



1 December 2025

To Whom It May Concern

Company Name: Showa Holdings Co., Ltd.

Representative: Tatsuya Konoshita
Representative Director
President and Chief Executive Officer
(Code Number: 5103 Standard Market)

Contact: Tomohiko Shoji, Director,
Representative Director
Chief Operating Officer and Chief
Financial Officer
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**Notice Regarding the Company's Response
to Shareholder Derivative Lawsuit**

As reported in our announcement dated 18 November 2025, 'Notice Regarding the Judgment in the Shareholder Derivative lawsuit (Plaintiff Shareholders Prevail)' (※The plaintiff is a shareholder and also our Representative Director, Mr. Tatsuya Konoshita), the Court of Appeal's judgment has recognized that Mr. Nicholas James Gronow, a Director of our company, is liable for damages.

We take seriously the fact that the current directors (holdover directors) were found to have violated board resolutions and breached their duty of care. Regarding this matter, the three directors who are members of the Audit and Supervisory Committee, together with the four directors who are not members of the Audit and Supervisory Committee (excluding the directors found to have breached their duties and Mr. Hosono), have discussed the future course of action. We hereby report the following.

*For the announcement dated 18 November 2025 regarding the ruling on the shareholder derivative lawsuit (plaintiff shareholder prevail), please refer to the following URL:

<https://www.showa-holdings.co.jp/ir/irfile/sh20251118.pdf>

Note

1. The Court's Findings and Determinations in the Appeal Judgment

The judgment of the Tokyo High Court dated 14 November 2025 primarily made the following findings and determinations before ruling that Director Nicholas James Gronow bore liability for damages arising from his violation of the board resolution.

(Breach of Board Resolution)

- Director Nicholas James Gronow, despite being a qualified chartered accountant himself and thus capable of proposing candidates for the investigation committee who met the envisaged criteria, failed to do so. Furthermore, he consistently refused to accept the selection proposals for investigation committee members put forward by Attorney Takeuchi, who had already been appointed as the committee's chairperson by a board resolution, without providing any clear criteria regarding the required years of experience in forensic accounting or the number of cases handled. (On this point, director Nicholas James Gronow claims to have conducted research, including via Google, but it is difficult to conclude that this constituted a sufficiently thorough investigation.)

- Given the response from Director Nicholas James Gronow and the difficulties encountered by the third-party committee chair in securing suitable candidates for the investigation committee, it is evident from the circumstances that the Showa Holdings board of directors, in order to promptly establish the investigation committee and commence the investigation, approved the appointment of the accountant recommended by the third-party committee chair as an investigation committee member and passed a board resolution to enter into a contract with said accountant.

The content of that resolution was appropriate as a management decision by Showa Holdings and should be regarded as consistent with, and not contrary to, the fiduciary duty and duty of care owed by the directors constituting the board.

Consequently, the declaration by Director Nicholas James Gronow to remove the Chairman of the Investigation Committee cannot be regarded as an act undertaken to fulfil his fiduciary duty and duty of care owed to Showa Holdings. Therefore, the declaration to remove the Chairman of the Investigation Committee should be deemed a dereliction of his duties as a director.

(Note: In this matter, the Chairman of the Investigation Committee, appointed by a resolution of the Board of Directors including Director Nicholas James Gronow, resigned after Director Nicholas James Gronow unilaterally sent a dismissal notice. This prevented the formation of the Investigation Committee, causing damage to the Company.)

- The argument put forward by Director Nicholas James Gronow amounts to nothing more

than the assertion that actions based on an order of the BVI court take precedence over the duties of a director as defined under Japanese law, and is unfounded.

2. Judgment of the Company's Audit and Supervisory Committee

The Company's Audit and Supervisory Committee has carefully examined and considered the content of the appeal court judgment. As a result, we have reconfirmed that the director in question did indeed neglect his duties. Furthermore, considering the significant amount of damages to the Company that was not recognised in the appeal court and the likelihood that such damages will be recognized in the appeal proceedings, we maintain our policy of continuing to stand on the plaintiff's side and participate as an intervener.

The directors who breached their duties, along with four other directors of the Company who are not members of the Audit and Supervisory Committee (excluding Mr. Hosono), support the Audit and Supervisory Committee's decision.

3. Future Actions

The Company has confirmed that Mr. Tatsuya Konoshita, the plaintiff in this shareholder derivative lawsuit, intends to appeal seeking full recovery of the damages incurred to the Company.

Meanwhile, Director Nicholas James Gronow is the plaintiff in the lawsuit reported in the 'Notice Regarding the Action for Confirmation of Status of Directors (Excluding Directors Serving on the Audit and Supervisory Committee)' dated 10 October 2025. He is currently contesting the appeal at the Tokyo High Court, which issued the judgment in this case. Given this relationship, it is anticipated that this Director will file a further appeal. The Company intends to proceed diligently in the appeal proceedings, presenting physical evidence to seek the court's full acceptance of our arguments.

Furthermore, Director Nicholas James Gronow has been nominated as a candidate for the Board of Directors for the continuation of the General Meeting of Shareholders held on 26 June 2025 and for any future continuation meetings. As this shareholder derivative lawsuit has not yet been finalized, we intend to maintain this director as a candidate for the Board of Directors. However, we will proceed with further careful deliberations and will promptly disclose any developments requiring reporting.

We sincerely apologize for the considerable concern this has caused our shareholders and investors and kindly request your understanding.

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