



Global Ship Lease Reports Results for the First Quarter of 2018

April 30, 2018

LONDON, April 30, 2018 (GLOBE NEWSWIRE) -- Global Ship Lease, Inc. (NYSE:GSL) (the "Company"), a containership charter owner, announced today its unaudited results for the three months ended March 31, 2018.

First Quarter Highlights

- Reported operating revenues of \$36.1 million for the first quarter 2018
- Reported net income for common shareholders for the first quarter 2018 of \$4.2 million, the same as normalized net income
- Generated \$23.6 million of Adjusted EBITDA⁽¹⁾ for the first quarter 2018
- On February 20, 2018, announced agreement to an extension of our charter with OOCL for the OOCL *Qingdao*, a 2004-built, 8,063 TEU containership. The extension commences in direct continuation of the current charter with effect from March 11, 2018, at a fixed rate of \$14,000 per day. Earliest redelivery is now January 1, 2019, with latest redelivery March 15, 2019 (at charterer's option)
- On March 1, 2018, announced agreement to acquire a 2005-built, 2,800 TEU containership for \$11.3 million. Following delivery, which is expected to be during the second quarter of 2018, once the existing charter terminates, the vessel will commence charter employment with CMA CGM for a period of 12 months at a fixed rate of \$9,000 per day.

Ian Webber, Chief Executive Officer of Global Ship Lease, stated, "In the first quarter, we continued to maximize the value of our contract coverage with top-tier counterparties by maintaining full employment across our fleet of mid-sized and smaller containerships. As we have successfully extended charters that support our strong cashflows, we are beginning to capture the benefits of a marked strengthening that is underway in the market for mid-sized and smaller vessels. We have also returned to growth with our recently agreed acquisition of a 2,800 TEU feeder vessel at an attractive price with a pre-arranged charter to CMA CGM, demonstrating both the value of our close relationship with an industry leader and our confidence in the long-term dynamics of the mid-sized and smaller vessel classes."

Mr. Webber continued, "The long-term market trends driving the appreciation in mid-sized and smaller containerships continue to be robust, with limited vessel ordering, a strong global economy, and idle capacity of the global fleet at a very low level of less than 1.5%. As we continue to pursue attractive growth opportunities, we remain confident that Global Ship Lease's track record of high-quality operations, our strong contracted charter coverage, and our stable balance sheet put us in an excellent position to create lasting shareholder value in a strengthening market."

SELECTED FINANCIAL DATA – UNAUDITED

(thousands of U.S. dollars)

	Three months ended March 31, 2018	Three months ended March 31, 2017
Operating Revenues	36,102	39,642
Operating Income	15,491	18,434
Net Income for common shareholders	4,192	6,794
Adjusted EBITDA (1)	23,647	28,034
Normalized Net Income (1)	4,192	6,794

(1) Adjusted EBITDA and Normalized net income are non-US Generally Accepted Accounting Principles (US GAAP) measures, as explained further in this press release, and are considered by Global Ship Lease to be useful measures of its performance. Reconciliations of such non-GAAP measures to the most directly comparable US GAAP measure are provided in this Earnings Release.

Operating Revenues and Utilization

The fleet generated operating revenues from fixed-rate time charters of \$36.1 million in the three months ended March 31, 2018, down \$3.5 million or 8.9% on operating revenues of \$39.6 million for the comparative quarter in 2017. The reduction in revenue is mainly due to lower rates on the renewals of the charters of (i) the 2002-built Julie Delmas and the 2003-built Delmas Keta, effective September 2017, (ii) the 2005-built GSL Tianjin effective October 2017 and January 2018 and (iii) the 2004-built OOCL Qingdao effective March 2018, offset by 33 days less offhire, due mainly to fewer drydockings. There were 1,620 ownership days in the quarter, the same as in the comparative quarter. In the first quarter 2018, there were 17

days offhire, of which 13 were for a scheduled drydocking, giving an overall utilization of 99.0%. In the first quarter 2017, there were 50 days offhire, 47 of which were for three scheduled drydockings, giving an overall utilization of 96.9%.

The table below shows fleet utilization for the three months ended March 31, 2018 and 2017, and for the years ended December 31, 2017, 2016, 2015, 2014 and 2013.

