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

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**FORM 6-K**

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

For the quarterly period ended September 30, 2022

Commission File Number 001-33725

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**Textainer Group Holdings Limited**  
(Translation of Registrant's name into English)

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Century House  
16 Par-La-Ville Road  
Hamilton HM 08  
Bermuda  
(441) 296-2500  
(Address of principal executive office)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbols	Name of each exchange on which registered
Common Shares, \$0.01 par value	TGH	New York Stock Exchange
7.00% Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preference Shares, \$0.01 par value	TGH PRA	New York Stock Exchange
6.25% Series B Fixed Rate Cumulative Redeemable Perpetual Preference Shares, \$0.01 par value	TGH PRB	New York Stock Exchange

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

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes ☐ No ☒

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): Not applicable

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TEXTAINER GROUP HOLDINGS LIMITED

Quarterly Report on Form 6-K for the Three and Nine Months Ended September 30, 2022

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## INFORMATION REGARDING FORWARD-LOOKING STATEMENTS; CAUTIONARY LANGUAGE

This Quarterly Report on Form 6-K, including the section entitled Item 2, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” contains forward-looking statements within the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that are not statements of historical facts and may relate to, but are not limited to, expectations or estimates of future operating results or financial performance, capital expenditures, regulatory compliance, plans for growth and future operations, as well as assumptions relating to the foregoing. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “intend,” “potential,” “continue” or the negative of these terms or other similar terminology. The forward-looking statements contained in this Quarterly Report on Form 6-K include, but are not limited to, statements regarding (i) factors that are likely to continue to affect our performance and (ii) our belief that, assuming that our lenders remain solvent that our cash flow from operations, proceeds from the sale of containers and borrowing availability under our debt facilities are sufficient to meet our liquidity needs, including for the payment of dividends, for the next twelve months.

Although we do not make forward-looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy, and actual results may differ materially from those we anticipated due to a number of uncertainties, many of which cannot be foreseen. Our actual results could differ materially from those anticipated in these forward-looking statements for many reasons, including, among others, the risk described in Item 4, “*Risk Factors*” of this Quarterly Report on Form 6-K and the risks we face that are described in the section entitled Item 3, “*Key Information -- Risk Factors*” included in our Annual Report on Form 20-F for the fiscal year ended December 31, 2021 filed with the U.S. Securities and Exchange Commission (the “SEC”) on March 17, 2022 (our “2021 Form 20-F”).

We believe that it is important to communicate our expectations about the future to potential investors, shareholders and other readers. However, there may be events in the future that we are not able to accurately predict or control and that may cause actual events or results to differ materially from the expectations expressed in or implied by our forward-looking statements. The risk factors listed in Item 3, “*Key Information -- Risk Factors*” included in our 2021 Form 20-F, as well as any cautionary language in this Quarterly Report on Form 6-K, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. Before you decide to buy, hold or sell our common shares, you should be aware that the occurrence of the events described in Item 3, “*Key Information -- Risk Factors*” included in our 2021 Form 20-F and elsewhere in this Quarterly Report on Form 6-K could negatively impact our business, cash flows, results of operations, financial condition and share price. Potential investors, shareholders and other readers are cautioned not to place undue reliance on our forward-looking statements.

Forward-looking statements regarding our present plans or expectations for fleet size, management contracts, container purchases, sources and availability of financing, and growth involve risks and uncertainties relative to return expectations and related allocation of resources, and changing economic or competitive conditions, as well as the negotiation of agreements with container investors, which could cause actual results to differ from present plans or expectations, and such differences could be material. Similarly, forward-looking statements regarding our present expectations for operating results and cash flow involve risks and uncertainties related to factors such as utilization rates, per diem rates, container prices, demand for containers by container shipping lines, supply, the magnitude and duration of the ongoing COVID-19 pandemic and other factors discussed under Item 3, “*Key Information -- Risk Factors*” included in our 2021 Form 20-F or elsewhere in this Quarterly Report on Form 6-K, which could also cause actual results to differ from present plans. Such differences could be material.

All future written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. New risks and uncertainties arise from time to time, and we cannot predict those events or how they may affect us. The forward-looking statements contained in this Quarterly Report on Form 6-K speak only as of, and are based on information available to us on, the date of the filing of this Quarterly Report on Form 6-K. We assume no obligation to, and do not plan to, update any forward-looking statements after the date of this Quarterly Report on Form 6-K as a result of new information, future events or developments, except as expressly required by U.S. federal securities laws. You should read this Quarterly Report on Form 6-K and the documents that we reference and have furnished as exhibits with the understanding that we cannot guarantee future results, levels of activity, performance or achievements and that actual results may differ materially from what we expect.

In this Quarterly Report on Form 6-K, unless otherwise specified, all monetary amounts are in U.S. dollars. To the extent that any monetary amounts are not denominated in U.S. dollars, they have been translated into U.S. dollars in accordance with our accounting policies as described in Item 18, “*Financial Statements*” included in our 2021 Form 20-F.

**ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**
**TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

## Condensed Consolidated Statements of Operations

(Unaudited)

(All currency expressed in United States dollars in thousands, except per share amounts)

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Revenues:</b>				
Operating leases - owned fleet (1)	\$ 153,540	\$ 152,655	\$ 457,622	\$ 435,083
Operating leases - managed fleet (1)	12,322	13,175	37,641	42,982
Finance leases and container leaseback financing receivable - owned fleet (1)	39,290	30,000	111,839	74,443
Total lease rental income	<u>205,152</u>	<u>195,830</u>	<u>607,102</u>	<u>552,508</u>
Management fees - non-leasing	710	598	1,915	2,746
Trading container sales proceeds	5,791	6,307	18,801	22,648
Cost of trading containers sold	(5,334)	(3,668)	(17,035)	(13,612)
Trading container margin	<u>457</u>	<u>2,639</u>	<u>1,766</u>	<u>9,036</u>
Gain on sale of owned fleet containers, net	22,788	20,028	61,914	51,222
<b>Operating expenses:</b>				
Direct container expense - owned fleet	8,717	5,210	21,015	17,794
Distribution expense to managed fleet container investors	10,952	11,751	33,427	38,770
Depreciation and amortization (1)	73,238	73,641	218,688	210,950
General and administrative expense	11,739	12,543	36,451	34,263
Bad debt expense (recovery), net	206	(15)	743	(1,225)
Container lessee default expense (recovery), net	963	1,928	1,518	(1,185)
Total operating expenses	<u>105,815</u>	<u>105,058</u>	<u>311,842</u>	<u>299,367</u>
Income from operations	<u>123,292</u>	<u>114,037</u>	<u>360,855</u>	<u>316,145</u>
<b>Other (expense) income:</b>				
Interest expense	(41,242)	(33,128)	(114,144)	(92,381)
Debt termination expense	—	(11,866)	—	(15,078)
Realized loss on financial instruments, net	—	(112)	—	(5,516)
Unrealized (loss) gain on financial instruments, net	(204)	83	(326)	4,681
Other, net	1,368	(730)	1,748	(527)
Net other expense	<u>(40,078)</u>	<u>(45,753)</u>	<u>(112,722)</u>	<u>(108,821)</u>
Income before income taxes	83,214	68,284	248,133	207,324
Income tax (expense) benefit	(1,846)	59	(5,532)	(890)
<b>Net income</b>	<u>81,368</u>	<u>68,343</u>	<u>242,601</u>	<u>206,434</u>
Less: Dividends on preferred shares	4,968	3,614	14,906	5,860
<b>Net income attributable to common shareholders</b>	<u>\$ 76,400</u>	<u>\$ 64,729</u>	<u>\$ 227,695</u>	<u>\$ 200,574</u>
Net income attributable to common shareholders per share:				
Basic	\$ 1.66	\$ 1.31	\$ 4.82	\$ 4.03
Diluted	\$ 1.64	\$ 1.28	\$ 4.73	\$ 3.96
Weighted average shares outstanding (in thousands):				
Basic	45,896	49,414	47,252	49,804
Diluted	46,707	50,417	48,092	50,708

(1) Amounts for the period ended September 30, 2021 have been reclassified to conform with the 2022 presentation (see Note 2 (g) "Reclassifications and Changes in Presentation").

See accompanying notes to condensed consolidated financial statements.

**TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Condensed Consolidated Statements of Comprehensive Income

(Unaudited)

(All currency expressed in United States dollars in thousands)

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Net income</b>	\$ 81,368	\$ 68,343	\$ 242,601	\$ 206,434
<b>Other comprehensive income (loss), before tax:</b>				
Change in derivative instruments designated as cash flow hedges	54,227	3,288	143,327	3,084
Reclassification of realized (gain) loss on derivative instruments designated as cash flow hedges	(5,061)	2,887	(766)	5,378
Foreign currency translation adjustments	(219)	(67)	(455)	(108)
Comprehensive income, before tax	130,315	74,451	384,707	214,788
Income tax (expense) benefit related to items of other comprehensive income (loss)	(486)	(56)	(1,408)	11
Comprehensive income, after tax	129,829	74,395	383,299	214,799
Less: Dividends on preferred shares	4,968	3,614	14,906	5,860
Comprehensive income attributable to common shareholders	\$ 124,861	\$ 70,781	\$ 368,393	\$ 208,939

See accompanying notes to condensed consolidated financial statements.

**TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**  
Condensed Consolidated Balance Sheets  
(Unaudited)  
(All currency expressed in United States dollars in thousands, except share data)

	September 30, 2022	December 31, 2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 143,652	\$ 206,210
Accounts receivable, net of allowance of \$1,694 and \$1,290, respectively	167,990	125,746
Net investment in finance leases, net of allowance of \$204 and \$100, respectively	131,477	113,048
Container leaseback financing receivable, net of allowance of \$49 and \$38, respectively	52,919	30,317
Trading containers	7,565	12,740
Containers held for sale	19,578	7,007
Prepaid expenses and other current assets	15,616	14,184
Due from affiliates, net	2,723	2,376
Total current assets	541,520	511,628
Restricted cash	108,980	76,362
Marketable securities	2,540	2,866
Containers, net of accumulated depreciation of \$1,998,515 and \$1,851,664, respectively	4,469,642	4,731,878
Net investment in finance leases, net of allowance of \$899 and \$643, respectively	1,721,419	1,693,042
Container leaseback financing receivable, net of allowance of \$54 and \$75, respectively	784,972	323,830
Derivative instruments	152,701	12,278
Deferred taxes	1,055	1,073
Other assets	14,206	14,487
Total assets	<u>\$ 7,797,035</u>	<u>\$ 7,367,444</u>
<b>Liabilities and Equity</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 22,178	\$ 22,111
Container contracts payable	6,521	140,968
Other liabilities	4,994	4,895
Due to container investors, net	19,215	17,985
Debt, net of unamortized costs of \$8,113 and \$8,624, respectively	400,205	380,207
Total current liabilities	453,113	566,166
Debt, net of unamortized costs of \$29,192 and \$32,019, respectively	5,293,242	4,960,313
Derivative instruments	-	2,139
Income tax payable	11,543	10,747
Deferred taxes	13,759	7,589
Other liabilities	35,009	39,236
Total liabilities	5,806,666	5,586,190
Shareholders' Equity:		
Cumulative redeemable perpetual preferred shares, \$0.01 par value, \$25,000 liquidation preference per share.		
Authorized 10,000,000 shares; 12,000 shares issued and outstanding (equivalent to 12,000,000 depository shares at \$25.00 liquidation preference per depository share)	300,000	300,000
Common shares, \$0.01 par value. Authorized 140,000,000 shares; 59,711,457 shares issued and 44,946,097 shares outstanding at 2022; 59,503,710 shares issued and 48,831,855 shares outstanding at 2021	597	595
Treasury shares, at cost, 14,765,360 and 10,671,855 shares, respectively	(292,234)	(158,459)
Additional paid-in capital	438,718	428,945
Accumulated other comprehensive income	150,448	9,750
Retained earnings	1,392,840	1,200,423
Total shareholders' equity	1,990,369	1,781,254
Total liabilities and shareholders' equity	<u>\$ 7,797,035</u>	<u>\$ 7,367,444</u>

See accompanying notes to condensed consolidated financial statements.

**TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**  
Condensed Consolidated Statements of Shareholders' Equity  
(Unaudited)  
(All currency expressed in United States dollars in thousands, except share data)

	Preferred shares		Common shares		Treasury shares		Additional paid-in capital	Accumulated other comprehensive (loss) income	Retained earnings	Total Textainer Group Holdings Limited shareholders' equity	Noncontrolling interest	Total equity
	Shares	Amount	Shares	Amount	Shares	Amount						
Balances, December 31, 2020	—	\$ —	58,740,919	\$ 587	(8,245,130)	\$ (86,239)	\$ 416,609	\$ (9,744)	\$ 938,395	\$ 1,259,608	\$ 27,110	\$ 1,286,718
Issuance of preferred shares, net of offering expenses	12,000	300,000	—	—	—	—	(10,350)	—	—	289,650	—	289,650
Restricted share units vested	—	—	65,505	1	—	—	(1)	—	—	—	—	—
Exercise of share options	—	—	376,804	4	—	—	6,785	—	—	6,789	—	6,789
Purchase of treasury shares	—	—	—	—	(1,685,562)	(45,789)	—	—	—	(45,789)	—	(45,789)
Share-based compensation expense	—	—	—	—	—	—	4,208	—	—	4,208	—	4,208
Purchase of noncontrolling interest	—	—	—	—	—	—	7,022	—	—	7,022	(27,110)	(20,088)
Preferred shares dividends declared	—	—	—	—	—	—	—	—	(4,433)	(4,433)	—	(4,433)
Net income	—	—	—	—	—	—	—	—	206,434	206,434	—	206,434
Comprehensive income (loss):												
Change in derivative instruments designated as cash flow hedges	—	—	—	—	—	—	—	3,084	—	3,084	—	3,084
Reclassification of realized loss on derivative instruments designated as cash flow hedges	—	—	—	—	—	—	—	5,378	—	5,378	—	5,378
Foreign currency translation adjustments	—	—	—	—	—	—	—	(108)	—	(108)	—	(108)
Income tax benefit related to items of other comprehensive loss	—	—	—	—	—	—	—	11	—	11	—	11
Total comprehensive income	—	—	—	—	—	—	—	—	—	—	—	8,365
<b>Balances, September 30, 2021</b>	<b>12,000</b>	<b>\$ 300,000</b>	<b>59,183,228</b>	<b>\$ 592</b>	<b>(9,930,692)</b>	<b>\$ (132,028)</b>	<b>\$ 424,273</b>	<b>\$ (1,379)</b>	<b>\$ 1,140,396</b>	<b>\$ 1,731,854</b>	<b>\$ —</b>	<b>\$ 1,731,854</b>
Balances, December 31, 2021	12,000	\$ 300,000	59,503,710	\$ 595	(10,671,855)	\$ (158,459)	\$ 428,945	\$ 9,750	\$ 1,200,423	\$ 1,781,254	\$ —	\$ 1,781,254
Restricted share units vested	—	—	34,047	—	—	—	—	—	—	—	—	—
Exercise of share options	—	—	173,700	2	—	—	4,458	—	—	4,460	—	4,460
Purchase of treasury shares	—	—	—	—	(4,093,505)	(133,775)	—	—	—	(133,775)	—	(133,775)
Share-based compensation expense	—	—	—	—	—	—	5,315	—	—	5,315	—	5,315
Preferred shares dividends declared	—	—	—	—	—	—	—	—	(14,906)	(14,906)	—	(14,906)
Dividends declared to common shareholders (\$0.25/share)	—	—	—	—	—	—	—	—	(35,278)	(35,278)	—	(35,278)
Net income	—	—	—	—	—	—	—	—	242,601	242,601	—	242,601
Comprehensive income (loss):												
Change in derivative instruments designated as cash flow hedges	—	—	—	—	—	—	—	143,327	—	143,327	—	143,327
Reclassification of realized gain on derivative instruments designated as cash flow hedges	—	—	—	—	—	—	—	(766)	—	(766)	—	(766)
Foreign currency translation adjustments	—	—	—	—	—	—	—	(455)	—	(455)	—	(455)
Income tax expense related to items of other comprehensive income	—	—	—	—	—	—	—	(1,408)	—	(1,408)	—	(1,408)
Total comprehensive income	—	—	—	—	—	—	—	—	—	—	—	140,698
<b>Balances, September 30, 2022</b>	<b>12,000</b>	<b>\$ 300,000</b>	<b>59,711,457</b>	<b>\$ 597</b>	<b>(14,765,360)</b>	<b>\$ (292,234)</b>	<b>\$ 438,718</b>	<b>\$ 150,448</b>	<b>\$ 1,392,840</b>	<b>\$ 1,990,369</b>	<b>\$ —</b>	<b>\$ 1,990,369</b>

See accompanying notes to condensed consolidated financial statements.

**TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(All currency expressed in United States dollars in thousands)

	<b>Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
Cash flows from operating activities:		
Net income	\$ 242,601	\$ 206,434
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (1)	218,688	210,950
Bad debt expense (recovery), net	743	(1,225)
Container write-off (recovery) from lessee default, net	1,910	(4,835)
Unrealized loss (gain) on financial instruments, net	326	(4,681)
Amortization of unamortized debt issuance costs and accretion of bond discounts	7,710	7,153
Debt termination expense	—	15,078
Gain on sale of owned fleet containers, net	(61,914)	(51,222)
Share-based compensation expense	5,315	4,208
Changes in operating assets and liabilities	122,272	1,757
Total adjustments	295,050	177,183
Net cash provided by operating activities	537,651	383,617
Cash flows from investing activities:		
Purchase of containers and fixed assets	(385,087)	(1,689,588)
Payments on container leaseback financing receivable	(533,867)	(18,705)
Proceeds from sale of containers and fixed assets	143,849	112,745
Receipt of principal payments on container leaseback financing receivable	42,806	21,081
Net cash used in investing activities	(732,299)	(1,574,467)
Cash flows from financing activities:		
Proceeds from debt	989,650	4,229,756
Payments on debt	(640,063)	(3,199,942)
Payment of debt issuance costs	(4,326)	(21,107)
Proceeds from container leaseback financing liability, net	—	16,305
Principal repayments on container leaseback financing liability, net	(599)	(3,128)
Issuance of preferred shares, net of underwriting discount	—	290,550
Purchase of treasury shares	(133,775)	(45,789)
Issuance of common shares upon exercise of share options	4,460	6,789
Dividends paid on common shares	(35,278)	—
Dividends paid on preferred shares	(14,906)	(4,433)
Purchase of noncontrolling interest	—	(21,500)
Other	—	(654)
Net cash provided by financing activities	165,163	1,246,847
Effect of exchange rate changes	(455)	(108)
Net (decrease) increase in cash, cash equivalents and restricted cash	(29,940)	55,889
Cash, cash equivalents and restricted cash, beginning of the year	282,572	205,165
Cash, cash equivalents and restricted cash, end of the period	\$ 252,632	\$ 261,054
Supplemental disclosures of cash flow information:		
Cash paid for interest expense and realized loss and settlement of derivative instruments	\$ 104,844	\$ 115,454
Income taxes paid	\$ 257	\$ 1,559
Receipt of payments on finance leases, net of income earned	\$ 143,317	\$ 47,490
Supplemental disclosures of noncash operating activities:		
Receipt of marketable securities from a lessee	\$ -	\$ 5,789
Right-of-use asset for leased properties	\$ -	\$ 272
Supplemental disclosures of noncash investing activities:		
(Decrease) increase in accrued container purchases	\$ (134,447)	\$ 51,147
Containers placed in finance leases	\$ 217,659	\$ 902,748

(1) Amounts for the period ended September 30, 2021 have been reclassified to conform with the 2022 presentation (see Note 2 (g) "Reclassifications and Changes in Presentation").

See accompanying notes to condensed consolidated financial statements.



## TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES

### Notes to Condensed Consolidated Financial Statements

(Unaudited)

(All currency expressed in United States dollars in thousands, except per share amounts)

#### (1) Nature of Business

Textainer Group Holdings Limited ("TGH") is incorporated in Bermuda. TGH is the holding company of a group of companies, consisting of TGH and its subsidiaries (collectively, the "Company"), involved in the purchase, management, leasing and resale of a fleet of marine cargo containers. The Company also manages and provides administrative support to the third-party owners' (the "Container Investors") container fleets.

The Company conducts its business activities in three main areas: Container Ownership, Container Management and Container Resale (see Note 9 "Segment Information").

#### (2) Basis of Presentation and Accounting Policies

##### (a) Basis of Presentation and Consolidation

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") have been condensed or omitted. The accompanying unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2021 ("2021 Form 20-F") filed with the Securities and Exchange Commission on March 17, 2022.

The condensed consolidated financial statements of the Company include TGH and all of its wholly-owned subsidiaries. All significant intercompany accounts and balances have been eliminated in consolidation.

The preparation of financial statements in conformity with U.S. GAAP requires the Company's management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and disclosure of contingent assets and liabilities in the financial statements. The Company's management evaluates its estimates on an ongoing basis, including those related to container leasing equipment such as residual values and depreciable lives, containers held for sale, allowance for credit losses, income taxes and accruals. Actual results could differ from those estimates under different assumptions or conditions.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of only normal and recurring adjustments) necessary to present fairly the Company's condensed consolidated balance sheet as of September 30, 2022, the Company's condensed consolidated statements of operations and comprehensive income for the three and nine month periods ended September 30, 2022 and 2021, and the Company's condensed consolidated statements of shareholders' equity and cash flows for the nine month periods ended September 30, 2022 and 2021. These condensed consolidated financial statements are not necessarily indicative of the results of operations or cash flows that may be reported for the remainder of the fiscal year ending December 31, 2022.

##### (b) Containers

Capitalized costs for container leasing equipment include the container cost payable to the manufacturer, inspection, delivery, and the associated transportation costs incurred in moving the Company's containers from the manufacturer to the containers' first destined location. Containers are depreciated using the straight-line method over their estimated useful lives to an estimated residual value. Used containers are depreciated based upon their remaining useful lives at the date of acquisition to an estimated residual value. Repair and maintenance costs that do not extend the useful lives of the container leasing equipment are recognized in "direct container expense - owned fleet" in the condensed consolidated statements of operations at the time the costs are incurred.

##### *Impairment of Container Leasing Equipment*

The Company reviews its containers for impairment whenever events or circumstances indicate that the carrying amount of such assets may not be recoverable. The Company compares the carrying value of the containers to the expected future undiscounted cash flows for the purpose of assessing the recoverability of the recorded amounts. If the carrying value exceeds expected future undiscounted cash flows, the assets are reduced to fair value. There was no such impairment of the Company's leasing equipment for the three and nine months ended September 30, 2022 and 2021.

## *Write-Off (Recoveries) of Container Leasing Equipment due to Lessees in Default*

The Company evaluates the recoverability of the recorded amounts of containers that are unlikely to be recovered from lessees in default. For the three and nine months ended September 30, 2022, the Company recorded impairment charges of \$867 and \$1,935, respectively, to write-off containers that were unlikely to be recovered from lessees in default, offset by gains of \$0 and \$827, respectively, associated with recoveries on containers previously estimated as lost with lessees in default. For the three and nine months ended September 30, 2021, the Company recorded impairment charges of \$928 and \$2,793, respectively, to write-off containers that were unlikely to be recovered from lessee in default, offset by gains of \$10 and \$7,628, respectively, associated with recoveries on containers previously estimated as lost with lessees in default. The gain on container recovery of \$7,577 during the first quarter of 2021 was due to the reinstatement of containers with a previously insolvent and bankrupt lessee who made a successful exit from bankruptcy, and such containers had been written off in 2019. These amounts are recorded in the condensed consolidated statements of operations as “container lessee default expense (recovery), net”.

## *Impairment of Containers Held for Sale*

Containers identified as held for sale are valued at the lower of carrying value or fair value, less costs to sell. The Company records impairment to write-down the value of containers held for sale to their estimated fair value, less cost to sell, under observable (Level 2) market inputs. The fair value is estimated based on recent gross sales proceeds for sales of similar types of containers in the locations in which the containers are stored. When containers are sold or otherwise retired, the cost and related accumulated depreciation are removed, and any resulting gain or loss is recognized.

Subsequent additions or reductions to the fair values of these written down assets are recorded as adjustments to the carrying value of the containers held for sale. The carrying value of containers held for sale that have been impaired and written down to their estimated fair value less cost to sell was \$544 and \$270 as of September 30, 2022 and December 31, 2021, respectively. Any subsequent increase in fair value less costs to sell is recognized as a reversal of container impairment but not in excess of the cumulative loss previously recognized. During the three and nine months ended September 30, 2022, the Company recorded container impairment charges of \$180 and \$783, respectively, and during the three and nine months ended September 30, 2021, the Company recorded container impairment charges (reversals) of \$265 and \$(279), respectively, to write down the value of containers held for sale to their estimated fair value less cost to sell, net of reversals of previously recorded impairments on containers held for sale due to rising used container prices. The impairment charges (reversals) are included in “depreciation and amortization” in the condensed consolidated statements of operations.

## **(c) Container Lessee Default Expense (Recovery), net**

One of the Company’s customers became bankrupt in 2019. In 2021, the bankruptcy settlement agreement related to the restructuring of the previously insolvent customer was finalized. As a result of the assessment of the previously insolvent customer’s restructuring and successful exit from bankruptcy, the Company recorded a container loss recovery of \$7,986 included in “container lessee default expense (recovery), net” in the condensed consolidated statements of operations during the first quarter of 2021. The Company did not submit a final insurance claim after its review of the previously insolvent customer’s restructuring plan, therefore, the insurance receivable of \$2,106 was written-off and included in “container lessee default expense (recovery), net” in the condensed consolidated statements of operations during the first quarter of 2021. For further discussion on the Company’s insurance receivable and impairment due to write-off containers that were unlikely to be recovered from lessees in default, please refer to Item 18, “Financial Statements – Note 2” in our 2021 Form 20-F.

## **(d) Capitalized Implementation Costs**

Implementation costs associated with a cloud-based hosting arrangement that is a service contract are capitalized when incurred during the application development phase. As of September 30, 2022 and December 31, 2021, the Company’s aggregate capitalized implementation costs amounted to \$11,157 and \$8,767, respectively, which were included in “prepaid expenses and other current assets” in the Company’s condensed consolidated balance sheets. Amortization of the capitalized implementation costs relating to the new enterprise resource planning (ERP) system commenced in January 2022 when the hosting arrangement was ready for its intended use and is amortized on a straight-line basis over seven years which is the term of the hosting arrangement, including reasonably certain renewals. During the three and nine months ended September 30, 2022, the Company recorded amortization of capitalized implementation costs of \$243 and \$652, respectively, which was included in “general and administrative expense” in the Company’s condensed consolidated statements of operations.

## **(e) Concentrations**

The Company’s customers are mainly international shipping lines, which transport goods on international trade routes. Once the containers are on-hire with a lessee, the Company does not track their location. The domicile of the lessee is not indicative of

where the lessee is transporting the containers. The Company's business risk in its geographic concentration lies with the creditworthiness of the lessees rather than the location of the containers or the domicile of the lessees.

Total lease rental income, as reported in the condensed consolidated statements of operations, comprises revenue earned from leases on containers in the Company's total fleet, including revenue earned from leases on containers in its managed fleet. Except for the lessees noted in the tables below, no other single lessee accounted for more than 10% of the Company's total lease rental income for the three and nine months ended September 30, 2022 and 2021:

Total Lease Rental Income	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Customer A	24.9%	21.6%	24.3%	20.3%
Customer B	15.0%	11.9%	15.1%	12.0%
Customer C	10.8%	11.9%	10.8%	12.2%
Customer D	7.9%	4.4%	10.2%	4.5%

**(f) Fair Value Measurements**

As of September 30, 2022 and December 31, 2021, the carrying amounts of cash and cash equivalents, restricted cash, accounts receivable and payable, due from affiliates, net, container contracts payable and due to container investors, net, approximate their fair values due to the short-term nature of these financial instruments. See Note 2 (b) "Containers", Note 5 "Leases" and Note 8 "Debt and Derivative Instruments" for further discussions on fair value of containers held for sale, fair value of net investment in finance leases and container leaseback financing receivable, and fair value of derivative instruments, respectively.

