

Danaos Corporation Reports Results for the Fourth Quarter and Year Ended December 31, 2022

Athens, Greece, February 14, 2023 – Danaos Corporation (“Danaos”) (NYSE: DAC), one of the world’s largest independent owners of containerships, today reported unaudited results for the fourth quarter and the year ended December 31, 2022.

Highlights for the Fourth Quarter and Year Ended December 31, 2022:

- Adjusted net income¹ of \$141.6 million, or \$6.99 per share, for the three months ended December 31, 2022 compared to \$125.8 million, or \$6.10 per share, for the three months ended December 31, 2021, an increase of 12.6%. Adjusted net income¹ of \$711.0 million, or \$34.68 per share, for the year ended December 31, 2022 compared to \$362.3 million, or \$17.60 per share, for the year ended December 31, 2021, an increase of 96.2%.
- Cash and cash equivalents amounted to \$267.7 million as of December 31, 2022.
- Total liquidity, including undrawn available commitments under our Revolving Credit Facility amounted to \$650.2 million as of December 31, 2022.
- Operating revenues of \$252.5 million for the three months ended December 31, 2022 compared to \$215.0 million for the three months ended December 31, 2021, an increase of 17.4%. Operating revenues of \$993.3 million for the year ended December 31, 2022 compared to \$689.5 million for the year ended December 31, 2021, an increase of 44.1%.
- Adjusted EBITDA¹ of \$176.4 million for the three months ended December 31, 2022 compared to \$159.2 million for the three months ended December 31, 2021, an increase of 10.8%. Adjusted EBITDA¹ of \$851.2 million for the year ended December 31, 2022 compared to \$508.8 million for the year ended December 31, 2021, an increase of 67.3%.
- Total contracted cash operating revenues were \$2.1 billion as of December 31, 2022 and remaining average contracted charter duration was 3.4 years, weighted by aggregate contracted charter hire.
- Contracted operating days charter coverage currently stands at 92.6% for 2023 and 63.3% for 2024.
- During 2022, we made early prepayment of \$909.1 million of bank debt, lease and bond indebtedness and realized a \$4.4 million gain associated with this debt extinguishment. Additionally, during 2022 we drew down \$185.25 million from new credit facilities while we also entered into a \$382.5 million Revolving Credit Facility that is available and undrawn as of December 31, 2022.
- As a result of the above, as of December 31, 2022, Net Debt² was \$243.3 million, Net Debt / LTM Adjusted EBITDA was 0.29x, while 42 of our vessels are debt-free currently.
- Danaos has declared a dividend of \$0.75 per share of common stock for the fourth quarter of 2022, which is payable on March 14, 2023 to stockholders of record as of February 28, 2023.

Three Months and Year Ended December 31, 2022

Financial Summary – Unaudited

(Expressed in thousands of United States dollars, except per share amounts)

	Three months ended December 31, 2022	Three months ended December 31, 2021	Year ended December 31, 2022	Year ended December 31, 2021
Operating revenues	\$252,483	\$215,038	\$993,344	\$689,505
Net income	\$152,721	\$165,997	\$559,210	\$1,052,841
Adjusted net income ¹	\$141,651	\$125,839	\$710,980	\$362,257
Earnings per share, diluted	\$7.54	\$8.05	\$27.28	\$51.15
Adjusted earnings per share, diluted ¹	\$6.99	\$6.10	\$34.68	\$17.60
Diluted weighted average number of shares (in thousands)	20,268	20,623	20,501	20,584
Adjusted EBITDA ¹	\$176,422	\$159,164	\$851,160	\$508,803

¹Adjusted net income, adjusted earnings per share and adjusted EBITDA are non-GAAP measures. Refer to the reconciliation of net income to adjusted net income and net income to adjusted EBITDA provided below.

²Net Debt is defined as total debt gross of deferred finance costs less cash and cash equivalents.

Danaos' CEO Dr. John Coustas commented:

“This past year marked the peak of the container market, and the exceptionally strong market conditions we saw over the last two years are behind us. The decline in box rates to pre-pandemic levels across all sailing routes, foreshadows difficult times ahead. The liner companies are projecting 2023 earnings materially lower when compared with 2022, and we are still waiting to see the full effect of the looming recession. Charter rates have fallen significantly but remain higher than pre-pandemic levels. However, charter durations rarely exceed 12 months.

Fortunately, we are insulated from current market conditions as 93% of our available days are already contracted for 2023, providing us with excellent visibility for the year ahead. Given our limited near-term downside risk and our minimal debt obligations, we have ample firepower to opportunistically take advantage of the forthcoming downturn.

We are closely following the developments in the liner space, and the dismantling of the 2M alliance will definitely be positive for the non-operating owners as there will be less efficiency in the networks. Additionally, the effects of decarbonization have not been factored in the forecasts for effective fleet supply reduction through the anticipated reduction in service speeds. Liner companies are just now beginning to study the Carbon Intensity Indicator, or CII, of their owned and chartered vessels, and due to widespread criticism of the current structure of the index and the expectation that it will most likely be modified, no concrete action is being taken to redesign networks with a view to conform to the index.

Danaos is actively investigating various decarbonization strategies for our existing fleet and is actively involved in the optimization of the six environmentally friendly newbuildings that are being delivered to us next year. We remain committed to our strategy of accretive growth and delivering superior results for our shareholders.”

Three months ended December 31, 2022 compared to the three months ended December 31, 2021

During the three months ended December 31, 2022, Danaos had an average of 69.8 containerships compared to 70.9 containerships during the three months ended December 31, 2021. Our fleet utilization for the three months ended December 31, 2022 was 94.8% compared to 97.4% for the three months ended December 31, 2021. The decrease in utilization was mainly due to the increased days of scheduled dry-docking of our vessels.

