ALGOMA CENTRAL CORPORATION 2020 FINANCIAL RESULTS

For the Years Ended December 31, 2020 and 2019

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General

This Management's Discussion and Analysis ("MD&A") of the Company should be read in conjunction with its consolidated financial statements for the years ended December 31, 2020 and 2019 and related notes thereto and has been prepared as at February 25, 2021.

This MD&A has been prepared by reference to the disclosure requirements established under National Instrument 51-102 "Continuous Disclosure Obligations" of the Canadian Securities Administrators. Additional information on the Company, including its 2020 Annual Information Form, is available on the SEDAR website at *www.sedar.com* or on the Company's website at *www.algonet.com*.

Important Information About This MD&A

The reporting currency used is the Canadian dollar and all amounts are reported in thousands of Canadian dollars, except for per share data, and unless otherwise noted.

Forward-Looking Statements

Algoma Central Corporation's public communications often include written or oral forward-looking statements. Statements of this type are included in this document and may be included in other filings with Canadian securities regulators or in other communications. All such statements are made pursuant to the safe harbour provisions of any applicable Canadian securities legislation. Forward-looking statements may involve, but are not limited to, comments with respect to our objectives and priorities for 2021 and beyond, our strategies or future actions, our targets, expectations for our financial condition or share price and the results of or outlook for our operations or for the Canadian, U.S. and global economies. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements.

By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that our assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to:

- the economic impact of COVID-19 in Canada, the US, and other global markets;
- general economic and market conditions in the countries in which we operate;
- our success in securing contract renewals with existing customers and in securing contracts with new customers;
- our ability to attract and retain quality employees;
- interest rate and currency value fluctuations;
- our ability to execute our strategic plans and to complete and integrate acquisitions;
- critical accounting estimates;
- operational and infrastructure risks;
- on-time and on-budget delivery of new ships from shipbuilders;
- general political conditions;
- labour relations with our unionized workforce;
- the possible effects on our business of war or terrorist activities;
- disruptions to public infrastructure, such as transportation, communications, power or water supply, including water levels;
- technological changes;
- significant competition in the shipping industry and from other transportation providers;
- reliance on partnering relationships;
- appropriate maintenance and repair of our existing fleet by third-party contractors;
- health and safety regulations that affect our operations can change and be onerous and the risk of safety incidents can affect results;
- a change in applicable laws and regulations, including environmental regulations, could materially affect our results;
- economic conditions may prevent us from realizing sufficient investment returns to fund our defined benefit plans at the required levels;
- our ability to raise new equity and debt financing if required;
- weather conditions or natural disasters;
- the seasonal nature of our business; and
- risks associated with the lease and ownership of real estate.

This should not be considered a complete list of all risks to which the Company may be subject from time to time. When relying on forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider these factors, as well as other uncertainties and potential events and the inherent uncertainty of forward-looking statements.

The Company does not undertake to update any forward-looking statements, whether written or oral, that may be made, from time to time, by the organization or on its behalf, except as required by law. The forward-looking information contained in this document is presented for the purpose of assisting our shareholders in understanding our financial position as at and for the periods ended on the dates presented and our strategic priorities and objectives and may not be appropriate for other purposes.

For more information, please see the discussion of risks in the Company's Annual Information Form for the year ended December 31, 2020, which outlines in detail certain key factors that may affect the Company's future results. The Annual Information Form can be found on the Company's website at www.algonet.com and on SEDAR at www.sedar.com.

Impact of COVID-19

The outbreak of the COVID-19 pandemic was first felt in a material way in North American markets during March of 2020 and began to affect our businesses during the second quarter. The impacts included reductions in demand from customers in certain sectors, restrictions on trade channels, including port access, and travel limitations affecting crew changes. Demand reductions in some sectors were offset to some extent by increased volumes in other sectors and in some cases, the increased demand also led to increased pricing. Over the course of the year, the impact on volumes lessened, particularly in our Domestic Dry-Bulk business.

Financially, the Company experienced reduced revenues and incurred higher operating costs in certain sectors because of the pandemic, while in other sectors, there was no material impact from the pandemic . Although we have not been made aware of any significant customer experiencing financial distress, we continue to actively monitor accounts receivable collections, alert for any indication that increased controls over the granting of credit or increased provisions for uncollectible receivables may be warranted.

The continued unpredictability of the future path of the pandemic, including but not limited to the impact of efforts by governments in the markets that we serve to limit community spread and the availability and uptake of vaccinations, has added uncertainty to the outlook for fiscal 2021. Ultimately, our businesses are dependent on demand from six key sectors of the economy, which have been impacted differently to date by the pandemic and are likely to experience different rates of recovery. Based on discussions with customers and our experience in 2020, we expect construction activities and the iron and steel industry to continue their recovery in 2021. We also expect recovery in the petroleum market to be dependent on air and vehicle traffic returning to previous levels.

The duration of the pandemic and its overall effect on the economy is very uncertain and depends on factors outside of the control of the Company, including government policy and medical science. Government policy initiatives to date have been effective in maintaining generally smooth operation of financial markets, although this is of lesser importance to Algoma in the short term as the Company completed a refinancing of its our senior debt during the fourth quarter of 2020.

We regularly consider the value of our assets and the exposure of these assets to potential impairment. Such assessments are, by their nature, dependent on forecasts of future financial performance. Such forecasting is subject to uncertainty in normal times and the pandemic adds significant complexity and uncertainty to these forecasts. One such asset owned through a joint venture was written down in 2020 as a result of changing market conditions. Meaningful declines in our expectations for future financial performance could result in further impairment provisions in future periods.

Impact of Seasonality on the Company

The nature of the Company's business is such that the earnings in the first quarter of each year are not indicative of the results for the other three quarters in the year. Due to the closing of the canal system and the winter weather conditions on the Great Lakes - St. Lawrence Waterway, the majority of the Domestic Dry-Bulk fleet does not operate for most of the first quarter. In addition, significant repair and maintenance costs are incurred in the first quarter to prepare the Domestic Dry-Bulk fleet for the upcoming navigation season. As a result, first quarter revenues and earnings are significantly lower than those of the remaining quarters in the year.

Ocean Self-Unloaders

Algoma participates in the world's largest pool of ocean-going self-unloaders (the "Pool"). The Pool's commercial results reflect a pro-rata share of Pool revenue and voyage costs (in operating expenses) for eight 100% owned ships. The costs incurred to operate these ships are recorded in operating expenses. Earnings from partially owned ships operating in this sector are included in the Company's joint venture, Marbulk. Algoma does not incur selling expenses on ocean self-unloader business, but instead pays a commercial fee to the Pool manager, which is reflected as an operating expense.

Global Short Sea Shipping

Revenue from the Global Short Sea segment, in which we participate via joint ventures, is not included in the consolidated revenue figure. The Company's 50% share of net earnings, adjusted for amortization arising from vessel purchase price allocation and intangibles, is included in net earnings of joint ventures in our consolidated earnings.

Use of Non-GAAP Measures

The following summarizes non-GAAP financial measures utilized in this MD&A. As there is no generally accepted method of calculating these financial measures, they may not be comparable to similar measures reported by other corporations.

EBITDA refers to earnings before interest, taxes, depreciation, and amortization and the Company includes its share of the EBITDA of its equity interest in joint arrangements in this measure. EBITDA is not a recognized measure for financial statement presentation under generally accepted accounting principles as defined by IFRS. EBITDA is not intended to represent cash flow from operations and it should not be considered as an alternative to net earnings, cash flow from operations, or any other measure of performance prescribed by IFRS.

The Company's EBITDA may also not be comparable to EBITDA used by other corporations, which may be calculated differently. The Company considers EBITDA to be a meaningful measure to assess its operating performance in addition to other IFRS measures. It is included because the Company believes it can be useful in measuring its ability to service debt, fund capital expenditures, and expand its business, and a metric that is based on it is used by credit providers in the financial covenants of the Company's senior secured long-term debt.

Adjusted Measures

Management assesses results on a reported and adjusted basis and considers both as useful measures of performance. Adjusted results remove items of note from reported results and are used to calculate the adjusted measure noted below. Items of note include certain items of significance that arise from time to time which management believes are not reflective of underlying business performance. We believe that adjusted measures provides the reader with a better understanding of how management assesses underlying business performance and facilitate a more informed analysis of trends.

Adjusted Basic Earnings per Share

The Company adjusts reported Basic Earnings per Share to remove the impact of items of note, net of income taxes, and any other items specified to calculate the Adjusted Basic Earnings per Share.

Return on Equity

Return on equity is net earnings as a percent of average shareholders' equity.

Financial Highlights

Consolidated revenue for the year ended December 31, 2020 was $545,660, a decrease of 4% compared to $567,908 reported for the prior year. Domestic Dry-Bulk revenues increased 2% compared to 2019, as volumes increased in the agriculture and salt sectors which, combined with the generally higher rates of earnings in those sectors, offset the impact of pandemic-related decreased volumes in the iron and steel and construction materials sectors. Revenues for Product Tankers decreased 19% compared to 2019, entirely due to an 83% decrease in outside charter activity. Revenues for Ocean Self-Unloaders increased 2%, although the impact of decreased volumes in all markets served by the Ocean Pool mostly offset the impact of the three vessels acquired in 2019 being included in our results for the full year versus seven months in 2019.

The Global Short Sea Shipping businesses generated revenues of $247,881 compared to $255,559 for the same period in 2019. The Company has a 50% interest in these businesses and does not include these revenues in its consolidated revenue figure.

Net earnings for 2020 were $45,850, an increase of 90% compared to 2019. Increased earnings were driven by higher earnings from our three core marine segments, improved results from our joint ventures, and a gain on the sale of a real estate property. Earnings for both years were impacted by impairment provisions included in joint venture earnings. The strong net earnings resulted in a return on equity of 7.5% compared to 3.5% for the prior year.

For the years ended December 31	2020	2019
Revenue	$ 545,660	$ 567,908
Operating earnings	$ 74,086	$ 58,370
Net earnings	$ 45,850	$ 24,159
Basic earnings per common share	$ 1.21	$ 0.63
Return on Equity	7.5 %	3.5 %
As at December 31		
Common shares outstanding	37,800,943	37,824,543
Total assets	$ 1,223,096	$ 1,147,377
Total long-term financial liabilities	$ 390,633	$ 334,853

The Company uses EBITDA as a measure of the cash generating capacity of its businesses. The following table reconciles EBITDA to Net Earnings, the most comparable IFRS measure. EBITDA is determined as follows:

For the years ended December 31	2020	2019
Net earnings	$ 45,850	$ 24,159
Adjustments to net earnings:		
Depreciation and amortization	75,154	70,015
Interest, net	19,500	18,693
Foreign currency (gain) loss	(351)	886
Income tax expense	9,503	5,109
Gain on disposal of assets	(5,556)	(2,491)
Joint ventures		
Interest expense	3,575	6,167
Foreign exchange (gain) loss	(183)	884
Depreciation	16,844	15,608
Impairment	9,746	15,970
Income tax expense (recovery)	296	(64)
Gain on disposal of assets	(315)	(4,416)
EBITDA	$ 174,063	$ 150,520

Summary of Quarterly Results

The results for the last eight quarters were as follows:

Year	Quarter	Revenue	Net Earnings (Loss)	Basic Earnings (Loss) per Share
2020	Quarter 4	$ 154,291	$ 29,499	$ 0.78
	Quarter 3	$ 155,002	$ 22,235	$ 0.59
	Quarter 2	$ 151,270	$ 17,742	$ 0.47
	Quarter 1	$ 85,097	$ (23,626)	$ (0.62)
2019	Quarter 4	$ 168,985	$ 3,796	$ 0.10
	Quarter 3	$ 167,901	$ 21,049	$ 0.55
	Quarter 2	$ 159,169	$ 22,114	$ 0.58
	Quarter 1	$ 71,853	$ (22,800)	$ (0.59)

The impact of seasonality on the domestic businesses in the first quarter limits the usefulness of year-to-date earnings figures. Trailing twelve month figures can be useful to neutralize the seasonality effect. The following summarizes the trailing twelve month results on an adjusted and unadjusted basis in each of the last eight quarters:

		Trailing Twelve Months				
Year	Quarter	Revenue	Net Earnings	Basic Earnings per Share	Adjustment to Basic Earnings per Share *	Adjusted Basic Earnings per Share
2020	Quarter 4	$ 545,660	$ 45,850	$ 1.21	$ 0.14	$ 1.35
	Quarter 3	$ 560,354	$ 20,147	$ 0.53	$ 0.68	$ 1.21
	Quarter 2	$ 573,253	$ 18,961	$ 0.50	$ 0.42	$ 0.92
	Quarter 1	$ 581,152	$ 23,333	$ 0.61	$ 0.42	$ 1.03
2019	Quarter 4	$ 567,908	$ 24,159	$ 0.63	$ 0.42	$ 1.05
	Quarter 3	$ 548,465	$ 46,364	$ 1.21	$ (0.28)	$ 0.93
	Quarter 2	$ 539,566	$ 44,954	$ 1.17	$ (0.26)	$ 0.91
	Quarter 1	$ 519,566	$ 37,285	$ 0.97	$ (0.26)	$ 0.71

* The following table summarizes the Adjustment to Basic Earnings per Share, by quarter, for certain items management believes are not reflective of underlying business performance.

	2018			2019				2020			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
(Loss) gain on shipbuilding contracts	$ —	$ (0.02)	$ 0.15	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Impairment reversals (losses)	—	—	0.13	—	—	—	(0.42)	—	—	(0.26)	—
Sale of real estate properties	—	—	—	—	—	—	—	—	—	—	0.12
	$ —	$ (0.02)	$ 0.28	$ —	$ —	$ —	$ (0.42)	$ —	$ —	$ (0.26)	$ 0.12
Trailing impact on EPS				$ 0.26	$ 0.26	$ 0.28	$ (0.42)	$ (0.42)	$ (0.42)	$ (0.68)	$ (0.14)

Business Segment Discussion

Domestic Dry-Bulk

The Domestic Dry-Bulk segment includes the activities of the Company's Canadian flag dry-bulk vessels and its ship management business. During 2020, the Company operated 12 self-unloading bulk carriers and 8 gearless bulk carriers in its fleet. One of the bulk carriers is owned by a third party.

Financial Results Overview

Revenues for the Domestic Dry-Bulk segment increased by $4,476 compared to 2019, primarily as a result of higher demand in trades where freight rates are higher and decreased demand in trades where rates are lower. Grain and salt cargoes were the largest contributors with higher volumes at favourable rates; strong world-wide demand for grain and higher levels of salt production by our major customer in that sector drove the increase in volumes. Volumes from export ore also grew and contributed to the higher revenues for the year. Volume increases in these sectors offset the decline in revenues tied to domestic steelmaking, domestic iron ore and construction materials volumes, all of which were impacted by reduced demand as a result of the pandemic.

With global oil prices broadly lower as a result of the pandemic, the price of marine fuel has decreased, which is a large component of revenue as we pass this cost through to our customers. The impact of lower fuel prices for the year contributed to a 32% decrease in fuel revenue, offset by a corresponding decrease in daily fuel expense.

Operating expenses decreased by $12,056 in 2020 compared to the previous year. We reacted swiftly early in the season to an anticipated drop in volumes as a result of the pandemic and made the decision not to fit-out four of the most expensive vessels to operate and only deployed our most profitable ships. The remaining vessels were activated later in the year as volumes increased and capacity to meet the demand was required; by the fourth quarter the full fleet was in operation. This decision reduced direct operating costs, which offset the some of the impact of the reduction in volumes. Additional contributors to the decrease in operating expenses was the significant reduction in fuel expense caused in part by the 5% reduction in operating days.

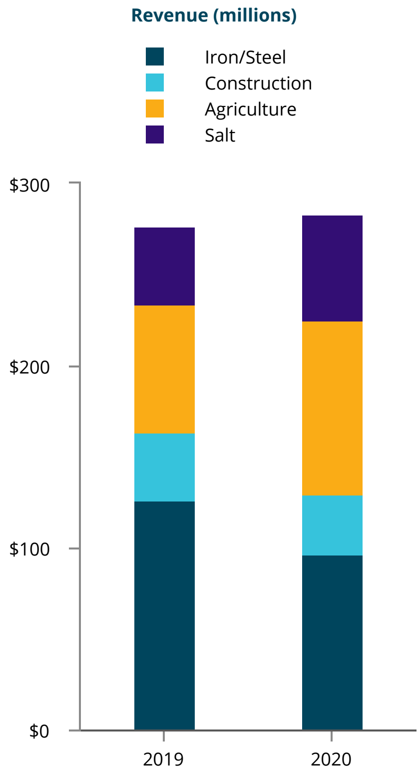
Indirect expenses increased 5% primarily as a result of higher insurance costs on one vessel that experienced a significant grounding later in the year.

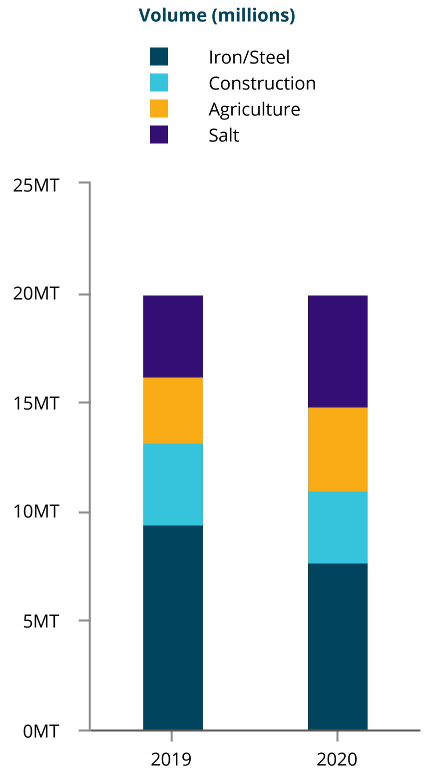
The year to date increase in depreciation expense is attributable to the addition of the Algoma Conveyor to the fleet for the full year and capital expenses on prior year dry-dockings.

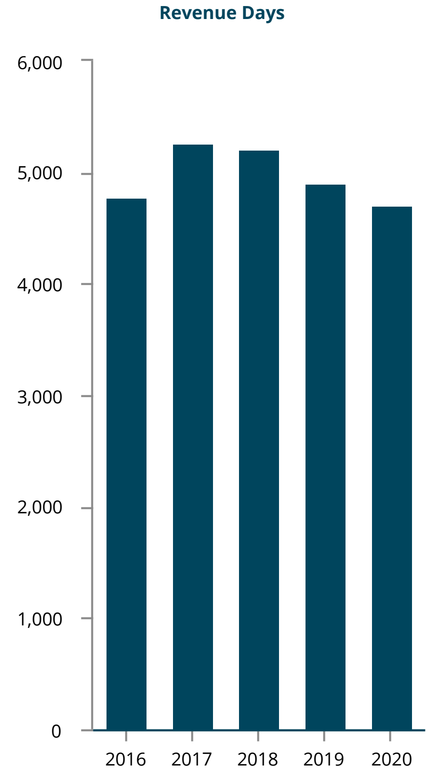
For the years ended December 31	**2020**	2019
Revenue	**$ 286,156**	$ 281,680
Operating expenses	**(200,788)**	(212,844)
Selling, general and administrative	**(11,522)**	(11,289)
Depreciation and amortization	**(27,094)**	(24,112)
Operating earnings	**46,752**	33,435
Income tax expense	**(12,244)**	(9,238)
Net earnings	**$ 34,508**	$ 24,197

EBITDA for Domestic Dry-Bulk for the year ended December 31, 2020 increased $18,855 compared to 2019, reflecting the strong volumes and freight rates in the grain and salt trades. EBITDA is determined as follows:

For the years ended December 31	**2020**	2019
Net earnings	**$ 34,508**	$ 24,197
Adjustments to net earnings:		
Depreciation and amortization	**27,094**	24,112
Loss (gain) on disposal of assets	**65**	(2,491)
Income tax expense	**12,244**	9,238
EBITDA	**$ 73,911**	$ 55,056







Volumes overall decreased by 1% compared to 2019. The main contributors were iron and steel and construction materials which experienced 18% and 15% drops in volumes, respectively. These decreases were offset by increases in both salt and agriculture (grains) volumes, with 38% and 23% increases in tonnage. Both these markets have higher rates, which positively impacted freight revenue.

Revenue days were down 4% compared to last year as a result of lower volumes in the domestic steel and iron ore businesses and reduced aggregate cargoes. These businesses experienced reduced customer demand primarily due to the effects of COVID-19 on these particular markets.

