



FUNAI

COMPANY PROFILE

FUNAI ELECTRIC CO., LTD. 2022-2023

FEATURE OF FUNAI ELECTRIC

Domestic sales of FUNAI brand products in YAMADA HOLDINGS CO., LTD.

In Japan, FUNAI began exclusive sales of FUNAI brand 4K TVs with built-in HDD at Yamada Denki (now YAMADA HOLDINGS CO., LTD.) in 2017, expanding its lineup to include BD recorders, nail art printers, and gaming monitors.

In 2022, FUNAI branded "FireTV" has been sold by Yamada Holdings, further increasing brand awareness.



FUNAI

A history of innovation, more than 60 years

Funai Electric, born in Osaka during the high-growth period, has continued to provide innovative products demanded by the times for over 60 years.

Aggressive gl



1959
Transistor radios
explode in sales.



1985
Launched tele-video,
with more than 60%
market share in
North America.



1987
Launched the world's
first automatic bread
baking machine



2018
First ever OLED TV
with built-in hard disk launched

LCD TV sales No.1 Japanese manufacturer in North American market

In the North American market, the company sells flat-panel TVs mainly under the Philips and Sanyo brands. The company maintains the top market share as a Japanese manufacturer. It also sells Blu-ray disc players and has established itself as an AV manufacturer in the North American market.



Philips
SANYO

Global expansion

Boldly expanding into BtoB business

We are also actively developing BtoB business, including print solution business such as industrial ink cartridges, medical-related business such as dental CT scans, and automotive-related business such as backlight systems.



Dental CT Scan
(PreXion Corporation)

Corporate Philosophy Framework

The Fundamental Principle, Corporate Precepts, and Corporate Commitments are the foundation and supporting pillars of our corporate activities, and clearly express the founding spirit.

The Corporate Philosophy and Group Vision were established in 2018, based on these pillars. They convey the corporate image and guidelines for conduct, and evolve with the times and social conditions.

Fundamental Principle

**Dream with Conviction, and
Act on Information**

Management Philosophy

**Challenge the company to grow
by becoming helpful in the community**

Group Vision

**Funai creates products that are the choice of
people around the world**

“ Around the world, ” as a global company

“ The choice, ” aiming for top share in the industry

“ Creates products, ” that people will love

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CORPORATE MESSAGE

Funai Electric will celebrate our 60th anniversary last year, in 2021.

Throughout our history, we have delivered reasonably priced, high-quality digital consumer electronics to the market, including transistor radios, VHS videotape recorders, combo television units, inkjet printers, home fax machines, DVD players, BD players, and OLED TVs with built-in HDD. We have also globalized our business from an early stage, developing markets in regions such as North America and providing products with competitive edges compared to other companies.

The rise of Chinese TV manufacturers has caused a fierce price war in the TV market, which is now facing increasingly intense competition. The rapid proliferation of information technologies and the Internet has also significantly transformed business practices, lifestyles, and social structures.

It is critical to keep pace with our customers' needs and demands and build marketing and development capabilities to enable prompt delivery of new products and services by adopting new technologies and business models to survive in these challenging circumstances. Establishing alliances with companies that possess desirable technologies, funds, human resources, and planning capabilities will also be vital in developing new businesses and new markets.

Funai Electric and all our employees will leverage our core competence in manufacturing, which has sustained the company for over 60 years, and put our company motto of "better products, greater confidence, more meaningful coexistence and coprosperity" into practice.

Corporate Commitments

To adopt continual product improvements

To continually promote ever deeper trust

To seek further harmony and mutual prosperity

Corporate Precepts

Perseverance overcomes all difficulties.

Innovation is achieved through effort.

Humanity must eventually find its expression.

Corporate Precepts

Expand the triangle of knowledge, empathy, and intention

The larger the triangle created from knowledge, empathy, and intention expands, the more we grow as human beings who are vessels for these qualities.

If this triangle does not grow larger, that means that we, as human beings, have not grown even though we have grown older. For example, when we pass the age of 30 or 40, we must increase our skills to a level appropriate to our age and improve ourselves as human beings.

The larger this triangle grows, the more a person can contribute to society.

