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August 3, 2026

To whom it may concern,

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(Update on Disclosed Matter) Notice Regarding the Reorganization of Domestic Production Operations

Based on the basic policy announced in the "Notice Regarding the Reorganization of Domestic Production Operations" released on July 10, 2026, HI-LEX CORPORATION (the "Company") has decided to proceed with the reorganization of the production structure of its domestic automotive business as outlined below.

1. Background and Objectives of the Reorganization

(1) Changes in the Business Environment

The business environment surrounding the domestic automotive industry is undergoing significant changes due to shifts in demand and product structure, and an increasing shortage of labor. Under these circumstances, it has become necessary to review the currently dispersed production sites and processes and make more effective use of limited human resources, facilities, and technologies.

(2) Basic Policy of the Reorganization

To ensure stable domestic production and respond to changing customer needs, we review our production structure and align it more appropriately with demand levels and product characteristics. Specifically, we clarify the roles of each site by product category and function and establish a structure that enables more efficient utilization of human resources, facilities, and technologies.

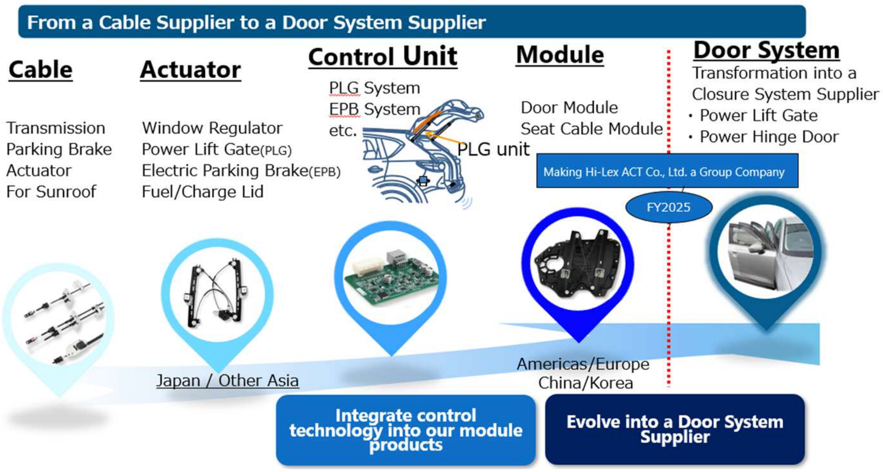
(3) Purpose of the Reorganization

The purpose of this reorganization is to establish a stronger and more flexible production foundation that will enable the domestic automotive business to continue growing in the future.

While maintaining a stable supply of cable products, which represent the Company's original core business, we will strengthen our capability to support higher value-added product areas, including door-related system products, thereby advancing our transformation from a cable supplier to a door system supplier.

In particular, as domestic production of system products such as door modules is expected to increase in the future, we will establish a production structure capable of supporting such products and thereby drive future growth of our domestic automotive business.

(4) Evolution of the Product Portfolio



2. Sites Subject to Reorganization and Overall Framework

Under this reorganization, the Company will restructure its domestic production network from the current 13-site configuration to an 11-site configuration and clarify the roles of the core production sites for each product group.

As part of this initiative, production of the applicable products currently manufactured at the Sanda Plant and the Mikkabi Plant will be gradually transferred to designated receiving sites, and production activities at these two plants will be discontinued.

The principal domestic automotive production sites subject to the reorganization and the production structure after the reorganization are shown below.

No	Site	Current	Future
1	Sanda Plant	System Product	Cease Production
2	Mikkabi Plant	Cable, W/R	Cease Production
3	Sanda-Nishi Plant	Plastic Parts	No Change
4	Kaibara Plant	Cable, W/R, Parts	Cable, Parts
5	HI-LEX Miyagi	Cable, W/R	W/R
6	HI-LEX Kanto Mobara Plant	Cable	Cable
7	HI-LEX Kanto Mutsuzawa Plant	Cable, Parts	Cable
8	HI-LEX Saitama	W/R, Cable, System Product	System Product
9	HI-LEX Shimane	W/R, Cable, System Product	W/R, System Product
10	Tajima TSK Kirino Plant	Steel Parts	No Change
11	Tajima TSK Yuri Plant	Plastic Parts	No Change
12	HI-LEX ACT Nirasaki Plant	System Product, Door Latch	Out of Scope
13	HI-LEX ACT Kyushu Plant	System Product, Door Latch	Out of Scope

Based on this structure, the transfer of applicable products will be carried out in phases.

3. Reorganization by Product and Function

In determining the sites subject to this reorganization, the Company did not rely solely on current production volumes or the size of individual plants. Instead, each site was comprehensively evaluated against seven assessment criteria, taking into account both the characteristics of each plant and the requirements of each product category.

