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July 10, 2026

To whom it may concern,

Company name: HI-LEX Corporation
Name of representative: Taro Teraura, President and CEO
(Securities Code: 7279; TSE Standard Market)
Inquiries: Makoto Okumura, CFO and CAO
(TEL 0797-85-2500)

Notice Regarding Update on Actions to Implement Management that is Conscious of Cost of Capital and Stock Price

HI-LEX CORPORATION (the "Company") hereby announces that its Board of Directors, at a meeting held today, conducted a renewed analysis and evaluation of the Company's current situation regarding its actions to implement management that is conscious of the cost of capital and stock price, and updated the information previously disclosed on July 4, 2025.

Please refer to the attached presentation materials for further details.

HI-LEX CORPORATION

Actions to Implement Management that is Conscious of Cost of Capital and Stock Price (Updated: July 10, 2026)

1. Analysis and Evaluation of the Current Situation (1)

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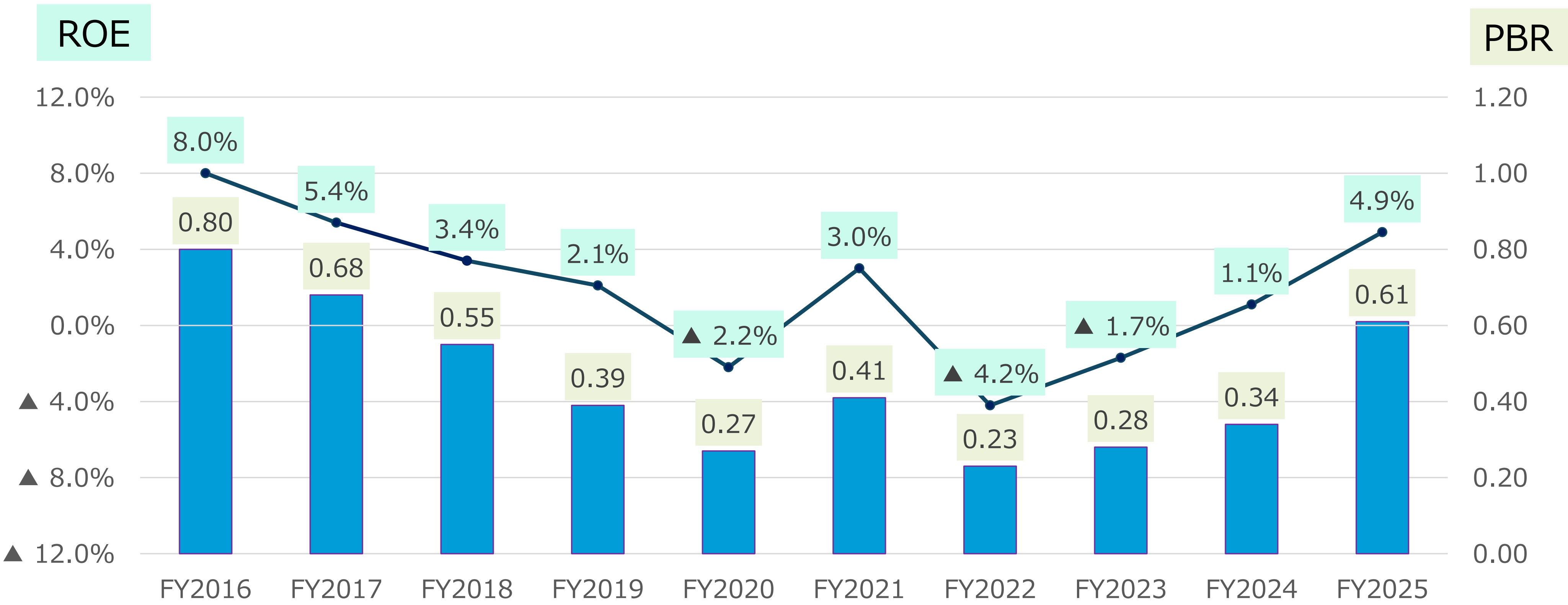
【Trend in PBR and ROE】

