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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For The Quarterly Period Ended June 30, 2023
Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from to
Commission file number - 001-37827

Triton International Limited

(Exact name of registrant as specified in the charter)

Bermuda	**98-1276572**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda
(Address of principal executive office)

(441) 294-8033
(Registrant's telephone number including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common shares, $0.01 par value per share	TRTN	New York Stock Exchange
8.50% Series A Cumulative Redeemable Perpetual Preference Shares	TRTN PRA	New York Stock Exchange
8.00% Series B Cumulative Redeemable Perpetual Preference Shares	TRTN PRB	New York Stock Exchange
7.375% Series C Cumulative Redeemable Perpetual Preference Shares	TRTN PRC	New York Stock Exchange
6.875% Series D Cumulative Redeemable Perpetual Preference Shares	TRTN PRD	New York Stock Exchange
5.75% Series E Cumulative Redeemable Perpetual Preference Shares	TRTN PRE	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirement for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 25, 2023, there were 55,061,160 common shares at $0.01 par value per share of the Registrant outstanding.

Triton International Limited

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q of Triton International Limited contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that involve substantial risks and uncertainties. In addition, we, or our executive officers on our behalf, may from time to time make forward-looking statements in reports and other documents we file with the Securities and Exchange Commission (the "SEC"), or in connection with oral statements made to the press, potential investors or others. All statements, other than statements of historical facts, including statements regarding our strategy, future operations, future financial position, future revenues, future costs, prospects, plans and objectives including any statements relating to the pending transaction with Brookfield Infrastructure Corporation, are forward-looking statements. The words "expect," "estimate," "anticipate," "predict," "believe," "think," "plan," "will," "should," "intend," "seek," "potential" and similar expressions and variations are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

All forward-looking statements address matters that involve risks and uncertainties, many of which are beyond Triton's control. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in such statements and, therefore, you should not place undue reliance on any such statements. These factors include, without limitation, economic, business, competitive, market and regulatory conditions and the following:

- risks relating to the pending acquisition of Triton by Brookfield Infrastructure Corporation (the ”Merger”), including the risk that the proposed Merger may not be completed in a timely manner or at all; the failure to receive, on a timely basis or otherwise, the required approvals of the proposed Merger by Triton’s shareholders; the possibility that any or all of the various conditions to the consummation of the proposed Merger may not be satisfied or waived, including the failure to receive any required regulatory approvals from any applicable governmental entities (or any conditions, limitations or restrictions placed on such approvals); the possibility that competing offers or acquisition proposals for Triton will be made; the occurrence of any event, change or other circumstance that could give rise to the termination of the Merger Agreement relating to the proposed Merger, including in circumstances which would require Triton to pay a termination fee; incurring substantial costs related to the proposed Merger; the effect of the announcement, pendency of the proposed Merger, or any failure to successfully complete the proposed Merger on Triton’s ability to attract, motivate or retain key executives and employees, our ability to maintain relationships with customers, vendors and others with whom Triton does business; risks related to the proposed Merger diverting management’s attention from Triton’s ongoing business operations; and the risk of shareholder litigation in connection with the proposed Merger, including resulting expense or delay;
- decreases in the demand for leased containers;
- decreases in market leasing rates for containers;
- difficulties in re-leasing containers after their initial fixed-term leases;
- our customers' decisions to buy rather than lease containers;
- increases in the cost of repairing and storing our off-hire containers;
- our dependence on a limited number of customers and suppliers;
- customer defaults;
- decreases in the selling prices of used containers;
- extensive competition in the container leasing industry;
- risks stemming from the international nature of our businesses, including global and regional economic conditions, including inflation and attempts to control inflation, and geopolitical risks such as the ongoing war in Ukraine;
- decreases in demand for international trade;
- risks resulting from the political and economic policies of the United States and other countries, particularly China, including but not limited to, the impact of trade wars, duties and tariffs;
- the impact of COVID-19 on our business and financial results;
- disruption to our operations from failures of, or attacks on, our information technology systems;
- disruption to our operations as a result of natural disasters;
- compliance with laws and regulations related to economic and trade sanctions, security, anti-terrorism, environmental protection and anti-corruption;
- the availability and cost of capital;
- restrictions imposed by the terms of our debt agreements;
- changes in tax laws in Bermuda, the United States and other countries; and
- other risks and uncertainties, including those listed under the caption "Risk Factors" in our Annual Report on Form 10-K filed with the SEC on February 14, 2023 (the "2022 Annual Report on Form 10-K"), in this Quarterly Report on Form 10-Q and in the other documents we file with the SEC from time to time, and such risks and uncertainties are specifically incorporated herein by reference.

The foregoing list of important factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included herein and elsewhere. Any forward-looking statements made in this Form 10-Q are qualified in their entirety by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Triton or its businesses or operations. Forward-looking statements speak only as of the date the statements are made. Except to the extent required by applicable law, we undertake no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

TRITON INTERNATIONAL LIMITED
Consolidated Balance Sheets
(In thousands, except share data)
(Unaudited)

	June 30, 2023	December 31, 2022
ASSETS:		
Leasing equipment, net of accumulated depreciation of $4,371,223 and $4,289,259	$ 9,131,457	$ 9,530,396
Net investment in finance leases	1,557,017	1,639,831
Equipment held for sale	195,763	138,506
Revenue earning assets	10,884,237	11,308,733
Cash and cash equivalents	55,251	83,227
Restricted cash	102,733	103,082
Accounts receivable, net of allowances of $2,129 and $2,075	255,524	226,554
Goodwill	236,665	236,665
Lease intangibles, net of accumulated amortization of $294,418 and $291,837	4,039	6,620
Other assets	44,698	28,383
Fair value of derivative instruments	123,674	115,994
Total assets	$ 11,706,821	$ 12,109,258
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Equipment purchases payable	$ 26,783	$ 11,817
Fair value of derivative instruments	2,414	2,117
Deferred revenue	297,665	333,260
Accounts payable and other accrued expenses	69,491	71,253
Net deferred income tax liability	415,826	411,628
Debt, net of unamortized costs of $48,276 and $55,863	7,624,750	8,074,820
Total liabilities	8,436,929	8,904,895
Shareholders' equity:		
Preferred shares, $0.01 par value, at liquidation preference	730,000	730,000
Common shares, $0.01 par value, 270,000,000 shares authorized, 81,441,414 and 81,383,024 shares issued, respectively	814	814
Undesignated shares, $0.01 par value, 800,000 shares authorized, no shares issued and outstanding	—	—
Treasury shares, at cost, 26,379,401 and 24,494,785 shares, respectively	(1,203,220)	(1,077,559)
Additional paid-in capital	909,211	909,911
Accumulated earnings	2,719,556	2,531,928
Accumulated other comprehensive income (loss)	113,531	109,269
Total shareholders' equity	3,269,892	3,204,363
Total liabilities and shareholders' equity	$ 11,706,821	$ 12,109,258

The accompanying Notes to the Unaudited Consolidated Financial Statements are an integral part of these statements.

TRITON INTERNATIONAL LIMITED
Consolidated Statements of Operations
(In thousands, except per share data)(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Leasing revenues:				
Operating leases	$ 360,004	$ 392,091	$ 730,352	$ 781,036
Finance leases	26,535	29,517	53,910	57,660
Total leasing revenues	386,539	421,608	784,262	838,696
Equipment trading revenues	26,426	48,108	45,528	82,228
Equipment trading expenses	(24,512)	(41,706)	(42,545)	(71,685)
Trading margin	1,914	6,402	2,983	10,543
Net gain on sale of leasing equipment	21,583	35,072	37,083	64,041
Operating expenses:				
Depreciation and amortization	146,880	160,922	295,315	321,638
Direct operating expenses	24,837	7,398	48,078	13,618
Administrative expenses	23,397	24,968	46,261	46,268
Transaction and other costs	2,579	—	2,579	—
Provision (reversal) for doubtful accounts	(760)	46	(2,557)	19
Total operating expenses	196,933	193,334	389,676	381,543
Operating income (loss)	213,103	269,748	434,652	531,737
Other expenses:				
Interest and debt expense	57,314	54,659	116,138	109,169
Unrealized (gain) loss on derivative instruments, net	—	100	(4)	(339)
Debt termination expense	—	1,627	—	1,663
Other (income) expense, net	(269)	(189)	(313)	(497)
Total other expenses	57,045	56,197	115,821	109,996
Income (loss) before income taxes	156,058	213,551	318,831	421,741
Income tax expense (benefit)	14,296	15,932	27,256	29,864
Net income (loss)	$ 141,762	$ 197,619	$ 291,575	$ 391,877
Less: dividend on preferred shares	13,028	13,028	26,056	26,056
Net income (loss) attributable to common shareholders	$ 128,734	$ 184,591	$ 265,519	$ 365,821
Net income per common share—Basic	$ 2.35	$ 2.91	$ 4.80	$ 5.70
Net income per common share—Diluted	$ 2.34	$ 2.90	$ 4.77	$ 5.68
Cash dividends paid per common share	$ 0.70	$ 0.65	$ 1.40	$ 1.30
Weighted average number of common shares outstanding—Basic	54,776	63,457	55,327	64,168
Dilutive restricted shares	323	288	289	277
Weighted average number of common shares outstanding—Diluted	55,099	63,745	55,616	64,445

The accompanying Notes to the Unaudited Consolidated Financial Statements are an integral part of these statements.

TRITON INTERNATIONAL LIMITED
Consolidated Statements of Comprehensive Income
(In thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income (loss)	$ 141,762	$ 197,619	$ 291,575	$ 391,877
Other comprehensive income (loss), net of tax:				
Change in derivative instruments designated as cash flow hedges	38,364	34,158	23,128	108,175
Reclassification of (gain) loss on derivative instruments designated as cash flow hedges	(10,187)	2,981	(18,916)	9,288
Foreign currency translation adjustment	32	(342)	50	(508)
Other comprehensive income (loss), net of tax	28,209	36,797	4,262	116,955
Comprehensive income	169,971	234,416	295,837	508,832
Less:				
Dividend on preferred shares	13,028	13,028	26,056	26,056
Comprehensive income attributable to common shareholders	$ 156,943	$ 221,388	$ 269,781	$ 482,776
Tax (benefit) provision on change in derivative instruments designated as cash flow hedges	$ 1,706	$ 1,728	$ 1,201	$ 7,274
Tax (benefit) provision on reclassification of (gain) loss on derivative instruments designated as cash flow hedges	$ (1,178)	$ (35)	$ (2,237)	$ 428

The accompanying Notes to the Unaudited Consolidated Financial Statements are an integral part of these statements.

TRITON INTERNATIONAL LIMITED
Consolidated Statements of Shareholders' Equity
(In thousands, except share amounts)
(Unaudited)

	Preferred Shares		Common Shares		Treasury Shares		Add'l Paid in Capital	Accumulated Earnings	Accumulated Other Comprehensive Income (Loss)	Total Equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as of December 31, 2022	**29,200,000**	**$ 730,000**	**81,383,024**	**$ 814**	**24,494,785**	**$ (1,077,559)**	**$ 909,911**	**$ 2,531,928**	**$ 109,269**	**$ 3,204,363**
Share-based compensation	—	—	135,716	1	—	—	2,212	—	—	2,213
Treasury shares acquired	—	—	—	—	1,744,616	(116,960)	—	—	—	(116,960)
Share repurchase to settle shareholder tax obligations	—	—	(77,326)	(1)	—	—	(5,479)	—	—	(5,480)
Net income (loss)	—	—	—	—	—	—	—	149,813	—	149,813
Other comprehensive income (loss)	—	—	—	—	—	—	—	—	(23,947)	(23,947)
Common shares dividend declared ($0.70 per share)	—	—	—	—	—	—	—	(39,214)	—	(39,214)
Preferred shares dividend declared	—	—	—	—	—	—	—	(13,028)	—	(13,028)
Balance as of March 31, 2023	**29,200,000**	**$ 730,000**	**81,441,414**	**$ 814**	**26,239,401**	**$ (1,194,519)**	**$ 906,644**	**$ 2,629,499**	**$ 85,322**	**$ 3,157,760**
Share-based compensation	—	—	—	—	—	—	2,567	—	—	2,567
Treasury shares acquired	—	—	—	—	140,000	(8,701)	—	—	—	(8,701)
Net income (loss)	—	—	—	—	—	—	—	141,762	—	141,762
Other comprehensive income (loss)	—	—	—	—	—	—	—	—	28,209	28,209
Common shares dividend declared ($0.70 per share)	—	—	—	—	—	—	—	(38,677)	—	(38,677)
Preferred shares dividend declared	—	—	—	—	—	—	—	(13,028)	—	(13,028)
Balance as of June 30, 2023	**29,200,000**	**$ 730,000**	**81,441,414**	**$ 814**	**26,379,401**	**$ (1,203,220)**	**$ 909,211**	**$ 2,719,556**	**$ 113,531**	**$ 3,269,892**