(Source: Becoming President of Five Companies at the Age of 40 by Tetsuo Funai, Founder)

OUR BUSINESS

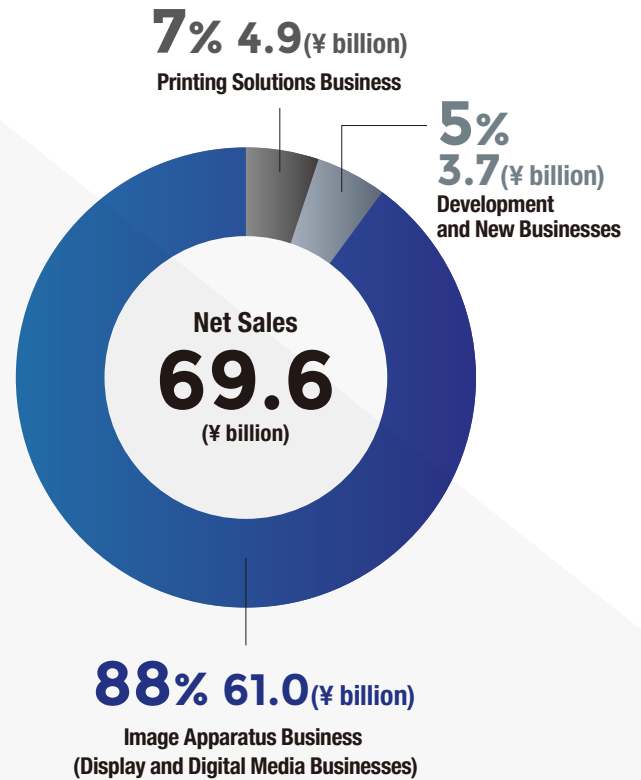
Consolidated net sales for FY2021: 69.6 billion yen

The Group's consolidated net sales for FY2021 were 69.6 billion yen, a 13.4% decrease compared with the previous consolidated fiscal year.

The decrease is attributable to the decline in sales in the Company's mainstay LCD TV business, reflecting the shrinkage of the television market on the back of the decrease in "stay-at-home demand" triggered by the spread of COVID-19 which had continued until the previous fiscal year.

In the printing solutions business, sales increased compared with the previous fiscal year although sales of large-capacity inkjet printers and ink cartridges for commercial use fell short of our business plan.

In the development and new businesses, sales decreased from the previous fiscal year as sales of automotive backlight units and CT for dental clinics failed to reach the plan.



Display Business



FUNAI brand Fire TV was launched by Yamada Holdings Co., Ltd.

In North America, our mainstay market, we distribute LCD TV under the two brands, Philips and Sanyo, maintaining the top class market share as a Japanese manufacturer.

In the Japanese market, the brand recognition of FUNAI has been expanding as seen in the launch by Yamada Holdings Co. Ltd. of FUNAI brand Fire TV.

Digital Media Business



Enticing AV users with a high-definition recording function

In the North American market, we have provided 4K Ultra HD Blu-ray Disk players since 2016. We also launched exclusive sales of a FUNAI-brand 4K Ultra-HD Blu-ray Disc recorder at Yamada Denki (now Yamada Holdings Group) stores in July 2018, and are continuing to expand overall sales with flatpanel televisions.

Printing Solutions Business



Capitalizing on the diverse range of business needs to achieve expansion of the printer business

Funai is utilizing the expertise it has cultivated in OEM for inkjet printer products since 1997 to expand the business substantially. We manufacture printer-related products for various purposes in the B2B and OEM segments, such as proprietary ink cartridges for industrial use that employ thermal inkjet technology.

Development and New Businesses



Developing a market through Dental CT Scanning Device and In-vehicle device, etc.

Funai Electric is meeting a wide range of needs in the medical and healthcare segments with superior technology. We manufacture dental CT scanning devices for the U.S. market. In addition to the above initiatives, we are working on development of devices for installation in vehicles and will provide components and modules that are based on our optical technology.

CORE COMPETENCE

Design

Targeting Even Stronger Competitiveness sales with flatpanel televisions

Adding higher value, reducing the number of parts, local design, and production in the optimal location: Funai is working to achieve both high value-added products and competitive cost performance to make Funai even more competitive and successful in global competition.

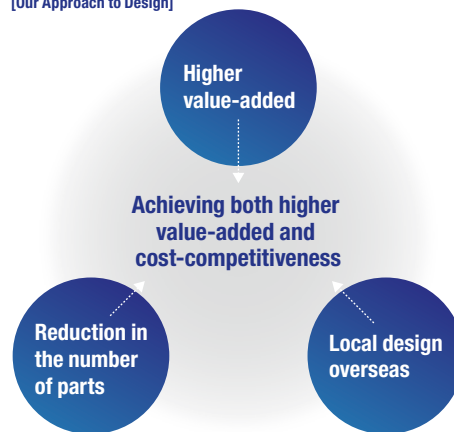
The business environment surrounding Funai is becoming increasingly severe due to the impact from trade friction and the emergence of global competitors.

To emerge the winner in such intense competition, Funai must succeed in two ways: Maintaining the world-class price competitiveness that is a strength of Funai, and developing appealing products that customers will choose.

To maintain cost competitiveness, we are pushing ahead on reducing the number of parts, using common parts, finding new local parts through overseas R&D, and reducing fixed development costs, among other efforts.