Fleet Renewal

In October, the Company took delivery of the Algoma Intrepid from the 3 Maj Shipyard in Croatia. The vessel arrived earlier than we had expected and began trading on the Great Lakes in November. The vessel is the second Equinox 650' Class self-unloading dry-bulk carrier and the ninth Equinox Class vessel to join the fleet.

The Captain Henry Jackman is currently being constructed at the Jiangsu Yangzi-Mitsui Shipbuilding Company in China. This Seaway-Max gearless bulk carrier is expected to be delivered during the second quarter of 2021 and she will be the newest and most efficient vessel in Algoma's domestic fleet. We coined the term "Equinox 3.0" to describe this new ship design that includes improvements in cargo deadweight capacity and equipment, all while maintaining the numerous performance efficiencies of the original Equinox Class design.

Outlook

Steady improvement in volumes over the latter part of 2020 is expected to be sustained into 2021 and salt products are expected to continue to grow, offsetting a drop in grains and shortfalls in other commodities compared to historic levels. Our fleet will be short one vessel at the beginning of the season due to a grounding affecting one bulker that occurred just prior to year-end. The fleet will return to full strength when the Captain Henry Jackman enters operations.

We expect the cost environment to be more difficult in 2021 as crew shortages continue to challenge the industry. This has resulted in an increase in crew training budgets and, in some cases, carrying extra crew aboard ships to accommodate the ship-board component of our training programs. In addition, our maintenance and lay-up spending is expected to rise, partially reflecting the impact of spending deferral decisions made at the beginning of the pandemic, as well as dry-docking that are required for certain vessels.

Product Tankers

The domestic product tanker fleet provides safe and reliable transportation of liquid petroleum products throughout the Great Lakes, St. Lawrence Waterway and Atlantic Canada regions. This business unit consists of eight double-hull product tankers.

Financial Results Overview

Revenues for Product Tankers decreased by $27,639 in 2020 compared to the prior year as a result of reduced demand from our primary customer that resulted in a significant reduction in the use of outside charters. The resultant $27,807 decrease in outside charter revenue compared to 2019 has little impact on earnings as the cost we incur to charter capacity is passed through to our customers. Despite the impact of the pandemic on air and vehicle travel, core demand from our customers kept our vessels fully utilized through most of the year. Our main customer relied on our vessels to repositioning their products from our traditional market in the Great Lakes to their east coast facilities, adding revenue days at favourable rates for our owned fleet. Ignoring outside charters, revenue was actually slightly higher in 2020 compared to the prior year.

Operating expenses decreased by $31,241 during 2020 as a result of the reduction in outside charters and careful management of costs. In anticipation of the pandemic's downturn, the Company took steps early in the year to reduce discretionary spending resulting in lower direct operating costs, particularly reduced voyage, crew, and supply costs. These savings were partially offset by the cost of dry-docking one vessel early in the year.

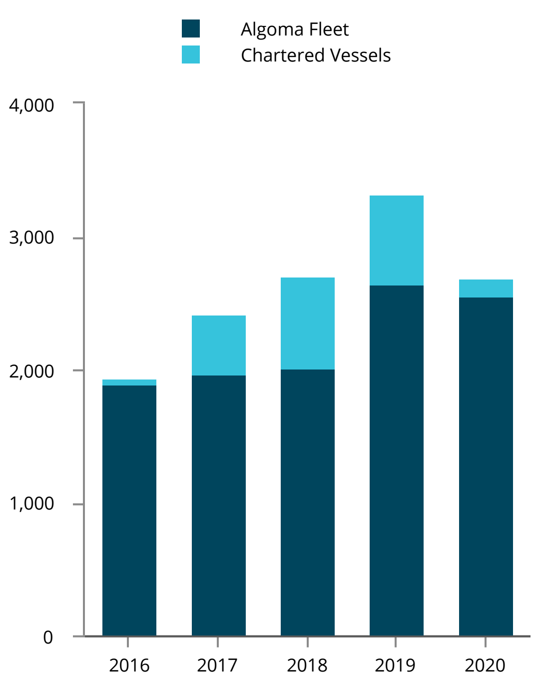
The increase in depreciation and amortization reflects the larger fleet size this year and dry-dockings completed in 2019 and 2020.

For the years ended December 31	**2020**	2019
Revenue	**$ 114,273**	$ 141,912
Operating expenses	**(73,198)**	(104,439)
Selling, general and administrative	**(4,951)**	(4,019)
Depreciation and amortization	**(14,574)**	(13,555)
Operating earnings	**21,550**	19,899
Income tax expense	**(5,814)**	(5,273)
Net earnings	**$ 15,736**	$ 14,626

EBITDA for Product Tankers for the year ended December 31, 2020 increased $2,670 compared to the same period in 2019. EBITDA is determined as follows:

For the years ended December 31	**2020**	2019
Net earnings	**$ 15,736**	$ 14,626
Adjustments to net earnings:		
Depreciation and amortization	**14,574**	13,555
Income tax expense	**5,814**	5,273
EBITDA	**$ 36,124**	$ 33,454

Vessel Days



Outlook

The outlook for Product Tankers is very dependent on progress in re-opening the economy and the country and particularly how this impacts air and vehicle traffic. Our current expectations are reduced revenue days compared to 2020 when we benefited from logistics designed taken by our main customer that we do not expect to be repeated in the coming year. In addition, our bunkering vessel, which served cruise ship demand on the east coast is currently laid up and the future for that service is in doubt.

Our focus in 2021 will be renewal of our main marine services agreement in this segment and managing costs in this climate of expected lower demand.

Ocean Self-Unloaders

The Ocean Self-Unloader segment consists of eight ocean-going self-unloading vessels, a 50% interest in a ninth self-unloader and a 25% interest in a specialized ocean vessel. The eight self-unloaders are part of the world's largest pool of ocean-going self-unloaders, which at the end of 2020 totalled 18 vessels.

Financial Results Overview

Revenues in the Ocean Self-Unloader segment increased by $2,684 in 2020 compared to the prior year as a 16% increase in revenue days offset reduced Pool earnings and volumes resulting from the pandemic. The increase in revenue days was partially a result of sailing all eight ships for the full year compared to 2019 when three vessels were added to the fleet in June. The increase in revenue days was also attributable to a decision to move two vessel dry-dockings away from China during the pandemic, which resulted in fewer off-hire days for those dockings.

As a result of the COVID-19 pandemic, the ocean Pool experienced reduced volumes across all sectors. Aggregate cargoes were impacted the most with a 27% decrease in volumes; shipments are supplied mainly for large commercial construction and infrastructure projects. Coal volumes declined 13% mostly due to difficulty obtaining materials in certain jurisdictions that has constrained supply for our Pool customers. Gypsum volumes were down 9%, which largely supplies residential construction and late-stage commercial projects. Volumes began to recover in the latter part of the year but remain below historic levels.

Despite the increase in operating days for the three added vessels, operating expenses in 2020 decreased slightly compared to 2019. Pool vessels implemented slow steaming to save fuel where it was possible to do so, otherwise, the Company has limited options to control costs in the business and therefore few ways to mitigate the impact of the pandemic. Steps were taken to lower discretionary spending in the segment, resulting in some savings in supplies and maintenance. These savings were offset by dry-dock spending on five vessels during the year.

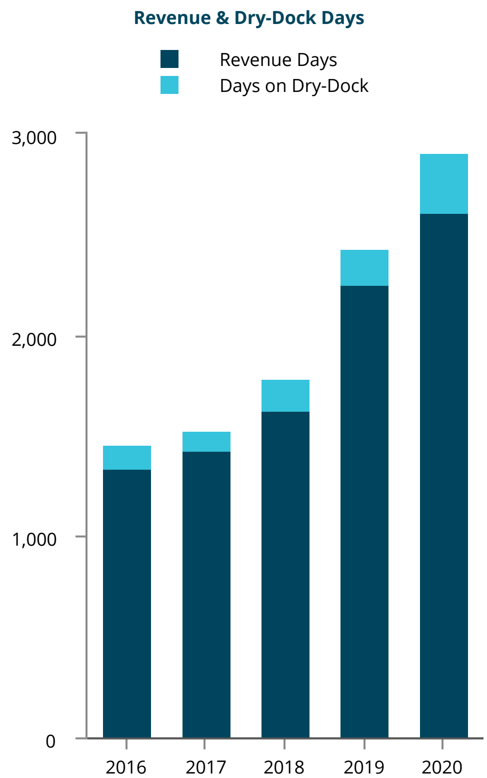
Earlier this year, a vessel owned by our joint venture Marbulk was returned to the company by its charterer. In light of the current conditions in the broader international bulk shipping market that this vessel operates in, the ship currently has limited redeployment opportunities unless significant capital is spent to improve the vessel's operating flexibility and efficiency. Marbulk has determined that it may not be possible to earn a satisfactory rate of return on such capital if invested in the vessel and is therefore considering sending the vessel for recycling. As a result, Marbulk management has determined that the carrying value of the vessel should be written down to its net scrap value and accordingly an impairment provision of $9,746 was recorded in the third quarter of 2020 and is reflected in equity earnings from joint ventures.

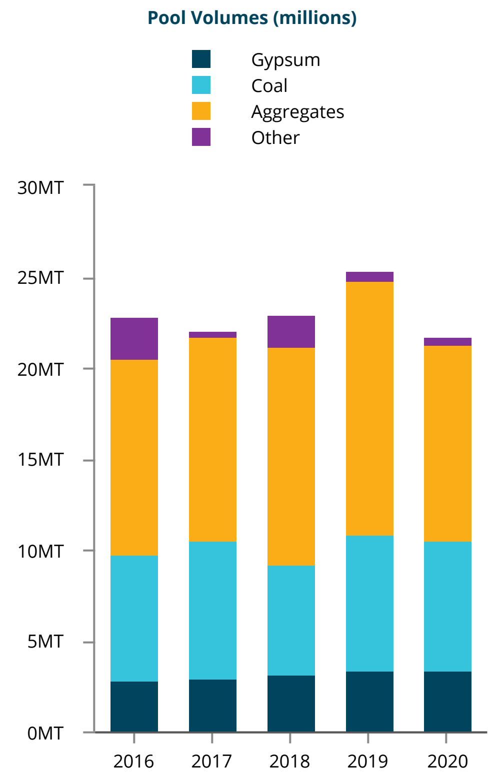
Depreciation and amortization increased due to the larger fleet size this year.

For the years ended December 31		**2020**		2019
Revenue	**$**	**134,109**	$	131,425
Operating expenses		**(84,615)**		(82,959)
General and administrative		**(910)**		(1,136)
Depreciation and amortization		**(29,793)**		(28,657)
Operating earnings		**18,791**		18,673
Net loss from investments in joint ventures		**(10,213)**		(777)
Net earnings	**$**	**8,578**	$	17,896

EBITDA for Ocean Self-Unloaders increased for the year ended December 31, 2020 by $1,666. EBITDA is determined as follows:

For the years ended December 31		**2020**		2019
Net earnings	**$**	**8,578**	$	17,896
Adjustments to net earnings:				
Depreciation and amortization		**29,793**		28,657
Joint Venture:				
Depreciation and amortization		**1,563**		2,215
Impairment		**9,746**		428
Interest expense		**138**		625
Foreign exchange (gain) loss		**68**		696
Income tax expense (recovery)		**208**		(9)
EBITDA	**$**	**50,094**	$	50,508





Algoma's Ocean Self-Unloaders earn a share of overall Pool results based on a formula that assigns a daily earnings figure to each ship based on various technical characteristics of the vessel. Earnings in any given period are a function of the daily earnings factor for each ship, the number of days the ship was on hire to the Pool, and the overall Pool results. As noted above, an increase in days on hire for our ships in 2020 offset the impact of a decline in Pool volumes. The added capacity in January to May this year compared to 2019 resulted from the acquisition of three ships in June last year and efforts to keep docking days to a minimum, despite what was otherwise a busy dry-docking year. Combined, this resulted in a 16% increase in revenue days.

There was a 19% decrease in Pool volumes in 2020 primarily driven by economic conditions related to the pandemic, which resulted in lower volumes in aggregates, coal and gypsum. Demand in all three commodities began to recover in the latter part of the year and volumes recovered steadily, though modestly, through to year end.

Outlook

As a large portion of the business conducted by the Pool supports projects in the US, the pace of growth and strength of the US economy are important factors for the strength of the Pool. Our current expectation for 2021 is for continued recovery over the course of the year. We do not currently expect volumes to return to 2019 levels in 2021, although a good portion of the 2020 drop is expected to be recovered. If the US federal or state governments respond to the pandemic with infrastructure spending programs, this may be positive for the Pool in the medium term but it is unlikely such program could be in place in time to have much effect in 2021.

Algoma has a light dry-docking calendar in 2021 compared to 2020. One vessel completed a dry-docking in January that began in late 2020 and a second vessel will be docked in the first half. As a result of this light docking schedule, we expect revenues days for 2021 to increase compared to 2020.

Global Short Sea Shipping

The Global Short Sea Shipping segment comprises three joint ventures in which we hold 50% interests; NovaAlgoma Cement Carriers ("NACC"), NovaAlgoma Short Sea Carriers ("NASC") and NovaAlgoma Bulk Holdings ("NABH"). These joint ventures with Nova Marine Carriers SA are a reflection of a strategic intent to leverage our strength in domestic short-sea shipping into global markets, with a focus on niche sectors featuring specialized equipment or services and lacking an existing dominant player.

Financial Results Overview

Global Short Sea Shipping revenues for the year ended December 31, 2020 decreased by $7,678 compared to the previous year due primarily to the impact of the global pandemic on volumes, vessel utilization and freight rates, all of which had a particular impact in the mini-bulker market. Although market conditions began to recover for the mini-bulker fleet in the 2020 fourth quarter, the improved performance did not fully offset a 6% decline in revenue due to a constrained charter rate environment that occurred during the majority of 2020. The decrease in revenue was partially offset by positive results in the cement fleet which saw a 5% increase in revenue this year as the fleet experienced steady market demand with the redeployment of two fleet vessels into North American trades. Additionally, the cement fleet operates primarily on long-term charters, which insulated the sector from most of the potential impact from the COVID-19 pandemic. The handy-size fleet also operates on long-term charter; however, with one less vessel operating this year compared to 2019 there was a 10% decrease in revenue.

Operating costs decreased by $10,657 for the year ended December 31, 2020 compared to 2019. In response to the COVID-19 pandemic, management focused their efforts on reducing controllable costs in order to limit the impact to operations. Improvements were also made to limit unnecessary spending on general and administrative costs. These efforts were partially offset by a 5% increase in operating costs in the cement fleet driven by the higher number of vessels operating domestically in Canada where daily costs tend to he higher than in international markets.

Operating earnings for Global Short Sea Shipping were down marginally; however, EBITDA for the segment increased 8%, excluding the impact of gains on asset sales.

In 2019, the Company determined that the current carrying value of its investment in NASC was impaired and recognized an impairment loss of $15,542 in net earnings from investments in joint ventures.

The segment reported gains in 2019 of $8,832 on the sale of four mini-bulkers and two handy-size vessels, compared to a $629 gain in 2020.

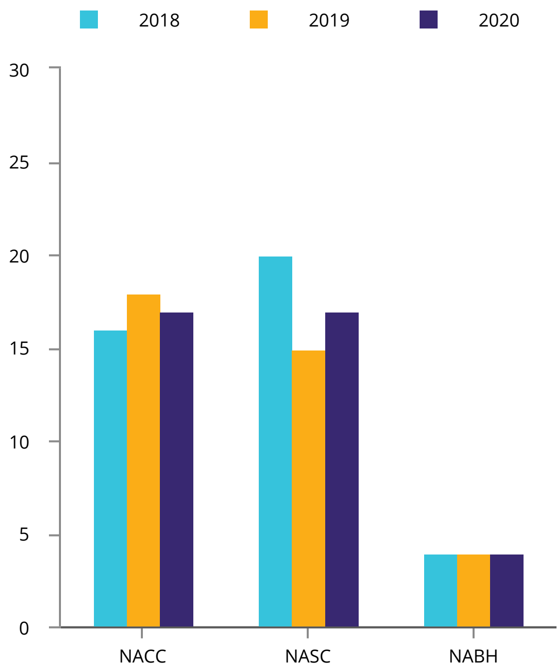
Depreciation and amortization increased for both periods as a result of two additional vessels operating in the mini-bulker fleet in 2020 and increased depreciation charges associated with dry-dockings.

For the years ended December 31	2020	2019
Revenue	**$ 247,881**	$ 255,559
Operating expenses	**(197,094)**	(207,751)
Selling, general and administrative	**(7,795)**	(8,730)
Depreciation and amortization	**(29,310)**	(25,352)
Operating earnings	**13,682**	13,726
Gain on sale of vessels	**629**	8,832
Interest expense	**(6,873)**	(11,083)
Foreign exchange gain (loss)	**502**	(376)
Earnings before undernoted	**7,940**	11,099
Income tax (expense) recovery	**(176)**	110
Net earnings of joint ventures	**1,827**	2,324
Net loss attributable to non-controlling interest	**1,677**	1,492
Net earnings	**$ 11,268**	$ 15,025
Company share of net earnings above	**$ 5,634**	$ 7,513
Impairment of investment in joint ventures	**—**	(15,542)
Amortization of vessel purchase price allocation and intangibles	**(626)**	(717)
Company share included in net earnings (loss) of joint ventures	**$ 5,008**	$ (8,746)

EBITDA for Global Short Sea was $23,248 compared to $21,448 in 2019, an increase of $1,800 compared to the prior year. EBITDA is determined as follows:

For the years ended December 31	**2020**	2019
Company share of net earnings (loss) from investments in joint ventures	**$ 5,008**	$ (8,746)
Adjustments to net earnings:		
Depreciation and amortization	**15,281**	13,393
Foreign currency (gain) loss	**(251)**	188
Impairment of investment in joint ventures	**—**	15,542
Gain on disposal of assets	**(315)**	(4,416)
Interest expense	**3,437**	5,542
Income tax expense (recovery)	**88**	(55)
Company share of EBITDA	**$ 23,248**	$ 21,448

Number of Owned Vessels at Year End



As part of a six vessel new-build program, the mini-bulker fleet took delivery of two new mini-bulkers in 2020; the Sider Buffalo was delivered in April, followed by the Sider Ibiza in September. At the end of 2020, the segment controlled four ocean bulkers, 17 mini-bulkers, and 17 cement ships and held a 25% share of eight additional cement ships through its interest in the JT Cement joint venture.

Outlook

The improvements made within 2020 in reducing daily operating expenses in this segment are expected to be sustained throughout 2021. The extent to which the recovery in daily revenues experienced by the mini-bulker fleet in the fourth quarter of 2020 can be maintained, will largely depend on the performance of the fleet in 2021; COVID-19 impacts in the European and North and South American mini-bulker markets are continuing to generate uncertainty. The relative stability of the revenues in the cement and handy size fleets is expected to continue in 2021 due to the longer term nature of their charter commitments.

Investment Properties

The Company owns a shopping centre located in Sault Ste. Marie, Ontario and owned an apartment building in the city until it was sold late in 2020. The reduction in revenue and operating expenses in 2020 is a result of the impact of the COVID-19 pandemic on the shopping centre, which resulted in the mall being shut down for several months. During the fourth quarter, the Company sold the apartment building for gross proceeds of $6,250 and a gain of $5,621.

For the years ended December 31	2020	2019
Revenue	**$ 8,183**	$ 9,809
Operating expenses	**(7,113)**	(6,956)
Depreciation	**(2,684)**	(2,725)
Operating earnings	**(1,614)**	128
Gain on sale of investment property	**5,621**	—
Income tax (expense) recovery	**(513)**	72
Net earnings	**$ 3,494**	$ 200

Corporate

The Corporate segment consists of revenue from management services provided to third parties, head office expenditures and other administrative expenses of the Company. Revenues are also generated from rental income provided by third party tenants in the Company's head office building. Operating expenses include the operating costs of that office building. As a result of COVID-19 related activity, the Company has taken numerous initiatives to reduce overhead expenditures.