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	Preferred Shares		Common Shares		Treasury Shares		Add'l Paid in Capital	Accumulated Earnings	Accumulated Other Comprehensive Income (Loss)	Total Equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as of December 31, 2021	**29,200,000**	**$ 730,000**	**81,295,366**	**$ 813**	**15,429,499**	**$ (522,360)**	**$ 904,224**	**$ 2,000,854**	**$ (48,819)**	**$ 3,064,712**
Share-based compensation	—	—	164,932	2	—	—	2,554	—	—	2,556
Treasury shares acquired	—	—	—	—	1,257,374	(80,166)	—	—	—	(80,166)
Share repurchase to settle shareholder tax obligations	—	—	(93,253)	(1)	—	—	(5,628)	—	—	(5,629)
Net income (loss)	—	—	—	—	—	—	—	194,258	—	194,258
Other comprehensive income (loss)	—	—	—	—	—	—	—	—	80,158	80,158
Common shares dividend declared ($0.65 per share)	—	—	—	—	—	—	—	(42,307)	—	(42,307)
Preferred shares dividend declared	—	—	—	—	—	—	—	(13,028)	—	(13,028)
Balance as of March 31, 2022	**29,200,000**	**$ 730,000**	**81,367,045**	**$ 814**	**16,686,873**	**$ (602,526)**	**$ 901,150**	**$ 2,139,777**	**$ 31,339**	**$ 3,200,554**
Share-based compensation	—	—	22,764	—	—	—	3,691	—	—	3,691
Treasury shares acquired	—	—	—	—	1,832,240	(110,049)	—	—	—	(110,049)
Net income (loss)	—	—	—	—	—	—	—	197,619	—	197,619
Other comprehensive income (loss)	—	—	—	—	—	—	—	—	36,797	36,797
Common shares dividend declared ($0.65 per share)	—	—	—	—	—	—	—	(41,284)	—	(41,284)
Preferred shares dividend declared	—	—	—	—	—	—	—	(13,028)	—	(13,028)
Balance as of June 30, 2022	**29,200,000**	**$ 730,000**	**81,389,809**	**$ 814**	**18,519,113**	**$ (712,575)**	**$ 904,841**	**$ 2,283,084**	**$ 68,136**	**$ 3,274,300**

The accompanying Notes to the Unaudited Consolidated Financial Statements are an integral part of these statements.

TRITON INTERNATIONAL LIMITED
Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2023	**2022**
Cash flows from operating activities:		
Net income (loss)	$ 291,575	$ 391,877
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	295,315	321,638
Amortization of deferred debt cost and other debt related amortization	3,939	6,541
Lease related amortization	2,797	5,893
Share-based compensation expense	4,780	6,247
Net (gain) loss on sale of leasing equipment	(37,083)	(64,041)
Unrealized (gain) loss on derivative instruments	(4)	(339)
Debt termination expense	—	1,663
Deferred income taxes	5,234	12,542
Changes in operating assets and liabilities:		
Accounts receivable, net	(31,235)	(1,459)
Deferred revenue	(35,595)	266,802
Accounts payable and other accrued expenses	1,654	(2,957)
Net equipment sold (purchased) for resale activity	1,997	(14,015)
Cash received (paid) for settlement of interest rate swaps	—	16,588
Cash collections on finance lease receivables, net of income earned	115,523	72,004
Other assets	(11,288)	18,471
Net cash provided by (used in) operating activities	607,609	1,037,455
Cash flows from investing activities:		
Purchases of leasing equipment and investments in finance leases	(119,514)	(750,021)
Proceeds from sale of equipment, net of selling costs	180,312	126,818
Other	2	(405)
Net cash provided by (used in) investing activities	60,800	(623,608)
Cash flows from financing activities:		
Purchases of treasury shares	(129,776)	(187,967)
Debt issuance costs	—	(8,348)
Borrowings under debt facilities	70,000	1,505,600
Payments under debt facilities and finance lease obligations	(528,213)	(1,659,002)
Dividends paid on preferred shares	(26,056)	(26,056)
Dividends paid on common shares	(77,209)	(82,878)
Other	(5,480)	(5,629)
Net cash provided by (used in) financing activities	(696,734)	(464,280)
Net increase (decrease) in cash, cash equivalents and restricted cash	$ (28,325)	$ (50,433)
Cash, cash equivalents and restricted cash, beginning of period	186,309	230,538
Cash, cash equivalents and restricted cash, end of period	$ 157,984	$ 180,105
Supplemental disclosures:		
Interest paid	$ 112,884	$ 94,321
Income taxes paid (refunded)	$ 24,754	$ 17,538
Right-of-use asset for leased property	$ 791	$ 210
Supplemental non-cash investing activities:		
Equipment purchases payable	$ 26,783	$ 43,348

The accompanying Notes to the Unaudited Consolidated Financial Statements are an integral part of these statements.

Note 1—Description of the Business, Basis of Presentation and Accounting Policy Updates

Description of the Business

Triton International Limited ("Triton" or the "Company"), through its subsidiaries, leases intermodal transportation equipment, primarily maritime containers, and provides maritime container management services through a worldwide network of service subsidiaries, third-party depots and other facilities. The majority of the Company's business is derived from leasing its containers to shipping line customers through a variety of long-term and short-term contractual lease arrangements. The Company also sells containers from its equipment leasing fleet as well as containers specifically acquired for resale from third parties. The Company's registered office is located in Bermuda.

Brookfield Infrastructure Transaction

On April 11, 2023, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Brookfield Infrastructure Corporation, a corporation organized under the laws of British Columbia (“BIPC”), Thanos Holdings Limited, an exempted company limited by shares incorporated under the laws of Bermuda (“Parent”) and Thanos MergerSub Limited, an exempted company limited by shares incorporated under the laws of Bermuda and a subsidiary of Parent (“Merger Sub”). Under the terms and subject to the conditions set forth in the Merger Agreement, Merger Sub will merge with and into Triton (the “Merger”), with Triton surviving the Merger as a direct subsidiary of Parent and an indirect subsidiary of BIPC.

Under the terms of the Merger Agreement, at the effective time of the Merger (the “Effective Time”), each common share of the Company issued and outstanding immediately prior to the Effective Time (other than (A) common shares owned by the Company or any of its wholly owned subsidiaries, (B) common shares owned by BIPC, Parent, Merger Sub or any of their wholly owned subsidiaries and (C) any dissenting common shares), will be canceled and automatically converted into the right to receive $68.50 per common share in cash and $16.50 per common share in Class A exchangeable subordinate voting shares of BIPC ("BIPC Shares"), subject to a collar mechanism as described below (the “Merger Consideration”). The collar mechanism will be based on the volume weighted average price of BIPC Shares on the New York Stock Exchange (the “NYSE”) over the 10 trading days ending on the second trading day prior to the Effective Time (the “BIPC Final Stock Price”). If the BIPC Final Stock Price is greater than or equal to $42.36 but less than or equal to $49.23 (the "Collar"), the Company's shareholders will receive a number of BIPC Shares between 0.3352 and 0.3895 per common share equal to $16.50 in value. The Company's shareholders will receive 0.3895 BIPC Shares per common share if the BIPC Final Stock Price is below $42.36, and 0.3352 BIPC Shares per common share if the BIPC Final Stock Price is above $49.23. Outside of the Collar, the implied value of the stock portion of the Merger Consideration to be received in exchange for each common share will fluctuate based on the market price of BIPC Shares until the completion of the Merger because the stock portion of the Merger Consideration is payable in a fixed number of BIPC Shares. The Company's shareholders will have the option to elect to receive their consideration in cash, BIPC Shares or the mixture described above, subject to pro rata cut backs to the extent cash or BIPC Shares are oversubscribed.

The Merger, which is currently expected to close in the third quarter of 2023, is subject to the receipt of required regulatory approvals and other customary closing conditions, including approval by the Company's shareholders. If the transaction is consummated, Triton's common shares will be delisted from the NYSE and deregistered under the Exchange Act. Immediately following the closing of the Merger, Triton's Series A-E cumulative redeemable perpetual preference shares will remain outstanding as an obligation of the Company and are expected to remain listed on the NYSE.

In connection with the Merger, the Company suspended its share repurchase program after the close of business on April 6, 2023.

On April 28, 2023, in connection with the Merger, the Company entered into consents and amendments to its term loan and revolving credit facility to amend the definition of “Change of Control” in those facilities to exclude any transaction pursuant to which more than 50% of the total of all voting stock of the Company is owned or continues to be owned directly or indirectly by Brookfield, contingent upon and effective as of the consummation of the Merger. Additionally, the lenders consented to the Merger, and agreed that the Merger Agreement and Merger do not constitute a breach, potential default or default or give rise to any other right under those debt facilities.

Basis of Presentation

The unaudited consolidated financial statements and accompanying notes include the accounts of the Company and its subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, these financial statements do not include all information and footnotes required by GAAP for complete financial statements.

The interim Consolidated Balance Sheet as of June 30, 2023; the Consolidated Statements of Operations, the Consolidated Statements of Comprehensive Income, and the Consolidated Statements of Shareholders' Equity for the three and six months ended June 30, 2023 and 2022; and the Consolidated Statements of Cash Flows for the six months ended June 30, 2023 and 2022 are unaudited. The Consolidated Balance Sheet as of December 31, 2022, included herein, was derived from the audited financial statements as of that date, but does not include all disclosures required by GAAP. The unaudited interim financial statements have been prepared on a basis consistent with the Company's annual financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments necessary to state fairly the Company's financial position, results of operations, comprehensive income, shareholders' equity, and cash flows for the periods presented. The financial data and the other financial information disclosed in the notes to the financial statements related to these periods are also unaudited. The consolidated results of operations for the three and six months ended June 30, 2023 are not necessarily indicative of the results to be expected for the fiscal year ending December 31, 2023 or for any other future annual or interim period.

These financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto as of and for the year ended December 31, 2022 included in the Company's Annual Report on Form 10-K which was filed with the Securities and Exchange Commission on February 14, 2023. The unaudited consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. Certain changes in presentation have been made to conform the prior period presentation to current period reporting.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities in the financial statements. Such estimates include, but are not limited to, the Company's estimates in connection with leasing equipment, including residual values and depreciable lives, values of assets held for sale and other long lived assets, provision for income tax, allowance for doubtful accounts, share-based compensation, goodwill and intangible assets. Actual results could differ from those estimates.

Concentration of Credit Risk

The Company's equipment leases and trade receivables subject it to potential credit risk. The Company extends credit to its customers based upon an evaluation of each customer's financial condition and credit history. Evaluations of the financial condition and associated credit risk of customers are performed on an ongoing basis. The Company's three largest customers accounted for 19%, 16%, and 11%, respectively, of the Company's lease billings for the six months ended June 30, 2023.

Fair Value Measurements

For information on the fair value of equipment held for sale, debt, and the fair value of derivative instruments, please refer to **Note 2** - "Equipment Held for Sale", **Note 7** - "Debt" and **Note 8** - "Derivative Instruments", respectively.

Note 2—Equipment Held for Sale

The Company's equipment held for sale is recorded at the lower of fair value less cost to sell, or carrying value at the time identified for sale. Fair value is measured using Level 2 inputs and is based predominantly on recent sales prices. An impairment charge is recorded when the carrying value of the asset exceeds its fair value less cost to sell.

The following table summarizes the Company's net impairment charges recorded in Net gain on sale of leasing equipment on the Consolidated Statements of Operations (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Impairment (loss) reversal on equipment held for sale	$ (1,778)	$ (86)	$ (2,811)	$ (159)
Gain (loss) on sale of equipment, net of selling costs	23,361	35,158	39,894	64,200
Net gain on sale of leasing equipment	$ 21,583	$ 35,072	$ 37,083	$ 64,041

Note 3—Intangible Assets

Intangible assets consist of lease intangibles for leases acquired with lease rates above market in a business combination. The following table summarizes the amortization of intangible assets as of June 30, 2023 (in thousands):

Year ending December 31,	Total Intangible Assets
2023 (Remaining 6 months)	$ 2,076
2024	$ 1,963
Total	$ 4,039

Amortization expense related to intangible assets was $1.2 million and $2.6 million for the three and six months ended June 30, 2023, respectively and $2.6 million and $5.4 million for the three and six months ended June 30, 2022, respectively.

Note 4—Share-Based Compensation

The Company recognizes share-based compensation expense for share-based payment transactions based on the grant date fair value. The expense is recognized over the employee's requisite service period, which is generally the vesting period of the equity award. The Company recognized share-based compensation expense in administrative expenses of $2.6 million and $4.8 million for the three and six months ended June 30, 2023, respectively, and $3.7 million and $6.2 million for the three and six months ended June 30, 2022, respectively. Share-based compensation expense includes charges for performance-based shares and units that are deemed probable to vest.

