

Kawasaki Heavy Industries, Ltd.

July 2, 2026

**Notice Regarding Issuance of New Shares and  
Issuance of Zero Coupon Convertible Bonds due 2031 and  
Zero Coupon Convertible Bonds due 2033 (Transition CB)  
by way of International Offerings**

Kawasaki Heavy Industries, Ltd. (the "Company") hereby announces that it resolved at the meeting of the Board of Directors held on July 2, 2026 to issue new shares and to issue Zero Coupon Convertible Bonds due 2031 (the "Convertible Bonds due 2031") and Zero Coupon Convertible Bonds due 2033 (Transition CB) (the "Convertible Bonds due 2033", and together with the Convertible Bonds due 2031, the "Convertible Bonds"), each being bonds with stock acquisition rights (*tenkanshasaigata shinkabu yoyakuken-tsuki shasai*), by way of international offerings (respectively, the "New Share Offering" and the "Bond Offering", and together, the "Offerings"), as follows.

The Convertible Bonds due 2033 are the world's first convertible bonds aligned with the Climate Transition Bond Guidelines.

1. Background to and Purposes of the Offerings

In order to achieve business growth and the creation of integrated solutions by combining existing businesses and focus areas in the short to medium term, and expanded investment in growth areas in the medium to long term, the Company has decided to conduct the Offerings to strengthen its financial foundation and improve its financial flexibility.

2. Use of Proceeds

The net proceeds of approximately ¥92.7 billion <sup>(Note)</sup> from the New Share Offering will be used by the end of March 2029 for capital expenditures aimed at strengthening the production base

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supporting the growth of the Company's respective businesses. Such capital expenditures are expected to include the introduction of advanced production technologies, such as robotics and physical AI, at the Company's manufacturing facilities, in line with the Company's strategic priorities. These initiatives are intended not only to expand the Company's production capacity and maximize production efficiency, but also to utilize the operational data and know-how obtained therefrom to optimize solutions for the Company's customers and maximize added value through the application of physical AI, robotics, and mass production automation.

Specifically, the Company intends to apply such net proceeds to the following:

- capital expenditures aimed at increased production and improved production efficiency at the Gifu, Nagoya, Seishin and Akashi works, which serve as core sites for the Company's commercial aircraft and commercial aircraft engine businesses;
- capital expenditures at the Akashi works aimed at expanding production capacity in the Company's gas turbine business;
- capital expenditures at the Nishi-Kobe works in the Company's robotics business, including measures to increase production of robots for semiconductor manufacturing equipment;
- capital expenditures at the Sakaide works, a core site for our shipbuilding business, to strengthen the Company's production system for next-generation energy carriers, including liquefied hydrogen carriers and LPG and ammonia carriers; and
- any remaining amount will be applied towards working capital requirements.

In addition, the net proceeds of approximately ¥101 billion from the Bond Offering will be used by the end of March 2031 for the establishment of a liquefied hydrogen supply chain aimed at achieving energy security and carbon neutrality, as well as the implementation of physical AI, as follows:

- With respect to the net proceeds of the Convertible Bonds due 2031, the Company intends to apply:

(1) approximately ¥20.0 billion to fund commercial-scale demonstration projects aimed at the establishment of a liquefied hydrogen supply chain, through investments and loans to our subsidiary, Japan Suiso Energy, Ltd., as well as

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other carbon neutrality-related investments; and

(2) approximately ¥30.5 billion to research and development expenses for the development of physical AI, investments and loans to expand strategic alliances, and the repayment of borrowings or the redemption of bonds; and

- With respect to the net proceeds of the Convertible Bonds due 2033, the Company intends to apply approximately ¥50.5 billion, to fund commercial-scale demonstration projects for the establishment of a liquefied hydrogen supply chain, through investments and loans to our subsidiary, Japan Suiso Energy, Ltd.

(Note) The estimated net proceeds from the New Share Offering are calculated based on the closing price of the Company's common stock on the Tokyo Stock Exchange as of July 1, 2026.

### 3. Issuance of New Shares by way of International Offering

(1) Class and Number of Shares to be Offered                      37,350,000 Shares of common stock of the Company

(2) Method of Pricing                                      The amount to be paid will be determined on certain date within the period from July 14, 2026 to July 16, 2026 (the "Pricing Date") by a process equivalent to the book building process set out under Article 25 of the Rules Concerning Underwriting, etc. of Securities provided by the Japan Securities Dealers Association.

