CORPORATE PROFILE 2019

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: 759,871 million yen Non-consolidated: 684,912 million yen (FY2018 actual)
Number of Employees	Consolidated: 8,732 Non-consolidated: 7,145 (As of December 31, 2018)
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 Tsurumi, Hironobu Saito, Katsuhiro Yano, Minoru Sakurai, Norihiko Moriya, Mitsuya Hirose, 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, Tsukuba 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.

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, we are proactively engaged in environmental protection as part of our contribution to society.
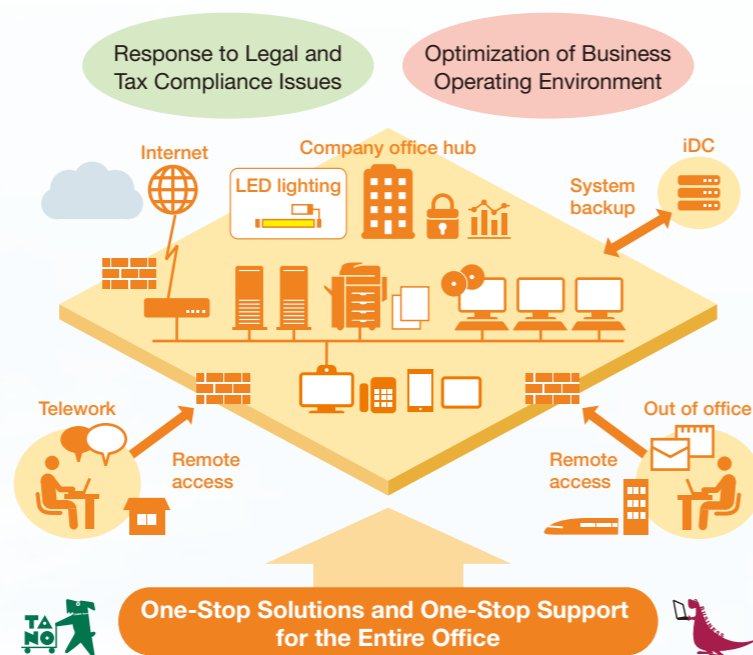
System Integration

Addressing the "2020 Problem" by providing one-stop solutions for the entire office

The business environment is about to undergo dramatic changes leading up to 2020. Japan has a tightly packed schedule that includes the enforcement of the Work Style Law, adoption of the new imperial era name, revision of the consumption tax rate, ending of Microsoft support for Windows 7, discontinued production of fluorescent and mercury lamps, combatting a rise in cyberattacks related to the Tokyo 2020 Olympic Games, and formulation of a business continuity plan (BCP). All these issues must be addressed without delay.

Companies are urged to respond quickly, systematically, and accurately within a limited time. Moreover, the application of IT will be essential for taking advantage of the milestone year of 2020 to promote work style reform.

We pay close attention to customer requests and challenges related to IT while providing total IT solutions and support for the entire office to meet needs in the best possible way.

2019

March	April	May	October
Discontinued production of fluorescent lamps and equipment by major manufacturers	Legal cap on overtime at large enterprises under the Work Style Reform Law	Change of the imperial era name from Heisei to Reiwa	Rise in the consumption tax rate and reductions in other tax rates

2020

January	April	June	July	December
End of Microsoft support for Windows 7 and Windows Server 2008	Legal cap on overtime at small and medium-sized enterprises under the Work Style Reform Law	Discontinuation of production of mercury lamps by major manufacturers	Rise in cyberattacks designed to coincide with the Tokyo 2020 Olympic Games	BCP to be completed at roughly all large enterprises and half of small and medium-sized enterprises

Response to Legal and Tax Compliance Issues

Optimization of Business Operating Environment

Internet — Company office hub — iDC

LED lighting — System backup

Telework — Remote access — Out of office — Remote access

One-Stop Solutions and One-Stop Support for the Entire Office

Response to Legal and Tax Compliance Issues

Work Style Reform Law

Work style reforms are accelerating as a legal cap on overtime is introduced and annual paid leave becomes mandatory. We are responding by developing concrete measures to appropriately manage attendance, limit overtime, and boost efficiency.
- Workforce and attendance management
- Mobile work and telework
- AI, RPA, IoT

Response to Consumption Tax Rates

The increase in the consumption tax rate along with the introduction of the reduced tax rate system requires complex accounting procedures. We examine customer accounting systems and support transition into the new tax system.
- Mission critical systems
- Invoice method
- Multiple tax rates and transitional measures

Government Initiative to Promote the Formulation of BCP

Due to the increasing frequency of natural disasters and emergencies associated with terrorism and epidemics, measures are required to minimize damage and ensure the continuation and early recovery of core operations.
- Safety confirmation in the event of a disaster
- Data protection and system backup
- Remote access

