
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

Form 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2021

Commission File Number 001-39237

ATLAS CORP.

(Exact name of Registrant as specified in its Charter)

23 Berkeley Square
London, United Kingdom
W1J 6HE
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F. Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101 (b)(1). Yes No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101 (b)(7). Yes No

Item 1 — Information Contained in this Form 6-K Report

This report on Form 6-K of Atlas Corp., or this Report, is hereby incorporated by reference into: the Registration Statement of Atlas Corp. filed with the Securities and Exchange Commission, (the "SEC"), on May 30, 2008 on Form F-3D (Registration No. 333-151329), as amended on February 28, 2020, the Registration Statement of Atlas Corp. filed with the SEC on March 31, 2011 on Form S-8 (Registration No. 333-173207), as amended on February 28, 2020, the Registration Statement of Atlas Corp. filed with the SEC on June 20, 2013 on Form S-8 (Registration No. 333-189493), as amended on February 28, 2020, the Registration Statement of Atlas Corp. filed with the SEC on April 24, 2012 on Form F-3 (Registration No. 333-180895), as amended on March 22, 2013 and February 28, 2020, the Registration Statement of Atlas Corp. filed with the SEC on April 29, 2014 on Form F-3 (Registration No. 333-195571), as amended on March 6, 2017, April 19, 2017 and February 28, 2020, the Registration Statement of Atlas Corp. filed with the SEC on November 28, 2014 on Form F-3 (Registration No. 333-200639), as amended on March 6, 2017, April 19, 2017 and February 28, 2020, the Registration Statement of Atlas Corp. filed with the SEC on November 28, 2014 on Form S-8 (Registration No. 333-200640), as amended on February 28, 2020, the Registration Statement of Atlas Corp. filed with the SEC on March 12, 2015 on Form F-3D (Registration No. 333-202698), as amended on February 28, 2020, the Registration Statement of Atlas Corp. filed with the SEC on June 24, 2016 on Form S-8 (Registration No. 333-212230), as amended on February 28, 2020, the Registration Statement of Atlas Corp. filed with the SEC on August 25, 2017 on Form F-3 (Registration No. 333-220176), as amended on February 28, 2020, the Registration Statement of Atlas Corp. filed with the SEC on December 21, 2017 on Form S-8 (Registration No. 333-222216), as amended on February 28, 2020, the Registration Statement of Atlas Corp. filed with the SEC on April 13, 2018 on Form F-3D (Registration No. 333-224291), as amended on February 28, 2020, the Registration Statement of Atlas Corp. filed with the SEC on April 13, 2018 on Form F-3 (Registration No. 333-224288), as amended on May 3, 2018, May 7, 2018 and February 28, 2020, the Registration Statement of Atlas Corp. filed with the SEC on September 28, 2018 on Form F-3 (Registration No. 333-227597), as amended on February 28, 2020, the Registration Statement of Atlas Corp. filed with the SEC on January 18, 2019 on Form F-3 (Registration No. 333-229312), as amended on February 28, 2020, the Registration Statement of Atlas Corp. filed with the SEC on March 27, 2019 on Form F-3 (Registration No. 333-230524), as amended on February 28, 2020, the Registration Statement of Atlas Corp. filed with the SEC on May 11, 2020 on Form F-3 (Registration No. 333-238178), as supplemented on December 7, 2020, the Registration Statement of Atlas Corp. filed with the SEC on June 30, 2020 on Form S-8 (Registration No. 333-239578), the Registration Statement of Atlas Corp filed with the SEC on March 19, 2021 on Form F-3 (Registration No. 333-254536), and the Registration Statement of Atlas Corp filed with the SEC on July 16, 2021 on Form F-3 (Registration No. 333-257967).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ATLAS CORP.

Date: November 10, 2021

By: /s/ Graham Talbot
Graham Talbot
Chief Financial Officer
(Principal Financial and Accounting Officer)

ATLAS CORP.
REPORT ON FORM 6-K FOR THE QUARTER ENDED SEPTEMBER 30, 2021

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Unless we otherwise specify, when used in this Report, (i) the terms “Atlas”, the “Company”, “we”, “our” and “us” refer to Atlas Corp. and its subsidiaries, (ii) the term “Seaspan” refers to Seaspan Corporation and its subsidiaries and (iii) the term “APR Energy” refers to Apple Bidco Limited, its subsidiary APR Energy Ltd., and APR Energy Ltd.’s subsidiaries.

ATLAS CORP.
PART I — FINANCIAL INFORMATION
ITEM 1 — INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

ATLAS CORP.

Interim Consolidated Balance Sheets
(Unaudited)

(Expressed in millions of United States dollars, except number of shares and par value amounts)

| | September 30, 2021 | December 31, 2020 |
|---|-----------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 257.6 | \$ 304.3 |
| Accounts receivable | 91.2 | 75.9 |
| Inventories | 58.3 | 60.2 |
| Prepaid expenses and other | 34.1 | 33.9 |
| Net investment in lease (note 6) | 13.7 | 10.7 |
| Acquisition related assets | 101.5 | 99.3 |
| | <u>556.4</u> | <u>584.3</u> |
| Property, plant and equipment (note 7) | 7,047.4 | 6,974.7 |
| Vessels under construction (note 8) | 1,019.9 | 42.0 |
| Right-of-use assets (note 9) | 756.4 | 841.2 |
| Net investment in lease (note 6) | 578.0 | 418.6 |
| Goodwill | 75.3 | 75.3 |
| Deferred tax assets | 26.1 | 19.3 |
| Derivative instruments (note 20(c)) | 2.4 | — |
| Other assets (note 10) | 344.7 | 333.7 |
| | <u>\$ 10,406.6</u> | <u>\$ 9,289.1</u> |
| Liabilities and shareholders' equity | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 166.3 | \$ 134.1 |
| Deferred revenue | 21.1 | 28.2 |
| Income tax payable | 109.7 | 110.4 |
| Long-term debt - current (note 11) | 377.4 | 332.1 |
| Operating lease liabilities - current (note 12) | 154.7 | 160.9 |
| Other financing arrangements - current (note 13) | 92.7 | 64.1 |
| Other liabilities - current (note 14) | 65.7 | 24.8 |
| | <u>987.6</u> | <u>854.6</u> |
| Long-term debt (note 11) | 3,955.9 | 3,234.0 |
| Operating lease liabilities (note 12) | 592.2 | 669.3 |
| Other financing arrangements (note 13) | 1,096.9 | 801.7 |
| Derivative instruments (note 20(c)) | 38.5 | 63.0 |
| Other liabilities (note 14) | 19.4 | 40.9 |
| Total liabilities | <u>6,690.5</u> | <u>5,663.5</u> |
| Cumulative redeemable preferred shares, \$0.01 par value; 12,000,000 issued and outstanding (2020 – nil) (note 16 (e)) | 296.9 | — |
| Shareholders' equity: | | |
| Share capital (note 16): | | |
| Preferred shares; \$0.01 par value; 150,000,000 shares authorized (2020 – 150,000,000); 20,118,833 shares issued and outstanding (2020 – 33,335,570) | | |
| Common shares; \$0.01 par value; 400,000,000 shares authorized (2020 – 400,000,000); 247,007,590 shares issued and outstanding (2020 – 246,277,351); 727,351 shares held in treasury (2020 – 727,351) | 2.4 | 2.4 |
| Additional paid in capital | 3,524.0 | 3,842.7 |
| Deficit | (87.8) | (199.2) |
| Accumulated other comprehensive loss | (19.4) | (20.3) |
| | <u>3,419.2</u> | <u>3,625.6</u> |
| | <u>\$ 10,406.6</u> | <u>\$ 9,289.1</u> |
| Commitments and contingencies (note 19) | | |
| Subsequent events (note 21) | | |

See accompanying notes to interim consolidated financial statements.

ATLAS CORP.
Interim Consolidated Statements of Operations
(Unaudited)
(Expressed in millions of United States dollars, except per share amounts)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|----------------------------------|----------|---------------------------------|------------|
| | 2021 | 2020 | 2021 | 2020 |
| Revenue (note 4) | \$ 451.9 | \$ 386.2 | \$ 1,218.4 | \$ 1,058.4 |
| Operating expenses: | | | | |
| Operating expenses | 86.1 | 78.2 | 245.2 | 205.0 |
| Depreciation and amortization | 106.6 | 103.9 | 284.7 | 264.6 |
| General and administrative | 16.6 | 21.1 | 55.6 | 51.3 |
| Indemnity claim under acquisition agreement (note 10) | (13.6) | — | (29.1) | — |
| Operating leases (note 12) | 36.5 | 37.0 | 109.4 | 113.7 |
| | 232.2 | 240.2 | 665.8 | 634.6 |
| Operating earnings | 219.7 | 146.0 | 552.6 | 423.8 |
| Other expenses (income): | | | | |
| Interest expense | 50.0 | 45.3 | 151.4 | 145.7 |
| Interest income | (0.6) | (0.9) | (2.8) | (3.4) |
| Loss on debt extinguishment (note 11(e)) | 70.9 | — | 127.0 | — |
| Loss (gain) on derivative instruments (note 20(c)) | 0.2 | 2.2 | (6.8) | 34.0 |
| Other expenses | 4.5 | 10.8 | 17.2 | 16.3 |
| | 125.0 | 57.4 | 286.0 | 192.6 |
| Net earnings before income tax | 94.7 | 88.6 | 266.6 | 231.2 |
| Income tax expense (note 15) | 0.1 | 4.5 | 8.4 | 12.5 |
| Net earnings | \$ 94.6 | \$ 84.1 | \$ 258.2 | \$ 218.7 |
| Earnings per share (note 17): | | | | |
| Common share, basic | \$ 0.32 | \$ 0.27 | \$ 0.85 | \$ 0.70 |
| Common share, diluted | \$ 0.30 | \$ 0.27 | \$ 0.78 | \$ 0.68 |

See accompanying notes to interim consolidated financial statements.

ATLAS CORP.
Interim Consolidated Statements of Comprehensive Income
(Unaudited)
(Expressed in millions of United States dollars)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|----------------------------------|----------------|---------------------------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Net earnings | \$ 94.6 | \$ 84.1 | \$ 258.2 | \$ 218.7 |
| Other comprehensive income: | | | | |
| Amounts reclassified to net earnings during the period relating to cash flow hedging instruments (note 20(c)) | 0.3 | 0.3 | 0.9 | 1.0 |
| Comprehensive income | <u>\$ 94.9</u> | <u>\$ 84.4</u> | <u>\$ 259.1</u> | <u>\$ 219.7</u> |

See accompanying notes to interim consolidated financial statements.

ATLAS CORP.
Interim Consolidated Statements of Shareholders' Equity and Cumulative Redeemable Preferred Shares
(Unaudited)

(Expressed in millions of United States dollars, except number of shares and per share amounts)

Three months ended September 30, 2021

| | Series J cumulative redeemable preferred shares | | Number of common shares | Number of preferred shares | Common shares | Preferred shares | Additional paid-in capital | Deficit | Accumulated other comprehensive loss | Total shareholders' equity |
|---|---|-----------------|-------------------------|----------------------------|---------------|------------------|----------------------------|------------------|--------------------------------------|----------------------------|
| | Shares | Amount | | | | | | | | |
| Balance, June 30, 2021 carried forward | 12,000,000 | \$ 296.9 | 246,952,839 | 33,335,570 | \$ 2.1 | \$ 0.3 | \$ 3,851.7 | \$ (133.1) | \$ (19.7) | \$ 3,701.3 |
| Net earnings | — | — | — | — | — | — | — | 94.6 | — | 94.6 |
| Other comprehensive income | — | — | — | — | — | — | — | — | 0.3 | 0.3 |
| Issuance of common shares from unissued acquisition related equity consideration (note 2) | — | — | 48,573 | — | — | — | — | — | — | — |
| Redemption of preferred shares (note 16(b)) | — | — | — | (13,216,737) | — | — | (330.4) | — | — | (330.4) |
| Dividends on common shares (\$0.125 per share) | — | — | — | — | — | — | — | (31.6) | — | (31.6) |
| Dividends on preferred shares (Series D - \$0.50 per share; Series E - \$0.35 per share; Series G - \$0.35 per share; Series H - \$0.49 per share; Series I - \$0.50 per share; Series J - \$0.24 per share;) | — | — | — | — | — | — | — | (17.4) | — | (17.4) |
| Shares issued through dividend reinvestment program | — | — | 6,178 | — | — | — | 0.1 | (0.1) | — | — |
| Share-based compensation expense | — | — | — | — | — | — | 2.6 | (0.2) | — | 2.4 |
| Balance, September 30, 2021 | <u>12,000,000</u> | <u>\$ 296.9</u> | <u>247,007,590</u> | <u>20,118,833</u> | <u>\$ 2.1</u> | <u>\$ 0.3</u> | <u>\$ 3,524.0</u> | <u>\$ (87.8)</u> | <u>\$ (19.4)</u> | <u>\$ 3,419.2</u> |

See accompanying notes to interim consolidated financial statements.

ATLAS CORP.
Interim Consolidated Statements of Shareholders' Equity
(Unaudited)

(Expressed in millions of United States dollars, except number of shares and per share amounts)

Three months ended September 30, 2020

| | Number of common shares | Number of preferred shares | Common shares | Preferred shares | Additional paid-in capital | Deficit | Accumulated other comprehensive loss | Total shareholders' equity |
|---|-------------------------------|----------------------------------|------------------|---------------------|----------------------------------|-------------------|---|----------------------------------|
| Balance, June 30, 2020, carried forward | 246,792,132 | 33,335,570 | \$ 2.1 | \$ 0.3 | \$ 3,845.6 | \$ (207.5) | \$ (20.9) | \$ 3,619.6 |
| Net earnings | — | — | — | — | — | 84.1 | — | 84.1 |
| Other comprehensive income | — | — | — | — | — | — | 0.3 | 0.3 |
| Shares issued through dividend reinvestment program | 8,461 | — | — | — | 0.1 | — | — | 0.1 |
| Share-based compensation expense | 1,000,000 | — | — | — | 1.7 | — | — | 1.7 |
| Issuance of common shares from unissued acquisition related equity consideration (note 2) | 81,037 | — | — | — | — | — | — | — |
| Return of common shares to unissued acquisition related equity consideration | (727,351) | — | — | — | — | — | — | — |
| Cancellation of unissued acquisition related equity | (1,122,290) | — | — | — | (12.5) | — | — | (12.5) |
| Other | — | — | — | — | — | (1.1) | — | (1.1) |
| Balance, September 30, 2020 | <u>246,031,989</u> | <u>33,335,570</u> | <u>\$ 2.1</u> | <u>\$ 0.3</u> | <u>\$ 3,834.9</u> | <u>\$ (124.5)</u> | <u>\$ (20.6)</u> | <u>\$ 3,692.2</u> |

See accompanying notes to interim consolidated financial statements.

ATLAS CORP.
Interim Consolidated Statements of Shareholders' Equity and Cumulative Redeemable Preferred Shares
(Unaudited)

(Expressed in millions of United States dollars, except number of shares and per share amounts)

Nine months ended September 30, 2021

| | Series J cumulative redeemable preferred shares | | Number of common shares | Number of preferred shares | Common shares | Preferred shares | Additional paid-in capital | Deficit | Accumulated other comprehensive loss | Total shareholders' equity |
|---|---|-----------------|-------------------------|----------------------------|---------------|------------------|----------------------------|------------------|--------------------------------------|----------------------------|
| | Shares | Amount | | | | | | | | |
| Balance, December 31, 2020 carried forward | — | \$ — | 246,277,338 | 33,335,570 | \$ 2.1 | \$ 0.3 | \$ 3,842.7 | \$ (199.2) | \$ (20.3) | \$ 3,625.6 |
| Net earnings | — | — | — | — | — | — | — | 258.2 | — | 258.2 |
| Other comprehensive income | — | — | — | — | — | — | — | — | 0.9 | 0.9 |
| Issuance of common shares from unissued acquisition related equity consideration (note 2) | — | — | 342,837 | — | — | — | — | — | — | — |
| Series J preferred shares issued (note 11(e) and 16(e)) | 12,000,000 | 296.9 | — | — | — | — | — | — | — | — |
| Redemption of preferred shares (note 16(b)) | — | — | — | (13,216,737) | — | — | (330.4) | — | — | (330.4) |
| Warrants for Fairfax Notes | — | — | — | — | — | — | 3.0 | — | — | 3.0 |
| Dividends on common shares (\$0.375 per share) | — | — | — | — | — | — | — | (94.7) | — | (94.7) |
| Dividends on preferred shares (Series D - \$1.49 per share; Series E - \$1.38 per share; Series G - \$1.37 per share; Series H - \$1.48 per share; Series I - \$1.50 per share; Series J - \$0.24 per share;) | — | — | — | — | — | — | — | (51.0) | — | (51.0) |
| Shares issued through dividend reinvestment program | — | — | 19,001 | — | — | — | 0.2 | (0.2) | — | — |
| Share-based compensation expense | — | — | 368,414 | — | — | — | 8.5 | (0.9) | — | 7.6 |
| Balance, September 30, 2021 | <u>12,000,000</u> | <u>\$ 296.9</u> | <u>247,007,590</u> | <u>20,118,833</u> | <u>\$ 2.1</u> | <u>\$ 0.3</u> | <u>\$ 3,524.0</u> | <u>\$ (87.8)</u> | <u>\$ (19.4)</u> | <u>\$ 3,419.2</u> |

See accompanying notes to interim consolidated financial statements.

ATLAS CORP.
Interim Consolidated Statements of Shareholders' Equity
(Unaudited)

(Expressed in millions of United States dollars, except number of shares and per share amounts)

Nine months ended September 30, 2020

| | Number of common shares | Number of preferred shares | Common shares | Preferred shares | Additional paid-in capital | Deficit | Accumulated other comprehensive loss | Total shareholders' equity |
|--|-------------------------------|----------------------------------|------------------|---------------------|----------------------------------|-------------------|---|----------------------------------|
| Balance, December 31, 2019, carried forward | 215,675,599 | 33,335,570 | \$ 1.8 | \$ 0.3 | \$ 3,452.9 | \$ (200.7) | \$ (21.6) | \$ 3,232.7 |
| Impact of accounting policy change | — | — | — | — | — | (2.3) | — | (2.3) |
| Adjusted balance, December 31, 2019 | 215,675,599 | 33,335,570 | \$ 1.8 | \$ 0.3 | \$ 3,452.9 | \$ (203.0) | \$ (21.6) | \$ 3,230.4 |
| Net earnings | — | — | — | — | — | 218.7 | — | 218.7 |
| Other comprehensive income | — | — | — | — | — | — | 1.0 | 1.0 |
| Common shares issued on acquisition | 29,891,266 | — | 0.2 | — | 316.6 | — | — | 316.8 |
| Common shares issued on loan settlement | 775,139 | — | 0.1 | — | 8.2 | — | — | 8.3 |
| Dividends on common shares (\$0.38 per share) | — | — | — | — | — | (88.5) | — | (88.5) |
| Dividends on preferred shares (Series D - \$1.49 per share; Series E - \$1.55 per share; Series G - \$1.54 per share; Series H - \$1.48 per share; Series I - \$1.50 per share) | — | — | — | — | — | (50.3) | — | (50.3) |
| Shares issued through dividend reinvestment program | 22,258 | — | — | — | 0.2 | — | — | 0.2 |
| Share-based compensation expense | 1,398,553 | — | — | — | 5.0 | — | — | 5.0 |
| Treasury shares | 37,778 | — | — | — | — | — | — | — |
| Unissued acquisition related equity consideration | — | — | — | — | 65.8 | — | — | 65.8 |
| Cancellation of unissued acquisition related equity | — | — | — | — | (1.3) | — | — | (1.3) |
| Issuance of common shares from unissued acquisition related equity consideration (note 2) | 81,037 | — | — | — | — | — | — | — |
| Return of common shares to unissued acquisition related equity consideration | (727,351) | — | — | — | — | — | — | — |
| Cancellation of common shares issued on acquisition | (1,122,290) | — | — | — | (12.5) | — | — | (12.5) |
| Other | — | — | — | — | — | (1.4) | — | (1.4) |
| Balance, September 30, 2020 | <u>246,031,989</u> | <u>33,335,570</u> | <u>\$ 2.1</u> | <u>\$ 0.3</u> | <u>\$ 3,834.9</u> | <u>\$ (124.5)</u> | <u>\$ (20.6)</u> | <u>\$ 3,692.2</u> |

See accompanying notes to interim consolidated financial statements.