Our adjusted net income amounted to \$141.6 million, or \$6.99 per share, for the three months ended December 31, 2022 compared to \$125.8 million, or \$6.10 per share, for the three months ended December 31, 2021. We have adjusted our net income in the three months ended December 31, 2022 for gain on sale of vessels of \$37.2 million, loss on debt extinguishment of \$18.6 million, stock based compensation of \$5.4 million and a non-cash fees amortization of \$2.1 million. Please refer to the Adjusted Net Income reconciliation table, which appears later in this earnings release.

The \$15.8 million increase in adjusted net income for the three months ended December 31, 2022 compared to the three months ended December 31, 2021 is attributable mainly to a \$37.5 million increase in operating revenues and a \$5.5 million decrease in net finance expenses, which were partially offset by a \$16.2 million decrease in dividends from ZIM (net of withholding taxes), a \$7.8 million increase in prior service cost and a \$3.2 million increase in total operating expenses.

On a non-adjusted basis, our net income amounted to \$152.7 million, or \$7.54 earnings per diluted share, for the three months ended December 31, 2022 compared to net income of \$166.0 million, or \$8.05 earnings per diluted share, for the three months ended December 31, 2021. Our net income for the three months ended December 31, 2022 includes a gain on sale of vessels of \$37.2 million and a loss on debt extinguishment of \$18.6 million.

Operating Revenues

Operating revenues increased by 17.4%, or \$37.5 million, to \$252.5 million in the three months ended December 31, 2022 from \$215.0 million in the three months ended December 31, 2021.

Operating revenues for the three months ended December 31, 2022 reflect:

- a \$72.9 million increase in revenues in the three months ended December 31, 2022 compared to the three months ended December 31, 2021 mainly as a result of higher charter rates;
- a \$1.6 million decrease in revenues in the three months ended December 31, 2022 compared to the three months ended December 31, 2021 due to vessel disposals
- a \$7.9 million decrease in revenues in the three months ended December 31, 2022 compared to the three months ended December 31, 2021 due to amortization of assumed time charters; and
- a \$25.9 million decrease in revenue in the three months ended December 31, 2022 compared to the three months ended December 31, 2021 due to lower non-cash revenue recognition in accordance with US GAAP.

Vessel Operating Expenses

Vessel operating expenses increased by \$2.8 million to \$40.0 million in the three months ended December 31, 2022 from \$37.2 million in the three months ended December 31, 2021, primarily as a result of the increase in the average daily operating cost for vessels on time charter to \$6,417 per vessel per day for the three months ended December 31, 2022 compared to \$5,861 per vessel per day for the three months ended December 31, 2021, which was partially offset by a slight decrease in the average number of vessels in our fleet. The average daily operating cost increased mainly due to the COVID-19 and Ukraine war related increase in crew remuneration, increased insurance premiums and repairs in the three months ended December 31, 2022 compared to the three months ended December 31, 2021. Management believes that our daily operating costs remain among the most competitive in the industry.

Depreciation & Amortization

Depreciation & Amortization includes Depreciation and Amortization of Deferred Dry-docking and Special Survey Costs.

Depreciation

Depreciation expense decreased by 2.9%, or \$1.0 million, to \$33.0 million in the three months ended December 31, 2022 from \$34.0 million in the three months ended December 31, 2021 mainly due to a sale of our two vessels *Leo C* and *Catherine C* in November 2022.

Amortization of Deferred Dry-docking and Special Survey Costs

Amortization of deferred dry-docking and special survey costs increased by \$0.6 million to \$3.2 million in the three months ended December 31, 2022 from \$2.6 million in the three months ended December 31, 2021.

General and Administrative Expenses

General and administrative expenses decreased by \$3.7 million, to \$14.9 million in the three months ended December 31, 2022 from \$18.6 million in the three months ended December 31, 2021 mainly due to a \$3.6 million decrease in stock-based compensation.

Other Operating Expenses

Other Operating Expenses include Voyage Expenses.

Voyage Expenses

Voyage expenses increased by \$1.1 million to \$8.2 million in the three months ended December 31, 2022 from \$7.1 million in the three months ended December 31, 2021 primarily as a result of the increase in commissions due to the increase in revenue per vessel.

Gain on sale of vessels

In November 2022, we completed the sale of the *Catherine C* and *Leo C* for net proceeds of \$128.0 million resulting in a gain of \$37.2 million.

Interest Expense and Interest Income

Interest expense decreased by 26.1%, or \$4.6 million, to \$13.0 million in the three months ended December 31, 2022 from \$17.6 million in the three months ended December 31, 2021. The decrease in interest expense is a combined result of:

- a \$1.7 million decrease in interest expense due to a decrease in our average indebtedness by \$589.4 million between the two periods (average indebtedness of \$807.9 million in the three months ended December 31, 2022 compared to average indebtedness of \$1,397.3 million in the three months ended December 31, 2021), which was partially offset by an increase in our debt service cost by 2.38 percentage points, mainly as a result of increase in the reference rates for our floating rate debt;
- a \$1.4 million decrease in the amortization of deferred finance costs and debt discount;
- a \$3.0 million decrease in interest expense due to capitalized interest on our vessels under construction in the three months ended December 31, 2022 compared to none in the three months ended December 31, 2021; and
- a \$1.5 million reduction in the recognition through our income statement of accumulated accrued interest that had been accrued in 2018 in relation to two of our credit facilities that were refinanced on April 12, 2021 and subsequently fully repaid on May 15, 2022, at which point the remaining accumulated accrued interest of \$26.9 million was recognized in gain on debt extinguishment.

As of December 31, 2022, our outstanding debt, gross of deferred finance costs, was \$438.0 million, which includes \$262.8 million aggregate principal amount of our Senior Notes, and our leaseback obligation was \$72.9 million. These balances compare to debt of \$1,142.0 million and a leaseback obligation of \$226.5 million, gross of deferred finance costs, as of December 31, 2021.

