

May 21, 2021

**Notice of the Judgment in the Lawsuit Filed against the Company's Equity-Method Affiliate**

As announced in "(Progress of a Disclosed Item) Notification on an Appeal Made by Our Chinese Subsidiary and a Petition for Acceptance of the Appeal" dated September 29, 2020, a lawsuit was filed against our equity-method affiliate, Hangzhou Semiconductor Wafer Co., Ltd. (hereinafter "FTHW"), (hereinafter "this lawsuit"), in the Intermediate People's Court in Hangzhou. On May 14, 2021 (local time), we received the written judgment of the second trial. As a result, the judgment of this lawsuit has become final and binding. Details are as follows.

**1. Overview of FTHW as of December 31, 2020**

(1)	Name	Hangzhou Semiconductor Wafer Co., Ltd.
(2)	Address	888 Dongken Road, Qiantang New District, Hangzhou, Zhejiang, China
(3)	Title and name of representative	He Xian Han, Representative Director
(4)	Contents of business	Manufacture and sale of semiconductor wafers
(5)	Capital	3.93 billion yuan (approx. 66.6 billion yen) *Exchange rate: 1 Chinese yuan = 16.95 yen

**2. Process from the filing of the lawsuit to the finalization of this judgment**

With respect to the construction of a large-diameter semiconductor wafer plant of FTHW, the plaintiff filed a lawsuit on April 11, 2019, regarding the payment of the balance of the construction fee, in response to FTHW's withholding of payment for a portion of the construction fee, which resulted from an additional work due to defective construction work by the plaintiff. Subsequently, on August 17, 2020, the first trial judgment was rendered ordering FTHW to pay the construction fee of 34,096,997 yuan (approx. 578 million yen), interest on the construction fee from May 20, 2018 to August 19, 2019, and the appraisal fee for this lawsuit of 100,000 yuan (approx. 1.7 million yen) and the trial expenses totaling 212,285 yuan (approx. 3.6 million yen). FTHW disagreed with the judgment and made an appeal to the court. The decision has now been finalized with FTHW receiving the appeal court's written judgment on May 14, 2021. The amount in the judgment this time is down approximately 2,787,000 yuan (approx. 47.2 million yen)\* from the first trial judgment. Although FTHW's claim was partially accepted, FTHW has filed a request for a retrial on May 17 (local time), claiming that the court's decision was in error.

\*Excludes interest expense on construction fee in arrears.

**3. Overview of the plaintiff**

(1)	Name	China Construction Eighth Engineering Division. Corp. Ltd.
(2)	Address	1568 Century Avenue, Pudong New Area, Shanghai, China
(3)	Title and name of representative	Huang Ke Si, Representative Director
(4)	Contents of business	General construction business
(5)	Capital	9.5 billion yuan (approx. 161 billion yen) *Exchange rate: 1 Chinese yuan = 16.95 yen

**4. Contents of this judgment**

The underlined parts are the parts of the judgment that have been changed.

Decision of the first trial	Decision of the second trial (final judgment)
"The defendant shall pay the plaintiff <u>34,409,282 yuan</u> (approx. 583 million yen) plus interest." (Breakdown)	"The defendant shall pay the plaintiff 32,297,357 yuan (approx. 547 million yen) plus interest." (Breakdown)
(1) Construction fee: <u>34,096,997 yuan</u>	(1) Construction fee: <u>31,808,124 yuan</u>
(2) Interest from May 20, 2019 until it is fully paid	(2) Interest from May 20, 2019 until it is fully paid
(3) Appraisal fee: 100,000 yuan	(3) Appraisal fee: 100,000 yuan
(4) Trial acceptance fee and lawsuit preservation application	(4) Trial acceptance fee and lawsuit preservation application

fee: 212,285 yuan

fee: 389,233 yuan

\*Exchange rate: 1 Chinese yuan = 16.95 yen

**5. Future outlook**

Since the construction fee of this lawsuit is within the range of the amount estimated as other fixed liabilities in the consolidated financial results for the first quarter of the term ending March 2021, and since FTHW was changed from a consolidated subsidiary to an equity-method affiliate at the end of the third quarter of the term ending March, 2021, we believe that the impact of this judgment on the Company's consolidated business performance will be minor, but if there emerges any items that should be disclosed, we will promptly announce them.