As of September 30, 2022 and December 31, 2021, the Company held investments in marketable equity securities with readily determinable fair values of \$2,540 and \$2,866, respectively. The fair value of investments in marketable equity securities is measured at each balance sheet date based on quoted market prices (Level 1). The change in fair value of marketable equity securities still held as of September 30, 2022 was \$(204) and \$(326) for the three and nine months ended September 30, 2022, respectively, which was recorded as "unrealized (loss) gain on financial instruments, net" in the condensed consolidated statements of operations. The change in fair value of investments in marketable equity securities amounted to \$40 and \$(425) during both the three and nine months ended September 30, 2021, respectively.

**(g) Reclassifications and Changes in Presentation**

Certain prior period amounts for the three and nine months ended September 30, 2021 have been reclassified to conform to the current period presentation as discussed below:

- The Company reclassified the total lease rental income out of the previously reported line items "lease rental income - owned fleet" and "lease rental income - managed fleet" to the line items "operating leases – owned fleet", "operating leases – managed fleet" and "finance leases and container leaseback financing receivable – owned fleet" to additionally present the breakdown of total lease rental income by lease type in the condensed consolidated statements of operations.
- The Company reclassified the amounts out of the separate line item "amortization expense" to be included within the line item "depreciation and amortization" in the condensed consolidated statements of operations and in the condensed consolidated statements of cash flows.

The changes in the presentation have no impact on "total lease rental income", "total operating expenses", "net income", "net cash provided by operating activities", and "net increase (decrease) in cash, cash equivalents and restricted cash".

**(h) Recently Issued Accounting Standards**

In July 2021, the FASB issued Accounting Standards Update No. 2021-05, *Leases (Topic 842), Lessors – Certain Leases with Variable Lease Payments* ("ASU 2021-05"). The amendment provides guidance to clarify lessor's accounting for certain leases with variable lease payments by amending the lessor lease classification requirements under Topic 842, which was adopted by the Company on the effective date of January 1, 2019. ASU 2021-05 requires a lessor to classify and account for a lease with variable lease payments that do not depend on a reference index or a rate as an operating lease if both of the following criteria are met: 1) The lease would have been classified as a sales-type lease or a direct financing lease in accordance with the classification criteria in Topic 842; and 2) The lessor would have otherwise recognized a day-one loss. The Company adopted ASU 2021-05 effective January 1, 2022 on a

prospective basis. Based on the nature of the Company's finance leases, the adoption of this guidance did not have an impact on the Company's condensed consolidated financial statements.

In March 2022, the FASB issued Accounting Standards Update No. 2022-02, *Financial Instruments – Credit Losses (Topic 326), Troubled Debt Restructurings and Vintage Disclosures* (“ASU 2022-02”). The amendment eliminates the accounting guidance for troubled debt restructurings by creditors in *Topic 310 - Receivables* and amends the disclosure requirements for restructurings involving borrowers that are experiencing financial difficulty under *ASU 2016-13, Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*, which was adopted by the Company on the effective date of January 1, 2020. ASU 2022-02 requires disclosure of current period gross write-offs by year of origination for financing receivables and net investment in finance leases and must be included in the vintage disclosure of the amortized cost basis of financing receivables and net investment in finance leases by credit quality indicator and by year of origination as required by ASU 2016-13. ASU 2022-02 is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The Company will adopt ASU 2022-02 effective January 1, 2023 on a prospective basis and expects no impact on the Company's condensed consolidated financial statements other than the enhanced disclosure requirements.

There were no changes to the Company's significant accounting policies during the three and nine months ended September 30, 2022. For further discussion on the Company's accounting policies, please refer to Note 1 “Nature of Business and Summary of Significant Accounting Policies” in Item 18, “Financial Statements” in our 2021 Form 20-F.

### (3) Managed Container Fleet

Lease rental income and expenses from the managed fleet owned by Container Investors are reported on a gross basis. Lease rental income from managed fleet represents rental charges billed to the ultimate lessees for the managed fleet, including charges for handling fees, drop-off charges, pick-up charges, and charges for a damage protection plan that is set forth in the leases.

Management fees from non-leasing services are earned for acquiring new managed containers and sales commissions are earned from sales of the managed containers on behalf of the Container Investors.

Distribution expense to managed fleet container investors represents direct container expenses of the managed containers and the amounts distributed to the Container Investors, reduced by associated lease management fees earned and retained by the Company.

The Company is deemed to own certain of the managed containers purchased by the Company on behalf of Container Investors, notwithstanding the contractual management relationship which the Company has with the Container Investors. Accordingly, such managed containers are included in “containers, net” in the Company's condensed consolidated balance sheets as of September 30, 2022 and December 31, 2021. The purchase consideration paid by the Container Investors for such containers is reported as a deemed financial liability of the Company. As of September 30, 2022 and December 31, 2021, the Company's container leaseback financial liability to the Container Investors amounted to \$15,044, and \$15,977, respectively, which were reported as “other liabilities” in the condensed consolidated balance sheets.

The Company's container leasing equipment includes such managed containers in the condensed consolidated balance sheets as of September 30, 2022 and December 31, 2021, which consisted of the following:

	September 30, 2022			December 31, 2021		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Containers - owned fleet	\$ 6,451,736	\$ (1,996,838)	\$ 4,454,898	\$ 6,566,785	\$ (1,850,721)	\$ 4,716,064
Containers - managed fleet	16,421	(1,677)	14,744	16,757	(943)	15,814
Total containers	<u>\$ 6,468,157</u>	<u>\$ (1,998,515)</u>	<u>\$ 4,469,642</u>	<u>\$ 6,583,542</u>	<u>\$ (1,851,664)</u>	<u>\$ 4,731,878</u>

Total management fee income from the managed fleet, including management fees earned from acquisition fees and sales commissions during the three and nine months ended September 30, 2022 and 2021 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Lease rental income - managed fleet	\$ 12,322	\$ 13,175	\$ 37,641	\$ 42,982
Less: distribution expense to managed fleet container investors	(10,952)	(11,751)	(33,427)	(38,770)
Less: depreciation and interest expense on managed containers purchased on or after January 1, 2019	(462)	(426)	(1,373)	(860)
Management fees from leasing	908	998	2,841	3,352
Management fees from non-leasing services	710	598	1,915	2,746
Total management fees	<u>\$ 1,618</u>	<u>\$ 1,596</u>	<u>\$ 4,756</u>	<u>\$ 6,098</u>

The following table provides a reconciliation of the balance sheet accounts from the managed fleet to the total amount as of September 30, 2022 and December 31, 2021 in the condensed consolidated balance sheets (also, see Note 4 “Transactions with Affiliates and Container Investors”):

	September 30, 2022	December 31, 2021
Accounts receivable, net - owned fleet	\$ 157,392	\$ 118,107
Accounts receivable, net - managed fleet	10,598	7,639
Total accounts receivable, net	<u>\$ 167,990</u>	<u>\$ 125,746</u>
Prepaid expenses and other current assets - owned fleet	\$ 15,556	\$ 14,142
Prepaid expenses and other current assets - managed fleet	60	42
Total prepaid expenses and other current assets	<u>\$ 15,616</u>	<u>\$ 14,184</u>
Accounts payable and accrued expenses - owned fleet	\$ 21,487	\$ 21,736
Accounts payable and accrued expenses - managed fleet	691	375
Total accounts payable and accrued expenses	<u>\$ 22,178</u>	<u>\$ 22,111</u>
Container contracts payable - owned fleet	\$ 6,521	\$ 140,968
Total container contracts payable	<u>\$ 6,521</u>	<u>\$ 140,968</u>

F. For further discussion on the Company’s managed container fleet, please refer to Item 18, “Financial Statements – Note 3” in our 2021 Form 20-

#### (4) Transactions with Affiliates and Container Investors

Due from affiliates, net of \$2,723 and \$2,376, as of September 30, 2022 and December 31, 2021, respectively, represents lease rentals on tank containers collected on behalf of and payable to the Company from the Company’s tank container manager, net of direct container expenses and management fees. See Note 3 “Managed Fleet” for further detail on management fees earned from the Company’s managed fleet.

The following table provides a summary of due to container investors, net at September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
Accounts receivable, net - managed fleet	\$ 10,598	\$ 7,639
Prepaid expenses and other current assets - managed fleet	60	42
Accounts payable and accrued expenses - managed fleet	(691)	(375)
	9,967	7,306
Distributions due to container investors on lease rentals collected, net of container expenses paid and management fees	9,248	10,679
Due to container investors, net	<u>\$ 19,215</u>	<u>\$ 17,985</u>

**(5) Leases**

**(a) Lessor**

The Company's lease rental income for the three and nine months ended September 30, 2022 and 2021 were as follows:

	Three Months Ended September 30,					
	2022			2021		
	Owned	Managed	Total	Owned	Managed	Total
Lease rental income - operating leases	\$ 149,729	\$ 11,801	\$ 161,530	\$ 149,751	\$ 12,793	\$ 162,544
Interest income on net investment in finance leases	26,842	—	26,842	23,854	—	23,854
Interest income on container leaseback financing receivable	12,216	—	12,216	5,304	—	5,304
Variable lease revenue	4,043	521	4,564	3,746	382	4,128
Total lease rental income	<u>\$ 192,830</u>	<u>\$ 12,322</u>	<u>\$ 205,152</u>	<u>\$ 182,655</u>	<u>\$ 13,175</u>	<u>\$ 195,830</u>

  

	Nine Months Ended September 30,					
	2022			2021		
	Owned	Managed	Total	Owned	Managed	Total
Lease rental income - operating leases	\$ 448,053	\$ 36,502	\$ 484,555	\$ 426,559	\$ 41,900	\$ 468,459
Interest income on net investment in finance leases	81,402	—	81,402	56,901	—	56,901
Interest income on container leaseback financing receivable	29,968	—	29,968	16,083	—	16,083
Variable lease revenue	10,038	1,139	11,177	9,983	1,082	11,065
Total lease rental income	<u>\$ 569,461</u>	<u>\$ 37,641</u>	<u>\$ 607,102</u>	<u>\$ 509,526</u>	<u>\$ 42,982</u>	<u>\$ 552,508</u>

Variable lease revenue includes other charges set forth in the leases, such as handling fees, pick-up and drop-off charges and charges for damage protection plan.

For finance leases, the net selling gain recognized at lease commencement, representing the difference between the estimated fair value of containers placed on these leases and their net book value, in the amount of \$168 and \$1,064 for the three months ended September 30, 2022 and 2021, respectively, and \$1,340 and \$2,350 for the nine months ended September 30, 2022 and 2021, respectively, were included in "gain on sale of owned fleet containers, net" in the condensed consolidated statements of operations.

## Net Investment in Finance Leases

The following table represents the components of the net investment in finance leases as of September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
Future minimum lease payments receivable	\$ 2,545,761	\$ 2,558,339
Residual value of containers	47,785	16,532
Less: unearned income	(739,547)	(768,038)
Net investment in finance leases (1)	1,853,999	1,806,833
Less: Allowance for credit losses	(1,103)	(743)
Net investment in finance leases, net (2)	\$ 1,852,896	\$ 1,806,090
Amounts due within one year	131,477	113,048
Amounts due beyond one year	1,721,419	1,693,042
Net investment in finance leases, net	\$ 1,852,896	\$ 1,806,090

(1) One major customer represented 80.4% and 85.1% of the Company's finance leases portfolio as of September 30, 2022 and December 31, 2021, respectively. No other customer represented more than 10% of the Company's finance leases portfolio in each of those periods.

(2) As of September 30, 2022 and December 31, 2021, the fair value of net investment in finance leases (including the short-term balance) was approximately \$1,729,136 and \$1,810,712, respectively, and was measured using Level 2 inputs.

## Container Leaseback Financing Receivable

The Company's container leaseback financing receivable pertains to containers purchased that were leased back to the seller-lessees through a sales-type leaseback arrangement that are accounted for as financing transactions.

The following table represents the components of the container leaseback financing receivable as of September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
Future minimum payments receivable	\$ 1,204,823	\$ 483,325
Less: unearned income	(366,829)	(129,065)
Container leaseback financing receivable (1)	837,994	354,260
Less: Allowance for credit losses	(103)	(113)
Container leaseback financing receivable, net (2)	\$ 837,891	\$ 354,147
Amounts due within one year	52,919	30,317
Amounts due beyond one year	784,972	323,830
Container leaseback financing receivable, net	\$ 837,891	\$ 354,147

(1) One major customer represented 97.1% and 90.6% of the Company's container leaseback financing receivable portfolio as of September 30, 2022 and December 31, 2021, respectively.

(2) As of September 30, 2022 and December 31, 2021, the fair value of container leaseback financing receivable (including the short-term balance) was approximately \$765,192 and \$357,828, respectively, and was measured using Level 2 inputs.

## (b) Lessee

Right-of-use ("ROU") lease assets and lease liabilities are recognized for the Company's office space leases at the commencement date based on the present value of lease payments over the lease term. As of September 30, 2022 and December 31, 2021, ROU operating lease assets amounted to \$7,680 and \$8,988, respectively, which were reported in "other assets" in the condensed consolidated balance sheets. As of September 30, 2022 and December 31, 2021, total lease liabilities amounted to \$9,559 and \$11,044, respectively, which were reported in "other liabilities" in the condensed consolidated balance sheets. As of September 30, 2022, the weighted average discount rate was 4.75% and the weighted average remaining lease term was 3.2 years.