During the six months ended June 30, 2023, the Company issued 135,716 restricted shares, and canceled 77,326 vested shares to settle payroll taxes on behalf of employees.

As of June 30, 2023, the total unrecognized compensation expense related to non-vested restricted share awards and units was $15.7 million, which is currently expected to be recognized on a straight-line basis through January 2026. In accordance with the Merger Agreement, Triton's non-vested restricted shares and restricted share units that are outstanding immediately prior to the closing of the Merger will be converted into a contingent right to receive an amount in cash equal to the number of shares subject to such award, assuming attainment of the maximum level of performance, multiplied by $85.00 per share (subject to adjustment outside the Collar), which will become payable upon the earlier of the vesting date of the award and the twelve month anniversary of the Merger closing date. Upon closing of the Merger, the incremental share-based compensation expense will be recognized in Transaction and other costs in the Consolidated Statements of Operations.

Note 5—Other Equity Matters

Share Repurchase Program

The Company's Board of Directors authorized repurchases of shares up to a specified dollar amount as part of its repurchase program. In connection with the Merger, the Company suspended its share repurchase program after the close of business on April 6, 2023. Purchases under the repurchase program prior to its suspension included transactions administered in accordance with Rules 10b5-1 and 10b-18 under the Securities Exchange Act of 1934, as amended.

Prior to the suspension of the share repurchase program, the Company repurchased a total of 1,884,616 common shares, during the six months ended June 30, 2023, at an average price per-share of $66.66 for a total of $125.6 million.

Preferred Shares

The following table summarizes the Company's preferred share issuances (each, a "Series"):

Preferred Share Offering	Issuance	Liquidation Preference (in thousands)	# of Shares(1)
Series A 8.50% Cumulative Redeemable Perpetual Preference Shares ("Series A")	March 2019	$ 86,250	3,450,000
Series B 8.00% Cumulative Redeemable Perpetual Preference Shares ("Series B")	June 2019	143,750	5,750,000
Series C 7.375% Cumulative Redeemable Perpetual Preference Shares ("Series C")	November 2019	175,000	7,000,000
Series D 6.875% Cumulative Redeemable Perpetual Preference Shares ("Series D")	January 2020	150,000	6,000,000
Series E 5.75% Cumulative Redeemable Perpetual Preference Shares ("Series E")	August 2021	175,000	7,000,000
		$ 730,000	29,200,000

(1) Represents number of shares authorized, issued, and outstanding.

Each Series of preferred shares may be redeemed at the Company's option, at any time after approximately five years from original issuance, in whole or in part at a redemption price, plus an amount equal to all accumulated and unpaid dividends, whether or not declared. The Company may also redeem each Series of preferred shares prior to the lapse of the five year period upon the occurrence of certain events as described in each instrument, such as transactions that either transfer ownership of substantially all assets to a single entity or establish a majority voting interest by a single entity, and cause a downgrade or withdrawal of rating by the rating agency within 60 days of the event. If the Company does not elect to redeem each Series upon the occurrence of the preceding events, holders of preferred shares may have the right to convert their preferred shares into common shares. Specifically for Series E only, the Company may redeem the Series E Preference Shares if an applicable rating agency changes the methodology or criteria that were employed in assigning equity credit to securities similar to the Series E Preference Shares when originally issued, which either (a) shortens the period of time during which equity credit pertaining to the Series E Preference Shares would have been in effect had the methodology not been changed or (b) reduces the amount of equity credit as compared with the amount of equity credit that the rating agency had assigned to the Series E Preference Shares when originally issued.

Holders of preferred shares generally have no voting rights. If the Company fails to pay dividends for six or more quarterly periods (whether or not consecutive), holders will be entitled to elect two additional directors to the Board of Directors and the size of the Board of Directors will be increased to accommodate such election. Such right to elect two directors will continue until such time as there are no accumulated and unpaid dividends in arrears.

Dividends

Dividends on shares of each Series are cumulative from the date of original issue and will be payable quarterly in arrears on the 15th day of March, June, September and December of each year, when, as and if declared by the Company's Board of Directors. Dividends will be payable equal to the stated rate per annum of the $25.00 liquidation preference per share. The Series rank senior to the Company's common shares with respect to dividend rights and rights upon the Company's liquidation, dissolution or winding up, whether voluntary or involuntary.

Immediately following the closing of the Merger, Triton's Series A-E cumulative redeemable perpetual preference shares will remain outstanding as an obligation of the Company and are expected to remain listed on the NYSE.

The Company paid the following quarterly dividends during the three and six months ended June 30, 2023 and 2022 on its issued and outstanding Series (in millions except for the per-share amounts):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023		2022		2023		2022	
Series	Per Share Payment	Aggregate Payment	Per Share Payment	Aggregate Payment	Per Share Payment	Aggregate Payment	Per Share Payment	Aggregate Payment
A(1)	$0.53	$1.8	$0.53	$1.8	$1.06	$3.6	$1.06	$3.6
B	$0.50	$2.9	$0.50	$2.9	$1.00	$5.8	$1.00	$5.8
C(1)	$0.46	$3.2	$0.46	$3.2	$0.92	$6.4	$0.92	$6.4
D(1)	$0.43	$2.6	$0.43	$2.6	$0.86	$5.2	$0.86	$5.2
E(1)	$0.36	$2.5	$0.36	$2.5	$0.72	$5.1	$0.72	$5.1
Total		$13.0		$13.0		$26.1		$26.1

(1) Per share payments rounded to the nearest whole cent.

As of June 30, 2023, the Company had cumulative unpaid preferred dividends of $2.2 million.

Note 6—Leases

Lessee

The Company's leases are primarily for multiple office facilities which are contracted under various cancellable and non-cancelable operating leases, most of which provide extension or early termination options. The Company's lease agreements do not contain any residual value guarantees or material restrictive covenants.

As of June 30, 2023, the weighted average implicit rate was 4.86% and the weighted average remaining lease term was 1.98 years.

The following table summarizes the impact of the Company's leases in its financial statements (in thousands):

Balance Sheet	Financial statement caption	June 30, 2023	December 31, 2022
Right-of-use asset - operating	Other assets	$ 2,605	$ 3,145
Lease liability - operating	Accounts payable and other accrued expenses	$ 2,726	$ 3,465

		Three Months Ended June 30,		Six Months Ended June 30,	
Income Statement	Financial statement caption	2023	2022	2023	2022
Operating lease cost(1)	Administrative expenses	$ 708	$ 822	$ 1,475	$ 1,647

(1) Includes short-term leases that are immaterial.

Cash paid for amounts of lease liabilities included in operating cash flows was $1.6 million and $1.7 million for the six months ended June 30, 2023 and 2022, respectively.

Lessor

Operating Leases

As of June 30, 2023, the Company has deferred revenue balances related to operating leases with uneven payment terms. These amounts will be amortized into revenue as follows (in thousands):

Year ending December 31,		
2023 (Remaining 6 months)	$	38,015
2024		76,295
2025		65,177
2026		42,879
2027		16,841
2028 and thereafter		58,458
Total	$	297,665

Finance Leases

The following table summarizes the components of the net investment in finance leases (in thousands):

		June 30, 2023		December 31, 2022
Future minimum lease payment receivable(1)	$	2,022,970	$	2,161,192
Estimated residual receivable(2)		218,343		218,004
Gross finance lease receivables(3)		2,241,313		2,379,196
Unearned income(4)		(684,296)		(739,365)
Net investment in finance leases(5)	$	1,557,017	$	1,639,831

(1) There were no executory costs included in gross finance lease receivables as of June 30, 2023 and December 31, 2022.
(2) The Company's finance leases generally include a purchase option at nominal amounts that is reasonably certain to be exercised, and therefore, the Company has immaterial residual value risk for assets.
(3) The gross finance lease receivable is reduced as billed to customers and reclassified to accounts receivable until paid by customers.
(4) There were no unamortized initial direct costs as of June 30, 2023 and December 31, 2022.
(5) One major customer represented 93% and 90% as of the Company's finance lease portfolio as of June 30, 2023 and December 31, 2022, respectively. No other customer represented more than 10% of the Company's finance lease portfolio in each of those periods.

The Company’s finance lease portfolio lessees are primarily comprised of the largest international shipping lines. In its estimate of expected credit losses, the Company evaluates the overall credit quality of its finance lease portfolio. The Company considers an account past due when a payment has not been received in accordance with the terms of the related lease agreement and maintains allowances, if necessary, for doubtful accounts. These allowances are based on, but not limited to, historical experience which includes stronger and weaker economic cycles, each lessee's payment history, management's current assessment of each lessee's financial condition, consideration of current economic conditions and reasonable market forecasts.

For the three and six months ended June 30, 2023, the Company reversed $0.7 million and $2.5 million, respectively, of reserves established in 2022 due to better than expected recoveries. As of June 30, 2023 and December 31, 2022, the Company does not have an allowance on its gross finance lease receivables and does not have any material past due balances.

Note 7—Debt

The table below summarizes the Company's key terms and carrying value of debt:

	June 30, 2023					December 31, 2022	
	Outstanding Borrowings (in thousands)		Contractual Weighted Avg Interest Rate	Maturity Range From	Maturity Range To	Outstanding Borrowings (in thousands)	
Secured Debt Financings							
Asset-backed securitization ("ABS") term instruments	$	2,735,254	2.04%	February 2028	February 2031	$	2,890,467
Asset-backed securitization warehouse		235,000	6.70%	April 2029	April 2029		320,000
Total secured debt financings		2,970,254					3,210,467
Unsecured Debt Financings							
Senior notes		2,900,000	2.11%	August 2023	March 2032		2,900,000
Term loan facility		1,032,000	6.59%	May 2026	May 2026		1,080,000
Revolving credit facility		775,000	6.58%	October 2027	October 2027		945,000
Total unsecured debt financings		4,707,000					4,925,000
Total debt financings		7,677,254					8,135,467
Unamortized debt costs		(48,276)					(55,863)
Unamortized debt premiums & discounts		(4,228)					(4,784)
Debt, net of unamortized costs	$	7,624,750				$	8,074,820

Asset-Backed Securitization Term Instruments

Under the Company's ABS facilities, indirect wholly-owned subsidiaries of the Company enter into debt agreements for ABS term instruments, including ABS notes. These subsidiaries are intended to be bankruptcy remote so that such assets are not available to creditors of the Company or its affiliates until and unless the related secured borrowings have been fully discharged. These transactions do not meet accounting requirements for sales treatment and are recorded as secured borrowings.

The Company’s borrowings under the ABS facilities amortize in monthly installments, typically in level payments over five or more years. These facilities provide for an advance rate against the net book values of designated eligible equipment. The net book values for purposes of calculating eligible equipment is determined according to the related debt agreement and may be different than those calculated per GAAP. The Company is required to maintain restricted cash balances on deposit in designated bank accounts equal to nine months of interest expense depending on the terms of each facility.

Asset-Backed Securitization Warehouse

Under the Company’s ABS warehouse facility, an indirect wholly-owned subsidiary of the Company issues ABS notes. This subsidiary is intended to be bankruptcy remote so that such assets are not available to creditors of the Company or its affiliates until and unless the related secured borrowings have been fully discharged. These transactions do not meet accounting requirements for sales treatment and are recorded as secured borrowings.

The Company's ABS warehouse facility has a borrowing capacity of $1,125.0 million that is available on a revolving basis to April 27, 2025 paying interest at term Secured Overnight Financing Rate ("SOFR") plus 1.60%. After the revolving period, borrowings will convert to term notes with a maturity date of April 27, 2029, paying interest at SOFR plus 2.60%.

During the revolving period, the borrowing capacity under this facility is determined by applying an advance rate against the net book values of designated eligible equipment. The net book values for purposes of calculating eligible equipment are determined according to the related debt agreement and may be different than those calculated per GAAP. The Company is required to maintain restricted cash balances on deposit in designated bank accounts equal to three months of interest expense.

Senior Notes

The Company’s senior notes are unsecured and have initial maturities ranging from 2 - 10 years and interest payments due semi-annually. The senior notes are pre-payable (in whole or in part) at the Company's option at any time prior to the maturity date, subject to certain provisions in the senior note agreements, including the payment of a make-whole premium in respect to such prepayment.

Term Loan Facility

The Company's term loan facility has a maturity date of May 27, 2026, which amortizes in quarterly installments and has a reference rate of term SOFR plus 1.48%. This facility is subject to covenants customary for unsecured financings of this type, primarily financial covenants that require us to maintain a minimum ratio of unencumbered assets to certain financial indebtedness.

