CORPORATE PROFILE 2018

Otsuka Corporation

Energize Your Office with IT

Mission Statement

Mission

OTSUKA CORPORATION serves a wide range of companies, providing comprehensive support for their business activities by presenting, within a concrete framework, new business opportunities and management improvement strategies brought about by innovations in information and telecommunication technology. By so doing, we continue to facilitate the growth of our client companies and contribute to the development of our country and the creation of a spiritually enriching society.

Goals

- To become a corporate group that is recognized and trusted as a valuable corporate citizen.
- To encourage employee growth and self-realization through the attainment of personal goals and professional achievement.
- To demonstrate harmonious coexistence and growth with nature and society.
- To create business models that consistently keep pace with the changing times.

Principles

- Always thinking from the customer's perspective and acting through harmonious team work.
- Maintaining the spirit of challenge inherited from our predecessors, exercising our own critical judgment, and acting on our own initiative.
- Fully complying with all prevailing laws and regulations, and maintaining high ethical standards.

Otsuka Corporation

Energize Your Office with IT

Since its foundation in 1961, OTSUKA CORPORATION has guided companies in their computerization efforts while improving productivity and reducing costs through information technologies. We provide one-stop solutions and one-stop support by combining a diverse array of IT equipment to meet the office requirements of our customers.

The Mission Statement of the OTSUKA CORPORATION Group represents an internal and external declaration of the social role, responsibility and raison d'être that constitute our mission, the goals we aspire to achieve and the principles we adhere to in our daily activities. In accordance with the Mission Statement, we propose optimal integrated systems and comprehensive solutions to energize your office with IT, while always adopting the customer's perspective in response to the trust placed in us. We also seek to be a progressive enterprise that is integral to the creation of a spiritually affluent society by actively embracing harmony with society and nature as a top management priority.

Maintaining close customer relationships and living up to their expectations are the keys for growing with our customers and the context for one of our major corporate goals: constantly transforming the OTSUKA CORPORATION Group in order to earn public recognition and respect as an enterprise based on the principle "The Customer First." This has been our corporate stance from the very beginning and expresses the same spirit of challenge as a proud corporate tradition.

Throughout these commitments and initiatives, we are grateful for the strength, vision and encouragement of our customers.

Yuji Otsuka
President & Chief Executive Officer

History

1961	Start of business in Akihabara and registration as a joint-stock company
1965	Opening of the Osaka Branch
1968	Completion of a head office building in Suidobashi
1977	Start of the COF (Copier, Office computer and Facsimile) strategy / Launch of the first Business System Fair (now the Practical Solutions Fair)
1979	Sales launch of SMILE, a proprietary packaged business software
1981	Commencement of the PC business (start of the new COF strategy)
1982	Commencement of the education business
1984	Establishment of OTSUKA System Engineering (now OSK Co., Ltd.) / Commencement of the CAD business
1985	Commencement of the hotel business
1987	Commencement of the network business
1989	Completion of the Ichikawa Distribution Center (now the Ichikawa Building)
1990	Commencement of the Total α Service (now the "tayoreru" maintenance service) membership-based support service / Establishment of Networld Corporation
1996	Establishment of Alpha Techno Co., Ltd.
1997	Opening of the Tokyo CTO Center
1998	Opening of the Alpha Plaza training facility / Commencement of the security business (now OSM)
1999	Commencement of "tanomail" / Commencement of "α-mail" / Commencement of ODS
2000	Listing on the First Section of the Tokyo Stock Exchange / Opening of the Data Center / Attainment of ISO 14001 certification
2001	Appointment of a new president / Reinforcement of the BtoB supplier support business
2002	Establishment of the Social Contribution Committee / Establishment of the Mission Statement / JIIT Overall IT Award
2003	Completion of a new head office building in Iidabashi and relocation of the Head Office / "tayoreru" Contact Center first in Japan to acquire HDI Support Center Certification from the U.S. Help Desk Institute
2004	Commencement of "Personal tanomail"
2005	Attainment of Privacy Mark certification from JIPDEC / Commencement of the private brand TANOSEE
2006	Establishment of the ODT Center / Establishment of Otsuka Information System Corporation in Shanghai, China / Concentration of service and support businesses under the twin brands "tanomail" and "tayoreru"
2007	Centralized management of the SMILE series brand by OSK
2008	Business and capital alliance with Lion Office Products Corporation / Commencement of LED lighting operations
2011	Acquisition of the Tokyo metropolitan government's Top-Level Office certification by the head office building / Completion of the Yokohama building
2012	Japan Investor Relations Association's IR Special Award
2013	Donation of LED lighting and Smart Plugs to the University of Tokyo for its I-REF Building
2014	Commendation from the IPv6 Promotion Council
2015	Merger of OSK Co., Ltd. and Alpha System Co., Ltd.