Operating lease expense is recognized on a straight-line basis over the lease term and is reported in “general and administrative expense” in the condensed consolidated statements of operations. Other information related to the Company’s operating leases are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Operating lease cost	\$ 518	\$ 525	\$ 1,564	\$ 1,578
Short-term and variable lease cost	58	38	162	112
Total rent expense	<u>\$ 576</u>	<u>\$ 563</u>	<u>\$ 1,726</u>	<u>\$ 1,690</u>
Cash paid for amounts included in the measurement of lease liabilities	\$ 656	\$ 456	\$ 1,808	\$ 1,816

## (6) Allowance for Credit Losses

The Company’s allowance for credit losses is estimated based on historical losses from lessee defaults, current economic conditions, reasonable and supportable forecasts and ongoing review of the credit worthiness, but not limited to, each lessee’s payment history, lessee credit ratings, management’s current assessment of each lessee’s financial condition and the recoverability.

### *Accounts Receivable*

The allowance for credit losses included in accounts receivable, net, amounted to \$1,694 and \$1,290 as of September 30, 2022 and December 31, 2021, respectively. As of September 30, 2022 and December 31, 2021, the allowance for credit losses related to the billed amounts under the container leaseback financing receivable and finance leases were included in accounts receivable, net, amounted to \$582 and \$592, respectively.

### *Net Investment in Finance Leases and Container Leaseback Financing Receivable*

The allowance for credit losses related to unbilled amounts under finance leases and included in net investment in finance leases, net, amounted to \$1,103 and \$743 as of September 30, 2022 and December 31, 2021, respectively. The allowance for credit losses related to unbilled amounts under the financing arrangements and included in container leaseback financing receivable, net, amounted to \$103 and \$113 as of September 30, 2022 and December 31, 2021, respectively.

As of September 30, 2022, the Company’s net investment in finance leases and container leaseback financing receivable are primarily comprised of the largest shipping lines under “Tier 1” risk rating which represented 88.0% and 97.1%, respectively, of the Company’s portfolio (For further discussion on the description of the Company’s internal risk ratings, please refer to Item 18, “Financial Statements – Note 1” in our 2021 Form 20-F).

The following table presents the net investment in finance leases and container leaseback financing receivable by internal credit rating category and year of origination as of September 30, 2022:

	Nine Months Ended September 30, 2022	2021	2020	2019	2018	Prior	Total
Tier 1	\$ 86,845	\$ 829,135	\$ 574,140	\$ 99,539	\$ 31,649	\$ 10,605	\$ 1,631,913
Tier 2	37,398	78,764	33,839	29,508	16,604	2,466	198,579
Tier 3	8,206	6,764	1,937	6,195	385	20	23,507
Net investment in finance leases	<u>\$ 132,449</u>	<u>\$ 914,663</u>	<u>\$ 609,916</u>	<u>\$ 135,242</u>	<u>\$ 48,638</u>	<u>\$ 13,091</u>	<u>\$ 1,853,999</u>
Tier 1	\$ 510,227	\$ 11,572	\$ 102,141	\$ 189,454	\$ —	\$ —	\$ 813,394
Tier 2	—	4,338	—	20,262	—	—	24,600
Container leaseback financing receivable	<u>\$ 510,227</u>	<u>\$ 15,910</u>	<u>\$ 102,141</u>	<u>\$ 209,716</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 837,994</u>



## (7) Income Taxes

The Company's effective income tax rates were 2.2% and -0.1% for the three months ended September 30, 2022 and 2021, respectively, and 2.2% and 0.4% for the nine months ended September 30, 2022 and 2021, respectively. The Company has computed its provision for income taxes based on the estimated annual effective income tax rate and is affected by recurring items, such as tax rates in foreign jurisdictions and the relative amounts of income the Company earns in those jurisdictions. It is also affected by the changes in discrete items that may occur in any given period. The increase in the effective income tax rate in 2022 compared to the same period in 2021 was primarily due to a reduction in the proportion of the Company's income generated in lower tax jurisdictions in 2022.

## (8) Debt and Derivative Instruments

### Debt

The following represents the Company's debt obligations, net of unamortized costs as of September 30, 2022 and December 31, 2021:

#### Secured Debt Facilities, Revolving Credit Facilities, Term Loan and Bonds Payable

	September 30, 2022		December 31, 2021		Final Maturity
	Outstanding	Average Interest	Outstanding	Average Interest	
TL Revolving Credit Facility	\$ 1,423,771	4.47%	\$ 1,059,950	1.60%	August 2027
TL 2019 Term Loan	129,281	3.50%	137,513	3.50%	December 2026
TL 2021-1 Term loan	61,135	2.65%	65,131	2.65%	February 2028
TL 2021-2 Term Loan	194,198	2.90%	204,712	2.90%	October 2028
TMCL II Secured Debt Facility (1)	1,286,913	4.69%	1,067,886	1.75%	November 2028
TMCL VII 2020-1 Bonds	342,679	3.05%	384,611	3.07%	August 2045
TMCL VII 2020-2 Bonds	487,180	2.26%	530,565	2.26%	September 2045
TMCL VII 2020-3 Bonds	179,575	2.15%	194,414	2.15%	September 2045
TMCL VII 2021-1 Bonds	474,334	1.72%	508,024	1.72%	February 2046
TMCL VII 2021-2 Bonds	571,969	2.27%	610,111	2.27%	April 2046
TMCL VII 2021-3 Bonds	542,412	1.98%	577,603	1.98%	August 2046
Total debt obligations (2)	\$ 5,693,447		\$ 5,340,520		
Amount due within one year	\$ 400,205		\$ 380,207		

- (1) Final maturity of the TMCL II Secured Debt Facility is based on the assumption that the facility will not be extended on its associated conversion date.
- (2) The fair value of total debt based on the borrowing rates available to the Company was approximately \$5,257,784 and \$5,320,366 at September 30, 2022 and December 31, 2021, respectively, and was measured using Level 2 inputs.

The Company's debt facilities are secured by specific pools of containers and related assets owned by the Company. The Company's debt agreements contain various restrictive financial and other covenants, and the Company was in full compliance with these restrictive covenants at September 30, 2022.

In August 2022, TL entered into an amendment of the TL Revolving Credit Facility, which increased the aggregate commitment amount from \$1,500,000 to \$1,900,000, extended the maturity date to August 2027, and transitioned the benchmark interest rate to Secured Overnight Financing Rate ("SOFR") due to the upcoming London InterBank Offered Rate ("LIBOR") discontinuation. The applicable interest rate was amended to daily SOFR plus a spread of 1.475%, payable monthly in arrears.

As of September 30, 2022, the Company's total commitment and outstanding borrowing, excluding unamortized debt costs, for the debt facilities amounted to \$6,409,652 and \$5,730,751, respectively. The Company's debt facilities also contain borrowing base minimums that limits borrowing capacity. As of September 30, 2022, the amount in excess of the current borrowing base minimums was \$241,042.

For further discussion on the Company's debt instruments, please refer to Item 18, "Financial Statements – Note 8" in our 2021 Form 20-F.

## Derivative Instruments and Hedging Activities

The Company has entered into several derivative agreements with several banks to reduce the impact of changes in interest rates associated with its variable rate debt. Interest rate swap agreements involve payments by the Company to counterparties at fixed rate interest payments in return for receipts based on floating-rate amounts. The Company has also utilized forward starting interest rate swap agreements to reduce the impact of interest rate changes on anticipated future debt issuances. The Company has also utilized interest rate cap agreements, which place a ceiling on the Company's exposure to rising interest rates, to manage interest rate risk exposure.

The Company has utilized the income approach to measure at each balance sheet date the fair value of its derivative instruments on a recurring basis using observable (Level 2) market inputs. The Company presents the fair value of derivative instruments, which are inclusive of counterparty risk, on a gross basis as separate line items on the condensed consolidated balance sheets. As of September 30, 2022 and December 31, 2021, all of the Company's interest rate swap agreements were designated for hedge accounting purposes. The change in fair value of derivative instruments that are designated as cash flow hedge for accounting purposes are initially reported in the condensed consolidated balance sheets as a component of "accumulated other comprehensive income" and reclassified to earnings in "interest expense, net" when realized.

The following table summarizes the Company's interest rate swap contracts, which were all designated as cash flow hedges as of September 30, 2022:

Derivative instruments	Notional amount
Interest rate swap contracts with several banks that were indexed to daily SOFR, with fixed rates between -0.02% and 3.84% per annum, amortizing notional amounts, with termination dates through May 30, 2031 (1)	\$ 2,010,375
Total notional amount as of September 30, 2022	\$ 2,010,375

- (1) As of September 30, 2022, the Company completed its amendment of all interest rate swap contracts which were related to the replacement of LIBOR to SOFR due to the reference rate reform.

In addition to the outstanding interest rate swap contracts with an aggregate notional amount of \$2,010,375 as of September 30, 2022, the Company also has a forward starting interest rate swap contract. In February 2022, the Company entered into a forward starting interest rate swap contract with a bank that was indexed to daily SOFR upon amendment due to LIBOR transition and with an initial notional amount of \$100,000. The Company pays a fixed rate at 1.96% and with an effective date of February 28, 2024 and termination date of February 28, 2034. In September 2022, the Company entered into an interest rate cap contract with a bank for a notional amount of \$100,000 with a fixed cap rate at 6.33% and with a termination date of March 31, 2023.

Over the next twelve months, the Company expects to reclassify an estimated net gain of \$34,774 related to the designated interest rate swap agreements from "accumulated other comprehensive income (loss)" in the condensed consolidated statements of shareholders' equity to "interest expense" in the condensed consolidated statements of operations.

The following table summarizes the pre-tax impact of derivative instruments on the condensed consolidated statements of operations during the three and nine months ended September 30, 2022 and 2021:

Derivative instruments	Financial Statement Line Item	Three Months Ended September 30,		Nine Months Ended September 30,	
		2022	2021	2022	2021
Non-designated	Realized loss on financial instruments, net	\$ —	\$ 4	\$ —	\$ 5,408
Non-designated	Unrealized gain on financial instruments, net	\$ —	\$ 43	\$ —	\$ 5,220
Designated	Other comprehensive income	\$ 54,227	\$ 3,288	\$ 143,327	\$ 3,084
Designated	Interest income (expense)	\$ 5,061	\$ (2,887)	\$ 766	\$ (5,378)

For further discussion on the Company's derivative instruments, please refer to Item 18, "Financial Statements – Note 9" in our 2021 Form 20-F.

**(9) Segment Information**

The Company operates in three reportable segments: Container Ownership, Container Management and Container Resale. The following tables show segment information for the three and nine months ended September 30, 2022 and 2021:

<b>Three Months September 30, 2022</b>	<b>Container Ownership</b>	<b>Container Management</b>	<b>Container Resale</b>	<b>Other</b>	<b>Eliminations</b>	<b>Totals</b>
Total lease rental income	\$ 191,926	\$ 12,503	\$ —	\$ —	\$ 723	\$ 205,152
Management fees - non-leasing from external customers	\$ —	\$ 53	\$ 657	\$ —	\$ —	\$ 710
Inter-segment management fees	\$ —	\$ 16,875	\$ 4,576	\$ —	\$ (21,451)	\$ —
Trading container margin	\$ —	\$ —	\$ 457	\$ —	\$ —	\$ 457
Gain on sale of owned fleet containers, net	\$ 22,788	\$ —	\$ —	\$ —	\$ —	\$ 22,788
Depreciation and amortization	\$ 74,711	\$ 432	\$ —	\$ —	\$ (1,905)	\$ 73,238
Container lessee default expense, net	\$ 963	\$ —	\$ —	\$ —	\$ —	\$ 963
Interest expense	\$ 41,027	\$ 215	\$ —	\$ —	\$ —	\$ 41,242
Unrealized loss on financial instruments, net	\$ —	\$ 204	\$ —	\$ —	\$ —	\$ 204
Segment income (loss) before income taxes	\$ 68,899	\$ 8,357	\$ 4,873	\$ (1,164)	\$ 2,249	\$ 83,214
Income tax (expense) benefit	\$ (1,930)	\$ 84	\$ —	\$ —	\$ —	\$ (1,846)
Total assets	\$ 7,731,085	\$ 171,010	\$ 10,364	\$ 10,553	\$ (125,977)	\$ 7,797,035
Purchase of containers and fixed assets	\$ 55,191	\$ 378	\$ —	\$ —	\$ —	\$ 55,569

<b>Nine Months Ended September 30, 2022</b>	<b>Container Ownership</b>	<b>Container Management</b>	<b>Container Resale</b>	<b>Other</b>	<b>Eliminations</b>	<b>Totals</b>
Total lease rental income	\$ 566,994	\$ 38,105	\$ —	\$ —	\$ 2,003	\$ 607,102
Management fees - non-leasing from external customers	\$ —	\$ 172	\$ 1,743	\$ —	\$ —	\$ 1,915
Inter-segment management fees	\$ —	\$ 59,932	\$ 10,586	\$ —	\$ (70,518)	\$ —
Trading container margin	\$ —	\$ —	\$ 1,766	\$ —	\$ —	\$ 1,766
Gain on sale of owned fleet containers, net	\$ 61,718	\$ —	\$ —	\$ —	\$ 196	\$ 61,914
Depreciation and amortization	\$ 223,173	\$ 1,237	\$ —	\$ —	\$ (5,722)	\$ 218,688
Container lessee default expense, net	\$ 1,518	\$ —	\$ —	\$ —	\$ —	\$ 1,518
Interest expense	\$ 113,506	\$ 638	\$ —	\$ —	\$ —	\$ 114,144
Unrealized loss on financial instruments, net	\$ —	\$ 326	\$ —	\$ —	\$ —	\$ 326
Segment income (loss) before income taxes	\$ 208,861	\$ 33,220	\$ 11,729	\$ (4,210)	\$ (1,467)	\$ 248,133
Income tax (expense) benefit	\$ (5,541)	\$ 9	\$ —	\$ —	\$ —	\$ (5,532)
Total assets	\$ 7,731,085	\$ 171,010	\$ 10,364	\$ 10,553	\$ (125,977)	\$ 7,797,035
Purchase of containers and fixed assets	\$ 248,143	\$ 2,497	\$ —	\$ —	\$ —	\$ 250,640
Payments on container leaseback financing receivable	\$ 533,867	\$ —	\$ —	\$ —	\$ —	\$ 533,867