To create high value-added products that customers will choose, we are targeting medium and long-term development themes and incorporating high value-added.

[Our Approach to Design]



Production

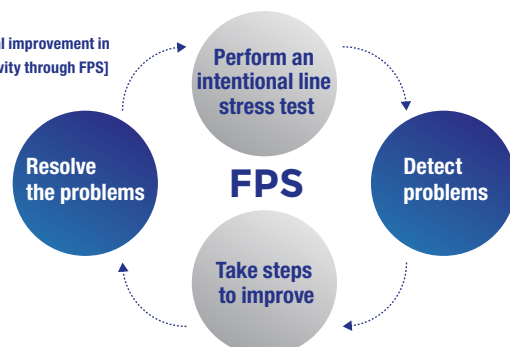
Taking on the Challenge of Improvements in Productivity

Funai Electric continuously pursues improvements in productivity through its unique Funai Production System (FPS). FPS enables Funai to provide high quality products with superior cost performance.

FPS, Funai's unique production system, detects problems in the production process through intentional stress testing of the production line (reducing the number of line workers, speeding up the belt conveyor), and taking steps to improve productivity that encourage voluntary efforts to improve.

Repeatedly working through this cycle detects problems with the current production system and fosters a mindset among team members to take the initiative on improvement. This enables continual improvements in productivity.

[Continual improvement in productivity through FPS]



Sales

Capturing the Needs of Markets around the World

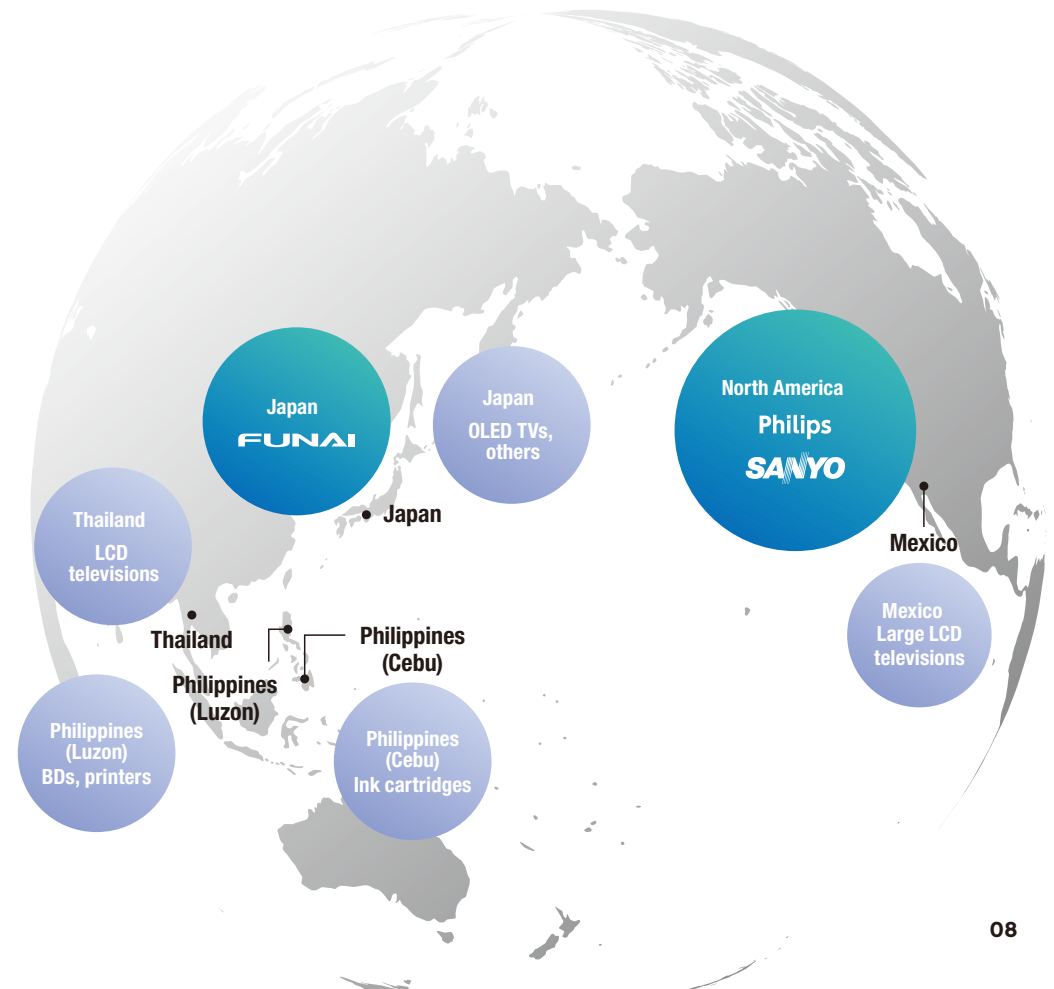
Funai Electric deploys a sales strategy based on the unique characteristics of each market in many locations around the world. In the North American market, which is the largest market in the world, Funai has strengthened its relationship with leading mass retailers to develop an accurate assessment of market needs, and maintains top share in the market. We also began exclusive sales of the FUNAI brand through Yamada Denki (Yamada HLDGs), the largest mass retailer of consumer electronics in Japan, from 2017.