ATLAS CORP.
Interim Consolidated Statements of Cash Flows
(Unaudited)
(Expressed in millions of United States dollars)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|----------------------------------|-----------------|---------------------------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Cash from (used in): | | | | |
| Operating activities: | | | | |
| Net earnings | \$ 94.6 | \$ 84.1 | \$ 258.2 | \$ 218.7 |
| Items not involving cash: | | | | |
| Depreciation and amortization | 106.6 | 103.9 | 284.7 | 264.6 |
| Change in right-of-use asset | 31.9 | 30.7 | 94.3 | 90.2 |
| Non-cash interest expense and accretion | 8.0 | 10.6 | 31.5 | 29.5 |
| Unrealized change in derivative instruments | (6.3) | (4.6) | (26.8) | 18.3 |
| Amortization of acquired revenue contracts | 3.7 | 4.6 | 11.8 | 12.7 |
| Loss on debt extinguishment | 70.9 | — | 127.0 | — |
| Other | 9.3 | 3.4 | 11.3 | 5.4 |
| Change in other operating assets and liabilities (note 18) | (69.1) | (39.6) | (146.4) | (156.8) |
| Cash from operating activities | <u>249.6</u> | <u>193.1</u> | <u>645.6</u> | <u>482.6</u> |
| Investing activities: | | | | |
| Expenditures for property, plant and equipment and vessels under construction | (622.6) | (154.6) | (1,331.9) | (607.7) |
| Prepayment on vessel purchase | — | (4.4) | (132.3) | (40.2) |
| Payment on settlement of interest swap agreements | (5.6) | (5.4) | (19.0) | (13.5) |
| Cash and restricted cash acquired from APR Energy acquisition | — | — | — | 50.6 |
| Loss on foreign currency repatriation | (1.4) | (7.0) | (10.6) | (11.6) |
| Receipt from contingent consideration asset | 11.9 | 3.2 | 25.2 | 3.2 |
| Other assets and liabilities | 11.4 | (2.0) | 11.1 | (11.7) |
| Cash used in investing activities | <u>(606.3)</u> | <u>(170.2)</u> | <u>(1,457.5)</u> | <u>(630.9)</u> |
| Financing activities: | | | | |
| Repayments of long-term debt and other financing arrangements | (244.2) | (159.8) | (1,217.0) | (951.1) |
| Issuance of long-term debt and other financing arrangements | 958.7 | 188.2 | 2,797.7 | 1,225.1 |
| Redemption of Fairfax Notes | (300.0) | — | (300.0) | — |
| Issuance of Fairfax Notes | — | — | — | 100.0 |
| Redemption of preferred shares | (330.4) | — | (330.4) | — |
| Financing fees | (12.3) | (5.9) | (40.6) | (24.9) |
| Share issuance cost | — | — | (0.1) | — |
| Dividends on common shares | (31.1) | (31.2) | (93.4) | (88.9) |
| Dividends on preferred shares | (17.4) | (16.8) | (51.0) | (50.3) |
| Cash from / (used in) financing activities | <u>23.3</u> | <u>(25.5)</u> | <u>765.2</u> | <u>209.9</u> |
| Increase (decrease) in cash and cash equivalents | (333.4) | (2.6) | (46.7) | 61.6 |
| Cash and cash equivalents and restricted cash, beginning of period | 629.2 | 261.5 | 342.5 | 197.3 |
| Cash and cash equivalents and restricted cash, end of period | <u>\$ 295.8</u> | <u>\$ 258.9</u> | <u>\$ 295.8</u> | <u>\$ 258.9</u> |
| Supplemental cash flow information (note 18) | | | | |

See accompanying notes to interim consolidated financial statements.

1. **Significant accounting policies:**

(a) Basis of presentation:

Except for the changes described in note 1(b), the accompanying interim financial information of Atlas Corp. (the “Company” or “Atlas”) has been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), on a basis consistent with those followed in the December 31, 2020 audited annual consolidated financial statements of Atlas. The accompanying interim financial information is unaudited and reflects all adjustments, consisting of normal recurring adjustments, which, in the opinion of management, are necessary for a fair presentation of results for the interim periods presented. The unaudited interim consolidated financial statements do not include all the disclosures required under U.S. GAAP for annual financial statements and should be read in conjunction with the December 31, 2020 annual consolidated financial statements of Atlas filed with the U.S. Securities and Exchange Commission in the Company’s 2020 Annual Report on Form 20-F.

COVID-19 has had a negative effect on the global economy and has adversely impacted the industries that Atlas operates in. In the second half of 2020 and throughout 2021, trade and charter rates have rebounded markedly due to increased demand and lack of capacity compared with the first half of 2020 when the containership industry experienced decreased container trade and reduced charter rates. However, global challenges in transferring crew members on and off vessels have persisted throughout 2021. In the power generation industry, while COVID-19 continues to impact developing countries, which reduces general power demand in some areas, it has not materially impacted the Company’s ability to execute contracts in the peaking power and emergency power segments of the market in which it operates. The duration and full effects of this global health emergency and related disruptions are uncertain as COVID-19 variants emerge and containment strategies continue to be adjusted. The Company continues to monitor the impact of the new variants of COVID-19, any increase in cases and/or the reinstatement of lockdowns and other restrictions, each of which could negatively impact the recovery from COVID-19. Negative impacts of COVID-19 are expected to reverberate beyond the duration of the pandemic itself. As a result, this increases the uncertainties and the degree of judgment associated with many of the Company’s estimates and assumptions. As events develop and additional information becomes available, the Company’s estimates may change in future periods.

(b) Recent accounting pronouncements

Discontinuation of LIBOR

In March 2020, FASB issued ASU 2020-04, “Reference Rate Reform (Topic 848)”, which provides optional relief for the discontinuation of LIBOR resulting from rate reform. Contract terms that are modified due to the replacement of a reference rate are not required to be remeasured or reassessed under FASB’s relevant U.S. GAAP Topic. The election is available by Topic. This guidance is effective for all entities as of March 12, 2020 through December 31, 2022 and may be applied from the beginning of an interim period that includes the issuance date of the ASU. The Company is currently evaluating the impact of this guidance.

Debt with conversion and other options

In August 2020, FASB issued ASU 2020-06, “Debt – Debt with Conversion and Other Options (Subtopic 470-20)”, which simplifies the accounting for convertible debt instruments by reducing the number of accounting models and circumstances when embedded conversion features are separately recognized. This update also revises the method in which diluted earnings per share is calculated related to certain instruments with conversion features, among other clarifications. The guidance is effective for annual reporting periods beginning after December 15, 2021, including interim periods within those fiscal years. The Company is currently evaluating the impact of this guidance.

(c) Comparative information:

Certain prior period information has been reclassified to conform with current financial statement presentation.

2. Acquisition of Apple Bidco Limited:

On February 28, 2020, the Company acquired 100.0% of the share capital of APR Energy from Fairfax Financial Holdings Ltd. and its affiliates (“Fairfax”) and certain other minority shareholders (collectively, the “Sellers”). Fairfax held 67.8% of APR Energy’s common shares. APR Energy owns and operates a fleet of capital-intensive assets, including aero-derivative gas turbines and other power generation equipment, and provides power solutions to customers through medium to long-term contracts. The financial results of APR Energy have been included in the Company’s consolidated financial statements from February 29, 2020, after the date of acquisition.

At closing, Atlas issued 29,891,266 common shares and reserved 6,664,270 common shares for future issuance (the “Holdback Shares”). The Holdback Shares are issuable over a period of 90 days to five years after the date of acquisition and are subject to settlement of purchase price adjustments, indemnification arrangements and other future compensable events. These arrangements may be settled, at the Sellers’ option, by either cancellation of Holdback Shares or cash. In the case of purchase price adjustments, if Holdback Shares are insufficient, Sellers may choose to compensate the Company in cash or cancel previously issued common shares. Any Holdback Shares that are not cancelled after the expiry of their respective holdback periods, will be issued to the Sellers, plus any accrued distributions or dividends.

The net purchase price of \$287,700,000 was comprised of:

| | | |
|--|----|--------------|
| 29,891,266 common shares issued (1) | \$ | 316.8 |
| 6,664,270 Holdback Shares (1) | | 70.6 |
| Less: Contingent consideration asset (2) | | (95.2) |
| Less: Purchase price adjustment (3) | | (4.5) |
| Net purchase price | \$ | <u>287.7</u> |

- (1) The fair value was determined based on the closing market price of common shares on February 28, 2020, the acquisition date.
- (2) Pursuant to the acquisition agreement, the Sellers are required to compensate the Company for losses on cash repatriation from a foreign jurisdiction related to specified contracts. Losses on cash repatriation is recognized in other expenses in the period incurred. In February 2021, Fairfax agreed, subject to definitive documentation, to compensate the Company for future losses realized on sale or disposal of certain property, plant and equipment and inventory items (note 10(c)). The definitive documentation was executed on April 30, 2021.
- (3) In 2020, the Sellers forfeited their rights to receive 577,139 Holdback Shares and returned 1,849,641 previously issued common shares to the Company. Of this number, 1,122,290 shares were permanently forfeited as part of post-closing purchase price adjustments. The remaining 727,351 shares are held in reserve as treasury shares. The shares held in reserve are issuable to the Sellers at a future date, subject to settlement of potential indemnified events. In February 2021, the Company agreed to issue 5-year warrants to purchase 5,000,000 common shares at an exercise price of \$13.00 per share to Fairfax, subject to definitive documentation. The definitive documentation was executed on April 30, 2021 and the warrants were issued in April 2021. During the three and nine months ended September 30, 2021, 48,573 and 342,837 (three and nine months ended September 30, 2020 – 81,037) common shares, respectively, were released from holdback and issued to the Sellers.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date.

| | | |
|---|----|--------------|
| Cash and cash equivalents | \$ | 36.7 |
| Inventory | | 40.9 |
| Acquisition related assets (1) | | 96.4 |
| Accounts receivable (2) | | 49.1 |
| Other current assets | | 9.1 |
| Property, plant and equipment | | 447.2 |
| Intangible assets | | 27.4 |
| Deferred tax assets | | 16.6 |
| Other assets | | 13.9 |
| Goodwill | | 117.9 |
| Total assets acquired | | <u>855.2</u> |
| Accounts payable and accrued liabilities | | 92.5 |
| Income tax payable | | 106.5 |
| Other current liabilities | | 17.2 |
| Long-term debt (including current and non-current portions) (3) | | 311.6 |
| Deferred tax liabilities | | 1.0 |
| Other long-term liabilities | | 38.7 |
| Net assets acquired | \$ | <u>287.7</u> |

- (1) Consists of indemnification assets recognized on acquisition. The Sellers are required to indemnify the Company for certain legal and tax matters through cancellation of the Holdback Shares or in cash, at the Sellers’ option. For certain of these arrangements, if the Holdback Shares are insufficient, Fairfax may be required to compensate the Company in cash. The amount to be indemnified is subject to the aggregate losses incurred at settlement of these legal and tax matters. The amount recognized is equal to the liabilities accrued for such legal and tax matters, based on the Company’s best estimates.
 - (2) For certain other indemnification arrangements, Fairfax is required to compensate the Company in cash, without minority shareholders.
 - (3) The gross contractual accounts receivables acquired is \$57,000,000. The amount not expected to be collected is \$7,900,000.
- (3) Concurrent with the acquisition, the Company refinanced the debt facilities acquired.

2. Acquisition of Apple Bidco Limited (continued):

The carrying amounts of cash and cash equivalents, accounts receivable and other current assets (consisting of prepaid expenses), accounts payable and accrued liabilities, income taxes payable and other current liabilities approximated their fair values due to the short-term maturity of the instruments. The fair value of long-term debt and other assets were categorized within Level 2 of the fair value hierarchy and determined based on expected payments. The fair values of contingent consideration assets, inventory, property, plant and equipment, intangible assets and asset retirement obligation included in other long-term liabilities were categorized within Level 3 of the fair value hierarchy and were determined using relevant market assumptions, including comparable sales and cost data, discount rates and future cash flows.

As part of the acquisition, the Company recorded \$117,900,000 of goodwill resulting from expected synergies in congruence with APR's unique position in the power generation market, which is not deductible for tax purposes and has been assigned to the power generation segment. Subsequent to the acquisition, it was determined that the carrying value of the mobile power generation reporting unit exceeded its fair value, as a result of potential strategic repositioning contemplated by the Company. As a result, the balance of the goodwill of \$117,900,000 was written-off as of December 31, 2020.

During the three and nine months ended September 30, 2020, the Company recognized \$84,000 and \$1,492,000, respectively, of acquisition related costs that were included in general and administrative expense.

Pro forma financial information

The following table presents unaudited pro forma results for the three and nine months ended September 30, 2020. The unaudited pro forma financial information combines the results of operations of the Company and APR Energy as though the acquisition had occurred as of January 1, 2020. The pro forma results contain adjustments that are directly attributable to the transaction, including depreciation of the fair value of property, plant and equipment, amortization of acquired intangible assets, and refinancing of debt. Additionally, pro forma net earnings were adjusted to exclude acquisition-related costs incurred.

| Pro forma information | Three months ended September 30, 2020 | Nine months ended September 30, 2020 |
|-----------------------|--|---|
| Revenue | \$ 386.2 | \$ 1,101.9 |
| Net earnings | 84.2 | 214.7 |

3. Segment reporting:

For management purposes, the Company is organized based on its two leasing businesses and has two reportable segments, containership leasing and mobile power generation. The Company's containership leasing segment owns and operates a fleet of containerships which are chartered primarily pursuant to long-term, fixed-rate time charters. The Company's mobile power generation segment owns and operates a fleet of power generation assets, including aero-derivative gas turbines and other equipment, and provides power solutions to customers.

The Company's chief operating decision makers monitor the operating results of the leasing businesses separately for the purpose of making decisions about resource allocation and performance assessment based on adjusted EBITDA, which is computed as net earnings before interest expense, income tax expense, depreciation and amortization expense, impairments, write-down and gains/losses on sale, gains/losses on derivative instruments, loss on foreign currency repatriation, change in contingent consideration asset, loss on debt extinguishment, other expenses and certain other items that the Company believes are not representative of its operating performance.

3. **Segment reporting (continued):**

The following tables include the Company's selected financial information by segment:

| Three months ended September 30, 2021 | Containership Leasing | Mobile Power Generation | Elimination and Other | Total |
|--|--------------------------|----------------------------|--------------------------|----------|
| Revenue | \$ 376.6 | \$ 75.3 | \$ — | \$ 451.9 |
| Operating expense | 73.0 | 13.1 | — | 86.1 |
| Depreciation and amortization expense | 77.5 | 29.1 | — | 106.6 |
| General and administrative expense | 12.2 | 8.8 | (4.4) | 16.6 |
| Indemnity claim (income) under acquisition agreement | — | (13.6) | — | (13.6) |
| Operating lease expense | 35.6 | 0.9 | — | 36.5 |
| Interest income | (0.1) | (0.5) | — | (0.6) |
| Interest expense | 45.0 | 5.1 | (0.1) | 50.0 |
| Income tax expense / (recovery) | 0.3 | (0.2) | — | 0.1 |

| Nine months ended September 30, 2021 | Containership Leasing | Mobile Power Generation | Elimination and Other | Total |
|--|--------------------------|----------------------------|--------------------------|------------|
| Revenue | \$ 1,056.3 | \$ 162.1 | \$ — | \$ 1,218.4 |
| Operating expense | 215.6 | 29.6 | — | 245.2 |
| Depreciation and amortization expense | 228.6 | 56.1 | — | 284.7 |
| General and administrative expense | 34.9 | 24.1 | (3.4) | 55.6 |
| Indemnity claim (income) under acquisition agreement | — | (29.1) | — | (29.1) |
| Operating leases | 107.0 | 2.4 | — | 109.4 |
| Interest income | (0.3) | (2.5) | — | (2.8) |
| Interest expense | 138.0 | 15.2 | (1.8) | 151.4 |
| Income tax expense | 0.7 | 7.7 | — | 8.4 |

| Three months ended September 30, 2020 | Containership Leasing | Mobile Power Generation | Elimination and Other | Total |
|---------------------------------------|--------------------------|----------------------------|--------------------------|----------|
| Revenue | \$ 305.9 | \$ 80.3 | \$ — | \$ 386.2 |
| Operating expense | 67.3 | 10.9 | — | 78.2 |
| Depreciation and amortization expense | 73.6 | 30.3 | — | 103.9 |
| General and administrative expense | 6.4 | 13.5 | 1.2 | 21.1 |
| Operating lease expense | 36.0 | 1.0 | — | 37.0 |
| Interest income | (0.1) | (0.8) | — | (0.9) |
| Interest expense | 40.7 | 5.6 | (1.0) | 45.3 |
| Income tax expense | 0.4 | 4.1 | — | 4.5 |

| Nine months ended September 30, 2020 | Containership Leasing | Mobile Power Generation | Elimination and Other | Total |
|---------------------------------------|--------------------------|----------------------------|--------------------------|------------|
| Revenue | \$ 902.2 | \$ 156.2 | \$ — | \$ 1,058.4 |
| Operating expense | 180.8 | 24.2 | — | 205.0 |
| Depreciation and amortization expense | 212.9 | 51.7 | — | 264.6 |
| General and administrative expense | 21.3 | 27.6 | 2.4 | 51.3 |
| Operating leases expense | 111.3 | 2.4 | — | 113.7 |
| Interest income | (1.2) | (2.2) | — | (3.4) |
| Interest expense | 134.5 | 14.1 | (2.9) | 145.7 |
| Income tax expense | 1.0 | 11.5 | — | 12.5 |

3. Segment reporting (continued):

| | Three months ended September 30, 2021 | Nine months ended September 30, 2021 |
|--|--|---|
| Containership leasing adjusted EBITDA | \$ 255.8 | \$ 698.9 |
| Mobile power generation adjusted EBITDA(1) | 66.0 | 132.6 |
| Total segment adjusted EBITDA | 321.8 | 831.5 |
| Eliminations and other | (0.4) | (1.1) |
| Depreciation and amortization | 106.6 | 284.7 |
| Interest expense | 50.0 | 151.4 |
| Interest income | (0.6) | (2.8) |
| Loss / (gain) on derivative instruments | 0.2 | (6.7) |
| Loss on debt extinguishment | 70.9 | 127.0 |
| Other expenses | 3.0 | 5.0 |
| Gain on contingent consideration asset | (3.9) | (2.2) |
| Loss on foreign currency repatriation | 1.4 | 10.6 |
| Gain on sale | (0.1) | (1.0) |
| Consolidated net earnings before tax | \$ 94.7 | \$ 266.6 |

| | Three months ended September 30, 2020 | Nine months ended September 30, 2020 |
|--|--|---|
| Containership leasing adjusted EBITDA | \$ 196.3 | \$ 588.7 |
| Mobile power generation adjusted EBITDA(1) | 55.0 | 101.6 |
| Total segment adjusted EBITDA | 251.3 | 690.3 |
| Eliminations and other | 1.5 | 5.2 |
| Depreciation and amortization | 103.9 | 264.6 |
| Interest expense | 45.3 | 145.7 |
| Interest income | (0.9) | (3.4) |
| Loss on derivative instruments | 2.2 | 34.0 |
| Other expenses | 3.8 | 4.7 |
| Gain on foreign currency repatriation | (0.2) | (2.8) |
| Loss on contingent consideration asset | 7.0 | 11.6 |
| Gain on sale | 0.1 | (0.5) |
| Consolidated net earnings before taxes | \$ 88.6 | \$ 231.2 |