For the years ended December 31	2020	2019
Revenue	**$ 2,939**	$ 3,082
Operating expenses	**(979)**	(1,042)
Selling, general and administrative	**(12,344)**	(14,839)
Depreciation	**(1,009)**	(966)
Operating loss	**(11,393)**	(13,765)
Foreign currency gain (loss)	**351**	(886)
Interest, net	**(19,500)**	(18,693)
Income tax recovery	**9,068**	9,330
Net loss	**$ (21,474)**	$ (24,014)

Consolidated

For the years ended December 31	2020	2019
Revenue	$ 545,660	$ 567,908
Operating expenses	(366,693)	(408,240)
Selling, general and administrative	(29,727)	(31,283)
Depreciation and amortization	(75,154)	(70,015)
Operating earnings	74,086	58,370
Interest expense	(19,738)	(19,860)
Interest income	238	1,167
Gain on sale of investment property	5,621	—
Foreign currency gain (loss)	351	(886)
Income tax expense	(9,503)	(5,109)
Net loss from investments in joint ventures	(5,205)	(9,523)
Net earnings	$ 45,850	$ 24,159

Interest Expense

Interest expense was generally inline year-over-year with a slight decrease of $122 for the year ended December 31, 2020 compared to 2019. The Company's refinancing of long term debt occurred at the end of 2020 so the impact of the lower interest rates was minimal during the current year. Amortization of financing costs includes the accelerated amortization of the financing costs relating to the previous credit facility and notes.

For the years ended December 31	2020	2019
Interest expense on borrowings	$ (18,088)	$ (18,838)
Amortization of financing costs	(1,429)	(1,099)
Interest on employee future benefits, net	(916)	(809)
Interest capitalized on vessels under construction	695	886
	$ (19,738)	$ (19,860)

Foreign Currency Gain (Loss)

For the years ended December 31	2020	2019
Gain on foreign denominated cash	$ 872	$ 889
Foreign exchange loss on contract cancellation receivable	—	(1,775)
Unrealized loss on foreign exchange forward contracts	(521)	—
	$ 351	$ (886)

Income Taxes

Earnings from the Company's foreign subsidiaries are taxed in jurisdictions which have nil income tax rates. The Canadian statutory rate for the Company for both 2020 and 2019 was 26.5%. Any variation in the effective income tax rate from the statutory income tax rate is due mainly to the lower income tax rates applicable to foreign subsidiaries, the effect of taxable and non-taxable items that may or may not be included in earnings and changes to income tax provisions related to prior periods.

Actual tax expense was $4,394 higher in 2020 compared to the previous year as a result of an increase in income generated in our domestic segments where earnings are taxed and a decrease in income in our international segments where earnings are untaxed. As a result, the effective tax rate for 2020 was 15.7% compared to 13.2% in 2019.

For the years ended December 31	2020	2019
Combined federal and provincial statutory income tax rate	26.5 %	26.5 %
Net earnings before income tax and net earnings of joint ventures	$ 60,558	$ 38,791
Expected income tax expense	$ (16,048)	$ (10,280)
(Increase) decrease in expense resulting from:		
Effect of items that are not (deductible) taxable	557	(418)
Foreign tax rates different from Canadian statutory rate	5,478	5,439
Non-recoverable withholding taxes	(520)	(448)
Deferred tax items recognized	300	—
Adjustments to prior period provision	968	557
Other	(238)	41
Actual tax expense	$ (9,503)	$ (5,109)

Normal Course Issuer Bid

On March 19, 2020, the Company renewed its normal course issuer bid (the "2020 NCIB") with the intention to purchase, through the facilities of the TSX, up to 1,890,457 of its Common Shares ("Shares") representing approximately 5% of the 37,809,143 Shares which were issued and outstanding as at the close of business on March 4, 2020 (the "NCIB").

Subject to prescribed exceptions, the Company is allowed to purchase up to 1,726 Common Shares on the TSX during any trading day, representing approximately 25% of the average daily trading volume of the shares on the TSX for the previous six calendar months, being 6,906 Shares. Any Shares purchased under the 2020 NCIB are cancelled. The Company purchased 1,200 shares under the 2020 NCIB and 22,400 shares under an expired bid in the first quarter in 2020.

In conjunction with the renewal of the NCIB, Algoma entered into a new automatic share purchase plan (the "ASPP") with a designated broker to allow for the purchase of its Shares under the NCIB at times when Algoma normally would not be active in the market due to applicable regulatory restrictions or internal trading black-out periods. Before the commencement of any particular internal trading black-out period, Algoma may, but is not required to, instruct its designated broker to make purchases of Shares under the NCIB during the ensuing black-out period in accordance with the terms of the ASPP. Such purchases will be determined by the broker in its sole discretion based on parameters established by Algoma prior to commencement of the applicable black-out period in accordance with the terms of the ASPP and applicable TSX rules. Outside of these black-out periods, Shares will continue to be purchasable by Algoma at its discretion under its NCIB.

The ASPP will commence on the Company's behalf during any quarterly blackout period of the Company and will terminate on the earliest of the date on which: (a) the maximum annual purchase limit under the NCIB has been reached; (b) Algoma terminates the ASPP in accordance with its terms; or (c) the NCIB expires. The ASPP constitutes an "automatic securities purchase plan" under applicable Canadian securities laws.

The Company intends to renew its normal course issuer bid upon receipt of the required approvals from regulatory authorities.

Contingencies

For information on contingencies, please refer to Note 26 of the consolidated financial statements for the years ending December 31, 2020 and 2019. There have been no significant changes in the items presented since December 31, 2020.

Transactions with Related Parties

The Company's ultimate controlling party is The Honourable Henry N. R. Jackman, together with a trust created in 1969 by his father, Henry R. Jackman.

There were no transactions with related parties for the year ended December 31, 2020.

Financial Condition, Liquidity and Capital Resources - Statement of Cash Flows

Operating Activities

The net cash generated from operating activities for the year ended December 31, 2020 was $157,061 compared to cash generated of $137,758 for the same period in 2019. The significant contributor was an increase in net earnings as a result of strong performance in the Domestic marine segments and a decrease in net working capital (excluding the impact of the dividend payable declared in December).

Investing Activities

Net cash used in investing activities decreased by $66,180 for the year ended December 31, 2020. Fiscal 2019 included final delivery payments on two domestic vessels and the purchase of three additional ocean self-unloaders. This was partially offset by $66,242 received in cancellation refunds.

Financing Activities

Net cash from financing activities increased by $4,617 for the year ended December 31, 2020 compared to 2019. The increase was driven primarily by the refinancing in late 2020 and the lower dividend payments in 2020 compared to 2019 when the Company paid a special dividend. The December refinancing transactions include utilizing proceeds of $315,190 to repay the previous notes and credit facility outstanding of $241,099.

Net inflow (outflow) of cash related to the following activities:

For the years ended December 31		**2020**		2019
Net earnings	**$**	**45,850**	$	24,159
Operating activities	**$**	**157,061**	$	137,758
Investing activities	**$**	**(87,187)**	$	(153,367)
Financing activities	**$**	**16,317**	$	11,700

Capital Resources

The Company has cash on hand of $103,910 at December 31, 2020. Available credit facilities along with projected cash from operations for 2020 are expected to be more than sufficient to meet the Company's planned operating and capital requirements and other contractual obligations for the year.

The Company maintains credit facilities that are reviewed periodically to determine if sufficient capital is available to meet current and anticipated needs. The Company's bank credit facility (the "Facility") expires December 10, 2023 and comprises a $75 million Canadian dollar and a $75 million U.S. dollar senior secured revolving bank credit facility provided by a syndicate of four banks. The Facility bears interest at rates that are based on the Company's ratio of senior debt, as defined, to earnings before interest, taxes, depreciation and amortization and ranges from 185 to 315 basis points above bankers' acceptance or LIBOR rates. The Company has granted a general security agreement in favour of the senior secured lenders and has granted specific collateral mortgages covering the majority of its wholly owned vessels. The Company's real estate assets and certain vessels, including ones that are not wholly owned, are not directly encumbered under this Facility.

The Company is subject to certain covenants under the terms of the Bank Facility and the Notes, including ones with respect to maintaining defined financial ratios and other conditions. As at December 31, 2020, the Company was in compliance with all of its covenants.

Labour Update

Employees and Unions

The normal complement of employees is approximately 1,600, the majority of whom are unionized. The status of the various union agreements are provided below.

Captains and Chief Engineers

All Captains and Chief Engineers of the Company are non-unionized.

Navigation and Engineering Officers

Navigation and Engineering Officers consist of eight separate bargaining units, seven of which are represented by the Canadian Merchant Service Guild (CMSG). Two of these agreements expire on July 31, 2021 with negotiations expected to commence in March, 2021, and four other agreements will expire on May 31, 2023. A new bargaining unit, representing officers on the NACC Quebec and NACC Capri, does not yet have a collective bargaining agreement and is presently in negotiations. Lastly, officers on the NACC Argonaut form one bargaining unit represented by the Canadian Marine Mates and Engineers Union (CMMEU), with a collective agreement expiring on June 30, 2023.

Unlicensed Employees

There are five bargaining units for unlicensed shipboard employees. The Seafarers' International Union (SIU) represents four unlicensed employee bargaining units, two of which are in the NACC Canada Fleet. The expiration dates for the SIU agreements are June 30, 2023 and July 31, 2024. Additionally, Unifor Local 4401 represents one unlicensed employee bargaining unit and their agreement expires on March 31, 2023.

Algoma Ship Repair

The collective agreement between Algoma Ship Repair and its hourly paid workers, who are represented by the United Steelworkers, expires on May 1, 2022.

Three-Month Results Ending December 31, 2020 and 2019

The Domestic Dry-Bulk segment revenues increased by $12,822 in the 2020 fourth quarter compared to the same period in 2019 driven by a 3% increase in revenue days and reflecting a 5% increase in overall volumes. Strong volumes in the agriculture and salt sectors continued into the fourth quarter and iron and steel sector volumes were also higher, reflecting improving conditions in those sectors. Additionally, fewer weather delays this year positively impacted operations. The addition of the new Algoma Intrepid during the fourth quartered provided added capacity in the fleet to meet the strong demand. Operating earnings for the segment increased 51% on the strength of this additional demand and the continued mix of trades in favour of higher margin businesses.

Revenues decreased in the Product Tanker segment by $14,700 in the 2020 fourth quarter compared to 2019, of which, $11,249 results from a reduction in the use of outside charters. The balance of the decrease reflects a 16% drop in revenue days, much of which was due to the Algoma Dartmouth, a vessel that primarily serves the cruise industry, which came off charter after October. Despite the decrease in revenues, operating earnings for the segment were 41% higher, reflecting good margins on operating vessels and the impact of continued cost management initiatives.

In the Ocean Self-Unloader segment, revenues decreased by $11,937 in the 2020 fourth quarter compared to the previous year. The decrease was a result of a 17% decline in revenue days, primarily due to having two vessels on dry-dock during the period, partially offset by steady improvements in Pool volumes. Operating earnings rose slightly year over year due primarily to cost management efforts.

In the Global Short Sea Shipping segment, a $15,542 impairment provision in net earnings from the Company's investment in the NovaAlgoma Short Sea Carriers joint venture was recorded in the fourth quarter of 2019. Adjusting for this item, the Global Short Sea segment earnings were in line year-over-year as a result of improved performance in the cement fleet operating in the Canadian domestic trade and recovering global market conditions , which affected the mini-bulker fleet.

For the years ended December 31		**2020**		2019
Revenues				
Domestic Dry-Bulk	**$**	**97,959**	$	85,137
Product Tankers		**24,028**		38,728
Ocean Self-Unloaders		**29,979**		41,916
		151,966		165,781
Investment properties		**1,622**		2,504
Corporate		**703**		700
	$	**154,291**	$	168,985
Operating earnings (loss) net of income tax				
Domestic Dry-Bulk	**$**	**19,402**	$	12,816
Product Tankers		**4,612**		3,266
Ocean Self-Unloaders		**5,074**		6,778
Global Short Sea Shipping		**3,833**		(11,660)
	$	**32,921**	$	11,200
Investment Properties		**3,854**		(17)
Corporate		**(7,276)**		(7,386)
Net earnings	**$**	**29,499**	$	3,797
Basic earnings per share	**$**	**0.78**	$	0.10
Diluted earnings per share	**$**	**0.72**	$	0.10

Critical Accounting Estimates

The Company's significant accounting policies are described in Note 3 to the consolidated financial statements. Some of these accounting policies require management to make estimates and assumptions about matters that are uncertain at the time the estimates and assumptions are made. Management believes that the estimates are reasonable; however, different estimates could potentially have a material impact on the Company's reported financial position or results of operations.

Employee Future Benefits

The Company provides pensions and post-employment benefits including health care, dental care and life insurance to certain employees. The determination of the obligations and expense for the employee future benefits is dependent on the selection of certain assumptions used by the Company in calculating such amounts. Those assumptions are disclosed in Note 19 to the Company's consolidated financial statements, the most significant of which are the discount rate, the rate of increase in compensation, expected rates of return on plan assets, the rate of increase in the cost of health care and the estimated average remaining service lives of employees, some of which are defined by regulation. The assumptions are reviewed annually and the impact of any changes in the assumptions is reflected in actuarial gains or losses as disclosed in Note 19 to the consolidated financial statements. The significant accounting assumptions adopted are internally consistent and reflect the long-term nature of employee future benefits. Significant changes in assumptions could materially affect the Company's reported employee future benefit obligations and future expense.

Property, Plant, and Equipment and Impairment

The Company reviews the depreciation periods of property, plant, and equipment on a regular basis for changes in estimated useful lives. The Company also reviews for impairment indicators on a quarterly basis, and at a minimum on an annual basis, whether there are any signs of impairment or a reversal of a previously recognized impairment in accordance with the Company's accounting policy.

Change in Accounting Estimates

Employee Future Benefits

For 2020, the Company's assumed rate of compensation increases for purposes of calculating the current service cost that is included in the net benefit cost incurred, remained at 3.0% to 2020 and to 2.5% thereafter.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Disclosure Controls and Procedures

In accordance with the requirements of National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings, the Company's management, including the Chief Executive Officer and the Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures as of December 31, 2020. Under the supervision of and with the participation of the Chief Executive Officer and the Chief Financial Officer, management has concluded that the Company's disclosure controls and procedures were effective as of December 31, 2020.

Internal Controls over Financial Reporting

The Company's management is responsible for designing, establishing and maintaining an adequate system of internal controls over financial reporting. The internal control system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with IFRS. Because of inherent limitations, internal controls over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

Management has used the criteria established in the 2013 Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission to assess, with the participation of the Chief Executive Officer and Chief Financial Officer, the effectiveness of the Company's internal controls over financial reporting. Based on this assessment, management has concluded that the Company's internal controls over financial reporting are operating effectively as of December 31, 2020.

Changes in Internal Controls over Financial Reporting

During the year ended December 31, 2020, there have been no changes in the Company's policies and procedures and other processes that comprise its internal control over financial reporting, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Contractual Obligations

The table below provides aggregate information about the Company's contractual obligations as at December 31, 2020 that affect the Company's liquidity and capital resource needs.

	2021	2022	2023	2024	2025 and Beyond
Long-term debt including equity component	$ 143	$ 150	$ 5,197	$ 80,646	$ 315,160
Capital asset commitments	28,844	9,963	—	—	—
Interest payments on long-term debt	16,572	16,565	16,375	14,150	110,386
	$ 45,559	$ 26,678	$ 21,572	$ 94,796	$ 425,546

Risks and Uncertainties

The following section describes both general and specific risks that could affect the Company's financial performance. The risks described below are not the only risks facing the Company. Additional risks and uncertainties that are not currently known or that are currently considered immaterial may also materially and adversely affect the Company's business operations.

Shipboard Personnel

The long-term challenge of recruiting and retaining skilled crews in the marine industry continues to be an area of focus. The challenge of recruiting new employees into the marine industry, competition for skilled labour from other sectors, competitors, or other entities operating in the marine industry is a growing challenge. The limited number of cadet berths is also a factor that needs to be addressed by the marine industry as a whole. A lack of properly skilled shipboard employees could lead to service delays and interruptions as the ability of the Company to fully utilize its domestic vessels could be affected. The Company continues to work with industry groups, its unions and educators to develop and enhance training programs to ensure an adequate supply of labour is available to meet its future needs.

Competitive Markets

Marine transportation is competitive in both domestic and international markets. Marine transportation is subject to competition from other forms of transportation such as road and rail freight. Competition may decrease the profitability associated with any particular contract and may increase the cost of acquisitions. The Company strives to differentiate itself from the competition with superior customer service, having vessels suited to each customer's needs and maintaining a compliant, safe, efficient and reliable fleet.

Changes in general economic conditions or conditions specific to a particular customer may affect the demand for vessel capacity. The Company believes that due to the long-term nature of its service contracts, vessel configurations and geographic diversity it is well positioned in the market place and is able to withstand fluctuations in market conditions.

The geographic and operational diversity of the Company will help to mitigate negative economic impact to the sectors in which it operates.

Contractual Nature of the Business

The overwhelming majority of the Company's revenues are a result of long-term contracts with large industrial customers, many of which have been customers for many years. Contracts typically have terms of three to five year and can have terms of ten years or longer in some instances. Such contractual commitments result in the Company dedicating vessel capacity to customers over long periods of time. Failure to renew a significant contract could result in a reduction in revenue and prevent profitable deployment of vessel capacity.

Environmental

Environmental protection continues to be a dominant topic on the world legislative agenda and is a primary focus of the Company throughout its operations. Environmental issues such as aquatic invasive species, pollutant air emissions (SOx and NOx), greenhouse gases (GHGs) and marine protected areas continue to be scrutinized and regulated worldwide. A change in environmental legislation could have a significant impact on the Company's future operations and profitability.

The Company's fleets monitors fuel sulphur levels in accordance with Emission Control Area (ECA) requirements and remains in compliance with all requirements. Domestically, the Company's highly efficient Equinox Class ships are equipped with closed-loop exhaust gas scrubbers designed to meet the stringent ECA SOx limits. Vessels equipped with scrubbers are able to meet emission standards while burning high sulphur fuels. The availability of high sulphur fuels may be impacted by future demand for this fuel or environmental regulations. The Company's other vessels, including its ocean-going vessels, use lower sulphur fuels to satisfy air emission rules, such as the global fuel sulphur cap that came into effect in 2020. In the future, the cost and availability of low sulphur fuels may present a risk. In addition there is no certainty the full cost of such fuels or cost related to converting to such fuels can be recovered from all customers, particularly in international markets.

Canada is a signatory to the IMO Ballast Water Convention. The Canadian government is currently finalizing amendments to its ballast water regulations to implement the international ballast water discharge standard for Canadian waters. These requirements, already in place in the United States, will require installation of ballast water treatment systems on the Company's vessels during future dry dockings generally no later than September 2024. There are presently no U.S. Coast Guard approved ballast water treatment systems with operating limitations suitable for the Company's vessels that operate in the Great Lakes; the current imposition of unachievable ballast water regulations for these vessels presents an economic and regulatory risk to the Company. Installation of treatment systems on the Company's other (non-Great Lakes) vessels will have an impact on operating costs.

Nature of the Shipping Industry

The cyclical nature of the Great Lakes dry-bulk shipping industry may lead to decreases in shipping rates, which may reduce Algoma's revenue and earnings. The shipping business, including the dry-bulk market, has been cyclical in varying degrees, experiencing fluctuations in charter rates, profitability and volumes shipped. Algoma anticipates that the future demand for the Company's vessels and freight revenues will be dependent upon continued demand for commodities, economic growth in the United States and Canada, seasonal and regional changes in demand, and changes to the capacity of the Great Lakes fleet which cannot be predicted. Adverse economic, political, social or other developments could decrease demand and growth in the shipping industry and thereby reduce revenue and earnings.

Fluctuations, and the demand for vessels, in general, have been influenced by, among other factors:

- global and regional economic conditions;
- developments in international and Great Lakes trade;
- changes in seaborne and other transportation patterns, such as port congestion and canal closures;
- weather, water levels and crop yields;
- political developments; and
- embargoes and strikes.

The Company's domestic dry-bulk vessels and product tankers operate primarily in the Great Lakes and the St. Lawrence River. Winter conditions during the December to March period and changing water levels in ports in which the vessels load and unload have the effect of increasing or reducing operating days and cargo sizes, and this could affect the profitability of these vessels. Lower water levels can impact cargo sizes by reducing available draft while high water levels can limit access in certain waterways by restricting clearance above a ship.

Fees and Tolls

Certain critical aspects of the Great Lakes St. Lawrence water transportation system are managed by government and quasi-government agencies. These agencies typically charge fees or tolls for use of the system or for access to services that are required in order to use the system. Some of these agencies face the same shortage of qualified staff that is faced by the Company and in response, these entities have begun to compete more aggressively for staff. This is creating cost increases for companies in the industry both to retain qualified staff and in the form of high fees passed through by the agencies. The Company has attempted to mitigate the impact of these fees by hiring qualified staff; however, this may have the effect of increasing the Company's costs. The ability of the Company to recover these cost increases from customers is uncertain.

