

The Origin of DIGI



Creating new standards has been the spirit of DIGI since its founding

Creating new standards

This pioneering spirit has been handed down for more than 100 years. And this theme is our ongoing challenge.

Resisting convention that has endured for a very long time is not easy. Without original ideas and a dauntless spirit, the conventions of the past cannot be broken through.

Toyoharu Teraoka, who later became the company's first president, traveled to America in 1904 to study mechanical engineering at the University of California. Being a man of strong pioneering spirit, Toyoharu established his own company soon after returning to Japan, and developed the first Japanese calculating machine. At that time, calculating machines were unheard of. In spite of their inherent value, they defied the standards of the time and were not easily accepted. After a number of attempts, Toyoharu decided to focus on weighing machines. At the time, weighing machines had a mechanism that had not progressed beyond the beam scales invented in ancient Roman times. Toyoharu was convinced that if weighing machines were more accurate and easy to use, people would surely appreciate their convenience. Envisioning this technological innovation and the delight it would bring to people who needed them, he

used the spring principle to develop and market the first commercial Japanese spring scale, which indicated the weight of an object by simply placing it on the scale.

At the time, he was ridiculed with comments like "who would buy such a product?" But, eventually the market accepted his product, and people everywhere began to use it.

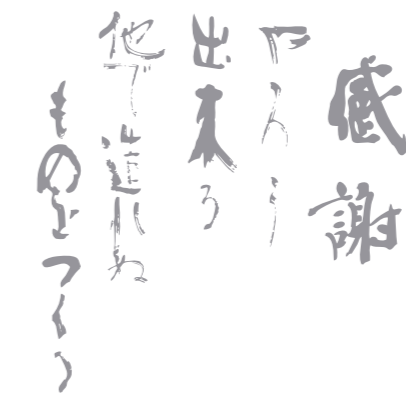
This is how a new standard was created for weighing machines.

We have inherited Toyoharu's spirit of imagination.

It has an unwavering fortitude.

It is a spirit that challenges the unknown with new ideas.

We have continually created new standards in the past, and will continue to do so into the future.



First President: Toyoharu Teraoka



Teraoka automatic spring scale

The History of DIGI

The history of DIGI is one of continually creating new standards. It is a course of developing and marketing products that people have yet to imagine, and of creating new markets.

The Teraoka spring scale, developed by Toyoharu Teraoka in 1928, became the new standard for scales. Takeharu Teraoka, the eldest son of Toyoharu, resolved the problem of the only weak point of the Teraoka spring scale, a temperature error problem, using his original patented device. In 1935, he succeeded in the mass production of scales that used this device, which meant the scales could now be offered to households. This created a new 'household scale' market. Takeharu later started the Teraoka Research Center, which became the parent body of Teraoka Seiko, where he continued to pursue new standards and new markets.

In 1965, DIGI became the first company in the world to

Constantly pursuing the creation of new standards and new markets

develop an electronic price computing scale. The debut of this revolutionary scale, which calculated the price of the weighed goods and displayed it digitally, had a major impact on the world. This was the moment when DIGI rewrote the standard it had created 37 years earlier. In 1973, 'DIGI' price computing scales equipped with innovative functions, such as data processing using large-scale integrated circuits (LSI) and a printer-based reporting function, entered the market. DIGI had advanced the functionality of scales from devices that measured weight to information technology devices that served as business tools.

DIGI's creation of new standards was not limited to scales. In 1980, we marketed the world's first thermal barcode printer. This overturned the existing convention that printing was only done with ink. Following this, we introduced the world's first integrated automatic weighing, wrapping,

and labeling machine in 1981. The convention that wrapping and weighing/labeling are separate work was overturned and the productivity of the supermarket backroom rapidly improved.

DIGI is not limited to only technological innovation of product functionality. We take different approaches to the creation of new standards. One example is our "Checkout Revolution," which was started in earnest in 2010. It has revolutionized the flow and operation of the checkout area, creating a new standard that satisfies the needs of both store-owners and customers alike.



