

Translation

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March 13, 2024
Alfresa Holdings Corporation

**Notice Regarding the Launch of Alfresa Corporation's Tsukuba Distribution Center
~Contributing to Regional Healthcare
as the Group's Largest Sustainable Logistics Base~**

Subsidiary Alfresa Corporation (Head office: Chiyoda-ku, Tokyo; Representative Director & President: Yusuke Fukujin) will commence operations at its Tsukuba Distribution Center on May 7, 2024.

1. Purpose of Establishment

The Alfresa Group set forth the creation of an optimal logistics network compliant with Pharmaceutical Inspection Co-operation Scheme and Good Distribution Practice (PIC/S GDP) guidelines as a business policy of the Ethical Pharmaceuticals Wholesaling Business in the 22–24 Mid-term Management Plan: Leap into the Future “An Evolving Healthcare Consortium.” The Group is therefore working to build a system to deliver every product safely and securely, and with a high level of quality, to further improve quality assurance and shipping accuracy.

Tsukuba Distribution Center is located in Tsukuba City, Ibaraki Prefecture, and will be the Alfresa Group's largest distribution center, equipped with the latest facilities. The center will increase the shipping capacity of pharmaceutical distribution throughout the Kanto region through its operations, providing services in Ibaraki, Tochigi, and Chiba prefectures, as well as parts of Saitama Prefecture and Tokyo, and streamlining logistics for the entire region by optimizing shipping volumes at neighboring distribution centers. This will further enhance the system for the stable supply of pharmaceuticals and other products in the Kanto region. Furthermore, the center will establish a management system compliant with GDP guidelines,*¹ which call for strict temperature control and other conditions, support pharmaceutical deliveries through a packaged delivery system*² that eliminates the need for in-person inspections, establish storage facilities for accommodating regenerative medical products,*³ and utilize the NOVUMN*⁴ distribution management platform for specially controlled products. The Tsukuba Distribution Center is a sustainable center with an environmentally friendly design. Not only was it built as a seismically isolated structure but was also designed with business continuity in mind, as LED lighting is used throughout the building in the event of a disaster.

The center will contribute to regional healthcare as the Group's largest distribution base with advanced logistics functions and a disaster-resistant design.

*1 GDP guidelines: Basic guidelines set out by the Ministry of Health, Labour and Welfare in December 2018 to promote quality assurance in the distribution of pharmaceuticals

*2 Packaged delivery system: A delivery system in which pharmaceuticals packed in purpose-built folding containers, shipped from warehouses at a degree of accuracy of 99.999% or higher, do not come in contact with anyone until they are delivered to customers

*3 Storage facilities for accommodating regenerative medical products: Dedicated space with standardized equipment, including inventory management systems, storage tanks that use liquid nitrogen to enable freezing at temperatures below -150°C, and ultra-low temperature freezers that operate at -80°C

*4 NOVUMN: A system that aims to optimize the entire supply chain for specialty drugs, such as pharmaceuticals that require cold storage and expensive pharmaceuticals, by providing strict temperature control throughout all stages of product distribution, traceability of individual pharmaceutical products, and improved inventory management functions for specialty drugs at pharmaceutical wholesalers and medical institutions

2. Facility Overview

1) Name	Tsukuba Distribution Center
2) Location	2007-3 Doshinzuka, Kamiyokoba, Tsukuba City, Ibaraki Prefecture
3) Site area	45,173 m ² (approx. 13,665 tsubo)
4) Building area	18,629 m ² (approx. 5,635 tsubo)
5) Total floor area	46,910 m ² (approx. 14,190 tsubo)
6) Structure	Three-story steel frame building
7) Capacity	Maximum of 25,000 items

3. Features of the Distribution Center

(1) The Alfresa Group's largest distribution center, equipped with the latest facilities

Located at the intersection of the Joban Expressway and the Metropolitan Inter-City Expressway, the distribution center offers convenient transportation access and is one of the largest centers in the Alfresa Group. It will fulfill pharmaceutical deliveries for all of Ibaraki, Tochigi, and Chiba prefectures, as well as parts of Saitama Prefecture and Tokyo. State-of-the-art equipment such as depalletizing robots and cross-belt sorters are installed to achieve high productivity and shipping accuracy.

(2) Management system compliant with GDP guidelines

To comply with GDP guidelines, the center has strict temperature, sanitation, and security controls. All shipping and receiving points are equipped with dock shelters and double shutters, and the center has backup functions for its air-conditioning system, as well as insect and rodent control measures. In addition, surveillance cameras have been installed, mainly at the center's entrances and exits. Card readers have been installed at entrances and exits, while some facilities use vein pattern authentication technology to manage entry. A central monitoring system will be used to batch monitor temperature control and security management.

(3) Superior service and high-quality delivery of pharmaceuticals

The center will utilize packaged deliveries for pharmaceuticals, eliminating the need for in-person inspection during delivery to customers. In addition, the center is equipped with storage facilities for regenerative medicines, for which the market is forecast to expand, and a system to facilitate ultra-low temperature storage, transportation, and supply of materials. The center will also be equipped to support the traceability management of specialty pharmaceuticals using NOVUMN.

(4) Business continuity plans

The entire building uses a seismic isolation structure that minimizes damage in the event of an earthquake of seismic intensity 6 or higher. The building has a large emergency power supply capable of operating for 72 hours, as well as water storage facilities to prepare for disruptions to water supply and sewerage. These systems help ensure a continuous supply of pharmaceuticals even in case of disasters.

(5) Care for the environment

The building boasts an environmentally friendly design, using LED lights throughout the facility, green parking space design, and Super PET Ascon^{*5}, an asphalt mixed with recycled materials developed by The Nippon Road Co., Ltd, on the premises.

In addition, to increase load rate during transport and delivery, the center will use shipping and delivery bags made of sustainable materials for small-lot packaging.

*5 Super PET Ascon, developed by The Nippon Road Co., Ltd. An asphalt mixture made with NEWTLAC 5000 (NT-5000), an additive agent derived from chemically treated waste PET bottles. The product helps make environmentally friendly road pavement possible, reducing the environmental burden of plastic bottles and increasing the durability of asphalt.

4. Capital Investment Amount

¥24.6 billion in total (land, construction, logistics equipment, etc.)

5. Coverage Area

All of Ibaraki, Tochigi, and Chiba prefectures and parts of Saitama Prefecture and Tokyo

6. Shipping Capacity

¥52 billion/month

7. Scheduled Start of Operations

May 7, 2024

Exterior View of the Tsukuba Distribution Center



About the Alfresa Group

The Alfresa Group is a leader in the Japanese healthcare industry and is dedicated to making its corporate philosophy, “we create and deliver a fresh life for all,” come true through a wide range of business lines, including ethical pharmaceuticals wholesaling, OTC pharmaceuticals wholesaling, pharmaceutical manufacturing, and operating dispensing pharmacies. Alfresa Holdings Corporation (TSE:2784) reported consolidated revenue of ¥2.6 trillion for the fiscal year ended March 31, 2023. For more information, please see: <https://www.alfresa.com/eng/>