Interest income increased by \$2.6 million to \$3.2 million in the three months ended December 31, 2022 compared to \$0.6 million in the three months ended December 31, 2021 mainly as a result of increased interest income earned on time deposits in the three months ended December 31, 2022.

Gain on investments

The gain on investments of \$70.2 million in the three months ended December 31, 2021 consisted of the change in fair value of our shareholding interest in ZIM of \$52.2 million and dividends recognized on ZIM ordinary shares of \$18.0 million. This compares to no gain in the three months ended December 31, 2022 due to the sale of all our remaining ZIM ordinary shares in September 2022.

Loss on debt extinguishment

The loss on debt extinguishment of \$18.6 million in the three months ended December 31, 2022 related to our early extinguishment of debt compared to none in the three months ended December 31, 2021.

Other finance expenses

Other finance expenses increased by \$0.3 million to \$0.5 million in the three months ended December 31, 2022 compared to \$0.2 million in the three months ended December 31, 2021.

Loss on derivatives

Amortization of deferred realized losses on interest rate swaps remained stable at \$0.9 million in each of the three months ended December 31, 2022 and December 31, 2021.

Other income/(expenses), net

Other expenses, net were \$7.9 million in the three months ended December 31, 2022 compared to other income, net of \$0.1 million in the three months ended December 31, 2021. The decrease was mainly due to reclassification of prior service cost of a defined benefit obligation of \$7.8 million in the three months ended December 31, 2022.

Income taxes

Income taxes were nil in the three months ended December 31, 2022 compared to \$1.8 million taxes withheld on dividend income earned on ZIM ordinary shares in the three months ended December 31, 2021.

Adjusted EBITDA

Adjusted EBITDA increased by 10.8%, or \$17.2 million, to \$176.4 million in the three months ended December 31, 2022 from \$159.2 million in the three months ended December 31, 2021. As outlined above, the increase is mainly attributable to a \$45.3 million increase in operating revenues (net of \$7.9 million decrease in amortization of assumed time charters), which were partially offset by a \$11.9 million increase in total operating expenses and a \$16.2 million decrease in dividends from ZIM (net of withholding taxes). Adjusted EBITDA for the three months ended December 31, 2022 is adjusted for a \$37.2 million gain on sale of vessels, a \$18.6 million loss on debt extinguishment and stock-based

compensation of \$5.6 million. Tables reconciling Adjusted EBITDA to Net Income can be found at the end of this earnings release.

Year ended December 31, 2022 compared to the year ended December 31, 2021

During the year ended December 31, 2022, Danaos had an average of 70.7 containerships compared to 64.2 containerships during the year ended December 31, 2021. Our fleet utilization for the year ended December 31, 2022 was 97.3% compared to 98.2% for the year ended December 31, 2021. The decrease in utilization was mainly due to the increased days of scheduled dry-docking of our vessels.

Our adjusted net income amounted to \$711.0 million, or \$34.68 per share, for the year ended December 31, 2022 compared to \$362.3 million, or \$17.60 per share, for the year ended December 31, 2021. We have adjusted our net income in the year ended December 31, 2022 for the change in fair value of our investment in ZIM of \$176.4 million, gain on sale of vessels of \$37.2 million, gain on debt extinguishment of \$4.4 million, a non-cash fees amortization of \$11.5 million and stock based compensation of \$5.4 million. Please refer to the Adjusted Net Income reconciliation table, which appears later in this earnings release.

The \$348.7 million increase in adjusted net income for the year ended December 31, 2022 compared to the year ended December 31, 2021 is attributable mainly to a \$303.8 million increase in operating revenues and a \$118.7 million increase in dividends from ZIM (net of withholding taxes), which were partially offset by a \$52.5 million increase in total operating expenses, a \$5.6 million increase in net finance expenses, a \$7.8 million increase in prior service costs, a \$4.0 million decrease in our equity income from our investment in Gemini Shipholdings Corporation following our acquisition and full consolidation of Gemini since July 1, 2021 and a partial collection of common benefit claim of \$3.9 million from Hanjin Shipping in the year ended December 31, 2021.

On a non-adjusted basis, our net income amounted to \$559.2 million, or \$27.28 earnings per diluted share, for the year ended December 31, 2022 compared to net income of \$1,052.8 million, or \$51.15 earnings per diluted share, for the year ended December 31, 2021. Our net income for the year ended December 31, 2022 includes a gain on sale of vessels of \$37.2 million, a total loss on our investment in ZIM of \$29.2 million (net of withholding taxes on dividend) and a gain on debt extinguishment of \$4.4 million.

Operating Revenues

Operating revenues increased by 44.1%, or \$303.8 million, to \$993.3 million in the year ended December 31, 2022 from \$689.5 million in the year ended December 31, 2021.

Operating revenues for the year ended December 31, 2022 reflect:

- a \$260.6 million increase in revenues in the year ended December 31, 2022 compared to the year ended December 31, 2021 mainly as a result of higher charter rates;
- a \$55.8 million increase in revenues in the year ended December 31, 2022 compared to the year ended December 31, 2021 due to the incremental revenue generated by newly acquired vessels;
- a \$29.0 million increase in revenues in the year ended December 31, 2022 compared to the year ended December 31, 2021 due to amortization of assumed time charters;
- a \$1.6 million decrease in revenues in the year ended December 31, 2022 compared to the year ended December 31, 2021 due to vessel disposals; and
- a \$40.0 million decrease in revenue in the year ended December 31, 2022 compared to the year ended December 31, 2021 due to lower non-cash revenue recognition in accordance with US GAAP.

Vessel Operating Expenses

Vessel operating expenses increased by \$23.1 million to \$159.0 million in the year ended December 31, 2022 from \$135.9 million in the year ended December 31, 2021, primarily as a result of the increase in the average number of vessels in our fleet and an increase in the average daily operating cost for vessels on time charter to \$6,339 per vessel per day for the year ended December 31, 2022 compared to \$5,986 per vessel per day for the year ended December 31, 2021. The average daily operating cost increased mainly due to the COVID-19 and Ukraine war related increase in crew remuneration and increased

insurance premiums in the year ended December 31, 2022 compared to the year ended December 31, 2021. Management believes that our daily operating costs remain among the most competitive in the industry.