The evaluation considered factors such as facility size, workforce availability, business continuity risks, workability requirements, development requirements, equipment conditions, and logistics conditions

No.	Evaluation Criteria	Plant Assessment	Product Assessment
1	Workforce Availability	Ease of workforce recruitment by region	Labor requirements
2	Development Capability	Capability to support development	Product development requirements
3	Product Manufacturing Experience	Production track record	Operational proficiency and know-how
4	Product Transportation Cost	Transportation accessibility	Product size and shipping characteristics
5	Plant Capacity and Expandability	Available production space	Equipment size and growth potential
6	Natural Disaster Risk and BCP	Exposure to natural disaster risks	Alternative production capability
7	Relocation Cost	Existing equipment scale	Existing equipment scale

【Evaluation Results】

(1) Sanda Plant

After a comprehensive assessment of plant size, future expansion potential, and business continuity considerations, the Company has decided to gradually transfer the relevant products to other sites and cease production activities at the plant.

(2) Mikkabi Plant

After a comprehensive assessment of plant size, future expansion potential, unique ground conditions at the site, and business continuity considerations, the Company has decided to gradually transfer the relevant products to other sites and cease production activities at the plant.

(3) Kaibara Plant

Considering its track record in component processing and the availability of existing equipment, the plant will continue and strengthen its component processing functions while minimizing the additional burden associated with production transfers.

(4) HI-LEX Miyagi

Given its production experience with window regulator products, transportation conditions to customers, and business continuity considerations, the site will serve as a core production center for window regulator products

(5) HI-LEX Kanto Mobara

Based on its experience in high-mix, low-volume production and favorable workforce availability, the site will serve as a production center for cable products.

(6) HI-LEX Kanto Mutsuzawa

Similar to Mobara, the site will serve as a production center for cable products due to its capability to support high-mix, low-volume production and favorable workforce availability.

(7) HI-LEX Saitama

Given that system products include highly automated manufacturing processes and therefore require careful handling during transfer, the site will continue to serve as a production center for system products based on its existing production track record.

(8) HI-LEX Shimane

Considering its production experience with system products and transportation conditions to customers, the site will serve as a production center for both system products and window regulator products.

4. Expected Benefits

Through this reorganization, similar products and related functions will be consolidated into core sites, thereby reducing the dispersion of human resources, facilities, and technologies and improving production efficiency and utilization rates.

In addition, by increasing specialization by product category, the Company will further enhance quality management, process improvement activities, and the transfer of technical know-how.

Furthermore, clarifying the roles of each site will enable the Company to level production workloads in response to fluctuations in demand, improve logistics efficiency, optimize fixed costs, and establish a production foundation capable of generating stable profits.

5. Policies for the Transfer Process

(1) Employees

The Company's basic policy is to maintain employment. If employee relocations or reassignment become necessary, individual consultations will be conducted to confirm employee preferences, experience, aptitude, and personal circumstances. Necessary training and skill development opportunities will also be provided to support a smooth transition.

(2) Customers

The Company will prioritize maintaining quality, delivery performance, and a stable product supply throughout implementation of the reorganization.

Product transfers will be conducted in stages while confirming customer approvals, process transfer readiness, receiving-site capabilities, and training requirements. The Company will also provide individual explanations regarding receiving sites, process changes, quality assurance systems, delivery conditions, and logistics arrangements to ensure that customer supply is not affected.

(3) Business Partners (Suppliers)

The Company does not currently expect any changes to purchasing arrangements as a result of this reorganization. Where necessary, individual explanations will be provided to ensure smooth communication and cooperation.

(4) Affected Sites and Local Communities

Particular consideration will be given to the impact of production cessation at the Sanda Plant and Mikkabi Plant. The Company will proceed on the basis of a phased transition and sufficient preparation period.

Regarding the future utilization of these facilities, the Company will consider options including depot functions and development operations while exploring opportunities to leverage existing personnel, facilities, and technologies. The Company will also strive to maintain strong relationships with local communities through continued understanding and cooperation.

6. Future Schedule and Impact on Business Performance

The reorganization is scheduled to commence in fiscal year 2027 and is targeted for completion during fiscal year 2028 through a phased implementation process.

Specific transfer schedules and implementation procedures will be finalized progressively based on discussions with relevant stakeholders and the status of preparation activities.

At present, the Company does not expect this matter to have any material impact on its consolidated financial results for the fiscal year ending October 2026.

The Company will continue to assess one-time expenses, required investment amounts, and anticipated earnings improvement effects associated with the reorganization. If any revision to earnings forecasts or other matters requiring disclosure arise, the Company will promptly announce such information.

End