(1) The calculation of adjusted EBITDA does not include the Indemnity claim under acquisition agreement as an adjustment for the mobile power generation segment. Although the revenue reported for this segment is lower due to an injunction at one of the sites, the losses are recoverable through an indemnification agreement (note 2).

| Total Assets | September 30, 2021 | December 31, 2020 |
|-------------------------|--------------------|-------------------|
| Containership Leasing | \$ 9,544.7 | \$ 8,475.4 |
| Mobile Power Generation | 905.7 | 829.9 |
| Elimination and Other | (43.8) | (16.2) |
| Total | \$ 10,406.6 | \$ 9,289.1 |

| Capital expenditures by segment | Three months ended September 30, | | Nine months ended September 30, | |
|---------------------------------|----------------------------------|----------|---------------------------------|----------|
| | 2021 | 2020 | 2021 | 2020 |
| Containership leasing | \$ 611.7 | \$ 156.3 | \$ 1,317.7 | \$ 625.5 |
| Mobile power generation | 10.9 | 2.7 | 26.9 | 22.4 |

4. Revenue

Revenue disaggregated by segment and by type for the three and nine months ended September 30, 2021 and September 30, 2020 is as follows:

| | Three months ended September 30, 2021 | | | Nine months ended September 30, 2021 | | |
|------------------------------|---------------------------------------|-------------------------|-----------------|--------------------------------------|-------------------------|-------------------|
| | Containership Leasing(1) | Mobile Power Generation | Total | Containership Leasing(1) | Mobile Power Generation | Total |
| Operating lease revenue | \$ 364.6 | \$ 74.3 | \$ 438.9 | \$ 1,021.3 | \$ 156.7 | \$ 1,178.0 |
| Interest income from leasing | 11.0 | — | 11.0 | 32.0 | — | 32.0 |
| Other | 1.0 | 1.0 | 2.0 | 3.0 | 5.4 | 8.4 |
| | <u>\$ 376.6</u> | <u>\$ 75.3</u> | <u>\$ 451.9</u> | <u>\$ 1,056.3</u> | <u>\$ 162.1</u> | <u>\$ 1,218.4</u> |

| | Three months ended September 30, 2020 | | | Nine months ended September 30, 2020 | | |
|------------------------------|---------------------------------------|-------------------------|-----------------|--------------------------------------|-------------------------|-------------------|
| | Containership Leasing(1) | Mobile Power Generation | Total | Containership Leasing(1) | Mobile Power Generation | Total |
| Operating lease revenue | \$ 295.1 | \$ 76.7 | \$ 371.8 | \$ 870.1 | \$ 146.4 | \$ 1,016.5 |
| Interest income from leasing | 9.5 | — | 9.5 | 31.1 | — | 31.1 |
| Other | 1.3 | 3.6 | 4.9 | 1.0 | 9.8 | 10.8 |
| | <u>\$ 305.9</u> | <u>\$ 80.3</u> | <u>\$ 386.2</u> | <u>\$ 902.2</u> | <u>\$ 156.2</u> | <u>\$ 1,058.4</u> |

(1) Containership leasing revenue includes both bareboat charter and time charter revenue.

As at September 30, 2021, the minimum future revenues to be received on committed operating leases, service arrangements and interest income to be earned from direct financing leases are as follows:

| | Operating lease (1) | Finance lease (2) | Other | Total committed revenue |
|-------------------|---------------------|-------------------|---------------|-------------------------|
| Remainder of 2021 | \$ 418.8 | \$ 12.6 | \$ 2.1 | \$ 433.5 |
| 2022 | 1,558.0 | 48.8 | 4.1 | 1,610.9 |
| 2023 | 1,377.8 | 46.6 | 0.7 | 1,425.1 |
| 2024 | 1,041.0 | 44.0 | — | 1,085.0 |
| 2025 | 644.4 | 41.4 | — | 685.8 |
| Thereafter | 691.7 | 308.8 | — | 1,000.5 |
| | <u>\$ 5,731.7</u> | <u>\$ 502.2</u> | <u>\$ 6.9</u> | <u>\$ 6,240.8</u> |

(1) Minimum future operating lease revenue includes payments from signed charter agreements on operating vessels that have not yet commenced.

(2) Minimum future interest income includes direct financing leases currently in effect.

As at September 30, 2021, the minimum future revenues to be received based on each segment are as follows:

| | Containership Leasing(1)(2) | Mobile Power Generation | Total committed revenue |
|-------------------|-----------------------------|-------------------------|-------------------------|
| Remainder of 2021 | \$ 393.7 | \$ 39.8 | \$ 433.5 |
| 2022 | 1,522.2 | 88.7 | 1,610.9 |
| 2023 | 1,387.0 | 38.1 | 1,425.1 |
| 2024 | 1,085.0 | — | 1,085.0 |
| 2025 | 685.8 | — | 685.8 |
| Thereafter | 1,000.5 | — | 1,000.5 |
| | <u>\$ 6,074.2</u> | <u>\$ 166.6</u> | <u>\$ 6,240.8</u> |

(1) Minimum future operating lease revenue includes payments from signed charter agreements on operating vessels that have not yet commenced.

(2) Minimum future interest income includes direct financing leases currently in effect.

Minimum future revenues assume 100% utilization, extensions only at the Company's unilateral option and no renewals. It does not include signed charter agreements on undelivered vessels.

The Company's revenue during the periods was derived from the following customers:

| | Three months ended September 30, | | Nine months ended September 30, | |
|------------------|----------------------------------|-----------------|---------------------------------|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| COSCO | \$ 128.6 | \$ 95.5 | \$ 349.9 | \$ 300.4 |
| Yang Ming Marine | 61.8 | 64.8 | 188.0 | 190.9 |
| ONE | 63.9 | 64.2 | 192.8 | 172.3 |
| Other | 197.6 | 161.7 | 487.7 | 394.8 |
| | <u>\$ 451.9</u> | <u>\$ 386.2</u> | <u>\$ 1,218.4</u> | <u>\$ 1,058.4</u> |

5. **Related party transactions:**

- a) As at September 30, 2021, Fairfax held approximately 40.5% of the Company's issued and outstanding common shares and has designated two members to the Company's board of directors.
- b) For the three and nine months ended September 30, 2021, 48,573 and 342,837 common shares, respectively, were issued to Fairfax out of Holdback Shares. In addition, the Company received \$8,642,000 for the three and nine months ended September 30, 2021 (September 30, 2020 – \$nil) from Fairfax for the settlement of an indemnification related to losses realized on sale or disposal of certain property, plant and equipment and inventory items (note 2). For the three and nine months ended September 30, 2021, interest expense related to Seaspan's notes held by certain affiliates of Fairfax (the "Fairfax Holders"), including the \$250,000,000 of 5.5% senior notes due 2025 (the "2025 Fairfax Notes"), the \$250,000,000 of 5.5% senior notes due 2026 (the "2026 Fairfax Notes") and \$100,000,000 of the 5.5% senior notes due 2027 (the "2027 Fairfax Notes", together with the 2025 Fairfax Notes and the 2026 Fairfax Notes, the "Fairfax Notes"), excluding amortization of the debt discount, was \$2,513,000 and \$19,204,000, respectively (September 30, 2020 – \$8,221,000 and \$23,864,000, respectively). For the three and nine months ended September 30, 2021, amortization of debt discount was \$3,655,000 and \$13,059,000, respectively (September 30, 2020 – \$5,042,000 and \$14,920,000, respectively).

In June 2021, the Company and Seaspan exchanged and amended the Fairfax Notes. Pursuant to this transaction, the Company exchanged \$200,000,000 aggregate principal amount of the 2026 Fairfax Notes and all \$100,000,000 aggregate principal amount of the 2027 Fairfax Notes for (i) 12,000,000 Series J 7.00% Cumulative Redeemable Perpetual Preferred Shares of the Company (the "Series J Preferred Shares"), representing total liquidation value of \$300,000,000, and (ii) 1,000,000 five year warrants to purchase an equal number of Atlas common shares at an exercise price of \$13.71 per share (the "Fairfax Exchange") (note 16(e)). The exchanged 2026 Fairfax Notes and 2027 Fairfax Notes were subsequently cancelled. For the three and nine months ended September 30, 2021, the dividends paid for Series J Preferred Shares were \$2,858,000 (September 30, 2020 – \$nil).

In connection with the Fairfax Exchange, the Fairfax Holders also agreed to amend the terms of the \$300,000,000 aggregate principal amount of the Fairfax Notes that remain outstanding following the Fairfax Exchange (the "Amendment"), which includes all \$250,000,000 aggregate principal amount of the 2025 Fairfax Notes and \$50,000,000 aggregate principal amount of the 2026 Fairfax Notes. The Amendment, among other things, eliminated the Fairfax Holders' mandatory redemption and put rights and released and discharged all outstanding guarantees and liens on collateral thereunder. The Fairfax Holders also agreed to terminate Seaspan's Amended and Restated Pledge and Collateral Agent Agreement and to release and discharge all liens on collateral thereof (note 11(e)). During the three months ended September 30, 2021, the Company redeemed for cash the remaining 2025 Fairfax Notes and 2026 Fairfax Notes at a redemption price equal to 100% of the principal amount plus any accrued and unpaid interest.

6. **Net investment in lease:**

| | September 30, 2021 | December 31, 2020 |
|--|--------------------|-------------------|
| Undiscounted lease receivable | \$ 1,098.5 | \$ 773.2 |
| Unearned interest income | (506.8) | (343.9) |
| Net investment in lease | <u>\$ 591.7</u> | <u>\$ 429.3</u> |
| | September 30, 2021 | December 31, 2020 |
| Lease receivables | \$ 585.0 | \$ 429.3 |
| Unguaranteed residual value | 6.7 | — |
| Net investment in lease | 591.7 | 429.3 |
| Current portion of net investment in lease | (13.7) | (10.7) |
| Net investment in lease | <u>\$ 578.0</u> | <u>\$ 418.6</u> |

In February 2021, the Company commenced a fixed rate bareboat charter with a term of 18 years on a 12,000 TEU vessel, which has been classified as a sales-type lease. No gain or loss was recognized on commencement date.

In September 2021, the Company commenced a fixed rate bareboat charter with a term of 18 years on a 12,200 TEU vessel, which has been classified as a sales-type lease. No gain or loss was recognized on commencement date.

At September 30, 2021, the minimum lease receivable from finance leases are as follows:

| | | |
|-------------------|-----------|----------------|
| Remainder of 2021 | \$ | 15.5 |
| 2022 | | 61.7 |
| 2023 | | 61.7 |
| 2024 | | 61.8 |
| 2025 | | 61.7 |
| Thereafter | | 836.1 |
| | <u>\$</u> | <u>1,098.5</u> |

7. Property, plant and equipment:

| September 30, 2021 | Cost | Accumulated depreciation | Net book value |
|-------------------------------|-------------------|--------------------------|-------------------|
| Vessels | \$ 9,447.9 | \$ (2,779.1) | \$ 6,668.8 |
| Equipment and other | 513.1 | (134.5) | 378.6 |
| Property, plant and equipment | <u>\$ 9,961.0</u> | <u>\$ (2,913.6)</u> | <u>\$ 7,047.4</u> |

| December 31, 2020 | Cost | Accumulated depreciation | Net book value |
|-------------------------------|-------------------|--------------------------|-------------------|
| Vessels | \$ 9,148.9 | \$ (2,571.3) | \$ 6,577.6 |
| Equipment and other | 543.1 | (146.0) | 397.1 |
| Property, plant and equipment | <u>\$ 9,692.0</u> | <u>\$ (2,717.3)</u> | <u>\$ 6,974.7</u> |

Upon commencement of a fixed rate bareboat charter in February 2021, \$88,060,575 was reclassified to net investment in lease from property, plant and equipment (note 6).

In April and May 2021, the Company took delivery of two 8,500 TEU vessels, for an aggregate purchase price of \$104,500,000.

In May and July 2021, the Company took delivery of two 15,000 TEU vessels for an aggregate purchase price of \$254,000,000.

During the three and nine months ended September 30, 2021, depreciation and amortization expense relating to property, plant and equipment was \$93,537,000 and \$255,890,000, respectively (September 30, 2020 – \$82,177,000 and \$237,201,000, respectively).

8. Vessels under construction

As at September 30, 2021, the vessels under construction balance includes \$5,496,000 and \$9,405,000 of capitalized interest for the three and nine months ended September 30, 2021, respectively (September 30, 2020 – \$nil).

As at September 30, 2021, the vessels under construction balance includes \$538,612,000 and \$974,865,000 of installment payments for the three and nine months ended September 30, 2021, respectively (September 30, 2020 – \$nil).

In September 2021, the Company took delivery of one 12,200 TEU vessel for an aggregate purchase price of \$83,965,000. This vessel commenced 18-year bareboat charter upon delivery and the lease is classified as a sales-type lease (note 6).

9. Right-of-use assets:

| September 30, 2021 | Cost | Accumulated amortization | Net book value |
|-------------------------|-------------------|--------------------------|-----------------|
| Vessel operating leases | \$ 1,066.6 | \$ (319.4) | \$ 747.2 |
| Other operating leases | 16.4 | (7.2) | 9.2 |
| Right-of-use assets | <u>\$ 1,083.0</u> | <u>\$ (326.6)</u> | <u>\$ 756.4</u> |

| December 31, 2020 | Cost | Accumulated amortization | Net book value |
|-------------------------|-------------------|--------------------------|-----------------|
| Vessel operating leases | \$ 1,060.9 | \$ (228.0) | \$ 832.9 |
| Office operating leases | 13.6 | (5.3) | 8.3 |
| Right-of-use assets | <u>\$ 1,074.5</u> | <u>\$ (233.3)</u> | <u>\$ 841.2</u> |

During the three and nine months ended September 30, 2021, the amortization in right-of-use assets were \$31,900,000 and \$94,300,000, respectively (September 30, 2020 – \$30,708,000 and \$90,154,000, respectively).

10. Other assets:

| | September 30, 2021 | December 31, 2020 |
|---|--------------------|-------------------|
| Intangible assets (a) | \$ 92.5 | \$ 104.8 |
| Deferred dry-dock (b) | 73.4 | 63.8 |
| Restricted cash | 38.2 | 38.2 |
| Contingent consideration asset (c) | 62.5 | 84.0 |
| Indemnity claim under acquisition agreement | 29.1 | — |
| Other | 49.0 | 42.9 |
| Other assets | <u>\$ 344.7</u> | <u>\$ 333.7</u> |

10. Other assets (continued):

(a) Intangible assets:

| September 30, 2021 | Cost | Accumulated Amortization | Net book value |
|--------------------|-----------------|--------------------------|-----------------|
| Customer contracts | \$ 129.9 | \$ (72.0) | \$ 57.9 |
| Trademark | 27.4 | (2.2) | 25.2 |
| Other | 14.2 | (4.8) | 9.4 |
| | <u>\$ 171.5</u> | <u>\$ (79.0)</u> | <u>\$ 92.5</u> |
| December 31, 2020 | Cost | Accumulated Amortization | Net book value |
| Customer contracts | \$ 129.9 | \$ (58.6) | \$ 71.3 |
| Trademark | 27.4 | (1.1) | 26.3 |
| Other | 11.5 | (4.3) | 7.2 |
| | <u>\$ 168.8</u> | <u>\$ (64.0)</u> | <u>\$ 104.8</u> |

During the three and nine months ended September 30, 2021, the Company recorded \$4,725,000 and \$15,833,000, respectively (September 30, 2020 – \$5,281,000 and \$15,714,000, respectively), of amortization related to intangible assets.

Future amortization of intangible assets is as follows:

| | | |
|-------------------|-----------|-------------|
| Remainder of 2021 | \$ | 4.8 |
| 2022 | | 18.3 |
| 2023 | | 14.6 |
| 2024 | | 11.7 |
| 2025 | | 7.9 |
| Thereafter | | 35.2 |
| | <u>\$</u> | <u>92.5</u> |

(b) Deferred dry-dock:

During the nine months ended September 30, 2021, changes in deferred dry-dock were as follows:

| | | |
|---------------------------|-----------|-------------|
| December 31, 2020 | \$ | 63.8 |
| Costs incurred | | 26.2 |
| Amortization expensed (1) | | (16.6) |
| September 30, 2021 | <u>\$</u> | <u>73.4</u> |

(1) Amortization of dry-docking costs is included in depreciation and amortization

(c) Contingent consideration asset:

As a part of the acquisition of APR Energy on February 28, 2020, the Company is compensated by the Sellers for certain losses that may be incurred on future cash repatriation from a foreign jurisdiction until the earlier of (1) reaching the maximum cash flows subject to compensation, (2) termination of specified contracts, (3) sustaining the ability to repatriate cash without losses and (4) April 30, 2022. The amount of compensation depends on the Company's ability to generate cash flows on specific contracts in the foreign jurisdiction and the magnitude of losses incurred on repatriation. The maximum amount of cash flows subject to compensation is \$110,000,000. In February 2021, Fairfax additionally agreed, subject to definitive documentation, to compensate the Company for future losses realized on sale or disposal of certain property, plant and equipment and inventory items calculated as the difference between the proceeds on sale or disposal and the book value of the respective assets at February 28, 2020, prior to acquisition. The maximum amount of losses subject to compensation under the February 2021 agreement is \$64,000,000. The definitive documentation was executed on April 30, 2021.

| | | |
|--|-----------|-------------|
| Contingent consideration asset, December 31, 2020 | \$ | 90.9 |
| Change in fair value | | 2.2 |
| Compensation received | | (25.2) |
| Contingent consideration asset | | 67.9 |
| Current portion included in prepaid expenses and other | | (5.4) |
| Contingent consideration asset, September 30, 2021 | <u>\$</u> | <u>62.5</u> |

11. Long-term debt:

| | September 31, 2021 | December 31, 2020 |
|--|--------------------|-------------------|
| Long-term debt: | | |
| Revolving credit facilities (a) (c) | \$ 544.1 | \$ 772.1 |
| Term loan credit facilities (b) (c) | 1,852.4 | 2,094.7 |
| Senior Unsecured Notes (d) | 1,302.2 | 80.0 |
| Fairfax Notes (e) | — | 600.0 |
| Senior Unsecured Exchangeable Notes | 201.3 | 201.3 |
| Senior Secured Notes (f) | 500.0 | — |
| | 4,400.0 | 3,748.1 |
| Fair value adjustment on term loan credit facilities | — | (0.1) |
| Debt discount on Fairfax Notes | — | (130.9) |
| Debt discount on Senior Unsecured Exchangeable Notes | (5.4) | (6.1) |
| Deferred financing fees | (61.3) | (44.9) |
| Long-term debt | 4,333.3 | 3,566.1 |
| Current portion of long-term debt | (377.4) | (332.1) |
| Long-term debt | <u>\$ 3,955.9</u> | <u>\$ 3,234.0</u> |

(a) Revolving credit facilities:

In May 2021, the Company refinanced one revolving credit facility which increased the aggregate commitments by \$100,000,000 and extended the maturity by two years.

As at September 30, 2021, the Company had five revolving credit facilities available (December 31, 2020 – five revolving credit facilities) which provided for aggregate borrowings of up to \$1,064,126,000 (December 31, 2020 – \$989,119,000), of which \$520,000,000 (December 31, 2020 – \$217,000,000) was undrawn.

As at September 30, 2021, the three month and six month average LIBOR on the Company's revolving credit facilities was 0.1% and 0.2%, respectively, (December 31, 2020 – three months average LIBOR of 0.2% and six months average LIBOR of 0.3%) and the margins ranged between 0.5% and 2.3% as at September 30, 2021 (December 31, 2020 – 0.5% and 2.3%). The weighted average rate of interest, including the margin, for the Company's revolving credit facilities was 1.0% as at September 30, 2021 (December 31, 2020 – 1.4%). Interest payments are made monthly, quarterly and semi-annually.