Corporate Outline

Company Name	OTSUKA CORPORATION https://www.otsuka-shokai.co.jp/
Capital Stock	10,374 million yen
Net Sales	Consolidated: 691,166 million yen Non-consolidated: 624,694 million yen (FY2017 actual)
Number of Employees	Consolidated: 8,658 Non-consolidated: 7,080 (As of December 31, 2017)
Establishment	July 17, 1961 (Registered as joint-stock company on December 13, 1961)
Head Office Location	2-18-4 Iidabashi, Chiyoda-ku, Tokyo 102-8573
Business	• **System Integration Business:** Sales of computers, copiers, communication equipment and software, consigned software development and other activities • **Service & Support Business:** Supplies, maintenance, educational support and other activities

Board of Directors and Corporate Auditors

President & Chief Executive Officer	Yuji Otsuka
Directors	Kazuyuki Katakura, Toshiyasu Takahashi, Hironobu Saito, Hironobu Tsurumi, Katsuhiro Yano, Minoru Sakurai, Norihiko Moriya, Takuo Fujino, Mitsuya Hirose, Osamu Tanaka, Yasuhiro Wakamatsu, Jiro Makino, Tetsuo Saito
Standing Audit & Supervisory Board Member	Naoto Minai
Audit & Supervisory Board Members	Kazuhiko Nakai, Tetsutaro Wakatsuki, Etsuo Hada

Major Operational Sites and Consolidated Subsidiaries

Business Divisions	LA Division, BP Division, tanomail Division, Hotel Division
Local Area Sales Departments	Chuo Sales Dept. 1, Chuo Sales Dept. 2, Kanagawa Sales Dept., Josai Sales Dept., Tama Sales Dept., Johoku Sales Dept., Northern Kanto Sales Dept., Keiyo Sales Dept., Osaka Northern Sales Dept., Osaka Southern Sales Dept.
Regional Offices	Sapporo Branch, Sendai Branch, Utsunomiya Branch, Takasaki Branch, Chubu Branch, Kyoto Branch, Kobe Branch, Hiroshima Branch, Kyushu Branch
Consolidated Subsidiaries	OSK Co., Ltd., Networld Corporation, Alpha Techno Co., Ltd., Alpha Net Co., Ltd., Otsuka Auto Service Co., Ltd.

Offering solutions at the forefront of change that enable customers to boost productivity, reduce costs, contribute to society and protect the environment

Closely monitoring information technology (IT) trends makes it possible for us to consistently identify potential advantages for the business sites of our customers. Our accumulated expertise has been developed into solutions that fully leverage cutting-edge IT to increase the quality of our customers' management systems and improve local communities. Moreover, to fulfill our responsibility as a corporate citizen, we actively engage in activities to protect the environment.

System Integration
Work Style Reform Solution

The goal of work style reform is to correct extended work hours and improve labor productivity. This initiative also calls on companies to provide workplace environments that enable employees to fully demonstrate their abilities.

Management and Corporate Planning

The most important management tasks are addressing urgent emerging issues and mitigating corporate risks. Work style reform begins with quickly grasping management's situation as well as the status of the working environment.