Second President:
Takeharu Teraoka



World's first electronic
price computing scale



World's first
thermal printer



World's first integrated weighing,
wrapping and labeling machine

The DIGI Business Strategy

The keys for describing the DIGI business strategy are its business portfolio, the services surrounding it, and globalization.

First, is our business portfolio. This consists of four business fields where DIGI demonstrates its competitive strength: store automation, food industry, hospitality, and logistics. Store automation, in particular, is a core competency of DIGI; the Company has become a leading player in the business. Next to store automation is DIGI's approach to the food industry, targeting food manufacturers and food processing factories. Hospitality targets the restaurant business, and logistics targets a broad sector of both food- and nonfood-related industries. In other words, the technology that forms DIGI's base, cultivated by products such as scales and POS systems, and its deployment to the four business fields has become the foundation of DIGI's business strategy.

A diverse business portfolio combined with globalization

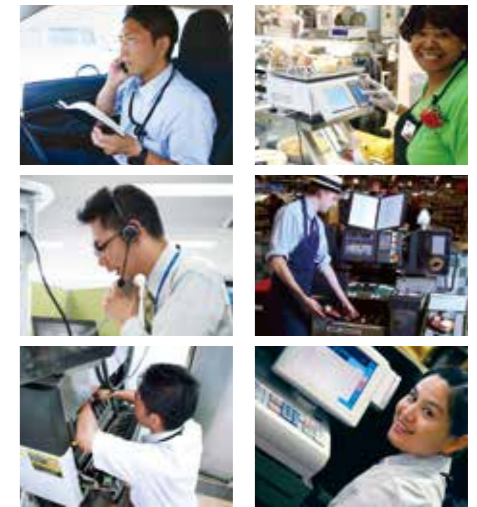
Second, we give the highest priority to the workplace in the services we offer, which is another strong point of our company. For example, our domestic service portal in Japan provides a variety of support services, such as a help desk that operates 24 hours a day/365 days a year, remote software setup and updates, and remote system monitoring, realizing customer satisfaction that exceeds industry expectations. We have also placed a priority on offering cloud services. DIGI led the industry in offering cloud services, starting in 2000 before the term "cloud services" had even come into general use. These services, which support enterprises by supplying ASP services via the Internet, have the proud reputation of having achieved the highest results in our industry.

Third, there is globalization. The global deployment of DIGI started in 1971 when we started exporting. In the latter half

of the 1980's, we progressed from the stage of exporting products to the stage of overseas production, establishing production in Singapore, the UK, and China. At present, we are advancing our globalization efforts, not only with overseas production bases, but also through localization of the entire business system, such as placing management entirely in local hands. This is an example of how one of DIGI's strengths, our field experience, is producing results globally. DIGI is establishing a solid position not only in Japan, but also overseas. A sales network covering 146 countries and overseas sales subsidiaries deployed in seven countries, including Germany and France, provide a powerful support network for customers around the world.



The 'DIGI' price computing scale (marketed in 1973) is the source of the brand name.



TERAOKA **DIGI**
TERAOKA is used in Japan. DIGI is used in all other countries.

Sustainability



Creating a new standard for sustainability

At present, positive efforts towards protection of the environment are being made all over the world. Based on the concept of the "E2 Solution (Ecological & Economical Solution)", DIGI proposes products that are both friendly to the environment and contribute to improving profits.

One example is our environmentally friendly automatic weighing and wrapping machine. Compared to our conventional equipment, we reduced power consumption by a maximum of 50% and cut CO₂ emissions, together with reducing the quantity of film used for wrapping by approximately 40%. This realizes significant savings in energy and resources. In addition, we are helping to minimize waste by offering non-tray wrapping machines that use paper sheets instead of Styrofoam trays that consume fossil fuels, and weighing printers that support linerless labels. Revolution-

ary products that reduce both cost and the impact on the environment are highly valued by our customers, who are active in environmental protection.

