

—Processed Foods Business—

# Kyurei Plant Tour

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September 18, 2024  
Nichirei Corporation



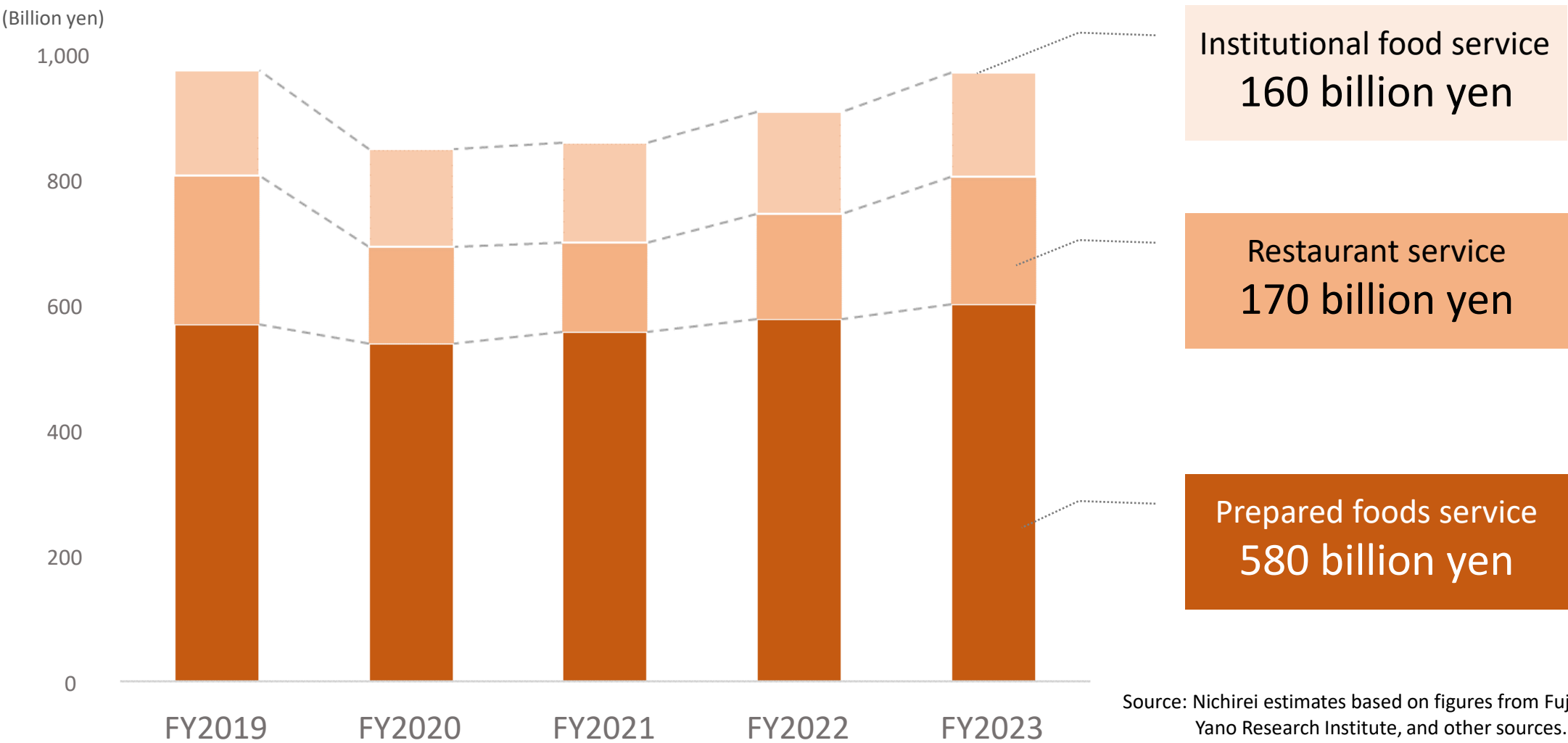
## Overview of the Frozen Food and Rice Categories

# There Are Two Categories of Frozen Food: Household Use and Commercial Use NICHIREI FOODS INC.



# Commercial-use Frozen Foods—Market Size

The market size for commercial-use frozen foods remains flat.