In LCD televisions, our core product, we hold top market share among Japanese manufacturers in the North American market in terms of unit shipments. We also began exclusive sales of FUNAI-brand products in Yamada Denki (Yamada HLDGs), stores in the Japanese market from June 2017. In June 2020, we launched sales of ten television models in four series, including the 7030 OLED Android TV™ series equipped with an internal hard disk drive. This

provides a new line-up of FUNAI-brand TVs sold exclusively through the Yamada Denki Group nationwide.

In printer-related products, we launched the nail art printer, a product that applies Funai's thermal inkjet technology, and it has received good reviews. In new businesses, we are pursuing development and production of nursing care and medical equipment.

[Global sales locations/Global production locations]



Realizing Sustainable Communities

ESG Management

We are also actively pursuing environmental initiatives as one of the cornerstones of management.

Since the company was founded, Funai has built overwhelming trust in the imaging device segment using its superior supply capabilities and the cost performance of electronic products focused on functionality as sales points.

The proprietary Funai Production System (FPS), technical skills in mechatronics, and structure for producing and selling in the optimal global locations, which we have developed in the course of our history, are our most important management assets. We regard these as our greatest weapons in surviving intense industry competition.

We also aspire to improving quality, delivery lead times, and costs even more, and delivering products that always meet the needs of the times.

We are actively pursuing environmental initiatives as one of the cornerstones of management as we work to achieve these things.

Initiatives for environmental conservation

Environmentally-friendly Product Development

Based on the principles contained in the Funai Group Code of Conduct, we endeavor to protect the global environment and work to reduce the burden imposed on the environment from the chemicals contained in our products as one part of those efforts.

To reduce this environmental burden, we have worked with our suppliers to build a system to manage chemical substances contained in our products and those of our suppliers, and have taken steps to prohibit use of chemicals in products that impose a large environmental burden.



A Broad Range of Local and Community Activities

Activities that contribute to and support communities

In the U.S., the Funai Group participates in the Children's Miracle Network, which supports hospitals that treat pediatric illnesses, and participates in charity projects.

We have also supported Walmart and Sam's Club in participating in the Sharing & Caring support for children in need during the holiday season, and donated Funai TV and DVD products.

We hope that these activities will make children's dreams come true and give them the strength and courage to fight their illnesses, and that they will contribute to the community in general by supporting families, sponsors, and those who donate.



Human Resource Education

New employee training is provided in April every year to equip new employees with basic knowledge as full-fledged members of society and teach them how to perform their work. Training in an overseas plant for three months is provided regardless of job classification and employees learn the thought process of the proprietary Funai Production System (FPS). Continuous skills improvement training by an instructor is offered internally to encourage ambitious employees to pursue self-education to improve business skills and technical skills.

Various kinds of English courses are provided to equip employees with the language skills essential as global human resources, and we are working to maintain their motivation to improve their English skills by introducing the TOEIC score as a requirement for advancement and promotion.



Initiatives in Employee Health Management

We also actively engage in employee health management to ensure that all employees come to work in a healthy condition and demonstrate their personal capabilities. All employees participate in company health drive efforts. We also provide them with information on health and nutrition, and have an industrial physician conduct health management courses.

Funai formulated a mental health promotion plan based on the Ministry of Health, Labour and Welfare's Guidelines for Promoting the Mental Health of Workers. We have put in place an internal structure and set up a consultation desk as part of our mental health promotion measures.



COMPANY HISTORY & PRODUCT

HISTORY

1960s

- August 1961** FUNAI ELECTRIC CO., LTD. established in Ikuno Ward, Osaka City, capitalized at 20 million yen. (Transistor radio business of FUNAI LIGHT MACHINERY MFG. CO., LTD. spun off as an independent company)
- March 1964** CHUGOKU FUNAI ELECTRIC CO., LTD. (now a consolidated subsidiary) established as a production company in Fukayasu-gun (now Fukuyama City), Hiroshima Prefecture
- May 1968** FUNAI ELECTRIC COMPANY OF TAIWAN established in Kaohsiung, Taiwan as the first large production plant overseas
- April 1969** Construction of new headquarters building completed in Daito City, Osaka Prefecture (current location of headquarters)