Depreciation & Amortization

Depreciation & Amortization includes Depreciation and Amortization of Deferred Dry-docking and Special Survey Costs.

Depreciation

Depreciation expense increased by 14.9%, or \$17.4 million, to \$134.3 million in the year ended December 31, 2022 from \$116.9 million in the year ended December 31, 2021 due to recent acquisitions of 11 vessels.

Amortization of Deferred Dry-docking and Special Survey Costs

Amortization of deferred dry-docking and special survey costs increased by \$2.0 million to \$12.2 million in the year ended December 31, 2022 from \$10.2 million in the year ended December 31, 2021.

General and Administrative Expenses

General and administrative expenses decreased by \$7.4 million to \$36.6 million in the year ended December 31, 2022, from \$44.0 million in the year ended December 31, 2021. The decrease was mainly attributable to a \$9.3 million decrease in stock-based compensation, which was partially offset by a \$2.0 million increase in management fees (due to increased average size of our fleet) in the year ended December 31, 2022 compared to the year ended December 31, 2021.

Other Operating Expenses

Other Operating Expenses include Voyage Expenses.

Voyage Expenses

Voyage expenses increased by \$10.8 million to \$35.1 million in the year ended December 31, 2022 from \$24.3 million in the year ended December 31, 2021 primarily as a result of the increase in commissions due to the increase in revenue per vessel and the increase in the average number of vessels in our fleet.

Gain on sale of vessels

In November 2022, we completed the sale of the *Catherine C* and *Leo C* for net proceeds of \$128.0 million resulting in a gain of \$37.2 million.

Interest Expense and Interest Income

Interest expense decreased by 10.0%, or \$6.9 million, to \$62.1 million in the year ended December 31, 2022 from \$69.0 million in the year ended December 31, 2021. The decrease in interest expense is a combined result of:

- a \$7.6 million decrease in interest expense due to a decrease in our average indebtedness by \$407.4 million between the two periods (average indebtedness of \$1,070.7 million in the year ended December 31, 2022 compared to average indebtedness of \$1,478.1 million in the year ended December 31, 2021), which was partially offset by an increase in our debt service cost by 0.96 percentage points, mainly as a result of increase in the reference rates on our floating rate debt;
- a \$4.4 million decrease in the amortization of deferred finance costs and debt discount;
- a \$5.0 million decrease in interest expense due to capitalized interest on our vessels under construction in the year ended December 31, 2022 compared to none in the year ended December 31, 2021; and
- a \$10.1 million reduction in the recognition through our income statement of accumulated accrued interest that had been accrued in 2018 in relation to two of our credit facilities that were refinanced on April 12, 2021 and subsequently fully repaid on May 15, 2022, at which point the remaining accumulated accrued interest of \$26.9 million was recognized in gain on debt extinguishment.

During the year ended December 31, 2022, we reduced debt, bond and lease indebtedness by \$1,042.8 million mainly as a result of \$909.1 million early debt and lease repayments and recognized a \$4.4 million gain related to this early debt extinguishment. On the other hand, our indebtedness increased by \$130 million following consummation of the loan agreement to finance our six 5,466 TEU vessels that were

acquired in 2021 and by a further \$55.25 million, following consummation of a new credit facility during the quarter ended December 31, 2022. Additionally, during the quarter ended December 31, 2022 we entered into a \$382.5 million Revolving Credit Facility which remains available and undrawn.

As of December 31, 2022, our outstanding bank debt, gross of deferred finance costs, was \$438.0 million, which includes \$262.8 million aggregate principal amount of our Senior Notes, and our leaseback obligation was \$72.9 million. These balances compare to debt of \$1,142.0 million and a leaseback obligation of \$226.5 million, gross of deferred finance costs, as of December 31, 2021.

Interest income decreased by \$7.6 million to \$4.6 million in the year ended December 31, 2022 compared to \$12.2 million in the year ended December 31, 2021, mainly as a result of full collection of accrued interest on ZIM and HMM bonds, which were redeemed by the issuers thereof in the year 2021.

Gain/(loss) on investments

A loss on investments of \$11.0 million in the year ended December 31, 2022 consists of the change in fair value of our shareholding interest in ZIM of \$176.4 million and dividends recognized on ZIM ordinary shares of \$165.4 million. In April 2022, we sold 1,500,000 of these ZIM ordinary shares resulting in proceeds to us of \$85.3 million. In September 2022, we sold all of our remaining 5,686,950 ZIM ordinary shares resulting in proceeds to us of \$161.3 million.

Gain on debt extinguishment

The gain on debt extinguishment of \$4.4 million in the year ended December 31, 2022, which related to our early extinguishment of debt, decreased compared to \$111.6 million in the year ended December 31, 2021, which resulted from our debt refinancing on April 12, 2021.

Equity income on investments

Equity income on investments in Gemini decreased to nil in the year ended December 31, 2022 compared to \$68.0 million in the year ended December 31, 2021 following our acquisition and full consolidation of Gemini since July 1, 2021.

Other finance expenses

Other finance expenses increased by \$0.3 million to \$1.6 million in the year ended December 31, 2022 compared to \$1.3 million in the year ended December 31, 2021.

Loss on derivatives

Amortization of deferred realized losses on interest rate swaps remained stable at \$3.6 million in each of the year ended December 31, 2022 and December 31, 2021.

Other income/(expenses), net

Other expenses, net were \$6.6 million in the year ended December 31, 2022 compared to other income, net of \$4.5 million in the year ended December 31, 2021. The decrease was mainly due to reclassification of prior service cost of a defined benefit obligation of \$7.8 million in the year ended December 31, 2022 and the collection from Hanjin Shipping of \$3.9 million as a partial payment of common benefit claim and interest in the year ended December 31, 2021.