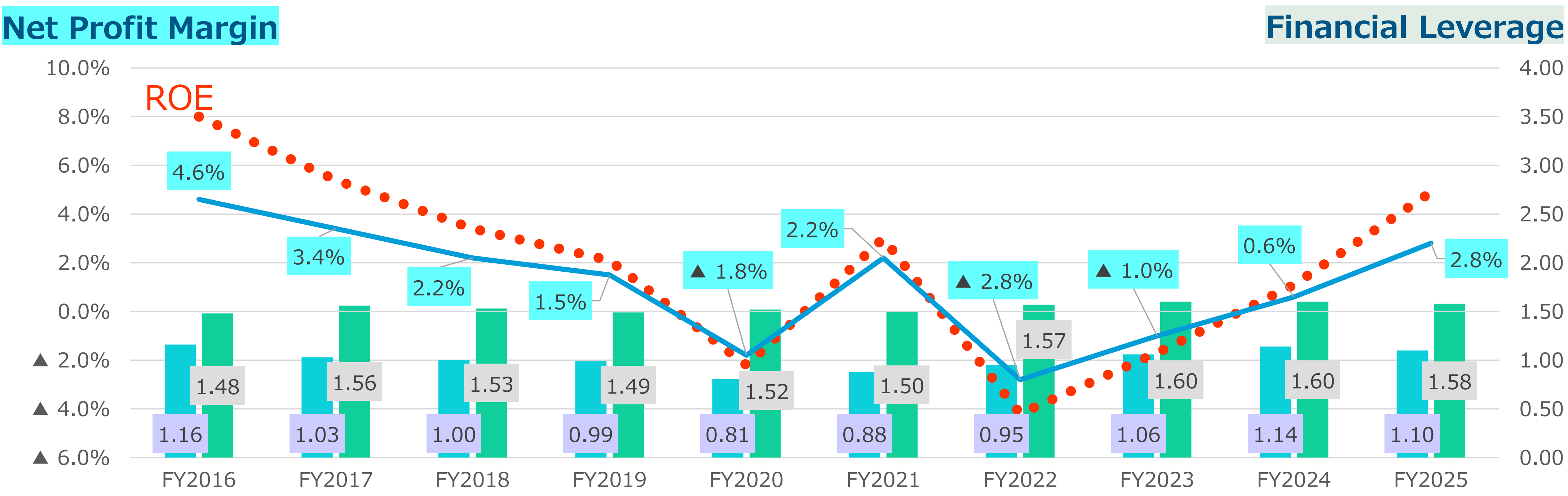


- The Company's PBR has shown a strong correlation with ROE.
- ROE has increased for three consecutive fiscal years since FY2023, accompanied by a corresponding improvement in PBR.

1. Analysis and Evaluation of the Current Situation (2)

【ROE Breakdown Analysis】

※ROE＝Net Profit Margin×Total Asset Turnover ×Financial Leverage



■ The increase in net profit margin in FY2025 was primarily attributable to:
✓ Improvement in operating profit (approximately JPY 3.0 billion)
✓ Gain on sale of investment securities (approximately JPY 7.4 billion)

2. Initiatives to Improve Asset Efficiency

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【Improving Asset Efficiency】

Target for Reduction of Cross-Shareholdings (announced July 4, 2025)

"Reduce cross-shareholdings to 10% or less of consolidated net assets by the fiscal year ending October 2026."

Progress

Approximately JPY 22.0 billion of cross-shareholdings sold over the past year (July 4, 2025 – July 10, 2026).

The Company will continue selling cross-shareholdings until either of the following conditions is achieved during FY2026:

- ✓ Cross-shareholdings represent 10% or less of consolidated net assets.
- ✓ The originally planned disposal target amount calculated as of July 2025 is achieved.

The target is expected to be achieved within the current fiscal year.

3. Financial Leverage and Equity Ratio

【Financial Leverage】

Between the end of FY2025 and the end of the second quarter of FY2026:

✓ Financial leverage increased from 1.58x to 1.72x

✓ Interest-bearing debt increased from JPY 8.9 billion to JPY 33.7 billion.

This primarily reflects:

✓ Acquisition financing related to HI-LEX ACT.

✓ Debt of HI-LEX ACT and its subsidiaries

At the same time, the Company's equity ratio changed:

From 63.8% to 58.0%

4. Initiatives to Improve Profitability (1)

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<table>
<tr><th>Management Challenges</th><th>Strategic Initiatives</th></tr>
<tr><td rowspan="3">Declining automotive production in mature markets (Japan, Americas and Europe)

Resulting in:
Lower capacity utilization
Reduced productivity</td><td>(Japan)
Improve plant utilization through optimization of manufacturing operations.
Enhance productivity by specializing plants by product category.
Establish domestic production and supply capabilities for door modules.</td></tr>
<tr><td>(Americas)
Structural reforms including closure of one U.S. production site and transfer production to Mexico.
Strengthen management capabilities in Mexico.
Optimize operations across the Group, including HI-LEX ACT facilities.</td></tr>
<tr><td>(Europe)
Closure of the Spanish operation.
Streamline operations in response to market contraction.</td></tr>
<tr><td rowspan="3">Transformation into a System Supplier</td><td>Invest in electronic control technologies.
Secure globally capable development talent.</td></tr>
<tr><td>Strengthen global development collaboration.
Enhance proposal-based business capabilities</td></tr>
<tr><td>Expand business in India, where automotive production is expected to continue growing.</td></tr>
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4. Initiatives to Improve Profitability (2)

