2nd Privately Placed Convertible Bonds
Total issuance	56,000,000,000 KRW
Issue price of each bond	100% of the face value of each bond
Issue Date	December 20, 2019
Maturity date	November 29, 2024
Redemption method	Repayment is made at an amount equal to 6% per annum (compounded) of the par value.
Interest rate	2% per annum
Need for collateral and guarantees	Unsecured, parent company guarantee, subsidiary guarantee, and representative director guarantee
Conditions of stock acquisition rights	
① Shares for stock acquisition rights Type	WCP common stock or preferred stock
② Diluted shares by issuance of stock acquisition rights Formula	16,212 shares
③ Conversion price	3,454,134 KRW per share However, in the event of a stock split or consolidation, the conversion price is adjusted as appropriate and the conversion price is adjusted under certain conditions.
④ Exercise period	From the day after the issue date of the Bonds to the day before the maturity date of the Bonds
Allocation destinations	KDB Small and Medium-Sized Mezzanine Private Placement Investment Limited Partnership IBK・BNW Technical Finance 2018 Private Placement Investment Limited Partnership Shinhan Investment Co., Ltd. Shinhan Capital Co., Ltd. Noh & Partners Corporation

Use of funds	Capital expenditures and working capital in the WCP for business expansion.
Other riders	(Claims for Early Redemption by Bondholders) Bondholders may call for the redemption of all or part of the Bonds they hold on or after three years from the date of issuance of the Bonds.

2. Reasons for decision

This issuance of convertible bonds is part of the funding that was being promoted in parallel with the previous issuance of convertible bonds to Noh & Partners Corporation. Since it is necessary to secure a supply capacity of over 2 billion square meters in 5 years from 2020 for a major battery manufacturer, it will be used to raise funds for future capital investment (No. 16 and 17 deposition lines) .

3. Future Outlook

The total amount of funds raised by this issuance and the previous issuance (disclosed on November 29) is 171 billion KRW (approx. 16 billion JPY).

In addition to No.14 and 15 deposition lines currently under construction (scheduled to start mass production in the second half of 2020), capital investment for new deposition lines will be completed by expanding the deposition lines of No. 16 and 17. We will promptly disclose the investment for the deposition lines of No. 16 and 17 as soon as they are finalized.

4. Other

There is no change in subsidiary due to the issuance of convertible bonds.

Disclaimer

Earnings guidance was made based on currently available information. The actual results may differ from the guidance due to various factors that may occur in the future.