1970s

- September 1970** FUNAI AMERICA ELECTRIC SERVICE CORP. (later, FUNAI USA CORPORATION) established in the U.S. as a sales subsidiary
- September 1976** Headquarters relocated to Daito City, Osaka Prefecture

1980s

- June 1980** FUNAI ELECTRIC TRADING (EUROPE) GmbH established in Hamburg, Germany as a sales subsidiary
- July 1983** Tokyo Branch Office established in Chiyoda-ku, Tokyo
- March 1987** Full-scale entry into the domestic market

1990s

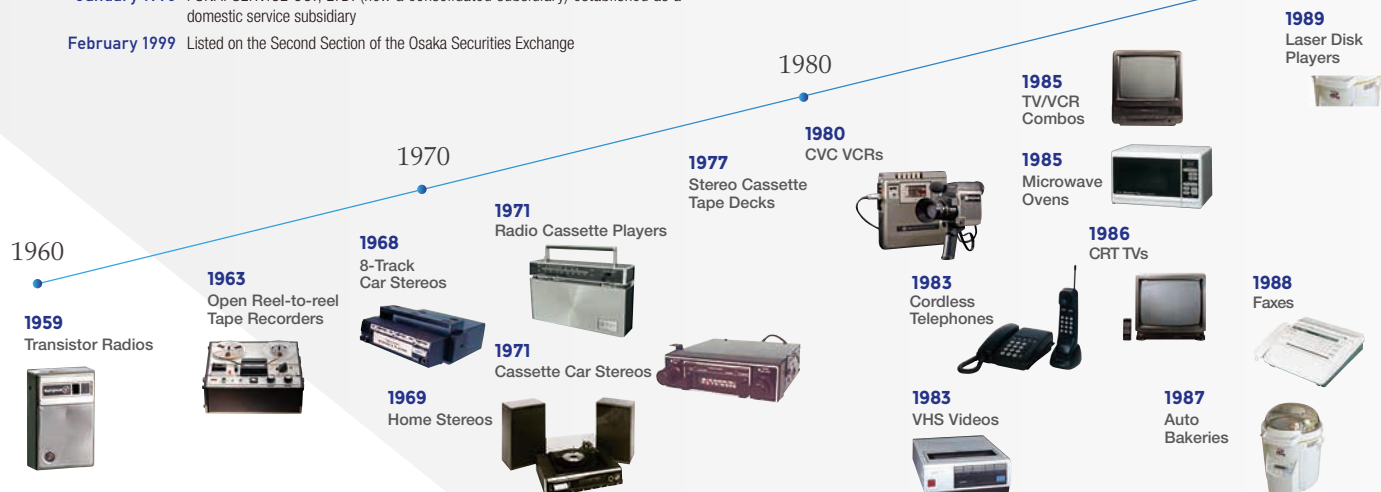
- March 1992** HIGHSONIC INDUSTRIAL LTD. (now FUNAI ELECTRIC (H.K.), LTD., a consolidated subsidiary) established in Hong Kong to oversee contract manufacturing in Guangdong, China
- January 1996** FUNAI SERVICE CO., LTD. (now a consolidated subsidiary) established as a domestic service subsidiary
- February 1999** Listed on the Second Section of the Osaka Securities Exchange

2000s

- March 2000** Listed on the First Sections of the Tokyo Stock Exchange and the Osaka Securities Exchange
- November 2000** FUNAI LIGHT MACHINERY MFG. CO., LTD. Acquired through an absorption-type merger
- March 2001** Fiscal year-end changed from June 15 to March 31
- July 2003** FUNAI (THAILAND) CO., LTD. (now a consolidated subsidiary) established in Nakhon Ratchasima, Thailand as a production subsidiary
- October 2006** FUNAI ELECTRIC (POLSKA) Sp. z o.o. established in Lubusz, Poland as a production subsidiary
- October 2006** FUNAI SERVICE CORPORATION (now a consolidated subsidiary) established in Ohio, U.S.A. as a service subsidiary
- September 2007** BROADTEC TV R&D CENTER SDN. BHD. (now FUNAI MALAYSIA R&D SDN. BHD.) established in Malaysia as a research and development center
- June 2008** P&F USA, Inc. (now FUNAI CORPORATION, INC., a consolidated subsidiary) established in Georgia, U.S.A. as a sales subsidiary
- April 2009** P&F MEXICANA, S.A. DE C.V. (now a consolidated subsidiary) established in the State of Mexico, Mexico as a sales subsidiary

2010s

- June 2011** FUNAI ELECTRIC R&D (SHENZHEN) CO., LTD. established in China as a research and development center
- April 2013** FUNAI ELECTRIC PHILIPPINES INC. (currently a consolidated subsidiary) established in Batangas Province, Philippines as a production subsidiary