Three Months Ended September 30, 2021	Container Ownership	Container Management	Container Resale	Other	Eliminations	Totals
Total lease rental income	\$ 182,450	\$ 13,380	\$ —	\$ —	\$ —	\$ 195,830
Management fees - non-leasing from external customers	\$ —	\$ 93	\$ 505	\$ —	\$ —	\$ 598
Inter-segment management fees	\$ —	\$ 23,381	\$ 2,390	\$ —	\$ (25,771)	\$ —
Trading container margin	\$ —	\$ —	\$ 2,639	\$ —	\$ —	\$ 2,639
Gain on sale of owned fleet containers, net	\$ 20,028	\$ —	\$ —	\$ —	\$ —	\$ 20,028
Depreciation and amortization	\$ 74,899	\$ 1,109	\$ —	\$ —	\$ (2,367)	\$ 73,641
Container lessee default expense, net	\$ 1,928	\$ —	\$ —	\$ —	\$ —	\$ 1,928
Interest expense	\$ 32,920	\$ 208	\$ —	\$ —	\$ —	\$ 33,128
Debt termination expense	\$ 11,866	\$ —	\$ —	\$ —	\$ —	\$ 11,866
Realized loss on financial instruments, net	\$ 4	\$ 108	\$ —	\$ —	\$ —	\$ 112
Unrealized gain on financial instruments, net	\$ 43	\$ 40	\$ —	\$ —	\$ —	\$ 83
Segment income (loss) before income tax	\$ 57,591	\$ 13,273	\$ 4,518	\$ (1,904)	\$ (5,194)	\$ 68,284
Income tax benefit (expense)	\$ 70	\$ (11)	\$ —	\$ —	\$ —	\$ 59
Total assets	\$ 7,141,719	\$ 191,363	\$ 22,314	\$ 17,427	\$ (104,678)	\$ 7,268,145
Purchase of containers and fixed assets	\$ 652,828	\$ 61	\$ —	\$ —	\$ —	\$ 652,889

Nine Months Ended September 30, 2021	Container Ownership	Container Management	Container Resale	Other	Eliminations	Totals
Total lease rental income	\$ 509,010	\$ 43,498	\$ —	\$ —	\$ —	\$ 552,508
Management fees - non-leasing from external customers	\$ —	\$ 299	\$ 2,447	\$ —	\$ —	\$ 2,746
Inter-segment management fees	\$ —	\$ 63,899	\$ 7,602	\$ —	\$ (71,501)	\$ —
Trading container margin	\$ —	\$ —	\$ 9,036	\$ —	\$ —	\$ 9,036
Gain on sale of owned fleet containers, net	\$ 51,222	\$ —	\$ —	\$ —	\$ —	\$ 51,222
Depreciation and amortization	\$ 214,607	\$ 3,071	\$ —	\$ —	\$ (6,728)	\$ 210,950
Container lessee default recovery, net	\$ 1,185	\$ —	\$ —	\$ —	\$ —	\$ 1,185
Interest expense	\$ 91,980	\$ 401	\$ —	\$ —	\$ —	\$ 92,381
Debt termination expense	\$ 15,078	\$ —	\$ —	\$ —	\$ —	\$ 15,078
Realized loss on financial instruments, net	\$ 5,408	\$ 108	\$ —	\$ —	\$ —	\$ 5,516
Unrealized gain (loss) on financial instruments, net	\$ 5,220	\$ (539)	\$ —	\$ —	\$ —	\$ 4,681
Segment income (loss) before income tax	\$ 172,234	\$ 37,473	\$ 15,433	\$ (3,822)	\$ (13,994)	\$ 207,324
Income tax (expense) benefit	\$ (1,307)	\$ 417	\$ —	\$ —	\$ —	\$ (890)
Total assets	\$ 7,141,719	\$ 191,363	\$ 22,314	\$ 17,427	\$ (104,678)	\$ 7,268,145
Purchase of containers and fixed assets	\$ 1,727,123	\$ 84	\$ —	\$ —	\$ —	\$ 1,727,207
Payments on container leaseback financing receivable	\$ 18,705	\$ —	\$ —	\$ —	\$ —	\$ 18,705

- (1) Container Ownership segment income (loss) before income taxes includes unrealized gain on financial instruments, net of \$43 and \$5,220 for the three and nine months ended September 30, 2021, respectively, and debt termination expense of \$11,866 and \$15,078 for the three and nine months ended September 30, 2021, respectively.

General and administrative expenses are allocated to the reportable business segments based on direct overhead costs incurred by those segments. Amounts reported in the “Other” column represent activity unrelated to the active reportable business segments. Amounts reported in the “Eliminations” column represent inter-segment management fees between the Container Management and Container Resale segments and the Container Ownership segment.

### Geographic Segment Information

Substantially all of the Company's leasing related revenue is denominated in U.S. dollars. As all of the Company's containers are used internationally, where no single 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 with no single country of use.

The following table represents the geographic allocation of total fleet lease rental income and management fees from non-leasing services during the three and nine months ended September 30, 2022 and 2021 based on customers' and Container Investors' primary domicile, respectively:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>Total lease rental income:</b>				
Asia	\$ 102,207	\$ 99,216	\$ 297,470	\$ 281,791
Europe	94,443	88,001	283,378	245,967
North / South America	8,481	8,237	25,756	23,612
Bermuda	—	—	—	—
All other international	21	376	498	1,138
	<u>\$ 205,152</u>	<u>\$ 195,830</u>	<u>\$ 607,102</u>	<u>\$ 552,508</u>
<b>Management fees, non-leasing:</b>				
Europe	\$ 383	\$ 300	\$ 998	\$ 1,183
Bermuda	300	245	854	1,451
North / South America	20	8	37	19
Asia	—	21	—	45
All other international	7	24	26	48
	<u>\$ 710</u>	<u>\$ 598</u>	<u>\$ 1,915</u>	<u>\$ 2,746</u>

The following table represents the geographic allocation of trading container sales proceeds and gain on sale of owned fleet containers, net during the three and nine months ended September 30, 2022 and 2021 based on the location of sale:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>Trading container sales proceeds:</b>				
North / South America	\$ 2,901	\$ 308	\$ 8,525	\$ 8,994
Asia	2,602	5,343	8,574	10,293
Europe	288	656	1,702	3,360
Bermuda	—	—	—	—
All other international	—	—	—	1
	<u>\$ 5,791</u>	<u>\$ 6,307</u>	<u>\$ 18,801</u>	<u>\$ 22,648</u>
<b>Gain on sale of owned fleet containers, net:</b>				
Asia	\$ 15,623	\$ 14,941	\$ 40,450	\$ 36,084
North / South America	5,241	2,741	11,942	7,241
Europe	1,924	2,346	9,522	7,897
Bermuda	—	—	—	—
All other international	—	—	—	—
	<u>\$ 22,788</u>	<u>\$ 20,028</u>	<u>\$ 61,914</u>	<u>\$ 51,222</u>

## (10) Commitments and Contingencies

### (a) Restricted Cash

Restricted interest-bearing cash accounts were established by the Company as additional collateral for outstanding borrowings under certain of the Company's debt facilities. The total balance of these restricted cash accounts was \$108,980 and \$76,362 as of September 30, 2022 and December 31, 2021, respectively.

### (b) Container Commitments

At September 30, 2022, the Company had no commitments to purchase containers to be delivered subsequent to September 30, 2022.

### (c) Legal Proceedings

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

### (d) Distribution Expense to Managed Fleet Container Investors

The amounts distributed to the Container Investors are variable payments based upon the net operating income for each managed container (see Note 3 "Managed Container Fleet"). There are no future minimum lease payment obligations under the Company's management agreements.

## (11) Shareholders' Equity

### Share Repurchase Program

In 2019, the Company's board of directors approved a share repurchase program to repurchase up to \$25,000 of the Company's common shares, in 2020 the board of directors approved an increase of another \$75,000 to this program, in 2021 the program was further increased by \$100,000, in April 2022 the program was further increased by \$50,000, and in July 2022 the program was further increased by \$100,000. Under the program, the Company may purchase its common shares from time to time in the open market, in privately negotiated transactions or such other manner as will comply with applicable laws and regulations. The authorization does not obligate the Company to acquire a specific number of shares during any period, but it may be modified, suspended, or terminated at any time at the discretion of the Company's board of directors.

During the nine months ended September 30, 2022, the Company repurchased 4,093,505 shares at an average price of \$32.68 for a total amount of \$133,775, including commissions paid. During the nine months ended September 30, 2021, the Company repurchased 1,685,562 shares at an average price of \$27.17 for a total amount of \$45,789, including commissions paid. As of September 30, 2022, approximately \$67,680 remained available for repurchase under the share repurchase program.

### Preferred Shares

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

Preferred Share Offering	Date of Issuance	Number of Depositary Shares Issued and Outstanding (1)	Liquidation Preference	Underwriting Discounts	Net Proceeds
7.00% Series A fixed-to-floating rate cumulative redeemable perpetual preferred shares ("Series A") (2)	April 2021	6,000,000	\$ 150,000	\$ 5,292	\$ 144,708
6.25% Series B fixed rate cumulative redeemable perpetual preferred shares ("Series B") (3)	August 2021	6,000,000	150,000	5,128	144,872
Total		<u>12,000,000</u>	<u>\$ 300,000</u>	<u>\$ 10,420</u>	<u>\$ 289,580</u>

(1) Each depositary share representing a 1/1,000<sup>th</sup> interest in a preferred share, \$25,000 liquidation preference per share (equivalent to \$25.00 per depositary share).

(2) Series A have no maturity date and are redeemable from June 15, 2026 by the Company.

(3) Series B have no maturity date and are redeemable from December 15, 2026 by the Company.

Each Series of preferred shares may be redeemed at the Company's option, at any time after approximately five years from original issuance, for cash at a redemption price of \$25.00 per depositary share plus an amount equal to all accumulated and unpaid dividends, whether or not declared. The Company may also redeem each Series of preferred shares in the event of a Change of Control (as defined in the Certificate of Designations). If the Company does not elect to redeem the preferred shares in a Change of Control triggering event, holders of each Series of preferred shares may have the right to convert their preferred shares into common shares. There is no mandatory redemption of each Series of preferred shares or redemption at the option of the holders. Holders of the preferred shares do not have general voting rights.

### ***Preferred Share Dividends***

Dividends on each Series of preferred shares accrue daily and are cumulative from and including the date of original issuance and are payable quarterly in arrears on the 15<sup>th</sup> day of March, June, September and December of each year, when declared by the Company's board of directors. Dividends accrue at the stated annual rate of the \$25,000 liquidation preference. Each Series of preferred shares rank senior to the Company's common shares with respect to dividend rights and rights upon the Company's liquidation, dissolution or winding up.

The Company's board of directors approved and declared the following quarterly preferred cash dividends during the three and nine months ended September 30, 2022 and 2021 on its issued and outstanding preferred shares:

Preferred Share Offering	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022		2021		2022		2021	
	Aggregate Payment	Per Depositary Share Payment (1)	Aggregate Payment	Per Depositary Share Payment (1)	Aggregate Payment	Per Depositary Share Payment (1)	Aggregate Payment	Per Depositary Share Payment (1)
Series A	\$ 2,625	\$ 0.44	\$ 2,625	\$ 0.44	\$ 7,875	\$ 0.44	\$ 4,433	\$ 0.44
Series B	\$ 2,343	\$ 0.39	\$ —	\$ —	\$ 7,031	\$ 0.39	\$ —	\$ —
Total	<u>\$ 4,968</u>		<u>\$ 2,625</u>		<u>\$ 14,906</u>		<u>\$ 4,433</u>	

(1) Rounded to the nearest whole cent.

As of September 30, 2022, the Company had cumulative undeclared and unpaid preferred dividends of \$854.

### ***Common Share Dividends***

The Company's board of directors approved and declared the following cash dividends during the three and nine months ended September 30, 2022 and 2021 on its issued and outstanding common shares:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022		2021		2022		2021	
	Aggregate Payment	Per Share Payment	Aggregate Payment	Per Share Payment	Aggregate Payment	Per Share Payment	Aggregate Payment	Per Share Payment
Common share dividends	\$ 11,420	\$ 0.25	\$ —	\$ —	\$ 35,278	\$ 0.25	\$ —	\$ —

## (12) Earnings Per Share

Basic earnings per share (“EPS”) is computed by dividing net income attributable to common shareholders by the weighted average number of shares outstanding during the applicable period. Diluted EPS reflects the potential dilution that could occur if all outstanding share options were exercised for, and all outstanding restricted share units (“RSU”) and performance restricted share units (“PSU”) were converted into, common shares. A reconciliation of the numerator and denominator of basic EPS with that of diluted EPS is reported as follows:

Share amounts in thousands	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>Numerator:</b>				
Net income attributable to common shareholders	\$ 76,400	\$ 64,729	\$ 227,695	\$ 200,574
<b>Denominator:</b>				
Weighted average common shares outstanding - basic	45,896	49,414	47,252	49,804
Dilutive share options, RSU and PSU	811	1,003	840	904
Weighted average common shares outstanding - diluted	46,707	50,417	48,092	50,708
Net income attributable to common shareholders per common share:				
Basic	\$ 1.66	\$ 1.31	\$ 4.82	\$ 4.03
Diluted	\$ 1.64	\$ 1.28	\$ 4.73	\$ 3.96
Share options, RSU and PSU excluded from the computation of diluted EPS because they were anti-dilutive				
	285	281	303	288

## (13) Subsequent Events

In October 2022, the Company’s board of directors authorized an increase to the share repurchase program for an additional \$100,000 of the Company’s outstanding common shares, from \$350,000 to an aggregate of \$450,000 (including all common shares repurchased under the program prior to this amendment), commencing in September 2019 up to and including January 1, 2025.

