

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.

January 20, 2021

2-9 Kanda-Surugadai, Chiyoda-ku, Tokyo, Japan
Nichii Gakkan Co., Ltd.
Representative Director and President
Nobusuke Mori

Notice on Distribution of Proceeds From Disposal of Fractional Shares

Dear Shareholders:

The Company's proposal at the Extraordinary Shareholders Meeting held on October 16, 2020, concerning the consolidation of shares at a ratio of 16,303,849 shares to one was approved, and in line with that, the Company's common shares were delisted on November 5, 2020, and on November 9, 2020, the effective date of the share consolidation, the common shares of the Company owned by shareholders other than K.K. BCJ-44 and Meiwa Corporation became fractional shares of less than one share.

The Company has obtained permission at the Tokyo District Court with respect to fractional shares less than one share owned by shareholders, to voluntarily sell shares equal to the total number (provided, however, that if the total number includes a fraction of less than one share, such fraction will be discarded), and proceeds obtained through such sale will be distributed to shareholders.

Accordingly, the proceeds obtained through such sale will be distributed as described below.

Note that shareholders may be taxed on the distribution of the proceeds from disposal of fractional shares. Please consult your local tax office or a tax professional such as a tax accountant for inquiries on taxation concerning the distribution.

1. Amount to be distributed

The Company shall distribute to each shareholder the amount equivalent to the number of common shares of the Company that the shareholder owned before the share consolidation multiplied by JPY 1,670, which is the same amount as the price offered in the tender offer. The amount paid to you is the amount stated in the Statement of Distribution Calculation attached with this notice.

2. Distribution method

(1) If you have not provided your account details for dividends

- (i) To receive the distribution, bring the enclosed "Distribution Warrant" to the local office of the Japan Post Bank or to the relevant service desk of a post office (bank agent). As the period for receiving distributions is from Thursday, January 21, 2021, to Monday, February 22, 2021, please receive the distributions at the earliest opportunity.
- (ii) If you are a corporate shareholder with a receivable amount of JPY 50,000 or more, please receive the distribution by bringing the "Ordinary Cash Remittance (Remittance Certificate)" to be sent by mail at a later date to the local office of the Japan Post Bank or to the relevant service desk of a post office (bank agent).

(TRANSLATION FOR REFERENCE PURPOSE ONLY)

Please note that it will take an extra number of days for the Remittance Certificate to be delivered to you.

(2) If you receive dividends into an account belonging to a securities firm
Because it is not possible to transfer distributions of proceeds of fractional shares into an account belonging to a securities firm, please use the “Distribution Warrant” and follow the same instructions of (1).

(3) If you receive dividends into your bank account
The distribution will be transferred to your specified bank account on Thursday, January 21, 2021.
If it is not possible to transfer the distribution to your specified bank account, the distribution will be carried out using the method described in (1) above.

3. Point of contact for inquiries

Please direct your inquiries to the contact below.

[Contract for inquiries] Stock Transfer Agency of Mitsubishi UFJ Trust and Banking Corporation
Phone: 0120-232-711 (toll free (Japan only))
Business hours: from 9:00 a.m. to 5:00 p.m., excluding Saturdays, Sundays and national holidays