



The entire group will come together and continue working to realize an enriched society through our business activities

Turning this once-in-a-century period of profound transformation into an opportunity for growth

Tetsuya Okabe

President and CEO

With the market going from internal combustion engine (ICE) vehicles to next-generation vehicles, such as battery electric (BEVs), hybrid electric (HEVs), and fuel cell (FCVs) vehicles, the automotive industry is said to be facing a once-in-a-century transformation. This is a major turning point for CCI, which specializes in brake fluid and engine coolant, both of which are essential for safe driving. One hears concerns that coolant will become obsolete when engine vehicles are replaced by electric vehicles (EVs). However, we do not believe that coolant will become obsolete in the future, as thermal management is not only necessary for engines, but also for preventing motors and batteries from overheating or overcooling. Furthermore, next-generation data centers are an area where we are focusing on future applications for

coolant. Liquids with high thermal conductivity are expected to be used to cool the servers in data centers, which are significantly increasing with the rise of AI and the expansion of cloud services and streaming services—and we believe this presents a great business opportunity. The use of coolant also reduces the energy consumption required for cooling, as well as the associated CO₂ emissions.

With the electrification of automobiles, people's perceptions of driving noise, which had not previously been a concern, are also changing. We believe that the vibration control technologies we have cultivated in the field of residential and construction materials can also be applied to vibration control in automobiles. Moreover, in the industrial tire segment, there is a growing need for tires with low friction resistance that can be operated with less power in semiconductor manufacturing facilities and other locations. We will continue proactively engaging in the development of value-added products that incorporate these changes and the evolving needs of our era.

After welcoming JAPAN CHEMICAL INDUSTRIES Co., Ltd. (JCI) in 2023, we welcomed USC Limited to our Group in 2024. USC Limited is a manufacturer of petroleum and chemical products, and also functions as an import trading company, with more than 30 sales offices across Japan. With USC Limited joining CCI Group, we can expect to see a dramatic leap forward in our proposal, development, and sales capabilities. Going forward, we hope to learn from each other's strengths in business and manufacturing, enhance synergies through the utilization of sales networks, and

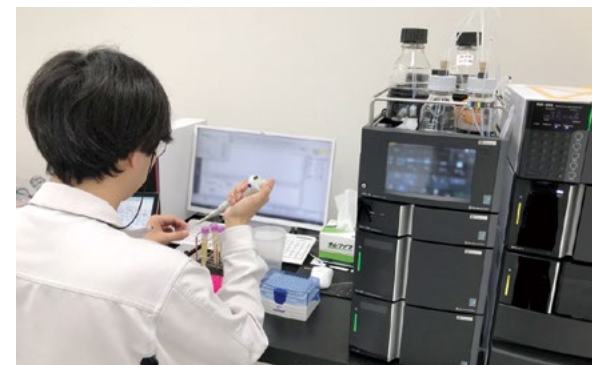
engage in the co-creation of business initiatives. By taking our Group strength to an even higher level, we aim to continue contributing to the competitiveness of our business partners.

Continuing to lay the groundwork for achieving sustainable growth

CCI promotes sustainability management while aiming to improve social and economic value in our business. As one element of this, we are proceeding with the conversion of our automotive chemical manufacturing plants into smart factories, and plan to gradually expand this initiative to other business areas, such as industrial tires.

In converting to smart factories, we are aiming to make effective use of management resources by revamping our core enterprise resource planning (ERP) system. In addition to improving productivity and reducing workloads, we plan to unify our quality standards globally. Although there are differences in laws, regulations, and other factors depending on the country or region, we will promote the establishment of global quality standards through measures such as visualizing production conditions and eliminating the reliance on specific individuals for work.

After much consideration, we have decided to withdraw from the consumer car care supplies business. Now is the time to strengthen our B2B business in anticipation of changing values regarding cars and future market growth in the sharing economy.



Research and development targeting environmentally friendly products

Going forward, we will strengthen our product technology cultivated in the car care supplies business as professional-oriented products for automobile dealers and specialty stores. We will also engage in marketing activities to leverage our technological capabilities and utilize the sales capabilities of companies that have joined our Group. We strongly believe this approach will maximize CCI's resources and proactively invest in new growth areas.

Since our founding, we have charted a course as a research and development-oriented manufacturer. We pride ourselves on investing abundant management resources in R&D in particular. Since before environmental measures became a mainstream topic, we have been developing environmentally friendly, bio-based products that do not rely on petroleum. Currently, we are accelerating research into microorganisms that break down mineral oil. If this technology is commercialized, it will enable the

decontamination of areas that were previously difficult to clean, such as oil spills at sea and soil improvement. This technology can also be used to break down cutting oil, so our expectation is that it could reduce the environmental impact of various metalworking industries. We will continue to focus on developing—and eventually commercializing—technologies that are very safe for both people and the planet.