DIGI is also devoted to improving health and creating a sanitary environment. Our reverse osmosis membrane filtering system, which effectively removes harmful substances from tap water for tasty and safe, pure water, is gaining acceptance from a wide range of end users through vending machines and is helping to attract customers.

Reverse vending machines, which automatically sort, compact, and store PET bottles and aluminum cans as raw materials, are playing a significant role as "eco rotaries" (collection locations for reclaiming resources), supporting

recycle activities and connecting customers with consumers.

In terms of providing support for industries globally, DIGI is aware that our own business has a large influence on society and the environment. Efforts to create a new standard for environmental protection are being made, with the conviction that thinking about the environment for the next generation is also a way of thinking about our customers.



Environmentally friendly prepack scale printer "DPS-5600"



Non-tray wrapping machine "SWS-5600"



Reverse vending machine "DRV-5000 series"



Pure water vending machine "ECO A V100"

Handing Down the Entrepreneurial Spirit

How does one hand down the entrepreneurial spirit to one's successors? This is a great challenge for businesses that create value. No matter how many talented personnel you gather from around the world, without being able to hand down entrepreneurial spirit, it is difficult to create real value, generation after generation.

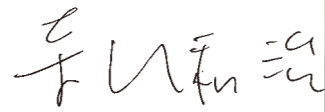
So what is entrepreneurial spirit? I think it is the ability to paint a vivid picture of what has yet to be seen. To put it in our company's language, it is "Searching for a New Balance." And that is exactly what excites me and is the driving force behind my work. It is none other than the philosophy handed down by the first president of our company, Toyoharu Teraoka and his successor, Takeharu Teraoka.

As of 2015, I have taken on the role of Chief Technology Architect. This is not an officer in the company organization. It is simply a person working in the field, such as an architect or a painter – a craftsman, so to speak.

My job is to search out opportunities for innovation. I want to visit our customer sites, where people are working hands-on,

and carefully listen to what they have to say. Then, I want to visit our factories and R&D facilities and talk with our engineers and customer representatives about what we can do to better serve our customers. I want to be directly involved in the value creation process and play the role of a catalyst for innovation. This means breaking with convention and daring to create new standards. I would be delighted if, by sharing in this process with our employees, I could contribute to handing down the entrepreneurial spirit to the next generation, and beyond.

As I step down from the CEO position, I am very excited by my new role, and the feeling that I am going back to where I started, as an entrepreneur.



Kazuharu Teraoka
Chairman of the Board
Chief Technology Architect



Challenges in "Creating New Standards"

Teraoka Seiko/DIGI took its first step when it invented the first "dial type spring scale" in Japan in 1925. At that time, scales had used a sliding counterweight to indicate the weight. Records show that people made fun of the newly invented scale saying, "Who's going to use such a product," causing the company to have a hard time selling the product. However, its convenience and high performance came to be appreciated because with our spring scale, a pointer on the dial instantly showed the weight. The product became established as an indispensable tool for food stores in five years, and was accepted as the new standard for scales.

This episode at the time of founding has been relived repeatedly in the subsequent footsteps of the company. Since joining the company in 1977, I also have witnessed many scenes of development that brought about the creation of new standards. For example, when the company developed the world's first "thermal label printer," in which I myself was engaged as an engineer, I still remember very well that, despite our struggle to commercialize the new label printer, all quarters were wondering that "there was no way such a product could be sold." However, after launch of the product, we received greater-than-expected inquiries from customers not only in Japan but also abroad, and the product eventually achieved recognition as the world's new standard for label printers. On this occasion, I realized that creating a new standard is creating a new culture.

Teraoka Seiko/DIGI has always endeavored to "create new standards" since its foundation. There are two reasons for this.