# Strengths of Frozen Foods in the Commercial-use Business Category

Prepared foods service

Institutional food service

Restaurant service



Time loss



Waste loss



Opportunity  
loss

**Frozen foods provide solutions to the three losses.**

# Business Environment—Convergence of Rapid Increase in Customer Flow and Chronic Labor Shortage

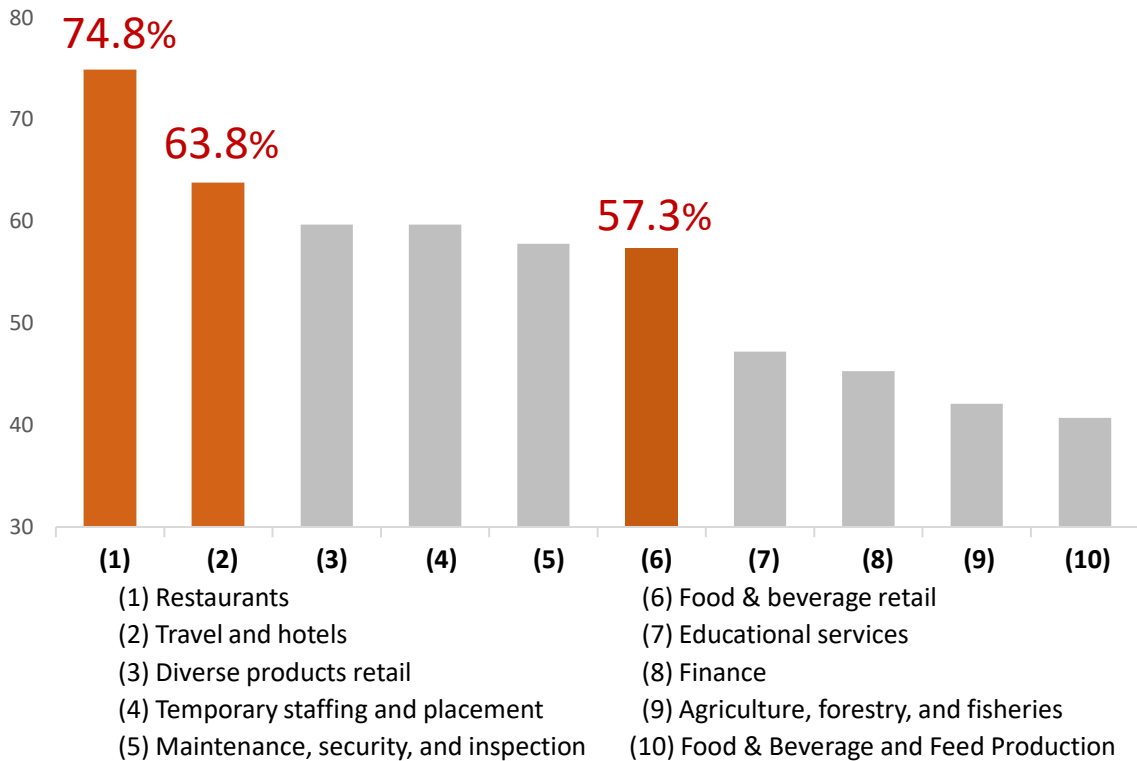
## ■ Increase in Customer Flow

- ✓ The number of foreign visitors to Japan exceeded 3 million people in a single month in June (a record high).  
In 2024, the level is expected to exceed that of 2019.



\* Images are for illustrative purposes only.

## ■ Continuing Labor Shortage



Source: Teikoku Databank Report, *Percentage of Labor Shortage for Non-regular Employees (Top 10 Industries) April 2024*

Value provided by Nichirei:  
**Deliciousness comparable with handmade and operations comparable with human labor**



# Commercial Use – Special Chinese Open Flame Stir Fried Rice



- Deliciousness Comparable with Handmade



**Nichirei's proprietary Open  
Flame Stir Fry technique**

- Time-saving Cooking  
(Operations comparable with human labor)



**Ready in about 3 minutes  
using steam convection**

\* Images are for illustrative purposes only.



# Commercial Use Frozen Foods—Business Model for Rice Products

## Restaurant Food Service Industry (Major Users Considering Private Brands)



\* Images are for illustrative purposes only.