Income taxes

Income taxes were \$18.3 million in the year ended December 31, 2022, related to the taxes withheld on dividend income earned on ZIM ordinary shares and compared to \$5.9 million taxes withheld on dividend income in the year ended December 31, 2021.

Adjusted EBITDA

Adjusted EBITDA increased by 67.3%, or \$342.4 million, to \$851.2 million in the year ended December 31, 2022 from \$508.8 million in the year ended December 31, 2021. As outlined above, the increase is mainly attributable to a \$274.8 million increase in operating revenues (net of \$29.0 million increase in amortization of assumed time charters) and a \$118.7 million increase in dividends from ZIM (net of withholding taxes) in the year ended December 31, 2022, which were partially offset by a \$43.2 million increase in total operating expenses, a \$4.0 million decrease in our equity income from our investment in Gemini following our acquisition and full consolidation of Gemini since July 1, 2021 and a partial collection of common benefit claim of \$3.9 million from Hanjin Shipping in the year ended December 31, 2021. Adjusted EBITDA for the year ended December 31, 2022 is adjusted for a \$158.1 million change in fair

value of the investment in ZIM and dividend withholding taxes, a gain on sale of vessels of \$37.2 million, a gain on debt extinguishment of \$4.4 million and stock based compensation of \$6.0 million. Tables reconciling Adjusted EBITDA to Net Income can be found at the end of this earnings release.

Dividend Payment

Danaos has declared a dividend of \$0.75 per share of common stock for the fourth quarter of 2022, which is payable on March 14, 2023 to stockholders of record as of February 28, 2023.

Recent Developments

In December 2022, we completed the refinancing of our Citibank/Natwest facility with an Alpha Bank term loan facility of \$55.25 million and a Citibank revolving credit facility of up to \$382.5 million (out of which nil is drawn down as of December 31, 2022).

In December 2022, we repurchased \$37.2 million aggregate principal amount of our unsecured senior notes in a privately negotiated transaction.

In December 2022, we entered into an agreement to sell *Amalia C* for an aggregate gross consideration of \$5.1 million, which was delivered to its buyers in January 2023.

In January 2023, we gave early termination notice to Oriental Fleet about our intention to fully repay our outstanding leaseback obligations related to two of our vessels by May 12, 2023.

Conference Call and Webcast

On Wednesday, February 15, 2023 at 9:00 A.M. ET, the Company's management will host a conference call to discuss the results.

Participants should dial into the call 10 minutes before the scheduled time using the following numbers: 1 844 802 2437 (US Toll Free Dial In), 0800 279 9489 (UK Toll Free Dial In) or +44 (0) 2075 441 375 (Standard International Dial In). Please indicate to the operator that you wish to join the Danaos Corporation earnings call.

A telephonic replay of the conference call will be available until February 22, 2023 by dialing 1 877 344 7529 (US Toll Free Dial In) or 1-412-317-0088 (Standard International Dial In) and using 6753609# as the access code.

Audio Webcast

There will also be a live and then archived webcast of the conference call on the Danaos website (www.danaos.com). Participants of the live webcast should register on the website approximately 10 minutes prior to the start of the webcast.

Slide Presentation

A slide presentation regarding the Company and the containership industry will also be available on the Danaos website (www.danaos.com).

About Danaos Corporation

Danaos Corporation is one of the largest independent owners of modern, large-size containerships. Our current fleet of 68 containerships aggregating 421,293 TEUs and 6 under construction containerships aggregating 46,200 TEUs ranks Danaos among the largest containership charter owners in the world based on total TEU capacity. Our fleet is chartered to many of the world's largest liner companies on fixed-rate charters. Our long track record of success is predicated on our efficient and rigorous operational standards and environmental controls. Danaos Corporation's shares trade on the New York Stock Exchange under the symbol "DAC".

Forward-Looking Statements

Matters discussed in this release may constitute forward-looking statements within the meaning of the safe harbor provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements reflect our current views with respect to future

events and financial performance and may include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The forward-looking statements in this release are based upon various assumptions. Although Danaos Corporation believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, Danaos Corporation cannot assure you that it will achieve or accomplish these expectations, beliefs or projections. Important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the impact of the COVID-19 pandemic and efforts throughout the world to contain its spread, including effects on global economic activity, demand for seaborne transportation of containerized cargo, the ability and willingness of charterers to perform their obligations to us, charter rates for containerships, shipyards constructing our contracted newbuilding vessels, performing scrubber installations, drydocking and repairs, changing vessel crews and availability of financing, Danaos' ability to achieve the expected benefits of refinancing our Citibank/Natwest credit facility, the strength of world economies and currencies, general market conditions, including changes in charter hire rates and vessel values, charter counterparty performance, changes in demand that may affect attitudes of time charterers to scheduled and unscheduled dry-docking, changes in Danaos Corporation's operating expenses, including bunker prices, dry-docking and insurance costs, ability to obtain financing and comply with covenants in our financing arrangements, actions taken by regulatory authorities, potential liability from pending or future litigation, domestic and international political conditions, including the conflict in Ukraine and related sanctions, potential disruption of shipping routes due to accidents and political events or acts by terrorists.

Risks and uncertainties are further described in reports filed by Danaos Corporation with the U.S. Securities and Exchange Commission.

Visit our website at www.danaos.com

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Appendix

Fleet Utilization

Danaos had 23 unscheduled off-hire days in the three months ended December 31, 2022. The following table summarizes vessel utilization and the impact of the off-hire days on the Company's revenue.