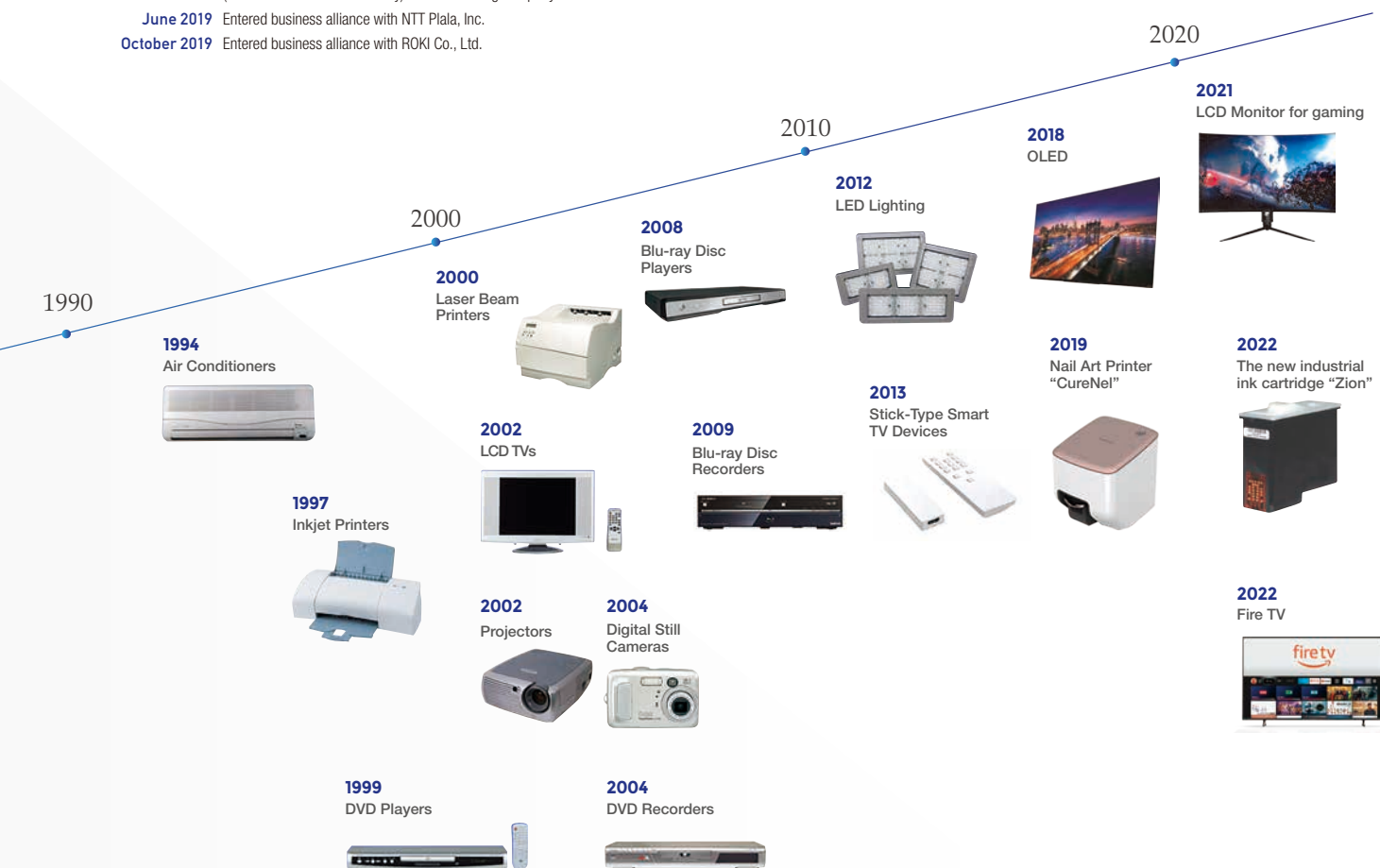




- April 2013** Acquired 100% of the shares in a manufacturing subsidiary of Lexmark International (Philippines), Inc. that produces printer-related products (now FUNAI ELECTRIC CEBU, INC., a consolidated subsidiary)
- June 2015** Switched to the format of a company with an Audit & Supervisory Committee
- April 2016** FUNAI MANUFACTURING, S.A. DE C.V. (now a consolidated subsidiary) established in Tijuana, Mexico as a production subsidiary
- June 2017** Exclusive sale of FUNAI-brand televisions and Blu-ray Disc recorders at Yamada Denki began
- July 2017** Tetsuro Funai, the company founder passed away
- April 2018** Absorption-type merger of FUNAI CORPORATION, INC. and P&F USA INC., with P&F USA INC. (now a consolidated subsidiary) as the surviving company
- June 2019** Entered business alliance with NTT Plala, Inc.
- October 2019** Entered business alliance with ROKI Co., Ltd.