## Prepared Foods and Institutional Food Service

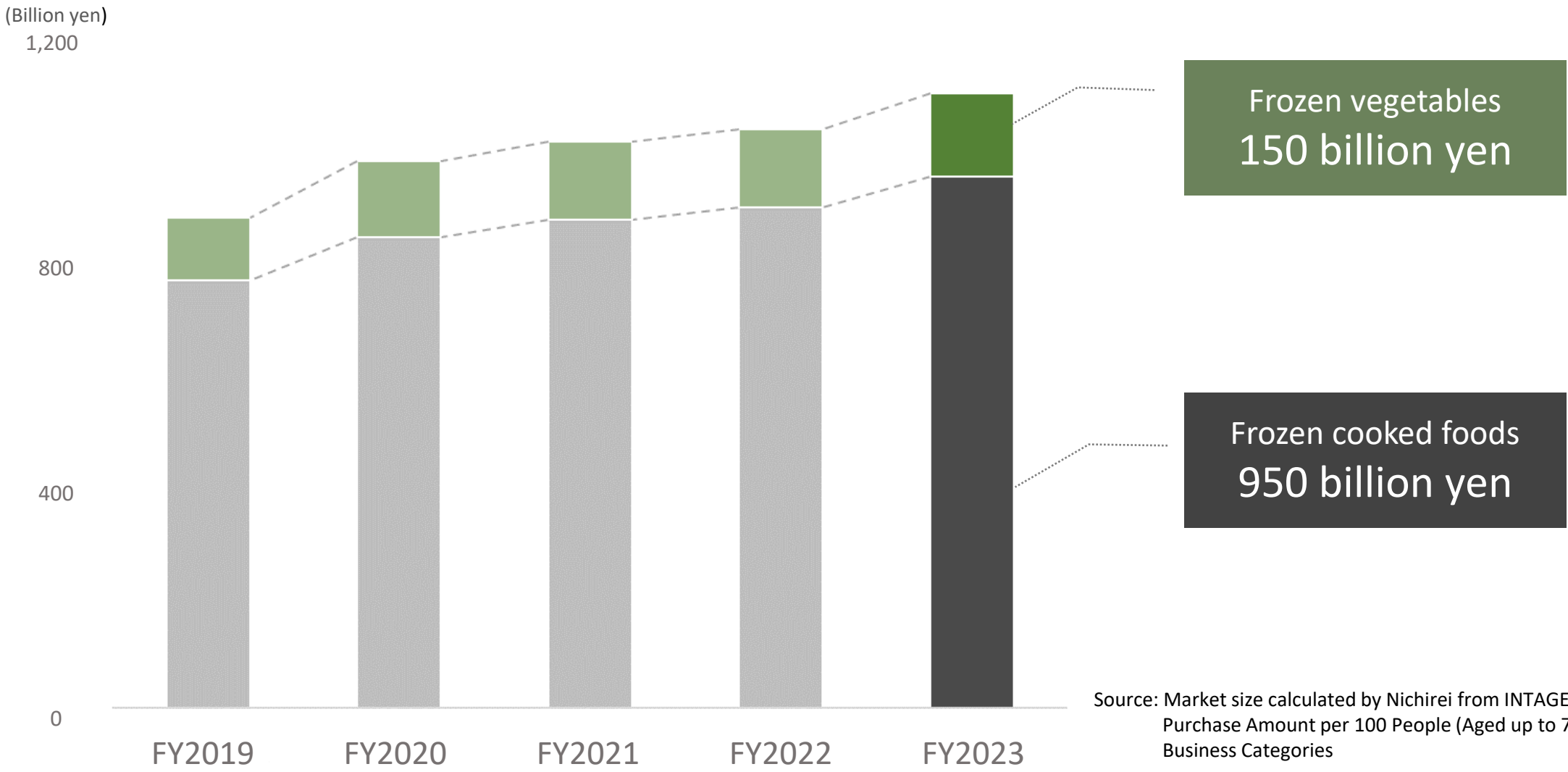


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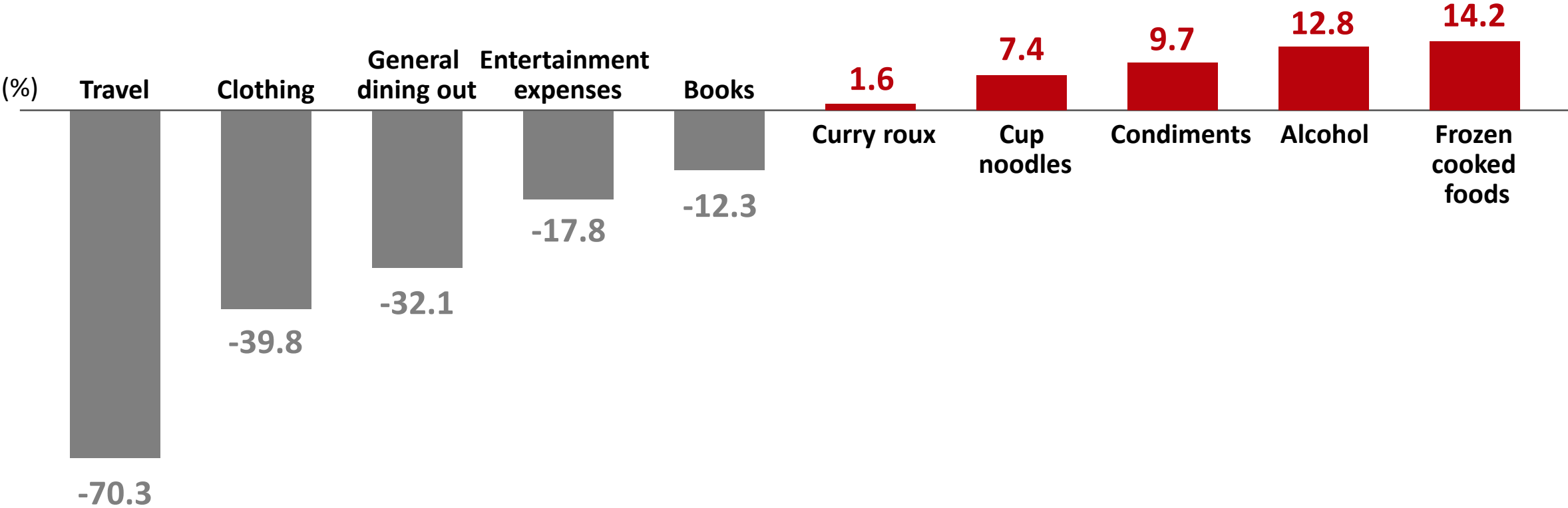
# Household Use Frozen Foods Market Size