Costs of Incidents

Operating vessels that can weigh tens of thousands of tonnes when fully loaded and which carry materials that may be harmful to the environment is inherently risky. The potential costs that could be incurred by the Company because of these risks include damages caused to property owned by others, the cost of environmental contamination including fines and clean up costs, costs associated with damage to our own assets, and the impact of injuries sustained by our employees or by others. The Company has in place a system designed to guide its employees in the management of all of these risks and is focused on a process of learning and continuous improvement after any incident. The Company also carries insurance designed to provide financial mitigation of costs incurred as the result of an incident; however, there is no guarantee that the insurance coverage will be sufficient to provide full reimbursement of all costs, nor is there any assurance that such insurance will continue to be available in the future at a reasonable cost.

Foreign Exchange

The Company operates internationally and is exposed to risk from changes in foreign currency rates. The foreign currency exchange risk to the Company results primarily from changes in exchange rates between the Company’s reporting currency, the Canadian dollar, and the U.S. dollar. The Company’s exchange risk on earnings of foreign subsidiaries is diminished due to both cash inflows and outflows being denominated in the same currency.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Company is exposed to credit risk from its customers. The Company believes that the credit risk for accounts receivable is limited due to the tight credit terms given to customers, minimal bad debts experience and a customer base that consists of a relatively few large industrial concerns in diverse industries.

Employee Future Benefits

Economic conditions may prevent the Company from realizing sufficient investment returns to fund the defined benefit pension plans at existing levels. Any increase in the regulatory funding requirements for the Company’s defined benefit pension plans, although a use of resources, is not expected to have a material impact on its cash flows. The Company's defined benefit plan has been closed since 2010.

Judicial and Other Proceedings

From time to time, the Company is a party to judicial, arbitration, or similar proceedings either as claimant or as respondent. Although the Company will take any actions it deems necessary to represent its interests in these proceedings, the ultimate outcomes of such proceedings are outside of the control of the Company. The realizable value of any assets and the exposure to liabilities associated with such proceedings may be different than the carrying value of those assets or liabilities on the financial statements of the Company.

On December 17, 2020, the Company pleaded guilty to a misdemeanour under the Clean Water Act of the United States. The plea was in respect of the negligent discharge of untreated bilge water from the Algoma Strongfield, into the territorial waters of the United States without a permit, on June 6, 2017. The Company has a robust environmental compliance program designed to ensure that its vessels operate in compliance with all applicable environmental and safety regulations, and the company looks forward to strengthening its overall compliance program through the implementation of the Environmental Compliance Plan aboard its Equinox class ships.

Global Pandemic

The occurrence of the COVID-19 pandemic in 2020 was disruptive for the shipping industry. In addition to the impact the pandemic had on the general economy and therefore on demand from our customers, travel restrictions and lock-downs enacted to control the spread of the disease had a significant impact on our ability to effect crew exchanges, particularly for our international ships. In addition, general operating costs rose to include the costs of added safety precautions and supplies required to respond to the risks posed by COVID-19. Although marine transportation was deemed an essential service in most countries, the impacts of a continuation of the current pandemic or a different pandemic in the future could include reduced revenues, higher operating costs, limited access to crew, or difficulties in obtaining necessary supplies or parts on a timely basis.

Responsibility for Financial Statements

The consolidated financial statements of Algoma Central Corporation and its subsidiaries, and all information in this annual report, are the responsibility of management and have been approved by the Board of Directors.

The financial statements were prepared by management in accordance with International Financial Reporting Standards and necessarily include some amounts that are based on estimates and judgements. Information used elsewhere in this annual report is consistent with that in the financial statements.

Management maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded from loss and that financial statements principally through its Audit Committee, which consists solely of outside directors. The Audit Committee meets periodically with management and the auditors to review results of audit examinations and financial reporting matters. The independent auditors appointed by the shareholders have full access to the Audit Committee, with and without management present.

The Audit Committee reviewed the financial statements in this report and recommended that they be approved by the Board of Directors.

Gregg A. Ruhl
President and Chief Executive Officer
February 25, 2021

Peter D. Winkley, CPA, CA
Chief Financial Officer
February 25, 2021

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Independent Auditor's Report

To the Shareholders of
Algoma Central Corporation

Opinion

We have audited the consolidated financial statements of Algoma Central Corporation (the "Company"), which comprise the consolidated balance sheets as at December 31, 2020 and 2019, and the consolidated statements of earnings, comprehensive earnings, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements for the year ended December 31, 2020. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Goodwill – Domestic Dry-Bulk operating segment - Refer to Notes 3 and 14 to the Financial Statements

Key Audit Matter Description

The Company's annual evaluation of goodwill for impairment involves the comparison of the fair value of the Domestic Dry-Bulk operating segment to its carrying value. The Company used the discounted cash flow model to estimate fair value, which requires management to make significant estimates and assumptions related to the discount rate and forecasts of future freight rates, volumes, and costs. The estimates and assumptions are highly sensitive to changes in customer demand and changes in the assumptions could have a significant impact on the fair value, the amount of any goodwill impairment charge, or both. The fair value of the Domestic Dry-Bulk operating segment exceeded its carrying value as of the measurement date and, therefore, no impairment was recognized.

While there are several inputs and assumptions that are required to estimate fair value of the Domestic Dry-Bulk operating segment, the inputs and assumptions with the highest degree of subjectivity and impact on fair value are related to forecasts of future freight rates, and selection of the discount rate. Auditing these estimates and assumptions required a high degree of auditor attention and an increased extent of audit effort, including the involvement of fair value specialists.

How the Key Audit Matter Was Addressed in the Audit
Our audit procedures related to the forecasts of future freight rates, and the selection of the discount rate for the Domestic Dry-Bulk operating segment included the following audit procedures, among others:

- Evaluated management's ability to accurately forecast by comparing actual results to management's historical forecasts.
- Evaluated the reasonableness of management's forecasts of future freight rates by comparing the forecasts to (1) historical freight rates, (2) internal communications amongst management and to the Board of Directors, (3) forecasted information included in Company press releases, and (4) forecasted information included in analyst and industry reports of the Company and companies in its peer group.
- Considered the impact of changes in environmental regulations on management's forecasts.
- With the assistance of fair value specialists, evaluated the discount rate by:
    - Testing the source information underlying the determination of the discount rate and the mathematical accuracy of the calculations.
    - Developing a range of independent discount rates and comparing the discount rate selected by management.

Other Information
Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually

or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Steven Lawrenson.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
February 25, 2021

Consolidated Statement of Earnings

For the years ended December 31 (in thousands of dollars, except per share data)	Notes	2020	2019
Revenue	5	$ 545,660	$ 567,908
Operating expenses		(366,693)	(408,240)
Selling, general and administrative expenses		(29,727)	(31,283)
Depreciation and amortization		(75,154)	(70,015)
Operating earnings		74,086	58,370
Interest expense	7	(19,738)	(19,860)
Interest income		238	1,167
Gain on sale of investment property		5,621	—
Foreign currency gain (loss)	8	351	(886)
		60,558	38,791
Income tax expense	9	(9,503)	(5,109)
Net loss from investments in joint ventures	6	(5,205)	(9,523)
Net Earnings		**$ 45,850**	$ 24,159
Basic earnings per share	21	$ 1.21	$ 0.63
Diluted earnings per share	21	$ 1.19	$ 0.63

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Comprehensive Earnings

For the years ended December 31 (in thousands of dollars)	Notes	2020	2019
Net Earnings		$ 45,850	$ 24,159
Other Comprehensive Earnings (Loss)			
Items that may be subsequently reclassified to net earnings:			
Unrealized loss on translation of financial statements of foreign operations		(8,092)	(20,142)
Unrealized gain on hedging instruments, net of income tax		1,421	5,037
Foreign exchange gain (loss) on purchase commitment hedge reserve, net of income tax, transferred to:			
Net earnings		(1,300)	—
Property, plant, and equipment		1,134	—
Items that will not be subsequently reclassified to net earnings:			
Employee future benefits actuarial (loss) gain, net of income tax	19	(19,950)	763
		(26,787)	(14,342)
Comprehensive Earnings		**$ 19,063**	$ 9,817

See accompanying notes to the consolidated financial statements.

Consolidated Balance Sheet

As at December 31 (in thousands of dollars)	Notes	2020	2019
Assets			
Current			
Cash		**$ 103,910**	$ 18,865
Accounts receivable	11	**64,373**	67,612
Income taxes recoverable		**5,346**	7,311
Other current assets	12	**15,147**	20,641
		188,776	114,429
Property, plant, and equipment	13	**855,988**	856,387
Investments in joint ventures	6	**145,789**	142,794
Goodwill and intangible assets	14	**7,910**	11,194
Employee future benefits	19	**—**	4,610
Other assets	15	**24,633**	17,963
		$ 1,223,096	$ 1,147,377
Liabilities			
Current			
Accounts payable and accrued charges	16	**$ 72,621**	$ 63,441
Current portion of long-term debt	20	**143**	80,076
Income taxes payable		**2,668**	3,975
Other current liabilities	17	**103,891**	9,353
		179,323	156,845
Long-term debt	20	**390,490**	254,777
Employee future benefits	19	**47,653**	24,856
Deferred income taxes	9	**43,513**	48,480
Other long-term liabilities	18	**1,501**	1,998
		483,157	330,111
Commitments	25		
Shareholders' Equity			
Share capital	21	**8,110**	8,115
Contributed surplus		**1,028**	1,184
Convertible debentures		**2,309**	2,309
Accumulated other comprehensive loss	22	**(32,787)**	(25,950)
Retained earnings		**581,956**	674,763
		560,616	660,421
		$ 1,223,096	$ 1,147,377

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity

(in thousands of dollars)	Share Capital	Contributed Surplus and Convertible Debentures	Accumulated Other Comprehensive Loss	Retained Earnings	Total Equity
	(Note 21)		(Note 22)		
Balance at January 1, 2019	$ 8,240	$ 11,148	$ (10,845)	$ 694,012	$ 702,555
Net earnings	—	—	—	24,159	24,159
Dividends	—	—	—	(44,171)	(44,171)
Repurchase and cancellation of common shares	(125)	(7,817)	—	—	(7,942)
Share-based compensation	—	162	—	—	162
Other comprehensive loss	—	—	(15,105)	763	(14,342)
Balance at December 31, 2019	$ 8,115	$ 3,493	$ (25,950)	$ 674,763	$ 660,421
Net earnings	—	—	—	45,850	45,850
Dividends	—	—	—	(118,707)	(118,707)
Repurchase and cancellation of common shares	(5)	(308)	—	—	(313)
Share-based compensation	—	152	—	—	152
Other comprehensive loss	—	—	(6,837)	(19,950)	(26,787)
Balance at December 31, 2020	**$ 8,110**	**$ 3,337**	**$ (32,787)**	**$ 581,956**	**$ 560,616**

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

For the years ended December 31 (in thousands of dollars)	Notes	2020	2019
Net Inflow (Outflow) of Cash Related to the Following Activities			
Operating			
Net earnings		**$ 45,850**	$ 24,159
Net loss from investments in joint ventures	6	**5,205**	9,523
Items not affecting cash			
Depreciation and amortization		**75,154**	70,015
Gain on sale of investment property		**(5,621)**	—
Loss (gain) on disposal of assets		**65**	(2,491)
Other	23	**30,921**	26,758
Net change in non-cash working capital	23	**14,147**	9,861
Income taxes (paid) received, net		**(5,891)**	2,888
Employee future benefits paid		**(2,769)**	(2,955)
Net cash generated from operating activities		**157,061**	137,758
Investing			
Additions to property, plant, and equipment	23	**(75,195)**	(209,146)
Cancellation refunds received		**—**	66,242
Distributions received from joint ventures	6	**—**	3,052
Investment in joint ventures	6	**—**	(8,985)
Compensation payments to other pool members for retired vessels		**(3,473)**	(5,382)
Loan repayment from joint venture		**—**	3,260
Progress payments for shipbuilding contracts		**(15,266)**	(6,618)
Interest received		**873**	1,242
Proceeds on sale of property, plant, and equipment		**5,874**	2,968
Net cash used in investing activities		**(87,187)**	(153,367)
Financing			
Interest paid		**(30,207)**	(18,578)
Proceeds of long-term debt		**482,341**	163,907
Repayments of long-term debt		**(417,109)**	(82,225)
Repurchase of common shares	21	**(277)**	(8,023)
Dividends paid		**(18,431)**	(43,381)
Net cash generated from financing activities		**16,317**	11,700
Net change in cash		**86,191**	(3,909)
Effects of exchange rate changes on cash held in foreign currencies		**(1,146)**	(2,765)
Cash, beginning of year		**18,865**	25,539
Cash, end of year		**$ 103,910**	$ 18,865

See accompanying notes to the consolidated financial statements.

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

Algoma Central Corporation (the "Company") is incorporated in Canada and is listed on the Toronto Stock Exchange. The address of the Company's registered office is 63 Church St, Suite 600, St. Catharines, Ontario, Canada. The consolidated financial statements of the Company for the twelve months ended December 31, 2020 and 2019 comprise the Company, its subsidiaries and the Company's interests in associated and jointly controlled entities.

The principal subsidiaries are Algoma Shipping Ltd., Algoma International Shipholdings Ltd., Algoma Tankers Limited and Algoma Central Properties Inc. The principal jointly controlled entities are Marbulk Canada Inc. (50%), NovaAlgoma Cement Carriers Limited (50%), NovaAlgoma Short-Sea Holdings Ltd. (50%) and NovaAlgoma Bulk Holdings Ltd. (50%). In addition, Algoma Shipping Ltd. is a member of an international pool arrangement (the "Pool"), under which revenues and related voyage expenses are distributed to each Pool member based on an agreed formula reflecting the earnings capacity of the vessels each Pool member has placed in the Pool.

Algoma Central Corporation owns and operates the largest fleet of dry and liquid bulk carriers operating on the Great Lakes – St. Lawrence Waterway. The Company's Canadian flag fleet consists of self-unloading dry-bulk carriers, gearless dry-bulk carriers and product tankers.

The Domestic Dry-Bulk marine transportation segment includes ownership and management of the operational and commercial activities of the Company's 19-vessel fleet. The dry-bulk vessels carry cargoes of raw materials such as iron ore, grain, salt and aggregates and operate throughout the Great Lakes – St. Lawrence Waterway, from the Gulf of St. Lawrence through all five Great Lakes. This segment also includes the operational management of vessels owned by other ship owners.

The Product Tankers marine transportation segment includes ownership and management of the operational and commercial activities of eight Canadian flag tanker vessels operating on the Great Lakes, the St. Lawrence Seaway and the east coast of North America.

The Ocean Self-Unloaders marine transportation segment includes ownership interests in eight ocean-going self-unloading vessels. The ocean vessels are engaged in the carriage of dry-bulk commodities in worldwide trades in the ocean Pool.

The Global Short Sea Shipping segment includes the Company's 50% interests in NovaAlgoma Cement Carriers Limited, NovaAlgoma Short-Sea Holdings Ltd. and NovaAlgoma Bulk Holdings Ltd.

The nature of the Company's business is such that the earnings in the first quarter of each year are not indicative of the results for the other three quarters in a year. Due to the closing of the canal system and the winter weather conditions in the Great Lakes – St. Lawrence Waterway, the majority of the domestic dry-bulk fleet does not operate for most of the first quarter. In addition, significant repair and maintenance costs are incurred in the first quarter to prepare the domestic dry-bulk fleet for the upcoming navigation season. As a result, first quarter revenues and earnings are significantly lower than those for the remaining three quarters of the year.

2. STATEMENT OF COMPLIANCE

The Company has prepared the consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). The accounting policies have been applied consistently within the consolidated financial statements.

The reporting currency used is the Canadian dollar and all amounts are reported in thousands of Canadian dollars, except for share data, unless otherwise noted.

The consolidated financial statements were approved by the Board of Directors and authorized for issue on February 25, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets acquired.

The following are the principal accounting policies of the Company:

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect these returns through its power over the investee. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-company transactions, balances, earnings and expenses are eliminated on consolidation.

Interests in Joint Arrangements

A joint arrangement is an arrangement of which two or more parties have joint control.

The Company has assessed its interests in joint arrangements in order to classify them as either joint operations or joint ventures. The Company considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances when making the assessment. The Company has concluded that it has an interest in a joint operation through its participation in an ocean-going self-unloader Pool, which is accounted for by consolidating the Company's share of the assets, liabilities, revenues and expenses of the joint operation. The Company also has interests in joint arrangements which were determined to be joint ventures. It has accounted for these using the equity method.

Materials and Supplies

Materials and supplies consist primarily of fuel on board vessels and other consumables which are recorded at the lower of cost and net realizable value, with cost being determined on a weighted average basis.

Property, Plant, and Equipment

Vessels

Vessels include dry-bulk carriers and product tankers. Vessels are measured at cost less accumulated depreciation and accumulated impairments, if any. Cost includes expenditures that are directly attributable to the acquisition up to the time the asset is ready for use and includes installation costs, mobilization costs to the operating location, and borrowing costs on qualifying assets. All major components of the vessels, except for the dry-docking costs (see below), are depreciated on a straight-line basis to the estimated residual value over the useful lives of the vessel, which the Company initially estimates to be 25 to 30 years.

Depreciation is based on cost less residual value. Residual value is estimated as the lightweight tonnage of each vessel multiplied by the estimated scrap value per tonne less costs incurred to ready the vessel for disposal. The remaining useful life and residual value of the vessels are reviewed at least annually and depreciation for remaining future periods is adjusted accordingly.

Dry-docking

From time to time, vessels are required to be dry-docked for inspection and re-certification, at which time replacement of certain components, major repairs and maintenance of other components, which cannot be carried out while the vessels are afloat, are performed. These dry-docking costs are capitalized and depreciated on a straight-line basis over the estimated period until the next dry-docking, which may vary from two and a half to five years. The residual value of such components is estimated at nil. The useful lives of the dry-docking costs are reviewed at least annually based on market conditions, regulatory requirements and the Company’s business plans.

A portion of the cost of acquiring a vessel is allocated to the components expected to be replaced or refurbished at the next dry-docking. For new vessels, the initial dry-docking asset is estimated based on the expected costs related to the first dry-docking. The estimate is based on experience and history for similar vessels.

At subsequent dry-dockings, the costs comprise the actual costs incurred. Dry-docking costs may include the labour cost to effect replacements and repairs, the cost of parts and materials used, cost of travel, lodging and supervision of the Company’s personnel, and the cost of third party personnel to oversee a dry-docking, netted with any revenue which may be earned during the dry-docking period.

Investment Properties

Investment properties comprise commercial properties held to earn rental income. Investment properties are measured at cost less accumulated depreciation. Real estate assets, including site improvements, are amortized on a straight-line basis over their useful lives, which the Company initially estimates to be 35 years.

Tenant improvements include costs incurred to meet the Company's lease obligations and are classified as either tenant improvements owned by the landlord or tenant incentives. When the obligation is determined to be an improvement that benefits the landlord and is owned by the landlord, the improvement is accounted for as a capital expenditure and included in the carrying amount of investment properties in the consolidated balance sheet.

Leasing costs include initial direct costs associated with leasing activities such as commissions. These costs are included in the carrying amount of investment properties in the consolidated balance sheet.

Impairment of Long-Lived Assets

At the end of each reporting period, the Company reviews its long-lived assets to determine whether there is any indication that those assets have suffered impairment.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. Where it is not possible to estimate the recoverable value of an individual asset, the Company estimates the recoverable value of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying value, the carrying value of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in net earnings.

Where an impairment loss subsequently reverses in whole or in part, the carrying value of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, not to exceed the carrying value that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in net earnings.

Goodwill

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the business combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying value, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit to nil and then to the other assets of the unit on a pro-rata basis based on the carrying value of each asset in the unit. Any impairment loss for goodwill is recognized directly in earnings in the consolidated statements of earnings. An impairment loss recognized for goodwill cannot be reversed in subsequent periods.

Intangible Assets

Intangible assets are recorded at cost. Intangible assets with finite lives are amortized on a straight line basis over their estimated useful lives.

Operating Segments

The Company's operating segments are organized around the markets it serves and are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The President and Chief Executive Officer has authority for resource allocation and assessment of the Company's performance and is therefore the chief operating decision-maker.

