November 14, 2024

Company name: W Scope Corporation
Representative: President Choi Won-Kun
(Code: 6619 TSE Prime)
Contact: Director Ouchi Hideo
(https://w-scope.co.jp/ir/contact.html)

# Notice of Changes in Consolidated Subsidiaries (Transfer to Equity-Method Affiliates)

At the meeting of the Board of Directors held today, we resolved to transfer our consolidated subsidiary, W-SCOPE CHUNGJU PLANT CO., LTD (WCP), from a consolidated subsidiary to an equity-method affiliate. The following is an announcement.

1. Reasons for the Transfer

We and our 100% owned subsidiary, W-SCOPE KOREA CO., LTD (WSK), own 36.23% of WCP's shares. In order to maintain our consolidated subsidiaries, the majority of the voting rights held by WCP Board of Trustees and those who agree to exercise their voting rights in the same manner as our intent (the Fund) together accounted for the majority of the voting rights. On August 29 and October 15, 2024, however, they sold a portion of WCP shares held by the relevant owners (the Fund) and as a result, the total number of voting rights is less than the majority of the voting rights. We have decided to transfer WCP into equity-method affiliate in the third quarter of this fiscal year because it is difficult in the short term to acquire more than 40% (and maintain consolidation), which is a condition for the owners (funds) to continue to sell their WCP shares. The following table shows the changes in the ratio of voting rights.

| Fiscal year end | End of 2Q (July) | End of 3Q (Oct.) |
|---|---|---|
| W Scope Corporation | 12,100,000 | 12,100,000 |
| WSK | 110,000 | 110,000 |
| NP Growth-6 Private Placement Limited Partnership | 3,310,991 | 809,015 |
| NEXT LEVEL1 Limited | 1,696,120 | 1,696,120 |
| Total | 17,217,111 | 14,715,135 |
| Portion of voting right | 51.09% | 43.66% |

(NOTE)WCP issued 33,696,518 shares

2. Overview of consolidated subsidiaries to be transferred

| | |
|---|---|
| (1) Name | W-SCOPE CHUNGJU PLANT CO., LTD. |
| (2) Address | Chungju city, chungcheongbuk-do, republic of Korea |
| (3) Job title/name of representative | Representative Director Choi Won-Kun |
| (4) Business Activities | Development, manufacture and sale of separators for lithium-ion rechargeable batteries |
| (5) Common stock | 16.848 billion won (approx. 1.631 billion yen in Japanese yen) |
| (6) Date of Establishment | October 26, 2016 |
| (7) Major shareholders and percentage of shares | Double Scope Co., Ltd. 35.9%<br>NEXT LEVEL 1 Co., Ltd. 5.0% |
| (8) Relationship between us and the company concerned | |
| Capital relationship | We and WSK are 36.23% invested in the companies concerned. |
| Human relations | Choi Won-Kun, our president and representative director, also serves as the president and representative director of the company concerned. |
| Business relationship | There are no items that should be included. |

| (9) Company's results of operations and financial position for the past three years | | | |
|---|---|---|---|
| Fiscal year end | Year ended December 31, 2021 | Year ended December 31, 2022 | Year ended December 31, 2023 |
| Net assets | 39.399 billion yen | 98.359 billion yen | 109.644 billion yen |
| Total assets | 61.174 billion yen | 113.221 billion yen | 148.892 billion yen |
| Net sales | 17.807 billion yen | 26.295 billion yen | 32.755 billion yen |
| Ordinary income | △ 588 million yen | 6.342 billion yen | 5.623 billion yen |
| Net Income | △ 956 million yen | 5.678 billion yen | 5.563 billion yen |

3. Transfer schedule

As of August 1, 2024 (Deemed transfer date), WCP will change to an equity-method affiliate at the beginning of the third quarter of the fiscal year ended January 2025.

4. Future Outlook

As a result of the transition to an equity method, sales and operating profit/loss of W-SCOPE CHUNGJU PLANT CO., LTD. will not be included in our consolidated account, and we expect to see a significant decline in sales and operating profit/loss from the third quarter of fiscal 2025. However, we do not have a significant impact on the profit or loss below the ordinary profit/loss because the change will be included in the investment profit/loss by the equity method for non-operating profit/loss. In addition, the full-year consolidated earnings forecast, which was withdrawn on September 12, 2024, is currently being calculated and will be announced again when it is completed.

Our future policy for consolidating WCP again is to wait until the current business environment surrounding the European EV market and demand recovery, etc.