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Management Challenges	Strategic Initiatives
Realization of Synergies with HI-LEX ACT	(Long-Term Initiatives) Expand sales of module products incorporating latches. Develop and propose next-generation system products.
	(Near- to Mid-Term Initiatives) Cost reduction through joint procurement and logistics collaboration. Increase in-house production through mutual utilization of resources.
	Cross-selling of ACT products through the Group's sales network. Shared utilization of facilities and resources.
Addressing Geopolitical Risk and Industry Transformation	Broaden customer base with HI-LEX ACT. Expand local-for-local production. Allocate capital to prepare for industry transformation and geopolitical risks. Strengthen quality assurance systems to accommodate larger and more complex products.
Business Portfolio Diversification	(Medical Devices) Expand overseas sales.
	(Industrial Equipment) Create new high-value-added businesses. Expand into construction equipment markets utilizing ACT technologies.

5. Medium-Term Cash Allocation (FY2026–FY2029)

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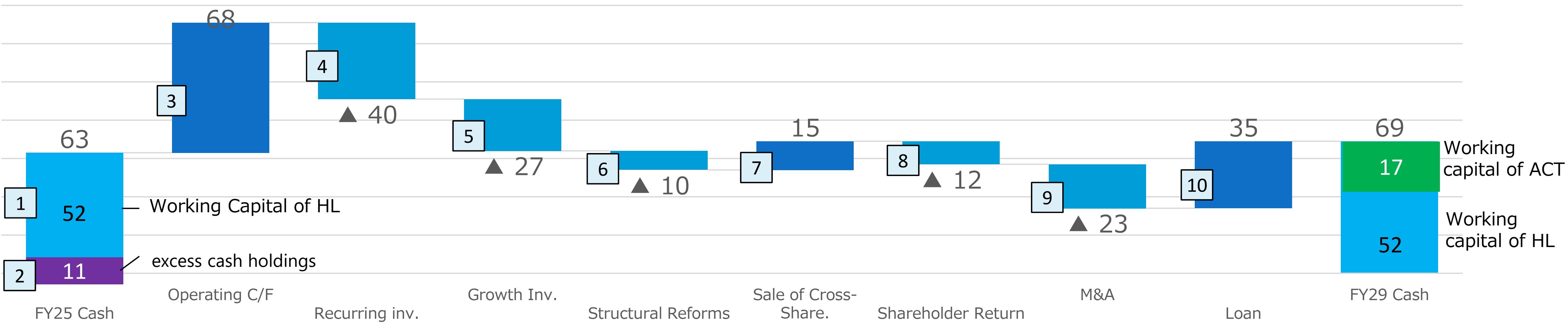
(Unit : Billion Yen)



1 Woking capital of HI-LEX Group before ACT acquisition

2 Reducing excess cash holdings.

3 Increasing operating cash flow by approximately JPY 2.0 billion annually.

4 Capital expenditures of approximately JPY 10.0 billion per year, including ACT.

5 Investments in:
Door module programs
Electronic control technologies
Development capabilities as a door system supplier
Human capital, AI and DX initiatives

6 Americas: production transfer from the United States to Mexico.
Japan: optimization of production operations.
Europe: business streamlining.

7 Sales of Cross-Shareholdings

8 Stable dividends ＋ Operative buybacks

9 HI-LEX ACT acquisition (JPY 13.3 billion completed)Approx. JPY 10.0 billion reserved for future opportunities

10 HI-LEX ACT debt (JPY 18.0 Billion)
M&A financing and related borrowings

6. Shareholder Returns

Maintain stable dividends

Stable + Operative Returns

Making balanced decisions across capital allocation priorities

Growth Investments

Shareholder Returns

Structural Reforms

7. Other Initiatives to Enhance Corporate Value

【Enhancement of IR Activities】

Plant tours for shareholders

Conducted in October 2025 / Planned for October 2026

Digitalization of Shareholder Report and enhancement of its content

Internal IR Meeting scheduled for July 2026 to strengthen management awareness of share price performance.

【Consideration of an RS/RSU-Based Compensation Plan】

Under consideration to strengthen alignment between management incentives and the enhancement of consolidated operating profit across the Group.

Eligible participants under consideration include “Executive Officers”, “Overseas Management”, and “Japanese Expatriate Employees”, who make significant contributions to consolidated operating profit.

As we continue to refine our attractive technologies and human resources,
we strive to be a company that customers turn to first whenever they face challenges.

"To be the First-Call Company for Customer's better choice!!"

We have defined this as our mission statement,
and Hi-Lex Corporation will continue to grow while valuing each and every one of these connections.