Vessel Utilization (No. of Days)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
	2022	2022	2022	2022	
Ownership Days	6,390	6,461	6,532	6,424	25,807
Less Off-hire Days:					
Scheduled Off-hire Days	(148)	-	(169)	(311)	(628)
Other Off-hire Days	(16)	(8)	(21)	(23)	(68)
Operating Days	6,226	6,453	6,342	6,090	25,111
Vessel Utilization	97.4%	99.9%	97.1%	94.8%	97.3%
Operating Revenues (in '000s of US Dollars)	\$229,901	\$250,923	\$260,037	\$252,483	\$993,344
Average Gross Daily Charter Rate	\$36,926	\$38,885	\$41,002	\$41,459	\$39,558
Vessel Utilization (No. of Days)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
	2021	2021	2021	2021	
Ownership Days	5,400	5,460	6,043	6,527	23,430
Less Off-hire Days:					
Scheduled Off-hire Days	(22)	(33)	-	(79)	(134)
Other Off-hire Days	(51)	(15)	(137)	(89)	(292)
Operating Days	5,327	5,412	5,906	6,359	23,004
Vessel Utilization	98.6%	99.1%	97.7%	97.4%	98.2%
Operating Revenues (in '000s of US Dollars)	\$132,118	\$146,434	\$195,915	\$215,038	\$689,505
Average Gross Daily Charter Rate	\$24,802	\$27,057	\$33,172	\$33,816	\$29,973

Fleet List

The following table describes in detail our fleet deployment profile as of February 13, 2023:

Vessel Name	Vessel Size (TEU)	Year Built	Expiration of Charter⁽¹⁾
<i>Hyundai Ambition</i>	13,100	2012	June 2024
<i>Hyundai Speed</i>	13,100	2012	June 2024
<i>Hyundai Smart</i>	13,100	2012	May 2024
<i>Hyundai Respect</i>	13,100	2012	March 2024
<i>Hyundai Honour</i>	13,100	2012	February 2024
<i>Express Rome</i>	10,100	2011	March 2023
<i>Express Berlin</i>	10,100	2011	June 2023
<i>Express Athens</i>	10,100	2011	March 2023
<i>Le Havre</i>	9,580	2006	June 2028
<i>Pusan C</i>	9,580	2006	May 2028
<i>Bremen</i>	9,012	2009	January 2028
<i>C Hamburg</i>	9,012	2009	January 2028
<i>Niledutch Lion</i>	8,626	2008	May 2026
<i>Kota Manzanillo (ex Charleston)</i>	8,533	2005	February 2026
<i>Belita</i>	8,533	2006	July 2026
<i>CMA CGM Melisande</i>	8,530	2012	June 2024
<i>CMA CGM Attila</i>	8,530	2011	October 2023
<i>CMA CGM Tancredi</i>	8,530	2011	November 2023
<i>CMA CGM Bianca</i>	8,530	2011	January 2024
<i>CMA CGM Samson</i>	8,530	2011	March 2024
<i>America</i>	8,468	2004	April 2028
<i>Europe</i>	8,468	2004	May 2028
<i>Kota Santos (ex Phoebe)</i>	8,463	2005	August 2026
<i>CMA CGM Moliere</i>	6,500	2009	March 2027
<i>CMA CGM Musset</i>	6,500	2010	September 2025
<i>CMA CGM Nerval</i>	6,500	2010	November 2025
<i>CMA CGM Rabelais</i>	6,500	2010	January 2026
<i>CMA CGM Racine</i>	6,500	2010	February 2024
<i>YM Mandate</i>	6,500	2010	January 2028
<i>YM Maturity</i>	6,500	2010	April 2028
<i>Zim Savannah</i>	6,402	2002	May 2024
<i>Dimitra C</i>	6,402	2002	January 2024
<i>Suez Canal</i>	5,610	2002	February 2024
<i>Kota Lima</i>	5,544	2002	November 2024
<i>Wide Alpha</i>	5,466	2014	March 2024
<i>Stephanie C (ex Wide Bravo)</i>	5,466	2014	June 2025
<i>Maersk Euphrates</i>	5,466	2014	April 2024
<i>Wide Hotel</i>	5,466	2015	May 2024
<i>Wide India</i>	5,466	2015	November 2025
<i>Wide Juliet</i>	5,466	2015	June 2023
<i>Seattle C</i>	4,253	2007	October 2024
<i>Vancouver</i>	4,253	2007	November 2024
<i>Derby D</i>	4,253	2004	January 2027
<i>Tongala</i>	4,253	2004	November 2024
<i>Rio Grande</i>	4,253	2008	November 2024
<i>ZIM Sao Paolo</i>	4,253	2008	July 2023
<i>ZIM Kingston</i>	4,253	2008	April 2023
<i>ZIM Monaco</i>	4,253	2009	October 2024
<i>Dalian</i>	4,253	2009	April 2026
<i>ZIM Luanda</i>	4,253	2009	August 2025
<i>Dimitris C</i>	3,430	2001	November 2025
<i>Express Black Sea</i>	3,400	2011	January 2025

Vessel Name	Vessel Size (TEU)	Year Built	Expiration of Charter⁽¹⁾
<i>Express Spain</i>	3,400	2011	January 2025
<i>Express Argentina</i>	3,400	2010	May 2023
<i>Express Brazil</i>	3,400	2010	June 2025
<i>Express France</i>	3,400	2010	September 2025
<i>Singapore</i>	3,314	2004	May 2024
<i>Colombo</i>	3,314	2004	January 2025
<i>Zebra</i>	2,602	2001	November 2024
<i>Artotina</i>	2,524	2001	May 2025
<i>Advance</i>	2,200	1997	January 2025
<i>Future</i>	2,200	1997	December 2024
<i>Sprinter</i>	2,200	1997	December 2024
<i>Stride</i>	2,200	1997	January 2025
<i>Progress C</i>	2,200	1998	November 2024
<i>Bridge</i>	2,200	1998	December 2024
<i>Highway</i>	2,200	1998	July 2023
<i>Phoenix D (ex Vladivostok)</i>	2,200	1997	March 2025
Vessels under construction			
<i>Hull No. C7100-7</i>	7,100	2024	
<i>Hull No. C7100-8</i>	7,100	2024	
<i>Hull No. HN4009</i>	8,000	2024	
<i>Hull No. HN4010</i>	8,000	2024	
<i>Hull No. HN4011</i>	8,000	2024	
<i>Hull No. HN4012</i>	8,000	2024	

(1) Earliest date charters could expire. Some charters include options for the charterer to extend their terms.