2020s

- May 2020** Acquired PreXion Corporation as a subsidiary
- May 2021** The tender Offer for Share Certificates ETC. of FUNAI ELECTRIC CO.,LTD that has been conducted by SHUWA SYSTEM HOLDINGS CO.,LTD was completed
- July 2021** Koji Bando becomes the Chairman and CEO
- August 2021** The Company Shares is delisted from Tokyo Stock Exchange, Inc.
- October 2021** Switched to the format of a company with an auditor
- June 2022** Tomokazu Ueda becomes President



CORPORATE GOVERNANCE

Overview of Corporate Governance

The Funai Electric Group has the following view of corporate governance. We aim to respond to changes in the management environment and continually strive to enhance corporate value by increasing the transparency of management for shareholders, consumers, business partners, local communities, employees, and all other internal and external stakeholders, and ensuring sound and efficient management and swift decision-making.

We have established an executive officer system to facilitate agile decision-making and prompt execution of business based on this philosophy.

Funai also established the Funai Group Code of Conduct and the Funai Group Procurement Policy, which is based on the Group Code of Conduct. Under this code of conduct and policy, we are promoting corporate social responsibility (CSR) activities.

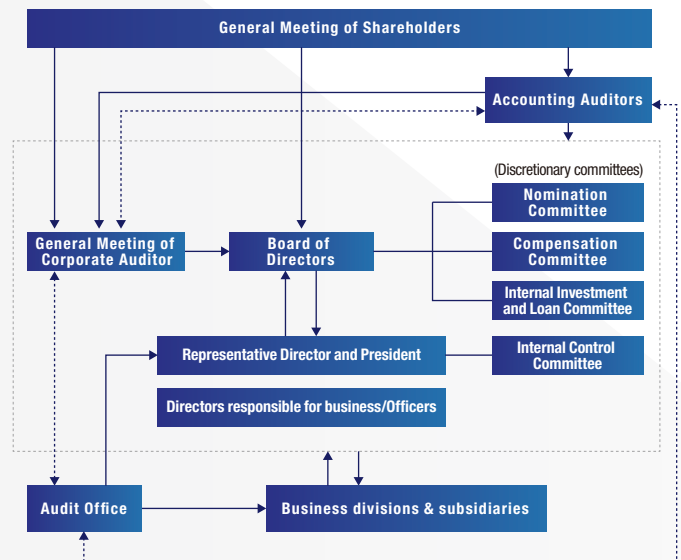
Overview of the Corporate Governance Structure and Reasons for Adopting this Structure

We have adopted the structure of a company with auditors, and have established a Board of Directors, Auditors and Accounting Auditors as our corporate governance structure.

We have established an executive officer system to facilitate prompt execution of business. In addition to the Auditors, we have also established the Nomination Committee, Compensation Committee, and Internal Investment and Loan Committee to serve as discretionary advisory bodies to the Board of Directors. These committees ensure objectivity and transparency in the process for making important decisions.

Board of Directors

The Board of Directors consists of nine directors (one of whom is an outside director). It aims to make prompt decisions. The outside directors, who have no significant conflict of interests, ensure sound and transparent management by participating in decisions made by the Board of Directors.



Advisory Bodies

• Nomination Committee

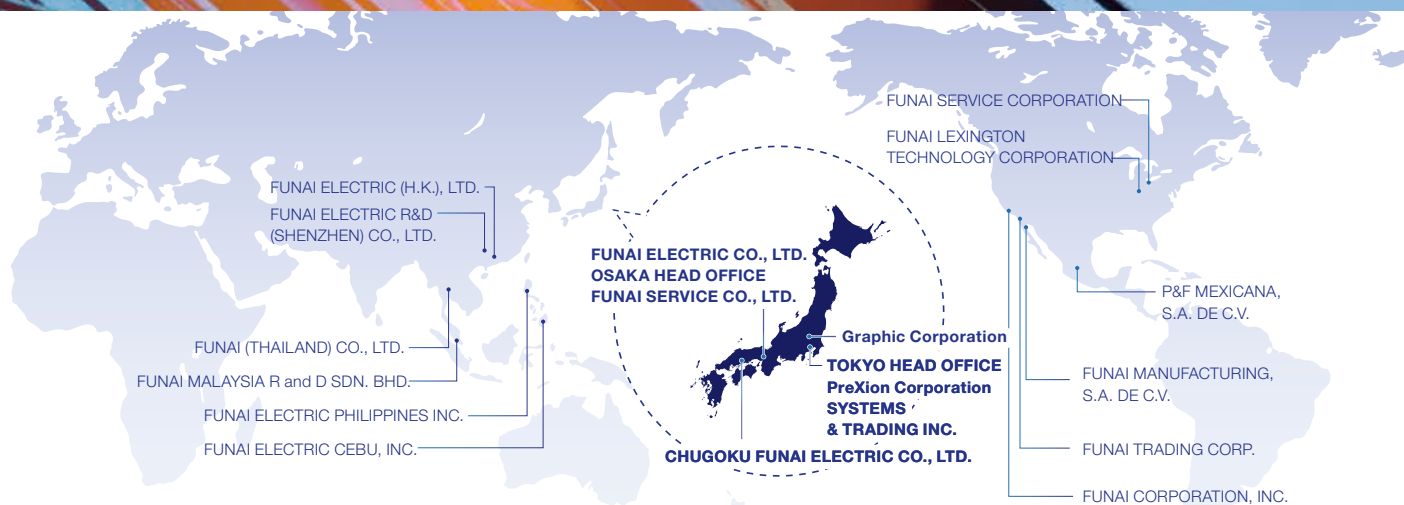
The Nomination Committee consists of directors who have been appointed as committee members by the Board of Directors. As an advisory body to the Board of Directors, this committee recommends candidates for director positions to the Board of Directors, thereby ensuring transparency and objectivity in the candidate selection process.