Revolving Credit Facility

The revolving credit facility has a maturity date of October 26, 2027, and has a maximum borrowing capacity of $2,000.0 million. The reference rate is term SOFR plus 1.48%. This facility is subject to covenants customary for unsecured financings of this type, primarily financial covenants that require us to maintain a minimum ratio of unencumbered assets to certain financial indebtedness.

The Company hedges the risks associated with fluctuations in interest rates on a portion of its floating-rate debt by entering into interest rate swap agreements that convert a portion of its floating-rate debt to a fixed rate basis, thus reducing the impact of interest rate changes on future interest expense. The following table summarizes the Company's outstanding fixed-rate and floating-rate debt as of June 30, 2023:

	Balance Outstanding (in thousands)	Contractual Weighted Avg Interest Rate	Maturity Range		Weighted Avg Remaining Term
			From	To	
Excluding impact of derivative instruments:					
Fixed-rate debt	$5,635,254	2.08%	Aug 2023	Mar 2032	4.1 years
Floating-rate debt	$2,042,000	6.60%	May 2026	Apr 2029	3.5 years
Including impact of derivative instruments:					
Fixed-rate debt	$5,635,254	2.08%			
Hedged floating-rate debt	$1,314,000	3.71%			
Total fixed and hedged debt	$6,949,254	2.39%			
Unhedged floating-rate debt	$728,000	6.60%			
Total debt	$7,677,254	2.78%			

The fair value of total debt outstanding was $6,826.6 million and $7,264.7 million as of June 30, 2023 and December 31, 2022, respectively, and was measured using Level 2 inputs.

As of June 30, 2023, the maximum borrowing levels for the ABS warehouse and the revolving credit facility were $1,125.0 million and $2,000.0 million, respectively. Certain of these facilities are governed by either borrowing bases or an unencumbered asset test that limits borrowing capacity. Based on those limitations, the availability under these credit facilities at June 30, 2023 was approximately $1,404.0 million.

On April 28, 2023, in connection with the Merger, the Company entered into consents and amendments to its term loan and revolving credit facility to amend the definition of “Change of Control” in those facilities to exclude any transaction pursuant to which more than 50% of the total of all voting stock of the Company is owned or continues to be owned directly or indirectly by Brookfield, contingent upon and effective as of the consummation of the Merger. Additionally, the lenders consented to the Merger, and agreed that the Merger Agreement and Merger do not constitute a breach, potential default or default or give rise to any other right under those debt facilities.

The Company is subject to certain financial covenants under its debt financings. As of June 30, 2023, the Company was in compliance with all financial covenants in accordance with the terms of its debt agreements.

Note 8—Derivative Instruments

Interest Rate Swaps / Caps

The Company enters into derivative agreements to manage interest rate risk exposure. Interest rate swap agreements are utilized to limit the Company's exposure to interest rate risk by converting a portion of its floating-rate debt to a fixed rate basis, thus reducing the impact of interest rate changes on future interest expense. Interest rate swaps involve the receipt of floating-rate amounts in exchange for fixed-rate interest payments over the lives of the agreements without an exchange of the underlying principal amounts. These swaps are designated as cash flow hedges for accounting purposes and accordingly, changes in the fair value are recorded in accumulated other comprehensive income (loss) and reclassified to interest and debt expense when they are realized.

The Company has entered into offsetting $500.0 million notional interest rate cap agreements with substantially similar economic terms related to certain debt facility requirements. These derivatives are not designated as hedging instruments, and because they offset, changes in fair value have an immaterial impact on the financial statements.

The counterparties to these agreements are highly rated financial institutions. In the unlikely event that the counterparties fail to meet the terms of these agreements, the Company's exposure is limited to the interest rate differential on the notional amount at each monthly settlement period over the life of the agreements. The Company does not anticipate any non-performance by the counterparties.

Certain assets of the Company's subsidiaries are pledged as collateral for various ABS facilities and the amounts payable under certain derivative agreements. Additionally, the Company may be required to post cash collateral on certain derivative agreements if the fair value of these contracts represents a liability. Any amounts of cash collateral posted are included in Other assets on the Consolidated Balance Sheets and are presented in operating activities on the Consolidated Statements of Cash Flows. As of June 30, 2023, the Company posted cash collateral on derivative instruments of $2.1 million.

Within the next twelve months, we expect to reclassify $49.8 million of net unrealized and realized gains related to derivative instruments designated as cash flow hedges from accumulated other comprehensive income (loss) into earnings.

As of June 30, 2023, the Company had derivative agreements in place to fix interest rates on a portion of the borrowings under its debt facilities with floating interest rates as summarized below:

Derivatives	Notional Amount (in millions)	Weighted Average Fixed Leg (Pay) Interest Rate	Weighted Average Remaining Term
Interest Rate Swap[(1)]	$1,314.0	2.22%	3.5 years

(1) Excludes certain interest rate swaps with an effective date in a future period ("forward starting swaps"). Including these instruments will increase total notional amount by $650.0 million and increase the weighted average remaining term to 5.2 years.

In the first quarter of 2023, the Company entered into forward starting swaps with a notional value of $300.0 million that will commence on August 1, 2023 and have a termination date of March 31, 2025. These swaps were designated as cash flow hedges to fix the interest rates on a portion of our floating rate debt.

The following table summarizes the impact of derivative instruments on the Consolidated Statements of Operations and the Consolidated Statements of Comprehensive Income on a pretax basis (in thousands):

		Three Months Ended June 30,		Six Months Ended June 30,	
	Financial statement caption	2023	2022	2023	2022
Non-Designated Derivative Instruments					
Unrealized (gains) losses	Unrealized (gain) loss on derivative instruments, net	$ —	$ 100	$ (4)	$ (339)
Designated Derivative Instruments					
Realized (gains) losses	Interest and debt (income) expense	$ (11,365)	$ 2,946	$ (21,153)	$ 9,716
Unrealized (gains) losses	Comprehensive (income) loss	$ (40,070)	$ (35,886)	$ (24,329)	$ (115,449)

Fair Value of Derivative Instruments

The Company presents the fair value of derivative financial instruments on a gross basis as a separate line item on the Consolidated Balance Sheet.

The Company has elected to use the income approach to value its interest rate swap and cap agreements, using Level 2 market expectations at the measurement date and standard valuation techniques to convert future values to a single discounted present value. The Level 2 inputs for the interest rate swap and cap valuations are inputs other than quoted prices that are observable for the asset or liability (specifically LIBOR and swap rates and credit risk at commonly quoted intervals). The LIBOR reference rate sunset on June 30, 2023. Effective July 1, 2023, the Company's derivative instruments utilizing LIBOR transitioned to SOFR as the alternative reference rate per the ISDA 2020 IBOR fallbacks protocol.

Note 9—Segment and Geographic Information

Segment Information

The Company operates its business in one industry, intermodal transportation equipment, and has two operating segments which also represent its reporting segments:

- Equipment leasing - the Company owns, leases and ultimately disposes of containers and chassis from its lease fleet.
- Equipment trading - the Company purchases containers from shipping line customers, and other sellers of containers, and resells these containers to container retailers and users of containers for storage or one-way shipment. Included in the equipment trading segment revenues are leasing revenues from equipment purchased for resale that is currently on lease until the containers are dropped off.

These operating segments were determined based on the chief operating decision maker's review and resource allocation of the products and services offered.

The following tables summarizes our segment information and the consolidated totals reported (in thousands):

	Three Months Ended June 30,					
	2023			2022		
	Equipment Leasing	Equipment Trading	Totals	Equipment Leasing	Equipment Trading	Totals
Total leasing revenues	$ 384,826	$ 1,713	$ 386,539	$ 417,661	$ 3,947	$ 421,608
Trading margin	—	1,914	1,914	—	6,402	6,402
Net gain on sale of leasing equipment	21,583	—	21,583	35,072	—	35,072
Depreciation and amortization expense	146,687	193	146,880	160,736	186	160,922
Interest and debt expense	57,000	314	57,314	54,007	652	54,659
Segment income (loss) before income taxes[(1)]	152,937	3,121	156,058	206,548	8,730	215,278
Purchases of leasing equipment and investments in finance leases[(2)]	$ 84,198	$ —	$ 84,198	$ 238,994	$ —	$ 238,994

	Six Months Ended June 30,					
	2023			2022		
	Equipment Leasing	Equipment Trading	Totals	Equipment Leasing	Equipment Trading	Totals
Total leasing revenues	$ 780,677	$ 3,585	$ 784,262	$ 831,352	$ 7,344	$ 838,696
Trading margin	—	2,983	2,983	—	10,543	10,543
Net gain on sale of leasing equipment	37,083	—	37,083	64,041	—	64,041
Depreciation and amortization expense	294,937	378	295,315	321,268	370	321,638
Interest and debt expense	115,568	570	116,138	108,258	911	109,169
Segment income (loss) before income taxes[(1)]	313,207	5,620	318,827	407,689	15,376	423,065
Purchases of leasing equipment and investments in finance leases[(2)]	$ 119,514	$ —	$ 119,514	$ 750,021	$ —	$ 750,021

(1) Segment income before income taxes excludes unrealized gains or losses on derivative instruments and debt termination expense. For the three and six months ended June 30, 2023, the Company recorded nil and an immaterial amount of unrealized gains on derivative instruments. For the three months and six months ended June 30, 2023 the Company did not record any debt termination expenses. For the three and six months ended June 30, 2022, the Company recorded an unrealized loss on derivative instruments of $0.1 million and an unrealized gain on derivative instruments of $0.3 million, respectively. For the three months and six months ended June 30, 2022, the Company recorded $1.6 million and $1.7 million of debt termination expense, respectively.

(2) Represents cash disbursements for purchases of leasing equipment and investments in finance lease as reflected in the Consolidated Statements of Cash Flows for the periods indicated, but excludes cash flows associated with the purchase of equipment held for resale.

	June 30, 2023			December 31, 2022		
	Equipment Leasing	Equipment Trading	Totals	Equipment Leasing	Equipment Trading	Totals
Equipment held for sale	$ 151,111	$ 44,652	$ 195,763	$ 97,463	$ 41,043	$ 138,506
Goodwill	220,864	15,801	236,665	220,864	15,801	236,665
Total assets	$ 11,610,031	$ 96,790	$ 11,706,821	$ 12,010,654	$ 98,604	$ 12,109,258

There are no intercompany revenues or expenses between segments. Certain administrative expenses have been allocated between segments based on an estimate of services provided to each segment. A portion of the Company's equipment purchased for resale in the equipment trading segment may be leased for a period of time and is reflected as leasing equipment as opposed to equipment held for sale and the cash flows associated with these transactions are reflected as purchases of leasing equipment and proceeds from the sale of equipment in investing activities in the Company's Consolidated Statements of Cash Flows.

Geographic Segment Information

The Company generates the majority of its leasing revenues from international containers which are deployed by its customers in a wide variety of global trade routes. The majority of the Company's leasing related revenue is denominated in U.S. dollars.

The following table summarizes the geographic allocation of total leasing revenues based on customers' primary domicile (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Total leasing revenues:				
Asia	$ 132,202	$ 151,894	$ 272,437	$ 301,880
Europe	206,082	219,781	414,209	439,887
Americas	33,561	36,550	67,954	70,759
Bermuda	718	700	2,085	1,330
Other International	13,976	12,683	27,577	24,840
Total	$ 386,539	$ 421,608	$ 784,262	$ 838,696

Since the majority of the Company's containers are used internationally, where no one container is domiciled in one particular place for a prolonged period of time, all of the Company's long-lived assets are considered to be international.

The following table summarizes the geographic allocation of equipment trading revenues based on the location of the sale (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Total equipment trading revenues:				
Asia	$ 9,308	$ 29,370	$ 16,935	$ 43,278
Europe	5,298	6,549	8,706	15,511
Americas	7,626	10,664	14,275	20,851
Bermuda	—	—	—	—
Other International	4,194	1,525	5,612	2,588
Total	$ 26,426	$ 48,108	$ 45,528	$ 82,228

Note 10—Commitments and Contingencies

Container Equipment Purchase Commitments

As of June 30, 2023, the Company had commitments to purchase equipment in the amount of $4.7 million to be paid in 2023.

Contingencies

The Company is party to various pending or threatened legal or regulatory proceedings arising in the ordinary course of its business. Based upon information presently available, the Company does not expect any liabilities arising from these matters to have a material effect on the consolidated financial position, results of operations or cash flows of the Company.

Note 11—Income Taxes

The following table summarizes the Company's effective tax rate:

	Three Months Ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Effective Income Tax Rate	9.2 %	7.5 %	8.5 %	7.1 %

The Company has computed the provision for income taxes based on the estimated annual effective tax rate and the application of discrete items, if any, in the applicable period. The increase in the effective tax rate for the three and six months ended June 30, 2023 compared to the same period in 2022 was primarily due to an increase in the portion of the Company's income generated in higher tax jurisdictions and a one-time $1.4 million write-off of deferred tax benefits resulting from the early buyout of containers under finance leases in the second quarter of 2023.