The market size for household-use frozen foods is reaching record highs—Exceeding ¥1.1 trillion in FY2023.



# Changes in Spending Amounts Seen in the Family Income and Expenditure Survey before and after the COVID-19 Pandemic

## Comparison of spending in 2020 with FY2019 as 100

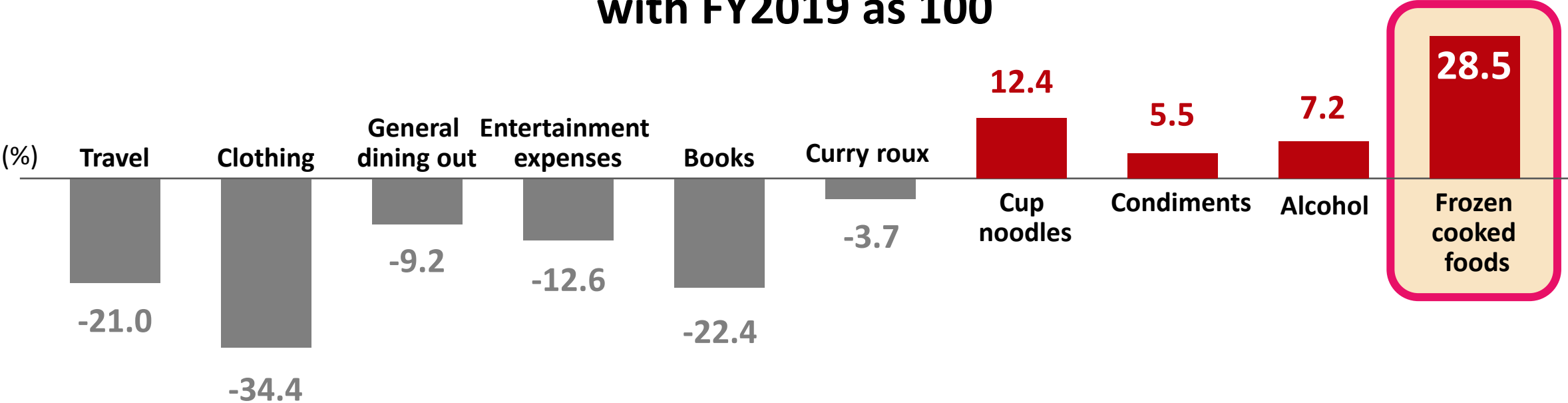


Source: Statistics Bureau of Japan “Family Income and Expenditure Survey” / Two-or-more-person households / Monthly data



