

PHOTON CAPITAL Signs Virtual PPA for Automotive Industry

JTEKT Corporation ("JTEKT," located in Kariya City, Aichi Prefecture, headed by President Kazuhiro Sato) and PHOTON Sustainable PV Investment Limited Partnership(LPS)*¹, operated by PHOTON CAPITAL LLC (located in Shibuya-ku, Tokyo, headed by Managing Partner Yuko Mizuno) ,have agreed on a Virtual PPA*² (the "PPA ") through its investment vehicle (collectively referred to below as " PHOTON ").

In anticipation of an era of corporate PPAs, since fiscal 2021 the PHOTON Group*³ has developed a total of 6 high-voltage solar power plants (11.9 MWDC in total) on idle land in the Chubu and Shikoku regions. Under the PPA, JTEKT will receive the environmental value of renewable energy generated from the plants, which possess "additionality", in the form of Non-FIT Non-Fossil Certificates.

The solar power plants to be developed based on the PPA are all newly built and have the additional potential to increase the renewable energy that is produced, thereby contributing to the expansion of renewable energy throughout society. In addition, these power plants are low-environmental impact projects that do not require large-scale civil work or development, emphasizing harmony with the surrounding environment. During the installation process, the project will also help improve the living environment of local residents by reinforcing drainage channels and widening roads connected to the power plants.

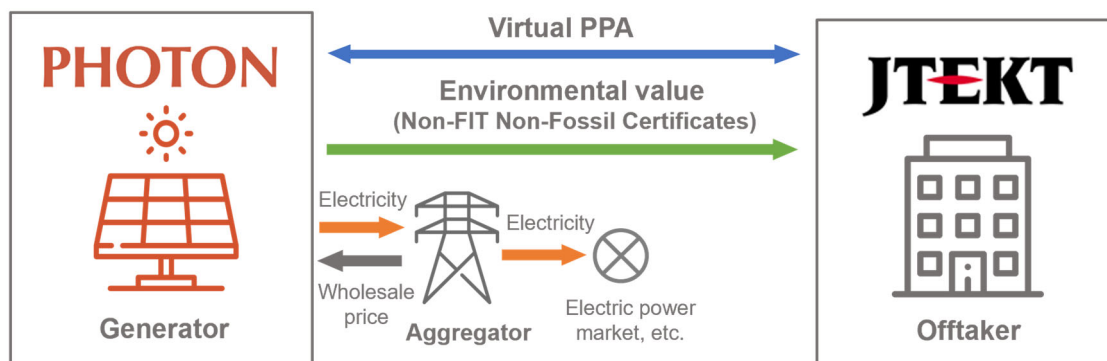
PHOTON has been actively developing and investing in new-build non-FIT power generation businesses. In addition to project development, we are also introducing an asset management software that incorporates our proprietary AI technology for the purpose of building a stable power plant operation and management system. As the settlement of the transaction can be complicated for virtual PPAs, and we aim to use this system as a way of further promoting virtual PPAs. We will continue to develop and operate power plants and promote renewable energy PPAs in various industries, thereby contributing to the realization of the carbon neutrality goals of Japan as a whole.

*1 PHOTON Sustainable PV Investment Limited Partnership (LPS) was established in September 2021 with Japan Petroleum Exploration Co., Ltd., JA Mitsui Leasing, Ltd., and Chuo-Nittochi Co., Ltd., as limited partners.

*2 A PPA (Power Purchase Agreement) is a contract for the direct purchase and sale of electricity between a power producer and consumer. A Virtual PPA refers to a "virtual power purchase agreement," which deals only with the environmental value of a renewable energy power plant built away from a customer's site and does not involve purchasing electricity dependent on the amount of power generated. This allows customers to procure Non-FIT (feed-in tariff) Non-Fossil certificates without changing their sources of electricity.

*3 PHOTON CAPITAL LLC, PHOTON JAPAN LLC, and PJ Asset Management Co., Ltd. (an asset management company jointly funded by PHOTON CAPITAL LLC and Japex Green Energy Co., Ltd.*⁴)

◆ Agreement Overview



◆ About JTEKT

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| Company name | JTEKT CORPORATION |
| Headquarters | 1-1 Asahi-machi, Kariya City, Aichi Prefecture |
| Establishment | January 2006 (established in January 2006 through the merger of Koyo Seiko Co., Ltd., and Toyoda Koki Co., Ltd.) |
| Capital | 45,591 billion yen |
| Business | Manufacture and sale of steering systems, bearings, driveline components, machine tools, electronic control devices, etc. |

◆ About PHOTON CAPITAL

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|---------------|---|
| Company name | PHOTON CAPITAL LLC |
| Headquarters | 13th Floor, Shibuya Cross Tower, 15-1, Shibuya 2-chome, Shibuya Ward, Tokyo |
| Establishment | August 2017 |
| Capital | 10.2 million yen |
| Business | Establishment, investment and management of funds, mainly for investments in solar power plants |

◆ About PHOTON JAPAN

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| Company name | PHOTON JAPAN LLC |
| Representatives | Reijiro Okawa, Yuko Mizuno |
| Establishment | September 2014 |
| Capital | 10 million yen |
| Business | Comprehensive provision of services from business development through to the operation of solar power plants |

◆ About PJ Asset Management Co., Ltd.

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| Company name | PJ Asset Management Co., Ltd. (PJAM) | |
| Establishment | June 2023 | |
| Capital | 5 million yen | |
| Investment ratio | PHOTON CAPITAL LLC | 90% |
| | Japex Green Energy Co., Ltd.*4 | 10% |
| Business | Development, management and operation of PV power plants | |

*4 100% subsidiary of Japan Petroleum Exploration Co., Ltd. (JAPEX)

End

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