

## Niterra Starts Discussions and Considerations Regarding Acquisition of DENSO's Spark Plug and Other Businesses—JCR Will Watch for Progress of Discussions and Impact on Niterra's Earnings and Financials

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on start of discussions and considerations by Niterra Co., Ltd. (security code: 5334) for the acquisition of spark plug and other businesses from DENSO CORPORATION (security code: 6902).

- (1) On July 10, Niterra Co., Ltd. (the "Company") announced that its Board of Directors had resolved to conclude a memorandum of understanding to start the discussions and considerations regarding the acquisition of spark plug business and exhaust gas oxygen sensor business from DENSO CORPORATION. Through the acquisition, the Company expects a stable supply by optimizing the production system of internal combustion engine products, and further reduction of environmental impact during the production process due to economies of scale.
- (2) The Company has the world's top shares in spark plugs and exhaust gas oxygen sensors, and this business acquisition is expected to strengthen the internal combustion engine business in the medium term. As shift to EVs accelerates, the Company is pursuing acquisitions and business restructuring in its non-internal combustion engine business, aiming to shift to a business structure that does not rely on products for internal combustion engines by around the year 2030. JCR believes that in addition to the synergy effects of the business acquisition, it is necessary to assess the impact on the aforementioned business restructuring and its earnings and financials, and will follow the progress of the discussions between the two companies.

Mikiya Kubota, Akio Kamimura

### <Reference>

Issuer: Niterra Co., Ltd.

Long-term Issuer Rating: AA- Outlook: Stable

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