Note 12—Related Party Transactions

The Company holds a 50% interest in Tristar Container Services (Asia) Private Limited ("Tristar"), which is primarily engaged in the selling and leasing of container equipment in the domestic and short sea markets in India. The Company's equity investment in Tristar is included in Other assets on the Consolidated Balance Sheets. The Company received payments on finance leases with Tristar of $0.5 million and $1.0 million for both the three and six months ended June 30, 2023 and 2022, respectively. The Company has a direct finance lease balance with Tristar of $6.6 million and $7.4 million as of June 30, 2023 and December 31, 2022, respectively.

Note 13—Subsequent Events

As previously announced, Triton will hold a special general meeting of shareholders on August 24, 2023 to approve the Merger and related proposals.

On July 27, 2023, the Company's Board of Directors approved and declared a cash dividend on its issued and outstanding preferred shares, payable on September 15, 2023 to holders of record at the close of business on September 8, 2023 as follows:

Preferred Share Offering	Dividend Rate	Dividend Per Share
Series A	8.500%	$0.5312500
Series B	8.000%	$0.5000000
Series C	7.375%	$0.4609375
Series D	6.875%	$0.4296875
Series E	5.750%	$0.3593750

As permitted by the terms of the Merger Agreement, on July 27, 2023, the Company's Board of Directors approved and declared a quarterly cash dividend of $0.70 per common share, payable on September 22, 2023 to holders of record at the close of business on September 8, 2023. The dividend is conditioned upon and will only be payable if the Merger has not closed prior to the close of business on the record date.

On August 1, 2023, the Company's $600.0 million 0.80% senior notes matured. Payment at maturity was primarily funded by borrowings under Triton's revolving credit facility. Additionally, three forward starting swaps with a total notional of $300.0 million became effective on August 1, 2023, to offset a portion of the interest expense related to the borrowing under the revolving credit facility.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and related notes and other financial information included elsewhere in this Quarterly Report on Form 10-Q and with the audited consolidated financial statements included in our 2022 Annual Report on Form 10-K. The statements in this discussion regarding industry outlook, our expectations regarding our future performance, liquidity and capital resources and other non-historical statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties discussed under "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" in our 2022 Annual Report on Form 10-K, in this Quarterly Report on Form 10-Q and in any subsequent Quarterly Reports on Form 10-Q to be filed by us, as well as in the other documents we file with the SEC from time to time. Our actual results may differ materially from those contained in or implied by any forward-looking statements. References in this Quarterly Report on Form 10-Q to the "Company," "Triton," "we," "us" and "our" refer to Triton International Limited and, where appropriate, its consolidated subsidiaries.

Our Company

Triton is the world's largest lessor of intermodal containers. Intermodal containers are large, standardized steel boxes used to transport freight by ship, rail or truck. Because of the handling efficiencies they provide, intermodal containers are the primary means by which many goods and materials are shipped internationally. We also lease chassis, which are used for the transportation of containers.

We operate our business in one industry, intermodal transportation equipment, and have two business segments, which also represent our reporting segments:

- Equipment leasing - we own, lease and ultimately dispose of containers and chassis from our lease fleet.
- Equipment trading - we purchase containers from shipping line customers, and other sellers of containers, and resell these containers to container retailers and users of containers for storage or one-way shipment.

Recent Developments

Brookfield Infrastructure Transaction

On April 11, 2023, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Brookfield Infrastructure Corporation, a corporation organized under the laws of British Columbia (“BIPC”), Thanos Holdings Limited, an exempted company limited by shares incorporated under the laws of Bermuda (“Parent”) and Thanos MergerSub Limited, an exempted company limited by shares incorporated under the laws of Bermuda and a subsidiary of Parent (“Merger Sub”). Under the terms and subject to the conditions set forth in the Merger Agreement, Merger Sub will merge with and into Triton (the “Merger”), with Triton surviving the Merger as a direct subsidiary of Parent and an indirect subsidiary of BIPC.

Under the terms of the Merger Agreement, at the effective time of the Merger (the “Effective Time”), each common share of the Company issued and outstanding immediately prior to the Effective Time (other than (A) common shares owned by the Company or any of its wholly owned subsidiaries, (B) common shares owned by BIPC, Parent, Merger Sub or any of their wholly owned subsidiaries and (C) any dissenting common shares), will be canceled and automatically converted into the right to receive $68.50 per common share in cash and $16.50 per common share in Class A exchangeable subordinate voting shares of BIPC ("BIPC Shares), which will be subject to a collar mechanism as described below (the “Merger Consideration”). The collar mechanism is based on the volume weighted average price of BIPC Shares on the New York Stock Exchange (the “NYSE”) over the 10 trading days ending on the second trading day prior to the Effective Time (the “BIPC Final Stock Price”). If the BIPC Final Stock Price is greater than or equal to $42.36 but less than or equal to $49.23 (the "Collar"), our shareholders will receive a number of BIPC Shares between 0.3352 and 0.3895 per common share equal to $16.50 in value. Our shareholders will receive 0.3895 BIPC Shares per common share if the BIPC Final Stock Price is below $42.36, and 0.3352 BIPC Shares per common share if the BIPC Final Stock Price is above $49.23. Outside of the Collar, the implied value of the stock portion of the Merger Consideration to be received in exchange for each common share will fluctuate based on the market price of BIPC Shares until the completion of the Merger because the stock portion of the Merger Consideration is payable in a fixed number of BIPC Shares. Our shareholders will have the option to elect to receive their consideration in cash, BIPC Shares or the mixture described above, subject to pro rata cut backs to the extent cash or BIPC Shares are oversubscribed.

The closing of the Merger, is subject to the receipt of required regulatory approvals and other customary closing conditions, including approval by our shareholders. The parties have received premerger clearances from competition regulatory authorities in the United States, the European Union, China, South Korea and Switzerland. The Company will hold a special meeting of shareholders to approve the Merger and related proposals on August 24, 2023. Subject to the satisfaction or waiver of the remaining closing conditions, including approval by our shareholders and receipt of clearance from the Committee on Foreign Investment in the United States ("CFIUS"), the parties expect to close the Merger in the third quarter of 2023.

If the transaction is consummated, our common shares will be delisted from the NYSE and deregistered under the Exchange Act. Immediately following the closing of the Merger, our Series A-E cumulative redeemable perpetual preference shares will remain outstanding as an obligation of the Company and are expected to remain listed on the NYSE.

For additional information on the Merger, see "Risks Related to the Merger" under the caption "Risk Factors" in this Quarterly Report on Form 10-Q.

Operations

Our consolidated operations include the acquisition, leasing, re-leasing and subsequent sale of multiple types of intermodal containers and chassis. As of June 30, 2023, our total fleet consisted of 4.1 million containers and chassis, representing 7.0 million twenty-foot equivalent units ("TEU") or 7.7 million cost equivalent units ("CEU"). We have an extensive global presence, offering leasing services through a worldwide network of local offices and utilize third-party container depots spread across 46 countries to provide customers global access to our container fleet. Our primary customers include the world's largest container shipping lines. For the six months ended June 30, 2023, our twenty largest customers accounted for 85% of our lease billings, our five largest customers accounted for 61% of our lease billings, and our three largest customers accounted for 19%, 16%, and 11%, respectively of our lease billings.

The most important driver of profitability in our business is the extent to which leasing revenues, which are driven by our owned equipment fleet size, utilization and average lease rates, exceed our ownership and operating costs. Our profitability is also driven by the gains or losses we realize on the sale of used containers and the margins generated from trading new and used containers.

We lease five types of equipment: (1) dry containers, which are used for general cargo such as manufactured component parts, consumer staples, electronics and apparel, (2) refrigerated containers, which are used for perishable items such as fresh and frozen foods, (3) special containers, which are used for heavy and over-sized cargo such as marble slabs, building products and machinery, (4) tank containers, which are used to transport bulk liquid products such as chemicals, and (5) chassis, which are used for the transportation of containers on the road. Our in-house equipment sales group manages the sale process for our used containers and chassis from our equipment leasing fleet and sells used and new containers and chassis acquired from third parties.

The following tables summarize our equipment fleet (in Units, TEU and CEU). TEU and CEU are standard industry measures of fleet size and are used to measure the quantity of containers that make up our revenue earning assets:

	Equipment Fleet in Units			Equipment Fleet in TEU		
	June 30, 2023	December 31, 2022	June 30, 2022	June 30, 2023	December 31, 2022	June 30, 2022
Dry	3,664,175	3,784,386	3,867,875	6,267,424	6,458,705	6,585,556
Refrigerated	224,476	227,628	231,470	436,803	442,489	449,850
Special	96,840	92,379	92,068	177,980	169,290	168,578
Tank	12,907	12,000	11,908	12,907	12,000	11,908
Chassis	27,533	27,937	23,985	52,113	52,744	44,902
Equipment leasing fleet	4,025,931	4,144,330	4,227,306	6,947,227	7,135,228	7,260,794
Equipment trading fleet	47,770	48,328	52,177	79,172	79,102	83,147
Total	4,073,701	4,192,658	4,279,483	7,026,399	7,214,330	7,343,941

	Equipment Fleet in CEU (1)		
	June 30, 2023	December 31, 2022	June 30, 2022
Operating leases	6,997,458	7,147,332	7,248,096
Finance leases	640,650	662,822	683,175
Equipment trading fleet	73,732	75,697	78,936
Total	7,711,840	7,885,851	8,010,207

(1) In the equipment fleet tables above, we have included total fleet count information based on CEU. CEU is a ratio used to convert the actual number of containers in our fleet to a figure based on an estimate for the historical average relative purchase prices of our various equipment types to that of a 20-foot dry container. For example, the CEU ratio for a 40-foot high cube dry container is 1.70, and a 40-foot high cube refrigerated container is 7.50. These factors may differ slightly from CEU ratios used by others in the industry.

The following table summarizes the percentage of our equipment fleet in terms of units and CEU as of June 30, 2023:

Equipment Type	Percentage of total fleet in units	Percentage of total fleet in CEU
Dry	89.9 %	70.9 %
Refrigerated	5.5	21.6
Special	2.4	3.3
Tank	0.3	1.3
Chassis	0.7	1.9
Equipment leasing fleet	98.8 %	99.0 %
Equipment trading fleet	1.2	1.0
Total	100.0 %	100.0 %

We generally lease our equipment on a per diem basis to our customers under three types of leases:

- Long-term leases, which we categorize as operating leases, typically have initial contractual terms ranging from five to eight or more years and provide us with stable cash flow and low transaction costs by requiring customers to maintain specific units on-hire for the duration of the lease term. Some of our containers, primarily used containers, are placed on lifecycle leases which keep the containers on-hire until the end of their useful life.
- Finance leases are typically structured as full payout leases and provide for a predictable recurring revenue stream with generally the lowest cost to the customer as customers are generally required to retain the equipment for the duration of its useful life.
- Service leases, which we categorize as operating leases, command a premium per diem rate in exchange for providing customers with greater operational flexibility by allowing non-scheduled pick-up and drop-off of units during the lease term.

We categorize our operating leases as either long-term leases or service leases. Some leases have contractual terms that have features reflective of both long-term and service leases. We classify such leases as either long-term or service leases, depending upon which features we believe are predominant. For example, some leases that provide redelivery flexibility during the lease term are classified as long-term leases in cases where lessees have made large upfront payments to reduce their lease payment during the lease term or in cases where lessees will incur significant redelivery fees if containers are returned during the lease term. Such leases are generally considered to be long-term leases based on the expected on-hire time and the economic protection achieved by the lease economics.

We also have expired long-term leases whose fixed terms have ended but for which the related units remain on-hire and for which we continue to receive rental payments pursuant to the terms of the initial contract.

The following tables summarize our lease portfolio by lease type, based on CEU on-hire and net book value:

Lease Portfolio by CEU	**June 30, 2023**	**December 31, 2022**	**June 30, 2022**
Long-term leases	71.1 %	72.4 %	71.2 %
Finance leases	9.1	9.0	8.8
Subtotal	80.2	81.4	80.0
Service leases	6.6	6.7	6.9
Expired long-term leases, non-sale age (units on-hire)	6.1	6.8	7.8
Expired long-term leases, sale-age (units on-hire)	7.1	5.1	5.3
Total	100.0 %	100.0 %	100.0 %
Weighted average remaining contractual term in months for long-term and finance leases	57	59	60

Lease Portfolio by Net Book Value	**June 30, 2023**	**December 31, 2022**	**June 30, 2022**
Long-term leases	72.4 %	72.8 %	71.8 %
Finance leases	15.6	15.4	15.5
Subtotal	88.0	88.2	87.3
Service leases	4.1	4.2	4.3
Expired long-term leases, non-sale age (units on-hire)	4.4	5.0	5.8
Expired long-term leases, sale-age (units on-hire)	3.5	2.6	2.6
Total	100.0 %	100.0 %	100.0 %
Weighted average remaining contractual term in months for long-term and finance leases	73	76	78

Operating Performance

Our operating and financial performance was solid in the second quarter of 2023. While market conditions remained slow overall, drop-off volumes decreased from the first quarter level and we benefited from some pockets of demand. In addition, our container fleet remained well protected by our strong long-term lease portfolio.