Revenue Recognition

The Company earns revenues from marine operations through contracts of affreightment, time charters, and pool revenue. In a contract of affreightment, the Company provides cargo transportation services for a base freight rate and variable consideration on a voyage basis. Time charter contracts give a customer access to a vessel during the contract term to ship their own cargos in exchange for a fixed daily hire fee, with adjustments. Pool revenue is earned through the Company's participation in the ocean self-unloader pooling arrangement. Revenues from marine operations are recognized pro-rata over the term of a voyage and are measured at the fair value of consideration received or receivable. Other revenues from marine operations include vessel management fees, which are based on either a fixed monthly charge or a percentage of revenues and are accrued on a monthly basis.

Revenues from real estate rental operations with contractual rent increases are recognized on a straight-line basis over the terms of the respective leases.

Revenue is only recognized when the amount and stage of completion can be measured reliably, it is probable that economic benefits will flow to the Company, and the costs incurred and costs to complete the transaction can be measured reliably.

Contract modifications

The Company's contracts are amended occasionally for changes in contract specifications and requirements. Contract modifications exist when the amendment either creates new or changes the existing enforceable rights and obligations. The effect of a contract modification on the transaction price and the Company's measure of progress for the performance obligation to which it relates is recognized as an adjustment to revenue in one of the following ways:

a. prospectively as an additional separate contract;
b. prospectively as a termination of the existing contract and creation of a new contract;
c. as part of the original contract using a cumulative catch up; or
d. as a combination of b) and c).

For contracts for which the Company has decided there is a series of distinct goods and services that are substantially the same and have the same pattern of transfer where revenue is recognized over time, the modification will always be treated under either a) or b). Option d) may arise when a contract has a partial termination and a modification of the remaining performance obligations.

The facts and circumstances of any contract modification are considered individually as the types of modifications will vary contract by contract and may result in different accounting outcomes.

Judgement is applied in relation to the accounting for such modifications where the final terms or legal contracts have not been agreed prior to the period end, as management needs to determine if a modification has been approved, and if it either creates new or changes existing enforceable rights and obligations of the parties. Depending upon the outcome of such negotiations, the timing and amount of revenue recognized may be different in the relevant accounting periods. Modification and amendments to contracts are undertaken via an agreed formal process. For example, if a change in scope has been approved but the corresponding change in price is still being negotiated, management uses its judgement to estimate the change to the total transaction price. Importantly, any variable consideration is only recognized to the extent that it is highly probably that no revenue reversal will occur.

Principal versus agent

The Company has arrangements with some of its customers whereby it is required to determine if it acts as a principal or an agent as more than one party is involved in providing the services to the customer. The Company acts as a principal if it controls a promised service before transferring that good or service to the customer. The Company is an agent if its role is to arrange for another entity to provide the goods or services. Factors considered in making this assessment are most notably the discretion the Company has in establishing the price for the specified good or service, whether the Company has inventory risk and whether the Company is primarily responsible for fulfilling the promise to deliver the service.

This assessment of control requires judgement; in particular in relation to certain service contracts. The Company may be assessed to be agent or principal dependent upon the facts and circumstances of the arrangement and the nature of the services being delivered.

Where the Company is acting as a principal, revenue is recorded on a gross basis. Where the Company is acting as an agent, revenue is recorded at a net amount reflecting the margin earned. The difference between these amounts is typically the fuel and voyage costs incurred to fulfill the contract obligation.

Initial recognition of contract fulfilment assets

Contract fulfilment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred.

When determining the appropriate accounting treatment for such costs, the Company first considers any other applicable standards. If those other standards preclude capitalization of a particular cost, then an asset is not recognized under IFRS 15.

If other standards are not applicable to contract fulfilment costs, the Company applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of these criteria requires the application of judgement, in particular, when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

Under certain circumstance, the Company may incur costs to deliver its voyage or charter service in a more efficient way. The most common type of such cost is vessel modification for specific needs in contracts with customers.

Treatment of contract fulfilment assets and capitalized costs to obtain a contract

The Company amortizes contract fulfilment assets and capitalized costs to obtain a contract to operations or selling expense over the expected contract period using a systematic basis that mirrors the pattern in which the Company transfers control of the service to the customer. Judgement is applied to determine this period, for example whether this expected period would be the contract term or a longer period such as the estimated life of the customer relationship for a particular contract if, say, renewals are expected.

A contract fulfilment asset or capitalized costs to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

Management is required to determine the recoverability of all contract related assets. At each reporting date, the Company determines whether or not the contract related assets are impaired by comparing the carrying amount of the asset to the remaining amount of consideration that the Company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant contracts or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates of cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific key performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Contract assets and liabilities

The Company's customer contracts include a diverse range of payment schedules dependent upon the nature and type of goods and services being provided.

These payment schedules may include performance-based payments or progress payments as well as regular monthly payments for ongoing service delivery. Payments for transactional goods and services may be at the voyage start date, or at the beginning of each month for Time Charters. Where payments made are greater than the revenue recognized at the period end date, the Company recognizes a deferred income contract liability for this difference.

Where payments made are less than the revenue recognized at the period end date, the Company recognizes a contract asset for this difference. The contract asset represents the balance due from customers.

Foreign Currency

The individual financial statements of each group entity are maintained in the currency of the primary economic environment in which the entity operates (its functional currency). For purposes of the consolidated financial statements, the results and financial position of each group entity are expressed in Canadian dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

Transactions in currencies other than the Canadian dollar are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date.

Exchange differences on monetary items are recognized in earnings or other comprehensive earnings in the period in which they arise.

The assets and liabilities of the Company's foreign operations, whose functional currency is not the Canadian dollar, are translated into Canadian dollars using exchange rates prevailing at the end of each reporting period. Earnings and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive earnings and accumulated in equity.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction, or production of assets that take a substantial period of time to prepare for their intended use are added to the cost of those assets until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized in earnings in the period in which they are incurred.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying value is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Employee Future Benefits

The Company maintains defined benefit pension plans, defined contribution pension plans and other, unfunded, post-employment benefit plans including retirement obligations, life insurance and health care.

The asset or liability recognized in the balance sheets is the present value of the obligation of the plans at the balance sheet date less the fair value of plan assets, if any. The liability includes the present value of the obligations as determined by discounting the estimated future required payments using interest rates of high-quality long-term corporate bonds. All actuarial gains and losses that arise in calculating the present value of the obligations and the fair value of plan assets are recognized immediately in the Consolidated Statement of Comprehensive Earnings.

The cost of defined benefit and defined contribution pensions and other post-retirement benefits that relate to employees' current service is charged to earnings. The cost for the defined benefit plans is computed on an actuarial basis using the projected unit credit method prorated on services and management's best estimate of salary escalation, retirement ages of employees and expected future health care costs.

Net interest consists of the interest cost on the defined benefit obligation and the expected return on defined benefit plan assets, if any. Net interest is determined by applying the discount rate to the net benefit obligation or asset. The net interest income/expense is included in interest expense in the Consolidated Statement of Earnings.

Actuarial gains and losses arising from the employee future benefit plans are recognized immediately in other comprehensive earnings. Past service costs are recognized in earnings at the earlier of when a plan amendment or curtailment occurs or when the Company recognizes the related restructuring costs.

The Company's portion of the cost of defined contribution pensions is expensed as earned by employees.

Asset Ceiling under IAS 19 as Clarified by IFRIC 14

The Company has adopted Ruling 14 of the International Financial Reporting Interpretations ("IFRIC 14") which clarifies how the asset ceiling defined under IAS 19 should be applied, particularly how it interacts with minimum funding rules. Under the revised IAS19, any variation in the asset ceiling will be recognized in other comprehensive income (as opposed to profit and loss). The impact of the asset limit on the funded plans has been applied based on management's interpretation of IAS19, as clarified by IFRIC 14. This interpretation is summarized as follows:

- The asset limit is not applicable for the unfunded plans;
- Each of the funded plans has been considered separately in determining the asset limit;
- For each of the registered plans, the Company assumed that it does not have an unconditional right to a refund of surplus;
- The Company may take defined benefit funding contribution holidays based on past practice and/or plan rules;
- The minimum funding requirement has been determined based on the funding requirements of the most recently filed actuarial valuation report prepared for funding purposes.

It has been assumed that no economic benefit is available from a reduction in future contributions if the plan is underfunded on either a going concern basis or solvency basis and is not in a position to take a contribution holiday at the measurement date.

Share-based Compensation

The Company grants share options to certain employees as compensation for services provided. The Company uses a Black-Scholes valuation option pricing model to estimate fair value for all share option compensation awards. The cost of the share options is based on the fair value estimated at the grant date and is recognized as compensation expense and contributed surplus over the service period required for employees to become fully entitled to the awards. This period is generally equal to the vesting period in addition to a period prior to the grant date. For the Company's share options, this period is generally equal to five years. When options are exercised, the amount initially recognized in the contributed surplus balance is reduced, with a corresponding increase in common shares.

The Company has various other share-based compensation plans where certain employees are awarded share units equivalent to the Company's common shares as compensation for services provided. The obligation related to share units is included in other liabilities. Compensation expense is recognized based on the fair value of the share units at the grant date, adjusted for changes in fair value between the grant date and the vesting date, over the service period required for employees to become fully entitled to the awards. For the Company's share units, this vesting period is generally equal to three years.

Income Taxes

Income tax expense represents the sum of the current and deferred tax.

Current tax

Current tax is based on taxable earnings for the period at the applicable income tax rate for the associated jurisdiction. Taxable earnings may differ from earnings as reported in the Consolidated Statement of Earnings because of items of income and expenses that are taxable or deductible in other years and items that will never be taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying values of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying value of its assets and liabilities.

Convertible Debentures

The convertible notes issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. The conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share capital.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible notes using the effective interest method.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

The Company’s financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Company’s designation of such instruments.

The Company is required to classify all financial assets as either fair value through profit or loss, fair value through other comprehensive income, or amortized cost based on the Company's business model and the nature of the associated cash flows. Financial liabilities are required to be classified as either fair value through profit or loss or amortized cost using the effective interest method.

The Company takes its own credit risk into account and that of the relevant counterparties when determining the fair value of financial assets and financial liabilities, including derivative instruments.

Financial assets

All financial assets, excluding derivative assets, are measured at amortized cost, less any impairment. Derivative assets are measured at fair value through profit and loss.

Financial liabilities

All financial liabilities, excluding derivative liabilities, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. Derivative liabilities are measured at fair value through profit and loss.

Impairment of financial assets

Financial assets, other than those recorded at fair value as adjusted through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired when there is objective evidence that, because of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Transaction costs

Transaction costs related to financial assets and liabilities measured at fair value through profit and loss are recorded directly to net earnings and are included in financial expense. Transaction costs related to held-to-maturity financial assets, other liabilities and loans and receivables are netted against the carrying value of the asset or liability and are amortized over the expected life of the instrument using the effective interest method.

Derivative Financial Instruments

The Company, including its interests in joint arrangements, may enter into a variety of derivative financial instruments to manage its exposure to changing fuel prices, interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured and adjusted to their fair value at the end of each reporting period. The resulting gain or loss is recognized in net earnings immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in net earnings depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in other financial instruments or contracts are separated from their host contracts and accounted for as derivatives when their economic characteristics and risks are not closely related to those of the host contracts, the terms of the embedded derivative are the same as those of a free standing derivative, and the combined instrument or contract is not measured at fair value, with changes in fair value recognized in net earnings.

Hedges

The Company has elected to apply IAS 39 hedge accounting to its net investment in foreign subsidiaries with foreign denominated debt and its purchase commitments for shipbuilding contracts with foreign denominated cash and forward currency contracts.

At inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objective and its strategy for undertaking various hedge transactions. Furthermore, at inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is effective in offsetting the changes in cash flows of the hedged item attributable to the hedged risk.

The hedge gains or losses are recognized in other comprehensive earnings to the extent the hedging relationship is effective. The hedging gain or loss relating to the ineffective portion is recognized immediately in net earnings.

Comprehensive Earnings

Other comprehensive earnings includes unrealized gains and losses on foreign currency translation of the net investment in foreign operations having a functional currency other than Canadian dollars, changes in the fair market value of derivative instruments designated as cash flow hedges net of amounts transferred out of comprehensive earnings, unrealized gains and losses on the foreign currency hedges, and the actuarial gains or losses on employee benefit plans. The components of comprehensive earnings or loss are disclosed in the Consolidated Statement of Comprehensive Earnings.

The net investment hedge reserve represents the cumulative exchange differences on translation of long-term debt held in foreign currency. The Company has elected to hedge a portion of its net investment in foreign subsidiaries with its foreign-denominated debt. Exchange differences accumulated will be reclassified to earnings in the event of a disposal of a foreign operation.

The purchase commitment hedge reserve represents the changes in the fair market value of derivative instruments, net of amounts transferred out of comprehensive earnings, which the Company has elected to designate as a hedge of future U.S. dollar commitments for the Equinox Class vessels. Exchange differences accumulated in the purchase commitment reserve are reclassified to property, plant, and equipment when the payments to the shipyard are made or to earnings when a hedge is deemed to be ineffective.

Exchange differences relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency (Canadian dollars) are recognized directly in other comprehensive earnings and accumulated in the foreign exchange translation reserve. Exchange differences accumulated in the reserve are reclassified to earnings on the disposal of the foreign operation or on a pro-rata basis when cash held in the foreign subsidiary is repatriated to Canada as a return of the net investment.

Accumulated other comprehensive earnings or loss is included in the Consolidated Balance Sheet.

Earnings Per Share

Basic earnings per share are calculated using the weighted average number of shares outstanding during the period.

Diluted earnings per share are calculated by adjusting the consolidated earnings or loss available to common shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive shares. Such potentially dilutive common shares are excluded when the effect would be to increase earnings per share or reduce a loss per share.

Related Party Transactions

The Company's related parties include any person or entity having control, joint control, or significant influence over the entity as well as any entities over which the Company has control, joint control, or significant influence. Transactions with related parties are valued on an arm's length basis.

Leases

The Company leases property in the form of offices, equipment, and warehouses. Rental contracts are typically for fixed periods from 5 years, but may have extension options. Where the Company is reasonably certain to extend the option, it is included in the term of the lease. Lease are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

The Company may from time to time enter into short term leases of vessels or tankers which are limited to a maximum of 12 months. Payments associated with short term leases are recognized on a straight-line basis as an expense in the Consolidated Statement of Earnings.

Leases are recognized on the Consolidated Balance Sheet as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to earnings over the lease period, producing a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

Lease liabilities include the net present value of fixed payments and any variable payments which are based on an index, discounted using the Company’s incremental borrowing rate. Right-of-use assets are measured at the amount of the initial lease liability and adjusted for prepaid lease payments, initial direct costs and restoration costs, if applicable.

Some property leases contain variable payment terms for Common Area Maintenance which is recorded directly as incurred to the Consolidated Statement of Earnings.

Government Grants and Assistance

Amounts received from the government as grants or assistance are recognized at their fair value where there is reasonable assurance the amount will be received and the Company will comply with all attached conditions. Grants and assistance related to expenses are recognized in earnings and are recorded against the costs to which they relate. They are deferred and recognized over the period when the associated expenses are incurred. Grants related to property, plant, and equipment are deducted from the carrying amount of the asset additions on the Consolidated Balance Sheet and are recognized over the life of the asset as a reduced depreciation expense on the Consolidated Statement of Earnings.

4. USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, and earnings. Actual results will differ from these estimates.

In light of the COVID-19 pandemic and the related global economic instability, the Company continues to monitor the critical accounting estimates and judgments utilized in the preparation of the consolidated financial statements. As of the authorization date, only accounting estimates for employee future benefits have been impacted by the pandemic. See Note 19 for further information.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Critical accounting estimates and judgements are those that have a significant risk of causing material adjustment. Management believes that the following are the significant accounting estimates and judgements used in the preparation of the interim condensed consolidated financial statements.

Recoverability of Assets and Useful Lives

The Company evaluates the carrying values of the long-lived assets which include property, plant, and equipment (made up primarily of vessels), investment in joint ventures, and goodwill and intangible asset to determine if events have occurred that would require a modification of their carrying values. The valuation of long-lived assets is reviewed quarterly based on events and changes in circumstances that could indicate that the carrying value of the assets might not be recovered. In assessing the recoverability of the long-lived assets, the Company reviews certain indicators of potential impairment such as reported sale and purchase prices, market demand, and general market conditions. Goodwill is tested for impairment annually.

Judgement is used when determining the grouping of assets to identify their cash generating units (CGUs) for the purposes of testing for impairment. The Company has determined that the appropriate levels for CGU groupings for assessing impairment are as follows:

1. At the self-unloader and gearless bulker fleet levels for the domestic dry-bulk segment.
2. At the fleet level for the product tanker segment, excluding the bunkering vessel.
3. The bunkering vessel.
4. At the fleet level for the ocean shipping segment.
5. Each individual investment in joint ventures.
6. Each individual investment property.
7. The group of corporate assets supporting overhead activities.

Goodwill is tested for impairment at the lowest level within the entity at which the goodwill is monitored, being the operating segment level.

The review for potential impairment indicators and projection of future undiscounted and discounted cash flows related to the property, plant, and equipment is complex and requires the Company to make various estimates including future freight rates, volumes, costs and discount rates. The carrying values of the Company's property, plant, and equipment may not represent their fair market value at any point in time as market prices of second-hand vessels to a certain degree tend to fluctuate with changes in charter rates and the cost of new vessels; however, if the estimated future cash flow or related assumptions about the future experience change, an impairment of property, plant, and equipment may be indicated.

Market valuations from leading independent and internationally recognized shipbrokers could be part of the review for potential impairment indicators. If an indication of impairment is identified, the need for recognizing an impairment loss is assessed by comparing the carrying value of the long-lived asset to the higher of the fair value less costs to sell and the value-in-use.

Judgement is required to determine the useful lives and residual values of long-lived assets. Depreciation on long-lived assets is based on cost less estimated residual value. Residual value for vessels is estimated as the lightweight tonnage of each vessel multiplied by the scrap value per tonne less any costs expected to be incurred to prepare the vessel for scrapping. The useful lives and residual value of the vessels are reviewed at least each financial year-end.

Provisions

The Company recognizes provisions when it has a present obligation, legal or constructive. The amount recognized is the Company's best estimate of the consideration required to settle the obligation at the end of a reporting period taking into account the risks and uncertainty related to the obligation.

Fair Value of Purchase Price Allocation

Business acquisitions are recognized initially at cost, which includes purchase price and other costs directly attributable to the purchase and allocated based on fair value which involves estimation. Joint ventures are accounted for using the equity method which reflects the Company's share of the increase or decrease of the post-acquisition earnings and other movements in the joint venture's equity.

Taxation

Income taxes are accrued by applying the annual effective income tax rates for each taxing jurisdiction to the pre-tax earnings in those jurisdictions. Estimates of income taxes include evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income before they expire.

The Company is subject to taxation in several jurisdictions. Significant judgement is required in determining the total provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company may maintain provisions for uncertain tax positions that it believes appropriately reflect its risk with respect to tax matters under active discussion, audit, dispute or appeal with tax authorities, or which are otherwise considered to involve uncertainty. The provisions for uncertain tax positions are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at each balance sheet date. Where the final tax outcome of these matters differs from the amount provided, it will be recorded in the period in which that final determination arises.

Employee Future Benefits

Management considers a number of factors in developing the pension and non-pension assumptions, including regulatory requirements, an evaluation of relevant discount rates, expected long-term returns on plan assets, plan asset allocations, mortality, expected changes in wages and retirement benefits, analysis of current market conditions, and input from actuaries and other consultants.

Costs of the program are based on actuarially determined amounts and are accrued over the period from the date of hire to the full eligibility date of employees who are expected to qualify for these benefits.