- Gain an accurate understanding of work hours and working conditions and create an environment for legal compliance.
- Review any differences between the PC logs and service records in order to prevent illegal overtime.
- Raise employee awareness of overtime reduction by automatically shutting down PCs before the end of each work day.
- Utilize BI tools to more effectively use mission critical data and accelerate management decisions.
- Digitize the approval process to enable authorization from home or anywhere else outside the office.
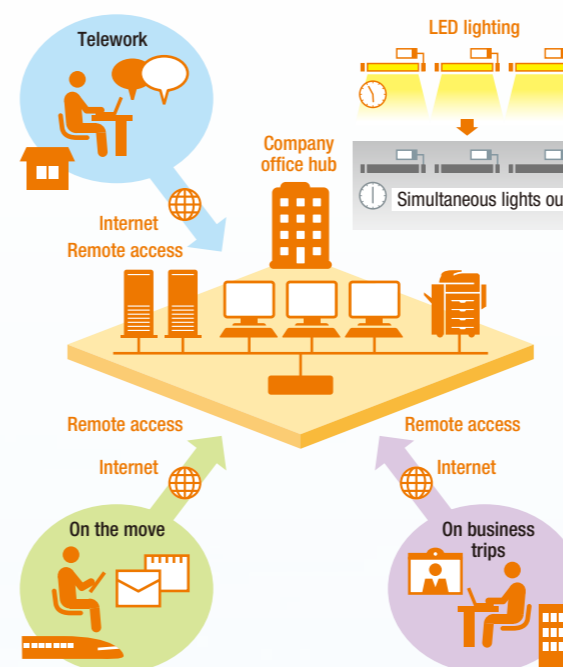
Sales

The key to work style reform at the frontlines of sales is the effective utilization of time and information toward meeting with as many customers as possible and leading successful business deals. We provide an environment that allows staff to demonstrate the same productivity inside and outside the office.

- Effectively use spare time with mobile work to reduce overtime.
- Facilitate project management by allocating tasks and controlling schedules.
- Share business card data to effectively use customer information and raise customer satisfaction.

Across the Company

As the working environment becomes increasingly diversified, a company-wide effort is required to realize a work style reform toward improving productivity and reducing overtime, cutting costs and reinforcing security while also effectively deploying human resources amid a decline in the working population.

- Use RPA (robotic process automation) tools to allocate labor to sophisticated operations.
- Create a secure remote access environment for teleworking to achieve work style reform.
- Utilize Windows 10 PCs, mobile tablets and smartphones with biometric authentication.
- Use familiar communication tools that enable the quick sharing of feelings and intentions.
- Facilitate communication through online storage and file sharing within a secure environment.
- Raise employee awareness of work hours with a system including LED lighting with a simultaneous lights out and human sensor functions.

Telework
LED lighting
Company office hub
Simultaneous lights out
Internet Remote access
Remote access
Internet
On the move
Remote access
Internet
On business trips

Human Resources and General Affairs

Insofar as possible, eliminate strain and waste from routine operations to reduce workload. Advances in work style reform are made possible by clarifying the rules of the operational flow and constructing a system that does not involve human labor.

- Alleviate workloads related to salary calculation by linking attendance management and the salary systems. For even greater efficiency, pay statements can be viewed via e-mail, Web or multifunction machine.
- Open and digitize internal procedures for various applications and link them with the personnel system so that approved data is automatically entered into the system.
- Reduce inquiries from employees as well as their mistakes by using a navigation tool.

Accounting

We are creating a system through which human error can be avoided in order to ensure the accurate handling of legal and tax matters, which in turn leads to work style reform. Using IT can also boost the efficiency of our accounting operations.

- Digitize documented evidence to meet the requirements of the revised Electronic Books Maintenance Act.
- Utilize the data, which has been compiled by accounting software, to shorten the time for preparation of management documents.
- Link the expense settlement to the accounting software in order to eliminate errors caused by duplicate entries.