Days	Three months ended		Year ended				
	Mar 31, 2018	Mar 31, 2017	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013
Ownership days	1,620	1,620	6,570	6,588	6,893	6,270	6,205
Planned offhire - scheduled drydock	(13)	(47)	(62)	(100)	(9)	(48)	(21)
Unplanned offhire	(4)	(3)	(40)	(3)	(7)	(12)	(7)
Idle time	0	0	0	0	(13)	(64)	0
Operating days	1,603	1,570	6,468	6,485	6,864	6,146	6,177
Utilization	99.0%	96.9%	98.4%	98.4%	99.6%	98.0%	99.5%

There was one regulatory drydocking in the three months ended March 31, 2018; one further regulatory drydocking is planned for the year. There were four regulatory drydockings in 2017, three of which were in the first quarter.

Vessel Operating Expenses

Vessel operating expenses, which include costs of crew, lubricating oil, spares and insurance, were \$10.5 million for the three months ended March 31, 2018, up 1.1% from \$10.4 million for the three months ended March 31, 2017. The average cost per ownership day for the three months ended March 31, 2018 was \$6,498, an increase of \$72 per day, or 1.1%, from \$6,426 in the three months ended March 31, 2017. The increase is due to higher crew costs from a larger than normal number of crew changes offset by lower costs for insurance premiums and claim deductibles.

Depreciation

Depreciation for the three months ended March 31, 2018 was \$8.2 million, compared to \$9.6 million in the three months ended March 31, 2017, with the reduction due to the effect of lower book values for a number of vessels following impairment write downs in 2017.

Impairment

The Company's accounting policies require that tangible fixed assets such as vessels are reviewed individually for impairment in case of trigger events or changes in circumstances to assess whether their carrying amounts are recoverable.

In January 2018, the Company agreed with CMA CGM to extend the charter on *GSL Tianjin* by eight to 12 months (at the charterer's option) at a fixed rate of \$11,900 per day, commencing January 26, 2018. In February 2018, the Company agreed with OOCL to extend the charter of *OOCL Qingdao* to between January 1, 2019 and March 15, 2019 (at the charterer's option) at a fixed rate of \$14,000 per day, commencing March 11, 2018. These extensions triggered the performance of an impairment test on the two vessels. No impairment was identified.

General and Administrative Costs

General and administrative costs incurred were \$1.9 million in the three months ended March 31, 2018, compared to \$1.2 million in the three months ended March 31, 2017. The increase is mainly due to higher staff costs and professional fees.

Other Operating Income

Other operating income in the three months ended March 31, 2018 was \$6,000, compared to \$42,000 for the three months ended March 31, 2017.

Adjusted EBITDA

As a result of the above, Adjusted EBITDA was \$23.6 million for the three months ended March 31, 2018, down from \$28.0 million for the three months ended March 31, 2017.

Interest Expense

Debt at March 31, 2018 totaled \$414.8 million, comprising \$360.0 million outstanding on our 9.875% notes due 2022 and \$54.8 million under the new secured term loan, both of which were closed in October 2017 as part of a re-financing. The net proceeds, together with cash on hand, were used to refinance our previous 10.000% notes due 2019. In addition, all outstanding borrowings under both the previous revolving credit facility and the previous secured term loan were repaid and terminated.

Debt at March 31, 2017 totaled \$426.4 million, comprising \$365.8 million outstanding on our previous 10.000% Notes, \$39.2 million on the revolving credit facility and \$21.4 million on the secured term loan.

Interest expense for the three months ended March 31, 2018, was \$10.8 million, down \$0.2 million on the interest expense for the three months ended March 31, 2017 of \$11.0 million, mainly due to a slightly lower amount of bond outstanding and a slightly lower interest rate.

Interest income for the three months ended March 31, 2018 was \$0.3 million and was \$0.1 million for the three months ended March 31, 2017.

Taxation

Taxation for the three months ended March 31, 2018 and 2017 was not material.

Earnings Allocated to Preferred Shares

The Series B preferred shares, issued on August 20, 2014, carry a coupon of 8.75%, the cost of which for the three months ended March 31, 2018 was \$0.8 million, the same as in the comparative quarter.

