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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 the Change in a Specified Subsidiary (Liquidation)

HI-LEX CORPORATION (the “Company”) hereby announces that its Board of Directors resolved at a meeting held today to liquidate HI-LEX AMERICA INC. (“HIA”), a consolidated subsidiary (sub-subsidiary) of the Company. As a result, a change in the Company's specified subsidiary will occur as described below.

1. Reason for the Change (Liquidation)

(1) Background

In April 1975, the Company established HI-LEX CORPORATION, the predecessor of HIA, in Battle Creek, Michigan, U.S.A. This represented the Company's entry into North America ahead of many Japanese automobile manufacturers and became the foundation of the Group’s subsequent global expansion.

Since its establishment, HIA has primarily engaged in the manufacture and sale of automotive control cables and has made a significant contribution to the growth of the HI-LEX Group over many years.

(2) Management Challenges and Strategic Actions in North America

HIA's business performance has deteriorated as demand for control cables has steadily declined due to the increasing electrification of automotive control systems, resulting in a continuous decrease in sales and profitability.

In response to these changes in the business environment, the Company has been reviewing its production operations in North America for several years. However, given the continued decline in demand for control cables, the Company concluded that a recovery in business performance would be difficult under current market conditions. After careful consideration, the Company decided to reorganize its production structure within the Group, including a review of its cable manufacturing operations in the United States. The Company will proceed with implementation in consultation with relevant stakeholders.

The HI-LEX Group remains committed to its business in the United States and will continue to expand its production and development activities for automotive components while accelerating its shift toward higher value-added products.

(3) Reason for Liquidation

In light of the decline in demand for control cables resulting from technological changes in the automotive industry, the Company carefully reviewed the optimal production structure of the HI-LEX Group as a whole. As a result, the Company decided to liquidate HI-LEX America, Inc. (“HIA”), which has been engaged in the manufacturing of control cables, among the Group’s five manufacturing subsidiaries in the United States, including subsidiaries of HI-LEX ACT, which became consolidated subsidiaries from the current fiscal year.

2. Overview of the Subsidiary to be Liquidated

(1) Name	HI-LEX AMERICA INC.		
(2) Location	Battle Creek, Michigan, U.S.A.		
(3) Representative	President： Bradley William Semp		
(4) Business	Manufacture and sale of automotive control cables		
(5) Capital	US$7 million		
(6) Established	April 1975		
(7) Shareholder	TSK of AMERICA INC. 100.0%		
(8) Relationship with the Company	Capital Relationship	100%-owned subsidiary of TSK of AMERICA INC. ※1	
	Personnel Relationship	One director and one executive officer of the Company concurrently serve as officers of HIA	
	Business Relationship	The Company Group conducts product-related transactions with HIA	
	Related Party Status	Consolidated subsidiary	
(9) Financial Highlights (US$ Thousand)			
Fiscal Year Ended October	FY2023	FY2024	FY2025
Net Assets	24,123	20,820	18,315
Total Assets	40,271	36,356	36,036
Net Sales	113,319	95,907	78,654
Operating Income (Loss)	-1,865	-4,086	-3,171
Ordinary Income (Loss)	-2,262	-4,057	-3,281
Net Income (Loss)	-1,695	-3,302	-2,505

※1 TSK of AMERICA is 100%-owned subsidiary of the Company

Reference: Overview of TSK of AMERICA INC.

(1) Name	TSK of AMERICA INC.
(2) Location	Battle Creek, Michigan, U.S.A.
(3) Representative	President: Taro Teraura
(4) Business	Holding company
(5) Capital	US$19 million
(6) Established	November 1992
(7) Shareholding	100% owned by HI-LEX CORPORATION

3. Schedule for Dissolution and Liquidation

The Company intends to commence dissolution and liquidation procedures after the completion of the production transfer from the United States to Mexico. At present, the Company expects to begin the procedures during fiscal 2028.

4. Future Outlook

In connection with the liquidation of the subsidiary, the Company expects to record an extraordinary loss of approximately ¥1.0 billion to ¥2.0 billion during the fiscal year ending October 31, 2026. The amount is currently under review, and the Company will promptly disclose the details once they have been determined.