The following is a schedule of future minimum repayments under the Company's revolving facilities as of September 30, 2021:

| | |
|-------------------|-----------------|
| Remainder of 2021 | \$ 25.7 |
| 2022 | 460.2 |
| 2023 | 58.2 |
| | <u>\$ 544.1</u> |

(b) Term loan credit facilities:

In May 2021, the Company amended and restated three term loan credit facilities which increased the aggregate commitments by \$79,540,000 and extended maturities by two years.

As at September 30, 2021, the Company had \$2,032,040,000 (December 31, 2020 – \$2,344,730,000) of term loan credit facilities available, of which \$179,540,000 (December 31, 2020 – \$250,000,000) was undrawn. Three of the term loan credit facilities have a revolving loan component, all of which have been included in the revolving credit facilities above.

For all of the Company's term loan credit facilities, except three, interest is calculated based on three month or six month LIBOR plus a margin per annum, dependent on the interest period selected by the Company. The three month and six month average LIBOR was 0.1% and 0.2%, respectively (December 31, 2020 – 0.2% and 0.3%) and the margins ranged between 0.4% and 3.5% as at September 30, 2021 (December 31, 2020 – 0.4% and 4.3%).

For one of the term loan credit facilities with a total principal amount outstanding of \$30,391,000 (December 31, 2020 – \$39,970,000), interest is calculated based on the Export-Import Bank of Korea ("KEXIM") rate plus 0.7% per annum.

For two of the term loan credit facilities with a total principal amount outstanding of \$11,957,000 (December 31, 2020 – nil), interest is calculated based on a fixed rate of 3.8% per annum for both.

The weighted average rate of interest, including the applicable margin, was 2.1% as at September 30, 2021 (December 31, 2020 – 2.7%) for the Company's term loan credit facilities. One of the Company's term loan credit facilities bears interest at a fixed rate of 7.7%. Interest payments are made in monthly, quarterly or semi-annual payments.

The following is a schedule of future minimum repayments of the Company's term loan credit facilities as of September 30, 2021.

11. Long-term debt (continued):

(b) Term loan credit facilities (continued):

| | | |
|-------------------|----|----------------|
| Remainder of 2021 | \$ | 125.2 |
| 2022 | | 161.7 |
| 2023 | | 304.5 |
| 2024 | | 135.3 |
| 2025 | | 132.4 |
| Thereafter | | 993.3 |
| | \$ | <u>1,852.4</u> |

(c) Credit facilities – other:

As at September 30, 2021, the Company’s credit facilities were secured by first-priority mortgages granted on most of its power generation assets and 69 of its vessels together with other related security. The security for each of the Company’s current secured credit facilities includes:

- A first priority mortgage on collateral assets;
- An assignment of the Company’s lease agreements and earnings related to the related collateral assets;
- An assignment of the insurance policies covering each of the collateral assets that are subject to a related mortgage and/or security interest;
- An assignment of the Company’s related shipbuilding contracts and the corresponding refund guarantees and;
- A pledge over the related retention accounts.

As at September 30, 2021, \$1,363,641,000 principal amount of indebtedness under the Company’s term loan and revolving credit facilities was secured by a portfolio of 52 vessels, the composition of which can be changed, and is subject to a borrowing base and portfolio concentration requirements, as well as compliance with financial covenants and certain negative covenants.

The Company may prepay certain amounts outstanding without penalty, other than breakage costs in certain circumstances, with the exception of one term loan credit facility, where the Company may prepay borrowings up to March 6, 2023 with penalties and thereafter without penalty. A prepayment may be required as a result of certain events, including change of control and, where applicable, the sale or loss of assets or a termination or expiration of certain lease agreements (and the inability to enter into a lease replacing the terminated or expired lease suitable to lenders within a specified period of time). The amount that must be prepaid may be calculated based on the loan to market value. In these circumstances, valuations of the Company’s assets are conducted on a “without lease” and/or “orderly liquidation” basis as required under the credit facility agreement.

Each credit facility contains a mix of financial covenants requiring the borrower and/or guarantor of the facility to maintain minimum liquidity, tangible net worth, interest and principal coverage ratios, and debt-to-assets ratios, as defined. Each of Atlas and Seaspac are guarantors under certain facilities.

Some of the facilities also have an interest and principal coverage ratio, debt service coverage and vessel value requirement for the subsidiary borrower. The Company was in compliance with these covenants as at September 30, 2021.

11. Long-term debt (continued):

(d) Senior Unsecured Notes

In February 2021, the Company issued \$200,000,000 of 6.5% senior unsecured sustainability-linked bonds in the Nordic bond market (“2024 Bonds”). In April 2021, the Company issued a further \$300,000,000 of senior unsecured sustainability-linked bonds in the Nordic bond market (the “2026 Bonds” and together with the 2024 Bonds, the “Bonds”). The Bonds mature in February 2024 and April 2026, respectively, and bear interest at 6.5% per annum. If the sustainability performance targets are not met during the term of the Bonds, the Bonds will be settled at maturity at 100.5% of the initial principal. The Bonds are listed on the Oslo Stock Exchange.

In May 2021, the Company exchanged an aggregate principal amount of \$52,198,825 7.125% senior notes due 2027 of its wholly owned subsidiary, Seaspan Corporation (the “Seaspan Notes”), for an equivalent amount of its 7.125% senior notes due 2027 (the “Atlas Notes”), registered under the Securities Act of 1933, as amended, and listed on the Nasdaq Global Market. In July 2021, the Company exchanged an additional \$151,000 of Seaspan Notes for Atlas Notes, and redeemed all remaining Seaspan Notes.

On July 14, 2021, the Company issued \$750,000,000 of senior unsecured notes. These notes mature in 2029 and accrue interest at 5.5% per annum, payable semi-annually beginning on February 1, 2022. The notes are a blue transition bond developed to further the Company’s sustainability efforts.

(e) Fairfax Notes:

Pursuant to the Fairfax Exchange as described in note 5(b), the Company exchanged \$200,000,000 aggregate principal amount of the 2026 Fairfax Notes and all \$100,000,000 aggregate principal amount of the 2027 Fairfax Notes for (i) 12,000,000 Series J 7.00% Cumulative Redeemable Perpetual Preferred Shares, and (ii) 1,000,000 five year warrants to purchase an equal number of Atlas common shares at an exercise price of \$13.71 per share. The exchanged 2026 Fairfax Notes and 2027 Fairfax Notes were subsequently cancelled.

In connection with the Fairfax Exchange, the Fairfax Holders also agreed to amend the terms of the \$300,000,000 aggregate principal amount of the Fairfax Notes that remain outstanding following the Fairfax Exchange, which includes all 2025 Fairfax Notes and 2026 Fairfax Notes. The Amendment, among other things, eliminated the Fairfax Holders’ mandatory redemption and put rights and released and discharged all outstanding guarantees and liens on collateral thereunder. The Fairfax Holders also agreed to terminate Seaspan’s Amended and Restated Pledge and Collateral Agent Agreement and to release and discharge all liens on collateral thereof. The Company had the option to redeem the amended notes, in whole or in part, at any time at a redemption price equal to 100% of the principal amount plus any accrued and unpaid interest.

In August 2021, the remaining 2025 Fairfax Notes and 2026 Fairfax Notes were redeemed for cash at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest. As a result of the Fairfax Exchange and subsequent redemption of the 2025 Fairfax Notes and 2026 Fairfax Notes, the Company recorded a loss on debt extinguishment of \$70,215,000 and \$121,715,000 for the three and nine months ended September 30, 2021, respectively (September 30, 2020 – \$nil), representing the write-off of the existing associated debt discount and deferred financing fees.

(f) Senior Secured Notes:

In May 2021, the Company entered into a note purchase agreement to issue \$500,000,000 of sustainability-linked, senior secured notes (the “Senior Secured Notes”) in a US private placement. The Senior Secured Notes comprise four series, each ranking pari passu with the Company’s existing and future debt financing program. The Series A, Series C and Series D Senior Secured Notes were issued in May 2021, with interest rates ranging from 3.91% to 4.26% and maturities from June 2031 to June 2036. The Series B Senior Secured Notes, which bear interest at 3.91% per annum and mature in 2031, were issued in August 2021. The Senior Secured Notes contain certain sustainability features, and are subject to adjustment based on Seaspan’s achievements relative to certain key performance indicators.

12. Operating lease liabilities:

| | September 30, 2021 | December 31, 2020 |
|--|--------------------|-------------------|
| Operating lease commitments | \$ 825.5 | \$ 927.0 |
| Impact of discounting | (113.7) | (141.5) |
| Impact of changes in variable rates | 35.1 | 44.7 |
| Operating lease liabilities | 746.9 | 830.2 |
| Current portion of operating lease liabilities | (154.7) | (160.9) |
| Operating lease liabilities | <u>\$ 592.2</u> | <u>\$ 669.3</u> |

12. **Operating lease liabilities (continued):**

Operating lease costs related to vessel sale-leaseback transactions are summarized as follows:

| | Three months ended September 30 | | Nine months ended September 30 | |
|--|---------------------------------|---------|--------------------------------|----------|
| | 2021 | 2020 | 2021 | 2020 |
| Lease costs: | | | | |
| Operating lease costs | \$ 39.5 | \$ 40.5 | \$ 120.0 | \$ 120.6 |
| Variable lease adjustments | (3.0) | (4.2) | (10.6) | (8.0) |
| Other information: | | | | |
| Operating cash outflow used for operating leases | 35.6 | 35.2 | 106.6 | 110.2 |
| Weighted average discount rate | 4.8% | 4.8% | 4.8% | 4.8% |
| Weighted average remaining lease term | 6 years | 7 years | 6 years | 7 years |

In September 2021, the Company amended an operating lease for one vessel to extend the term for an additional five years. The amendment resulted in the continuation of its treatment as an operating lease. The reassessment due to the modification resulted in an increase of \$5,753,000 to lease liabilities and a corresponding increase to right-of-use assets.

13. **Other financing arrangements:**

| | September 30, 2021 | December 31, 2020 |
|---|--------------------|-------------------|
| Other financing arrangements | \$ 1,211.2 | \$ 879.5 |
| Deferred financing fees | (21.6) | (13.7) |
| Other financing arrangements | 1,189.6 | 865.8 |
| Current portion of other financing arrangements | (92.7) | (64.1) |
| Other financing arrangements | <u>\$ 1,096.9</u> | <u>\$ 801.7</u> |

In January 2021, the Company made a payment of \$69,166,000 to early terminate a sale-leaseback financing arrangement secured by one 11,000 TEU vessel. In March 2021, the Company entered into a new sale-leaseback financing arrangement of \$83,700,000, secured by the same 11,000 TEU vessel.

In April 2021, the Company entered into \$235,000,000 in sale-lease back finance arrangements to refinance three separate vessels, the funding of which was completed in May 2021.

In May 2021, the Company repaid \$59,300,000 upon early termination of a sale-leaseback financing arrangement secured by a 13,100 TEU vessel.

In April through September 2021, the Company entered into \$1,962,146,000 in sale-leaseback financing arrangements (the "Newbuild Sale-Leasebacks") related to 19 newbuild containerships, subject to satisfaction of customary closing conditions. The Newbuild Sale-Leasebacks partially fund pre-delivery payments related to the 19 newbuild containerships. During the three and nine months ended September 30, 2021, \$72,000,000 and \$135,000,000 was funded under the Newbuild Sale-Leasebacks.

Based on amounts funded for other financing arrangements, payments due to lessors would be as follows:

| | |
|-------------------|-------------------|
| Remainder of 2021 | \$ 22.9 |
| 2022 | 93.9 |
| 2023 | 94.2 |
| 2024 | 94.2 |
| 2025 | 87.1 |
| Thereafter | 818.9 |
| | <u>\$ 1,211.2</u> |

14. Other liabilities:

| | September 30, 2021 | December 31, 2020 |
|--|--------------------|-------------------|
| Asset retirement obligations(a) | \$ 50.2 | \$ 42.3 |
| Other | 34.9 | 23.4 |
| Other long-term liabilities | 85.1 | 65.7 |
| Current portion of other long-term liabilities | (65.7) | (24.8) |
| Other long-term liabilities | <u>\$ 19.4</u> | <u>\$ 40.9</u> |

(a) Asset retirement obligations:

| | |
|--|----------------|
| Asset retirement obligations, December 31, 2020 | \$ 42.3 |
| Liabilities acquired | 7.8 |
| Accretion expense | 0.1 |
| Asset retirement obligations, September 30, 2021 | <u>\$ 50.2</u> |

15. Income tax:

The effective tax rate for the three and nine months ended September 30, 2021 was 0.1% and 3.2% (September 30, 2020 – 5.1% and 5.4%). The tax rate was significantly lower than the United Kingdom statutory rate of 19% primarily due to international shipping reciprocal exemptions.

16. Share capital:

(a) Common shares:

Pursuant to the APR Energy acquisition agreement, Holdback Shares are issuable to the Sellers at a future date, subject to settlement of potential future events. As of September 30, 2021, 6,153,008 common shares are issuable as Holdback Shares, including 727,351 shares held in treasury.

During the three and nine months ended September 30, 2021, 48,573 and 342,837 Holdback Shares, respectively, were released from holdback and issued to the Sellers.

(b) Preferred shares:

As at September 30, 2021, the Company had the following preferred shares outstanding:

| Series | Shares | | Dividend rate per annum | Redemption by Company permitted on or after(1) | Liquidation preference | |
|--------|------------|------------|-------------------------|--|------------------------|-------------------|
| | Authorized | Issued | | | September 30, 2021 | December 31, 2020 |
| D | 20,000,000 | 5,093,728 | 7.95% | January 30, 2018 | \$ 127.3 | \$ 127.3 |
| E(2) | 15,000,000 | — | 8.25% | February 13, 2019 | — | 135.4 |
| G(2) | 15,000,000 | — | 8.20% | June 16, 2021 | — | 195.0 |
| H | 15,000,000 | 9,025,105 | 7.875% | August 11, 2021 | 225.6 | 225.6 |
| I | 6,000,000 | 6,000,000 | 8.00% | October 30, 2023 | 150.0 | 150.0 |
| J(3) | 12,000,000 | 12,000,000 | 7.00% | June 11, 2021 | 300.0 | — |

- (1) Redeemable by the Company, in whole or in part, at a redemption price of \$25.00 per share plus unpaid dividends. The preferred shares are not convertible into common shares and are not redeemable by the holder.
- (2) On July 1, 2021, the Company redeemed all of its outstanding 8.25% Series E Cumulative Redeemable Preferred Shares and outstanding 8.20% Series G Cumulative Redeemable Perpetual Preferred shares for cash at \$25.00 per share plus all accrued and unpaid dividends.
- (3) Dividends will be payable on the Series J Cumulative Redeemable Preferred Shares at a rate of 7.0% for the first five years after the issue date, with 1.5% increases annually thereafter to a maximum of 11.5%.

16. Share capital (continued):

(b) Preferred shares (continued):

On July 1, 2021, the Company redeemed all of its outstanding 8.25% Series E Cumulative Redeemable Preferred Shares and outstanding 8.20% Series G Cumulative Redeemable Perpetual Preferred shares for cash.

The Company's preferred shares are subject to certain financial covenants. The Company was in compliance with these covenants on September 30, 2021.

(c) Restricted shares:

During the three and nine months ended September 30, 2021, the Company granted nil and 71,904 restricted shares, respectively, to its board of directors, of which 11,984 restricted shares were forfeited.

(d) Restricted stock units:

During the three and nine months ended September 30, 2021, the Company granted 550,000 and 814,598 restricted stock units, respectively, to certain members of senior management.

(e) Cumulative redeemable preferred shares:

Pursuant to the Fairfax Exchange as described in note 5(b), the Company exchanged \$200,000,000 aggregate principal amount of the 2026 Fairfax Notes and all \$100,000,000 aggregate principal amount of the 2027 Fairfax Notes for (i) 12,000,000 Series J 7.00% Cumulative Redeemable Perpetual Preferred Shares, representing total liquidation value of \$300,000,000, and (ii) 1,000,000 five year warrants to purchase an equal number of shares of Atlas common stock at an exercise price of \$13.71 per share. The exchanged 2026 Fairfax Notes and 2027 Fairfax Notes were subsequently cancelled.

Dividends are payable on the Series J Preferred Shares at a rate of 7.0% for the first five years after the issue, with 1.5% increases annually thereafter to a maximum of 11.5%. These warrants may be exercised within a 5-year period. The Company can also elect to require early exercise of the warrants, at any time after June 11, 2025, if the fair value of one Atlas common share equals or exceeds two times the exercise price on the third trading day prior to the date on which the Company delivers the forced exercise notice.

17. Earnings per share ("EPS"):

| | Three months ended September 30, 2021 | | | Three months ended September 30, 2020 | | |
|--|---------------------------------------|-------------------------|---------------------|---------------------------------------|-------------------------|---------------------|
| | Earnings (numerator) | Shares (denominator) | Per share amount | Earnings (numerator) | Shares (denominator) | Per share amount |
| Net earnings | \$ 94.6 | | | \$ 84.1 | | |
| Less preferred share dividends: | | | | | | |
| Series D | (2.5) | | | (2.6) | | |
| Series E | — | | | (2.8) | | |
| Series G | — | | | (4.0) | | |
| Series H | (4.4) | | | (4.4) | | |
| Series I | (3.0) | | | (3.0) | | |
| Series J | (5.3) | | | — | | |
| Basic EPS: | | | | | | |
| Earnings attributable to common shareholders | \$ 79.4 | 246,411,000 | \$ 0.32 | \$ 67.3 | 245,924,000 | \$ 0.27 |
| Effect of dilutive securities: | | | | | | |
| Share-based compensation | — | 2,590,000 | | — | 474,000 | |
| Fairfax warrants | — | 11,419,000 | | — | 210,000 | |
| Holdback shares | — | 6,153,000 | | — | 6,734,000 | |
| Senior Unsecured Exchangeable Notes | — | 1,399,000 | | — | — | |
| Diluted EPS: | | | | | | |
| Earnings attributable to common shareholders | \$ 79.4 | 267,972,000 | \$ 0.30 | \$ 67.3 | 253,342,000 | \$ 0.27 |

| | Nine months ended September 30, 2021 | | | Nine months ended September 30, 2020 | | |
|--|--------------------------------------|-------------------------|---------------------|--------------------------------------|-------------------------|---------------------|
| | Earnings (numerator) | Shares (denominator) | Per share amount | Earnings (numerator) | Shares (denominator) | Per share amount |
| Net earnings | \$ 258.2 | | | \$ 218.7 | | |
| Less preferred share dividends: | | | | | | |
| Series D | (7.5) | | | (7.6) | | |
| Series E | (5.6) | | | (8.4) | | |
| Series G | (8.0) | | | (12.0) | | |
| Series H | (13.3) | | | (13.3) | | |
| Series I | (9.0) | | | (9.0) | | |
| Series J | (6.5) | | | — | | |
| Basic EPS: | | | | | | |
| Earnings attributable to common shareholders | \$ 208.3 | 246,251,000 | \$ 0.85 | \$ 168.4 | 240,120,000 | \$ 0.70 |
| Effect of dilutive securities: | | | | | | |
| Share-based compensation | — | 2,041,000 | | — | 290,000 | |
| Fairfax warrants | — | 10,466,000 | | — | 2,322,000 | |
| Holdback shares | — | 6,239,000 | | — | 5,002,000 | |
| Senior Unsecured Exchangeable Notes | — | 790,000 | | — | — | |
| Diluted EPS: | | | | | | |
| Earnings attributable to common shareholders | \$ 208.3 | 265,787,000 | \$ 0.78 | \$ 168.4 | 247,734,000 | \$ 0.68 |