Fleet size. As of June 30, 2023, the net book value of our revenue earning assets was $10.9 billion, a decrease of 1.9% compared to March 31, 2023 and a decrease of 7.0% compared to June 30, 2022. The decrease in our fleet size was primarily due to limited procurement in the second half of 2022 and first half of 2023 due to low lease demand. Through July 25, 2023, we have invested $121.4 million in new containers for delivery in 2023.

Utilization. Our average utilization was 97.0% for the second quarter of 2023, a decrease of 0.6% compared to the first quarter of 2023. Our ending utilization on June 30, 2023 was 96.7%, a decrease of 0.5% from March 31, 2023. Our utilization continued to decrease during the second quarter due to limited global trade growth and generally weak leasing demand, though the size of the decrease in the second quarter of 2023 was lower than in the first quarter of 2023 or fourth quarter of 2022. Our utilization currently stands at 96.6%.

The following table summarizes our equipment fleet utilization for the periods indicated. Utilization is computed by dividing our total units on lease (in CEU) by the total units in our fleet (in CEU), excluding new units not yet leased and off-hire units designated for sale:

	Quarter Ended				
	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Average Utilization	97.0 %	97.6 %	98.4 %	99.1 %	99.4 %
Ending Utilization	96.7 %	97.2 %	98.1 %	98.8 %	99.3 %

Average lease rates. Average lease rates for our dry container product line decreased by 1.6% from the first quarter of 2023 and 1.9% from June 30, 2022, primarily due to the impact of a sizable lease extension transaction completed at the beginning of the quarter.

Average lease rates for our refrigerated container product line decreased by 0.2% from the first quarter of 2023 and 0.1% from June 30, 2022. We have been experiencing larger differences in lease rates for older refrigerated containers compared to rates on new equipment, and we expect our average lease rates for refrigerated containers will continue to trend down.

The average lease rates for special containers decreased by 0.6% in the second quarter of 2023 compared to the first quarter of 2023.

Equipment disposals. Equipment disposal volumes increased in the second quarter of 2023 from the first quarter level. Average sale prices for dry containers continued to decrease in the second quarter, reflecting the generally slow market conditions, though the rate of decrease has been slowing. In the second quarter, we benefited from $5.5 million in gains related to lease buyout transactions.

Liquidity and Capital Resources

Our principal sources of liquidity are cash flows provided by operating activities, proceeds from the sale of our leasing equipment, borrowings under our credit facilities and proceeds from other financing activities. Our principal uses of cash include capital expenditures, debt service, and dividends.

For the trailing twelve months ended June 30, 2023, cash provided by operating activities, together with the proceeds from the sale of our leasing equipment, was $1,805.3 million. In addition, as of June 30, 2023, we had $55.3 million of unrestricted cash and cash equivalents and $2,115.0 million of borrowing capacity remaining under our existing credit facilities.

As of June 30, 2023, our cash commitments in the next twelve months include $1,506.8 million of scheduled principal payments on our existing debt facilities and $31.5 million of committed but unpaid capital expenditures, primarily for the purchase of equipment.

We believe that cash provided by operating activities, existing cash, proceeds from the sale of our leasing equipment, and availability under our credit facilities will be sufficient to meet our obligations over the next twelve months and beyond.

Capital Activity

During the three and six months ended June 30, 2023, the Company paid dividends on preferred shares of $13.0 million and $26.1 million, respectively, and paid dividends on common shares of $38.3 million and $77.2 million, respectively.

During the three months ended June 30, 2023, the Company repurchased a total of 140,000 common shares at an average price per share of $62.13 for a total cost of $8.7 million under its share repurchase program. For the six months ended June 30, 2023, the Company repurchased a total of 1,884,616 common shares at an average price per share of $66.66 for a total cost of $125.7 million.

For additional information on the share repurchase program and dividends, please refer to Note 5 - “Other Equity Matters” in the Notes to the Unaudited Consolidated Financial Statements.

Debt Activity

We may, from time to time, seek to retire or purchase our outstanding debt through cash purchases and/or exchanges for equity or debt, in open-market purchases, privately negotiated transactions, tender offers or otherwise. Such repurchases or exchanges, if any, may be funded from operating cash flows or other sources, will be on such terms and at prices as we may determine, and will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Credit Ratings

Our investment-grade corporate and long-term debt credit ratings enable us to lower our cost of funds and broaden our access to attractively priced capital. While a ratings downgrade, on its own, would not result in a default under any of our debt agreements, it could adversely affect our ability to issue debt and obtain new financings, or renew existing financings, and it would increase the cost of our financings. Additionally, under the terms of our senior notes and preferred shares, certain ratings downgrades following the occurrence of a change of control, as more fully described in the relevant agreements governing those instruments, could give holders of those instruments certain redemption or conversion rights. The Company's long-term debt and corporate ratings of BBB- from both S&P Global Ratings and Fitch Ratings remained unchanged in the second quarter of 2023. Following the announcement of the Merger, S&P Global Ratings placed our credit rating on Credit Watch with positive implications.

Debt Agreements

As of June 30, 2023, our outstanding indebtedness was comprised of the following (amounts in millions):

	June 30, 2023	
	Outstanding Borrowings	**Maximum Borrowing Level**
Secured Debt Financings		
Asset-backed securitization term instruments	$ 2,735.3	$ 2,735.3
Asset-backed securitization warehouse	235.0	1,125.0
Total secured debt financings	2,970.3	3,860.3
Unsecured Debt Financings		
Senior notes	2,900.0	2,900.0
Term loan facility	1,032.0	1,032.0
Revolving credit facility	775.0	2,000.0
Total unsecured debt financings	4,707.0	5,932.0
Total debt financings	7,677.3	9,792.3
Unamortized debt costs	(48.3)	—
Unamortized debt premiums & discounts	(4.2)	—
Debt, net of unamortized costs	$ 7,624.8	$ 9,792.3

The maximum borrowing levels depicted in the table above may not reflect the actual availability under all of the credit facilities. Certain of these facilities are governed by either borrowing bases or an unencumbered asset test that limits borrowing capacity. Based on those limitations, the availability under these credit facilities at June 30, 2023 was approximately $1,404.0 million.

As of June 30, 2023, we had a combined $6,949.3 million of total debt on facilities with fixed interest rates or floating interest rates that have been synthetically fixed through interest rate swap contracts. This accounts for 91% of our total debt.

The following table summarizes the weighted average interest rates and remaining terms on this portion of our debt:

	Balance Outstanding (in millions)	Contractual Weighted Avg Interest Rate	Weighted Avg Remaining Term
Fixed-rate debt	$ 5,635.3	2.08%	4.1 years
Hedged floating-rate debt	1,314.0	3.71%	3.5 years
Total fixed and hedged debt	$ 6,949.3	2.39%	4.0 years

Pursuant to the terms of certain debt agreements, we are required to maintain certain amounts in restricted cash accounts. As of June 30, 2023, we had restricted cash of $102.7 million.

For additional information on our debt, please refer to Note 7 - "Debt" in the Notes to the Unaudited Consolidated Financial Statements.

Debt Covenants

We are subject to certain financial covenants related to leverage and interest coverage as defined in our debt agreements. Failure to comply with these covenants could result in a default under the related credit agreements and the acceleration of our outstanding debt if we were unable to obtain a waiver from the creditors. As of June 30, 2023, we were in compliance with all such covenants.

Cash Flow

The following table sets forth certain cash flow information for the six months ended June 30, 2023 and 2022 (in thousands):

	Six Months Ended June 30,		
	2023	2022	Variance
Net cash provided by (used in) operating activities	$ 607,609	$ 1,037,455	$ (429,846)
Net cash provided by (used in) investing activities	$ 60,800	$ (623,608)	$ 684,408
Net cash provided by (used in) financing activities	$ (696,734)	$ (464,280)	$ (232,454)

Operating Activities

Net cash provided by operating activities decreased by $429.8 million to $607.6 million for the six months ended June 30, 2023 compared to $1,037.5 million in the same period in 2022. The decrease is primarily due to lower profitability in the current period of $115.5 million and the impact of a $302.4 million change in deferred revenue. In the prior year, we received several lease prepayments for which we deferred revenue recognition compared to the amortization of these prepayments in the current year.

Investing Activities

Net cash generated from investing activities was $60.8 million for the six months ended June 30, 2023 compared to net cash used in investing activities of $623.6 million in the same period in 2022. The change was primarily due to a $630.5 million decrease in the purchases of leasing equipment.

Financing Activities

Net cash used in financing activities was $696.7 million for the six months ended June 30, 2023, compared to $464.3 million in the same period in 2022. The change was primarily due to a $304.8 million increase in net debt repayments due to the decrease in equipment purchases and related financing requirements, offset by lower share repurchases and dividends paid in 2023.

Results of Operations

The following table summarizes our comparative results of operations for the three months ended June 30, 2023 and 2022 (in thousands).

	Three Months Ended June 30,		
	2023	2022	Variance
Leasing revenues:			
Operating leases	$ 360,004	$ 392,091	$ (32,087)
Finance leases	26,535	29,517	(2,982)
Total leasing revenues	386,539	421,608	(35,069)
Equipment trading revenues	26,426	48,108	(21,682)
Equipment trading expenses	(24,512)	(41,706)	17,194
Trading margin	1,914	6,402	(4,488)
Net gain (loss) on sale of leasing equipment	21,583	35,072	(13,489)
Operating expenses:			
Depreciation and amortization	146,880	160,922	(14,042)
Direct operating expenses	24,837	7,398	17,439
Administrative expenses	23,397	24,968	(1,571)
Transaction and other costs	2,579	—	2,579
Provision (reversal) for doubtful accounts	(760)	46	(806)
Total operating expenses	196,933	193,334	3,599
Operating income (loss)	213,103	269,748	(56,645)
Other expenses:			
Interest and debt expense	57,314	54,659	2,655
Unrealized (gain) loss on derivative instruments, net	—	100	(100)
Debt termination expense	—	1,627	(1,627)
Other (income) expense, net	(269)	(189)	(80)
Total other expenses	57,045	56,197	848
Income (loss) before income taxes	156,058	213,551	(57,493)
Income tax expense (benefit)	14,296	15,932	(1,636)
Net income (loss)	$ 141,762	$ 197,619	$ (55,857)
Less: dividend on preferred shares	13,028	13,028	—
Net income (loss) attributable to common shareholders	$ 128,734	$ 184,591	$ (55,857)

Comparison of the Three months ended June 30, 2023 and 2022

Leasing revenues. Per diem revenue represents revenue earned under operating lease contracts. Fee and ancillary lease revenue represents fees billed for the pick-up and drop-off of containers in certain geographic locations and billings of certain reimbursable operating costs such as repair and handling expenses. Finance lease revenue represents interest income earned under finance lease contracts. The following table summarizes our leasing revenues for the periods indicated below (in thousands):

	Three Months Ended June 30,		
	2023	2022	Variance
Leasing revenues:			
Operating leases			
Per diem revenues	$ 343,038	$ 378,414	$ (35,376)
Fee and ancillary revenues	16,966	13,677	3,289
Total operating lease revenues	360,004	392,091	(32,087)
Finance leases	26,535	29,517	(2,982)
Total leasing revenues	$ 386,539	$ 421,608	$ (35,069)

Total leasing revenues were $386.5 million for the three months ended June 30, 2023 compared to $421.6 million in the same period in 2022, a decrease of $35.1 million.

Per diem revenues were $343.0 million for the three months ended June 30, 2023 compared to $378.4 million in the same period in 2022, a decrease of $35.4 million, primarily due to a decrease of approximately 0.6 million CEU in the average number of containers on-hire.

Fee and ancillary lease revenues were $17.0 million for the three months ended June 30, 2023 compared to $13.7 million in the same period in 2022, an increase of $3.3 million, primarily due to an increase in repair and handling revenues as a result of a higher volume of redeliveries.

Finance lease revenues were $26.5 million for the three months ended June 30, 2023 compared to $29.5 million in the same period in 2022, a decrease of $3.0 million. This decrease is primarily due to the early buyout of containers under finance lease in the fourth quarter of 2022 and second quarter of 2023.