# Changes in Spending Amounts Seen in the Family Income and Expenditure Survey before and after the COVID-19 Pandemic

## Comparison of spending in 2022 with FY2019 as 100

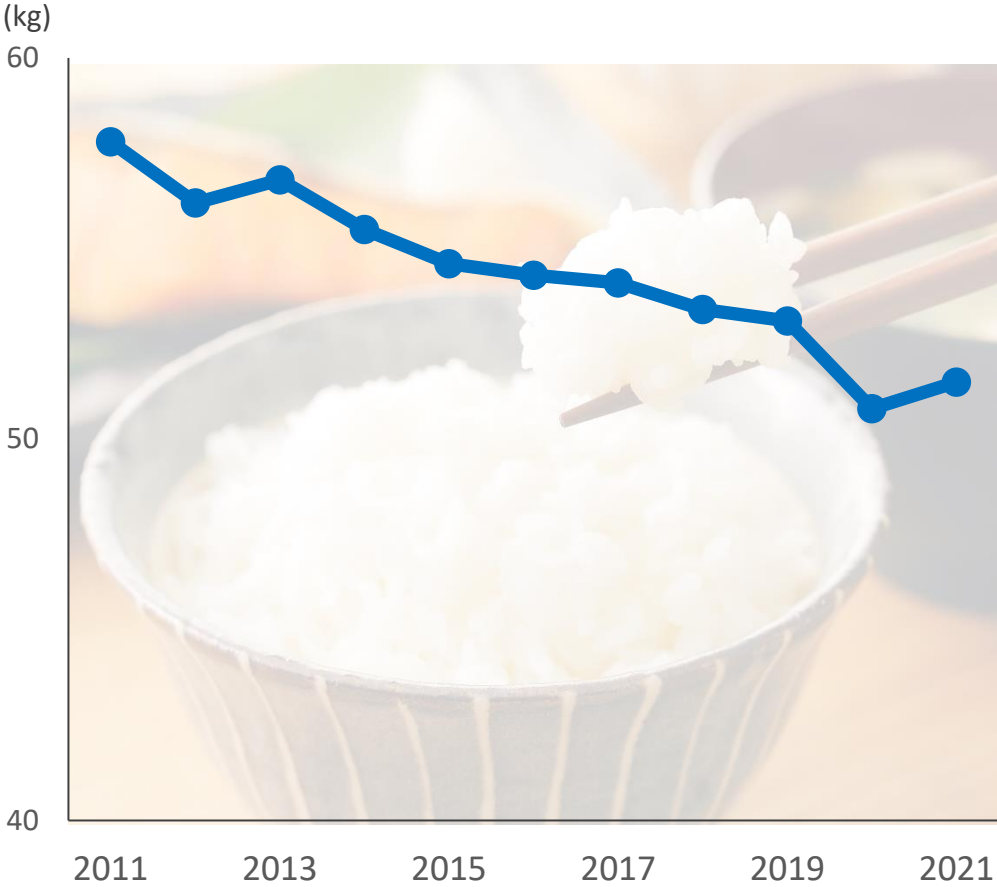


Spending on frozen foods rose significantly

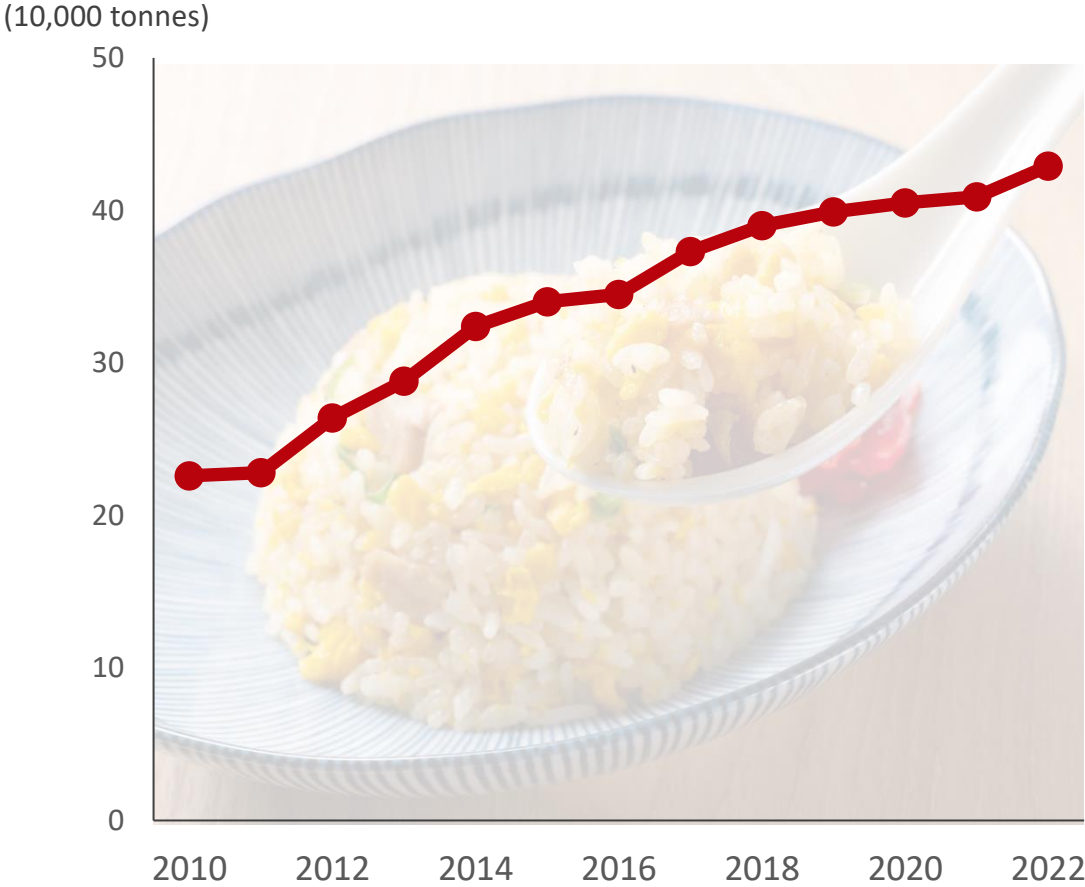
Source: Statistics Bureau of Japan “Family Income and Expenditure Survey” / Two-or-more-person households / Monthly data