18. Supplemental cash flow information:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|----------------------------------|-----------|---------------------------------|------------|
| | 2021 | 2020 | 2021 | 2020 |
| Interest paid | \$ 38.1 | \$ 38.9 | \$ 107.7 | \$ 118.8 |
| Interest received | 0.5 | 0.9 | 2.9 | 3.5 |
| Undrawn credit facility fee paid | 0.4 | — | 1.3 | 0.5 |
| Income taxes paid | 9.9 | 8.1 | 16.7 | 13.3 |
| | | | | |
| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
| | 2021 | 2020 | 2021 | 2020 |
| Non-cash financing and investing transactions: | | | | |
| APR Energy loans settled in shares | \$ — | \$ — | \$ — | \$ 8.3 |
| Asset retirement obligations liabilities incurred | — | — | — | 5.3 |
| Asset retirement obligations provision re-assessment | — | — | — | 0.8 |
| Cancellation of common shares issued on acquisition | — | 12.5 | — | 12.5 |
| Change in right-of-use assets and operating lease liabilities | 9.6 | — | 9.6 | — |
| Commencement of sales-type lease | 85.0 | — | 173.0 | 57.0 |
| Common shares issued on APR Energy acquisition | — | — | — | 316.8 |
| Contingent consideration asset related to APR Energy acquisition | — | — | — | 41.2 |
| Dividend reinvestment | — | 0.1 | — | 0.2 |
| Holdback Shares reserved on APR Energy acquisition | — | — | — | 70.6 |
| Interest capitalized on vessels under construction | 5.6 | — | 9.7 | — |
| Net assets acquired on acquisition | — | — | — | 326.8 |
| Payments to shipyard by financing company | 72.0 | — | 72.0 | — |
| Purchase price adjustment related to APR Energy acquisition | — | — | — | 19.4 |
| Prepayments transferred to vessels upon vessel delivery | 6.4 | — | 12.7 | 42.4 |
| Reclassification on lease modification | — | — | — | 377.4 |
| | \$ 178.6 | \$ 12.6 | \$ 277.0 | \$ 1,278.7 |
| | | | | |
| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
| | 2021 | 2020 | 2021 | 2020 |
| Changes in operating assets and liabilities | | | | |
| Accounts receivable | \$ 10.1 | \$ 5.0 | \$ (18.4) | \$ (20.1) |
| Inventories | (1.8) | 1.8 | (1.1) | (4.5) |
| Prepays expenses and other, and other assets | (12.5) | 3.1 | (42.8) | (2.1) |
| Net investment in lease | 4.4 | 2.8 | 10.6 | 10.5 |
| Accounts payable and accrued liabilities | (9.6) | (10.5) | 12.9 | (4.0) |
| Settlement of decommissioning provisions | (8.7) | (0.4) | (1.1) | (3.3) |
| Deferred revenue | (0.2) | 3.7 | (7.3) | 0.8 |
| Income tax payable | (6.3) | (5.2) | (0.7) | (3.2) |
| Major maintenance | (10.3) | (17.7) | (25.2) | (53.9) |
| Other liabilities | (1.3) | 0.6 | (5.7) | (4.9) |
| Operating lease liabilities | (33.0) | (0.5) | (93.1) | (1.2) |
| Derivative instruments | 6.7 | (29.1) | 20.1 | (86.6) |
| Contingent consideration asset | (6.6) | 6.8 | 5.4 | 15.7 |
| | \$ (69.1) | \$ (39.6) | \$ (146.4) | \$ (156.8) |

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:

| | September 30, | |
|---|---------------|----------|
| | 2021 | 2020 |
| Cash and cash equivalents | \$ 257.6 | \$ 220.6 |
| Restricted cash included in prepaid expenses and other | — | 0.1 |
| Restricted cash included in other assets (note 10) | 38.2 | 38.2 |
| Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows | \$ 295.8 | \$ 258.9 |

19. Commitments and contingencies:

(a) Operating leases:

At September 30, 2021, the commitment under operating leases for vessels was \$814,106,000 for the remainder of 2021 to 2029, and for other leases was \$11,430,000 for the remainder of 2021 to 2024. Total commitments under these leases are as follows:

| | | |
|-------------------|----|--------------|
| Remainder of 2021 | \$ | 35.4 |
| 2022 | | 144.9 |
| 2023 | | 147.5 |
| 2024 | | 150.4 |
| 2025 | | 126.6 |
| Thereafter | | 220.7 |
| | \$ | <u>825.5</u> |

For operating leases indexed to three-months LIBOR, commitments under these leases are calculated using the LIBOR in place as at September 30, 2021 for the Company.

(b) Vessel commitment:

As at September 30, 2021, the Company had entered into agreements to acquire 69 vessels (December 31, 2020 – 5 vessels). The Company has outstanding commitments for the remaining installment payments as follows:

| | | |
|-------------------|----|----------------|
| Remainder of 2021 | \$ | 245.8 |
| 2022 | | 1,079.8 |
| 2023 | | 2,962.1 |
| 2024 | | 2,222.6 |
| Total | \$ | <u>6,510.3</u> |

(c) Letter of credit:

As at September 30, 2021, the Company had \$10,708,000 (December 31, 2020 – \$11,686,000) in letters of credit outstanding in support of its mobile power generation business, all of which are unused.

20. Financial instruments:

(a) Fair value

The carrying values of cash and cash equivalents, short-term investments, restricted cash, accounts receivable, accounts payable, income tax payable and accrued liabilities approximate their fair values because of their short term to maturity.

As of September 30, 2021, the fair value of the Company's revolving credit facilities and term loan credit facilities, excluding deferred financing fees was \$2,352,609,000 (December 31, 2020 – \$2,827,984,000) and the carrying value was \$2,396,626,000 (December 31, 2020 – \$2,866,850,000). As of September 30, 2021, the fair value of the Company's other financing arrangements, excluding deferred financing fees, was \$1,229,409,000 (December 31, 2020 – \$891,710,000) and the carrying value was \$1,211,242,000 (December 31, 2020 – \$879,468,000). The fair value of the revolving and term loan credit facilities and other financing arrangements, excluding deferred financing fees, was estimated based on expected principal repayments and interest, discounted by relevant forward rates plus a margin appropriate to the credit risk of the Company. Therefore, the Company categorized the fair value of these financial instruments as Level 2 in the fair value hierarchy.

20. Financial instruments (continued):

(a) Fair value (continued):

As of September 30, 2021, the fair value of the Company's senior unsecured notes was \$1,351,316,000 (December 31, 2020 – \$89,207,000) and the carrying value was \$1,302,199,000 (December 31, 2020 – \$80,000,000). The fair value of the Company's Senior Unsecured Exchangeable Notes was \$207,421,000 (December 31, 2020 – \$195,232,000) and the carrying value was \$201,250,000 (December 31, 2020 – \$201,250,000) or \$195,890,000 (December 31, 2020 – \$195,000,000), net of debt discount. The fair value of the Company's Senior Secured Notes was \$456,002,000 and the carrying value was \$500,000,000. The fair value was calculated using the present value of expected principal repayments and interest discounted by relevant forward rates plus a margin appropriate to the credit risk of the Company. As a result, these amounts were categorized as Level 2 in the fair value hierarchy.

The Company's interest rate derivative financial instruments are re-measured to fair value at the end of each reporting period. The fair values of the interest rate derivative financial instruments have been calculated by discounting the future cash flow of both the fixed rate and variable rate interest rate payments. The discount rate is derived from a yield curve created by nationally recognized financial institutions adjusted for the associated credit risk. The fair values of the interest rate derivative financial instruments are determined based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets. Therefore, the Company categorized the fair value of these derivative financial instruments as Level 2 in the fair value hierarchy.

As part of the acquisition of APR Energy, the Company obtained a contingent consideration asset related to compensation the Company will receive from the Sellers on losses that may be generated from cash repatriation from a foreign jurisdiction. The fair value of the contingent consideration asset is calculated as the present value of expected future compensable losses from conversion of cash from foreign currency to US dollars, derived from the discount expected to be realized on repatriation of cash from the foreign jurisdiction over a specified period of time, which is a significant unobservable input. As such, the Company categorized the fair value of the contingent consideration asset as Level 3 in the fair value hierarchy. The discount expected to be realized on future repatriation of cash as of September 30, 2021 is 45%. An increase of 5% on the discount would result in an increase in the fair value of approximately \$1,544,000. A decrease of 5% on the discount would result in a decrease in the fair value of approximately \$1,543,000.

As part of the acquisition of APR Energy, the Company also obtained, a contingent consideration asset related to compensation the Company expects to receive from Fairfax on losses realized on future sale or disposal of certain property, plant and equipment and inventory items. The fair value of the contingent consideration asset is determined based on the present value of expected future compensation, calculated as the difference between the book value of the respective assets at acquisition and the realizable value of the asset obtained from market quotes, which is a significant unobservable input. As such, the Company categorized the fair value of the contingent consideration asset as Level 3 in the fair value hierarchy.

Unobservable inputs for recurring and non-recurring Level 3 disclosures are obtained from third parties whenever possible and reviewed by the Company for reasonableness.

20. Financial instruments (continued):

(b) Interest rate swap derivatives:

As of September 30, 2021, the Company had the following outstanding interest rate derivatives:

| Fixed per annum rate swapped for LIBOR | Notional amount as of September 30, 2021 | Maximum notional amount ⁽¹⁾ | Effective date | Ending date |
|--|--|--|--------------------|----------------------------------|
| 5.4200% | \$ 286.2 | \$ 286.2 | September 6, 2007 | May 31, 2024 |
| 1.6490% | 160.0 | 160.0 | September 27, 2019 | May 14, 2024 |
| 0.7270% | 125.0 | 125.0 | March 26, 2020 | March 26, 2025 |
| 1.6850% | 110.0 | 110.0 | November 14, 2019 | May 15, 2024 |
| 0.6300% | 94.0 | 94.0 | January 21, 2021 | October 14, 2026 |
| 0.6600% | 94.0 | 94.0 | February 4, 2021 | October 14, 2026 |
| 5.6000% | 86.4 | 86.4 | June 23, 2010 | December 23, 2021 ⁽²⁾ |
| 1.4900% | 27.5 | 27.5 | February 4, 2020 | December 30, 2025 |

- (1) Over the term of the interest rate swaps, the notional amounts increase and decrease. These amounts represent the peak notional amount over the remaining term of the swap.
(2) Prospectively de-designated as an accounting hedge in September 30, 2008.

If interest rates remain at their current levels, the Company expects that \$22,284,000 would be settled in cash in the next 12 months on interest rate swaps maturing after September 30, 2021. The amount of the actual settlement may be different depending on the interest rate in effect at the time settlements are made.

(c) Financial instruments measured at fair value:

The following provides information about the Company's financial instruments measured at fair value:

The following table provides information about gains and losses included in net earnings and reclassified from accumulated other comprehensive loss ("AOCL") into earnings:

| | September 30, 2021 | December 31, 2020 |
|---|--------------------|-------------------|
| Contingent consideration asset (note 10(c)) | \$ 67.9 | \$ 90.9 |
| Fair value of derivative assets | | |
| Interest rate swaps | 2.4 | — |
| Fair value of derivative liabilities | | |
| Interest rate swaps | 38.5 | 63.0 |

| | Three months ended September 30, | | Nine months ended September 30, | |
|--|----------------------------------|----------|---------------------------------|-----------|
| | 2021 | 2020 | 2021 | 2020 |
| Gain (loss) recognized in net earnings: | | | | |
| Gain (loss) on interest rate swaps | \$ (0.2) | \$ (2.2) | \$ 6.7 | \$ (34.9) |
| Gain on derivative put instrument | — | — | 0.1 | 0.9 |
| Gain on contingent consideration asset | 3.9 | 0.2 | 2.2 | 2.8 |
| Loss reclassified from AOCL to net earnings ⁽¹⁾ | | | | |
| Interest expense | — | — | — | (0.2) |
| Depreciation and amortization | (0.3) | (0.3) | (0.9) | (0.8) |

- (1) The effective portion of changes in unrealized loss on interest rate swaps was recorded in accumulated other comprehensive income until September 30, 2008 when these contracts were de-designated as accounting hedges. The amounts in accumulated other comprehensive income will be recognized in earnings when and where the previously hedged interest is recognized in earnings.

The estimated amount of AOCL expected to be reclassified to net earnings within the next 12 months is approximately \$1,055,000.

21. Subsequent events:

- a) On October 6, 2021, the Company declared quarterly dividends of \$0.496875, \$0.492188, \$0.500000, and \$0.43750 per Series D, Series H, Series I and Series J preferred share, respectively, representing a total distribution of \$15,223,000. The dividends were paid on November 1, 2021.
- b) On October 6, 2021, the Company declared quarterly dividends of \$0.125 per common share to all shareholders of record as of October 20, 2021. The dividends were paid on November 1, 2021.
- c) On October 29, 2021, the Company sold one 4,250 TEU vessel for an aggregate purchase price of \$38,280,000. Through a series of transactions, the vessel was ultimately purchased by a wholly owned subsidiary of Zhejiang Energy Atlas Marine Technology Co., Ltd, which is 50% owned by the Company. The Company continues to manage the ship operations of the vessel.
- d) In October 2021, the Company entered into a facility agreement providing for an aggregate \$633,088,000 in term loans, to finance eight newbuild containership vessels.
- e) In October 2021, the Company entered into agreements relating to underwritten financing arrangements totaling \$1,362,857,000, related to 17 newbuild containership vessels.
- f) In October and November 2021, the Company entered into agreements for sale-leaseback financing arrangements totaling \$1,333,897,000, related to 16 newbuild containership vessels.

ITEM 2 — MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following should be read in conjunction with the unaudited consolidated financial statements and related notes included in this Report and the audited consolidated financial statements, related notes and Management’s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 20-F for the year ended December 31, 2020. The Annual Report was filed with the U.S. Securities and Exchange Commission on March 19, 2021. Unless otherwise indicated, all amounts are presented in U.S. dollars, or USD. We prepare our consolidated financial statements in accordance with U.S. GAAP.

Overview

General

We are Atlas Corp., a global asset manager and the parent company of Seaspan Corporation (“Seaspan”) and APR Energy Ltd (together with Apple Bidco Limited, “APR Energy”).

Atlas was incorporated in the Republic of the Marshall Islands in October 2019 for the purpose of facilitating, and to become the successor public company of Seaspan pursuant to, the Reorganization. Atlas is a holding company and its sole assets are its interests in Seaspan and APR Energy and their respective subsidiaries.

Segment Reporting

For management purposes, the Company is organized based on its two leasing businesses and has two reportable segments, containership leasing and power generation. The Company’s containership leasing segment, which is conducted through Seaspan, owns and operates a fleet of containerships which are chartered primarily pursuant to long-term, fixed-rate, time charters with major container liner companies. The Company’s mobile power generation segment, which is conducted through APR Energy, owns and operates a fleet of power generation assets, including gas turbines and other equipment, and provides power solutions to customers, through medium to long-term contracts.

Containership leasing

Through Seaspan, we are a leading independent charter owner and manager of containerships, which we charter primarily pursuant to long-term, fixed-rate time charters with major container liner companies. We primarily deploy our vessels on long-term, fixed-rate time charters to take advantage of the stable cash flow and high utilization rates that are typically associated with long-term time charters. As at September 30, 2021, we operated a fleet of 132 vessels that have an average age of approximately eight years, on a TEU weighted basis.

Customers for our operating fleet as at September 30, 2021 are as follows:

| Customer for Current Fleet | Number of vessels under charter | TEUs under charter |
|-----------------------------------|--|---------------------------|
| CMA CGM | 19 | 173,700 |
| COSCO | 34 | 267,500 |
| Hapag-Lloyd | 13 | 109,250 |
| Maersk | 17 | 79,500 |
| MSC | 7 | 79,000 |
| ONE | 24 | 199,650 |
| Yang Ming Marine | 15 | 210,000 |
| ZIM | 3 | 13,600 |

Our primary objective for Seaspan is to continue to grow our containership leasing business through accretive vessel acquisitions as market conditions allow. Most of our customers’ containership business revenues are derived from the shipment of goods from the Asia Pacific region, primarily China, to various overseas export markets in the United States and in Europe.

We use the term “twenty-foot equivalent unit”, or TEU, the international standard measure of containers, in describing the capacity of our containerships, which are also referred to as our “vessels”.

The following table summarizes key facts regarding Seaspan's fleet as of September 30, 2021:

| Vessel Class (TEU) | # Vessels (Total Fleet) | # Vessels (of which are unencumbered) | Average Age (Years) (1) | Average Remaining Charter Period (Years)(1)(2) | Average Daily Charter Rate (in thousands of USD) | Days Off-Hire(3) | Total Ownership Days(4) |
|----------------------|-------------------------|---------------------------------------|-------------------------|--|--|------------------|-------------------------|
| 2500-3500 | 14 | 6 | 13.3 | 2.6 | 20.2 | 16 | 1,288 |
| 4250-5100 | 33 | 18 | 14.3 | 3.0 | 19.8 | 104 | 3,036 |
| 8500-9600(5) | 18 | 3 | 11.7 | 4.4 | 44.7 | - | 1,656 |
| 10000-11000(6) | 33 | 4 | 6.0 | 6.1 | 32.1 | 46 | 3,036 |
| 12000-13100(7) | 17 | - | 7.2 | 4.6 | 44.5 | - | 1,473 |
| 14000+ | 17 | 2 | 5.6 | 4.4 | 48.0 | 1 | 1,562 |
| Total/Average | 132 | 33 | 8.2 | 4.7 | 33.1 | 167 | 12,051 |

(1) Averages shown are weighted by TEU

(2) Excludes options to extend charter.

(3) Days Off-Hire includes scheduled and unscheduled days related to vessels being off-charter during the quarter ended September 30, 2021.

(4) Total Ownership Days for the quarter ended September 30, 2021, includes time charters and bareboat charters, and excludes days prior to the initial charter hire date.

(5) Includes 3 vessels on bareboat charter.

(6) Includes 8 vessels on bareboat charter.

(7) Includes 2 vessels on bareboat charter.

Power Generation

Through APR Energy, we also operate a fleet of power generation assets, providing power generation to customers including large corporations and public and private utilities. Our mobile, turnkey power plants are deployed in cities, countries, and industries around the world in both developed and developing markets. As of September 30, 2021, we operated a fleet of 30 aero-derivative gas turbines and 435 diesel generators. The average age of our turbines is approximately eight years and the average age of our diesel generators is approximately eleven years.

Our primary objective is to drive sustained growth and optimize cash flow by delivering operational excellence and providing a broad range of innovated technologies and offerings to generate customer value. Our revenues are primarily derived through power generation and our turnkey services include plant design, fast-tracked installation of generating equipment and balance of plant, plant operation, and around-the-clock service and maintenance.

We use the term "megawatts", or MW, in describing the capacity of our power generation equipment.

| Asset Type | Fleet Size (MW) | Contracted Fleet (MW) | Contracted Revenue (USD millions) | Average Remaining Contract Term (Years)(1) |
|--------------------|-----------------|-----------------------|-----------------------------------|--|
| Mobile Power Fleet | 1,355 | 1,246 | \$ 165.5 | 1.2 |

(1) Average remaining contract term excludes extensions; weighted by MW installed.

Significant Developments During the Quarter ended September 30, 2021

Shipbuilding Contracts for Newbuild Containerships

During the quarter ended September 30, 2021, Seaspan entered into agreements with shipyards to build 25 newbuild containerships that are summarized below.

| | Newbuilds | Total TEU |
|--------------|-----------|----------------|
| 7000 TEU | 10 | 70,000 |
| 7000 TEU LNG | 15 | 105,000 |
| Total | 25 | 175,000 |

Upon delivery, these vessels will commence long-term charters with leading global liner companies.

Vessel Deliveries

In July 2021, Seaspan accepted delivery of one 15,000 TEU scrubber-fitted vessel.