Trading margin. Trading margin was $1.9 million for the three months ended June 30, 2023 compared to $6.4 million in the same period in 2022, a decrease of $4.5 million. Container selling margins decreased in 2023 as a result of a decrease in selling prices.

Net gain (loss) on sale of leasing equipment. Gain on sale of equipment was $21.6 million for the three months ended June 30, 2023 compared to $35.1 million in the same period in 2022, a decrease of $13.5 million. The decrease was primarily due to a decrease in the average sale price of used dry containers, and higher impairment charges and presale costs, partially offset by an increase in volume.

Depreciation and amortization. Depreciation and amortization was $146.9 million for the three months ended June 30, 2023 compared to $160.9 million in the same period in 2022, a decrease of $14.0 million. The primary reasons for the decrease were as follows:

- $16.6 million decrease due to an increase in the number of containers that have become fully depreciated or reclassified to assets held for sale; partially offset by a
- $3.2 million increase due to new production units placed on-hire during 2022 that have a full quarter of depreciation in 2023, as well as new production units placed on-hire in the current year.

Direct operating expenses. Direct operating expenses primarily consist of our costs to repair equipment returned off lease, store equipment when it is not on lease and reposition equipment from locations with weak leasing demand. Direct operating expenses were $24.8 million for the three months ended June 30, 2023 compared to $7.4 million in the same period in 2022, an increase of $17.4 million. The primary reasons for the increase were as follows:

- $14.5 million increase in storage expense resulting from an increase in the number of idle units; and a
- $2.8 million increase in repair and handling expense primarily due to a higher volume of redeliveries.

Administrative expenses. Administrative expenses were $23.4 million for the three months ended June 30, 2023 compared to $25.0 million in the same period in 2022, a decrease of $1.6 million. The primary reasons for the decrease were as follows:

- $1.4 million decrease in incentive compensation costs; and a
- $1.2 million decrease in foreign exchange losses; partially offset by a
- $1.1 million increase in professional fees and travel and entertainment expenses.

Transaction and other costs. Included in the three months ended June 30, 2023 are $2.6 million of transaction and other merger related costs associated with the pending transaction with Brookfield Infrastructure which is expected to close in the third quarter 2023.

Provision (reversal) for doubtful accounts. Reversal for doubtful accounts was $0.8 million for the three months ended June 30, 2023 compared to an immaterial provision in the same period in 2022. In the second quarter of 2023, we reversed $0.7 million of a reserve established in 2022 due to better than expected recoveries.

Interest and debt expense. Interest and debt expense was $57.3 million for the three months ended June 30, 2023, compared to $54.7 million in the same period in 2022, an increase of $2.6 million. The primary reasons for the increase were as follows:

- $7.5 million increase due to the average effective interest rate increase to 2.93% from 2.54%; partially offset by a
- $4.9 million decrease in interest expense due to a decrease in the average debt balance of $774.2 million.

Debt termination expense. During the three months ended June 30, 2022, the Company incurred $1.6 million of debt termination costs related to the prepayment of asset-backed securitization term notes. The Company did not incur any debt termination costs in 2023.

Income tax expense (benefit). Income tax expense was $14.3 million for the three months ended June 30, 2023 compared to $15.9 million in the same period in 2022, a decrease of $1.6 million. The decrease in income tax expense was primarily the result of a decrease in pre-tax income partially offset by an increase in the effective tax rate. The Company's effective tax rate was 9.2% for the three months ended June 30, 2023 compared to 7.5% in the same period in 2022. The increase in the effective tax rate was primarily due to an increase in the portion of the Company's income generated in higher tax rate jurisdictions and a one-time $1.4 million write-off of deferred tax benefits as a result of the early buyout of containers under finance lease contracts in the second quarter of 2023.

Results of Operations

The following table summarizes our comparative results of operations for the six months ended June 30, 2023 and 2022 (in thousands).

	Six Months Ended June 30,		
	2023	2022	Variance
Leasing revenues:			
Operating leases	$ 730,352	$ 781,036	$ (50,684)
Finance leases	53,910	57,660	(3,750)
Total leasing revenues	784,262	838,696	(54,434)
Equipment trading revenues	45,528	82,228	(36,700)
Equipment trading expenses	(42,545)	(71,685)	29,140
Trading margin	2,983	10,543	(7,560)
Net gain (loss) on sale of leasing equipment	37,083	64,041	(26,958)
Operating expenses:			
Depreciation and amortization	295,315	321,638	(26,323)
Direct operating expenses	48,078	13,618	34,460
Administrative expenses	46,261	46,268	(7)
Transaction and other costs	2,579	—	2,579
Provision (reversal) for doubtful accounts	(2,557)	19	(2,576)
Total operating expenses	389,676	381,543	8,133
Operating income (loss)	434,652	531,737	(97,085)
Other expenses:			
Interest and debt expense	116,138	109,169	6,969
Unrealized (gain) loss on derivative instruments, net	(4)	(339)	335
Debt termination expense	—	1,663	(1,663)
Other (income) expense, net	(313)	(497)	184
Total other expenses	115,821	109,996	5,825
Income (loss) before income taxes	318,831	421,741	(102,910)
Income tax expense (benefit)	27,256	29,864	(2,608)
Net income (loss)	$ 291,575	$ 391,877	$ (100,302)
Less: dividend on preferred shares	26,056	26,056	—
Net income (loss) attributable to common shareholders	$ 265,519	$ 365,821	$ (100,302)

Comparison of the six months ended June 30, 2023 and 2022

Leasing revenues. Per diem revenue represents revenue earned under operating lease contracts. Fee and ancillary lease revenue represents fees billed for the pick-up and drop-off of containers in certain geographic locations and billings of certain reimbursable operating costs such as repair and handling expenses. Finance lease revenue represents interest income earned under finance lease contracts. The following table summarizes our leasing revenue for the periods indicated below (in thousands):

	Six Months Ended June 30,		
	2023	2022	Variance
Leasing revenues:			
Operating leases			
Per diem revenues	$ 695,218	$ 755,928	$ (60,710)
Fee and ancillary revenues	35,134	25,108	10,026
Total operating lease revenues	730,352	781,036	(50,684)
Finance leases	53,910	57,660	(3,750)
Total leasing revenues	$ 784,262	$ 838,696	$ (54,434)

Total leasing revenues were $784.3 million for the six months ended June 30, 2023, compared to $838.7 million, in the same period in 2022, a decrease of $54.4 million.

Per diem revenues were $695.2 million for the six months ended June 30, 2023 compared to $755.9 million in the same period in 2022, a decrease of $60.7 million, primarily due to a decrease of 0.5 million CEU in the average number of containers on-hire.

Fee and ancillary lease revenues were $35.1 million for the six months ended June 30, 2023 compared to $25.1 million in the same period in 2022, an increase of $10.0 million, primarily due to an increase in repair and handling revenues due to higher volume of redeliveries.

Finance lease revenues were $53.9 million for the six months ended June 30, 2023 compared to $57.7 million in the same period in 2022, a decrease of $3.8 million. This decrease is primarily due to the early buyout of containers under finance lease in the fourth quarter of 2022 and second quarter of 2023.

Trading margin. Trading margin was $3.0 million for the six months ended June 30, 2023 compared to $10.5 million in the same period in 2022, a decrease of $7.5 million. Container selling margins decreased in 2023 as a result of a decrease in selling prices.

Net gain (loss) on sale of leasing equipment. Gain on sale of equipment was $37.1 million for the six months ended June 30, 2023 compared to $64.0 million in the same period in 2022, a decrease of $26.9 million. The decrease was primarily due to a decrease in the average sale price of used dry containers, and higher impairment charges and presale costs, partially offset by an increase in volume.

Depreciation and amortization. Depreciation and amortization was $295.3 million for the six months ended June 30, 2023 compared to $321.6 million in the same period in 2022, a decrease of $26.3 million. The primary reasons for the decrease were as follows:

- $32.2 million decrease due to an increase in the number of containers that have become fully depreciated or reclassified to assets held for sale; partially offset by a
- $7.2 million increase due to new production units placed on-hire during 2022 that have six months of depreciation in 2023, as well as new production units placed on-hire in the current year.

Direct operating expenses. Direct operating expenses primarily consist of our costs to repair equipment returned off lease, store equipment when it is not on lease and reposition equipment from locations with weak leasing demand. Direct operating expenses were $48.1 million for the six months ended June 30, 2023 compared to $13.6 million in the same period in 2022, an increase of $34.5 million. The primary reasons for the increase were as follows:

- $26.0 million increase in storage expense resulting from an increase in the number of idle units; and a
- $7.9 million increase in repair and handling expense due to higher volume of drop-off activity.

Transaction and other costs. Included in the six months ended June 30, 2023 are $2.6 million of transaction and other merger related costs associated with the pending transaction with Brookfield Infrastructure which is expected to close in the third quarter 2023.

Provision (reversal) for doubtful accounts. Reversal for doubtful accounts was $2.6 million for the six months ended June 30, 2023 compared to an immaterial provision in the same period in 2022. During 2023, we reversed $2.5 million of a reserve established in 2022 due to better than expected recoveries.

Interest and debt expense. Interest and debt expense was $116.1 million for the six months ended June 30, 2023, compared to $109.2 million in the same period in 2022, an increase of $6.9 million. The primary reasons for the increase were as follows:

- $16.2 million increase due to the average effective interest rate increase to 2.93% from 2.52%; partially offset by a
- $9.1 million decrease in interest expense due to a decrease of the average debt balance of $724.1 million.

Debt termination expense. During the six months ended June 30, 2022, the Company incurred $1.7 million of debt termination costs related to the prepayment of asset-backed securitization term notes. The Company did not incur any debt termination costs in 2023.

Income tax expense (benefit). Income tax expense was $27.3 million for the six months ended June 30, 2023 compared to $29.9 million in the same period in 2022, a decrease of $2.6 million. The decrease in income tax expense was primarily due to a decrease in pre-tax income partially offset by an increase in the effective tax rate. The Company's effective tax rate was 8.5% for the six months ended June 30, 2023 compared to 7.1% in the same period in 2022. The increase in the effective tax rate was primarily due to an increase in the portion of the Company's income generated in higher tax rate jurisdictions and a one-time $1.4 million write-off of deferred tax benefits resulting from the early buyout of containers under finance leases in the second quarter of 2023.

Contractual Obligations

We are party to various operating and finance leases and are obligated to make payments related to our borrowings. We are also obligated under various commercial commitments, including payment obligations to our equipment manufacturers.

The following table summarizes our contractual commitments and obligations as of June 30, 2023 and the effect such obligations are expected to have on our liquidity and cash flows in future periods:

	Contractual Obligations by Period						
Contractual Obligations:	Total	Remaining 2023	2024	2025	2026	2027	2028 and thereafter
	(dollars in millions)						
Principal debt obligations	$ 7,677.3	$ 803.4	$ 906.8	$ 423.7	$ 1,727.6	$ 1,162.5	$ 2,653.3
Interest on debt obligations(1)	880.6	108.7	198.3	183.7	139.5	99.6	150.8
Operating leases (mainly facilities)	18.8	1.1	2.3	1.9	1.8	1.3	10.4
Purchase obligations:							
Equipment purchases payable	26.8	26.8	—	—	—	—	—
Equipment purchase commitments	4.7	4.7	—	—	—	—	—
Total contractual obligations	$ 8,608.2	$ 944.7	$ 1,107.4	$ 609.3	$ 1,868.9	$ 1,263.4	$ 2,814.5

(1) Amounts include actual interest for fixed debt, estimated interest for floating-rate debt and interest rate swaps.

The above table does not reflect transaction and other costs that are contingent upon the closing of the Merger.

Critical Accounting Estimates

Our consolidated financial statements have been prepared in conformity with GAAP, which requires us to make estimates and assumptions that affect the amounts and disclosures reported in the consolidated financial statements and accompanying notes. We base our estimates and judgments on historical experience and on various other assumptions that we believe are reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions or conditions. For a discussion of our critical accounting estimates, see Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2022 Annual Report on Form 10-K. There have been no significant changes to our critical accounting estimates since our 2022 Annual Report on Form 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss to future earnings, values or cash flows that may result from changes in the price of a financial instrument. The fair value of a financial instrument, derivative or non-derivative, might change as a result of changes in interest rates, exchange rates, commodity prices, equity prices and other market changes. We have operations internationally and we are exposed to market risks in the ordinary course of our business. These risks include interest rate and foreign currency exchange rate risks.

Interest Rate Risk

We enter into derivative agreements to fix the interest rates on a portion of our floating-rate debt. We assess and manage the external and internal risk associated with these derivative instruments in accordance with our overall operating goals. External risk is defined as those risks outside of our direct control, including counterparty credit risk, liquidity risk, systemic risk and legal risk. Internal risk relates to those operational risks within the management oversight structure and include actions taken in contravention of our policies.