In October 2022, the Company’s board of directors approved and declared a quarterly preferred cash dividend on its issued and outstanding preferred shares, payable on December 15, 2022 to holders of record as of December 2, 2022. The dividend declared on Series A Preferred Shares and Series B Preferred Shares were \$0.44 and \$0.39 per depositary share (rounded to the nearest whole cent), respectively, for a total aggregate amount of \$2,625 and \$2,344, respectively.

In October 2022, the Company’s board of directors approved and declared a cash dividend of \$0.25 per share on its issued and outstanding common shares, payable on December 15, 2022 to holders of record as of December 2, 2022.



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

*The following discussion and analysis of our consolidated financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and notes thereto included in Item 1, "Condensed Consolidated Financial Statements (Unaudited)" of this Quarterly Report on Form 6-K, as well as our audited consolidated financial statements and notes thereto included in our Annual Report on Form 20-F for the fiscal year ended December 31, 2021 filed with the U.S. Securities and Exchange Commission (the "SEC") on March 17, 2022 (our "2021 Form 20-F"). In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results may differ materially from those contained in or implied by any forward-looking statements. See "Information Regarding Forward-Looking Statements; Cautionary Language." Factors that could cause or contribute to these differences include those discussed below, the additional risk factor as set forth in Item 4, "Risk Factors" of this Quarterly Report on Form 6-K and Item 3, "Key Information -- Risk Factors" included in our 2021 Form 20-F.*

*As used in the following discussion and analysis, unless indicated otherwise or the context otherwise requires, references to: (1) "the Company," "we," "us," "our" or "TGH" refer collectively to Textainer Group Holdings Limited, the issuer of the publicly-traded common shares that have been registered pursuant to Section 12(b) of the U.S. Securities Exchange Act of 1934, as amended, and its subsidiaries; (2) "TEU" refers to a "Twenty-Foot Equivalent Unit," which is a unit of measurement used in the container shipping industry to compare shipping containers of various lengths to a standard 20' dry freight container; thus a 20' container is one TEU and a 40' container is two TEU; (3) "CEU" refers to a Cost Equivalent Unit, which is a unit of measurement based on the approximate cost of a container relative to the cost of a standard 20' dry freight container; so the cost of a standard 20' dry freight container is one CEU; the cost of a 40' dry freight container is 1.6 CEU; and the cost of a 40' high cube dry freight container (9'6" high) is 1.7 CEU; and the cost of a 40' high cube refrigerated container is 8.0 CEU; (4) "our owned fleet" means the containers we own; (5) "our managed fleet" means the containers we manage that are owned by other container investors; (6) "our fleet" and our "total fleet" means our owned fleet plus our managed fleet plus any containers we lease from other lessors; and (7) "container investors" means the owners of the containers in our managed fleet.*

*Dollar amounts in this section of this Quarterly Report on Form 6-K are expressed in thousands. Per container amounts are in dollars.*

### Overview

We are one of the world's largest lessors of intermodal containers based on fleet size, with a total fleet of approximately 2.8 million containers, representing 4.5 million TEU. Containers are an integral component of intermodal trade, providing a secure and cost-effective method of transportation because they can be used to transport freight by ship, rail or truck, making it possible to move cargo from point of origin to final destination without repeated unpacking and repacking.

We lease containers to approximately 200 shipping lines and other lessees, including all of the world's leading international shipping lines. We believe that our scale, global presence, customer service, market knowledge and long history with our customers have made us one of the most reliable suppliers of leased containers. We have a long track record in the industry, operating since 1979, and have developed long-standing relationships with key industry participants. Our top 20 customers, as measured by revenues, have on average been our customer for 29 years.

We have provided an average of approximately 420,000 TEU of new containers per year for the past five years and have been one of the largest buyers of new containers over the same period. We are one of the largest sellers of used containers, having sold an average of approximately 130,000 containers per year for the last five years to more than 1,000 customers.

We provide our services worldwide via an international network of 14 regional and area offices and approximately 400 independent depots.

We operate our business in three core segments:

- *Container Ownership.* As of September 30, 2022, we owned containers accounting for approximately 94%, as measured in TEUs, of our fleet.
- *Container Management.* As of September 30, 2022, we managed containers on behalf of 10 unaffiliated container investors, providing acquisition, management and disposal services. As of September 30, 2022, total managed containers accounted for approximately 6%, as measured in TEUs, of our fleet.
- *Container Resale.* We generally sell containers from our fleet when they reach the end of their useful lives in marine service or when we believe it is financially attractive for us to do so, considering the location, sale price, cost of repair and possible repositioning expenses. We also purchase and lease or resell containers from shipping line customers, container traders and other sellers of containers.

## Key Operating Metrics

Our total revenues primarily consist of leasing revenues derived from the lease of owned and managed containers. The most important driver of our profitability is the extent to which our leasing revenues exceed our operating costs. The key drivers of our leasing revenues are fleet size, lease rates, and utilization. Our operating costs primarily consist of depreciation, direct costs related to the operations of our owned and managed fleet, and interest expense. Our lessees are generally responsible for loss of or damage to a container beyond ordinary wear and tear, and they are required to purchase insurance to cover any other liabilities. Our profitability is also driven by the gains or losses we realize on the sale of our containers.

**Fleet Size.** Our total fleet consists of containers that we own, and containers owned by other container investors that we manage. As of September 30, 2022 and December 31, 2021, our total fleet in TEU was 4,478,963 and 4,322,367, respectively. During the nine months ended September 30, 2022, we purchased approximately \$782 million of containers for our fleet. The table below summarizes the composition of our owned and managed fleets, in TEU and CEU, by type of containers, as of September 30, 2022:

	Total Fleet in TEU			Total Fleet in CEU		
	Owned	Managed	Total	Owned	Managed	Total
Standard dry freight	3,945,750	276,557	4,222,307	3,484,653	245,373	3,730,026
Refrigerated	193,955	6,796	200,751	779,586	27,442	807,028
Other specialized	50,378	5,527	55,905	79,670	7,929	87,599
Total fleet	4,190,083	288,880	4,478,963	4,343,909	280,744	4,624,653
Percent of total fleet	93.6%	6.4%	100.0%	93.9%	6.1%	100.0%

**Lease Revenue.** We generate lease rental income by leasing our owned container fleet and managed container fleet to container shipping lines and other customers. Average lease rates of our containers on operating leases increased by 4.0% for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily reflecting the favorable current market environment and impact of higher new container prices. Our finance lease income increased for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily due to growth of our fleet on finance leases by approximately 4.5% (as a percentage of our total fleet in TEU on hire during the period) which was driven by the strong demand of containers. Container prices have moderated in 2022 from the record levels that prevailed in 2021. Our total fleet as of September 30, 2022, by lease type, as a percentage of total TEU and CEU on hire was as follows:

	Percent of Total On-Hire Fleet	
	TEU	CEU
Term leases (included units on-hire under expired term leases)	71.1%	71.5%
Finance leases	26.9%	26.1%
Master leases	1.2%	1.6%
Spot leases	0.8%	0.8%
Total	100.0%	100.0%

**Utilization.** We measure the utilization rate on the basis of CEU on lease, using the actual number of days on hire, expressed as a percentage of CEU available for lease, using the actual days available for lease. CEU available for lease excludes CEU that have been manufactured but have not yet been delivered to a lessee and CEU designated as held-for-sale units. The following table summarizes our average total fleet utilization (CEU basis) for the three and nine months ended September 30, 2022 and 2021:

	Three Months Ended September 30,		Nine Months Ended, September 30,	
	2022	2021	2022	2021
Average Utilization	99.4%	99.8%	99.6%	99.7%

## Market Overview

The COVID-19 pandemic has had significant impacts on global economies. The decrease in global trade volumes and economic activity due to the COVID-19 pandemic led to disruptions in global shipping and reduced container demand during the first half of 2020. However, cargo volumes and leasing demand rebounded since the start of the second half of 2020, and continued into 2022, as the pandemic stabilized, and demand for consumer goods and supply chain congestion have caused freight volumes to increase versus the first half of 2020. Global geopolitical stress from factors including the ongoing Russia-Ukraine war, as well as inflation due to higher energy prices and increased consumer demand and monetary policy during the pandemic, have led to fears of recession. Additionally, increased U.S. interest rates and the resulting stronger U.S. Dollar have contributed to global economic stress and recession concerns. This global economic stress has at least partially contributed to risk of a market recession as global demand for consumer goods and associated trade volumes stopped growing and have begun to experience some signs of decline.

We invested heavily in new containers during 2021 and the first half of 2022 in response to strong container demand, which has been subdued starting in the second half of 2022 following the prior historic container production in 2021. Container drop-offs, comprising of primarily sales-age containers and which had been subdued, started to increase in line with the reduced global shipping congestion. We currently believe these disruptions will ultimately normalize, but we have strongly benefited from the increased global containerized trade disruptions that have emerged since the second half of 2020 and throughout 2022 and containers purchased during this period were committed to very attractive leases with very long lease durations. While uncertainty remains on how the pandemic evolves, the implications from the ongoing Russia-Ukraine war and other ongoing geopolitical and economic stress, and the currently lower container demand environment, our balance sheet and liquidity are healthy and we have never had such a portfolio of secured long-term lease contracts. As we look out to the coming months, we see a continuation of this uncertainty with a likely reduction of our current extremely high gain on container sales, but we remain well-positioned to respond to the current market environment. While container utilization may continue to gradually decrease, it will remain elevated compared to historic levels. For additional information regarding the risk and uncertainties that we could encounter as a result of the COVID-19 pandemic, the Russia-Ukraine war and related global conditions, see Item 3, “*Key Information - Risk Factors*” included in our 2021 Form 20-F.

## Key Factors Affecting Our Performance

We believe there are a number of key factors that have affected, and are likely to continue to affect, our operating performance. These key factors include the following, among others:

- the demand for leased containers;
- lease rates;
- steel prices and the price and availability of other container components;
- interest rates and availability of debt financing at acceptable terms;
- our ability to lease our new containers shortly after we purchase them;
- access to container production capacity;
- prices of new and used containers and the impact of changing prices on containers held for sale and the residual value of our in-fleet owned containers;
- remarketing risk;
- the creditworthiness of our customers;
- further consolidation among shipping lines and/or container lessors;

- further consolidation of container manufacturers and/or decreased access to new containers;
- global and macroeconomic factors that affect trade generally, such as recessions, trade disputes, terrorist attacks, pandemics, such as the COVID-19 pandemic, or the outbreak of war and hostilities, such as the impact of the Russian invasion of Ukraine.

For further details regarding these and other factors that may affect our business and results of operations, see Item 3, “Key Information -- Risk Factors” included in our 2021 Form 20-F.

## Results of Operations

### Comparison of the Three and Nine Months Ended September 30, 2022 and 2021

The following table summarizes our total revenues for the three and nine months ended September 30, 2022 and 2021:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2022	2021	Variance	2022	2021	Variance
	(Dollars in thousands)			(Dollars in thousands)		
Operating leases - owned fleet	\$ 153,540	\$ 152,655	\$ 885	\$ 457,622	\$ 435,083	\$ 22,539
Operating leases - managed fleet	12,322	13,175	(853)	37,641	42,982	(5,341)
Finance leases and container leaseback financing receivable - owned fleet	39,290	30,000	9,290	111,839	74,443	37,396
Total lease rental income	<u>\$ 205,152</u>	<u>\$ 195,830</u>	<u>\$ 9,322</u>	<u>\$ 607,102</u>	<u>\$ 552,508</u>	<u>\$ 54,594</u>
Management fees - non-leasing	<u>\$ 710</u>	<u>\$ 598</u>	<u>\$ 112</u>	<u>\$ 1,915</u>	<u>\$ 2,746</u>	<u>\$ (831)</u>
Trading container sales proceeds	\$ 5,791	6,307	\$ (516)	\$ 18,801	22,648	\$ (3,847)
Cost of trading containers sold	(5,334)	(3,668)	(1,666)	(17,035)	(13,612)	(3,423)
Trading container margin	<u>\$ 457</u>	<u>\$ 2,639</u>	<u>\$ (2,182)</u>	<u>\$ 1,766</u>	<u>\$ 9,036</u>	<u>\$ (7,270)</u>
Gain on sale of owned fleet containers, net	<u>\$ 22,788</u>	<u>\$ 20,028</u>	<u>\$ 2,760</u>	<u>\$ 61,914</u>	<u>\$ 51,222</u>	<u>\$ 10,692</u>

Total lease rental income for the three months ended September 30, 2022 increased \$9,322 compared to the three months ended September 30, 2021, primarily due to \$9,290 increase due to the growth of our fleet on finance leases and \$3,892 increase due to an increase in the average per diem rental rates, partially offset by a \$1,489 decrease due to a decrease in our total operating fleet that was available for lease and a \$1,030 decrease due to lower utilization. Total lease rental income for the nine months ended September 30, 2022 increased \$54,594 compared to the nine months ended September 30, 2021, primarily due to \$37,396 increase due to the growth of our fleet on finance leases, \$18,373 increase due to an increase in the average per diem rental rates and \$7,918 increase due to an increase in our total operating fleet that was available for lease, partially offset by a \$5,865 settlement received in 2021 from a previously insolvent customer related to unrecognized lease rental income from prior periods and a \$1,424 decrease due to lower utilization.

Management fees – non-leasing for the three and nine months ended September 30, 2022 increased \$112 and decreased \$831, respectively, compared to the three and nine months ended September 30, 2021, primarily due to \$152 increase and \$704 decrease in the sales commission of the managed fleet, respectively.

Trading container margin for the three months ended September 30, 2022 decreased \$2,182 compared to the three months ended September 30, 2021; \$2,834 of the decrease resulted from a reduction in per unit margin, partially offset by a \$652 increase resulted from an increase in unit sales volume. Trading container margin for the nine months ended September 30, 2022 decreased \$7,270 compared to the nine months ended September 30, 2021; \$5,547 of the decrease resulted from a reduction in per unit margin and \$1,723 of the decrease resulted from a reduction in unit sales volume.