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- (3) Amount of Stated Capital and Additional Paid-in Capital to be Increased
- The amount of stated capital to be increased will be half of the maximum amount of stated capital increase, as calculated in accordance with Article 14, Paragraph 1 of the Regulations for Corporate Accounting, with any fraction of less than one yen resulting from the calculation being rounded up to the nearest yen. The amount of additional paid-in capital to be increased shall be the amount obtained by subtracting the amount of stated capital to be increased from the maximum amount of stated capital increase.
- (4) Method of Offering
- The New Share Offering will be made in the overseas market (with the offering in the United States restricted to sales to Qualified Institutional Buyers under Rule 144A of the U.S. Securities Act of 1933, as amended (the "Securities Act")). The total number of shares will be purchased severally and not jointly by the underwriters (the "Underwriters").
- (5) Compensation for the Underwriters
- The Company will not pay any underwriting fees to the Underwriters. The aggregate amount of the difference between (a) the issue price (offer price) and (b) the amount to be paid to the Company by the Underwriters will be retained by the Underwriters.
- (6) Payment Date
- The payment date will be a day during the period from July 22, 2026 to July 24, 2026; provided, however, such date will be the 5th business day following the Pricing Date.
- (7) Delivery Date
- The delivery date will be the next business day following the payment date described in (6) above.

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#### 4. Issuance of Convertible Bonds due 2031

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|------------------------------|---|
| (1) Securities to be Offered | ¥50,000,000,000 in aggregate principal amount of Convertible Bonds due 2031 (bonds with stock acquisition rights, <i>tenkanshasaigata shinkabu yoyakuken-tsuki shasai</i> ) |
| (2) Issue Price              | 101.0%  |
| (3) Closing and Issue Date   | July 31, 2026   |
| (4) Coupon                   | 0%  |
| (5) Redemption at Maturity   | 100.0%  |
| (6) Method of Offering       | The Convertible Bonds will only be offered outside of the United States and Japan in offshore transactions in accordance with Regulation S under the Securities Act.        |

#### 5. Issuance of Convertible Bonds due 2033

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|------------------------------|---|
| (1) Securities to be Offered | ¥50,000,000,000 in aggregate principal amount of Convertible Bonds due 2033 (bonds with stock acquisition rights, <i>tenkanshasaigata shinkabu yoyakuken-tsuki shasai</i> ) |
| (2) Issue Price              | 101.0%  |
| (3) Closing and Issue Date   | July 31, 2026   |
| (4) Coupon                   | 0%  |
| (5) Redemption at Maturity   | 100.0%  |
| (6) Method of Offering       | The Convertible Bonds will only be offered outside of the United States and Japan in offshore transactions in accordance with Regulation S under the Securities Act.        |

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<Reference>

1. Total Number of Issued Shares Before and After the New Share Offering

Current total number of issued shares: 839,609,000 shares (as of July 2, 2026)

Number of shares to be issued by the New Share Offering: 37,350,000 shares

Total number of issued shares after the New Share Offering: 876,959,000 shares

2. Lock-up

With regard to the New Share Offering, the Company will agree with the Underwriters that it will not carry out certain transactions including the issuance of shares of the Company, the issuance of securities convertible into or exchangeable for shares of the Company, and the issuance of securities that represent the right to acquire or receive shares of the Company (excluding the Offerings, stock splits or issuance of new shares upon exercise of stock acquisition rights (including the stock acquisition rights of the Convertible Bonds issued through the Bond Offering), etc.) during the lock-up period beginning on the Pricing Date and ending on the 180th day from (and including) July 31, 2026, without prior written consent of the representatives of the Underwriters.

With regard to the Bond Offering, the Company will agree with the managers of the Bond Offering that it will not carry out certain transactions including the issuance of shares of the Company, the issuance of securities convertible into or exchangeable for shares of the Company, and the issuance of securities that represent the right to acquire or receive shares of the Company (excluding the Offerings, stock splits or issuance of new shares upon exercise of stock acquisition rights (including the stock acquisition rights of the Convertible Bonds issued through the Bond Offering), etc.) during the lock-up period beginning on the signing date of the subscription agreement between the Company and the managers of the Bond Offering and ending on the 180th day from (and including) July 31, 2026, without prior written consent of the representatives of the managers.

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