Establishment of a Business Environment

End of Microsoft Support for Windows 7 and Windows Server 2008

Security risk will increase because of the continued use of operating systems that are no longer vendor-supported. We will facilitate the construction of a safe and efficient IT system using the latest operating systems, computers, and servers.
- Program update management
- IT asset management
- Server and network management

Stronger Protection against Cyberattacks

The dissemination of new IT and devices released with the Tokyo 2020 Olympic Games in mind are expected to become targets for cyberattacks. Our information security measures provide protection of data entering, stored in, or leaving your organization.
- Vulnerability assessment and analysis
- SOC (Security Operation Center)
- Security education and training

Discontinued production of fluorescent and mercury lamps

Major manufacturers are ending their production of fluorescent lamps, while the manufacture and trade of mercury lamps will be prohibited by 2020 under the Minamata Convention. We will reduce your costs by introducing LED lighting early.
- LED lighting
- Lighting control (Plugwise)
- New electricity

Social Contribution

Environmental protection (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
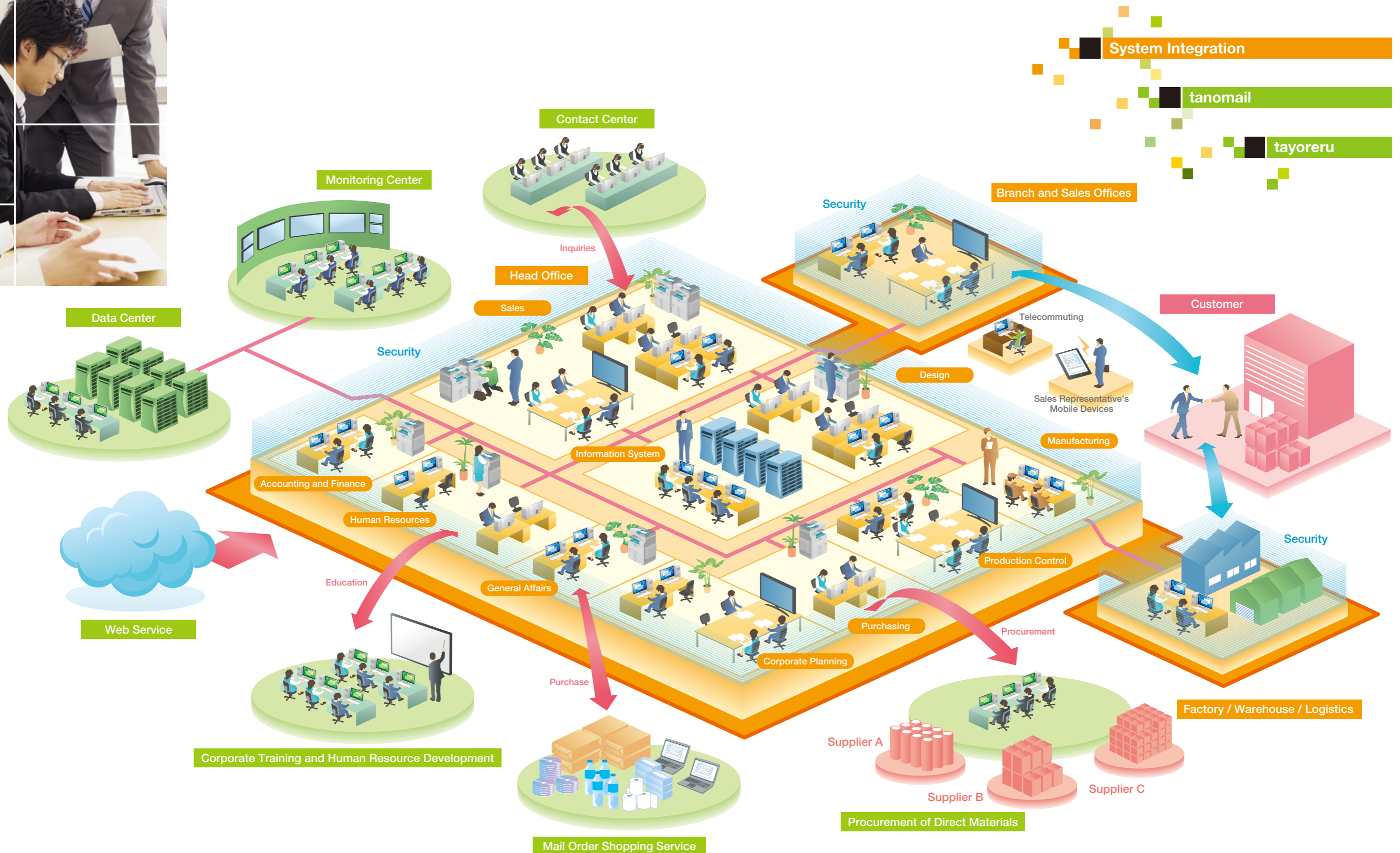
September 2017: Began felling trees