# Over the Longer Term, Demand for Processed Rice Will Increase to Replace Rice Cooked at Home

Per Capita Rice Consumption/Year  
(Consumed at Home, Milled Rice Basis)



Processed Rice Production Amount



Source: Ministry of Agriculture, Forestry and Fisheries “Production Trends in the Food Manufacturing Industry”; “Food Supply and Demand Table”





Production Capacity\*

Approx.

**150% increase**

\* Production capacity for rice products with the latest stir-frying process



**Business continuity plan in place**

# Japan's Best-selling Frozen Fried Rice: Nichirei *Honkaku-Itame-Chahan* (Fried Rice)



## *Honkaku-Itame-Chahan*

No. 1\* in sales for  
23 years since launch

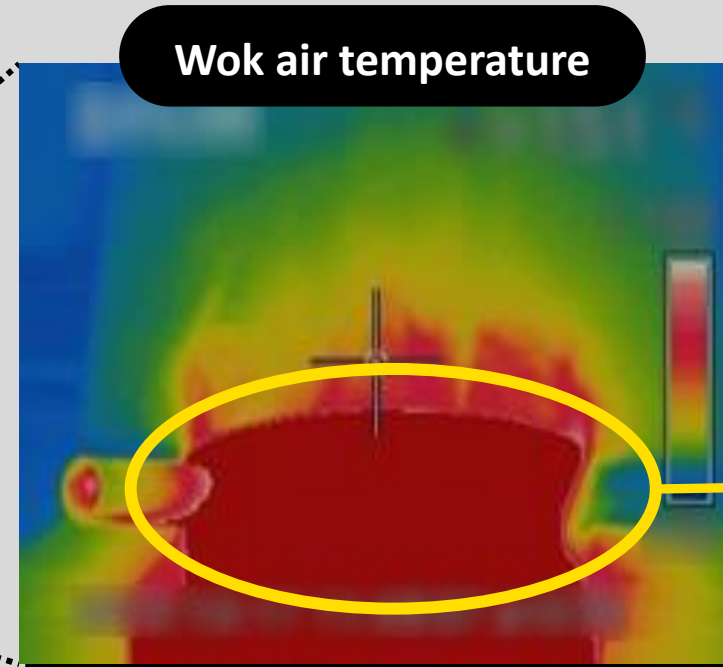
\* In the fried rice category





# The Secret of Deliciousness Is Professional Technique

The temperature at which a Chinese chef shakes the wok (250°C or higher) is reproduced in the manufacturing process.



**Space when  
stir-frying is  
over 250°C !!**

Microwave cooking reproduces the crisp and fragrant quality.

We continue to refine quality, striving for value that cannot be reproduced at home.



# About Kyurei Inc.



Company name	<b>Kyurei Inc.</b>
Established	<b>April 1, 2008</b>
Paid-in Capital	<b>10 million yen</b>
Representative	<b>Shingo Wakamatsu</b>
Location	<b>415-1, Omaru, Munakata City, Fukuoka Prefecture</b>
Description of Business	<b>Production of frozen food</b>
Operating Permission	<b>Freezing or refrigeration of food, production of prepared food, production of confectioneries</b>
Employees	<b>600 (as of August 31, 2024)</b>
Production capacity	<b>30,000 tonnes/year (FY2024)</b>



## Company History

## Product History

Begins producing frozen processed eggs as a subcontract factory of Nichirei Corporation in Fukuoka City

1969

Munakata Plant (now Plant No. 1) starts operations



1985

Plant No. 2 starts operations

2004

Nichirei Foods Inc. acquires all Kyurei shares, making it a Nichirei Foods Group company