The primary external risk of our derivative agreements is counterparty credit exposure, which is defined as the ability of a counterparty to perform its financial obligations under the agreement. All of our derivative agreements are with highly-rated financial institutions. Credit exposures are measured based on counterparty credit risks and the market value of outstanding derivative instruments.

As of June 30, 2023, we had derivative agreements in place to fix interest rates on a portion of our borrowings under debt facilities with floating interest rates as summarized below:

Derivatives	Notional Amount (in millions)	Weighted Average Fixed Leg (Pay) Interest Rate	Weighted Average Remaining Term
Interest Rate Swap(1)	$1,314.0	2.22%	3.5 years

(1) Excludes certain interest rate swaps with an effective date in a future period ("forward starting swaps"). Including these instruments will increase total notional amount by $650.0 million and increase the weighted average remaining term to 5.2 years.

Our derivative agreements are designated as cash flow hedges for accounting purposes. Any unrealized gains or losses related to the changes in fair value are recognized in accumulated other comprehensive income and reclassified to interest and debt expense as they are realized. As of June 30, 2023, we have certain interest rate cap agreements that are non-designated derivatives and changes in fair value are recognized as unrealized (gain) loss on derivative instruments, net, on the Consolidated Statements of Operations.

Approximately 91% of our debt is either fixed or hedged using derivative instruments which helps mitigate the impact of changes in short-term interest rates. A 100 basis point increase in the interest rates on our unhedged debt (Term SOFR) would result in an increase of approximately $4.6 million in interest expense over the next 12 months.

Foreign currency exchange rate risk

Although we have significant foreign-based operations, the majority of our revenues and our operating expenses are denominated in U.S. dollars. However, we pay our non-U.S. employees in local currencies and certain operating expenses are denominated in foreign currencies. Net foreign currency exchange (gains) losses were immaterial for the three and six months ended June 30, 2023, respectively, and $1.2 million and $1.6 million for the three and six months ended June 30, 2022, respectively.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Our senior management has evaluated the effectiveness and design of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of June 30, 2023. Based upon their evaluation of these disclosure controls and procedures, our Chief Executive Officer and our Senior Vice President and Chief Financial Officer concluded, as of June 30, 2023, that our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the three months ended June 30, 2023, which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving the desired control objectives. Our senior management recognizes that any control system, no matter how well designed and operated, is based upon certain judgments and assumptions and cannot provide absolute assurance that its objectives will be met. Similarly, an evaluation of controls cannot provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

From time to time we are a party to various legal proceedings, including claims, suits and government proceedings and investigations arising in connection with the normal course of our business. While we cannot predict the outcome of these matters, in the opinion of our management, any liability arising from these matters will not have a material adverse effect on our business. Nevertheless, unexpected adverse future events, such as an unforeseen development in our existing proceedings, a significant increase in the number of new cases or changes in our current insurance arrangements could result in liabilities that have a material adverse impact on our business.

ITEM 1A. RISK FACTORS.

Our business is subject to numerous risks. In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed under the caption "Risk Factors" in our 2022 Annual Report on Form 10-K, as supplemented and updated by the risk factors below. These factors could materially adversely affect our business, financial condition, results of operations and cash flows, and could cause our actual results to differ materially from our historical results or the results contemplated by any forward-looking statements contained in this Quarterly Report on Form 10-Q.

Risks Related to the Merger

The announcement and pendency of the Merger may have an adverse effect on our business results. The Merger may also not be completed on the terms or timeline currently contemplated or at all, which could adversely affect our stock price, business, financial condition and results of operations.

The Merger Agreement contains a number of customary conditions to complete the Merger, including: (i) the approval of the Merger Agreement by our shareholders; (ii) receipt of certain required regulatory approvals and the expiration or termination of any waiting period (and any extension thereof) applicable to the consummation of the Merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976; (iii) the receipt of clearance from CFIUS; (iv) the absence of an injunction or law restraining, enjoining, rendering illegal or otherwise prohibiting consummation of the Merger; (v) the SEC having declared effective registration statements with respect to the BIPC Shares issuable to our shareholders, and the units such stock consideration is exchangeable into, and no stop order or similar restraining order by the SEC suspending the effectiveness of a registration statement being in effect; (vi) the authorization for listing on the NYSE and conditional approval for listing on the Toronto Stock Exchange for the BIPC Shares issuable to our shareholders; (vii) subject to customary materiality qualifiers, the accuracy of the representations and warranties contained in the Merger Agreement; (viii) the absence of any Company Material Adverse Effect (as defined in the Merger Agreement); (ix) the absence of any Parent Burdensome Condition (as defined in the Merger Agreement); and (x) performance in all material respects by the other party of its covenants under the Merger Agreement.

While it is currently anticipated that the Merger will be consummated in the third quarter of 2023, there can be no assurance that the foregoing conditions will be satisfied on a timely basis or at all, or that an event, effect, development of change will not transpire that could delay or prevent these conditions from being satisfied. If the Merger is not consummated, the trading price of our common shares may decline. We may also be subject to additional risks in connection with the announcement and pendency of the Merger and if the Merger is not completed, including:

- we may be required to pay Parent a termination fee of approximately $141.4 million in certain circumstances;
- the Merger Agreement places certain restrictions on the conduct of our business prior to completion of the Merger, and such restrictions, the waiver of which is subject to the consent of Parent, may prevent us from making capital expenditures or disposing of equipment beyond certain levels, incurring certain indebtedness, making certain acquisitions, entering into or amending certain contracts, retaining and hiring certain personnel, taking other specified actions or otherwise pursuing business opportunities during the pendency of the Merger that we would have made, taken or pursued if these restrictions were not in place;
- matters relating to the Merger will require substantial commitments of time and attention by our management and the incurring of significant costs, including financial advisory and other professional fees and expenses, which would otherwise have been devoted to day-to-day operations and other opportunities that may have been beneficial to us as an independent company; and
- our employees, customers, vendors and suppliers may experience uncertainties about the effects of the Merger. It is possible that some customers, vendors, suppliers and other parties with whom we have a business relationship may

delay or defer certain business decisions or change their relationship with us as a result of the Merger. Similarly, current and future employees may experience uncertainty about their future roles with us following completion of the Merger, which may adversely affect our ability to attract and retain key employees.

In addition, we could be subject to litigation related to any failure to complete the Merger or related to any proceeding to specifically enforce our performance obligations under the Merger Agreement. If any of these risks materialize, they may materially and adversely affect our business, financial condition, financial results and share prices.

The Merger Agreement contains provisions that could discourage or make it difficult for a third party to acquire us prior to the completion of the Merger.

The Merger Agreement contains certain customary provisions that restrict our ability to solicit, or engage in discussions or negotiations regarding, alternative acquisition proposals from third parties prior to the completion of the Merger. Upon termination of the Merger Agreement under specified circumstances, including if we terminate the Merger Agreement to enter into an alternative acquisition agreement with respect to a Superior Proposal or Parent terminates the Merger Agreement as a result of our Board of Directors changing its recommendation, we will be required to pay to Parent a termination fee of $141,382,000 plus additional costs and expenses. These provisions might discourage an otherwise interested third party from considering or proposing an acquisition of us, even one that may be of greater value to our shareholders than the Merger. Furthermore, even if a third party elects to propose an acquisition, our financial liability to Parent may result in that third party offering a lower value to our shareholders than the third party might otherwise have offered.

Because the market value of the BIPC Shares that holders of our common shares may receive in the Merger may fluctuate and may cause the value of the Merger Consideration to fluctuate when the market value of BIPC Shares is outside of the Collar, holders of our common shares cannot be sure of the market value of the Merger Consideration that they will receive in the Merger.

Upon completion of the Merger, each of our common shares that is issued and outstanding immediately prior to the Effective Time (other than certain excluded common shares), will be canceled and automatically converted into the right to receive, at the election of the holder (but subject to pro rata cut backs to the extent cash or BIPC Shares are oversubscribed), $68.50 per common share in cash and $16.50 per common share in BIPC Shares (subject to adjustment to the extent the BIPC Final Stock Price is outside of the Collar). The stock portion of the Merger Consideration is subject to an adjustment mechanism based on the Collar, ensuring that holders of our common shares receive the number of BIPC Shares equal to $16.50 in value for every Triton common share if the BIPC Final Stock Price is between $42.36 and $49.23. If the BIPC Final Stock Price is below the Collar, Triton shareholders will receive 0.3895 BIPC Shares for each Triton common share. If the BIPC Final Stock Price is above the Collar, Triton shareholders will receive 0.3352 BIPC Shares for each Triton common share. Outside of the Collar, the implied value of the stock portion of the Merger Consideration to be received in exchange for each common share will fluctuate based on the market price of BIPC Shares until the completion of the Merger because the stock portion of the Merger Consideration is payable in a fixed number of BIPC Shares. The market price of BIPC Shares has fluctuated since the date of the announcement of the Merger and will continue to fluctuate from the date of this Quarterly Report on Form 10-Q until the date the Merger is completed, which could occur a considerable amount of time after the date hereof. BIPC Share price changes may result from a variety of factors, including, among others, general market and economic conditions, changes in BIPC's business, operations and prospects, risks inherent in its businesses, changes in market assessments of the likelihood that the Merger will be completed and/or the value that may be generated by the Merger, and changes with respect to expectations regarding the timing of the Merger and regulatory considerations. Many of these factors are beyond our control.

Lawsuits may be instituted against us challenging the transactions contemplated by the Merger Agreement. An adverse ruling in any such lawsuit may delay or prevent the proposed acquisition from being completed.

Lawsuits arising out of or relating to the Merger Agreement, the registration statement on Form F-4 of BIPC and its affiliate, Brookfield Infrastructure Partners, L.P. ("BIP") (which includes a document that serves as a prospectus of BIPC and BIP and a proxy statement of the Company) and/or the proposed acquisition of us by BIPC may be filed in the future. One of the conditions to completion of the Merger is the absence of any injunction or other order being in effect that prohibits completion of the Merger. Accordingly, if a plaintiff is successful in obtaining an injunction, then such order may prevent the proposed acquisition from being completed, or from being completed within the expected timeframe.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Share Repurchase Program

The following table provides certain information with respect to our purchases of the Company's common shares for the three months ended June 30, 2023. Purchases were made under the Company's share repurchase program, the authorization for which was increased to $400.0 million by the Board of Directors in December 2022:

	Issuer Purchases of Common Shares		
Period	Total number of shares purchased[1]	Average price paid per share	Approximate dollar value of shares that may yet be purchased under the plan (in thousands)
April 1, 2023 through April 30, 2023[2]	140,000	$ 62.13	$ 232,868
May 1, 2023 through May 31, 2023	—	$ —	$ 232,868
June 1, 2023 through June 30, 2023	—	$ —	$ 232,868
Total	140,000	$ 62.13	$ 232,868

(1) This column represents the total number of shares purchased as part of publicly announced plans.
(2) Triton suspended its share repurchase program effective as of the close of business on April 6, 2023 in light of Triton's pending acquisition by BIPC.

ITEM 6. EXHIBITS.

Exhibit Number	Exhibit Description
22.1	List of Subsidiary Guarantors and Issuers of Guaranteed Securities (incorporated by reference to Exhibit 22.1 to the Company's Current Report on Form 8-K filed January 19, 2022)
31.1*	Certification of the Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended
31.2*	Certification of the Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended
32.1**	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350
32.2**	Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350
101.INS	XBRL Instance Document - the instance document does not appear on the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Instance Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Inline XBRL Data (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished herewith.

SIGNATURE

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.

	TRITON INTERNATIONAL LIMITED	
August 1, 2023	By:	/s/ MICHAEL S. PEARL
		Michael S. Pearl
		Chief Financial Officer

Exhibit 31.1

CERTIFICATION

I, Brian M. Sondey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Triton International Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15(d)-15(f) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2023

/s/ BRIAN M. SONDEY

Brian M. Sondey
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Michael S. Pearl, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Triton International Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15(d)-15(f) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2023

/s/ MICHAEL S. PEARL

Michael S. Pearl
Chief Financial Officer

Exhibit 32.1

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Triton International Limited (the “Company”) on Form 10-Q for the period ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Brian M. Sondey, Chairman of the Board, Director and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 1, 2023

/s/ BRIAN M. SONDEY

Brian M. Sondey
Chairman and Chief Executive Officer

Exhibit 32.2

**CERTIFICATION BY CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Triton International Limited (the "Company") on Form 10-Q for the period ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael S. Pearl, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 1, 2023

/s/ MICHAEL S. PEARL

Michael S. Pearl
Chief Financial Officer