

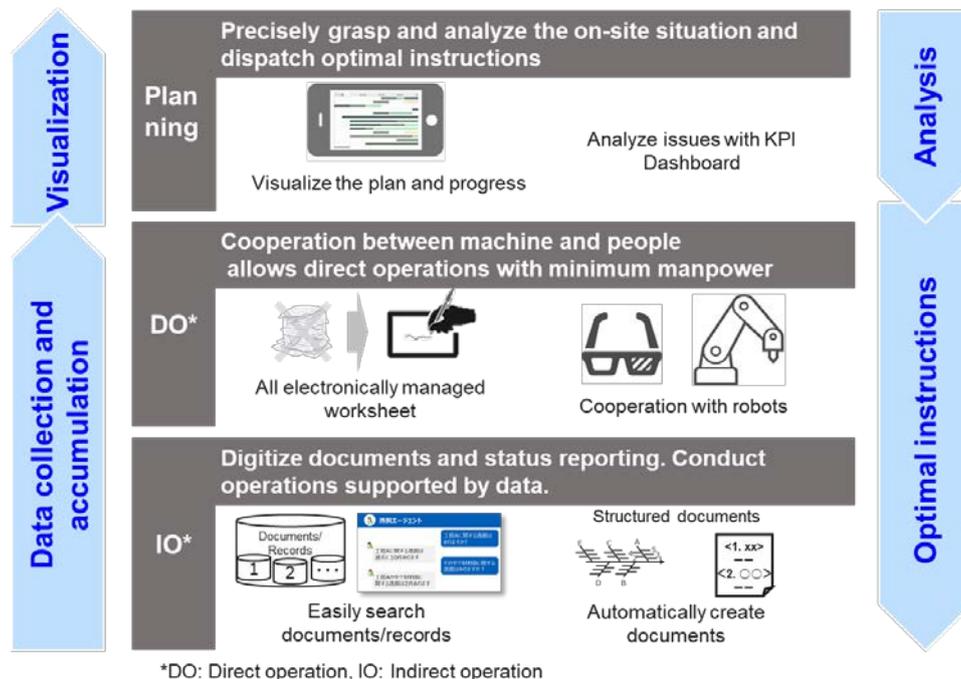


## Chugai Conducts Digital Transformation in Manufacturing with IBM Japan to Realize a Digital Plant

- Conduct digital transformation (DX) for manufacturing function to realize a digital plant under CHUGAI DIGITAL VISION 2030
- Improve productivity and reliability, and promote work style reforms with DX focused on people in collaboration with IBM Japan
- Start with Ukima Plant as a model case and expand to other production sites in the future

TOKYO, January 12, 2021 -- [Chugai Pharmaceutical Co., Ltd.](#) (TOKYO: 4519) announced its digital transformation (DX) for manufacturing function in collaboration with IBM Japan, Ltd. Optimization of all value chains is one of the basic strategies of “CHUGAI DIGITAL VISION 2030,” and as part of this strategy, we are aiming to realize the digital plant. In partnership with IBM Japan, Chugai will accelerate drug development and respond to environmental changes through DX in manufacturing focused on people, to achieve improvement of productivity and reliability, as well as promotion of work style reforms.

[Conceptual diagram of future digital plant]

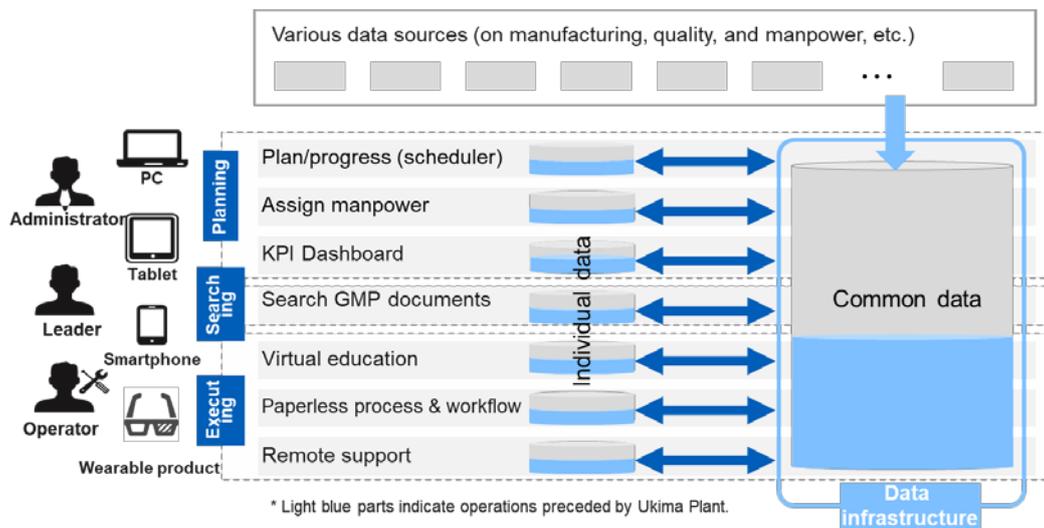


Under the concept of “Transform production operations with digitalization to increase productivity and add high value to human capital,” we are aiming to link and optimize people and operational data in the following areas; 1) planning, 2) direct operations, and 3) indirect operations. In the first step, we will establish a digital infrastructure to support new operations in Ukima Plant as a model case by mid-2022

and validate each measure for expansion to other production sites. We have started to make the concept and defined requirements since 2020 and will initiate each measure in 2021. In partnership with IBM Japan, an experienced company in leading DX, Chugai aims to reform people and operations by utilizing user-friendly systems specific to each work step.

[Establishment of the digital infrastructure and application image]

Information from various data sources including manufacturing, quality and manpower systems will be consolidated in the common data infrastructure and linked to operation systems accessible from devices on each site. As a result, we can utilize the information for operational reforms in a series of production activities, including efficient production / manpower planning and progress management, GMP documents search, and remote support for the production sites.



“Manufacturing function supports stable supply of high-quality pharmaceutical products, which is a mission of all pharmaceutical companies. Realization of the digital plant has an important implication for Chugai in promoting CHUGAI DIGITAL VISION 2030, where we aim to make ourselves a top innovator by transforming our business with digital technologies,” said Satoko Shisai, Chugai’s Vice President, Head of Digital & IT Supervisory Division.

“Introduction of DX into manufacturing function will give us a good opportunity to become a value creating organization that can respond to future environmental changes through innovation of business process and working practices, as well as changes in organizational climate. IBM Japan is a strong partner with extensive experience in DX in the manufacturing industry which can provide us with solutions applicable to our operational reforms. Chugai will proceed to realize the digital plant in a steady and prompt manner,” said Shinya Takuma, Chugai’s Associate Vice President, Head of Pharmaceutical Technology Division and President of Chugai Pharma Manufacturing Co., Ltd..

“Together with Chugai Pharmaceutical, IBM Japan will drive Chugai's DX to bring about autonomous manufacturing and the digital plant. As the economy quickly transforms to one that is centered around digitization, companies must work even more quickly than before on IT and DX, which support corporate management. Setting our eyes on the new chapter of DX and beyond for a better future, we will enhance

our skills and capabilities for making suggestions as well as product and service quality in order to boost the value of clients' businesses,” said Masaharu Asano, Vice President, Sector Leader, Public & Communications, Enterprise Services, Global Business Services, IBM Japan.

###