In September 2021, Seaspan also accepted delivery of a 12,200 TEU vessel representing the first newbuild delivery since 2018, which commenced 18-year charter with MSC.

Preferred Share and Note Redemptions

In July 2021, the Company redeemed all of its outstanding 8.25% Series E Cumulative Redeemable Preferred Shares and outstanding 8.20% Series G Cumulative Redeemable Perpetual Preferred Shares for cash.

In July 2021, the Company also redeemed all of the \$27.8 million 7.125% senior notes due 2027 of its wholly owned subsidiary, Seaspan Corporation (the “Seaspan Notes”).

In August 2021, the Company redeemed all of its outstanding 5.50% senior notes held by certain affiliates of Fairfax Financial Holdings Limited, which included \$250.0 million of 5.50% senior notes due 2025 (the “2025 Notes”) and \$50.0 million of 5.50% senior notes due 2026 (the “2026 Notes”) and together with the 2025 Notes, the “Fairfax Notes”), for cash on August 23, 2021.

Sale-Leaseback Financing

In August 2021, the Company entered into \$661.8 million in sale-leaseback financing arrangements related to six newbuild containership vessels, subject to satisfaction of customary closing conditions.

Private Placement of Notes

In July 2021, the Company issued \$750.0 million aggregate principal amount of 5.50% senior unsecured notes due 2029. The notes are a blue transition bond and Seaspan’s senior unsecured obligations and accrue interest at a rate of 5.50% per year, payable semi-annually in arrears on February 1 and August 1 of each year, beginning on February 1, 2022. The notes are not guaranteed by Atlas or any of its or Seaspan’s respective subsidiaries. The notes will mature on August 1, 2029, unless earlier repurchased or redeemed.

Senior Secured Notes Issuance

In August 2021, the Company issued \$50.0 million of Senior Secured Notes, Series B. The Series B Senior Secured Notes mature in 2031 and bear interest at 3.91% per annum.

Recent Changes to Directors and Senior Management

In July 2021, Katie Wade was appointed a non-executive board member effective September 2021.

In August 2021, Benjamin Church was appointed as Chief Executive Officer of APR Energy.

Impact of COVID-19 on our Business

The spread of the COVID-19 virus has caused substantial disruptions in the global economy and the shipping and energy industries, as well as significant volatility in the financial markets. The duration and full effects of this global health emergency and related disruptions are uncertain, as COVID-19 variants emerge and containment strategies continue to be adjusted. Negative impacts of COVID-19 are expected to reverberate beyond the duration of the pandemic itself.

Notwithstanding the foregoing, some of the negative impacts of COVID-19 on the container shipping industry have reversed in 2021 compared with 2020. Following a period of reduced container trade and associated charter rates in the first half of 2020, container trade and charter rates have since rebounded markedly due to increased demand and lack of capacity. We believe future significant downside risk to Seaspan's business is mitigated by our longstanding business relationships and the long-term contracts securing the majority of our fleet, including the 60 forward fixtures executed since the beginning of 2021.

For Seaspan, the costs of operations have increased due to COVID-19's impact on supply chains, on workers', surveyors' and other specialists' access to the shipyards to complete repairs and inspections, and on the ability to conduct crew transfers. Accordingly, we have made logistical changes and worked with vendors to ensure continued access to equipment and supplies and mitigate costs. We have also intentionally delayed or altered plans for repairs and vessel projects where practicable. For our crew, we have developed and implemented extended onboard management procedures and we have prepared response plans should any crew member fall ill onboard. In addition, although embarkation and disembarkation of seafarers remains challenging and there are increased costs associated, we are conducting crew changes at ports where transfers are permitted. Management has obtained agreements from certain charterers to alter trading routes to facilitate crew changes.

In contrast to the container shipping industry, COVID-19 continues to impact demand in the energy sector. APR Energy continues to be challenged by the effective shutdown of government institutions in some jurisdictions, which have impacted procurement processes for certain prospective projects. Nevertheless, APR Energy was able to secure contracts in the emergency and peaking power markets in which it operates. To mitigate the continued impact of COVID-19 on the energy sector, APR Energy focuses on developing existing customer relationships to ensure it is able to extend and expand current contractual relationships wherever possible. As at September 30, 2021, APR Energy has 3 turbines off contract, together representing 60 megawatt capacity and 10% of the overall fleet capacity. There can be no assurance that we will be able to secure employment for our idle turbines or buyers for the diesel power modules in the near term.

Many of our office staff continue to work remotely. As the various jurisdictions in which we operate begin to re-open, we are evaluating the return to our offices, business travel and physical meetings consistent with local health authority directives and recommendations.

We continuously monitor the COVID-19 situation, as well as our customers' response thereto, and make all necessary preparations to address and mitigate, to the extent possible, the impact to our Company.

Subsequent Events

Dividends

On October 6, 2021, our Board of Directors declared the following quarterly cash dividends on outstanding common and preferred shares for a total distribution of \$61.2 million paid on November 1, 2021.

| Security | Ticker | Dividend per Share | Period | Record Date | Payment Date |
|---------------------------|---------|--------------------|-----------------------------|-------------|--------------|
| Common shares | ATCO | \$ 0.125 | July 1 – September 30, 2021 | 10/20/2021 | 11/1/2021 |
| Series D preferred shares | ATCO-PD | \$ 0.496875 | July 30 – October 29, 2021 | 10/29/2021 | 11/1/2021 |
| Series H preferred shares | ATCO-PH | \$ 0.492188 | July 30 – October 29, 2021 | 10/29/2021 | 11/1/2021 |
| Series I preferred shares | ATCO-PI | \$ 0.50 | July 30 – October 29, 2021 | 10/29/2021 | 11/1/2021 |
| Series J preferred shares | N/A | \$ 0.43750 | July 30 – October 29, 2021 | 10/29/2021 | 11/1/2021 |

Newbuild financings

In October 2021, we entered into a facility agreement for an aggregate \$633.1 million in term loans, to finance eight newbuild containership vessels.

In October 2021, we entered into agreements relating to underwritten financing arrangements totaling \$1,362.9 million, related to 17 newbuild containership vessels.

In October and November 2021, we entered into agreements for sale-leaseback financing arrangements totaling \$1,333.9 million, related to 16 newbuild containership vessels.

Vessel sale

On October 29, 2021, Seaspan sold one 4,250 TEU vessel for an aggregate purchase price of \$38.3 million. Through a series of transactions, the vessel was ultimately purchased by a wholly owned subsidiary of Zhejiang Energy Atlas Marine Technology Co., Ltd, which is 50% owned by Atlas. Seaspan continues to manage the ship operations of the vessel.

Three and Nine Months Ended September 30, 2021, Compared with Three and Nine Months Ended September 30, 2020

The following tables summarize Atlas' consolidated financial results for select information, as well as the segmental financial results, for the three and nine months ended September 30, 2021, and 2020.

Our consolidated financial results for the quarter ended September 30, 2021, are summarized below:

| Consolidated Financial Summary (in millions of US dollars, except earnings per share amount) | Three Months Ended September 30, | | | | Nine Months Ended September 30, | | | |
|---|-------------------------------------|-------|------|-------|------------------------------------|---------|----|---------|
| | 2021 | | 2020 | | 2021 | 2020 | | |
| | | | | | | | | |
| Revenue | \$ | 451.9 | \$ | 386.2 | \$ | 1,218.4 | \$ | 1,058.4 |
| Operating expense | | 86.1 | | 78.2 | | 245.2 | | 205.0 |
| Depreciation and amortization expense | | 106.6 | | 103.9 | | 284.7 | | 264.6 |
| General and administrative expense | | 16.6 | | 21.1 | | 55.6 | | 51.3 |
| Operating lease expense | | 36.5 | | 37.0 | | 109.4 | | 113.7 |
| Operating earnings | | 219.7 | | 146.0 | | 552.6 | | 423.8 |
| Loss on debt extinguishment | | 70.9 | | - | | 127.0 | | - |
| Interest expense | | 50.0 | | 45.3 | | 151.4 | | 145.7 |
| Net earnings | | 94.6 | | 84.1 | | 258.2 | | 218.7 |
| Net earnings attributable to common shareholders | | 79.4 | | 67.3 | | 208.3 | | 168.4 |
| Earnings per share, diluted | | 0.30 | | 0.27 | | 0.78 | | 0.68 |
| Cash from operating activities | | 249.6 | | 193.1 | | 645.6 | | 482.6 |

Segmental Financial Summary (in millions of US dollars)

| | Three Months Ended September 30, 2021 | | | | | | |
|--|---------------------------------------|-------------------------|--------------------------|--------|----|-------|--------|
| | Containership Leasing | Mobile Power Generation | Elimination and Other(1) | Total | | | |
| Revenue | \$ | 376.6 | \$ | 75.3 | \$ | - | 451.9 |
| Operating expense | | 73.0 | | 13.1 | | - | 86.1 |
| Depreciation and amortization expense | | 77.5 | | 29.1 | | - | 106.6 |
| General and administrative expense | | 12.2 | | 8.8 | | (4.4) | 16.6 |
| Indemnity claim (income) under acquisition agreement | | - | | (13.6) | | - | (13.6) |
| Operating leases | | 35.6 | | 0.9 | | - | 36.5 |
| Loss on debt extinguishment | | 70.9 | | - | | - | 70.9 |
| Interest expense | | 45.0 | | 5.1 | | (0.1) | 50.0 |
| Interest income | | (0.1) | | (0.5) | | - | (0.6) |
| Income tax expense / (recovery) | | 0.3 | | (0.2) | | - | 0.1 |

(1) Elimination and Other includes amounts relating to gain/loss on contingent consideration asset, elimination of intercompany transactions and unallocated amounts.

Operating Results – Containership Leasing Segment

Ownership Days are the number of days a vessel is owned and available for charter. Ownership Days On-Hire are the number of days a vessel is available to the charterer for use. The primary driver of Ownership Days is the increase or decrease in the number of vessels in our fleet.

Total Ownership Days increased by 663 days for the nine months ended September 30, 2021, compared with the same period in 2020. The increase for the nine months ended September 30, 2021, was primarily due to the delivery of the seven vessels after September 2020, which contributed 551 days.

Vessel Utilization represents the number of Ownership Days On-Hire as a percentage of Total Ownership Days. The following table summarizes Seaspan's Vessel Utilization for the last eight consecutive quarters:

| | 2019 | | 2020 | | | | 2021 | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|
| | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | |
| Vessel Utilization: | | | | | | | | | |
| Time Charter Ownership Days ⁽¹⁾ | 9,791 | 9,646 | 10,047 | 10,284 | 10,520 | 10,318 | 10,609 | 10,946 | |
| Bareboat Ownership Days ⁽¹⁾ | 523 | 1,069 | 1,092 | 1,104 | 1,104 | 1,112 | 1,092 | 1,105 | |
| Total Ownership Days | 10,314 | 10,715 | 11,139 | 11,388 | 11,624 | 11,430 | 11,701 | 12,051 | |
| Less Off-Hire Days: | | | | | | | | | |
| Scheduled Dry-Docking | (59) | (131) | (195) | (89) | (20) | (63) | (111) | (123) | |
| Unscheduled Off-Hire ⁽²⁾ | (36) | (90) | (90) | (68) | (29) | (25) | (60) | (44) | |
| Ownership Days On-Hire | 10,219 | 10,494 | 10,854 | 11,231 | 11,575 | 11,342 | 11,530 | 11,884 | |
| Vessel Utilization | 99.1% | 97.9% | 97.4% | 98.6% | 99.6% | 99.2% | 98.5% | 98.6% | |

(1) Ownership Days for time charters and bareboat charters exclude days prior to the initial charter hire date

(2) Unscheduled off-hire includes days related to vessels being off-charter.

Vessel utilization remained constant and increased for the three and nine months ended September 30, 2021, compared with the same periods in 2020 respectively. The increase was primarily due to a decrease in the number of Scheduled Dry-Docking days.

New Vessels Contracts.

The following table summarizes key facts regarding our secondhand vessels acquired in 2021:

| Vessel Name | Vessel Class (TEU) | Delivery Date | Charterer | Length of Charter ⁽¹⁾ | Charter Type |
|-------------------------------------|-----------------------|---------------|-----------|-------------------------------------|--------------|
| Mediterranean Bridge ⁽²⁾ | 8500 | Apr-21 | ZIM | 6 years | Time Charter |
| Gulf Bridge ⁽³⁾ | 8500 | May-21 | ZIM | 6 years | Time Charter |
| CMA CGM Chile ⁽⁴⁾ | 15000 | May-21 | CMA CGM | 6 years | Time Charter |
| CMA CGM Mexico ⁽⁴⁾ | 15000 | Jul-21 | CMA CGM | 6 years | Time Charter |

(1) All options to extend the term are exercisable at the charterer's option unless otherwise noted.

(2) Existing time charter on acquired vessel ends September 2021 and long-term charter commences thereafter.

(3) Existing time charter on acquired vessel ends June 2023 and long-term charter commences thereafter.

(4) Remaining length of charter from acquisition date.

List of newbuild vessels

The following table summarizes key facts regarding our 69 newbuild vessels totaling 826,800 TEU as of September 30, 2021:

| Hull Number | Vessel Class (TEU) | Expected Delivery Date | Charterer | Length of Charter(1) | Charter Type |
|-------------|--------------------|------------------------|-----------|---------------------------------------|------------------|
| 2338(2) | 24000 | Jun-23 | MSC | 18 years | Bareboat Charter |
| 2339(2) | 24000 | Jul-23 | MSC | 18 years | Bareboat Charter |
| H1845A | 15500 | Aug-23 | Maersk | Minimum 84 months and up to 96 months | Time Charter |
| H2760 | 15500 | Oct-23 | Maersk | Minimum 84 months and up to 96 months | Time Charter |
| H2761 | 15500 | Dec-23 | Maersk | Minimum 84 months and up to 96 months | Time Charter |
| H1846A(3) | 15500 | Dec-23 | MSC | 18 years | Bareboat Charter |
| H1847A(3) | 15500 | May-24 | MSC | 18 years | Bareboat Charter |
| H2762(3) | 15500 | Mar-24 | MSC | 18 years | Bareboat Charter |
| 1384(3)(4) | 15000 | Apr-24 | ONE | 5 years | Time Charter |
| 1385(3)(4) | 15000 | May-24 | ONE | 5 years | Time Charter |
| 1344(3)(4) | 15000 | Mar-24 | ONE | 5 years | Time Charter |
| 1345 | 15000 | Apr-24 | ONE | 5 years | Time Charter |
| 1346 | 15000 | May-24 | ONE | 5 years | Time Charter |
| 1347 | 15000 | Jun-24 | ONE | 5 years | Time Charter |
| 1340 | 15000 | Jan-23 | ONE | Minimum 60 months and up to 64 months | Time Charter |
| 1341 | 15000 | Apr-23 | ONE | Minimum 60 months and up to 64 months | Time Charter |
| 1342 | 15000 | May-23 | ONE | Minimum 60 months and up to 64 months | Time Charter |
| 1343 | 15000 | Jul-23 | ONE | Minimum 60 months and up to 64 months | Time Charter |
| 2434 | 15000 | Feb-23 | ZIM | 12 years | Time Charter |
| 2435 | 15000 | Mar-23 | ZIM | 12 years | Time Charter |
| 2436 | 15000 | Apr-23 | ZIM | 12 years | Time Charter |
| 2437 | 15000 | May-23 | ZIM | 12 years | Time Charter |
| 2438 | 15000 | Jul-23 | ZIM | 12 years | Time Charter |
| 2444 | 15000 | Sep-23 | ZIM | 12 years | Time Charter |
| 2445 | 15000 | Nov-23 | ZIM | 12 years | Time Charter |
| 2446 | 15000 | Nov-23 | ZIM | 12 years | Time Charter |
| 2447 | 15000 | Dec-23 | ZIM | 12 years | Time Charter |
| 2448 | 15000 | Jan-24 | ZIM | 12 years | Time Charter |
| 1360(4) | 15000 | Sep-23 | MSC | 18 years | Bareboat Charter |
| 1361(4) | 15000 | Oct-23 | MSC | 18 years | Bareboat Charter |
| 1362(4) | 15000 | Nov-23 | MSC | 18 years | Bareboat Charter |
| 1363(4) | 15000 | Dec-23 | MSC | 18 years | Bareboat Charter |
| 1364(4) | 15000 | Dec-23 | MSC | 18 years | Bareboat Charter |
| 1365(4) | 15000 | Feb-24 | MSC | 18 years | Bareboat Charter |
| J0263 | 12200 | Nov-21 | MSC | 18 years | Bareboat Charter |
| J0264 | 12200 | Apr-22 | MSC | 18 years | Bareboat Charter |
| J0265 | 12200 | Jun-22 | MSC | 18 years | Bareboat Charter |
| J0266 | 12200 | Nov-21 | MSC | 18 years | Bareboat Charter |
| 2270 | 12000 | Sep-22 | ONE | Minimum 60 months and up to 64 months | Time Charter |
| 2271 | 12000 | Oct-22 | ONE | Minimum 60 months and up to 64 months | Time Charter |
| 2822 | 12000 | Jul-22 | ONE | Minimum 60 months and up to 64 months | Time Charter |
| 2823 | 12000 | Aug-22 | ONE | Minimum 60 months and up to 64 months | Time Charter |
| 2049 | 12000 | Oct-22 | ZIM | 5 years | Time Charter |
| 2050 | 12000 | Nov-22 | ZIM | 5 years | Time Charter |
| 1369 | 7000 | Oct-23 | ZIM | 12 years | Time Charter |
| 1370 | 7000 | Nov-23 | ZIM | 12 years | Time Charter |
| 1371 | 7000 | Dec-23 | ZIM | 12 years | Time Charter |
| 1372 | 7000 | Jan-24 | ZIM | 12 years | Time Charter |
| 1373 | 7000 | Feb-24 | ZIM | 12 years | Time Charter |
| 1386 | 7000 | Apr-24 | ZIM | 12 years | Time Charter |
| 1387 | 7000 | May-24 | ZIM | 12 years | Time Charter |
| 1388 | 7000 | Jun-24 | ZIM | 12 years | Time Charter |
| 1389 | 7000 | Jun-24 | ZIM | 12 years | Time Charter |
| 1390 | 7000 | Aug-24 | ZIM | 12 years | Time Charter |
| 1394 | 7000 | Oct-24 | ZIM | 12 years | Time Charter |
| 1395 | 7000 | Nov-24 | ZIM | 12 years | Time Charter |
| 1396 | 7000 | Nov-24 | ZIM | 12 years | Time Charter |
| 1397 | 7000 | Dec-24 | ZIM | 12 years | Time Charter |
| 1398 | 7000 | Dec-24 | ZIM | 12 years | Time Charter |
| H1562 | 7000 | Apr-24 | ONE | 10 years | Time Charter |
| H1563 | 7000 | May-24 | ONE | 10 years | Time Charter |
| H1564 | 7000 | Jun-24 | ONE | 10 years | Time Charter |
| H1565 | 7000 | Jul-24 | ONE | 10 years | Time Charter |
| H1566 | 7000 | Jul-24 | ONE | 10 years | Time Charter |
| H1567 | 7000 | Aug-24 | ONE | 10 years | Time Charter |
| H1568 | 7000 | Sep-24 | ONE | 10 years | Time Charter |
| H1569 | 7000 | Sep-24 | ONE | 10 years | Time Charter |
| H1570 | 7000 | Oct-24 | ONE | 10 years | Time Charter |
| H1571 | 7000 | Nov-24 | ONE | 10 years | Time Charter |

- (1) Excludes all option periods in the charterer's option.
- (2) In October 2021, delivery dates were extended by two months.
- (3) In October 2021, the charterers for three 15,500 TEU and 15,000 TEU vessels were swapped between MSC and ONE.
- (4) In October 2021, nine of the 15,000 TEU vessels were upgraded to 16,000 TEU with delivery dates extended by two months.