Net Income Available to Common Shareholders and Normalized Net Income

Net income available to common shareholders for the three months ended March 31, 2018 was \$4.2 million. For the three months ended March 31, 2017, net income was \$6.8 million. This year-over-year decrease is mainly due to lower revenue following charter renewals, offset by lower depreciation.

Normalized net income for the three months ended March 31, 2018 and 2017 was the same as that reported.

Fleet

The following table provides information about the on-the-water fleet of 18 vessels as at March 31, 2018. 16 vessels are chartered to CMA CGM, and two to OOCL.

Vessel Name	Capacity in TEUs (1)	Year Built	Purchase by GSL	Remaining Charter Term (2) (years)	Earliest Charter Expiry Date	Daily Charter Rate \$
CMA CGM Matisse	2,262	1999	Dec 2007	1.7	Sept 21, 2019	15,300
CMA CGM Utrillo	2,262	1999	Dec 2007	1.7	Sept 11, 2019	15,300
Delmas Keta	2,207	2003	Dec 2007	0.5	Aug 6, 2018	7,800
Julie Delmas	2,207	2002	Dec 2007	0.4	Jul 28, 2018	7,800
Kumasi	2,207	2002	Dec 2007	0.8 – 2.8 ⁽³⁾	Nov 16, 2018	9,800
Marie Delmas	2,207	2002	Dec 2007	0.8 - 2.8 ⁽³⁾	Nov 16, 2018	9,800
CMA CGM La Tour	2,272	2001	Dec 2007	1.7	Sept 20, 2019	15,300
CMA CGM Manet	2,272	2001	Dec 2007	1.7	Sept 7, 2019	15,300
CMA CGM Alcazar	5,089	2007	Jan 2008	2.8	Oct 18, 2020	33,750
CMA CGM Château d'If	5,089	2007	Jan 2008	2.8	Oct 11, 2020	33,750
CMA CGM Thalassa	11,040	2008	Dec 2008	7.8	Oct 1, 2025	47,200
CMA CGM Jamaica	4,298	2006	Dec 2008	4.7	Sept 17, 2022	25,350
CMA CGM Sambhar	4,045	2006	Dec 2008	4.7	Sept 16, 2022	25,350
CMA CGM America	4,045	2006	Dec 2008	4.7	Sept 19, 2022	25,350
CMA CGM Berlioz	6,621	2001	Aug 2009	3.4	May 28, 2021	34,000
GSL Tianjin ⁽⁴⁾	8,063	2005	Oct 2014	0.7	Sept 26, 2018	11,900
OOCL Qingdao ⁽⁵⁾	8,063	2004	Mar 2015	0.9	Jan 1, 2019	14,000
OOCL Ningbo	8,063	2004	Sep 2015	0.6	Sep 17, 2018	34,500

(1) Twenty-foot Equivalent Units.

(2) As at March 31, 2018 to mid-point of re-delivery period, updated for subsequent charter extensions. Plus or minus 90 days, other than (i) Julie Delmas and Delmas Keta which are plus or minus 45 days, (ii) Kumasi and Marie Delmas see footnote 3 below, (iii) GSL Tianjin which is now between September 26, 2018 and January 26, 2019 see footnote 4 below, (iv) OOCL Qingdao which is now between January 1, 2019 and March 15, 2019 see footnote 5 below and (v) OOCL Ningbo which is between September 17, 2018 and December 17, 2018, all at charterer's option.

(3) The charters for Kumasi and Marie Delmas were amended in July 2016 to, inter alia, provide us with three consecutive options to extend the charters at \$9,800 per day. The first of these options was exercised in July 2017, extending the charters to end 2018. The two remaining options allow us to extend the charters to December 31, 2020 plus or minus 90 days at charterer's option. The earliest possible re-delivery date, not taking into account our remaining options, is shown in the table.

(4) The time charter for GSL Tianjin with CMA CGM which commenced October 25, 2017, was extended with effect from January 26, 2018 at a fixed rate of \$11,900 per day for a period of eight to 12 months, at charterer's option.