5. REVENUE

Disaggregated revenue by segment is as follows:

For the years ended December 31 (in thousand of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Corporate	Total
2020						
Contract of Affreightment	$ 273,147	$ 1,356	$ —	$ —	$ —	$ 274,503
Time Charter	11,886	112,917	—	—	—	124,803
Pool Revenue Share	—	—	134,109	—	—	134,109
Other	1,123	—	—	8,183	2,939	12,245
	$ 286,156	**$ 114,273**	**$ 134,109**	**$ 8,183**	**$ 2,939**	**$ 545,660**
2019						
Contract of Affreightment	$ 266,828	$ —	$ —	$ —	$ —	$ 266,828
Time Charter	13,951	141,909	—	—	—	155,860
Pool Revenue Share	—	—	131,425	—	—	131,425
Other	901	3	—	9,809	3,082	13,795
	$ 281,680	$ 141,912	$ 131,425	$ 9,809	$ 3,082	$ 567,908

The Company's contract assets and liabilities are as follows:

As at December 31 (in thousands of dollars)	**2020**	2019
Contract assets		
Unbilled revenue	**$ 12,471**	$ 8,525
Contract liabilities		
Deferred revenue	**$ 907**	$ 1,712

6. JOINT VENTURES

The Company has a 50% interest in Marbulk Canada Inc. ("Marbulk"), which owns and operates ocean-going vessels, a 50% interest in NovaAlgoma Cement Carriers Limited ("NACC"), which owns and operates pneumatic cement carriers to support infrastructure projects worldwide, a 50% interest in NovaAlgoma Short-Sea Holdings Ltd. ("NASH"), which owns and manages a fleet of short sea mini-bulkers operating in global markets, and a 50% interest in NovaAlgoma Bulk Holdings Ltd. ("NABH"), which owns and operates a small fleet of handy-size mini-bulkers. In the tables below, Marbulk results are presented in "Ocean Self-Unloaders" and all NovaAlgoma joint ventures are presented in "Global Short Sea Shipping".

Operating results of the Company's joint ventures are as follows:

For the years ended December 31 (in thousands of dollars)	**2020**		2019	
	Ocean Self-Unloaders	**Global Short Sea Shipping**	Ocean Self-Unloaders	Global Short Sea Shipping
Revenue	**$ 8,710**	**$ 247,881**	$ 9,975	$ 255,559
Operating expenses	**(4,589)**	**(197,094)**	(5,207)	(207,751)
General and administrative	**(891)**	**(7,795)**	(602)	(8,730)
Depreciation and amortization	**(3,126)**	**(29,310)**	(4,429)	(25,352)
Operating earnings	**104**	**13,682**	(263)	13,726
Impairment	**(19,492)**	**—**	(856)	—
Interest expense	**(275)**	**(6,873)**	(1,250)	(11,083)
Foreign exchange (loss) gain	**(135)**	**502**	(1,391)	(376)
Compensation for pool vessel retirement	**—**	**—**	2,989	—
Gain on sale of vessels	**—**	**629**	—	8,832
Other expenses	**(213)**	**—**	(799)	—
(Loss) earnings before undernoted	**(20,011)**	**7,940**	(1,570)	11,099
Net earnings of joint ventures	**—**	**1,827**	—	2,324
Net loss attributable to non-controlling interest	**—**	**1,677**	—	1,492
Income tax (expense) recovery	**(415)**	**(176)**	17	110
Net (loss) earnings	**$ (20,426)**	**$ 11,268**	$ (1,553)	$ 15,025
Company share of net (loss) earnings	**$ (10,213)**	**$ 5,634**	$ (777)	$ 7,513
Impairment of investment in joint ventures	**—**	**—**	—	(15,542)
Amortization of vessel purchase price allocation and intangibles	**—**	**(626)**	—	(717)
Company share of net (loss) earnings from investments in joint ventures	**$ (10,213)**	**$ 5,008**	$ (777)	$ (8,746)

The Company's total share of net (loss) earnings from the investments in joint ventures by reportable operating segment are as follows:

For the years ended December 31 (in thousands of dollars)	**2020**	2019
Ocean Self-Unloaders	**$ (10,213)**	$ (777)
Global Short Sea Shipping	**5,008**	(8,746)
	$ (5,205)	$ (9,523)

Impairments

Ocean Self-Unloaders

Earlier in 2020, a vessel owned by Marbulk was returned to the joint venture by its charterer. In light of the existing bulk shipping environment, this vessel has limited redeployment opportunities unless significant capital is spent to improve the vessel's operating flexibility and efficiency. During the third quarter, Marbulk management completed a review of the events and circumstances to determine if the carrying value of the vessel was greater than the recoverable amount.

As a result of the review, Marbulk management concluded the carrying value of the vessel was impaired and recognized an impairment loss of $19,492 in its net loss for the period. The impairment loss was calculated as the amount by which the carrying value of the vessel exceeded the net recoverable amount. The net recoverable amount was based on fair value, less costs of disposal, of the vessel. Level 2 inputs were used in determining the fair value.

Global Short Sea Shipping

The Company monitored the financial results of its investment in NASH over the course of 2019. Net earnings continued to be below expectations. The joint venture experienced challenges maintaining the cargo volumes it once had under its commercial management. During the fourth quarter of 2019, the Company completed a review of the events and circumstances to determine if the carrying amount of the investment was greater than the recoverable amount. The review took into account the sustained decline in cargo volumes for commercially managed vessels.

As a result of the review, the Company determined that the carrying value of its investment in NASH was impaired and recognized an impairment loss of $15,542 in net earnings from investments in joint ventures. The impairment loss was calculated as the amount by which the carrying value exceeded the net recoverable amount. The net recoverable value was based on fair value, less costs of disposal, of the underlying net assets of the investment. The Company used Level 2 inputs, including market valuations from leading independent and internationally recognized shipbrokers, in determining the fair value for the majority of the net assets.

The assets and liabilities of the joint ventures by segment are as follows:

As at December 31 (in thousands of dollars)	**2020**		2019	
	Ocean Self-Unloaders	**Global Short Sea Shipping**	Ocean Self-Unloaders	Global Short Sea Shipping
Cash	**$ 4,272**	**$ 11,404**	$ 4,670	$ 9,130
Other current assets	**776**	**52,550**	628	50,350
Income taxes recoverable	**48**	**128**	49	41
Property, plant, and equipment	**4,914**	**415,688**	27,177	430,180
Investment in joint ventures	**—**	**21,372**	—	19,600
Intangible assets	**—**	**31**	—	72
Other assets	**77**	**12,185**	—	12,367
Current liabilities	**(751)**	**(52,995)**	(1,543)	(59,283)
Current portion of long-term debt	**—**	**(29,843)**	—	(28,093)
Due to owners	**—**	**—**	(23,235)	—
Long-term debt	**—**	**(142,046)**	—	(157,522)
Other long-term liabilities	**—**	**(20,378)**	(244)	(11,903)
Deferred income taxes	**—**	**(310)**	—	(493)
Non-controlling interest	**—**	**934**	—	(672)
Net assets of jointly controlled operations	**$ 9,336**	**$ 268,720**	$ 7,502	$ 263,774
Company share of net assets	**$ 4,668**	**$ 134,360**	$ 3,751	$ 131,887
Goodwill and other purchase price adjustments	**—**	**6,761**	—	7,156
Company share of joint venture	**$ 4,668**	**$ 141,121**	$ 3,751	$ 139,043

In April 2020, the shareholder debt in Marbulk Canada Inc. was converted to share capital resulting in an increase to the joint venture's net assets.

The Company's net investment in the jointly controlled operations by segment are as follows:

As at December 31 (in thousands of dollars)	**2020**	2019
Ocean Self-Unloaders	**$ 4,668**	$ 3,751
Global Short Sea Shipping	**141,121**	139,043
	$ 145,789	$ 142,794

The Company's cash flows from joint ventures by segment are as follows:

For the years ended December 31 (in thousand of dollars)	**2020**		2019	
	Distributions received	**Investment in joint ventures**	Distributions received	Investment in joint ventures
Global Short Sea Shipping	**$ —**	**$ —**	$ 3,052	$ (8,985)

The Company has related party relationships with its joint ventures with respect to management services, technical management services, vessel operations, and a loan receivable. The Company also guarantees certain loans of the joint ventures. Amounts relating to transactions with joint ventures are as follows:

For the years ended December 31 (in thousands of dollars)	2020	2019
Revenue	**$ 1,860**	$ 2,013
Interest income	**226**	634

As at December 31 (in thousands of dollars)	2020	2019
Accounts receivable	**$ 11,456**	$ 5,515
Loan and interest receivable	**—**	11,618
Loans guaranteed by the Company	**25,162**	30,941

7. INTEREST EXPENSE

The components of interest expense are as follows:

For the years ended December 31 (in thousands of dollars)	2020	2019
Interest expense on borrowings	**$ (18,088)**	$ (18,838)
Amortization of financing costs	**(1,429)**	(1,099)
Interest on employee future benefits, net	**(916)**	(809)
Interest capitalized on vessels under construction	**695**	886
	$ (19,738)	$ (19,860)

8. FOREIGN CURRENCY GAIN (LOSS)

The components of net gain (loss) on foreign currency are as follows:

For the years ended December 31 (in thousands of dollars)	2020	2019
Gain on foreign denominated cash and debt	**$ 872**	$ 889
Unrealized loss on foreign exchange forward contracts	**(521)**	—
Foreign exchange loss on contract cancellation receivable	**—**	(1,775)
	$ 351	$ (886)

9. INCOME TAXES

The components of the income tax (expense) recovery are as follows:

For the years ended December 31 (in thousands of dollars)	2020	2019
Current tax expense	**$ (6,983)**	$ (5,452)
Deferred tax (expense) recovery	**(2,520)**	343
	$ (9,503)	$ (5,109)

A reconciliation comparing income taxes calculated at the Canadian statutory rate to the amount provided in the consolidated financial statements is as follows:

For the years ended December 31 (in thousands of dollars)	2020	2019
Combined federal and provincial statutory income tax rate	**26.5%**	26.5%
Net earnings before income tax and loss from investments in joint ventures	**$ 60,558**	$ 38,791
Expected income tax expense	**$ (16,048)**	$ (10,280)
(Increase) decrease in expense resulting from:		
Effect of items that are not taxable (deductible)	**557**	(418)
Foreign tax rates different from Canadian statutory rate	**5,478**	5,439
Non-recoverable withholding taxes	**(520)**	(448)
Deferred tax items recognized	**300**	—
Adjustments to prior period provision	**968**	557
Other	**(238)**	41
	$ (9,503)	$ (5,109)

Current and deferred income tax expense recognized in other comprehensive earnings is as follows:

For the years ended December 31 (in thousands of dollars)	**2020**	2019
Unrealized (losses) gains on hedging instruments	**$ (192)**	$ 195
Realized losses on hedging instruments	**(137)**	—
Actuarial (losses) gains on employee future benefits	**(7,193)**	275
	$ (7,522)	$ 470

An analysis of the net deferred income tax liability is as follows:

Liabilities (assets) as at December 31, 2020 (in thousands of dollars)	Opening balance	Reclassification	Recognized in equity	Recognized in earnings	Recognized in other comprehensive earnings	Closing balance
Property, plant, and equipment	$ 59,148	$ (744)	$ —	$ 5,462	$ —	$ 63,866
Employee future benefits	(5,350)	—	—	(88)	(7,193)	(12,631)
Foreign exchange differences	186	—	—	(46)	(329)	(189)
Losses for tax purposes	(5,886)	—	—	(3,342)	—	(9,228)
Convertible debentures	614	—	—	(123)	—	491
Tax allowances, provisions and other	(232)	744	35	658	—	1,205
	$ 48,480	**$ —**	**$ 35**	**$ 2,521**	**$ (7,522)**	**$ 43,514**

Liabilities (assets) as at December 31, 2019 (in thousands of dollars)	Opening balance	Recognized in equity	Recognized in earnings	Recognized in other comprehensive earnings	Closing balance
Property, plant, and equipment	$ 51,449	$ —	$ 7,699	$ —	$ 59,148
Employee future benefits	(5,594)	—	(31)	275	(5,350)
Foreign exchange differences	286	—	(295)	195	186
Losses for tax purposes	—	—	(5,886)	—	(5,886)
Convertible debentures	729	—	(115)	—	614
Tax allowances, provisions and other	1,560	(77)	(1,715)	—	(232)
	$ 48,430	$ (77)	$ (343)	$ 470	$ 48,480

10. LEASES

The Company reports its right-of-use asset and lease liability as part of other assets and liabilities on the consolidated balance sheet. The table below shows the continuity of the right-of-use assets and lease liabilities:

	Right-of-use assets		Lease liabilities	
(in thousands of dollars)	**2020**	2019	**2020**	2019
Opening balance	**$ 360**	$ 429	**$ 376**	$ 429
Additions	**265**	24	**265**	24
Depreciation	**(110)**	(76)	**—**	—
Interest accretion	**—**	—	**31**	24
Payments	**—**	—	**(144)**	(84)
Effect of foreign currency exchange differences	**(4)**	(17)	**(6)**	(17)
Closing balance	**$ 511**	$ 360	**$ 522**	$ 376

Depreciation expense for the right-of-use assets is recognized within depreciation and amortization expenses while interest expense for the lease liabilities is recognized within interest expense in the consolidated statement of earnings.

Shown below is a maturity analysis of the lease liabilities:

As at December 31 (in thousands of dollars)	**2020**	**2019**
Within 1 year	**$ 194**	$ 59
Between 1 and 5 years	**226**	170
Over 5 years	**102**	147
Total lease liabilities	**$ 522**	$ 376

Shown below is a table detailing the components of all cash payments relating to leases:

For the years ended December 31 (in thousands of dollars)	**2020**	2019
Payments - short term leases	**$ 5,647**	$ 32,928
Payments per IFRS 16	**144**	84
Non-lease components per IFRS 16	**71**	67
Total cash payments	**$ 5,862**	$ 33,079

11. ACCOUNTS RECEIVABLE

The components of accounts receivable are as follows:

As at December 31 (in thousands of dollars)	**2020**	2019
Due from customers	**$ 39,805**	$ 50,157
Contract assets (Note 5)	**12,471**	8,525
Government related	**5,662**	4,345
Other	**6,435**	4,585
	$ 64,373	$ 67,612

12. OTHER CURRENT ASSETS

The components of other current assets are as follows:

As at December 31 (in thousands of dollars)	**2020**	2019
Materials and supplies	**$ 8,880**	$ 10,583
Prepaid expenses	**6,267**	9,415
Loan interest receivable	**—**	634
Right-of-use assets (Note 10)	**—**	9
	$ 15,147	$ 20,641

13. PROPERTY, PLANT, AND EQUIPMENT

Details of property, plant, and equipment are as follows:

Cost (in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Corporate	Total
Balance at January 1, 2019	$ 634,248	$ 217,597	$ 260,707	$ 57,833	$ 17,716	$ 1,188,101
Additions	40,031	24,225	140,995	329	368	205,948
Disposals	(72,340)	—	—	—	—	(72,340)
Fully depreciated assets no longer in use and other	(4,377)	(533)	(3,786)	(1,950)	—	(10,646)
Transfer between segments	—	—	—	(361)	361	—
Effect of foreign currency exchange differences	—	—	(15,225)	—	(19)	(15,244)
Balance at December 31, 2019	$ 597,562	$ 241,289	$ 382,691	$ 55,851	$ 18,426	$ 1,295,819
Additions	55,858	1,684	14,646	672	2,286	75,146
Transfer from progress payments for shipbuilding contracts	1,268	—	—	—	—	1,268
Fully depreciated assets no longer in use	(1,072)	(33)	(10,021)	(238)	—	(11,364)
Disposals	(3,814)	—	—	(2,568)	(105)	(6,487)
Effect of foreign currency exchange differences and other adjustments	—	—	(7,565)	—	(1)	(7,566)
Balance at December 31, 2020	**$ 649,802**	**$ 242,940**	**$ 379,751**	**$ 53,717**	**$ 20,606**	**$ 1,346,816**

Accumulated depreciation (in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Corporate	Total
Balance at January 1, 2019	$ 219,231	$ 107,512	$ 85,883	$ 38,368	$ 10,856	$ 461,850
Depreciation expense	24,098	13,555	23,534	2,725	904	64,816
Disposals	(71,935)	—	—	—	—	(71,935)
Fully depreciated assets no longer in use	(4,377)	(533)	(3,786)	(1,950)	—	(10,646)
Effect of foreign currency exchange differences	—	—	(4,651)	—	(2)	(4,653)
Balance at December 31, 2019	$ 167,017	$ 120,534	$ 100,980	$ 39,143	$ 11,758	$ 439,432
Depreciation expense	27,080	14,573	26,374	2,685	912	71,624
Disposals	(3,734)	—	—	(2,428)	—	(6,162)
Fully depreciated assets no longer in use	(1,072)	(33)	(10,021)	(238)	—	(11,364)
Effect of foreign currency exchange differences and other adjustments	—	—	(2,704)	2	—	(2,702)
Balance at December 31, 2020	**$ 189,291**	**$ 135,074**	**$ 114,629**	**$ 39,164**	**$ 12,670**	**$ 490,828**

Net Book Value (in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Corporate	Total
December 31, 2020						
Cost	$ 649,802	$ 242,940	$ 379,751	$ 53,717	$ 20,606	$ 1,346,816
Accumulated depreciation	189,291	135,074	114,629	39,164	12,670	490,828
	$ 460,511	**$ 107,866**	**$ 265,122**	**$ 14,553**	**$ 7,936**	**$ 855,988**
December 31, 2019						
Cost	$ 597,562	$ 241,289	$ 382,691	$ 55,851	$ 18,426	$ 1,295,819
Accumulated depreciation	167,017	120,534	100,980	39,143	11,758	439,432
	$ 430,545	$ 120,755	$ 281,711	$ 16,708	$ 6,668	$ 856,387

Net book value at December 31, 2020 includes capitalized dry-docking costs of $43,455 (2019 - $42,919) and related accumulated depreciation of $21,008 (2019 - $20,761).

In 2019 the Company capitalized $700 of interest costs related to vessels under construction. The interest rate used for the capitalization of interest was based on the Company's effective rate on long-term debt of 5.98%. Interest on vessels currently under construction in 2020 is disclosed in Note 15 - Other Assets.

During the fourth quarter of 2020, the Company sold an industrial property located in Port Colborne. Gross proceeds from the sale are $1,800 and the transaction is scheduled to close in the second quarter of 2021.

14. GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets consist of the following:

(in thousands of dollars)	Goodwill	Intangible Assets	Total
Balance at January 1, 2019	$ 7,910	$ 7,743	$ 15,653
Additions	—	746	746
Amortization	—	(4,903)	(4,903)
Effect of foreign currency exchange differences	—	(302)	(302)
Balance at December 31, 2019	$ 7,910	$ 3,284	$ 11,194
Amortization	—	(3,396)	(3,396)
Effect of foreign currency exchange differences	—	112	112
Balance at December 31, 2020	**$ 7,910**	**$ —**	**$ 7,910**

Goodwill

As part of a business acquisition in 2011, the Company recognized goodwill of $7,910 within the Domestic Dry-Bulk segment on the allocation of the purchase price, determined as the excess over the fair values of the net tangible and identifiable intangible assets acquired.

Goodwill is tested annually for impairment. For the purpose of impairment testing, goodwill is tested for impairment using the value in use model at the operating segment level. The operating segment level is the lowest level within the entity at which the goodwill is monitored.

An impairment charge is recognized to the extent that the carrying value exceeds the recoverable amount. The recoverable amount of the group of CGUs to which the goodwill has been allocated exceeds its carrying amount, inclusive of goodwill, and accordingly no impairment loss has been recognised as at December 31, 2020 or 2019. No impairment losses have been recorded against the value of goodwill since its acquisition.

Intangible Assets

The Company owns vessels that participate in a self-unloader ocean-going Pool with unrelated parties. From April 2016 to May 2019, other Pool members withdrew certain vessels due to market overcapacity. These vessel owners were compensated for their loss of future earnings resulting from the withdrawal of the vessels. The Company's interest in the Pool increased as a result and its value, which initially was equal to the Company's share of the compensation payable to the other owners, has been recorded as an intangible asset and is being amortized over two to four years.

The intangible assets were assessed for annual impairment as at December 31, 2019, and no impairment was determined to exist.

15. OTHER ASSETS

Other assets consist of the following:

As at December 31 (in thousands of dollars)	2020	2019
Loan receivable from joint venture, interest at 4.98%	**$ —**	$ 10,984
Progress payments for shipbuilding contracts	**24,114**	6,618
Right-of-use assets (Note 10)	**511**	351
Other	**8**	10
	$ 24,633	$ 17,963

The Company capitalized $695 (2019 - $186) of interest costs related to vessels under construction. The interest rate used for the capitalization of interest is based on the Company's effective rate on long-term debt of 5.32% (2019 - 5.98%).

