

To whom it may concern:

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Notice Regarding Start of Operations at the New High-Functioning Distribution Center, “TBC Hiroshima”

TOHO HOLDINGS CO., LTD. (Headquarters: Tokyo; Chairman of the Board and Representative Director, Chief Executive Officer (CEO): Norio Hamada) is pleased to announce that TBC Hiroshima, a high-functioning distribution center for prescription pharmaceuticals, etc., started operations on November 5 as described below.

1. Outline of TBC Hiroshima

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| (1) Name: | Toho Pharmaceutical Co., Ltd., TBC Hiroshima |
| (2) Location: | Asaminami-ku, Hiroshima-shi, Hiroshima prefecture |
| (3) Site area: | 31,014 m ² |
| (4) Building space: | 12,207 m ² |
| (5) Total floor space: | 31,700 m ² |
| (6) Structure: | RCSS structure, Four-story building |
| (7) Number of product lines: | About 25,000 items |
| (8) Product lines: | Prescription pharmaceuticals, medical equipment, medical supplies, reagents etc. |
| (9) Supply destinations: | Hiroshima, Okayama, Tottori, Shimane, Yamaguchi, Kagawa, Ehime, Kochi, Some areas in Fukuoka |
| (10) Maximum shipping capacity: | 250 billion yen/month |

2. Characteristics of TBC Hiroshima

- (1) Further advance in the automation technology developed at TBC Saitama achieve unmanned processing from receipt of goods through to shipping
 - Automate the receipt of palletized goods as well as original packaged goods from trucks. Receive goods late at night, thereby helping to mitigate transport companies' problems of driver shortages and waiting times.
 - Use robots for picking and box packing. Automate 90% of piece picking by increasing the number of items handled from about 2,500 at TBC Saitama to about 7,000.
 - Automate the entire process from the selection of folding containers from three different types according to each customer's shipping volume to packing and closing the boxes, and sealing them with tape, thereby reducing manual labor to the bare minimum.
 - Automate the loading of original packaged goods and folding containers for shipment onto cargo dollies, thereby reducing manpower in shipping areas.
- (2) Further improve shipping accuracy
 - Aim to achieve a shipping accuracy rate higher than the 99.99999% already achieved by existing distribution centers, by strengthening checks using barcodes, weights and images as well as recording all checkpoints (inspection and sorting) using work recorders.
 - Clearly specify which cargo dolly should be directed towards which truck through the use of barcodes to prevent misloading.
- (3) Establish distribution systems in accordance with PIC/S GDP*

- Install dock shelters in all loading entrances to alleviate the impact of outdoor air and to prevent product tampering.
- Adopt temperature monitoring systems to measure the temperature at 36 locations in the distribution center on an ongoing basis.
- Develop special vehicles corresponding to GDP to carry out appropriate temperature control and monitoring during transportation.
- Introduce bug and rodent control measures such as the installation of insect traps, bird deterrent spikes and ultrasonic rodent repellent devices.

* International good distribution practices for storage, delivery, etc. as laid down by the Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme (PIC/S)

- (4) Improve delivery efficiency from distribution center to customers
 - Shift away from traditional delivery by the sales branch to delivery by the customer in order to streamline delivery operations at sales branches.
- (5) Expand customer services
 - Provide and expand services such as delivery to medical institutions directly from TBC Hiroshima and no inspection on delivery which helps improve customers' operational efficiency.
- (6) Comprehensive measures against natural disasters and to ensure security
 - Develop systems which will ensure a stable supply of pharmaceuticals even in the event of a disaster through such measures as introducing duplicated host computer systems and implementing disaster drills on a routine basis.
 - Install a private power generator that runs for 72 hours. Keep 20,000 liters of fuel in a tank and 10,000 liters of fuel at a nearby fuel supplier, which will enable the private power generator to run for 108 hours.
 - Deploy motorbikes as emergency response tools.
- (7) Initiatives to reduce the environmental burden
 - Help reduce social cost by using automatic picking robots which run on night-time electricity.
 - Install solar panels on the roof.

3. Schedule

Operation date: November 5, 2018

(Starting with Hiroshima prefecture, the supply area of TBC Hiroshima will gradually expand and will begin to cover all areas on January 4, 2019.)