Gain on sale of owned fleet containers, net for the three months ended September 30, 2022 increased \$2,760 compared to the three months ended September 30, 2021; \$9,011 of the increase resulted from an increase in the number of containers being sold, partially offset by a \$5,001 decrease resulted from a reduction in average gain per container sold due to a decrease in container selling prices and a \$1,250 decrease which resulted from a decrease in day-one gain on sales-type leases. Gain on sale of owned fleet containers, net for the nine months ended September 30, 2022 increased \$10,692 compared to the nine months ended September 30, 2021; \$8,606

of the increase resulted from an increase in the number of containers being sold and \$3,074 of the increase resulted from an improvement in average gain per container sold due to an increase in container selling prices, partially offset by a \$988 decrease which resulted from a decrease in day-one gain on sales-type leases.

The following table summarizes our total operating expenses for the three and nine months ended September 30, 2022 and 2021:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2022	2021	Variance	2022	2021	Variance
	(Dollars in thousands)			(Dollars in thousands)		
Direct container expense - owned fleet	\$ 8,717	\$ 5,210	\$ 3,507	\$ 21,015	\$ 17,794	\$ 3,221
Distribution expense to managed fleet container investors	10,952	11,751	(799)	33,427	38,770	(5,343)
Depreciation and amortization	73,238	73,641	(403)	218,688	210,950	7,738
General and administrative expense	11,739	12,543	(804)	36,451	34,263	2,188
Bad debt expense (recovery), net	206	(15)	221	743	(1,225)	1,968
Container lessee default expense (recovery), net	963	1,928	(965)	1,518	(1,185)	2,703
Total operating expenses	<u>\$ 105,815</u>	<u>\$ 105,058</u>	<u>\$ 757</u>	<u>\$ 311,842</u>	<u>\$ 299,367</u>	<u>\$ 12,475</u>

Direct container expense – owned fleet for the three months ended September 30, 2022 increased \$3,507 compared to the three months ended September 30, 2021 primarily due to a \$1,997 increase in maintenance and handling expense and a \$860 increase in storage expense, which resulted from higher drop off activities. Direct container expense – owned fleet for the nine months ended September 30, 2022 increased \$3,221 compared to the nine months ended September 30, 2021 primarily due to a \$3,322 increase in maintenance and handling expense and a \$815 increase in storage expense, which resulted from higher drop off activities, partially offset by a \$915 decrease in agency costs.

Distribution expense to managed fleet container investors for the three and nine months ended September 30, 2022 decreased \$799 and \$5,343 compared to the three and nine months ended September 30, 2021, respectively, primarily due to a decrease in lease rental income of the managed fleet resulting from a reduction in the managed fleet size.

Depreciation and amortization for the three and nine months ended September 30, 2022 decreased \$403 and increased \$7,738 compared to the three and nine months ended September 30, 2021, respectively. Amortization represents the amortization of amounts paid to acquire the rights to manage the container fleets. For the three months ended September 30, 2022 compared to the same period of 2021, \$753 of the decrease was due to a decrease in amortization expense primarily due to our purchase of certain containers of a managed fleet in the third quarter of 2021 and the certain managed containers becoming fully amortized in the fourth quarter of 2021 and \$85 of the decrease was due to a net decrease in writing down the value of containers held for sale to their estimated fair value less cost to sell, partially offset by a \$435 increase due to a net increase in the size of our owned depreciable fleet. For the nine months ended September 30, 2022 compared to the same period of 2021, \$8,820 of the increase was due to a net increase in the size of our owned depreciable fleet and \$1,062 of the increase was due to a net increase in writing down the value of containers held for sale to their estimated fair value less cost to sell, partially offset by a decrease of \$2,144 in amortization expense primarily due to our purchase of certain containers of a managed fleet in the third quarter of 2021 and the certain managed containers becoming fully amortized in the fourth quarter of 2021.

General and administrative expense for the three months ended September 30, 2022 decreased \$804 compared to the three months ended September 30, 2021, primarily due to a \$1,695 decrease in compensation and benefit costs, partially offset by a \$374 increase in technology expense predominately resulting from our new ERP system effective in January 2022 and a \$271 increase in travel expense. General and administrative expense for the nine months ended September 30, 2022 increased \$2,188 compared to the nine months ended September 30, 2021, primarily due to a \$1,879 increase in technology expense, predominately resulting from our new ERP system effective in January 2022, a \$629 increase in professional fees and a \$538 increase in travel expense, partially offset by a \$1,345 decrease in compensation and benefit costs.

Bad debt expense (recovery), net for the three and nine months ended September 30, 2022 amounted to an expense of \$206 and \$743 compared to a recovery of \$15 and \$1,225 for the three and nine months ended September 30, 2021, respectively. The changes

were primarily due to an update in the estimates for credit loss reserve on our net investment in finance leases and container leaseback financing receivable.

Container lessee default expense, net for the three and nine months ended September 30, 2022 amounted to \$963 and \$1,518, respectively, primarily comprised of an expense of \$867 and \$1,935 in the three and ninth months ended September 30, 2022, respectively, for written off containers that were deemed unlikely to be recovered from problem lessees, partially offset by a recovery of \$802 cash distribution in the second quarter of 2022 from a prior bankruptcy lessee defaulted in 2013.

Container lessee default expense (recovery), net for the three and nine months ended September 30, 2021 amounted to an expense of \$1,928 and a recovery of \$1,185, respectively, which are summarized in the below table,

	September 30, 2021	
	Three Months Ended	Nine Months Ended
	(Dollars in thousands)	
Cost to recover containers with insolvent lessees	\$ 1,010	\$ 3,650
Charge for written off containers that were deemed unlikely to be recovered from insolvent lessees	928	2,793
Gain associated with recoveries, net of container recovery costs, on containers previously estimated as lost with an insolvent lessee in 2019 who subsequently exited out of bankruptcy	—	(7,577)
Others	(10)	(51)
Container lessee default expense (recovery), net	<u>\$ 1,928</u>	<u>\$ (1,185)</u>

The following table summarizes other (expense) income and income tax expense for the three and nine months ended September 30, 2022 and 2021:

	Three Months Ended September 30,		Variance	Nine Months Ended September 30,		Variance
	2022	2021		2022	2021	
	(Dollars in thousands)			(Dollars in thousands)		
Interest expense	\$ (41,242)	\$ (33,128)	\$ (8,114)	\$ (114,144)	\$ (92,381)	\$ (21,763)
Debt termination expense	—	(11,866)	11,866	—	(15,078)	15,078
Realized loss on financial instruments, net	—	(112)	112	—	(5,516)	5,516
Unrealized (loss) gain on financial instruments, net	(204)	83	(287)	(326)	4,681	(5,007)
Other, net	1,368	(730)	2,098	1,748	(527)	2,275
Net other expense	<u>\$ (40,078)</u>	<u>\$ (45,753)</u>	<u>\$ 5,675</u>	<u>\$ (112,722)</u>	<u>\$ (108,821)</u>	<u>\$ (3,901)</u>
Income tax (expense) benefit	<u>\$ (1,846)</u>	<u>\$ 59</u>	<u>(1,905)</u>	<u>\$ (5,532)</u>	<u>\$ (890)</u>	<u>(4,642)</u>

Interest expense for the three months ended September 30, 2022 increased \$8,114 compared to the three months ended September 30, 2021, \$5,844 of the increase resulted from an increase in the average debt balance of \$875,586 and \$2,270 of the increase resulted from an increase in average interest rates of 0.15 percentage points. Interest expense for the nine months ended September 30, 2022 increased \$21,763 compared to the nine months ended September 30, 2021, primarily due to a \$22,159 increase resulting from an increase in the average debt balance of \$1,106,813.

Debt termination expense for the three and nine months ended September 30, 2021 amounted to \$11,866 and \$15,078, respectively, \$10,631 loan termination expense and \$1,235 write-off of unamortized debt issuance costs resulting from the early redemption of TMCL VI Term Loan were included in the third quarter of 2021. \$2,857 on the write-off of unamortized debt issuance costs of the early redemption of 2019-1 Bonds in the second quarter of 2021 was also included in the nine months ended September 30, 2021.

Realized loss on financial instruments, net included amounts for our marketable securities and derivative instruments. Realized loss on financial instruments, net for both the three and nine months ended September 30, 2022 amounted to \$0. During the second and

third quarters of 2021, we early terminated all of our interest rate swaps that were not designated as cash flow hedges. See Note 8 "Debt and Derivative instruments" in Item 1, "Financial Statements" in this Quarterly Report on Form 6-K for further information.

Unrealized (loss) gain on financial instruments, net included amounts for our marketable securities and derivative instruments. Unrealized loss on marketable securities, net for the three and nine months ended September 30, 2022 amounted to \$204 and \$326, respectively, which were related to fair value changes in the marketable equity securities of a lessee that we received in the second quarter of 2021 for a bankruptcy settlement. Unrealized (loss) gain on derivative instruments, net for both the three and nine months ended September 30, 2022 amounted to \$0. During the second and third quarters of 2021, we early terminated all of our interest rate swaps that were not designated as cash flow hedges. See Note 8 "Debt and Derivative instruments" in Item 1, "Financial Statements" in this Quarterly Report on Form 6-K for further information.

Other, net for the three and nine months ended September 30, 2022 increased \$2,098 and \$2,275 compared to the three and nine months ended September 30, 2021, respectively, primarily due to a \$1,130 and \$1,360 increase in interest income predominantly resulted from an increase in average interest rates, and a \$850 and \$967 increase related to the remeasurement at each period end of the cash balance that are denominated in currencies other than our functional currency, respectively.

Income tax (expense) benefit for the three and nine months ended September 30, 2022 changed from a benefit of \$59 to an expense of \$1,846 and an increase of \$4,692 in expense, compared to the three and nine months ended September 30, 2021, respectively. The changes were primarily due to a reduction in the proportion of our income generated in lower tax jurisdictions in 2022.

## Segment Information

The following table summarizes our income before taxes attributable to each of our business segments for the three and nine months ended September 30, 2022 and 2021 (before inter-segment eliminations):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022	2021		Variance	2022	2021		Variance
	(Dollars in thousands)				(Dollars in thousands)			
Container ownership	\$ 68,899	\$ 57,591	\$ 11,308	\$ 208,861	\$ 172,234	\$ 36,627		
Container management	8,357	13,273	(4,916)	33,220	37,473	(4,253)		
Container resale	4,873	4,518	355	11,729	15,433	(3,704)		
Other	(1,164)	(1,904)	740	(4,210)	(3,822)	(388)		
Eliminations	2,249	(5,194)	7,443	(1,467)	(13,994)	12,527		
Income before income taxes	\$ 83,214	\$ 68,284	\$ 14,930	\$ 248,133	\$ 207,324	\$ 40,809		

Income before income taxes attributable to the Container Ownership segment for the three months ended September 30, 2022 increased \$11,308 compared to the three months ended September 30, 2021. The following table summarizes the variances included within this increase:

Decrease in debt termination expense	\$ 11,866
Increase in lease rental income - owned fleet	9,476
Increase in gain on sale of owned fleet containers, net	2,760
Decrease in container lessee default expense, net	965
Increase in interest income	643
Increase in interest expense	(8,107)
Increase in direct container expense	(6,387)
Other	92
	<u>\$ 11,308</u>

Income before income taxes attributable to the Container Ownership segment for the nine months ended September 30, 2022 increased \$36,627 compared to the nine months ended September 30, 2021. The following table summarizes the variances included within this increase:

Increase in lease rental income - owned fleet	\$	57,984
Decrease in debt termination expense		15,078
Increase in gain on sale of owned fleet containers, net		10,496
Decrease in realized loss on derivative instruments, net		5,408
Increase in interest expense		(21,526)
Increase in direct container expense		(13,397)
Increase in depreciation expense		(8,566)
Decrease in unrealized gain on derivative instruments, net		(5,220)
Changed from container lessee default recovery, net to container lessee default expense, net		(2,703)
Other		(927)
	\$	<u>36,627</u>

Income before income taxes attributable to the Container Management segment for the three months ended September 30, 2022 decreased \$4,916 compared to the three months ended September 30, 2021. The following table summarizes the variances included within this decrease:

Decrease in distribution expense to managed fleet container investors	\$	799
Decrease in general and administrative expense		773
Decrease in amortization expense		594
Decrease in management fees		(6,547)
Decrease in lease rental income - managed fleet		(853)
Other		318
	\$	<u>(4,916)</u>

Income before income taxes attributable to the Container management segment for the nine months ended September 30, 2022 decreased \$4,253 compared to the nine months ended September 30, 2021. The following table summarizes the variances included within this decrease:

Decrease in distribution expense to managed fleet container investors	\$	5,343
Decrease in amortization expense		912
Increase in interest income		541
Decrease in lease rental income - managed fleet		(5,341)
Decrease in management fees		(4,095)
Increase in general and administrative expense		(1,367)
Other		(246)
	\$	<u>(4,253)</u>

Income before income taxes attributable to the Container Resale segment for the three months ended September 30, 2022 increased \$355 compared to the three months ended September 30, 2021, primarily due to an increase in management fees, partially offset by a decrease in trading container margin. Income before income taxes attributable to the Container Resale segment for the nine months ended September 30, 2022 decreased \$3,704 compared to the nine months ended September 30, 2021, primarily due to a decrease in trading container margin, partially offset by an increase in management fees.

Loss before income taxes attributable to Other activities unrelated to our reportable business segments for the three months ended September 30, 2022 decreased \$740 compared to the three months ended September 30, 2021, primarily due to an increase in foreign currency exchange gain, partially offset by an increase in general and administrative expense. Loss before income taxes attributable to Other activities unrelated to our reportable business segments for the nine months ended September 30, 2022 increased \$388 compared to the nine months ended September 30, 2021, primarily due to an increase in general and administrative expense, partially offset by an increase in foreign currency exchange gain.



