

November 12, 2021

**(Progress of a Disclosed Item) Notice of a Lawsuit against Our Equity-Method Affiliate in China and Progress of our Counterclaim**

We hereby announce the subsequent progress of a lawsuit by China Construction First Group Construction & Development Co., Ltd. (hereinafter "China Construction First") against Hangzhou Semiconductor Wafer Co., Ltd. (hereinafter "CCMC") that we disclosed in "Notice of the Filing of Lawsuit against Our Chinese Subsidiary" on December 27, 2019 and the counterclaim by CCMC against China Construction First that we disclosed in "Notice of Filing of a Lawsuit (Counterclaim) by Our Chinese Subsidiary" on May 15, 2020. Details are as follows.

CCMC become an equity-method affiliate of the Company as announced in "Notice of Change of Specific Subsidiaries that Manufacture Semiconductor Wafers" that we disclosed on February 10, 2021. Its abbreviation also changed from FTHW to CCMC.

1. Overview of the other party in the lawsuit

(1)	Name	China Construction First Group Construction & Development Co., Ltd. (China Construction First)
(2)	Address	Building 17, Wangli Road West, Chaoyang District, Beijing, China
(3)	Title and name of representative	Liao Ganglin, Legal representative

2. Overview of the equity-method affiliate of the Company

(1)	Name	Hangzhou Semiconductor Wafer Co., Ltd. (CCMC)
(2)	Address	3889 709-18 Dongying Road, Dajiangdong Industrial Cluster, Hangzhou, Zhejiang, China
(3)	Title and name of representative	He Xian Han, Legal representative
(4)	Contents of business	Manufacture of semiconductor wafers
(5)	Capital	5,032 million yuan (approx. 85.54 billion yen) (Current as of September 30, 2021)
(6)	Our investment ratio	23.05% (Current as of September 30, 2021)

3. Progress of the lawsuit

China Construction First filed a lawsuit (hereinafter "the lawsuit") on November 6, 2019 (date of service of the complaint: December 19, 2019) in the Zhejiang Hangzhou Intermediate People's Court against CCMC, which is an equity-method affiliate of the Company, seeking payment totaling 386 million yuan (approx. 6.605 billion yen) for additional altered construction charges of the construction of a semiconductor wafer plant. The lawsuit was divided into two lawsuits claiming the payment of fees under a public works contract and electrical facility work contract, respectively, in response to a decision by the court, and then re-filed. The total amount of the claims as of the end of this second quarter is 380 million yuan (approx. 6.508 billion yen).

In response to that, CCMC filed a lawsuit on April 16, 2020 in the Zhejiang Hangzhou Intermediate People's Court against China Construction First claiming damages of 188 million yuan (approx. 3.227 billion yen) as a penalty under the construction contract due to the delay in the plant construction work and construction cost to other contractors for the unfinished work. (CCMC also divided this into two lawsuits claiming damages under a public works contract and electrical facility work contract, respectively, and then re-filed following the re-filing by China Construction First.)

In addition, China Construction First applied for a provisional seizure against the assets of CCMC together with the lawsuit.

The court sent the Notice of Protective Matters to CCMC on December 18, 2019 and issued a preservative disposition for provisional seizure including the land usage rights of the plant of CCMC. However, the target of the provisional seizure was changed to the land usage rights of CCMC in the plant of Hangzhou Dahe Thermo-Magnetics Co., Ltd., a consolidated subsidiary of the Company, on April 8, 2020 in regards to the land usage rights. China Construction First re-applied for provisional seizure of the assets of CCMC with the above re-filing and that is currently in process.

The lawsuits pertaining to the above re-filing are also all currently pending.

#### 4. Future outlook

CCMC has reasonably estimated its obligations relating to these lawsuits as of the end of this second quarter and has included them in its financial statements. We will continue to advocate the legitimacy of CCMC in regards to these lawsuits. We believe the impact of the lawsuit on our results in the fiscal year ending March, 2022 onward will be minor. However, we will make a prompt announcement if matters that should be disclosed arise in the future.