As of September 30, 2021, the gross contracted cashflow for 69 newbuilds is summarized below:

| | <i>(in millions of USD)</i> |
|-------------------|-----------------------------|
| Remainder of 2021 | 1.7 |
| 2022 | 59.2 |
| 2023 | 463.3 |
| 2024 | 1,001.4 |
| 2025 | 979.7 |
| 2026 | 979.7 |
| Thereafter | 7,674.9 |
| | 11,159.9 |

Operating Results – Mobile Power Generation

Average Megawatt Capacity is the average maximum megawatts that can be generated by the power fleet. The primary driver of Average Megawatt Capacity is the increase or decrease in the number of power generating units in the power fleet. Average Megawatt On-Hire is the amount of capacity that is under contract and available to the customer for use. Power Fleet Utilization represents Average Megawatt On-Hire as a percentage of Average Megawatt Capacity.

The following table summarizes the Power Fleet Utilization, for the last eight consecutive quarters:

| | <u>2019</u> | | <u>2020(1)</u> | | | | <u>2021</u> | | |
|------------------------------|--------------|--------------|----------------|--------------|--------------|--------------|--------------|--------------|--|
| | <u>Q4</u> | <u>Q1</u> | <u>Q2</u> | <u>Q3</u> | <u>Q4</u> | <u>Q1</u> | <u>Q2</u> | <u>Q3</u> | |
| Power Fleet | | | | | | | | | |
| Average Megawatt On-Hire(2) | 1,075 | 934 | 966 | 1,131 | 866 | 866 | 1,063 | 1,246 | |
| Average Megawatt Capacity(3) | 1,536 | 1,428 | 1,413 | 1,414 | 1,402 | 1,360 | 1,360 | 1,356 | |
| Power Fleet Utilization(4) | 70.0% | 65.4% | 68.4% | 80.0% | 61.8% | 63.7% | 78.2% | 91.9% | |

- (1) Atlas acquired APR Energy on February 28, 2020. For periods prior to this, APR Energy was not controlled by Atlas.
- (2) Average Megawatt On-Hire is the amount of capacity that is under contract and available to the customer for use post COD.
- (3) Average Megawatt Capacity is the average maximum megawatts that can be generated by the power fleet.
- (4) Power fleet utilization in comparative periods has been adjusted to reflect average utilization during the quarter.

Power Fleet Utilization increased for the quarter ended September 30, 2021, compared with the same period in 2020. The increase was primarily due to APR entering into contracts to provide more megawatts due to significantly higher summer demands. This resulted in higher contracted and operating megawatts.

Financial Results Summary

Revenue

Revenue increased by 17.0% to \$451.9 million and by 15.1% to \$1,218.4 million for the three and nine months ended September 30, 2021, respectively, compared with the same periods in 2020. The increase in revenue was primarily due to an increase in average charter rates for its existing vessels and contribution from the delivery of six vessels after September 2020.

Operating Expense

Operating expense increased by 10.1% to \$86.1 million and by 19.6% to \$245.2 million for the three and nine months ended September 30, 2021, respectively, compared with the same periods in 2020. The increase was primarily due to additional expenses related to supplying higher power generation capacity and growth in Seaspan's operating fleet.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by 2.6% to \$106.6 million and by 7.6% to \$284.7 million for the three and nine months ended September 30, 2021, respectively, compared with the same periods in 2020. The increase was primarily due to the delivery of six vessels between September 2020 and September 2021.

General and Administrative Expense

General and administrative expense decreased by 21.3% to \$16.6 million and increased by 8.4% to \$55.6 million for the three and nine months ended September 30, 2021, respectively, compared with the same periods in 2020. The decrease for the three months ended September 30, 2021 was primarily due to the \$3.9 million change in fair value gain of the contingent considerations asset. The increase for the nine months ended September 30, 2021 was primarily due to the inclusion of APR Energy general and administrative expenses for a full period in 2021 compared to a partial period in 2020 and an increase in general corporate expenses including non-cash share-based compensation partially offset by the change in fair value of the contingent consideration asset.

Loss on debt extinguishment

During the three and nine months ended September 30, 2021, there was a \$70.9 million and \$127.0 million non-cash charge for loss on debt extinguishment related to early debt settlement.

Operating Lease Expense

Operating lease expense decreased by 1.4% to \$36.5 million and by 3.8% to \$109.4 million for the three and nine months ended September 30, 2021, respectively, compared with the same period in 2020. The decrease was primarily due to a decrease in LIBOR.

Interest Expense and Amortization of Deferred Financing Fees

The following table summarizes our borrowings:

(in millions of US dollars)

| | September 30, | | Change | |
|---|-------------------|-------------------|-----------------|--------------|
| | 2021 | 2020 | \$ | % |
| Long-term debt, excluding deferred financing fees: | | | | |
| Revolving credit facilities | \$ 544.1 | \$ 806.4 | \$ (262.3) | (32.5)% |
| Term loan credit facilities | 1,852.4 | 2,144.0 | (291.6) | (13.6)% |
| Senior unsecured notes | 1,302.2 | 80.0 | 1,222.2 | 1527.8% |
| Fairfax Notes | - | 600.0 | (600.0) | (100.0)% |
| Senior unsecured exchangeable notes | 201.3 | - | 201.3 | 100.0% |
| Senior secured notes | 500.0 | - | 500.0 | 100.0% |
| Debt discount and fair value adjustment | (66.7) | (136.0) | 69.3 | 51.0% |
| Other financing arrangements, excluding deferred financing fees | 1,211.2 | 808.3 | 402.9 | 49.8% |
| Total borrowings | 5,544.5 | 4,302.7 | 1,241.8 | 28.9% |
| Vessel under construction | (1,019.9) | - | (1,019.9) | 100.0% |
| Operating borrowings | \$ 4,524.6 | \$ 4,302.7 | \$ 221.9 | 5.2% |

(1) Total borrowings is a non-GAAP financial measure which comprises of long-term debt and other financing arrangements, excluding deferred financing fees. The Company's total borrowings include amounts related to vessels under construction, consisting primarily of amounts borrowed to pay installments to shipyards. The interest incurred on borrowings related to the vessels under construction are capitalized during the construction period. Total borrowings and operating borrowings are non-GAAP financial measures that are not defined under or prepared in accordance with U.S. GAAP. Disclosure of total borrowings and operating borrowings is intended to provide additional information and should not be considered a substitute for financial measures prepared in accordance with U.S. GAAP.

Interest expense increased by \$4.7 million to \$50.0 million and by \$5.7 million to \$151.4 million for the three and nine months ended September 30, 2021, respectively, compared with the same period in 2020. The increase is primarily due to the issuance of the Exchangeable Notes and Bonds (each as defined below), partially offset by the decrease in LIBOR rates.

Loss on Derivative Instruments

The change in fair value of derivative instruments resulted in a loss of \$0.2 million and a gain of \$6.8 million for the three and nine months ended September 30, 2021, respectively. The loss for this period was primarily due to a decrease in the LIBOR forward curve and the impact of swap settlements.

The fair value of our interest rate swaps are subject to, and the fair value of our Fairfax derivative put instruments (which are no longer outstanding) were subject to, change based on our company specific credit risk included in the discount factor and current swap curve, including its relative steepness. In determining the fair value, these factors are based on current information available to us. These factors are expected to change through the life of the instruments, causing the fair value to fluctuate significantly due to the large notional amounts and long-term nature of our derivative instruments. As these factors may change, the fair value of the instruments is an estimate and may deviate significantly from the actual cash settlements realized during the term of the instruments. Our valuation techniques have not changed, and we believe that such techniques are consistent with those followed by other valuation practitioners.

The fair value of our interest rate swaps is most significantly impacted by changes in the yield curve. Based on the current notional amount and tenor of our interest rate swap portfolio, a one percent parallel shift in the overall yield curve is expected to result in a change in the fair value of our interest rate swaps of approximately \$22.4 million. Actual changes in the yield curve are not expected to occur equally at all points and changes to the curve may be isolated to periods of time. This steepening or flattening of the yield curve may result in greater or lesser changes to the fair value of our financial instruments in a particular period than would occur had the entire yield curve changed equally at all points.

The fair value of our interest rate swaps is also impacted by changes in our company-specific credit risk included in the discount factor. We discount our derivative instruments with reference to the corporate Bloomberg industry yield curves. Based on the current notional amount and tenor of our swap portfolio, a one percent change in the discount factor is expected to result in a change in the fair value of our interest rate swaps of approximately \$0.5 million.

The fair value of the Fairfax derivative put instruments at each reporting period was subject to changes in our company specific credit risk and the risk-free yield curve. With the Amendment of the Fairfax Notes in June 2021, the put option was eliminated.

Our fair value instruments, including interest rate swaps and put instruments were marked to market with all changes in the fair value of these instruments recorded in "Change in fair value of financial instruments" in our Interim Consolidated Statement of Operations.

Please read "Item 11. Quantitative and Qualitative Disclosures About Market Risk" in our 2020 Annual Report on Form 20-F for additional information.

Effects of Hyperinflation

APR Energy operates in Argentina, where repatriation of cash generated from operations is subject to the country's historically unpredictable currency regulations, resulting in the creation of a two-tiered currency market. Under current currency controls, the amount of cash in pesos convertible to US dollars using the rate available at the central bank (the "Central Bank rate") is limited. Thus, the remaining pesos are converted using the Blue-Chip swap market, at approximately a 49.2% discount to the Central Bank rate as at September 30, 2021.

Losses realized on repatriation is included in "Other Expenses" in our Interim Consolidated Statement of Operations when incurred.

To compensate us for losses being incurred by APR Energy on repatriation of Argentinian Pesos, the Sellers of APR Energy agreed to indemnify Atlas for repatriation losses incurred, until the earlier of (1) reaching the maximum cash flows subject to compensation, (2) termination of specified contracts, (3) sustaining the ability to repatriate cash without losses and (4) April 30, 2022. The maximum amount of cash flows subject to compensation is \$110.0 million. This indemnity arrangement is included as a contingent consideration asset in "Other Assets" on our Interim Consolidated Balance Sheet, measured at fair value at the end of each reporting period with gains or losses reflected in the Interim Consolidated Statement of Operations.

The fair value of the contingent consideration asset is subject to fluctuations in the difference between the Central Bank rate and Blue-Chip swap market rate, as well as our estimate of the amount of cash we expect to repatriate. These factors are estimates and are expected to change through the life of the indemnity arrangement, causing the fair value to fluctuate significantly. Based on current expectations of cash repatriation, an increase of 5% in the discount on the Central Bank rate will result in an approximately \$1.5 million increase in the fair value of the contingent consideration asset. As these factors may change, the fair value of the contingent consideration asset is an estimate and may deviate significantly from the actual cash settlements realized from the Sellers.

Liquidity and Capital Resources

Liquidity

As of September 30, 2021, we have total liquidity of \$957.1 million, consisting of \$257.6 million of cash and cash equivalents and \$699.5 million of undrawn commitments under available revolving credit facilities and term loan. Our primary short-term liquidity needs are to fund our operating expenses, investments in assets including vessels under construction, debt repayments, lease payments, swap settlements, payment of quarterly dividends and payments on our other financing arrangements. Our medium-term liquidity needs primarily relate to debt repayments, vessel purchase commitments, lease payments, and payments on our other financing arrangements. Our long-term liquidity needs primarily relate to potential future acquisitions, lease payments, debt repayments including repayment of our notes, the potential future redemption of our preferred shares and payments on our other financing arrangements. Please read note 11 "Long-term debt", note 12 "Operating lease liabilities", note 13 "Other financing arrangements" and note 16 "Share capital" in our Interim Consolidated Financial Statements for additional information.

We anticipate that our primary sources of funds for our short-term liquidity needs will be cash from operations, and existing and new credit facilities and other financing arrangements. We anticipate our medium and long-term sources of funds will be from cash from operations, new credit facilities, lease facilities and capital markets financings to the extent available.

The following table summarizes our liquidity as of September 30, 2021, and 2020:

| (in millions of US dollars) | September 30, | |
|---|-----------------|-----------------|
| | 2021 | 2020 |
| Cash and cash equivalents | \$ 257.6 | \$ 220.6 |
| Undrawn Seaspan revolving credit facilities | 470.0 | 167.0 |
| Undrawn Seaspan term loan facilities | 179.5 | - |
| Undrawn APR revolving credit facilities | 50.0 | 40.0 |
| Total liquidity | \$ 957.1 | \$ 427.6 |

Our Credit Facilities

We primarily use our credit facilities to finance the construction and acquisition of assets. As at September 30, 2021, our credit facilities are secured by first-priority mortgages granted on 69 of our vessels and substantially all of our power generation assets, together with other related security, such as assignments of lease contracts, earnings for our assets, assignments of insurances and management agreements for vessels.

As of September 30, 2021, we had \$2.3 billion outstanding under our revolving credit facilities and term loan credit facilities excluding deferred financing fees. In addition, there is \$520.0 million available to be drawn under our revolving credit facilities.

Interest payments on our revolving credit facilities are based on LIBOR plus margins, which ranged between 0.5% and 2.3% as of September 30, 2021.

Interest payments on our term loan credit facilities are based on LIBOR plus margins, which ranged between 0.4% and 3.5% as of September 30, 2021. For a portion of one of our term loans, interest is calculated based on the reference rate of KEXIM plus a margin, which was 0.7% as of September 30, 2021. One of our term loan credit facilities bears interest at a fixed rate of 7.7%. Two of our term loans bear interest at a fixed rate of 3.8%.

The Company may prepay certain amounts outstanding without penalty, other than breakage costs in certain circumstances, with the exception of one term loan credit facility, where the Company may prepay borrowings up to March 6, 2023 with penalties and thereafter without penalty. A prepayment may be required as a result of certain events, including change of control and, where applicable, the sale or loss of assets or a termination or expiration of certain lease agreements (and the inability to enter into a lease replacing the terminated or expired lease suitable to lenders within a period of time). The amount that must be prepaid may be calculated based on the loan to market value. In these circumstances, valuations of the Company's assets are conducted on a "without lease" and/or "orderly liquidation" basis as required under the credit facility agreement.

Each credit facility contains a mix of financial covenants requiring the Company to maintain minimum liquidity, tangible net worth, interest and principal coverage ratios, and debt-to-assets ratios, as defined. Certain facilities are guaranteed by an intermediate parent entity, in which case the parent entity must meet certain consolidated financial covenants under those term loan facilities including maintaining certain minimum tangible net worth, cash requirements and debt-to-asset ratios.

Some of the facilities also have an interest and principal coverage ratio, debt service coverage and vessel value requirement for the subsidiary borrower. We were in compliance with these covenants at September 30, 2021.

The following is a schedule of key facts relating to Seaspan's credit facilities and other financing arrangements as of September 30, 2021:

Credit Facilities

| Year | Scheduled Amortization | Bullet Due on Maturity | Total Future Minimum Repayments | Additional Vessels Unencumbered Upon Maturity | Net Book Value of Vessels Unencumbered |
|-------------------|------------------------|------------------------|---------------------------------|---|--|
| Remainder of 2021 | \$ 66.9 | \$ 84.0 | \$ 150.9 | 4 | \$ 207.5 |
| 2022 | 203.4 | 406.5 | 609.9 | 8 | 687.5 |
| 2023 | 143.2 | 111.4 | 254.6 | 3 | 366.0 |
| 2024 | 125.3 | - | 125.3 | - | - |
| 2025 | 122.4 | - | 122.4 | - | - |
| 2026 | 61.0 | 704.0 | 765.0 | - | - |
| 2027 | 13.4 | 119.8 | 133.2 | - | - |
| 2028 | 8.8 | - | 8.8 | - | - |
| 2029 | 8.8 | - | 8.8 | - | - |
| 2030 | 4.4 | - | 4.4 | 2 | 173.1 |
| Thereafter | - | - | - | 52 | 3,257.8 |
| Total | 757.6 | 1,425.7 | 2,183.3 | 69 | 4,691.9 |

Other financing arrangements

| Year | Scheduled Amortization | Bullet Due on Maturity | Total Future Minimum Repayments | Additional Vessels Unencumbered Upon Maturity | Net Book Value of Vessels Unencumbered(1) |
|-------------------|------------------------|------------------------|---------------------------------|---|---|
| Remainder of 2021 | \$ 22.9 | \$ - | \$ 22.9 | - | \$ - |
| 2022 | 93.9 | - | 93.9 | - | - |
| 2023 | 94.2 | - | 94.2 | - | - |
| 2024 | 94.2 | - | 94.2 | - | - |
| 2025 | 87.1 | - | 87.1 | - | - |
| 2026 | 83.9 | - | 83.9 | - | - |
| 2027 | 83.9 | - | 83.9 | - | - |
| 2028 | 83.9 | - | 83.9 | - | - |
| 2029 | 76.1 | 27.0 | 103.1 | 2 | 193.1 |
| 2030 | 51.0 | 181.0 | 232.0 | 7 | 581.5 |
| Thereafter | 111.0 | 121.1 | 232.1 | 7 | 591.7(2) |
| Total | 882.1 | 329.1 | 1,211.2 | 16 | 1,366.3 |

(1) Includes unencumbered vessels that are included in the balance sheet as "Vessels" and as "Net Investment in Lease".

(2) Newbuilds that have not been delivered as at September 30, 2021 have not been included.

Notes

As of September 30, 2021, we had an aggregate of \$2.0 billion outstanding under our 7.125% senior unsecured notes due 2027, our 3.75% exchangeable senior notes due 2025 (the "Exchangeable Notes"), our 6.5% senior unsecured bonds due 2024 (the "2024 Bonds"), our 6.5% senior unsecured bonds due 2026 (the "2026 Bonds" and together with the 2024 Bonds, the "Bonds"), our 5.50% senior unsecured notes due 2029, and sustainability-linked senior secured notes (the "Senior Secured Notes"), excluding deferred financing fees.

As of September 30, 2021, there were no Fairfax Notes outstanding.

Our 7.125% senior unsecured notes due 2027 are callable at par plus accrued and unpaid interest, if any, any time. In the event of certain changes in withholding taxes, at our option, we may redeem our 7.125% senior unsecured notes due 2027 and Fairfax Notes, in each case in whole, but not in part, at a redemption price equal to 100.0% of the outstanding principal amount, plus accrued and unpaid interest, if any. Upon the occurrence of a Change of Control (as defined in the applicable notes), each holder of such notes will have the right to require us to purchase all or a portion of such holder's notes at a purchase price equal to 101.0% of the principal amount thereof plus accrued and unpaid interest, if any.

Our Exchangeable Notes are exchangeable at the holders' option into an aggregate 15,474,817 Atlas common shares at an initial exchange price of \$13.005 per share, the cash equivalent or a combination thereof, as elected by us, at any time on or after September 15, 2025, or earlier upon the occurrence of certain market price triggers, significant corporate events, or in response to early redemption elected by us. The holders may require us to redeem the Exchangeable Notes upon the occurrence of certain corporate events qualifying as a fundamental change in the business. We may redeem the Exchangeable Notes in connection with certain tax-related events or on any business day on or after December 20, 2023 and prior to September 15, 2025, if the last reported sale price of Atlas shares is at least 130.0% of the exchange price during a specified measurement period. A redemption of the Exchangeable Notes is made at 100.0% of the principal amount, plus accrued and unpaid interest. In connection with the Exchangeable Notes, we entered into capped call transactions using \$15.5 million in proceeds from the issuance of the Exchangeable Notes to reduce the potential dilution to Atlas shares and/or offset any cash payments that are required upon an exchange, up to a maximum share price.

In February and April 2021, we issued \$200.0 million and \$300.0 million of Bonds, respectively. The Bonds bear interest at 6.5% per annum and mature in February 2024 and April 2026, respectively. Upon maturity, 100.0% of the principal balance is due or 100.5% if certain sustainability-linked targets are not achieved, except in the event of certain eligible changes in tax law. Upon the occurrence of a Change in Control or a De-Listing event (as defined in the relevant Bond Terms), each holder of Bonds will have the right to require us to purchase all or a portion of such holder's Bonds at a purchase price equal to 101.0% of the principal amount thereof plus accrued and unpaid interest, if any.