Began sales of "α Eco Paper" in October 2018

Tree Planting Activities and Donation of LED Streetlights in Japan

Sapporo City — Maruyama Park
Sendai City — Kotodai Park
Chiyoda-ku, Tokyo — Sakumacho Park
Nagoya City — Horikawa
Osaka City — Urae Park
Hiroshima City — Motoyasu Bridge
Fukuoka City — Maizuru Park

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

Inquiries

Security

Branch and Sales Offices

Data Center

Head Office

Sales

Security

Customer

Telecommuting

Design

Sales Representative's Mobile Devices

Accounting and Finance

Information System

Manufacturing

Human Resources

Web Service

Education

General Affairs

Production Control

Security

Purchasing

Procurement

Corporate Planning

Purchase

Factory / Warehouse / Logistics

Corporate Training and Human Resource Development

Supplier A

Supplier B

Supplier C

Mail Order Shopping Service

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 and web conferencing / 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

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Corporate Mail Order Shopping Service for Office Supplies

Mail Order Shopping Service for Nursing Care Products

Personal Mail Order Shopping Service

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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

Software and Systems

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

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

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

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

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

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
- • Fluorescent light type
- • Mercury lamp type
- • Explosion proof lighting
- • Floodlights
- • 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

Service & **S**upport

tanomail

たのめーる 20th ANNIVERSARY

"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. This year marks the 20th anniversary since we launched the service in 1999. 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 2019

■ 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 offer a reliable 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.
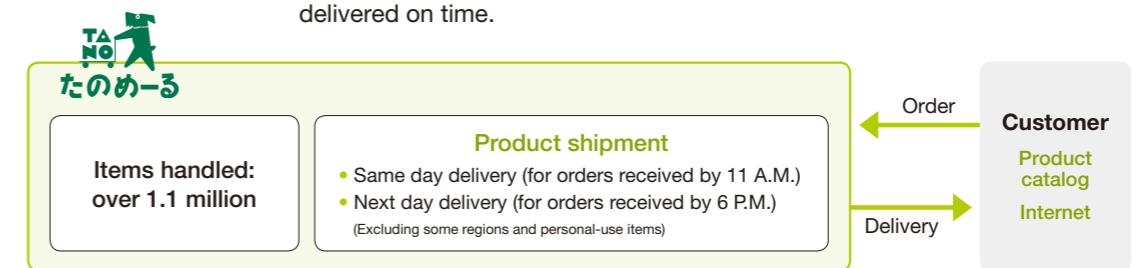
■ Logistics

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.

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Items handled: over 1.1 million	Product shipment
	• Same day delivery (for orders received by 11 A.M.)
	• Next day delivery (for orders received by 6 P.M.)
	(Excluding some regions and personal-use items)

Order →
Delivery →

Customer
Product catalog
Internet

Service & **S**upport

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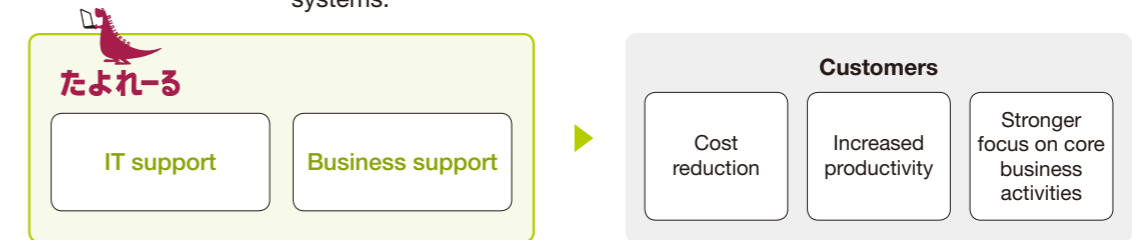## "tayoreru" provides quick solutions to customer needs as a reliable, one-stop service.

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.

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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

We have obtained ISO 14001 certification for environmental protection at 25 major sites throughout Japan, and we are pursuing activities to protect the environment through our environmental management system. We are also striving to reduce our CO_2 emissions company-wide in accordance with the OTSUKA Eco-Action Plan, which sets out our mid- to long-term goals.

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, which will later provide raw material for paper, across 150 hectares in Macapa, Amapa State, Brazil. We expanded the reforested zone to 500 hectares in 2017. In October 2018, we began selling α Eco Paper Tanokun no Mori (TANO kun Forest) to commemorate the 20th anniversary of tanomail.

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/

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