One is our desire to "excite customers." It is identifying the hidden needs of our customers through their eyes and matching them with our technical possibilities to create breakthrough products or services. We continue our attempts without giving up, by trial and error. We take special joy in having our customers say, "We have never seen a product like this before," or "How can you do such a thing," upon development of such products or services. And with this joy, we are able to take on new challenges to "make our customers more delighted" and "surprised further."

The other is to capture business opportunity. Products or services merely catching up with the changing world will soon be commoditized and cause our business to get caught in a price war. On the other hand, innovative products or services that change the world will provide great benefits to our customers as well as stable profits to our company. Needless to say, innovative products or services are not always accepted. However, to face the challenge, with no fear of failure, is the source of growth and our commitment to our customers and ourselves.

For our customers, and for ourselves, we at Teraoka Seiko/DIGI will continue to face challenges in "creating new standards and new culture."



Takashi Katayama
President and CEO



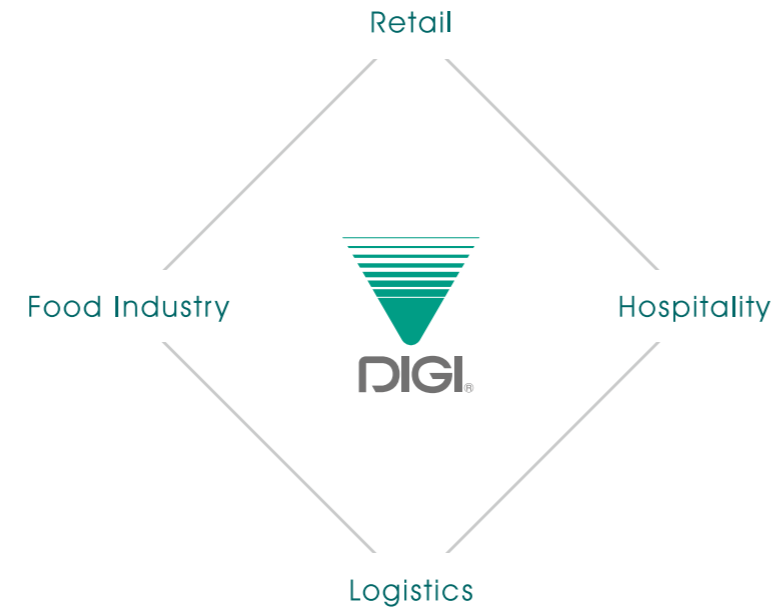
DIGI Business Fields

Leading our customers' businesses to success in four fields

DIGI has often brought to the market world-first or industry-first products that create a new standard. Since developing the Teraoka spring scale in 1928, we have raised the functionality of the scale to the level of an information technology device, and are providing support in various fields for products other than scales, such as systems and network solutions.

The background to this is in the expansion of our business fields. Initially, we specialized in store automation, but through offering solutions that used leading-edge technology, we leveraged that technology and experience to advance into logistics and the food industry. We then expanded into hospitality, and are proud to say we have been evaluated well and achieved a high level of trust from our customers in each of these four business fields.

DIGI provides new solutions that place priority on our field experience, which is one of our strong points. And we are helping to lead our customers' businesses to success in these four fields.



Store Automation

DIGI pursues a new standard on the sales floor and in the backroom. Providing leading-edge systems for supporting store automation.

DIGI provides a variety of store automation products and solutions that increase efficiency, both on the sales floor and in the backroom. One of these leading-edge efforts is our "Checkout Revolution." We are establishing a new standard for the checkout environment by relieving congestion at checkout lines and letting customers do the checkout at their own comfortable pace. The SM-5600 Promo multimedia printer scale offers not only weight and price information, but can also display food information and recipes, and play back shop promotion videos, realizing a new way of communicating with the shopper. The T@POP price control system is a new network solution linked to the POS price information that realizes accurate price

display for electronic and paper price labels and POP. Centralized price management and accurate price display increases customer trust, and helps make store operations more efficient and effective.