16. ACCOUNTS PAYABLE AND ACCRUED CHARGES

The components of accounts payable and accrued charges are as follows:

As at December 31 (in thousands of dollars)	2020	2019
Due to suppliers and accrued charges	**$ 70,916**	$ 60,674
Contract liabilities (Note 5)	**907**	1,712
Commodity taxes payable	**798**	1,055
	$ 72,621	$ 63,441

17. OTHER CURRENT LIABILITIES

The components of other current liabilities are as follows:

As at December 31 (in thousands of dollars)	2020	2019
Accrued interest on long-term debt	**$ 666**	$ 4,488
Dividends payable	**101,735**	1,459
Lease obligations (Note 10)	**194**	59
Derivative liability	**1,296**	—
Compensation payable to Pool members	**—**	3,347
	$ 103,891	$ 9,353

18. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consist of the following:

As at December 31 (in thousands of dollars)	2020	2019
Deferred compensation	**$ 1,173**	$ 1,681
Lease obligations (Note 10)	**328**	317
	$ 1,501	$ 1,998

19. EMPLOYEE FUTURE BENEFITS

Plan Descriptions

The Company maintains two funded and one unfunded defined benefit pension plans and two defined contribution pension plans, which together cover all of its non-union employees and certain unionized employees. The majority of shipboard employees belong to pension plans not maintained by the Company, but to which the Company contributes under the terms of its collective agreements covering the affected employees.

The defined benefit plans provide retirement income based on length of service and final average earnings or an amount per month for each year of credited service. The Company also provides other unfunded post-retirement benefits including life insurance and health care to certain employees.

The plans typically expose the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk. The Company is not aware of any specific concentrations of risk to which it is exposed.

The Company measures its accrued benefit obligations and the fair value of the plan assets for accounting purposes at December 31 of each year.

The most recent actuarial valuations of the obligations for the two defined benefit plans for funding purposes were as of January 1, 2020. The next required valuations for the defined benefit plans will be as of January 1, 2023 for The Union Employee Pension Plan for Algoma Ship Repair and January 1, 2021 for the Employee Pension Plan of Algoma Central Corporation.

The significant actuarial assumptions adopted in measuring the Company's accrued benefit assets and obligations for pension plans and other benefit plans are as follows:

	2020	2019
Discount rate used for estimating accrued benefit obligation	**2.5%**	3.3%
Discount rate used for estimating net interest cost included in net benefit cost incurred	**3.3%**	4.0%
Rate of compensation increases	**3.0% to 2020, 2.5% thereafter**	3.0% to 2020, 2.5% thereafter
Mortality assumption	**CPM 2014 Private, Scale CPM-B**	CPM 2014 Private, Scale CPM-B

The discount rate assumption is selected with reference to market interest rates on high-quality corporate debt instruments with cash flows that match the timing and amount of expected benefit payments. The COVID-19 pandemic has caused instability in global market conditions. This led to a decline in the discount rate applied to the defined benefit obligations, which resulted in the elimination of the surplus position of the defined benefit plans and an increase in employee future benefit liabilities.

Defined benefit obligations have been determined in accordance with IAS19 standards, including the determination of discount rates. The Canadian Institute of Actuaries provides guidance to actuaries, which includes a yield curve based on the duration of liabilities. The December 31, 2020 guidance provided by the Canadian Institute of Actuaries incorporated adjustments to their yield curve to account for the impact of COVID-19.

The Company's growth rate of health care costs was estimated at 5.2% (2019 – 5.3%), with the rate trending to 4.5% per annum to 2033. Increasing or decreasing the assumed health care rate cost trend rates by one percentage point would change the accrued benefit obligation by $316 and ($691) respectively.

The accumulated actuarial losses, net of income tax, recognized in other comprehensive earnings are as follows:

As at December 31 (in thousands of dollars)	**2020**	2019
Opening balance	**$ (16,593)**	$ (17,137)
(Losses) gains recognized during year, net of income tax	**(19,950)**	763
Other	**—**	(219)
	$ (36,543)	$ (16,593)

The components of the actuarial gains (losses) recognized in other comprehensive loss during the year are as follows:

For the years ended December 31 (in thousands of dollars)	**2020**	2019
(Loss) return on plan assets	**$ (10,052)**	$ 9,851
Actuarial losses arising from changes in financial assumptions	**(17,991)**	(13,724)
Actuarial (losses) gains arising from experience adjustments	**(101)**	36
Actuarial losses arising from administration expenses	**(30)**	—
Adjustments for restrictions on the defined benefit asset	**1,031**	4,875
	(27,143)	1,038
Income tax recovery (expense)	**7,193**	(275)
	$ (19,950)	$ 763

Information, in aggregate, regarding the Company's benefit plans for the years 2020 and 2019 is presented below.

As at December 31, 2020 (in thousands of dollars)	Pension Plans	Other Benefit Plans	Total
Effect of asset ceiling at beginning of year	$ 998	$ —	$ 998
Interest on the effect of the asset ceiling	33	—	33
Other changes in effect of asset ceiling	(1,031)	—	(1,031)
Effect of asset ceiling at end of year	**$ —**	**$ —**	**$ —**

As at December 31, 2019 (in thousands of dollars)	Pension Plans	Other Benefit Plans	Total
Effect of asset ceiling at beginning of year	$ 5,647	$ —	$ 5,647
Interest on the effect of the asset ceiling	226	—	226
Other changes in effect of asset ceiling	(4,875)	—	(4,875)
Effect of asset ceiling at end of year	$ 998	$ —	$ 998

Information, in aggregate, regarding the Company's reconciliation of net liability arising from employee future benefits for the years 2020 and 2019 is presented below.

As at December 31, 2020 (in thousands of dollars)	Pension Plans	Other Benefit Plans	Total
Present value of benefit obligation	$ 183,068	$ 13,390	$ 196,458
Less: fair value of plan assets	(148,793)	—	(148,793)
Other	23	(35)	(12)
Net liability	**$ 34,298**	**$ 13,355**	**$ 47,653**

As at December 31, 2019 (in thousands of dollars)	Pension Plans	Other Benefit Plans	Total
Present value of benefit obligation	$ 167,337	$ 12,228	$ 179,565
Effect of asset ceiling	998	—	998
Less: fair value of plan assets	(160,320)	—	(160,320)
Other	(1)	4	3
Net liability	$ 8,014	$ 12,232	$ 20,246

The presentation on the consolidated financial statements of the net liability is as follows:

As at December 31 (in thousands of dollars)	**2020**	2019
Employee future benefit liabilities	**$ 47,653**	$ 24,856
Employee future benefit assets	**—**	(4,610)
Net liability	**$ 47,653**	$ 20,246

The movements in the present value of the fair value of the plan assets and defined benefit obligations is as follows:

As at December 31, 2020 (in thousands of dollars)

Employee Future Benefit Assets	Pension Plans	Other Benefit Plans	Total
Fair value, beginning of year	$ 160,320	$ —	$ 160,320
Expected return on plan assets	5,181	—	5,181
Return on plan assets in excess of expected return	(10,052)	—	(10,052)
Benefits paid	(9,177)	(669)	(9,846)
Administrative expenses	(330)	—	(330)
Employer contributions to plans	2,364	512	2,876
Employee contributions to plans	487	—	487
Retiree contributions to plans	—	157	157
Fair value, end of year	**$ 148,793**	**$ —**	**$ 148,793**

Employee Future Benefit Obligations			
Obligations, beginning of year	$ 167,337	$ 12,076	$ 179,413
Employer current service cost	2,150	145	2,295
Employee current service cost	487	—	487
Interest cost	5,369	394	5,763
Benefits paid	(9,177)	(669)	(9,846)
Actuarial losses	16,901	1,135	18,036
Other	1	309	310
Obligations, end of year	**$ 183,068**	**$ 13,390**	**$ 196,458**

As at December 31, 2019 (in thousands of dollars)

Employee Future Benefit Assets	Pension Plans	Other Benefit Plans	Total
Fair value, beginning of year	$ 151,386	$ —	$ 151,386
Expected return on plan assets	5,919	—	5,919
Loss on plan assets in below expected return	9,851	—	9,851
Benefits paid	(9,746)	(706)	(10,452)
Employer contributions to plans	2,377	553	2,930
Employee contributions to plans	533	—	533
Other	—	153	153
Fair value, end of year	$ 160,320	$ —	$ 160,320

Employee Future Benefit Obligations			
Obligations, beginning of year	$ 155,477	$ 11,370	$ 166,847
Employer current service cost	2,009	125	2,134
Employee current service cost	533	—	533
Interest cost	6,042	443	6,485
Benefits paid	(9,746)	(706)	(10,452)
Actuarial losses	12,844	844	13,688
Other	178	—	178
Obligations, end of year	$ 167,337	$ 12,076	$ 179,413

The surplus position of the defined benefit pension plans consists of the following:

As at December 31 (in thousands of dollars)	**2020**	2019
The Employee Pension Plan of Algoma Central Corporation	**$ —**	$ 4,428
The Union Employee Pension Plan of Algoma Ship Repair	**—**	182
	$ —	$ 4,610

The deficit of the employee future benefit plans consists of the following:

As at December 31 (in thousands of dollars)	**2020**	2019
The Employee Pension Plan of Algoma Central Corporation	**$ 19,889**	$ —
The Union Employee Pension Plan of Algoma Ship Repair	**1,135**	—
Supplementary Employee Retirement Plan	**13,274**	12,624
Other benefit plans	**13,355**	12,232
	$ 47,653	$ 24,856

The Company's net expense for the employee future benefit plans is as follows:

For the year ended December 31, 2020 (in thousands of dollars)	Pension Plans	Other Benefit Plans	Total
Current service cost	$ 2,150	$ 145	$ 2,295
Interest cost on plan obligations	5,369	394	5,763
Interest on effect of asset ceiling	33	—	33
Expected return on plan assets	(5,181)	—	(5,181)
Administrative expenses	300	—	300
Net benefit expense	**$ 2,671**	**$ 539**	**$ 3,210**

For the year ended December 31, 2019 (in thousands of dollars)	Pension Plans	Other Benefit Plans	Total
Current service cost	$ 2,009	$ 125	$ 2,134
Interest cost on plan obligations	6,042	443	6,485
Past service costs that have vested	226	—	226
Expected return on plan assets	(5,919)	—	(5,919)
Net benefit expense	$ 2,358	$ 568	$ 2,926

The fair value of plan assets by major investment type is as follows:

As at December 31 (in thousands of dollars)	2020	2019
Short term notes	$ 1,260	$ 9,948
Canadian Government bonds	29,173	31,319
Canadian corporate bonds	10,599	3,291
Canadian equities	41,175	53,589
Foreign equities	72,523	68,296
Annuities	3,851	4,010
	158,581	170,453
Amount related to defined contribution plans	(9,788)	(10,133)
	$ 148,793	$ 160,320

Plan assets do not include any common shares of the Company.

The expected rate of return on assets is equal to the discount rate used for estimating the accrued benefit obligation at the prior year-end, which is required under IAS 19.

The actual gross return on invested plan assets for 2020 was (2.9%) or ($4,794) (2019 - 11.4% or $17,393).

The Company expects to make contributions of $1,441 (2019 - $1,469) to the funded defined benefit pension plans during the next fiscal year.

The expense recognized in the consolidated statements of earnings for defined contribution plans is $1,874 (2019 - $1,629).

Sensitivity analysis

Significant actuarial assumptions used in the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below is determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by $22,388 (increase by $27,459).
- If the expected salary growth increases (decreases) by 1%, the defined benefit obligation would increase by $2,015 (decrease by $1,878).
- If the life expectancy increases (decreases) by one year for both men and women, the defined benefit obligation would increase by $4,990 (decrease by $5,009).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the consolidated balance sheets.

The average duration of the benefit obligation at December 31, 2020 is 11.7 years (2019 - 11.0 years). This number can be analysed as follows:

- active members: 16.1 years (2019 - 15.1 years);
- deferred members: 15.8 years (2019 - 15.2 years); and
- retired members: 9.4 years (2019 - 9.1 years).

20. LONG-TERM DEBT

As at December 31 (in thousands of dollars)	2020	2019
Convertible unsecured subordinated debentures, due June 30, 2024, interest at 5.25%	$ 80,646	$ 80,184
Senior Secured Notes		
U.S. $20,000, interest at 3.37%, due December 10, 2027	25,464	—
U.S. $42,000, interest at 3.60%, due December 10, 2030	53,474	—
U.S. $35,000, interest at 3.70%, due December 10, 2032	44,562	—
U.S. $50,000, interest at 3.80%, due December 10, 2035	63,660	—
U.S. $75,000, interest at 5.11%, due July 19, 2021	—	97,410
Canadian $128,000, interest at 4.01%, due December 10, 2035	128,000	—
Canadian $75,000, interest at 5.52%, due July 19, 2021	—	75,000
Bank Facility, due June 21, 2021		
Prime rate loan, interest at 4.95%, payable on demand	—	15,000
LIBOR, U.S. $50,000, interest at 3.91%, due within 1 year	—	64,940
Mortgage payable, due March 8, 2023, interest at 4.73%	5,490	5,625
	401,296	338,159
Less: unamortized financing expenses	10,663	3,306
	390,633	334,853
Less: current portion of long-term debt	143	80,076
	$ 390,490	$ 254,777

Debt Refinancing

On December 10, 2020 the Company completed a refinancing of its senior secured notes and bank facility, which were due to mature in 2021. Proceeds from the new issue were used to repay the maturing notes and revolving bank facility. The new revolving bank credit agreement matures on December 10, 2023 and no amounts were withdrawn as at December 31, 2020.

The Company is subject to certain covenants including ones with respect to maintaining defined financial ratios and other conditions under the terms of the Bank Facility and the Senior Secured Notes.

As at December 31, 2020 and December 31, 2019 the Company was in compliance with all of its covenants.

The unamortized financing expenses relate to costs incurred to establish the credit facilities and to issue the debentures and senior notes. They are being amortized over the remaining terms on a straight line basis.

Principal payments required to service the debt are as follows:

As at December 31 (in thousands of dollars)	2020	2019
Falling due within one year	$ 143	$ 80,076
Falling due between one and two years	150	172,553
Falling due between two and three years	5,197	150
Falling due between three and four years	80,646	5,196
Falling due in four years or later	315,160	80,184
	$ 401,296	$ 338,159

21. SHARE CAPITAL

Share capital

Authorized share capital consists of an unlimited number of common and preferred shares with no par value.

The Company had 37,800,943 common shares outstanding as at December 31, 2020 (December 31, 2019 - 37,824,543).

At December 31, 2020 and December 31, 2019 there were no preferred shares issued and outstanding.

The Company's Board of Directors have authorized payment of a quarterly dividend to shareholders of $0.17 per common share. The dividend will be paid on March 1, 2021 to shareholders of record on February 15, 2021.

In addition to the quarterly dividend, the Company's Board of Directors authorized payment of a special dividend of $2.65 per common share. The dividend is payable on January 12, 2021 to shareholders of record on December 28, 2020.

The basic and diluted net earnings (loss) per share are computed as follows:

For the years ended December 31 (in thousands of dollars)	**2020**	2019
Net earnings	**$ 45,850**	$ 24,159
Interest expense on debentures, net of tax	**3,977**	3,957
Net earnings for diluted earnings per share	**$ 49,827**	$ 28,116
Basic weighted average common shares	**37,802,685**	38,212,003
Shares due to dilutive effect of debentures	**4,202,512**	4,031,546
Diluted weighted average common shares	**42,005,197**	42,243,549
Basic earnings per common share	**$ 1.21**	$ 0.63
Diluted earnings per common share	**$ 1.19**	$ 0.63

Convertible Debentures

In 2019, the Company's Board of Directors authorized the payment of a special dividend in the amount of $0.75 per common share, which was paid on June 3, 2019. The payment of this special dividend triggered an adjustment of $1.15 to the conversion price of the unsecured debentures, reducing the conversion price per share from $21.15 to $20.00. The lower conversion price resulted in an increase in the quantity of issuable shares under conversion from 3,900,709 to 4,125,000.

Similarly, a special dividend in the amount of $2.65 per common share was authorized in 2020, which triggered a further adjustment to the conversion price and the quantity of issuable shares. The conversion price of the unsecured debentures was reduced from $20.00 to $16.32 per share and the quantity of issuable shares increased from 4,125,000 to 5,055,147.

Normal Course Issuer Bid

On March 19, 2020, the Company renewed its normal course issuer bid ("NCIB") to purchase up to 1,890,457 of its common shares, representing approximately 5% of the common shares issued and outstanding as of the close of business on March 4, 2020.

Under the NCIB, the Company may purchase up to 1,726 common shares per day, representing 25% of the average daily trading volume for the previous six months. The Company may buy back common shares anytime during the twelve-month period beginning on March 19, 2020 and ending on March 18, 2021. The stated capital of the common shares of $0.21 per share on the balance sheet equals the approximate paid-up capital amount of the common shares for purposes of the Income Tax Act. The purchase results in a reduction to share capital and a reduction to contributed surplus for the balance of the purchase price and expenses. Both items have been identified separately on the Consolidated Statement of Changes in Equity.

Total Common Shares purchased for the year end December 31, 2020 under the current NCIB were 1,200 for an aggregate purchase price of $10. The Company's previous NCIB, which began on March 19, 2019 and concluded on March 18, 2020, resulted in the repurchase and cancellation of 612,572 common shares.

The Company intends to renew its normal course issuer bid upon receipt of the required approvals from regulatory authorities.

22. ACCUMULATED OTHER COMPREHENSIVE LOSS

	Hedges			
(in thousands of dollars)	Net investment	Purchase Commitment	Foreign exchange translation	Total
Balance at January 1, 2019	$ (26,717)	$ —	$ 15,872	$ (10,845)
Gain (loss)	5,232	—	(20,142)	(14,910)
Income tax expense	(195)	—	—	(195)
Net gain (loss)	5,037	—	(20,142)	(15,105)
Balance at December 31, 2019	$ (21,680)	$ —	$ (4,270)	$ (25,950)
Gain (loss)	1,904	(812)	(8,092)	(7,000)
Reclassified to earnings	—	(1,300)	—	(1,300)
Reclassified to property, plant, and equipment	—	1,134	—	1,134
Income tax recovery	329	—	—	329
Net gain (loss)	2,233	(978)	(8,092)	(6,837)
Balance at December 31, 2020	**$ (19,447)**	**$ (978)**	**$ (12,362)**	**$ (32,787)**

23. SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION

The other items not affecting cash are as follows:

For the years ended December 31 (in thousands of dollars)	Notes	2020	2019
Interest expense	7	**$ 19,738**	$ 19,860
Interest income		**(238)**	(1,167)
Foreign currency (gain) loss	8	**(351)**	886
Income tax expense	9	**9,503**	5,109
Other		**2,269**	2,070
		$ 30,921	$ 26,758

The change in non-cash operating working capital is as follows:

For the years ended December 31 (in thousands of dollars)	2020	2019
Accounts receivable	**$ 2,771**	$ 5,102
Materials and supplies	**1,400**	(2,396)
Prepaid expenses	**2,774**	(5,014)
Accounts payable and accrued charges	**6,893**	11,030
Derivatives, net	**—**	1,571
Other working capital	**309**	(432)
	$ 14,147	$ 9,861

The change in additions to property, plant and equipment is as follows:

For the years ended December 31 (in thousands of dollars)	Notes	2020	2019
Additions to property, plant, and equipment	13	**$ (75,146)**	$ (205,948)
Capitalized interest		**—**	700
Amounts included in working capital		**(49)**	(3,898)
		$ (75,195)	$ (209,146)

24. CAPITAL DISCLOSURE

The Company’s objectives for managing capital are as follows:

- Provide sustained growth of shareholder value by earning long-term returns on equity of 9.5%.
- Maintain a strong capital base to gain investor, creditor and market confidence and to sustain future growth. In this regard, the Company will target to maintain a long-term debt to equity ratio of no greater than one-to-one. The Company views a one-to-one ratio as a maximum rate due to the capital intensive nature of the business.
- Pay regular quarterly dividends to shareholders.

The Company’s Board of Directors reviews the ROE target on an annual basis and it reviews the level of dividends to be paid to the Company’s shareholders on a quarterly basis.

Included in ROE are net earnings and average shareholders' equity. The returns on equity over the last five years of the Company ranged from 3.5% to 9.0%.

The Company is not subject to any capital requirements imposed by a regulator.

The long-term debt to shareholders’ equity ratio is as follows:

As at December 31 (in thousands of dollars)	2020	2019
Total long-term debt	**$ 401,296**	$ 338,159
Shareholders' equity	**$ 560,616**	$ 660,421
Debt to shareholders' equity ratio	**0.72 to 1**	0.51 to 1

25. COMMITMENTS

The Company has commitments to construct one gearless bulk carrier and, through its interest in a joint venture, an additional four bulk carriers. Remaining payments for the gearless bulk carrier are $20,900 ($16,415 USD) in 2021. The Company's share of payments for the other bulk carriers are $7,944 ($6,239 USD) in 2021 and $9,963 ($7,825 USD) in 2022.

