

## Niterra Acquires Toshiba Materials—JCR will Watch for Synergy Effects and Impact on Earnings and Financials

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the resolution of Niterra Co., Ltd. (security code: 5334) to acquire Toshiba Materials Co., Ltd.

- (1) On November 25, Niterra Co., Ltd. (the “Company”) announced that its Board of Directors resolved to acquire all shares of Toshiba Materials Co., Ltd. Toshiba Materials’ business is development, manufacturing, and sales of fine ceramics and other components and materials. The acquisition price is approximately 150 billion yen and the share transfer is scheduled to be executed on May 30, 2025.
- (2) Based on its ceramic material technology and others, the Company is seeking to strengthen its core internal combustion engine (ICE) related business, while simultaneously expanding the scale of its non-ICE related businesses. It says that the acquisition this time is expected to generate synergies in the areas of ceramic balls made from silicon nitride used in bearings for electric vehicle motors and silicon nitride heat dissipation substrates used in power semiconductors for inverters. Although the amount of the acquisition is large considering the Company’s size, and a temporary deterioration of the financial structure is inevitable, JCR believes that there is no need to immediately change the rating at this time, based on the current cash flow generation capability and the recent strengthening of the financial structure. The Company is also in talks to acquire DENSO CORPORATION's spark plug business and other businesses, and JCR will pay attention to the impact of the acquisition this time on its earnings and financials, synergy effects, and progress in improving its financial structure over the medium term, in addition to the trend of the acquisition regarding DENSO.

Mikiya Kubota, Akio Kamimura

### <Reference>

Issuer: Niterra Co., Ltd.

Long-term Issuer Rating: AA-      Outlook: Stable

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