

October 27, 2021  
Toray Industries, Inc.

## **Toray Agrees to Establish Battery Separator Film Joint Venture with LG Chem in Hungary**

Toray Industries, Inc., (head office: Chuo-ku, Tokyo; President: Akihiro Nikkaku; hereinafter referred to as “Toray”) announced today that it has concluded a joint venture agreement with LG Chem, Ltd. (head office: Seoul, Korea; CEO: Hak-Cheol Shin; hereinafter referred to as LG Chem). Under this arrangement, LG Chem would invest US\$375 million (around ¥43 billion) in Toray Industries Hungary Kft. (THU), a 100% subsidiary of Toray engaged in manufacture and sales of battery separator film, which would then establish LG Toray Hungary Battery Separator Kft. (LTHS), in which Toray and LG Chem each will hold a 50% interest.

The new joint venture would use existing THU facilities to manufacture battery separator film for automotive lithium-ion batteries for sale to LG Group in Europe and the United States.

To cater to projected demand growth, Toray and LG Chem have agreed to expand film substrate production facilities and install new coating facilities at the existing THU location. Toray has agreed to sell 20% of its stake in LTHS to LG Chem two and a half years after launching the joint venture. LG Chem would then manage joint venture operations.

LG Chem’s robust position in coating technology and Toray’s solid film substrate manufacturing technologies position those two entities well in battery separator films for automotive lithium-ion batteries, and both have been supplying to the global market.

LTHS will license from LG Chem and Toray the technologies necessary to produce separators for LG Group lithium-ion batteries. It should generate synergies from the technologies of its parents to produce top-quality automotive lithium-ion battery separator films, for which demand should surge in coming years. This joint venture should also secure stable customers and expand operations by drawing on the LG Group’s business model, which vertically integrates everything from battery materials through battery production.

The Toray Group will continue to develop, manufacture, and supply battery separator film and coating in Japan and Korea to meet customer needs.

## Profile of Toray Industries Hungary Kft. (THU)

(1)	Location	Nyergesújfalu, Hungary
(2)	Representative	Koichi Muramatsu
(3)	Principal business	Manufacture and sales of battery separator film
(4)	Capitalization*	11,000 euros (around ¥1 million)
(5)	Net assets*	215 million euros (around ¥28.5 billion)
(6)	Total assets*	222 million euros (around ¥29.5 billion)
(7)	Shareholder	Toray (100%)
(8)	Establishment	April 2018

\*As of March 2021

## Profile of LG Chem, Ltd.

(1)	Location	Seoul, Korea
(3)	Representative	Hak-Cheol Shin, CEO
(3)	Principal businesses	Petrochemicals, advanced materials (including cathode materials, separators, and other battery-related materials), life sciences, batteries (through LG Energy Solution), others
(4)	Capitalization	391.4 billion won (around ¥38.2 billion)
(5)	Establishment	January 1947
(6)	Principal shareholder	LG Corp. (33.34%)

## Profile of LG Toray Hungary Battery Separator Kft. (LTHS)

(1)	Location	Nyergesújfalu, Hungary
(2)	Representative	To be decided
(3)	Principal business	Manufacture and sales of battery separator film
(4)	Capitalization	To be decided
(5)	Establishment	First half of 2022 (plan)
(6)	Shareholders	LG Chem (50%) and Toray (50%)

## Schedule

(1) Investment agreement date	October 27, 2021
(2) Planned joint venture agreement timing	First half of 2022

Note: The joint venture establishment would be after fulfilling regulatory requirements.

## Outlook

Toray's net proceeds from the establishment of LTHS with a 50:50 ownership ratio is expected to total around ¥10 billion (after tax) as a revaluation gain on investment. Toray is evaluating its earnings forecast for the fiscal year ending March 31, 2022, in view of the impacts of the planned joint venture and other factors, and will announce any revisions as soon as possible.