Kawasaki Heavy Industries, Ltd.

July 14, 2026

Notice Regarding Determination of the Issue Price and Other Matters for the Issuance of New Shares and Terms and Other Matters for the 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 the determination of the issue price and other matters in connection with the issuance of new shares and the determination of the terms and other matters in respect of the issuance of 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"), 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"), as resolved at the meeting of the Board of Directors held on July 2, 2026, as follows.

1. Issuance of New Shares by way of International Offering

(1) Issue Price (Offer Price) (Note)	¥ 2,609.0 per share
(2) Total Amount of Issue Price (Offer Price)	¥ 97,446,150,000
(3) Amount to be Paid (Note)	¥ 2,501.40 per share
(4) Total Amount to be Paid	¥ 93,427,290,000

(5) Amount of Stated Capital and Additional Paid-in Capital to be Increased	Amount of Stated Capital to be Increased	¥ 46,713,645,000
	Amount of Additional Paid-in Capital to be Increased	¥ 46,713,645,000
(6) Payment Date		July 22, 2026
(7) Delivery Date		July 23, 2026

Note: The underwriters will purchase and underwrite the shares at the amount to be paid and offer the shares at the issue price (offer price).

2. Issuance of Convertible Bonds due 2031 (under this 2., of which the bonds and the stock acquisition rights are to be referred to as the "Bonds" and the "Stock Acquisition Rights", respectively)

Matters relating to the Stock Acquisition Rights

(1) The Price of the Asset to be Contributed upon Exercise of the Stock Acquisition Rights	Equal to the principal amount of the Bonds
(2) Conversion Price	¥ 3,913
(Reference)	
Conversion premium:	
{(conversion price / issue price (offer price) of the new shares)−1}×100 (Note)	49.98%

Note: Conversion premium is calculated based on the issue price (offer price) of the new shares.

3. Issuance of Convertible Bonds due 2033 (under this 3., of which the bonds and the stock acquisition rights are to be referred to as the "Bonds" and the "Stock Acquisition Rights", respectively)

Matters relating to the Stock Acquisition Rights

(1) The Price of the Asset to be Contributed upon Exercise of the Stock Acquisition Rights	Equal to the principal amount of the Bonds
(2) Conversion Price	¥ 3,783

(Reference)

Conversion premium:

{(conversion price / issue price (offer price) of the new shares)−1}×100 (Note)	45.00%

Note: Conversion premium is calculated based on the issue price (offer price) of the new shares.

<Reference>

1. Calculation of Issue Price (Offer Price)

(1) Calculation Reference Date and Price July 14, 2026 ¥ 2,690.0

(2) Discount Rate 3.01%

2. 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 14, 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

3. Use of Proceeds

The net proceeds of approximately ¥92.4 billion from the New Share Offering will be used by the end of March 2029 for capital expenditures aimed at strengthening the production base 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 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.

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Note : This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.