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For Immediate Release

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Notice Regarding Issuance of Zero Coupon Convertible Bonds due 2030

OSG Corporation (the “Company”) hereby announces the proposed issuance of Zero Coupon Convertible Bonds due 2030 (the “Bonds with Stock Acquisition Rights”) (bonds with stock acquisition rights, *tenkanshasaigata shinkabu yoyakuken-tsuki shasai*) pursuant to a resolution of the Board of Directors as of 5 December 2023.

Background and purpose of the Issuance of the Bonds with Stock Acquisition Rights

While the Company and its subsidiaries (together, the “Group”) have made efforts to strengthen its Group’s financial structure and invest in growth segments, the Group recognizes the importance of shareholder returns to the enhancement of corporate value. In addition, to further increase corporate value, the Group believes that it is desirable to improve capital efficiency while maintaining the financial structure and cash reserves that support future growth investments. Therefore, the Company resolved to repurchase its own shares to a certain extent using debt funds, which is financed by the issue the Bonds with Stock Acquisition Rights.

The Company expects such repurchase of its own shares to increase its net income per share (EPS) and return on equity (ROE). Furthermore, the Bonds with Stock Acquisition Rights are designed to minimize dilution upon their future conversion into the Company’s shares.

Use of Proceeds

The net proceeds from the issue of the Bonds with Stock Acquisition Rights are estimated to be approximately ¥22 billion after deducting expenses. The Company intends to apply the net proceeds towards the repurchase of shares to maximise corporate value by improving capital efficiency. Additionally, as the amount which the Company is able to repurchase will be dependent on market conditions and other factors, there can be no assurance that such repurchase will be executed in full. To the extent any portion of the net proceeds remain unused, the Company may invest such portion of the net proceeds in property, plant and equipment.

Note: This press release is intended as general information regarding OSG Corporation’s issuance of the Bonds with Stock Acquisition Rights. This press release does not constitute an offer to purchase or subscribe for, or the solicitation of an offer to purchase or subscribe for the Bonds with Stock Acquisition Rights or the shares of common stock of the Company in the United States or in any jurisdiction in which such offer or solicitation is unlawful. In particular, the Bonds with Stock Acquisition Rights and the shares of common stock of the Company issuable upon exercise of, or upon acquisition by the Company of, the stock acquisition rights (together, the “Securities”) have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or any relevant securities laws of any state or other jurisdictions of the United States, and any such Securities may not be offered or sold within the United States, except pursuant to registration or an applicable exemption from, or transactions not subject to, the registration requirements of the Securities Act and in compliance with any applicable state or local securities laws. No public offering of the Securities will be made in the United States.

Issuance of the Bonds with Stock Acquisition Rights

1. Securities Offered	¥22,000,000,000 in aggregate principal amount of Zero Coupon Convertible Bonds due 2030 (bonds with stock acquisition rights, <i>tenkanshasaigata shinkabu yoyakuken-tsuki shasai</i>)
2. Issue Price	101.0%
3. Closing Date	21 December 2023
4. Coupon	0%
5. Redemption at Maturity	100.0%

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