DANAOS CORPORATION
Condensed Consolidated Statements of Income - Unaudited
(Expressed in thousands of United States dollars, except per share amounts)

	Three months ended December 31, <u>2022</u>	Three months ended December 31, <u>2021</u>	Year ended December 31, <u>2022</u>	Year ended December 31, <u>2021</u>
OPERATING REVENUES	\$252,483	\$215,038	\$993,344	\$689,505
OPERATING EXPENSES				
Vessel operating expenses	(40,043)	(37,180)	(158,972)	(135,872)
Depreciation & amortization	(36,182)	(36,562)	(146,441)	(127,098)
General & administrative	(14,891)	(18,584)	(36,575)	(43,951)
Other operating expenses	(8,193)	(7,076)	(35,145)	(24,325)
Gain on sale of vessels	37,225	-	37,225	-
Income From Operations	190,399	115,636	653,436	358,259
OTHER INCOME/(EXPENSES)				
Interest income	3,147	569	4,591	12,230
Interest expense	(12,980)	(17,583)	(62,141)	(68,991)
Gain/(loss) on investments	-	70,216	(10,987)	577,994
Gain/(loss) on debt extinguishment	(18,588)	-	4,351	111,616
Other finance expenses	(494)	(193)	(1,590)	(1,326)
Equity income on investments	-	-	-	68,028
Other income/(expenses), net	(7,850)	61	(6,578)	4,543
Realized loss on derivatives	(913)	(913)	(3,622)	(3,622)
Total Other Income/(Expenses), net	(37,678)	52,157	(75,976)	700,472
Income Before Income Taxes	152,721	167,793	577,460	1,058,731
Income taxes	-	(1,796)	(18,250)	(5,890)
Net Income	\$152,721	\$165,997	\$559,210	\$1,052,841
EARNINGS PER SHARE				
Basic earnings per share	\$7.54	\$8.15	\$27.30	\$51.75
Diluted earnings per share	\$7.54	\$8.05	\$27.28	\$51.15
Basic weighted average number of common shares (in thousands of shares)	20,249	20,380	20,482	20,345
Diluted weighted average number of common shares (in thousands of shares)	20,268	20,623	20,501	20,584

Non-GAAP Measures¹

Reconciliation of Net Income to Adjusted Net Income – Unaudited

	Three months ended December 31, <u>2022</u>	Three months ended December 31, <u>2021</u>	Year ended December 31, <u>2022</u>	Year ended December 31, <u>2021</u>
Net income	\$152,721	\$165,997	\$559,210	\$1,052,841
Change in fair value of investments	-	(52,249)	176,386	(543,653)
Equity income on investments	-	-	-	(64,063)
(Gain)/loss on debt extinguishment	18,588	-	(4,351)	(111,616)
Gain on sale of vessels	(37,225)	-	(37,225)	-
Amortization of financing fees, debt discount & finance fees accrued	2,127	3,483	11,520	16,062
Stock based compensation	5,440	8,608	5,440	12,686
Adjusted Net Income	\$141,651	\$125,839	\$710,980	\$362,257
Adjusted Earnings Per Share, diluted	\$6.99	\$6.10	\$34.68	\$17.60
Diluted weighted average number of shares (in thousands of shares)	20,268	20,623	20,501	20,584

¹ The Company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). However, management believes that certain non-GAAP financial measures used in managing the business may provide users of this financial information additional meaningful comparisons between current results and results in prior operating periods. Management believes that these non-GAAP financial measures can provide additional meaningful reflection of underlying trends of the business because they provide a comparison of historical information that excludes certain items that impact the overall comparability. Management also uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating the Company's performance. See the Table above for supplemental financial data and corresponding reconciliations to GAAP financial measures for the three months and year ended December 31, 2022 and 2021. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP.

DANAOS CORPORATION
Condensed Consolidated Balance Sheets - Unaudited
(Expressed in thousands of United States dollars)

	As of December 31, 2022	As of December 31, 2021
ASSETS		
CURRENT ASSETS		
Cash, cash equivalents and restricted cash	\$267,668	\$129,756
Accounts receivable, net	5,635	7,118
Other current assets	99,218	495,618
	372,521	632,492
NON-CURRENT ASSETS		
Fixed assets, net	2,721,494	2,941,093
Advances for vessels under construction	190,736	-
Deferred charges, net	25,554	11,801
Other non-current assets	89,923	41,739
	3,027,707	2,994,633
TOTAL ASSETS	\$3,400,228	\$3,627,125
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Long-term debt, current portion	\$27,500	\$95,750
Accumulated accrued interest, current portion	-	6,146
Long-term leaseback obligations, current portion	27,469	85,815
Accounts payable, accrued liabilities & other current liabilities	173,438	131,596
	228,407	319,307
LONG-TERM LIABILITIES		
Long-term debt, net	402,440	1,017,916
Accumulated accrued interest, net of current portion	-	24,155
Long-term leaseback obligations, net	44,542	136,513
Other long-term liabilities	164,425	41,211
	611,407	1,219,795
STOCKHOLDERS' EQUITY		
Common stock	203	207
Additional paid-in capital	748,109	770,676
Accumulated other comprehensive loss	(74,209)	(71,455)
Retained earnings	1,886,311	1,388,595
	2,560,414	2,088,023
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$3,400,228	\$3,627,125

DANAOS CORPORATION
Condensed Consolidated Statements of Cash Flows - Unaudited
(Expressed in thousands of United States dollars)