DIGI aims not only at improved efficiency on the sales floor, but also promotes increased work efficiency in the backroom of the store. Our AW-5600 series of automatic weighing, wrapping, and labeling machines was created in 1981 as the first system in the world that integrated the three functions of weighing, wrapping and labeling. The series has since received overwhelming acceptance from customers both in Japan and overseas.



Self-checkout
"QCashier SL-J"



Multimedia printer scale
"SM-5600 Promo LL"



Environmentally friendly
automatic weighing, wrapping,
and labeling machine
"AW-5600"



Food Industry

DIGI is a solution provider for the industrial centralized food manufacturing facilities globally. Innovation and advancement are the key to our success within these areas, providing accurate processing and inventory information to the customer on demand.

DIGI's range of Weigh Price Labellers use embedded software on a Windows operating system.

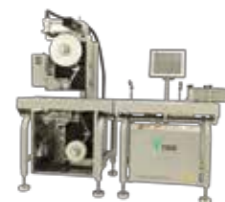
PC-based technology has advanced the name of DIGI as a leader in automatic and dynamic Weigh Price Labellers, Check Weighers, Print & Apply Systems as well as manual Weigh Price Labellers.

DIGI also offers a diverse range of equipment to suit almost all food production for weighing and labelling requirements & environments.

The design of our products are suitable as standalone systems or as fully intergraded units into existing production lines. We offer bi-directional communications with World View Web, which supports back office data collection, remote online programming & line monitoring.

DIGI's premium HI-700 Weigh Price Labeller offers an advanced system which can weigh and label the top and base of each pack simultaneously up to 120ppm. The tubular, modular design enables the HI-700 to incorporate up to 10 labelling stations when accompanied with our World View Software.

DIGI has been at the forefront of Weigh Price Labelling technology, and can be found in many of the World's leading global food processing and distribution companies. With our comprehensive product range, dedicated R & D professionals, Worldwide Sales and Service personnel, DIGI offer the perfect partnership between you and our products.



Automatic Linerless Top and Bottom "HI-700"



High Speed Top of the Range Multi-labeller "HI-700"



Weigh Price Labelling System "DPS-800 with LP-800 printer"



Logistics

Receiving good reviews from the manufacturing and logistics sector by offering precision equipment and systems that improve productivity

DIGI offers comprehensive solutions for materials sites at production plants and distribution bases. DIGI actively participates right from the planning stage of the system configuration to offer strategic solutions that advance customer productivity even further.

Here, the IT-Matex III manufacturing and warehouse stock information system plays a central role in our logistics business. The system provides powerful backup for stock management and traceability in each field, through comprehensive information management of production, distribution, and inventory by instantaneously capturing the flow of various delivery items.

One example is in the manufacturing sector. Networked DC series high-accuracy counting scales allow even very small parts to be counted instantly. Combining this with GP

series label printers, which print various barcodes at high speeds, parts entering and leaving the warehouse can be managed in an integrated way. This gives instant access to the inventory status. In the food production sector, waste can be prevented through the thorough management of raw material inventory and expiration dates. The DI series intelligent indicators help prevent human error and realize traceability, as well as helping to maintain stable quality. In the distribution center, the AI picking cart is significantly reducing distribution costs by improving work efficiency. A real-time instruction from the IT-Matex III allows the picking to be completed in the shortest distance and the shortest time, and allows optimization of the inspection steps. At DIGI, we are proud of being able to support improvements in productivity by offering extremely accurate equipment that is highly dependable and produces excellent results.



Digital Assort System



Volumetric Scale "SPK series"



Multi-function labeler "GP-6000α"



Hospitality

Innovative solutions for efficient store operations and business efficiency that satisfy our customers

DIGI offers innovative solutions that increase operating efficiency in the hospitality industry, which helps increase sales and profit for our customers.

A centerpiece of our solution offering in this area is the Delious integrated food service system. This is a profit improvement solution for restaurants that increases operating efficiency by centrally integrating the restaurant floor and kitchen together with the head office, data center, and call center. In addition, a 24-hour help desk and a country-wide support network help realize effective shop operations and give shop owners peace of mind.

A variety of order terminal types are available, from a handheld terminal to a self-ordering

device, according to the type of restaurant. These include portable terminals like the Deli Touch pen-type self-ordering device; small ordering systems like the Delious Mio, which separates order taking and payment; and next-generation network-based touch-panel ticket vending machines like the Delious Lio, which have become the new standard for ticket vending machines.

Our cloud services make effective shop management possible at a low cost, with results in the top class of the industry. Delious is a solution that improves store operations and helps differentiate our customers' stores from competitors. DIGI is able to create a new standard, because we understand the problems encountered in the field by hospitality businesses.



Touch-panel ticket vending machine "Delious Lio"



Integrated food service system "Delious"



Corporate Overview

Foundation: November, 1934
 The Chairman and President: Kazuharu Teraoka, Chairman of the Board, Chief Technology Architect
 Takashi Katayama, President and CEO
 Annual Sales (2015): US\$709 million
 No of employees: 3,539 (including subsidiaries and affiliated companies worldwide)

Overseas offices

Teraoka/DIGI group companies for global operation

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Teraoka Tokyo Head office



Teraoka Tokyo Osaki office



DIGI I's Ltd.



DIGI Singapore Pte. Ltd.
 (factory in Indonesia)



Shanghai Teraoka Electronic Co., Ltd.



DIGI Europe Ltd.

Company History



1928 1934 1935 1938 1960 1962 1965 1970 1971 1973 1978 1979 1980 1981 1984 1987 1989 1993 1995 1998 1999 2003 2004 2005 2007 2008 2009 2011 2012 2014

- 1928**: Japan's first spring scale manufactured
- 1934**: Teraoka Research Center established
- 1935**: Patented temperature-insensitive spring for scales developed
- 1938**: Automated temperature compensating device for scales developed
- 1960**: Company name changed to Teraoka Seikosho
- 1962**: "Pearl" weighing scale received the Good Design Award for the first time in the industry
- 1965**: Fully electrically controlled automatic door engine developed
- 1970**: World's first electronic price computing scale developed
- 1971**: Export of the "Hanei" electronic price computing scale to France
- 1973**: "DIGI" electronic price computing scale released
- 1978**: World's first electronic scale with a built-in printer developed
- 1979**: Teraoka participated in first official experiment of POS scanning systems in Japan, with the "BP-10" bar code printer
- 1980**: "DIGI Mark II", the first load cell electronic price computing scale with a memory of unit price released
- 1981**: Company name changed to Teraoka Seiko Co., Ltd.
- 1984**: "TPR-3000" series POS scanning system marketed
- 1984**: "MATEX" series automated warehouse control system released
- 1987**: Teraoka Weigh-System Pte. Ltd. in Singapore, Teraoka's first overseas factory established
- 1989**: DIGI Europe Ltd. in U.K. established
- 1993**: Shanghai Teraoka Electronic Co., Ltd. in China established
- 1995**: "AW-3600" fully integrated automatic weigh/wrap/label machine with super-stretch feature released
- 1998**: Wireless electronic shelf label marketed
- 1999**: Ozone generator machine marketed
- 2003**: "AW-4600AT" released
- 2004**: World's first scale driven promotional price tag "e.Label" and remote preset device "Hi-Touch" introduced
- 2004**: World's first PC scale connecting multi-media "SM-700" introduced
- 2005**: "SM-800" series service scale with EL transparent display marketed
- 2007**: "EZShop" series self-scanning system released
- 2007**: Entered into reverse vending machine market
- 2008**: "T@POP" shelf label system released
- 2009**: "SM-5500" PC scale marketed
- 2011**: "DRV-1000" reverse vending machine released
- 2012**: Linerless labeling solution released
- 2014**: 5600 series, the new generation of PC based total prepack solution released