(5) In February 2018 we agreed to an extension of our charter with OOCL for the OOCL Qingdao. The extension commenced in direct continuation of the current charter with effect from March 11, 2018, at a fixed rate of \$14,000 per day. Earliest redelivery is now January 1, 2019, with latest redelivery March 15, 2019, at charterer's option.

Conference Call and Webcast

Global Ship Lease will hold a conference call to discuss the Company's results for the three months ended March 31, 2018 today, Monday April 30, 2018 at 10:30 a.m. Eastern Time. There are two ways to access the conference call:

(1) Dial-in: (877) 445-2556 or (908) 982-4670; Passcode: 1597213

Please dial in at least 10 minutes prior to 10:30 a.m. Eastern Time to ensure a prompt start to the call.

(2) Live Internet webcast and slide presentation: <http://www.globalshiplease.com>

If you are unable to participate at this time, a replay of the call will be available through Wednesday, May 16, 2018 at (855) 859-2056 or (404) 537-3406. Enter the code 1597213 to access the audio replay. The webcast will also be archived on the Company's website: <http://www.globalshiplease.com>.

Annual Report on Form 20-F

Global Ship Lease, Inc has filed its Annual Report for 2017 with the Securities and Exchange Commission. A copy of the report can be found under the Investor Relations section (Annual Reports) of the Company's website at <http://www.globalshiplease.com>. Shareholders may request a hard copy of the audited financial statements free of charge by contacting the Company at info@globalshiplease.com or by writing to Global Ship Lease, Inc, care of Global Ship Lease Services Limited, Portland House, Stag Place, London SW1E 5RS or by telephoning +44 (0) 207 869 8006.

About Global Ship Lease

Global Ship Lease is a containership charter owner. Incorporated in the Marshall Islands, Global Ship Lease commenced operations in December 2007 with a business of owning and chartering out containerships under long-term, fixed rate charters to top tier container liner companies.

At March 31, 2018, Global Ship Lease owned 18 vessels with a total capacity of 82,312 TEU and an average age, weighted by TEU capacity, of 13.3 years. All vessels are currently fixed on time charters, 16 with CMA CGM. The average remaining term of the charters is 2.6 years or 2.9 years on a weighted basis.

Reconciliation of Non-U.S. GAAP Financial Measure

A. ADJUSTED EBITDA

Adjusted EBITDA represents net income before interest income and expense including amortization of deferred finance costs, earnings allocated to preferred shares, income taxes, depreciation, amortization and impairment. Adjusted EBITDA is a non-US GAAP quantitative measure used to assist in the assessment of the Company's ability to generate cash from its operations. 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. Adjusted EBITDA is not defined in US GAAP and should not be considered to be an alternate to Net income or any other financial metric required by such accounting principles. Our use of Adjusted EBITDA may vary from the use of similarly titled measures by others in our industry.

ADJUSTED EBITDA - UNAUDITED

(thousands of U.S. dollars)

	Three months ended Mar 31, 2018	Three months ended Mar 31, 2017
Net income available to common shareholders	4,192	6,794
Adjust:		
Depreciation	8,156	9,600
Interest income	(269)	(93)
Interest expense	10,787	10,957
Income tax	15	10
Earnings allocated to preferred shares	766	766
Adjusted EBITDA	23,647	28,034

B. Normalized net income

Normalized net income represents net income adjusted for the premium paid on the tender offer for the Notes and the gain made on open market purchases of the Notes, together with the related accelerated amortization of deferred financing costs and original issue discount, and for impairment charges. Normalized net income is a non-GAAP quantitative measure which we believe will assist investors and analysts who often adjust reported net income for non-operating items that do not affect operating performance or operating cash generated. Normalized net income is not defined in US GAAP and should not be considered to be an alternate to net income or any other financial metric required by such accounting principles. Our use of Normalized net income may vary from the use of similarly titled measures by others in our industry.

There are no differences between Reported Net Income and Normalized Net Income for the quarters ended March 31, 2017 and 2018.

Safe Harbor Statement

This communication contains forward-looking statements. Forward-looking statements provide Global Ship Lease's current expectations or forecasts of future events. Forward-looking statements include statements about Global Ship Lease's expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not historical facts. Words or phrases such as "anticipate," "believe," "continue," "estimate," "expect," "intend," "may," "ongoing," "plan," "potential," "predict," "project," "will" or similar words or phrases, or the negatives of those words or phrases, may identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking. These forward-looking statements are based on assumptions that may be incorrect, and Global Ship Lease cannot assure you that these projections included in these forward-looking statements will come to pass. Actual results could differ materially from those expressed or implied by the forward-looking statements as a result of various factors.

The risks and uncertainties include, but are not limited to:

- future operating or financial results;
- expectations regarding the strength of future growth of the container shipping industry, including the rates of annual demand and supply growth;
- the financial condition of CMA CGM (the company's principal charterer and main source of operating revenues) and other charterers and their ability to pay charterhire in accordance with the charters;
- the overall health and condition of the U.S. and global financial markets;
- Global Ship Lease's financial condition and liquidity, including its ability to obtain additional financing to fund capital expenditures, vessel acquisitions and for other general corporate purposes and its ability to meet its financial covenants and repay its borrowings;
- Global Ship Lease's expectations relating to dividend payments and forecasts of its ability to make such payments including the availability of cash and the impact of constraints under its first priority secured notes;
- future acquisitions, business strategy and expected capital spending;
- operating expenses, availability of key employees, crew, number of off-hire days, drydocking and survey requirements, costs of regulatory compliance, insurance costs and general and administrative costs;
- general market conditions and shipping industry trends, including charter rates and factors affecting supply and demand;
- assumptions regarding interest rates and inflation;
- change in the rate of growth of global and various regional economies;
- risks incidental to vessel operation, including piracy, discharge of pollutants and vessel accidents and damage including total or constructive total loss;
- estimated future capital expenditures needed to preserve Global Ship Lease's capital base;
- Global Ship Lease's expectations about the availability of vessels to purchase, the time that it may take to construct new vessels, or the useful lives of its vessels;
- Global Ship Lease's continued ability to enter into or renew charters including the re-chartering of vessels on the expiry of existing charters, or to secure profitable employment for its vessels in the spot market;
- the continued performance of existing charters;
- Global Ship Lease's ability to capitalize on management's and directors' relationships and reputations in the containership industry to its advantage;
- changes in governmental and classification societies' rules and regulations or actions taken by regulatory authorities;
- expectations about the availability of insurance on commercially reasonable terms;
- unanticipated changes in laws and regulations; and
- potential liability from future litigation.

Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Global Ship Lease's actual results could differ materially from those anticipated in forward-looking statements for many reasons specifically as described in Global Ship Lease's filings with the SEC. Accordingly, you should not unduly rely on these forward-looking statements, which speak only as of the date of this communication. Global Ship Lease undertakes no obligation to publicly revise any forward-looking statement to reflect circumstances or events after the date of this communication or to reflect the occurrence of unanticipated events. You should, however, review the factors and risks Global Ship Lease describes in the reports it will file from time to time with the SEC after the date of this communication.

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Global Ship Lease, Inc.
Interim Unaudited Consolidated Statements of Cash Flows
(Expressed in thousands of U.S. dollars except share data)

**Three months ended
March 31,**

2018 2017

Operating Revenues

Time charter revenue	\$ 5,726	\$ 9,238
Time charter revenue – related party	30,376	30,404
	36,102	39,642

Operating Expenses

Vessel operating expenses	10,204	10,010
Vessel operating expenses – related party	322	400
Depreciation	8,156	9,600
General and administrative	1,935	1,240
Other operating income	(6) (42
)
Total operating expenses	20,611	21,208

Operating Income

15,491 18,434

Non Operating Income (Expense)

Interest income	269	93
Interest expense	(10,787) (10,957
)

Income before Income Taxes

4,973 7,570

Income taxes

(15) (10)

Net Income

\$ 4,958 \$ 7,560

Earnings allocated to Series B Preferred Shares

(766) (766)

Net Income available to Common Shareholders

\$ 4,192 \$ 6,794

Earnings per Share

Weighted average number of Class A common shares outstanding

Basic (including RSUs without service conditions)	48,009,734	47,975,609
Diluted	48,009,734	47,975,609

Net income per Class A common share

Basic (including RSUs without service conditions)	\$ 0.09	\$ 0.14
Diluted	\$ 0.09	\$ 0.14

Weighted average number of Class B common shares outstanding

Basic and diluted	7,405,956	7,405,956
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Net income per Class B common share

Basic and diluted	\$ nil	\$ nil
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Global Ship Lease, Inc.

