

September 16, 2020

To whom it may concern:

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Announcement of the launch of a large and highly-functional logistics center, “TBC Dynabase”
– Achieving tremendous improvement in the efficiency of pharmaceutical distribution and disaster response in the Tokyo metropolitan area –

TOHO HOLDINGS CO., LTD. (Headquarters: Tokyo; Chairman and Representative Director: Norio Hamada; President and Representative Director: Atsushi Udoh; hereinafter, “TOHO HOLDINGS”) announces that a large and highly-functional logistics center “TBC Dynabase,” which was constructed in the “Keihin Truck Terminal” wide-area transportation base designated by the Tokyo Metropolitan Government, has started operations in stages from September 3, and will be in full operation by the end of September. In addition, along with the operation of “TBC Dynabase,” we announce the reconstruction of our distribution system for reagents and others, and the establishment of a new distribution base in Hokuriku as follows.

1. Operation of TBC Dynabase

Since TOHO HOLDINGS deals in life-related products, i.e., pharmaceuticals, it has been seeking to achieve accuracy, traceability, business continuity, etc., by introducing cutting-edge technologies into logistics. Based on the highly-functional system, the location in the automated warehouse is completely controlled. As a result, “TBC Dynabase” obtained approval from the Tokyo Metropolitan Government as Japan’s first joint logistics and distribution center for pharmaceutical wholesalers to share a common pharmaceutical storage area, and we realized joint distribution with SAKAI MEDICINES CO., LTD. (Headquarters: Tokyo; President and Representative Director: Yasuo Sakai). It is also the world’s highest-level logistics center which is fully compliant with PIC/S GDP, the international good distribution practices for pharmaceutical products.

With the launch of “TBC Dynabase,” we will aim to further strengthen the safe and secure pharmaceutical distribution system for the stable supply of pharmaceuticals, even in the event of a pandemic or disaster, while also responding to the high quality distribution functions required for specialty pharmaceuticals and orphan drugs, which will be the mainstream of new medication in the future. Furthermore, we will continue to take on the challenge of innovation of pharmaceutical distribution, such as thorough automatization by proactively introducing leading-edge robots, the realization of joint logistics and joint distribution, and tremendous improvement in the efficiency of distribution.

1) Outline of TBC Dynabase

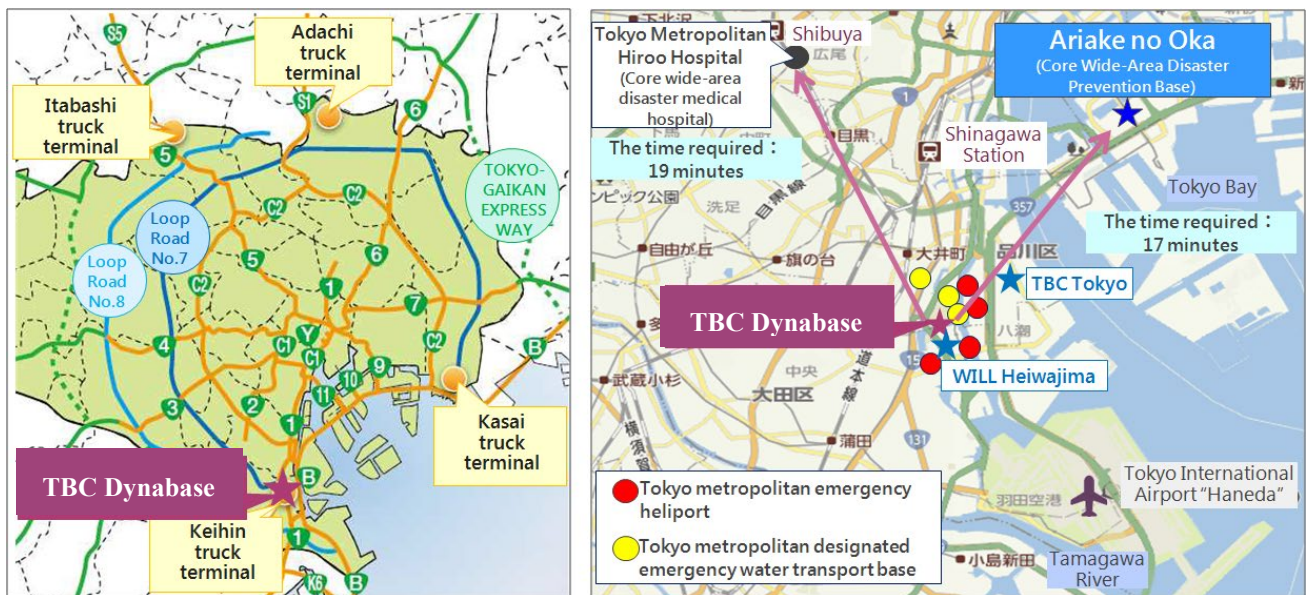
(1) Location :	DynaBASE within Keihin Truck Terminal, 2-1-1 Heiwajima, Ota-ku, Tokyo, Japan (2nd to 5th floors of DynaBASE) TEL : 81-3-6404-6150 FAX : 81-3-3762-0781
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- (2) Total floor space: 50,766 m²
- (3) Number of product lines: About 25,000 items
- (4) Product lines: Prescription pharmaceuticals, medical equipment, medical supplies etc.
- (5) Supply destinations: Tokyo, Kanagawa, Chiba, Nagano, Yamanashi, Shizuoka, Niigata, Miyagi, Yamagata
- (6) Capital investment amount: About 14.6 billion yen

