

Niterra Acquires DENSO's Spark Plug Business, etc.—No Immediate Impact on Rating; JCR Will Monitor Synergistic Effects and Impact on Earnings and Financials

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the fact that Niterra Co., Ltd. (security code: 5334) decided to acquire the spark plug business, etc. from DENSO CORPORATION (security code: 6902) and concluded a business transfer agreement with the latter.

- (1) On September 1, Niterra Co., Ltd. (the "Company") announced that it had decided to acquire DENSO CORPORATION ("DENSO")'s spark plug and exhaust gas sensor businesses and concluded a business transfer agreement with DENSO. The purchase price is approximately JPY 180.6 billion (based on March 31, 2026 as the valuation reference date). The closing date of the acquisition is undecided due to competition law considerations, among other factors (The purchase price for the Acquisition is scheduled to be reduced pro rata according to the number of days from the valuation reference date to the closing date). The Company states that this acquisition will contribute to establishing an optimized production systems for the spark plug business, etc., through the integration of sales channels and production systems, ensuring stable global supply and further strengthening its business foundation.
- (2) In anticipation of a long-term shift towards electric vehicles ("EVs"), the Company is strengthening the core internal combustion engine (ICE) business, while working to expand non-ICE businesses at the same time, based on the ceramic material technology and so forth. This acquisition is part of the former strategy, while the acquisition of all shares in Toshiba Material in June is part of the latter. The Company holds the top global market shares in spark plugs and exhaust gas oxygen sensors, and this business transfer is expected to strengthen its ICE business in the medium term. However, the purchase price is large, making a temporary deterioration in the financial structure unavoidable. JCR decided that an immediate rating change is unnecessary, considering the Company's improved cash flow generation capability in recent years and its strong equity ratio of 59.0% as of the end of June 2025, as well as assumption that the Company can maintain its financial soundness even after this acquisition. JCR will monitor the impact on earnings and financials in addition to the synergistic effects from this business transfer.

Mikiya Kubota, Akio Kamimura

<Reference>

Issuer: Niterra Co., Ltd.

Long-term Issuer Rating: AA- Outlook: Stable

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