

Announcing the establishment of an entity in Germany

We are pleased to announce that Wavelock Advanced Technology Co., Ltd. established a subsidiary company in the Federal Republic of Germany to enhance our sales activity in the automotive industry in Europe.

1. The purpose of establishing of this subsidiary company

Wavelock manufactures and sells decorative metallized film tailored for the automotive and home-appliance industries. Some of our products have a metallic appearance and provide radar/light transmittance at the same time. There is a strong market demand for automotive exterior and interior parts that have such features, especially decorative parts used as sensors needed for automatic driving systems and the ones using LED.

In June 2018, we established in Detroit, Michigan, a US-based subsidiary focused on the North American automotive market, which is aggressively developing self-driving technology and offers significant opportunities.

In Europe, which is the area leading self-driving systems and environmental improvements, the demand for decorative metallic film like the film we provide is increasing as well. As a result of the sales and promotional activity from Japan, we now have a specific ongoing project in Germany and thus decided to establish a German subsidiary company to provide prompt action and customer-oriented sales activities, to monitor ever-changing demands and comply with regulations, and to accelerate our business development.

2. General outline of the subsidiary company

Corporate name	Wavelock Advanced Technology GmbH.
Location	Dusseldorf, Nordrhein-Westfalen, the Federal Republic. of Germany
Representative	Kotaro Shimada
Business	Import and sale of synthetic resin or miscellaneous materials in EU, especially in Germany
Capital	25 thousands Euro(100% stock owned by Wavelock Advanced Technology Co., Ltd.)
Establishment	April 2019 (Oeperation Scheduled from May 2019)
Fiscal Term	December

3. Background of business expansion

As a result of the announcement by EU in May last year about an affirmative promotion of ①Safe Mobility ②Clean Mobility and ③Connected & Automated Mobility (http://europa.eu/rapid/press-release_IP-18-3708_en.htm), it has become imperative for the European car manufacturers to develop and produce new generation vehicles in accordance with regulations of every kind.

In response to this, the features of the decorative metallized film we manufacture and sell have drawn the market's attention.

Each car manufacturer believes that it will be possible to produce next-generation vehicles, explained as below, in accordance with EU regulations of every kind by taking advantage of our decorative metalized film.

① Safe Mobility

Promotion of automatic braking system and collision prevention technology
(Promotion of advanced radar technology)

→It is imperative to install radar behind a front emblem of a vehicle.

→It is imperative for a front emblem, which is on the face of a vehicle, to have the two conflicting performances ,namely "High Metallic Appearance" and "radar wave transmittance"

→Our film has high metallic appearance, as well as high radar transmittance.

② Clean Mobility

In some of the major cities in Europe, the governments are creating policies and regulations to allow only diesel cars by 2025 as a countermeasure for air pollution. The British and the French governments announced the end of sales of vehicles using gasoline or diesel by 2040.

→It is important to promote electric vehicles, while they move to reduce and regulate gasoline and diesel vehicles.

→There needs to be an improvement of fuel efficiency by reducing the weight of vehicles.

→Our decorative film can contribute to weight savings of vehicles.

[Note]In December 2018, EU announced that they would reduce the emission of CO2 of cars and light vans in 2030 by 37.5% in total, compared with that in 2021.

Therefore, certainly there is going to be further promotion.

(https://ec.europa.eu/clima/news/europe-accelerates-transition-clean-mobility-co-legislators-agree-strong-rules-modernisation_en)

③ Connected & Automated Mobility

In preparation for the next-generation self-driving system, it is imperative to improve the radar transmittance of the related automotive parts in order to make it coordinate with next-generation communications standards (e.g., 5G).

Also, Hexavalent Chrome, which is mainly used for chrome-plated parts in vehicles, is

one the subjects of the Environmental regulations led by EU. Each European car manufacturer is investigating the use of alternative materials which can lead to "Chrome-Free Plating."

The European car manufacturers and parts manufactures, who were skeptical about the decoration of automotive parts with film before, have started to pay more attention to decorative film. Thus, we strongly believe that a huge business opportunity for us is just around the corner.