2008

FSSC 22000 obtained

2018

New plant (Plant No. 3) starts operations  
\* Operations at Plant No. 2 suspended

2023

1983 Mini Omelet launched



1986 Mini Fried Egg and Crab launched



1988 Taiyaki Cakes launched

1991 Imagawayaki Cakes launched



1994 Commercial-use Fried Egg and Crab launched

2000 Open Flame Stir Fried Rice launched



2023 Honkaku-Itame-Chahan launched



### Plant No. 1

Operations started in 1985

*Imagawayaki* cakes and egg products

### Plant No. 3 (new plant)

Operations started in 2023

Cooked rice

## Artisanal techniques and State-of-the-art plants



## Frozen rice production structure with two bases in east and west Japan



**Production Capacity\* Approx. 150%**

\* Production capacity for rice products with the latest stir-frying process

# About Plant No. 1

**Delivering excitement and happiness to consumers with technology that creates deliciousness.**

Kyurei has focused on using fresh ingredients, and production with proprietary machinery that reproduces the artisanal techniques of specialty shops.





## About Plant No. 3 (New plant)

## On the premises of Kyurei Inc.

415-1, Omaru,  
Munakata City, Fukuoka  
Prefecture

Total floor area **Approx. 10,200 m<sup>2</sup>**

Investment  
amount **11.5 billion yen**

Description of  
business **Production and  
packaging of frozen  
cooked rice**

Production  
capacity **About 70 tonnes/day**

Start of  
operations **April 2023**



### Securing of economic value

- Expansion of production lines to meet the growing demand for frozen rice
  - Evolution toward pre-cooked and prepared food
  - Fewer opportunities to cook at home
- Providing the value of saving time for consumers

Time performance
- Providing the deliciousness of professional chefs

Stir-frying techniques that cannot be reproduced at home

### Enhancement of social value

- Building a sustainable supply chain

Production at two bases in east and west Japan
- Climate change initiatives

Decarbonization and elimination of CFCs
- Procurement of sustainable food and realization of a recycling-oriented society

Reduction of food loss

The new plant balances these two types of value, and plays a role in sustainable growth.



## Honkaku-Itame-Chahan

**New Three-step Stir-fry Method that reproduces the professional cooking process!**

The overwhelming stir-fry power that cannot be achieved in a home kitchen ensures that each grain of rice is coated with egg, so the rice can be microwaved for a delicious, crispy taste!

### Succulent grilled pork

Grilled pork is carefully produced in-house. A savory broth is used as a seasoning to provide a uniform taste.

### Improved crispiness and savory fragrance!

Improvement to the final process of the new Three-step Stir-fry Method!



**No. 1\* in sales for 23 consecutive years since launch**

\* INTAGE SRI: Frozen Cooked Fried Rice Market, March 2017 to February 2023, cumulative year-to-date sales amount / INTAGE SRI: Frozen Cooked Fried Rice Market, March 2001 to February 2017, cumulative year-to-date sales amount



## Open Flame Stir Fried Rice

**Fragrant fried rice stir-fried over an open flame using an iron wok!  
Broth from the grilled pork is also to the seasoning for more intense flavor and a uniform taste!!  
Flavored oil is also used for stir-frying to create a savory finish!!**

### Main points of improvement

- ◇ Bigger chunks of grilled pork and changes to the seasoning improved the delicious flavor
- ◇ Aged soy sauce is added to enhance the depth of flavor and add the aroma of soy sauce



## Food Safety

Measures to strengthen systems for food safety and reliability

### **PAS (Production Assistance System)**

Nichirei Foods' proprietary system for traceability and real-time management of production status

### **Advancements in inspection equipment**

Integration of the packaging inspection process  
Automation, real-time management, and increased check frequency

## Food Defense

Measures to prevent malicious external attacks

- (1) Build relationships of trust**
- (2) Prohibit entry of suspicious persons**
- (3) Prevent attacks**
- (4) Verifiability**

- ▶ Access controlled by iris authentication gate system
- ▶ Movement within plant recorded through tag authentication

- ▶ Real-time management and recording with high-spec cameras
- ▶ A total of 198 cameras (25 outdoors and 173 inside buildings) in operation