	Three months ended December 31,	Three months ended December 31,	Year ended December 31,	Year ended December 31,
	2022	2021	2022	2021
Operating Activities:				
Net income	\$152,721	\$165,997	\$559,210	\$1,052,841
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>				
Depreciation and amortization of right-of-use assets	33,018	34,008	134,271	116,917
Amortization of deferred drydocking & special survey costs, finance cost, debt discount and other finance fees accrued	5,291	6,037	23,690	26,243
Amortization of assumed time charters	(10,443)	(18,296)	(56,699)	(27,614)
Prior service cost and periodic cost	7,846	-	7,846	-
PIK interest	-	-	-	726
(Gain)/loss on investments	-	(52,249)	176,386	(543,653)
(Gain)/loss on debt extinguishment	18,588	-	(4,351)	(111,616)
Gain on sale of vessels	(37,225)	-	(37,225)	-
Payments for drydocking/special survey	(13,780)	(3,028)	(29,939)	(4,643)
Amortization of deferred realized losses on cash flow interest rate swaps	913	913	3,622	3,622
Equity income on investments	-	-	-	(68,028)
Stock based compensation	5,599	9,223	5,972	15,278
Accounts receivable	(503)	(93)	1,483	786
Other assets, current and non-current	(13,721)	(23,929)	(67,274)	(45,022)
Accounts payable and accrued liabilities	6,517	9,014	5,860	13,305
Other liabilities, current and long-term	(9,324)	4,374	211,889	(1,031)
Net Cash provided by Operating Activities	145,497	131,971	934,741	428,111
Investing Activities:				
Vessel additions and advances for vessels under construction	(104,001)	(91,642)	(199,135)	(355,720)
Proceeds from sale of vessels	116,069	-	129,069	-
Investments	-	52,307	246,638	212,572
Net Cash provided by/(used in) Investing Activities	12,068	(39,335)	176,572	(143,148)
Financing Activities:				
Proceeds from long-term debt	55,001	-	182,726	1,105,311
Debt repayment	(491,928)	(24,300)	(892,928)	(1,343,725)
Proceeds from sale-leaseback of vessels	-	-	-	135,000
Payments of leaseback obligations	(6,680)	(16,422)	(153,546)	(53,799)
Dividends paid	(15,185)	(10,294)	(61,483)	(30,887)
Repurchase of common stock	-	-	(28,553)	-
Payments of accumulated accrued interest	-	(1,471)	(3,373)	(10,361)
Finance costs	(448)	(3,950)	(16,244)	(22,409)
Net Cash used in Financing Activities	(459,240)	(56,437)	(973,401)	(220,870)
Net increase/(decrease) in cash, cash equivalents and restricted cash	(301,675)	36,199	137,912	64,093
Cash, cash equivalents and restricted cash, beginning of period	569,343	93,557	129,756	65,663
Cash, cash equivalents and restricted cash, end of period	\$267,668	\$129,756	\$267,668	\$129,756

DANAOS CORPORATION
Reconciliation of Net Income to Adjusted EBITDA - Unaudited
(Expressed in thousands of United States dollars)

	Three months ended	Three months ended	Year ended	Year ended
	December 31,	December 31,	December 31,	December 31,
	2022	2021	2022	2021
Net income	\$152,721	\$165,997	\$559,210	\$1,052,841
Depreciation and amortization of right-of-use assets	33,018	34,008	134,271	116,917
Amortization of deferred drydocking & special survey costs	3,164	2,554	12,170	10,181
Amortization of assumed time charters	(10,443)	(18,296)	(56,699)	(27,614)
Amortization of deferred finance costs, debt discount and commitment fees	2,382	3,483	11,775	16,062
Amortization of deferred realized losses on interest rate swaps	913	913	3,622	3,622
Interest income	(3,147)	(569)	(4,591)	(12,230)
Interest expense	10,852	14,100	50,620	53,078
Income taxes	-	1,796	18,250	5,890
(Gain)/loss on investments and dividend withholding taxes	-	(54,045)	158,136	(549,543)
Gain on sale of vessels	(37,225)	-	(37,225)	-
Equity income on investments	-	-	-	(64,063)
(Gain)/loss on debt extinguishment	18,588	-	(4,351)	(111,616)
Stock based compensation	5,599	9,223	5,972	15,278
Adjusted EBITDA⁽¹⁾	\$176,422	\$159,164	\$851,160	\$508,803

- 1) Adjusted EBITDA represents net income before interest income and expense, taxes other than withholding taxes on dividend, depreciation, amortization of deferred drydocking & special survey costs, amortization of assumed time charters, amortization of deferred finance costs, debt discount and commitment fees, amortization of deferred realized losses on interest rate swaps, gain/loss on investments, gain on sale of vessels, gain/loss on debt extinguishment and stock based compensation. However, Adjusted EBITDA is not a recognized measurement under U.S. generally accepted accounting principles, or "GAAP." We believe that the presentation of Adjusted EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. We also believe that Adjusted EBITDA is useful in evaluating our operating performance compared to that of other companies in our industry because the calculation of Adjusted EBITDA generally eliminates the effects of financings, income taxes and the accounting effects of capital expenditures and acquisitions, items which may vary for different companies for reasons unrelated to overall operating performance. In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

Note: Items to consider for comparability include gains and charges. Gains positively impacting net income are reflected as deductions to net income. Charges negatively impacting net income are reflected as increases to net income.

The Company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). However, management believes that certain non-GAAP financial measures used in managing the business may provide users of these financial information additional meaningful comparisons between current results and results in prior operating periods. Management believes that these non-GAAP financial measures can provide additional meaningful reflection of underlying trends of the business because they provide a comparison of historical information that excludes certain items that impact the overall comparability. Management also uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating the Company's performance. See the Tables above for supplemental financial data and corresponding reconciliations to GAAP financial measures for the three months and year ended December 31, 2022 and 2021. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP.