

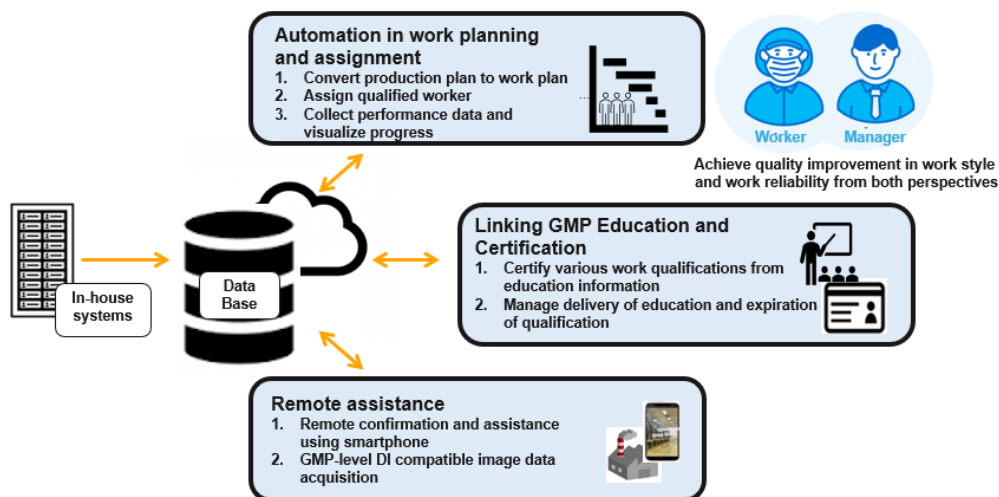
Chugai Pharmaceutical Co., Ltd.
IBM Japan Ltd.

Chugai Pharmaceutical and IBM Japan Initiate Operation of Digital Infrastructure at Ukima Plant to Support New Operations of the Production Function

TOKYO, November 7, 2022 -- [Chugai Pharmaceutical Co., Ltd.](https://www.chugai-pharm.co.jp/en) (TOKYO: 4519) and IBM Japan Ltd. announced today that they have established a digital infrastructure to support new operations of Chugai's production function, with the aim of realizing a digital plant. The digital infrastructure has started its operation at Ukima Plant of Chugai Pharma Manufacturing Co., Ltd., a group company of Chugai Pharmaceutical. Chugai and IBM Japan will continue to work together to promote the full-scale use of the system at the plant and to adopt the digital infrastructure at the Utsunomiya and Fujieda plants as well.

The digital infrastructure consists of three systems: educational system, planning system, and a remote support system. These systems and existing in-house systems are all linked through a data platform and will be utilized for efficient production and workforce planning and progress management, as well as remotely supporting the work site. Chugai transformed its business processes in line with system development to build a "digital infrastructure focused on people," which aims to achieve improvement of productivity and reliability, and promotion of work style reforms. New operations through digitalization are expected to improve compliance with regulations related to pharmaceutical manufacturing including ensuring of DI (Data Integrity), and overall optimization and visualization of production plans and work assignment. Furthermore, realization of cross-organizational working across production lines will enable to enrich individual job experiences and to improve their skills, contributing to human resources development. In addition, the system enables employees to confirm and assist work operations remotely, providing better workplace flexibility.

[Overview of digital infrastructure supporting new operations]



GMP : Good Manufacturing Practice, DI : Data Integrity

IBM Japan is working toward the realization of Chugai Pharmaceutical's digital plant by leveraging its track record, expertise, and skills in digital transformation obtained through client engagements in various industries. Chugai and IBM have been driving comprehensive and innovative digital transformation initiatives in building a digital platform, ranging from system requirement definition, design, development to implementation across all functional areas related to pharmaceuticals, as well as formulating new business concepts and rules with a view to post-digital transformation and changing the mindset of every worker engaged in plant operations. In a rapidly changing business environment, Chugai has been reforming its businesses by fully utilizing digital technologies. Resonating with Chugai's Vision, IBM Japan will continue to collaborate with Chugai as it drives further transformation initiatives, including the realization of the world-leading digital plant for pharmaceuticals.

"The realization of the digital plant is part of 'Optimization of all value chains' stated in CHUGAI DIGITAL VISION 2030, and building a digital infrastructure is the first step. In order to realize the digital plant, we need to not only develop systems, but also to transform our business processes. We are very pleased that we have successfully started to operate the new digital infrastructure through collaboration with IBM Japan, with their extensive experience and diverse solutions," said Satoko Shisai, Chugai's Executive Vice President, Head of Digital Transformation Unit.

"Digital plant, which will significantly transform the intangible aspects of production operations through digital transformation (DX), is essential to realize the production function which is appropriate as a Top Innovator that Chugai Pharmaceutical aims to become. Through DX, we will further accelerate the transformation of our production function into a value-creating organization by improving work reliability and realizing new ways of working, in addition to improving productivity," said Shinya Takuma, Chugai's Vice President, Head of Manufacturing Technology Division and President of Chugai Pharma Manufacturing Co., Ltd.

"IBM Japan has been working with Chugai Pharmaceutical since 2020 to drive digital transformation for manufacturing functions. At Ukima Plant, which was first to implement the system, IBM Japan was able to contribute to transforming operations through production planning across the production line, including optimal worker allocation and increased work efficiency through the use of mobile devices, as well as adding high value to human capital. The two companies will continue to expand the system to other plants to further develop and mature Chugai's digital transformation, such as operation transformation through data utilization," said Masaharu Asano, Senior Partner - Sector Leader, Public & Communications, IBM Consulting, IBM Japan.

As the second step toward the realization of the digital plant, Chugai will deploy this digital infrastructure to other plants with the aim of starting operations in 2023 at the Utsunomiya Plant and in 2024 at the Fujieda Plant. Considering operation status at the three plants, Chugai will also work to further upgrade its digital infrastructure and take additional measures.

About Chugai Pharmaceutical

Chugai Pharmaceutical Co., Ltd., headquartered in Tokyo, is a research-based pharmaceutical company with world-class drug discovery capabilities, including proprietary antibody engineering technologies. Chugai is committed to creating innovative pharmaceutical products that may satisfy unmet medical needs. Chugai is listed on the Prime Market of the Tokyo Stock Exchange. While maintaining autonomy and management independence, Chugai is an important member of the Roche Group. Additional information is available at <https://www.chugai-pharm.co.jp/english/>.

About IBM Japan

Founded in 1937, IBM Japan is a subsidiary of IBM Corporation, which operates in more than 175 countries around the world. With integrated services ranging from basic research and business consulting to IT system development, integration and maintenance, IBM Japan provides high-value hybrid cloud and AI solutions that help drive clients' business and digital transformation.

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