

October 7, 2020

To whom it may concern:

Company name: YAKULT HONSHA CO.,LTD.
Representative: Takashige Negishi,
President and
Representative Director

**Notification Regarding Sale of the Company's Stock by Danone and
Amendment of Memorandum of Understanding between the Company and
Danone**

YAKULT HONSHA CO.,LTD. (the "Company") and Danone, a France-based company, first executed an alliance agreement on March 4, 2004, pursuant to which both parties had engaged in a mutually beneficial and cooperative alliance, taking advantage of the unique strengths, corporate culture and business models of the respective companies. Although the alliance agreement was subsequently terminated on April 26, 2013, both companies entered into Memorandum of Understanding ("the MOU") on that same day, in recognition of the value of cooperating in the promotion of probiotics, maintaining an amicable relationship, and solidifying the mutual understanding of both companies in respect of any future collaborative relationship between them. The MOU was further amended and disclosed on February 14, 2018, to reflect Danone's sale of a part of its shareholding in the Company through a global offering.

Following the sale above, Danone has continued to hold 10,612,000 shares of the Company (with a shares holding ratio of around 7%). On October 7, 2020, however, Danone gave notice to the Company that Danone has sold all of its shareholding in the Company. Accordingly, both parties amended the MOU on that same day. As a result of this latest amendment to the MOU, Danone shall no longer have the right to nominate candidates for appointment as director on the Company's board of directors. Please note that the existing directors who were previously nominated by Danone will remain in office until expiration of their current terms of office as directors of the Company (i.e. at the close of the Company's next Annual General Shareholders' Meeting scheduled to be held in June 2021).

Currently, the Company and Danone are engaging in business through joint ventures between the two companies in India and Vietnam, and are also jointly conducting probiotic promotion activities in the United States and India, as well as jointly carrying out various activities, including funding research in the United States. The Company and Danone have agreed that both companies will continue such existing collaboration projects. For the reasons set out above, the "Liaison Office" jointly established by both the Company and Danone shall continue operations as before.

The Company and Danone will maintain their long-term amicable relationship and continue to promote probiotics in the future.

The date of amendment of the memorandum of understanding

October 7, 2020

Outlook

This matter is not expected to affect the Company's operations or operating results.