Thoroughly complying with standards and restructuring the management system

In recent years, the automotive industry has seen issues with quality and fraud. As a company deeply rooted in the automotive industry, we have reaffirmed our responsibility to supply products that have an impact on human life, while remaining aware of the risk that



Promoting smart factories to enable the visualization and streamlining of production processes; achieving stable supply at a high level of quality

problems could potentially arise within our company as well. Therefore, in FY 2024, in line with the promotion of smart factory initiatives, we reexamined our internal work processes. This allowed us to confirm not only the existence of work procedures for each process, but also the details of inspection items incorporated into those processes, in accordance with product specifications and customer quality requirements. We are carefully re-examining work processes from the perspective of governance and quality control, and creating a system that allows all employees to understand and take accountability for the uniquely important role they play in our operations. We are also inspecting these processes to confirm that employees can work safely and avoid accidents by identifying potential hazards in each step and reviewing procedures and rules for safety measures. Although we believe that we have established a robust system for checking laws and regulations over the past year, the task of reviewing work processes and quality control is not something that can be done once and then forgotten. As technology advances and social conditions change, new issues and risks may arise. Therefore, we will continue to conduct regular inspections and make improvements as necessary.

Transforming awareness and effecting behavioral change—crafting a vision for the future

In 2025, we will further deepen our initiatives from last fiscal year and reiterate the importance of safety at each and every production site. It is our mission to maintain the superior quality that our customers demand, and working efficiently to improve productivity is essential for the growth of CCI. We are committed to achieving these goals with the safety of our most valuable resource—our employees—in mind. In FY 2025, we will go back to the basics, preventing accidents and implementing our newly revised work procedures across each factory's operations. We aim to thoroughly pursue a safety-first approach, including





A discussion among employees of each of the Group's companies

management systems, by raising the awareness of each and every employee.

We are also promoting shared objectives as an important measure. This is an initiative to ensure that, in the course of their work, each and every employee recognizes and internalizes the importance of sharing a fundamental purpose for the organization and working together toward common goals. As mentioned above, over the past two years we welcomed JAPAN CHEMICAL INDUSTRIES Co., Ltd. and USC Limited into the Group. With companies from different backgrounds and cultures coming together, we need to share our vision and direction as to what kind of future we want to build and what kind of ideal we want to pursue.

We also want the younger generations, who will lead the Group in the future, to think about what our company should be like in 10 or 20 years. The ongoing Group Vision Formulation Project was launched with this in mind. We are currently in the process of creating guidelines for how we want to grow as a Group going forward. We are aiming to complete the formulation of the Group's vision during FY 2025, and we hope to work together in a unified way with those who have newly joined the Group.

Contributing to local communities is an essential policy for CCI

As a Group comprised of 6 companies in Japan and 14 companies in 9 countries overseas, we have become a worldwide business with a 15% share of the global brake fluid market and a 25% share of the global engine coolant market. We believe that we have been able to achieve this growth thanks to the support of local communities in Gifu, where we have been based for the 75 years since our founding. Taking this to heart, CCI considers contributing to local communities to be an essential company policy, and we are engaged in a variety of activities in that regard.

One such activity is our ongoing sponsorship of the Freestyle Club of the Ski Association of Gifu, which contributes to the development of both athletes and the sport itself. We are also focusing on supporting the development of the next generation of children, and once again sponsored the CCI Cup Gifu U-9 soccer tournament. Also in 2024, we made donations through the corporate version of the hometown tax system to promote regional revitalization and sustainable



CCI Cup Gifu U-9 soccer tournament

development in Shirakawa Village. Shirakawa-go (located in Ono-gun, Gifu Prefecture) has been recognized as a UNESCO World Cultural Heritage Site since 1995 due to its rare and unique Gassho-style homes. Going forward, we will continue our community contribution activities and strive to create a sustainable future together with the communities where we live and work.

Remaining a people-centered company no matter how the world evolves

With the advancement of AI and the evolution of autonomous driving technology in the automotive world, new technologies are bringing about major changes in our society. At the same time, dramatic technological advances are providing an opportunity to reexamine the role and significance of human beings in manufacturing processes and beyond.

Even in an era such as this, we continue to value manufacturing and factory environments that are centered around our people. No matter how technology evolves, people should always be at the core. CCI Group will continue to respect the individuality of each employee and foster a corporate culture that values connections with customers and society. We also want to create an environment where we can maximize our potential by collaborating with companies that have newly joined our Group. We aim to realize an enriched society and will continue to develop products that are environmentally friendly, while respecting and cooperating with people who have diverse values and experiences.