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To whom it may concern:

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Notice regarding the Receipt of an Award of Excellence in the 6th Robot Award

TOHO HOLDINGS CO., LTD. (“TOHO HOLDINGS” hereinafter) is pleased to announce that its wholly-owned subsidiary TOHO PHARMACEUTICAL CO., LTD. (Head Office: Setagaya-ku, Tokyo; President: Hiroyuki Kono) (“TOHO PHARMACEUTICAL” hereinafter) has received an Award of Excellence in the Robot Business and Social Implementation category in the 6th Robot Award organized by the Ministry of Economy, Trade and Industry (Co-organized by the Japan Machinery Federation). The award was given to the “Advanced Robot System for Pharmaceutical Distribution Centers,” which was built at TBC Saitama. This system was entered into the contest as a joint project between four companies: TOHO PHARMACEUTICAL; Daifuku Co., Ltd.; NEC Corp.; and Yaskawa Electric Corp.

The award ceremony will be held and the prize-winning robots will be exhibited at Japan Robot Week 2014, which will take place at Tokyo Big Sight from Wednesday, Oct. 15 to Friday, Oct. 17, 2014.

1. Outline of TBC Saitama and the Details of Robot Development

TBC Saitama is a large distribution center that handles roughly 28,000 items, mainly prescription pharmaceuticals and was newly constructed in Kuki, Saitama Prefecture, in December 2013. In opening distribution centers across Japan, TOHO HOLDINGS has continued to constantly pursue Accuracy, Traceability, and Business Continuity Planning as its social mission in supplying pharmaceuticals, which is a product that peoples’ lives may depend on. This stems from our desire to deliver pharmaceuticals via a safe and secure distribution system to medical institutions across the country. Meanwhile, a look at the social environment in Japan reveals a dwindling birth rate and an aging population. Securing workers has thus become difficult, and the need to improve productivity has become a major issue.

In order to accomplish our social mission and quickly adapt to the changes in the social environment, TOHO HOLDINGS aims for 99.99999% (“seven nines”) shipment accuracy while at the same time choosing to automate distribution to the greatest extent in order to pursue efficiency and streamlining as a corporation.

The widely held view has been that the use of robots in the distribution industry is difficult because of the wide variety of products that are handled, but TOHO HOLDINGS chose to take on this difficult challenge, and we have been given high marks for showing results in improving productivity. By actually installing 20 robots at TBC Saitama, more than 85% of the picking of

cases has been fully automated, and robots handle 63% of all piece-picking.

While Daifuku Co., Ltd. is a material handling manufacturer that is successful globally, this is the first instance in which an automated warehouse and robots have been integrated in the distribution industry. Technological challenges were repeatedly taken on to realize the requests of TOHO HOLDINGS, and a total of 24 patent applications related to this project have been submitted. Yaskawa Electric Corp. built the actual robots while NEC Corp. handled the distribution system. The robot was put into practical use thanks to the cooperation of these partners.

2. Details of the Robot System that Received the Award

“Advanced Robot System for Pharmaceutical Distribution Centers” at TBC Saitama

- (1) Sixteen robots pick pieces of different sizes and weight from the automated warehouse. The processes from automatically sorting each order on the conveyor to placing orders separately in trays have been automated.
- (2) By having two robots pick cases from the automated warehouse for the pallets, everything from conveyor transport to storage in the automated warehouse for tertiary packages has been fully automated.
- (3) The process of loading cases onto cargo carts has been fully automated. A computer simulates the loading to automatically determine the optimal loading method, allowing a robot to load cases onto cargo carts without any human involvement.

Review by the Judging Committee

This robot system was recognized as a good example of the social implementation of robots since the introduction of robots led to innovation in distribution services, such as a 50% improvement in productivity.

3. About the Robot Award

The Robot Award (organized by the Ministry of Economy, Trade and Industry and the Japan Machinery Federation) recognizes the most outstanding robots and RT elemental technology that excel in terms of their present and future potential contribution to creating new markets, with the selection made from excellent robots, parts and software. The purpose of this award is to foster innovation in Japan’s robotics technology, expand the applications of robotics technology, and stimulate demand for such technology. The award, which also recognizes business models shown to be effective through applications of robot technology, aims to realize the three goals listed below.

1. Promote the commercialization of robots/RT so that this leads to advances in research and development as well as the cultivation of next-generation personnel
2. Use robots/RT effectively, and offer solutions to various issues
3. Increase public awareness of robots/RT and through their social implementation, realize a new social system and create new industries

* RT: A concept that interprets robotics technology in a broad sense, and a keyword that expresses the industrial strategy of promoting a shift to a solutions business industry.