On May 21 and August 12, 2021, we issued an aggregate \$500.0 million of Senior Secured Notes, which bear interest between 3.91% and 4.26% and mature between 2031 and 2036. The Senior Secured Notes are secured by the same portfolio of vessels as our Program.

On July 14, 2021, the Company issued \$750.0 million of senior unsecured notes. These notes mature in 2029 and accrue interest at 5.50% per annum.

Please read "Significant Developments During the Quarter-ended September 30, 2021" for additional information.

Operating Leases

As of September 30, 2021, we had 14 vessel operating lease arrangements. Under 13 of the operating lease arrangements, we may purchase the vessels for a predetermined fair value purchase price. For the remaining lease, we may purchase the vessel at the end of the lease term for the greater of the fair market value and a predetermined amount. As of September 30, 2021, we had total commitments, excluding purchase options, under vessel operating leases from 2021 to 2029 of approximately \$814.1 million.

Under our operating lease arrangements, subject to payment of a specified termination sum, we may voluntarily terminate the arrangement in certain circumstances. We may also be required to terminate and pay a termination sum as specified in the agreements in certain circumstances, such as a termination or expiry of a charter (where we do not enter into a charter suitable to the counterparties within a required period of time).

Other Financing Arrangements

We enter into financing arrangements consisting of financing sale-leaseback and failed sales arrangements with special purpose entities, which are consolidated by us as primary beneficiaries. These leases are provided by bank financial leasing owners who legally own our vessels through special purpose entities and are also granted other related security, such as assignments of time charters, earnings for the vessels, insurances for the vessels and management agreements for the vessels. We use these arrangements to finance the construction and acquisition of vessels, as well as certain of our operating vessels.

As of September 30, 2021, we have 20 vessels under these financing arrangements, which provided for borrowings of approximately \$1.21 billion excluding deferred financing fees. Under these agreements, we may voluntarily terminate a lease agreement, subject to payment of a termination fee in certain circumstances. We are also required to prepay rental amounts, broken funding costs and other costs to the lessor in certain circumstances, such as a termination or expiry of a charter (where we do not enter into a charter acceptable to the lessors within a required period of time). If we default under these financing arrangements, our lessors could declare all outstanding amounts to be immediately due and payable and realize on the security granted under these arrangements.

For additional information about our credit and lease facilities and other financing arrangements, including, among other things, a description of certain related covenants, please read "Item 5. Operating and Financial Review and Prospects—C. Liquidity and Capital Resources" in our 2020 Annual Report.

Cash Flows

The following table summarizes our sources and uses of cash for the periods presented:

| (in millions of US dollars) | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|----------|------------------------------------|----------|
| | 2021 | 2020 | 2021 | 2020 |
| Net cash flows from operating activities | \$ 249.6 | \$ 193.1 | \$ 645.6 | \$ 482.6 |
| Net cash flows used in investing activities | (606.3) | (170.2) | (1,457.5) | (630.9) |
| Net cash flows from (used in) financing activities | 23.3 | (25.5) | 765.2 | 209.9 |

Operating Cash Flows

Net cash flows from operating activities were \$249.6 million and \$645.6 million for the three and nine months ended September 30, 2021 respectively, an increase of \$56.5 million and \$163.0 million respectively compared to the same periods in 2020. The increase in net cash flows from operating activities was primarily due to the contribution of six vessels delivered to Seaspac after September 2020. For further discussion of changes in revenue and expenses, please read "Three and Nine Months Ended September 30, 2021, Compared with Three and Nine Months Ended September 30, 2020".

Investing Cash Flows

Net cash flows used in investing activities were \$606.3 million and \$1,457.5 million for the three and nine months ended September 30, 2021 respectively, an increase of cash flows used in investing activities of \$436.1 million and \$826.6 million respectively compared to the same periods in 2020. The increase in cash used in investing activities for the quarter ended September 30, 2021, was primarily due to the increase in expenditures on vessel acquisitions and installments on vessels under construction compared to the same periods in 2020.

Financing Cash Flows

Net cash flows from financing activities were \$23.3 million and \$765.2 million for the three and nine months ended September 30, 2021 respectively, an increase of \$48.8 million and \$555.3 million respectively in cash from financing activities, compared to the same periods in 2020. The increase was primarily due to higher amounts drawn on existing and new credit facilities, net of repayments and redemption of preferred shares.

Ongoing Capital Expenditures and Dividends

Ongoing Capital Expenditures

The average age of the vessels in our containership fleet is approximately eight years, on a TEU-weighted basis. Capital expenditures for our containership fleet primarily relate to our regularly scheduled dry-dockings. During the quarter ended September 30, 2021, we completed 4 dry-dockings. For the remainder of 2021, we expect 8 additional vessels to complete dry-docking.

The average age of the diesel generators is approximately eleven years and the average age of the aero-derivative gas turbines in our power fleet is approximately eight years. Capital expenditures for these assets primarily relate to mobilization and decommissioning requirements included in substantially all rental contracts. During the quarter ended September 30, 2021, we did not mobilize any sites and decommissioned none. For the remainder of 2021, we do not expect to mobilize any sites but expect to decommission four sites.

We must make substantial capital expenditures over the long-term to preserve our capital base, which is comprised of our net assets, to continue to refinance our indebtedness and to maintain our dividends. We will likely need to retain additional funds at some time in the future to provide reasonable assurance of maintaining our capital base over the long-term. We believe it is not possible to determine now, with any reasonable degree of certainty, how much of our operating cash flow we should retain in our business and when it should be retained to preserve our capital base. The amount of operating cash flow we retain in our business will affect the amount of our dividends. Factors that will impact our decisions regarding the amount of funds to be retained in our business to preserve our capital base, include the following, many of which are currently unknown and are outside our control:

- (1) the remaining lives of our property plant and equipment;
- (2) the returns that we generate on our retained cash flow, which will depend on the economic terms of any future asset acquisitions and lease terms;
- (3) future contract rates for our assets after the end of their existing leases agreements;
- (4) our future operating and interest costs;
- (5) future operating and financing costs;
- (6) our future refinancing requirements and alternatives and conditions in the relevant financing and capital markets at that time;

(7) capital expenditures to comply with environmental regulations and asset retirement obligations; and

(8) unanticipated future events and other contingencies.

Please read “Item 3. Key Information – D. Risk Factors” in our 2020 Annual Report for factors that may affect our future capital expenditures and results.

Dividends

The following table reflects dividends paid and accrued by us for the periods indicated:

| (in millions of US dollars, except per share amounts) | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|----------------|------------------------------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Dividends on Common shares | | | | |
| Declared, per share | \$ 0.125 | \$ - | \$ 0.375 | \$ 0.375 |
| Paid in cash | 31.1 | 31.2 | 93.4 | 88.9 |
| Reinvested in common shares through a dividend reinvestment plan | 0.1 | 0.1 | 0.2 | 0.2 |
| | <u>\$ 31.2</u> | <u>\$ 31.3</u> | <u>\$ 93.6</u> | <u>\$ 89.1</u> |
| Dividends on preferred shares (paid in cash) | | | | |
| Series D | \$ 2.5 | \$ 2.5 | \$ 7.6 | \$ 7.6 |
| Series E | \$ 1.9 | \$ 2.8 | \$ 7.5 | \$ 8.4 |
| Series G | \$ 2.7 | \$ 4.0 | \$ 10.7 | \$ 12.0 |
| Series H | \$ 4.4 | \$ 4.5 | \$ 13.3 | \$ 13.3 |
| Series I | \$ 3.0 | \$ 3.0 | \$ 9.0 | \$ 9.0 |
| Series J | \$ 2.9 | \$ — | \$ 2.9 | \$ — |

On October 6, 2021, the board of directors declared the cash dividends on our common and preferred shares as indicated above under “Subsequent Events —Dividends”.

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements in accordance with U.S. GAAP, which requires us to make estimates in the application of our accounting policies based on our best assumptions, judgments and opinions. Our estimates affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosures. We base our estimates on historical experience and anticipated results and trends and on various other assumptions that we believe are reasonable under the circumstances. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material. For more information about our critical accounting estimates, please read “Item 5. Operating and Financial Review and Prospects—D. Critical Accounting Estimates” in our 2020 Annual Report.

Recent accounting pronouncements

Discontinuation of LIBOR

In March 2020, FASB issued ASU 2020-04, “Reference Rate Reform (Topic 848)”, which provides optional relief for the discontinuation of LIBOR resulting from rate reform. Contract terms that are modified due to the replacement of a reference rate are not required to be remeasured or reassessed under FASB’s relevant U.S. GAAP Topic. The election is available by Topic. This guidance is effective for all entities as of March 12, 2020, through December 31, 2022 and may be applied from the beginning of an interim period that includes the issuance date of the ASU. The Company is currently evaluating the impact of this guidance.

Debt with conversion and other options

In August 2020, FASB issued ASU 2020-06, “Debt – Debt with Conversion and Other Options (Subtopic 470-20)”, which simplifies the accounting for convertible debt instruments by reducing the number of accounting models and circumstances when embedded conversion features are separately recognized. This update also revises the method in which diluted earnings per share is calculated related to certain instruments with conversion features, among other clarifications. The guidance is effective for annual reporting periods beginning after December 15, 2021, including interim periods within those fiscal years. The Company is currently evaluating the impact of this guidance.

Off-Balance Sheet Arrangements

At September 30, 2021, we do not have any off-balance sheet arrangements.

FORWARD-LOOKING STATEMENTS

This Report on Form 6-K for the quarter ended September 30, 2021, contains forward-looking statements (as such term is defined in Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act) concerning our operations, cash flows, and financial position, including, in particular, the likelihood of our success in developing and expanding our business, include forward-looking statements (as such term is defined in Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act). Statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “continue,” “expects,” “anticipates,” “intends,” “plans,” “believes,” “estimates,” “projects,” “forecasts,” “will,” “may,” “potential,” “should” and similar expressions are forward-looking statements. Although these statements are based upon assumptions we believe to be reasonable based upon available information, including projections of revenues, operating margins, earnings, cash flow, working capital and capital expenditures, they are subject to risks and uncertainties that are described more fully in this Report in the section titled “Risk Factors.”

These forward-looking statements represent our estimates and assumptions only as of the date of this Report and are not intended to give any assurance as to future results. As a result, you are cautioned not to rely on any forward-looking statements. Forward-looking statements appear in a number of places in this Report. These statements include, among others:

- future operating or financial results;
- future growth prospects;
- our business strategy and capital allocation plans, and other plans and objectives for future operations;
- our primary sources of funds for our short, medium and long-term liquidity needs;
- our expectations as to impairments of our vessels and power generation assets, including the timing and amount of potential impairments;
- the future valuation of our vessels, power generation assets and goodwill;
- potential acquisitions, financing arrangements and other investments, and our expected benefits from such transactions;
- future time charters and vessel deliveries, including replacement charters and future long-term charters for certain existing vessels;
- estimated future capital expenditures needed to preserve the operating capacity of our containership fleet and power generation assets and to comply with regulatory standards, our expectations regarding future operating expenses, including dry-docking and other ship operating expenses and expenses related to performance under our contracts for the supply of power generation capacity, and general and administrative expenses;
- availability of crew for our containerships, number of off-hire days and dry-docking requirements;
- global economic and market conditions and shipping and energy market trends, including charter rates and factors affecting supply and demand for our containership and power generation solutions;
- disruptions in global credit and financial markets as the result of the COVID-19 pandemic or otherwise;
- conditions in the public equity market and the price of our shares;
- our financial condition and liquidity, including our ability to realize the benefits of recent financing activities, borrow and repay funds under our credit facilities, our ability to obtain waivers or secure acceptable replacement charters under certain of our credit facilities, our ability to refinance our existing facilities and notes and to obtain additional financing in the future to fund capital expenditures, acquisitions and other general corporate activities;
- our continued ability to maintain, enter into or renew primarily long-term, fixed-rate time charters and leases of our power generation assets with our existing customers or new customers;
- the potential for early termination of long-term contracts and our potential inability to enter into, renew or replace long-term contracts;
- changes in governmental rules and regulations or actions taken by regulatory authorities, and the effect of governmental regulations on our business;
- our continued ability to meet specified restrictive covenants in our financing and lease arrangements, our notes and our preferred shares;
- the length and severity of the ongoing novel coronavirus (COVID-19) pandemic, including as a result of the new variants of the virus, and its impact on our business;

- the financial condition of our customers, lenders and other counterparties and their ability to perform their obligations under their agreements with us;
- our ability to leverage to our advantage our relationships and reputation in the containership industry;
- changes in technology, prices, industry standards, environmental regulation and other factors which could affect our competitive position, revenues and asset values;
- disruptions and security threats to our technology systems;
- taxation of our company, including our exemption from tax on our U.S. source international transportation income, and taxation of distributions to our shareholders;
- the continued availability of services, equipment and software from subcontractors or third-party suppliers required to provide our power generation solutions;
- our ability to protect our intellectual property and defend against possible third-party infringement claims relating to our power generation solutions;
- our ability to achieve or realize expected benefits from ESG initiatives;
- potential liability from future litigation;
- other factors detailed in this Report and from time to time in our periodic reports; and
- other risks that are not currently material or known to us.

Forward-looking statements in this Report are estimates and assumptions reflecting the judgment of senior management and involve known and unknown risks and uncertainties. These forward-looking statements are based upon a number of assumptions and estimates that are inherently subject to significant uncertainties and contingencies, many of which are beyond our control. Actual results may differ materially from those expressed or implied by such forward-looking statements. Accordingly, all forward-looking statements should be considered in light of various important factors, including, but not limited to, those set forth in “Item 3. Key Information—D. Risk Factors” in our Annual Report for the year ended December 31, 2020.

We do not intend to revise any forward-looking statements in order to reflect any change in our expectations or events or circumstances that may subsequently arise. We expressly disclaim any obligation to update or revise any of these forward-looking statements, whether because of future events, new information, a change in our views or expectations, or otherwise. You should carefully review and consider the various disclosures included in this Report and in our other filings made with the Securities and Exchange Commission, or the SEC, that attempt to advise interested parties of the risks and factors that may affect our business, prospects and results of operations.

ITEM 3 — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from changes in interest rates and foreign currency fluctuations. We use interest rate swaps to manage interest rate price risks. We do not use interest rate swaps for trading or speculative purposes.

Interest Rate Risk

As of September 30, 2021 our variable-rate credit facilities totaled \$3.4 billion, of which we had entered into interest rate swap agreements to fix the rates on a notional principal amount of \$983.1 million. These interest rate swaps have a fair value of \$36.2 million in the counterparties' favor.

The tables below provide information about our financial instruments at September 30, 2021 that are sensitive to changes in interest rates. In addition to the disclosures in this interim report, please read note 12 to 14 to our consolidated financial statements included in our 2020 Annual Report, which provide additional information with respect to our existing credit and lease facilities.

| (in millions of US dollars) | Principal Payment Dates | | | | | |
|------------------------------|-------------------------|----------|----------|----------|----------|------------|
| | Remainder of 2021 | 2022 | 2023 | 2024 | 2025 | Thereafter |
| Credit Facilities(1) | \$ 147.7 | \$ 609.1 | \$ 341.4 | \$ 125.3 | \$ 122.4 | \$ 920.2 |
| Vessel Operating Leases(2) | 34.4 | 141.1 | 144.9 | 149.1 | 126.2 | 218.4 |
| Sale-Leaseback Facilities(3) | 22.9 | 93.9 | 94.2 | 94.2 | 87.1 | 818.9 |

- (1) Represents principal payments on amounts drawn on our credit facilities that bear interest at variable rates. We have entered into interest rate swap agreements under certain of our credit facilities to swap the variable interest rates for fixed interest rates. For the purposes of this table, principal payments are determined based on contractual repayments in commitment reduction schedules for each related facility.
- (2) Represents payments under our operating leases. Payments under the operating leases have a variable component based on underlying interest rates, calculated using the applicable LIBOR in place as at September 30, 2021.
- (3) Represents payments, excluding amounts representing interest payments, on amounts drawn on our sale-leaseback facilities where the vessels remain on our balance sheet and that bear interest at variable rates.

As of September 30, 2021, we had the following interest rate swaps outstanding:

| Fixed Per Annum Rate Swapped for LIBOR | Notional Amount as of September 30, 2021 (in millions of US dollars) | Maximum Notional Amount(1) (in millions of US dollars) | Effective Date | Ending Date |
|--|--|--|-------------------|-----------------------|
| 5.4200% | \$ 286.2 | \$ 286.2 | September 6, 2007 | May 31, 2024 |
| 1.6490% | 160.0 | 160.0 | June 23, 2010 | December 23, 2021 |
| 0.7270% | 125.0 | 125.0 | March 26, 2020 | March 26, 2025 |
| 1.6850% | 110.0 | 110.0 | November 14, 2019 | May 15, 2024 |
| 0.6300% | 94.0 | 94.0 | January 21, 2021 | October 14, 2026 |
| 0.6600% | 94.0 | 94.0 | February 4, 2021 | October 14, 2026 |
| 5.6000% | 86.4 | 86.4 | June 23, 2010 | December 23, 2021 (2) |
| 1.4900% | 27.5 | 27.5 | February 4, 2020 | December 30, 2025 |

- (1) Over the term of the interest rate swaps, the notional amounts increase and decrease. These amounts represent the peak notional amount over the remaining term of the swap.
- (2) Prospectively de-designated as an accounting hedge in 2008.

Counterparties to these financial instruments may expose us to credit-related losses in the event of non-performance. As of September 30, 2021, these financial instruments are in the counterparties' favor. We have considered and reflected the risk of non-performance by us in the fair value of our financial instruments as of September 30, 2021. As part of our consideration of non-performance risk, we perform evaluations of our counterparties for credit risk through ongoing monitoring of their financial health and risk profiles to identify funding risk or changes in their credit ratings.

Counterparties to these agreements are major financial institutions, and we consider the risk of loss due to non-performance to be minimal. We do not require collateral from these institutions. We do not hold and will not issue interest rate swaps for trading purposes.

PART II — OTHER INFORMATION

Item 1 — Legal Proceedings

None.

Item 1A — Risk Factors

None.

Item 2 — Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3 — Defaults Upon Senior Securities

None.

Item 4 — Mine Safety Disclosures

None.

Item 5 — Other Information

The Company's 2021 Annual Meeting of Shareholders was held on November 2, 2021. Briefly described below is each matter voted on at the meeting:

- (1) Election of the following individuals, nominated by the board of directors, to serve until the 2022 Annual Meeting of Shareholders. There was no solicitation in opposition to the board's nominees for the directors listed in the Company's definitive proxy statement dated September 23, 2021. All of the nominees listed below were elected at the meeting.

| <u>Name</u> | <u>For</u> | <u>Withheld</u> | <u>Broker Non-Votes</u> |
|-----------------------|-------------|-----------------|-------------------------|
| Bing Chen | 189,201,153 | 8,431,515 | - |
| David Sokol | 186,487,929 | 11,144,739 | - |
| Lawrence Simkins | 186,389,004 | 11,243,664 | - |
| John C. Hsu | 196,732,361 | 900,307 | - |
| Nicholas Pitts-Tucker | 197,085,197 | 547,471 | - |
| Lawrence Chin | 187,727,241 | 9,905,427 | - |
| Stephan Wallace | 197,153,724 | 478,944 | - |
| Katie Wade | 197,349,444 | 283,224 | - |

- (2) Ratification of the appointment of KPMG LLP, Chartered Accountants as the Company's independent auditors for the fiscal year ending December 31, 2021. Total common stock voted was 196,963,922 in favor, 561,698 opposed, 107,048 abstained and no broker non-votes. The appointment of KPMG LLP as the independent auditors for the fiscal year ending December 31, 2021 was approved.

Item 6 — Exhibits

None.