Social Contribution
Efforts for the Environment (Our 50th anniversary projects)

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We have undertaken a number of projects to commemorate our 50th anniversary in July 2011. As our primary contribution to environmental protection, we planted trees and installed LED streetlights in parks in regions across Japan.

"TANO-kun Forest" Overseas Reforestation Activities

In the Brazilian state of Amapá, we planted Tasmanian blue gum trees as raw material for paper. Also, we expanded the reforested zone to 500 hectares by 2017 and began felling trees in our first plantation area in September 2017.

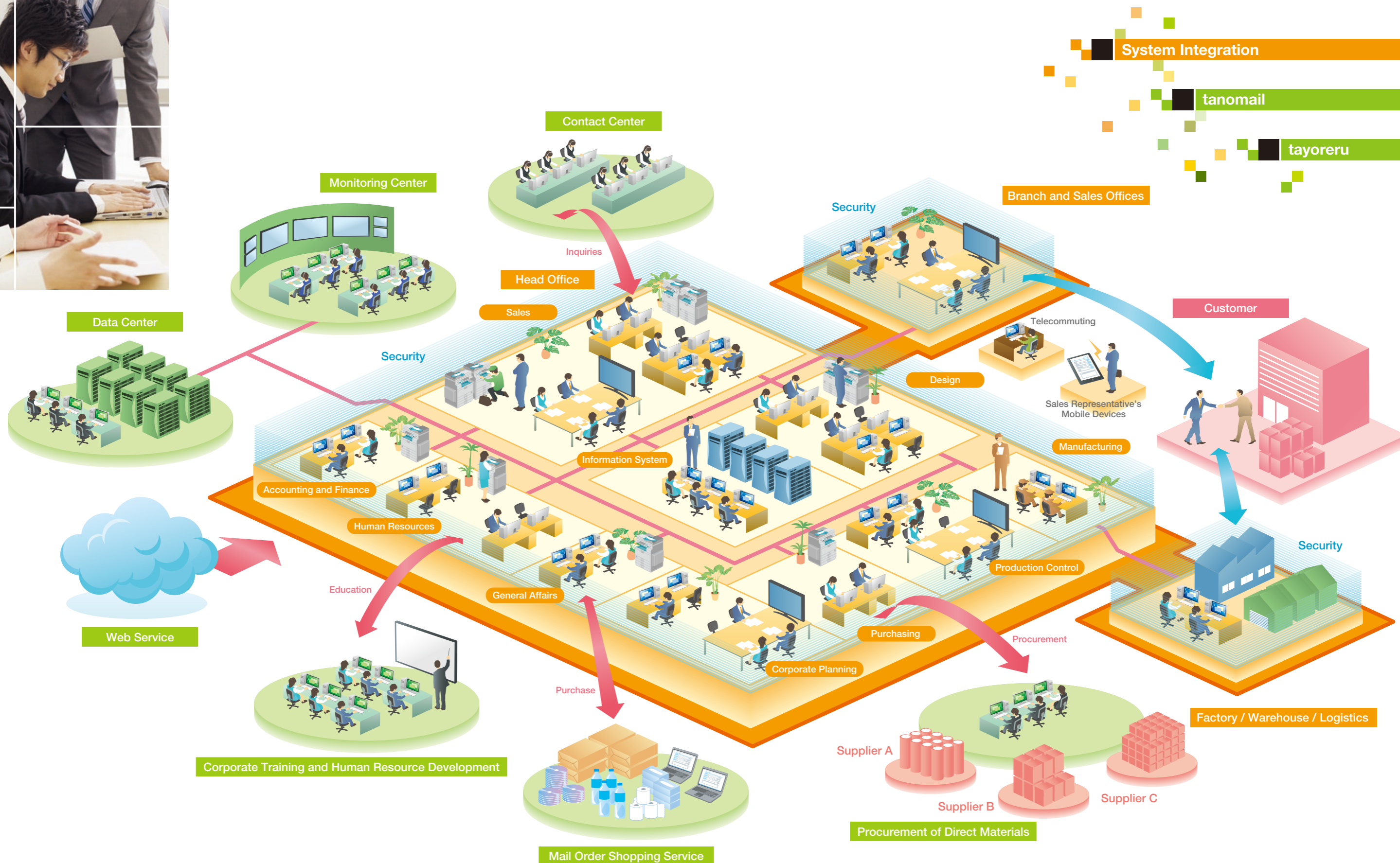December 2011: Immediately after planting