Interim Unaudited Consolidated Balance Sheets

(Expressed in thousands of U.S. dollars except share data)

**March 31,
2018**

**December 31,
2017**

Assets

Cash and cash equivalents	\$ 91,288	\$ 73,266
Accounts receivable	-	72
Due from related party	756	1,932
Prepaid expenses	2,244	918
Other receivables	292	458
Inventory	2,525	742
Total current assets	97,105	77,388
Vessels in operation	590,845	597,779
Vessel deposits	1,128	-
Other fixed assets	8	10
Intangible assets	5	7
Total non-current assets	591,986	597,796
Total Assets	\$ 689,091	\$ 675,184
Liabilities and Stockholders' Equity		
Liabilities		
Current portion of long term debt	\$ 40,000	\$ 40,000
Intangible liability – charter agreements	1,771	1,771
Deferred revenue	1,866	2,178
Accounts payable	726	1,486
Due to related party	3,923	2,813
Accrued expenses	17,398	8,788
Total current liabilities	65,684	57,036
Long term debt	359,745	358,515
Intangible liability – charter agreements	7,568	8,011
Deferred tax liability	20	17
Total long-term liabilities	367,333	366,543
Total Liabilities	\$ 433,017	\$ 423,579
Commitments and contingencies	-	-
Stockholders' Equity		
Class A Common stock – authorized 214,000,000 shares with a \$0.01 par value; 47,609,734 shares issued and outstanding (2017 – 47,609,734)	\$ 476	\$ 476
Class B Common stock – authorized 20,000,000 shares with a \$0.01 par value; 7,405,956 shares issued and outstanding (2017 – 7,405,956)	74	74
Series B Preferred shares – authorized 16,100 shares with a \$0.01 par value; 14,000 shares issued and outstanding (2017 – 14,000)	-	-
Additional paid in capital	387,025	386,748
Accumulated deficit	(131,501)	(135,693)
Total Stockholders' Equity	256,074	251,605
Total Liabilities and Stockholders' Equity	\$ 689,091	\$ 675,184

Global Ship Lease, Inc.
Interim Unaudited Consolidated Statements of Cash Flows
(Expressed in thousands of U.S. dollars)

	Three months ended	
	March 31,	
	2018	2017
Cash Flows from Operating Activities		
Net income	\$ 4,958	\$ 7,560
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	8,156	9,600
Amortization of deferred financing costs	1,029	890
Amortization of original issue discount	201	282
Amortization of intangible liability	(443)	(452)
Share based compensation	45	-
(Increase) in accounts receivable and other assets	(1,104)	(581)
(Increase) in inventory	(1,783)	(48)
Increase (decrease) in accounts payable and other liabilities	7,850	(9,548)
(Decrease) increase in unearned revenue	(312)	428
Increase in related party balances	1,838	48
Unrealized foreign exchange loss	4	6
Net Cash Provided by Operating Activities	20,439	8,185
Cash Flows from Investing Activities		
Cash paid for vessel deposits	(1,128)	-
Improvement of vessels	(150)	-
Cash paid for drydockings	(373)	(1,720)
Net Cash Used in Investing Activities	(1,651)	(1,720)
Cash Flows from Financing Activities		
Repayment of credit facilities	-	(2,925)
Series B Preferred Shares – dividends paid	(766)	(766)
Net Cash (Used in) by Financing Activities	(766)	(3,691)
Net Increase in Cash and Cash Equivalents	18,022	2,774
Cash and Cash Equivalents at Start of Period	73,266	54,243
Cash and Cash Equivalents at End of Period	\$ 91,288	\$ 57,017
Supplemental information		
Total interest paid	\$ 648	\$ 18,932
Income tax paid	\$ 12	\$ 14

 [Primary Logo](#)

Source: Global Ship Lease, Inc.