• Compensation Committee

The Compensation Committee consists of directors who have been appointed as committee members by the Board of Directors. This committee has been delegated the authority to determine the compensation for directors and executive officers, thereby ensuring transparency and objectivity in the compensation determination process.

• Internal Investment and Loan Committee

The Internal Investment and Loan Committee consists of directors and executive officers whom the president has appointed as committee members. This committee examines and discusses the contents of individual investment and lending projects of importance to the Company, thereby ensuring transparency and objectivity in the process for deciding whether or not to proceed with individual investment and lending projects.



Name	FUNAI ELECTRIC CO., LTD.								
Established	August 1961								
Head office	7-7-1 Nakagaito, Daito, Osaka 574-0013 TEL +81-72-870-4303 FAX +81-72-871-1112 URL https://www2.funai.co.jp/en/index.html								
Capital	31.320 bn yen (as of Mar. 31, 2022)								
Net sales	69.697 bn yen (fiscal year ended Mar. 31, 2022)								
Employees	2,144 (as of Mar. 31, 2022)								
Business category	Electrical equipment								
Principal businesses	<table border="0"> <tr> <td>Display Business</td> <td>LCD TVs/OLED TVs</td> </tr> <tr> <td>Digital Media Business</td> <td>Blu-ray Disc players/recorders</td> </tr> <tr> <td>Printing Solutions Business</td> <td>Printers Ink cartridges</td> </tr> <tr> <td>Development and New Businesses</td> <td>Other devices</td> </tr> </table>	Display Business	LCD TVs/OLED TVs	Digital Media Business	Blu-ray Disc players/recorders	Printing Solutions Business	Printers Ink cartridges	Development and New Businesses	Other devices
Display Business	LCD TVs/OLED TVs								
Digital Media Business	Blu-ray Disc players/recorders								
Printing Solutions Business	Printers Ink cartridges								
Development and New Businesses	Other devices								

Offices and subsidiaries	
Offices	OSAKA HEAD OFFICE TOKYO HEAD OFFICE
Sales subsidiaries	FUNAI CORPORATION, INC. FUNAI TRADING CORP. P&F MEXICANA, S.A. DE C.V.
Production subsidiaries	CHUGOKU FUNAI ELECTRIC CO., LTD. FUNAI MANUFACTURING, S.A. DE C.V. FUNAI ELECTRIC (H.K.), LTD. FUNAI (THAILAND) CO., LTD. FUNAI ELECTRIC CEBU, INC. FUNAI ELECTRIC PHILIPPINES INC.
Development subsidiaries	FUNAI ELECTRIC R&D (SHENZHEN) CO., LTD. FUNAI MALAYSIA R and D SDN. BHD. FUNAI LEXINGTON TECHNOLOGY CORPORATION
Affiliated subsidiaries	FUNAI SERVICE CO., LTD. Graphic Corporation PreXion Corporation FUNAI SERVICE CORPORATION SYSTEMS & TRADING INC.

Executives (as of June 30, 2022)

Directors	President and CEO	Tomokazu Ueda
	Vice Chairman	Hideaki Funakoshi
	Director Officer	Takeshi Ito
	Director Officer	Hidehiko Funai
	Director and Executive advisor	Akihiro Kuromiya
	Director	Motoyoshi Adachi
	Director	Fumiaki Kidera
	Director	Kei Mima
	Outside Director	Akihiro Sako

Corporate Auditor	Corporate Auditor	Kazuo Uga
Officers	Officer	Masanori Sakakibara
	Officer	Tadahiro Akahodani

FUNAI ELECTRIC CO., LTD.

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