January 2016

September 2017: Began felling trees

Tree Planting Activities and Donation of LED Streetlights in Japan

Sapporo City
Maruyama Park

Sendai City
Kotodai Park

Chiyoda-ku, Tokyo
Sakumacho Park

Osaka City
Urae Park

Hiroshima City
Motoyasu Bridge

Fukuoka City
Maizuru Park

Nagoya City
Horikawa

By adopting the customer's perspective, we can propose and deliver optimal solutions for diverse office needs.

An office is like a living organism in that it faces new challenges every day. OTSUKA CORPORATION serves a wide diversity of corporate customers engaged in a variety of business areas, from major enterprises to small and medium-sized firms. We provide customized solutions for the divisions of different types of companies and are driven by the desire to quickly share the wealth of experience we have gained from a long and proven track record. With the view that no problem is too small, we are capable of helping nearby divisions or remote offices in countless ways.

System Integration

tanomail

tayoreru

Contact Center

Monitoring Center

Branch and Sales Offices

Security

Inquiries

Head Office

Data Center

Sales

Telecommuting

Security

Customer

Design

Sales Representative's Mobile Devices

Accounting and Finance

Information System

Manufacturing

Human Resources

Education

Security

Web Service

General Affairs

Production Control

Purchasing

Procurement

Corporate Planning

Corporate Training and Human Resource Development

Purchase

Factory / Warehouse / Logistics

Supplier A

Mail Order Shopping Service

Supplier B

Supplier C

Procurement of Direct Materials

The right solution for any customer need lies in our comprehensive System Integration and Service & Support offerings.

Since our founding, we have produced one solution after another to address customer needs by harnessing the full value of current IT, free from the constraints of conventional business domains. We have consistently adopted the customer's perspective to develop these solutions, and our System Integration and Service & Support businesses represent the culmination of these efforts. Moreover, with the ongoing advances in IT and the changing demands of customers, both businesses are constantly evolving. In our hands we hold the solutions that customers seek.

System Integration

We create information systems that enable the customer to enhance productivity and reduce costs through an optimal combination of network infrastructure, servers, PCs, mobile devices, multifunction machines and software developed by different companies.

System Integration

Consulting (analysis of tasks, operations)

Software and Systems (planning, design, development)
▶ ERP / Industry- and operation-specific software
▶ CAD / Construction, manufacturing
▶ Information systems / Groupware, workflow
▶ Document management, data utilization

Networks (communications, Internet)
▶ Business phones / Teleconferencing / Wi-Fi and LAN infrastructure equipment
▶ Smartphone and mobile devices / WAN and line network service

Security (information leakage, BCP)
▶ Antivirus, email security, procedural measures
▶ Contingency planning
▶ Data backup

Hardware (introduction and installation)
▶ Multifunction machines, copiers, printers
▶ PCs, peripherals
▶ Servers, storage
▶ LED lightning, BEMS
▶ Smart devices

Service & Support

We provide services that support businesses in every aspect and situation, including mail order office supply sales, support and trouble-shooting during system construction, operational management and information system analysis.

tanomail

Corporate Mail Order Shopping Service for Office Supplies

Mail Order Shopping Service for Nursing Care Products

Personal Mail Order Shopping Service

tayoreru

Hardware and Software Maintenance
▶ Monitoring service
▶ Onsite support
▶ Data recovery

Telephone Support
▶ Remote support
▶ Contact point for repairs

Support for Business Operations
▶ Operational support, educational support, back office support

Outsourcing
▶ Web service
▶ ASP service

MULTI-VENDOR

MULTI-FIELD

System Integration

Creating information systems by tackling business challenges at the side of our customers

We support customers by providing comprehensive, one-stop solutions that lead to successful businesses, from constructing IT infrastructure linking information devices, communication equipment and networks to selecting software that corresponds to their business type, scale and operations, as well as designing, developing and constructing the systems.