2) Characteristics of TBC Dynabase

(1) Response to disasters in the Tokyo Metropolitan Area

- As it is Tokyo's only ethical pharmaceutical logistics center, which is located inside Loop Road No. 7, it is the only logistics center that can become a distribution base for disaster medical supplies when the Tokyo Inland Earthquake occurs.
- Located near the main wide-area disaster management base facility "Ariake-no-Oka," it is capable of providing pharmaceuticals promptly and smoothly during times of disaster in cooperation with the national government, the Tokyo Metropolitan Government, the Self-Defense Forces, etc.
- A seismic isolation structure is used not only in buildings but also in the adjacent ramp (slope passage).
- Equipped with a large private power generator (5,000 kVA), it can run at full capacity for 72 hours in case of emergency. Also, with uninterruptible power source equipment installed in the distribution server, facility controller, communication facilities, etc., it can deal with instantaneous blackouts when switching to the private power generator.



(2) Further improvement of the world's highest-level automation technologies cultivated in "TBC Saitama" and "TBC Hiroshima"

- In the thorough pursuit of uncovering the potential of robots, we will adopt control technology developed by Mujin, Inc. (Headquarters: Tokyo; CEO: Issei Takino; CTO: Rosen Diankov), aiming to achieve a robot piece-picking rate of 95%. We will also aim to attain more than seven-nines (99.99999%) shipping accuracy, which is achieved in "TBC Saitama" and "TBC Hiroshima."
- Based on this high shipping accuracy, we will build a delivery system on the basis of the "NO inspection system," which contributes to the improvement of operational efficiency of our customers by omitting inspections at the time of delivery.
- Shipment by customer, sales office, and person in charge will significantly reduce sorting work at sales offices.

- We will proactively promote “direct delivery from the center” in which products are directly delivered from the center to our customers.
- We will promote the automatic replenishment (planned delivery) of pharmaceuticals appropriate to consumption which is linked to a centralized administration system of pharmacy operations “Mizar.”



(3) Establishment of a distribution system that complies with PIC/S GDP (*) and Good Distribution Practice (GDP) guidelines

- Fully-equipped loading dock shelters reduce the influence of outside air and prevent foreign matter from getting inside.
- The temperature is constantly monitored with 62 temperature loggers installed at each place in the warehouse.
- The temperature inside the large cooling unit (670 tsubo: approximately 2,215 m²) is also monitored, and a system in which notifications are given 24 hours about temperature deviations has also been introduced.
- An automatic warehouse system is also installed in the cooling unit to minimize the time spent in the front chamber for picking work.
- Thorough measures against birds, insects, and mice have been taken, such as by installing bird nets, insect traps, ultrasonic rat prevention equipment, and rat traps.

* 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) Strengthening of anti-COVID-19 measures and security

- An AI thermal screening solution “SenseThunder” is installed at the entrance of the center to check body temperature of each visitor and whether they are wearing masks.
- Access to and from each room through corridors in the center is controlled with a security card system. Mask wearing and hand disinfection are thoroughly practiced when entering rooms.
- When a person works at a fixed position for a certain period of time, an acrylic board or vinyl sheet is used to prevent infection.

(5) Efforts to reduce environmental load

- The utilization of automatic picking by robots, which uses night-time electricity, contributes to energy saving.
- The vacuum part of the robot also uses a power-saving type that stops the compressor when a certain degree of torque is reached.
- BEMS (Building Energy Management System) has been introduced to reduce energy consumption.

2. Reconstruction of the distribution system

TOHO HOLDINGS previously operated two distribution centers in central Tokyo: “TBC Tokyo” (Shinagawa City), which handles ethical pharmaceuticals, and “WILL Heiwajima” (Ota City), which handles reagents. With the launch

of the “TBC Dynabase,” the distribution function of “TBC Tokyo” will be transferred to “TBC Dynabase.” Regarding “TBC Tokyo,” “WILL Heiwajima” will be relocated by May 2021 after the renovation of the building. By restructuring these distribution functions, we aim to further rationalize our distribution system to contribute to the improved operational efficiency of our customers, as well as to further increase productivity.

3. Establishment of a new distribution base in Hokuriku

Our group established Hokuriku Toho Co., Ltd. in October 2018 with the aim of strengthening the sales capabilities in the Hokuriku market and responding quickly to changes in the pharmaceutical market. Since then, its sales volume has seen steady and stable growth. Accordingly, we will establish a new distribution base in Hokuriku in order to respond to future growth in trading volume and the expansion of the NO inspection and direct delivery systems to our customers.

1) Outline of “Hokuriku Logistics Center”

Name: Currently not yet determined

Location: Within Kanazawa Morimoto IC Industrial Park, Kawaraichimachi, Kanazawa, Ishikawa, Japan

Space: about 9,443.83 m²

2) Capital investment amount

Currently not yet determined

3) Expected date of the completion

In 2021