Segment eliminations for the three and nine months ended September 30, 2022 decreased \$7,443 and \$12,527 compared to the three and nine months ended September 30, 2021, respectively, due to a \$7,182 and \$11,531 decrease in acquisition fees received by our Container Management segment from our Container Ownership segment and a \$261 and \$996 increase in amortization related to capitalized acquisition fees received by our Container Management segment from our Container Ownership segment, respectively. Our Container Ownership segment capitalizes acquisition fees billed by our Container Management segment as part of containers, net and records lease rental income and depreciation expense to amortize the acquisition fees over the lease terms and useful lives of the containers, respectively, which are eliminated in consolidation.

## **Currency**

Almost all of our revenues are denominated in U.S. dollars, and our direct container expenses and operating expenses were substantially denominated in U.S. dollars. See the risk factor entitled “Because substantially all of our revenues are generated in U.S. dollars, but a significant portion of our expenses are incurred in other currencies, exchange rate fluctuations could have an adverse impact on our results of operations” under Item 3, “*Key Information—Risk Factors*” included in our 2021 Form 20-F. Our operations in non-U.S. dollar locations have some exposure to foreign currency fluctuations, and trade growth and the direction of trade flows can be influenced by large changes in relative currency values. Foreign exchange fluctuations did not materially impact our financial results for the three and nine months ended September 30, 2022. We do not engage in currency hedging.

## **Liquidity and Capital Resources**

As of September 30, 2022, we had cash and cash equivalents (including restricted cash) of \$252,632. For the nine months ended September 30, 2022, cash provided by operating activities, together with the proceeds from container leaseback financing receivable and proceeds from sale of containers and fixed assets, was \$724,306. In addition, we had \$678,901 of maximum borrowing capacity remaining under our debt facilities as of September 30, 2022. Our principal sources of liquidity have been our cash flows from operations including the sale of containers and borrowings under debt facilities. Our cash inflows from operations are affected by the utilization rate of our fleet and the per diem rates of our leases, whereas the cash inflows from proceeds for the sale of containers are affected by market demand for used containers and our available inventory of containers for sale. Our cash outflows are affected by payments and expenses primarily related to our purchasing of containers, required principal and interest payments on our debt obligations, and any dividends and share repurchases.

Assuming that our lenders remain solvent, and lessees meet their lease payment obligations, we currently believe that our existing cash and cash equivalents, cash flows generated from operations, proceeds from the sale of containers and borrowing availability under our debt facilities are sufficient to meet our working capital needs and other capital and liquidity requirements for the next twelve months.

## **Capital Expenditures and Commitments**

As of September 30, 2022, we had container contracts payable to manufacturers of \$6,521. During the nine months ended September 30, 2022, we paid \$918,954 for containers and fixed assets, including for containers under leaseback financing receivable. As of September 30, 2022, we did not have any purchase commitments for future container investments for delivery subsequent to September 30, 2022.

As of September 30, 2022, we had \$10,510 of future payment obligations related to our office operating leases, of which \$2,325 is due within the next twelve months.

As of September 30, 2022, we had no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, change in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

## **Dividends**

During the nine months ended September 30, 2022, we paid \$14,906 of cash dividends to our preferred shareholders. As of September 30, 2022, we have cumulative undeclared and unpaid preferred dividends of \$854.

In 2021, our board of directors approved the reinstatement of the common share dividend program and declared a \$0.25 cash dividend per common share during the first, second and third quarters of 2022 for a total aggregate amount of \$35,278 to our common shareholders.

## Share Repurchase Program

Since the inception of the program in 2019, we repurchased an aggregate total of \$283,085 under our share repurchase program, of which \$133,775 were repurchased during the nine months ended September 30, 2022.

## Description of Indebtedness

As of September 30, 2022, the total outstanding principal balance on our debt facilities was \$5,730,751, of which \$408,318 are due within the next twelve months. Final maturities on these debt facilities are between August 2027 and August 2046.

As of September 30, 2022, our estimated future aggregate interest payments on debt obligations amounted to \$868,276 (including amounts due within the next twelve months of \$190,572), and our estimated future aggregate interest receivable on interest rate swaps amounted to \$126,292 (including amounts receivable within the next twelve months of \$34,774).

As of September 30, 2022, we had the following outstanding borrowings and borrowing capacities per debt facility (in thousands):

Facility:	Current Borrowing	Additional Borrowing Commitment	Total Commitment	Current Borrowing	Available Borrowing, as Limited by the Borrowing Base	Current and Available Borrowing
TL Revolving Credit Facility	\$ 1,429,858	\$ 470,142	\$ 1,900,000	\$ 1,429,858	\$ 229,862	\$ 1,659,720
TL 2019 Term Loan	130,152	—	130,152	130,152	—	130,152
TL 2021-1 Term loan	61,701	—	61,701	61,701	—	61,701
TL 2021-2 Term Loan	195,848	—	195,848	195,848	—	195,848
TMCL II Secured Debt Facility (1)	1,291,241	208,759	1,500,000	1,291,241	11,180	1,302,421
TMCL VII 2020-1 Bonds	345,528	—	345,528	345,528	—	345,528
TMCL VII 2020-2 Bonds	491,402	—	491,402	491,402	—	491,402
TMCL VII 2020-3 Bonds	180,778	—	180,778	180,778	—	180,778
TMCL VII 2021-1 Bonds	478,846	—	478,846	478,846	—	478,846
TMCL VII 2021-2 Bonds	577,397	—	577,397	577,397	—	577,397
TMCL VII 2021-3 Bonds	548,000	—	548,000	548,000	—	548,000
Total (2)	<u>\$ 5,730,751</u>	<u>\$ 678,901</u>	<u>\$ 6,409,652</u>	<u>\$ 5,730,751</u>	<u>\$ 241,042</u>	<u>\$ 5,971,793</u>

- (1) Amounts on all the bonds payable exclude an unamortized discount in an aggregate amount of \$517.
- (2) Current borrowing for all debts excludes unamortized debt issuance costs in an aggregate amount of \$36,788.

All of our debt facilities are secured by specific pools of containers and related assets owned by the Company. In addition to customary events of default as defined in our credit agreements and indenture and various restrictive financial covenants, the Company's debt facilities also contain various other debt covenants and borrowing base minimums. As of September 30, 2022, we were in compliance with all of the applicable debt covenants.

## Cash Flow

The following table summarizes cash flow information for the nine months ended September 30, 2022 and 2021:

	Nine Months Ended September 30,	
	2022	2021
	(Dollars in thousands)	
Net income	\$ 242,601	\$ 206,434
Adjustments to reconcile net income to net cash provided by operating activities	295,050	177,183
Net cash provided by operating activities	537,651	383,617
Net cash used in investing activities	(732,299)	(1,574,467)
Net cash provided by financing activities	165,163	1,246,847
Effect of exchange rate changes	(455)	(108)
Net (decrease) increase in cash, cash equivalents and restricted cash	(29,940)	55,889
Cash, cash equivalents and restricted cash, beginning of period	282,572	205,165
Cash, cash equivalents and restricted cash, end of the period	\$ 252,632	\$ 261,054

### Operating Activities

Net cash provided by operating activities for the nine months ended September 30, 2022 increased by \$154,034 compared to the nine months ended September 30, 2021. The increase in net cash provided by operating activities was due to a \$43,966 increase in net income adjusted for depreciation and other non-cash items and a \$110,068 increase in net working capital adjustments. The increase in net working capital adjustment provided by operating activities was primarily due to an increase of \$95,827 in receipt of payments on finance leases, net of income earned, a decrease of \$18,159 in accounts receivable primarily caused by the timing of collections, partially offset by an \$18,934 decrease in other liabilities.

### Investing Activities

Net cash used in investing activities for the nine months ended September 30, 2022 decreased by \$842,168 compared to the nine months ended September 30, 2021. The decrease in net cash used in investing activities was primarily due to a \$791,752 decrease in payments for container purchases, including containers under leaseback financing receivable and due to a higher amount of proceeds from the sale of containers and fixed assets.

### Financing Activities

Net cash provided by financing activities for the nine months ended September 30, 2022 decreased by \$1,081,684 compared to the nine months ended September 30, 2021. The decrease in net cash provided by financing activities was due to a \$690,858 decrease in net borrowings, an \$87,986 increase in purchases of treasury shares under the Company's share repurchase program, a \$45,751 increase in cash dividend payments to preferred and common shareholders, and net proceeds received in 2021 of \$290,550 from the preferred shares offering, partially offset by cash paid in 2021 of \$21,500 for the purchase of noncontrolling interest.

## Critical Accounting Policies and Estimates

We have identified the policies and estimates in Item 5, "Operating and Financial Review and Prospects" included in our 2021 Form 20-F as among those critical to our business operations and the understanding of our results of operations. These policies and estimates are considered critical due to the existence of uncertainty at the time the estimate is made, the likelihood of changes in estimates from period to period and the potential impact that these estimates can have on our financial statements. These policies remain consistent with those reported in our 2021 Form 20-F. Please refer to Item 5, "Operating and Financial Review and Prospects" included in our 2021 Form 20-F.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET AND CREDIT RISK

#### Quantitative and Qualitative Disclosures About Market Risk

We could be exposed to market risk from future changes in interest rates and foreign exchange rates. At times, we may enter into various derivative instruments to manage certain of these risks. We do not enter into derivative instruments for speculative or trading purposes.

For the nine months ended September 30, 2022, we did not experience any material changes in market risk that affect the quantitative and qualitative disclosures presented in Item 11, “*Quantitative and Qualitative Disclosures About Market Risk—Foreign Exchange Risk*” or in Item 11, “*Quantitative and Qualitative Disclosures About Market Risk—Interest Rate Risk*” included in our 2021 Form 20-F.

#### *Interest Rate Risk*

We have entered into various interest rate swap agreements to mitigate our exposure associated with our variable rate debt. The swap agreements involve payments by us to counterparties at fixed rates in return for receipts based upon variable rates indexed to the Secured Overnight Financing Rate (“SOFR”). We also utilized forward starting interest rate swap agreements to reduce the impact of interest rate changes on anticipated future debt issuances. We also utilized interest rate cap agreements, which place a ceiling on the Company’s exposure to rising interest rates, to manage interest rate risk exposure. All of our derivative agreements are with highly rated financial institutions. Credit exposures are measured based on the market value of outstanding derivative instruments. As of September 30, 2022, all of our interest rate swap agreements are designated as cash flow hedges for accounting purposes, and any unrealized gains or losses related to the changes in fair value are recognized in accumulated comprehensive income (loss) and re-classed to interest expense as they are realized.

The notional amount of the interest rate swap agreements was \$2,010,375 as of September 30, 2022, with expiration dates between November 2022 and May 2031. We pay fixed rates between -0.02% and 3.84% under the interest rate swap agreements. The notional amount of the forward starting interest rate swap agreement is \$100,000 with an effective date of February 28, 2024 with a fixed pay rate at 1.96% and expiration date of February 28, 2034. The net fair value of these agreements was a liability of \$0 and an asset of \$152,701 as of September 30, 2022.

The notional amount of the interest rate cap agreement was \$100,000 as of September 30, 2022, with a fixed cap rate at 6.33%, and expiration date of March 31, 2023.

As of September 30, 2022, approximately 88% of our debt is either fixed or hedged using derivative instruments which helps mitigate the impact of changes in short-term interest rates. It is estimated that a 1% increase in interest rates on our unhedged debt would result in an increase of \$7,107 in interest expense over the next twelve months.

#### Quantitative and Qualitative Disclosures About Credit Risk

We monitor our container lessees’ performance and our lease exposures on an ongoing basis, and our credit management processes are aided by the long payment experience we have with most of our container lessees and our broad network of long-standing relationships in the shipping industry that provide current information about our container lessees. In managing this risk, we also make an allowance for doubtful accounts on our accounts receivable. The allowance for doubtful accounts is developed based on two key components:

- specific reserves for receivables which are impaired for which management believes full collection is doubtful; and
- general reserves for estimated losses inherent in the receivables based upon historical trends and age of the balances.

The Russia-Ukraine war has resulted in significant economic sanctions and trade controls on Russia with certain countries restricting shipments to or from Russian ports and decisions to alter routes by several major ocean carriers. As of September 30, 2022, the Company has approximately \$319 in outstanding accounts receivables, net, \$4,150 in net investment in finance leases, net, and \$13,800 in net book value of owned containers on lease to a customer that conducts a significant amount of its trading with Russia, with less than 1% of our historical total lease rental income pertaining to such customer. However, given the nature of our business and global operations, the war may impact the recoverability of certain operating containers, thus, we estimated approximately \$1,068 in net book value of owned containers leased to this customer may be unrecoverable.

For the nine months ended September 30, 2022, we did not experience any material changes in our credit risks that affect the quantitative and qualitative disclosures about credit risk presented in Item 11, “*Quantitative and Qualitative Disclosures About Market Risk – Quantitative and Qualitative Disclosures About Credit Risk*” included in our 2021 Form 20-F.

#### **ITEM 4. RISK FACTORS**

There have been no material changes with respect to the risk factors disclosed in Item 3, “*Key Information —Risk Factors*” included in our 2021 Form 20-F that was filed with the Securities and Exchange Commission on March 17, 2022. Please refer to that section for disclosures regarding the risks and uncertainties related to the Company’s business and industry and the Company’s common shares.

**ITEM 5. EXHIBITS**

The following exhibits are filed as part of this Quarterly Report on Form 6-K:

<b>Exhibit Number</b>	<b>Description of Document</b>
101.INS†	Inline XBRL Instance Document
101.SCH†	Inline XBRL Taxonomy Extension Schema Document
101.CAL†	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF†	Inline XBRL Taxonomy Definition Linkbase Document
101.LAB†	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE†	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

† Filed 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.

### **Textainer Group Holdings Limited**

/s/ Olivier Ghesquiere

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Olivier Ghesquiere  
President and Chief Executive Officer

/s/ Michael K. Chan

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Michael K. Chan  
Executive Vice President and Chief Financial Officer

Date: November 1, 2022