- ■ Multi-vendor, multi-field response
- ■ Single contact point for multiple solutions
- ■ Comprehensive solutions from the customer's perspective

Consulting

After a solid review of the customer's business, we support each field with reasonable system operations that deliver material results.

- • Consulting on internal controls
- • BEMS (Building Energy Management System)
- • Management support services

Security

We provide airtight protection against invisible threats and create a secure office environment in which customers can do their work safely.

- • Protection against unauthorized access
- • Prevention of information leakage
- • Protection against computer viruses
- • BCP (Business Continuity Plan)
- • Data backup
- • Data erasure

Network

We fully upgrade customer business communications by reviewing network environments, including phones, and provide optimal services to create an integrated IP environment.

- • VPN service
- • IP communication service
- • Mobile solutions

Software and Systems

We draw on our abundant experience to develop and deliver systems and groupware for businesses and operations.

- • ERP
- • Workflow
- • CAD
- • Document management
- • Groupware
- • BI

Hardware

We respond to customer needs with a multi-vendor approach that is not dependent on products offered by any one specific maker, together with a multi-field approach that encompasses the entire spectrum of IT equipment.

- • Servers
- • Network equipment
- • PCs
- • Peripheral equipment
- • Multifunction machines, printers
- • Smart devices

LED Lighting

We offer an extensive range of effective LED lighting options for reducing electricity use in offices, warehouses, factories and shops.

- • Incandescent and halogen lamp type
- • Explosion proof lighting
- • Fluorescent light type
- • Floodlights
- • Mercury lamp type
- • Exterior wall lighting and street lighting

Optimal solutions for every line of business

- Manufacturing
- Publishing / Printing
- Construction
- Apparel / Jewelry
- Food products
- Retailing / Merchandising
- Raw materials
- Service
- Distribution
- Public institutions / Industry associations
- Local government / Extra-governmental organizations / Schools
- Medical, welfare and nursing care institutions

S ervice & S upport

tanomail

"tanomail" reliably meets all of your office needs and offers very quick delivery.

A broad range of products from office supplies and everyday items to nursing care products are available through the "tanomail" mail order service. We provide quick solutions to meet the needs of every customer, both corporate and individual.

- ■ Reduced customer procurement costs
- ■ Fast transport network expedites the "tanomail" service

■ tanomail
Mail order service for office supplies

This mail order service for corporate customers delivers office goods and services. In addition to stationery, PCs, tools, daily items and office equipment supplies, it offers environmentally friendly products and TANOSEE private brand goods.

As of April 2018

■ Personal tanomail
Mail order service for individual customers

Through this service, customers can use the many products offered by "tanomail" at home or at work. In addition to household goods, stationery and office supplies, we support the everyday needs of customers with food products and daily necessities.

■ Care tanomail
Mail order service for nursing care products

"Care tanomail" provides nursing care products under the concept of "offering backup for everyone involved in nursing." We reliably deliver our lineup of products to both individual and corporate customers while maintaining the same high quality we have been providing with "tanomail."

■ MA tanomail
Procurement support service

This service uses the "tanomail" service to facilitate corporate purchasing, including division-by-division order management and approval functions. Purchasing parameters can be set according to the purchasing rule of the company. Also, we provide support from the initial stage of constructing the service environment.
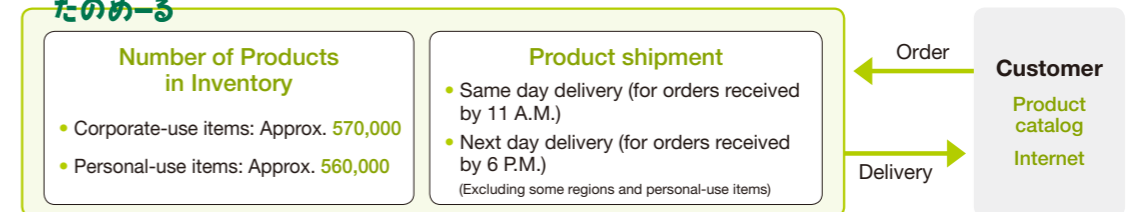
■ Logistics

Our logistics and distribution centers have been strategically located in the eastern and western regions of the country. We have carefully designed our transportation network to respond quickly and maintain an optimal level of inventory to ensure customer needs are met.