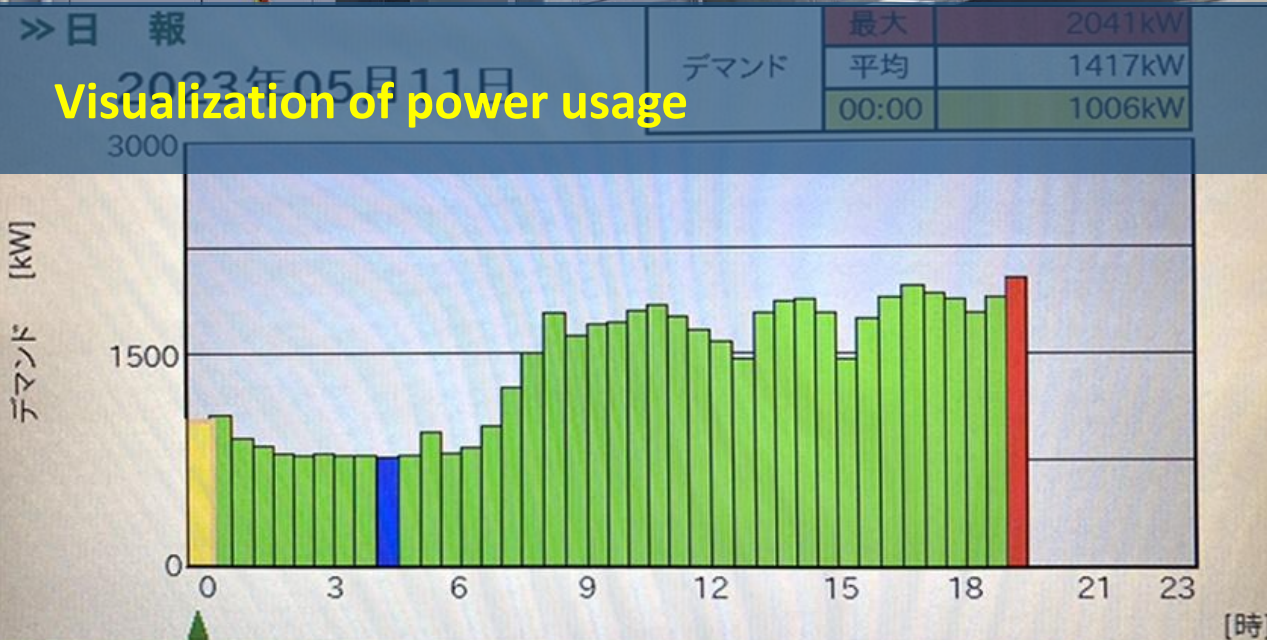
## Natural refrigerant chillers (NH<sub>3</sub>/CO<sub>2</sub> type)

Received Subsidy for CO<sub>2</sub> Emission Control Measures FY2022 (Project to accelerate the introduction of energy-saving natural refrigerant equipment for the early realization of a CFC-free and low-carbon society)



## Solar power generation

## Visualization of power usage

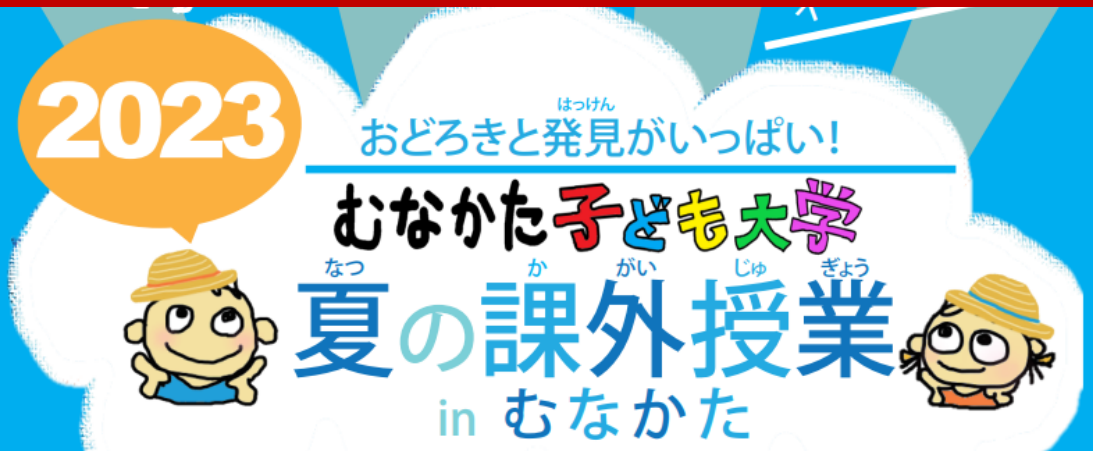


## CO<sub>2</sub>-free electricity



## Contribution to Society and the Local Community

### Parent-child factory tour in Munakata City-sponsored event Summer Extracurricular Classes



### Participation in various volunteer activities



### Developing various activities and initiatives as a company deeply rooted in the local community





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 **NICHIREI FOODS INC.**

ありがとう♡

