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To whom it may concern,

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Notice Regarding the Reorganization of Domestic Production Operations

HI-LEX CORPORATION (the "Company") hereby announces that it has determined the basic policy for the reorganization of its domestic production operations in the automotive business as described below.

1. Background and Objectives

The HI-LEX Group regards strengthening its competitiveness as one of its highest management priorities in response to changes in the business environment and to achieve sustainable growth in the future.

The Company currently operates 13 production sites in Japan. However, changes in demand patterns and worsening labor shortages have highlighted challenges in production efficiency

In addition, while the Company's traditional product portfolio has centered on control cables and window regulators, customer demand overseas has increasingly shifted toward module-based products that integrate multiple functions. Recently, inquiries regarding door module products have also been increasing in Japan, requiring the Company to evolve its production structure accordingly.

In light of these developments, the Company will promote the reorganization of its domestic production network, while maintaining customer convenience and service levels, with the following objectives:

- Strengthening competitiveness through improved production efficiency and higher capacity utilization;
- Establishing a production structure capable of responding to changes in demand patterns and product composition
- Shifting resources toward future growth areas.

2. Basic Policy for the Reorganization

The primary objective of the reorganization is to improve production efficiency, particularly through enhancing capacity utilization across domestic production sites.

Historically, the Company has organized production facilities based primarily on individual automobile manufacturers. As a result, similar equipment and functions have become dispersed across multiple locations, reducing flexibility in responding to changes in product mix and demand fluctuations and contributing to lower utilization rates.

To address these challenges, the Company will restructure its production operations based on the following two approaches:

(1) Product-Based Production Layout

Production operations will be reorganized by product category, with manufacturing activities consolidated into specialized facilities. For example, cable production will be concentrated at cable-focused plants, while window regulator production will be consolidated at dedicated window regulator facilities. This approach will enable

optimized equipment allocation and workforce deployment tailored to each product category, thereby improving production efficiency.

(2) Function-Based Production Layout

The Company will also reorganize operations based on manufacturing functions by appropriately separating and consolidating upstream processes responsible for producing components and materials and downstream processes responsible for product assembly. This will enhance specialization within each process, clarify the roles of individual sites, improve overall capacity utilization, and balance workloads across facilities from a group-wide optimization perspective.

Furthermore, capacity created through these initiatives will be utilized according to the characteristics of each location, including potential use for depot functions and testing and evaluation activities, thereby creating a more flexible and efficient production framework.

In implementing the reorganization, the Company will evaluate and execute measures not only from the perspective of production efficiency but also considering supply stability, business continuity planning (BCP), workforce availability, and future plant expansion potential.

3. Future Direction

Through this reorganization, the Company aims to improve the profitability of its existing businesses and establish a production platform capable of generating stable earnings on a sustainable basis.

The Company also intends to evolve from a supplier of standalone products to a provider capable of offering integrated product solutions combining multiple functions, thereby supporting its medium- to long-term growth strategy.

In addition, as production transfers and functional realignment among sites progress, the Company will promote employee skill development and strengthen its human resource base through appropriate workforce allocation.

4. Schedule

The Company plans to commence the reorganization in fiscal FY2027 and implement it in stages, with completion targeted during FY2028. Detailed plans and implementation measures are currently under review.

5. Impact on Financial Results

The impact of this matter on the Company's consolidated financial results is currently under review. Should any material impact be identified, the Company will promptly make an appropriate disclosure.