What is "tanomail"?

"tanomail" is a service through which we deliver office supplies, PCs and peripheral products in a timely manner to corporate customers as well as stationery, daily supplies and other necessities to individual customers. The several services we offer cater to each customer, and required items are delivered on time.

Number of Products in Inventory	Product shipment		
• Corporate-use items: Approx. 570,000	• Same day delivery (for orders received by 11 A.M.)	Order	Customer
• Personal-use items: Approx. 560,000	• Next day delivery (for orders received by 6 P.M.) (Excluding some regions and personal-use items)	Delivery	Product catalog / Internet

Service & **S**upport

tayoreru

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"tayoreru" provides quick solutions to customer needs as a reliable, one-stop service.
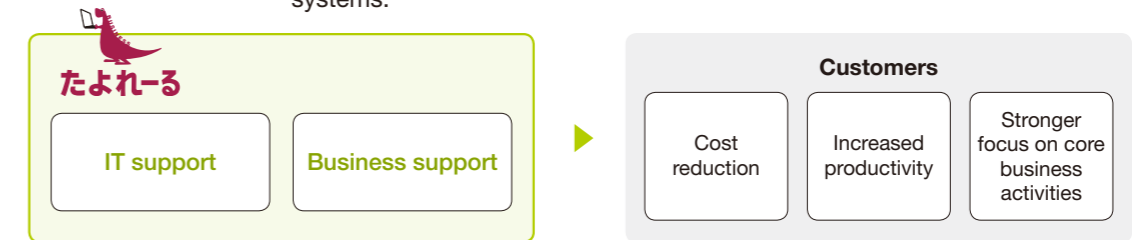
We provide one-stop support for information system operations and management as well as corporate activities in general with hardware and software maintenance, managed network services and outsourcing services.

- Entire support menu covered by our in-house system
- Reliable IT operations and management
- Labor savings based on a review of business operations

What is "tayoreru"?

"tayoreru" is a collective term for the service and support offerings that comprehensively support and utilize IT in a company's various operations, including general affairs, human resources, accounting, and information systems.

たよれーる

IT support	Business support

▶

Customers

Cost reduction	Increased productivity	Stronger focus on core business activities

IT Support

Our comprehensive support of IT operations and management, including system maintenance and safekeeping of installed equipment, and the provision of Internet services.

Business Support

We provide a variety of services to reduce customer workload in addition to services for human resource development.

Support System

We are always fully prepared to support our customers, responding with flexibility and care based on our people-centered approach as well as robust, highly functional facilities.

tayoreru Management Service Center

We monitor customer systems on a 24/7 basis. In the event of an emergency, the center supports customers with optimal solutions.
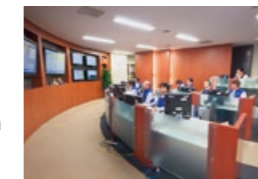
International certification for information security management

IS 662180 / ISO 27001

Data Centers

We protect our customers' valuable systems at data centers equipped with the most advanced facilities and airtight security measures.

tayoreru Contact Center

Specialized engineers respond by phone and provide remote support to solve problems related to hardware, software and communication lines.

- Support calls per month ········· approx. **100,000**
- Support staff .... approx. **500**

Onsite Support

When a customer needs onsite support, we dispatch a specialized engineer from the support site nearest the customer.

