

SEASPAN CORPORATION

Consolidated Financial Statements (Unaudited)
For the three and six months ended June 30, 2020
(Expressed in millions of United States dollars)

SEASPAN CORPORATION

Interim Consolidated Balance Sheets

(Unaudited)

(Expressed in millions of United States dollars)

	June 30, 2020	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 155.4	\$ 195.0
Accounts receivable	34.1	18.7
Prepaid expenses and other	35.2	31.7
Net investment in lease	10.3	35.2
Derivative instruments	—	0.1
	<u>235.0</u>	<u>280.7</u>
Vessels	6,376.2	5,707.1
Right-of-use assets	898.3	957.2
Net investment in lease	424.5	723.6
Goodwill	75.3	75.3
Other assets	187.1	173.1
	<u>\$ 8,196.5</u>	<u>\$ 7,917.0</u>
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 151.4	\$ 83.4
Deferred revenue	16.9	20.3
Long-term debt - current	246.0	363.7
Operating lease liabilities - current	159.0	159.7
Other financing arrangements - current	46.8	134.6
Other liabilities - current	4.7	7.8
	<u>624.8</u>	<u>769.5</u>
Long-term debt	3,036.2	2,696.9
Operating lease liabilities	725.7	782.6
Other financing arrangements	624.4	373.9
Derivative instruments	73.0	50.2
Other liabilities	10.8	11.2
Total liabilities	<u>5,094.8</u>	<u>4,684.3</u>
Shareholders' equity:		
Share capital	2.5	2.5
Treasury shares	—	(0.4)
Additional paid in capital	2,559.2	3,452.9
Deficit	560.8	(200.7)
Accumulated other comprehensive loss	(20.9)	(21.6)
	<u>3,101.7</u>	<u>3,232.7</u>
	<u>\$ 8,196.5</u>	<u>\$ 7,917.0</u>

SEASPAN CORPORATION

Interim Consolidated Statements of Operations

(Unaudited)

(Expressed in millions of United States dollars)

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Revenue	\$ 303.8	\$ 275.4	\$ 596.3	\$ 560.7
Operating expenses (income):				
Operating expenses	56.7	55.9	113.5	113.6
Depreciation and amortization	72.7	63.4	139.3	125.9
General and administrative	6.8	6.9	15.6	15.7
Operating leases	37.3	38.8	75.4	78.0
Income related to modification of time charters	—	—	—	(227.0)
	173.5	165.0	343.8	106.3
Operating earnings	130.3	110.4	252.5	454.5
Other expenses (income):				
Interest expense and amortization of deferred financing fees	40.9	50.4	83.5	106.5
Interest expense related to amortization of debt discount	5.0	4.4	9.9	8.5
Interest income	(0.3)	(3.1)	(1.1)	(6.3)
Refinancing expenses	-	3.2	0.4	3.2
Loss on derivative instruments	7.0	14.4	31.8	15.6
Other expenses	0.6	1.1	1.2	1.7
	53.2	70.4	125.8	129.2
Net earnings	\$ 77.1	\$ 40.0	\$ 126.8	\$ 325.3

SEASPAN CORPORATION

Interim Consolidated Statements of Comprehensive Income

(Unaudited)

(Expressed in millions of United States dollars)

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2019</u>	<u>2020</u>	<u>2020</u>	<u>2019</u>
Net earnings	\$ 77.1	\$ 40.0	\$ 126.8	\$ 325.3
Other comprehensive income:				
Amounts reclassified to net earnings during the period relating to cash flow hedging instruments	0.3	0.3	0.6	0.5
Comprehensive income	<u>\$ 77.4</u>	<u>\$ 40.2</u>	<u>\$ 127.4</u>	<u>\$ 325.8</u>

SEASPAN CORPORATION
Interim Consolidated Statements of Cash Flows
(Unaudited)
(Expressed in millions of United States dollars)

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Cash from (used in):				
Operating activities:				
Net earnings	\$ 77.1	\$ 40.0	\$ 126.8	\$ 325.3
Items not involving cash:				
Depreciation and amortization	72.7	63.4	139.3	125.9
Change in right-of-use asset	29.6	27.9	58.8	55.4
Non-cash interest expense and accretion	9.2	7.8	17.8	15.0
Unrealized change in derivative instruments	2.1	6.5	22.9	0.0
Amortization of acquired revenue contracts	4.2	3.8	8.1	5.8
Other	1.2	3.6	3.8	4.4
Changes in assets and liabilities:				
Accounts receivable	14.1	230.1	(15.2)	4.0
Net investment in lease	2.6	11.1	7.7	22.0
Prepaid expenses and other	(0.7)	3.7	(4.1)	2.4
Deferred dry-dock	(24.4)	(9.0)	(36.2)	(9.1)
Other assets	0.8	2.4	(3.3)	2.4
Accounts payable and accrued liabilities	51.4	3.6	66.6	3.5
Deferred revenue	0.5	(7.4)	(3.1)	(20.3)
Operating lease liabilities	(29.0)	(25.4)	(57.7)	(53.1)
Derivative instruments	4.9	7.9	8.9	15.6
Cash from operating activities	216.2	369.9	341.2	499.2
Financing activities:				
Repayment of long-term debt and other financing arrangements	(131.2)	(634.0)	(486.5)	(934.9)
Issuance of long-term debt and other financing arrangements	228.2	619.0	761.9	619.0
Notes and warrants issued	—	—	100.0	250.0
Senior unsecured notes repurchased including related expenses	—	(311.4)	—	(320.4)
Proceeds from exercise of warrants	—	—	—	250.0
Financing fees	(5.8)	(14.7)	(8.9)	(15.7)
Dividends on common shares	(116.0)	(26.6)	(342.9)	(48.5)
Dividends on preferred shares	—	(17.7)	(16.8)	(35.4)
Capital contribution	20.0	—	100.0	—
Cash from financing activities	(4.9)	(385.5)	106.9	(236.0)
Investing activities:				
Expenditures on vessels	(186.4)	(4.7)	(432.9)	(6.3)
Short-term investments	—	—	—	2.4
Payment on settlement of interest swap agreements	(5.3)	(10.5)	(8.1)	(17.2)
Other assets	(9.3)	(1.6)	(47.7)	(5.7)
Cash used in investing activities	(201.0)	(16.8)	(488.6)	(26.8)
Increase (decrease) in cash and cash equivalents and restricted cash	10.3	(32.4)	(40.6)	236.5
Cash and cash equivalents and restricted cash, beginning of period	146.4	640.3	197.3	371.4
Cash and cash equivalents and restricted cash, end of period	\$ 156.8	\$ 607.9	\$ 156.8	\$ 607.9

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the amounts shown in the consolidated statements of cash flows:

	June 30,	
	2020	2019
Cash and cash equivalents	\$ 155.4	\$ 592.4
Restricted cash	1.5	15.5
Total cash, cash equivalents and restricted cash	\$ 156.8	\$ 607.9