- Support sites ·················· **280** across the country
- Number of engineers ··················· approx. **3,000**

Social Contribution

Social Contribution and Environmental Protection Activities

Coexisting and co-prospering in harmony with nature and society, we do what we can do, one step at a time.

Through our business, we address social problems while offering improvements in the communities around our operations. Although the actions we take might seem small on their own, we will continue doing our best with the belief that consistent effort will bring us closer to coexisting and growing in harmony with nature and society.

■ Solid results from our efforts to protect the environment

■ Stronger relationships with local communities and society as a whole, formed by regularly engaging in social contribution activities

■ Environmental Protection Activities

Environmental Management System

Under our company-wide principles and policy, we have established mid- to long-term environmental activities in the OTSUKA Eco-Action Plan and continually endeavor to protect the environment.

Certification of Our Offices

Our 25 major sites are certified under the ISO 14001 international standard for environmental management. We are also taking action at our other locations to protect these environments under guidelines equivalent to ISO 14001.

Environmental Consideration at Our Business Sites

We reduced electricity consumption by switching to LED lighting at our head office and each business branch. A system installed at our head office visually presents electricity usage and the information is available on our website. In addition, our LED billboards in Shinjuku, the largest of their kind in Japan, have led to energy savings of about 40% compared to fluorescent lighting.

Otsuka Recycling Centers

We operate recycling centers in Tokyo and Osaka to effectively use resources under the 3R concept of Reduce, Reuse and Recycle, as well as to ensure legal compliance. We have achieved near-zero emissions as a result of sorting used equipment from our operations and trade-in devices collected from customers.

Lake Papyrus 20

Reeds naturally purify water as they grow. In collaboration with other companies we have developed Lake Papyrus 20, of which 20% is old reeds from Lake Biwa and the Yodo River. We use this paper for name cards and envelopes and encourage our customers to use it as well.

Overseas "Tanokun no Mori (TANO-kun Forest)" Reforestation

In commemoration of Otsuka Corporation's 50th anniversary in July 2011, we planted 170,000 Tasmanian blue gum trees, to be used as raw material for paper, across 150 hectares in Macapá, Amapá State, Brazil. We expanded the reforested zone to 500 hectares by 2017 and began felling trees in the first plantation area in September 2017.

Oyama Senmaida Rice Terrace Preservation

Terraced rice paddies are increasingly being abandoned because they are hard to manage. We are helping to preserve the Oyama Senmaida rice terrace in Kamogawa, Chiba Prefecture by encouraging employees to become owners of the land and cultivate and harvest rice.

■ Social Contribution Activities

Donation and Support Program for Reuse of PCs

We provide support to the authorized NPO e-Parts through our donations of used PCs that we have refurbished. e-Parts then gives these computers to non-profit organizations nationwide to encourage their use of information technology.

"Gift from TANO-kun"

This program contributes to society through donations of "tanomail" office supply products to non-profit and other organizations. We donate a wide range of products to match each group's specific needs.

"Heartful Fund"

Through this program, employees voluntarily donate 100 yen each month and the company matches these contributions. The fund is used to support disaster victims and organizations conducting activities that serve the public interest.

"Happy Points" Donation Program

We give customers "Happy Points" according to the amount of their purchases through the "tanomail" mail order service. Customers can choose to donate their points to Guide Dog & Service Dog & Hearing Dog Association of Japan or another organization, and the program allows for them to easily participate in social contribution activities.

Food Bank Donations

We give food banks food items that are handled by our "tanomail" service and close to their best-before dates.

Voluntary Collection Activities

Employees, and recently some customers who support the initiative as well, voluntarily collect used stamps and other items for donation to non-profit organizations on an ongoing basis.

Clean-up Activities

Our major offices nationwide regularly participate in clean-up initiatives. Employees from our head office, for example, have been cleaning up the area around the building every month in collaboration with neighboring companies and to promote the spirit of community involvement.

Blood Donations

As a corporate supporter of the Japanese Red Cross Society, we regularly organize employee blood drives, primarily at the head office.

Otsuka Corporation

https://www.otsuka-shokai.co.jp/english/