26. CONTINGENCIES

The Company, in the normal course of business, may be involved in legal proceedings and tax audits. In management's opinion, the liabilities, if any, that may ultimately result from such legal actions and tax audits are not expected to have a material effect on the Company's consolidated financial position, results of operations or liquidity.

27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

The Company's financial instruments that are included in the consolidated balance sheet comprise cash, accounts receivable and other receivables, accounts payable and accrued charges, derivative liabilities, dividends payable and long-term debt.

Financial instruments that are measured at fair value are classified into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 and that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers into or out of Level 1, 2 or 3 during the periods.

Fair Value

The carrying value of the Company's financial assets are equal to their fair values. The carrying value of the Company's financial liabilities approximate their fair values with the exception of long-term debt. The fair value hierarchy for the Company's financial liability not measured at fair value is as follows:

As at December 31 (in thousands of dollars)	2020	2019
Long-term debt		
Carrying value	**$ 401,296**	$ 338,159
Fair value, classified as Level 2	**$ 406,522**	$ 346,985

The derivative liabilities were classified as Level 2.

The difference in the fair value of long-term debt compared to the carrying value is due to the difference in the rates on the debt compared to current market rates for similar instruments with similar terms. The fair value of the convertible debentures included in long-term debt is based on market rates.

Financial risk management objectives

The Company monitors and manages the financial risks relating to the operations by analyzing exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company may take steps to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is approved by the Company's board of directors, which provides guidance on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Company may also utilize foreign exchange forward contracts and hedges related to purchase commitments to manage its foreign exchange risk associated with payments required under shipbuilding contracts with foreign shipbuilders for vessels that will join the Canadian flag domestic dry-bulk fleet.

Hedging relationships are documented and designated at inception and their continuing effectiveness is assessed at least quarterly.

Risk Management and Financial Instruments

The Company is exposed to various risks arising from financial instruments. The following analysis provides a measurement of those risks.

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Company is exposed to credit risk from customers. The maximum exposure to credit risk is represented by the carrying value of the financial assets on the consolidated balance sheet.

The Company believes that the credit risk for accounts receivable is limited since the majority of accounts receivable at December 31, 2020 and 2019 have been outstanding for 60 days or less and the Company's customer base is diversified across industries. Most customers are well-established in their field and have ties to multinational operations.

A provision for bad debts is established when it is determined the amount to be collected is lower than the carrying value. The allowance for doubtful accounts at December 31, 2020 and December 31, 2019 was not significant. The percentage of accounts receivable greater than 60 days past due was 23% and 13%, for December 31, 2020 and 2019, respectively.

Liquidity Risk

The cash on hand, expected cash from operations and existing credit facilities are expected to be sufficient to allow the Company to meet its planned operating and capital requirements and other contractual obligations.

The Company maintains credit facilities, which are reviewed regularly to ensure it has sufficient capital available to meet current and anticipated needs. The total authorized credit facility at December 31, 2020 was Canadian $75,000 and USD $75,000 (2019 - Canadian $100,000 and USD $100,000) in a revolving facility. At December 31, 2020, the Company had Canadian $75,000 (2019 - $85,000) and USD $75,000 (2019 - $50,000) available in the existing credit facility.

Substantially all of the Company's wholly owned marine assets were pledged as collateral for the senior secured credit facilities. The carrying value as of December 31, 2020 of the assets pledged was approximately $771,232. The Company's real estate assets and vessels that are not wholly owned are not directly encumbered under these agreements.

The contractual maturities of non-derivative financial liabilities are as follows:

(in thousands of dollars)	2021	2022	2023	2024	2025 and Beyond	Total
Long-term debt including equity component	$ 143	$ 150	$ 5,197	$ 80,646	$ 315,160	$ 401,296
Capital asset commitments	28,844	9,963	—	—	—	38,807
Interest payments on long-term debt	16,572	16,565	16,375	14,150	110,386	174,048
	$ 45,559	$ 26,678	$ 21,572	$ 94,796	$ 425,546	$ 614,151

Market risk

(a) Fuel prices

The Company has provisions in the vast majority of its contracts with customers that provide adjustment mechanisms for changes in fuel prices. Accordingly, there is not a significant exposure to the volatility of fuel prices.

(b) Interest rate risk

The Company is exposed to interest rate risk because the Company can borrow funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings.

Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite. At December 31, 2020 and 2019, the Company did not have any significant cash flow exposure to interest rate movements for its outstanding debt, since the majority of its borrowings have interest rates that have been fixed (Note 20).

(c) Interest rate sensitivity analysis

At December 31, 2020 and 2019 respectively, the majority of the Company borrowings have interest rates that are fixed, therefore there is minimal exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period.

(d) Foreign currency exchange risk

The Company operates internationally and is exposed to risk from changes in foreign currency rates. The foreign currency exchange risk to the Company results primarily from changes in exchange rates between the Company's reporting currencies, the Canadian dollar and the U.S. dollar.

At December 31, 2020 and December 31, 2019, approximately 40% and 41% respectively of the Company's total assets were denominated in U.S. dollars, including U.S. cash of $46,373 and $9,564 at December 31, 2020 and December 31, 2019, respectively.

The Company's exposure to foreign currency fluctuations is related to its unhedged cash balances and unhedged net investment in foreign subsidiaries. The Company has hedged part of its investment in the subsidiaries and joint ventures against its foreign denominated long-term debt. At December 31, 2020 and 2019, the net investment in U.S. dollar foreign subsidiaries and joint ventures was $330,601 and $358,080 U.S. dollars, respectively. The amount used as a hedge at December 31, 2020 and 2019 was $147,000 and $125,000 U.S. dollars respectively.

The Company has significant commitments due for payment in U.S. dollars. For payments due in U.S. dollars, the Company mitigates the risk principally through U.S. dollar cash inflows and foreign-denominated debt. The Company also utilizes foreign exchange forward contracts as a hedge on purchase commitments to manage its foreign exchange risk associated with payments required under shipbuilding contracts with foreign shipbuilders for vessels that will join our Canadian flag domestic dry-bulk fleet.

At December 31, 2020 the Company had U.S. dollar denominated foreign exchange forward contracts outstanding with a notional principal of $17,500 USD and fair value loss of $1,296. As of December 31, 2019 the Company did not have any foreign exchange forward contracts outstanding.

(e) Foreign Currency Sensitivity Analysis (after income tax)

Based on the Company's estimates, a ten-cent weakening in the Canadian dollar relative to the U.S. dollar would increase net earnings in the current year by $1,101.

Based on the balances at December 31, 2020 and 2019:

- A ten-cent weakening in the Canadian dollar relative to the U.S. dollar would increase other comprehensive earnings by $33,060 and $36,629, respectively.
- A ten-cent weakening in the Canadian dollar relative to the U.S. dollar would increase total assets by $38,085 and $36,139, respectively.
- A ten-cent weakening in the Canadian dollar relative to the U.S. dollar would increase total liabilities by $15,805 and $12,500, respectively.

For a ten-cent strengthening in the Canadian dollar relative to the U.S. dollar, there would be an equal but opposite impact to the amounts stated above.

28. SEGMENT DISCLOSURES

The Company operates through six segments; Domestic Dry-Bulk, Product Tankers, Ocean Self-Unloaders, Global Short Sea Shipping, Investment Properties and Corporate. The segment operating results include fully consolidated subsidiaries and interests in jointly controlled entities. Segment disclosures are based on how the Chief Executive Officer views operating results and how decisions are made about resources to be allocated to operating segments.

The following presents the Company's results by reportable segment.

	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Corporate	Global Short Sea Shipping	Total
For the year ended December 31, 2020 (in thousands of dollars)							
Revenue	$ 286,156	$ 114,273	$ 134,109	$ 8,183	$ 2,939	$ —	$ 545,660
Operating expenses	(200,788)	(73,198)	(84,615)	(7,113)	(979)	—	(366,693)
Selling, general and administrative	(11,522)	(4,951)	(910)	—	(12,344)	—	(29,727)
Depreciation and amortization	(27,094)	(14,574)	(29,793)	(2,684)	(1,009)	—	(75,154)
Operating earnings (loss)	46,752	21,550	18,791	(1,614)	(11,393)	—	74,086
Interest, net	—	—	—	—	(19,500)	—	(19,500)
Gain on sale of investment property	—	—	—	5,621	—	—	5,621
Foreign currency gain	—	—	—	—	351	—	351
	46,752	21,550	18,791	4,007	(30,542)	—	60,558
Income tax (expense) recovery	(12,244)	(5,814)	—	(513)	9,068	—	(9,503)
Net (loss) earnings from investments in joint ventures	—	—	(10,213)	—	—	5,008	(5,205)
Net earnings (loss)	$ 34,508	$ 15,736	$ 8,578	$ 3,494	$ (21,474)	$ 5,008	$ 45,850
For the year ended December 31, 2019 (in thousands of dollars)							
Revenue	$ 281,680	$ 141,912	$ 131,425	$ 9,809	$ 3,082	$ —	$ 567,908
Operating expenses	(212,844)	(104,439)	(82,959)	(6,956)	(1,042)	—	(408,240)
Selling, general and administrative	(11,289)	(4,019)	(1,136)	—	(14,839)	—	(31,283)
Depreciation and amortization	(24,112)	(13,555)	(28,657)	(2,725)	(966)	—	(70,015)
Operating earnings (loss)	33,435	19,899	18,673	128	(13,765)	—	58,370
Interest, net	—	—	—	—	(18,693)	—	(18,693)
Foreign currency loss	—	—	—	—	(886)	—	(886)
	33,435	19,899	18,673	128	(33,344)	—	38,791
Income tax (expense) recovery	(9,238)	(5,273)	—	72	9,330	—	(5,109)
Net loss from investments in joint ventures	—	—	(777)	—	—	(8,746)	(9,523)
Net earnings (loss)	$ 24,197	$ 14,626	$ 17,896	$ 200	$ (24,014)	$ (8,746)	$ 24,159
As at December 31, 2020 (in thousands of dollars)							
Assets							
Current assets	$ 39,990	$ 7,312	$ 22,792	$ 4,682	$ 114,000	$ —	$ 188,776
Property, plant, and equipment	460,511	107,866	265,122	14,553	7,936	—	855,988
Investments in joint ventures	—	—	4,668	—	—	141,121	145,789
Goodwill and intangible assets	7,910	—	—	—	—	—	7,910
Other assets	24,114	—	8	—	511	—	24,633
	$ 532,525	$ 115,178	$ 292,590	$ 19,235	$ 122,447	$ 141,121	$ 1,223,096
Liabilities							
Current liabilities	$ 44,217	$ 10,612	$ 12,903	$ 362	$ 111,086	$ —	$ 179,180
Current portion of long-term debt	—	—	—	—	143	—	143
Long-term liabilities	3,436	15,348	61	—	73,822	—	92,667
Long-term debt	—	—	—	—	390,490	—	390,490
	47,653	25,960	12,964	362	575,541	—	662,480
Shareholders' Equity	484,872	89,218	279,626	18,873	(453,094)	141,121	560,616
	$ 532,525	$ 115,178	$ 292,590	$ 19,235	$ 122,447	$ 141,121	$ 1,223,096

		Domestic Dry-Bulk		Product Tankers		Ocean Self-Unloaders		Investment Properties		Corporate		Global Short Sea Shipping		Total
As at December 31, 2019 (in thousands of dollars)														
Assets														
Current assets	$	58,989	$	4,916	$	23,965	$	1,513	$	25,046	$	—	$	114,429
Property, plant, and equipment		430,545		120,755		281,711		16,708		6,668		—		856,387
Investments in joint ventures		—		—		3,751		—		—		139,043		142,794
Goodwill and intangible assets		7,910		—		3,284		—		—		—		11,194
Other assets		6,815		—		9		—		15,749		—		22,573
	$	504,259	$	125,671	$	312,720	$	18,221	$	47,463	$	139,043	$	1,147,377
Liabilities														
Current liabilities	$	36,343	$	13,612	$	15,520	$	424	$	10,870	$	—	$	76,769
Current portion of long-term debt		—		—		—		—		80,076		—		80,076
Long-term liabilities		3,036		15,987		70		—		56,241		—		75,334
Long-term debt		—		—		—		—		254,777		—		254,777
		39,379		29,599		15,590		424		401,964		—		486,956
Shareholders' Equity		464,880		96,072		297,130		17,797		(354,501)		139,043		660,421
	$	504,259	$	125,671	$	312,720	$	18,221	$	47,463	$	139,043	$	1,147,377

The Company has interests in entities which carry on most of their operations in foreign jurisdictions.

The Company's proportionate share of the property, plant, and equipment and revenues from foreign operations is as follows:

As at December 31 (in thousands of dollars)		**2020**		2019
Property, plant, and equipment	**$**	**265,122**	$	281,711
Revenues	**$**	**134,109**	$	131,425

Revenue earned outside of Canada, primarily in the United States, relate to vessel operations and are based on the location at which a shipment is unloaded. For the years ended December 31, 2020 and 2019, sales outside of Canada were $178,369 and $185,610, respectively.

The Company had one customer in 2020 and two in 2019 whose revenues exceeded 10% of consolidated revenues. Sales by segment for these customers are as follows:

For the years ended December 31 (in thousands of dollars)		**2020**		2019
Domestic Dry-Bulk	**$**	**—**	$	61,085
Product Tankers	**$**	**109,102**	$	136,997

29. COMPENSATION OF KEY MANAGEMENT

The remuneration of directors and other key members of management is as follows:

For the years ended December 31 (in thousands of dollars)		**2020**		2019
Short-term compensation and benefits	**$**	**6,524**	$	6,812
Termination benefits		**—**		621
Share-based compensation		**454**		360
Post-employment benefits		**197**		176
	$	**7,175**	$	7,969

30. SHARE-BASED COMPENSATION

The Company maintains a stock option program for certain key employees. Options on common shares are periodically granted to eligible employees under the plan for terms of 5 years and cliff vest on the third anniversary of the grant date. These options provide holders with the right to purchase common shares of the Company at a fixed price equal to the closing market price of the shares on the day prior to the date the options were issued. Under this plan, 1,890,047 common shares have been reserved for future issuance. The outstanding options expire on various dates to March 1, 2025. The following table summarizes the Company's stock option activity and related information for the years ended December 31, 2020 and 2019.

As at December 31 (amounts not stated in thousands)	**2020**		2019	
Stock Option Activity	**Number of shares**	**Weighted average exercise price**	Number of shares	Weighted average exercise price
Number outstanding, beginning of period	**230,000**	**$ 13.43**	250,000	$ 15.06
Granted	**113,542**	**12.52**	130,000	13.15
Forfeited/cancelled	**—**	**—**	(150,000)	(15.06)
Exercise price adjustment	**—**	**—**	—	(0.55)
Number outstanding, end of period	**343,542**	**$ 13.13**	230,000	$ 13.43

The Company's Board of Directors authorized the payment of a special dividend in the amount of $0.75 per common share, which was paid on June 3, 2019. The payment of the special dividend triggered an adjustment of $0.55 to the weighted average exercise price of the stock options.

The following table summarizes information relating to stock options outstanding as at December 31, 2020.

	Options outstanding	
Exercise price per share (amounts not stated in thousands)	Number of shares	Remaining contractual life (years)
$12.52	113,542	4.16
$12.60	130,000	3.16
$14.51	100,000	2.35

For the year ended December 31, 2020, the Company recognized compensation expense for stock option awards of $152 (2019 - $41). For the year ended December 31, 2020, 113,542 (2019 - 130,000) options were granted by the Company at a weighted average fair value of $1.08 per option (2019 - $1.45).

The following table summarizes the assumptions used for estimating the fair value of options issued in the years ended December 31.

(amounts not stated in thousands)	**2020**	2019
Risk-free interest rate	**1.14%**	2.02%
Expected option life	**5 years**	5 years
Expected volatility*	**17.53%**	17.25%
Expected dividend yield	**3.83%**	2.58%

*Expected volatility is calculated based on the average daily volatility measured over a historical period corresponding to the expected option life.

Other share-based compensation plans

The Company has other share unit plans which are awarded to certain employees. Under these plans, participants are awarded share units equivalent to the Company's common shares, which vest over three years. During the vesting period, dividend equivalents accrue to the participants in the form of additional share units. At the maturity date, the participant receives cash representing the value of the share units. The number of share units outstanding under these plans as at December 31, 2020 was 224,739 (2019 – 180,210).

Compensation expense for these plans is recorded in the Consolidated Statement of Earnings and is recognized based on the fair value of the share units at the grant date, adjusted for changes in fair value between the grant date and the vesting date, over the service period required for employees to become fully entitled to the awards. For the year ended December 31, 2020, the Company recognized compensation expense for these plans of ($601) (2019 – $50). The carrying amount of the liability relating to these plans, based on the closing share price and the elapsed service period from the grant date, was $1,926 at December 31, 2020 (2019 – $2,350), and is reported in Accounts payable and accrued charges and Other long-term liabilities on the Consolidated Balance Sheet.

31. RELATED PARTIES

The Company's ultimate controlling party is the Honourable Henry N. R. Jackman, a Canadian resident, together with a trust created in 1969 by his father, Henry R. Jackman.

There were no transactions with the Company's ultimate controlling party in 2020 and 2019.

32. GOVERNMENT ASSISTANCE

In response to the COVID-19 pandemic, the Government of Canada introduced the Canada Emergency Wage Subsidy (CEWS) for companies that sustained a decline in revenue in comparison to the same period of 2019. The program provides a subsidy of up to 75% of the first $58,700 of eligible remuneration paid to employees by a qualifying entity. The Company applied for the subsidy for all qualifying periods from March through December of 2020. For the year ended December 31, 2020 the Company claimed $1,919 which is included in the Consolidated Statement of Earnings as an offset to operating expenses.

Five-Year Summary

(in thousands of dollars, except per share data)	2020	2019	2018 (Note 7)	2017 (Note 1, 5)	2016 (Note 1)
Revenue					
Domestic Dry-Bulk	$ 286,156	$ 281,680	$ 297,662	$ 278,265	$ 244,221
Product Tankers	114,273	$ 141,912	106,271	86,274	63,004
Ocean Dry-Bulk Shipping	134,109	$ 131,425	90,277	74,912	72,179
Investment Properties	8,183	$ 9,809	11,113	11,599	12,002
Corporate	2,939	$ 3,082	2,878	1,897	—
	$ 545,660	$ 567,908	$ 508,201	$ 452,947	$ 391,406
Net earnings	$ 45,850	$ 24,159	$ 50,943	$ 58,800	$ 33,315
Segment earnings net of income taxes	$ 45,850	$ 24.159	$ 50,943	$ 34,972	$ 24,554
Depreciation and amortization	$ 75.154	$ 70,015	$ 55,714	$ 51,571	$ 46,903
General and administrative expenses	$ 29.727	$ 31,283	$ 30,093	$ 28,776	$ 29,309
Cash flow from operations	$ 157,061	$ 137.758	$ 83.349	$ 59,669	$ 90,088
Dividends paid	$ 18,431	$ 43,381	$ 14,647	$ 11,611	$ 10,895
Property, plant, and equipment					
Additions in year	$ 75,146	$ 205,948	$ 78,481	$ 157,520	$ 248,864
Net book value	$ 855,988	$ 856,387	$ 726	$ 769,845	$ 660,251
EBITDA (Note 2)	$ 174,063	$ 150,520	$ 125,541	$ 101,047	$ 87,765
Total assets	$ 1,223,096	$ 1,147,377	$ 1,111,893	$ 1,100,290	$ 1,036,013
Long-term debt including current	$ 401,296	$ 338,159	$ 262,820	$ 297,333	$ 243,260
Shareholders' equity	$ 560,616	$ 660,421	$ 702,555	$ 663,066	$ 641,550
LTD as a percent of shareholders' equity	71.6 %	51.2 %	37.4 %	44.8 %	37.9 %
Return on equity (Note 3)	7.5 %	3.5 %	7.5 %	9.0 %	5.3 %
Total shareholder return (Note 4)	30.9 %	12.0 %	(18.5)%	33.6 %	(10.5)%
Common Share Statistics					
Shares outstanding	37,801	37,825	38,422	38,552	38,913
Basic earnings per share	$ 1.21	$ 0.63	$ 1.32	$ 1.51	$ 0.85
Diluted earnings per share	$ 1.19	$ 0.63	$ 1.29	$ 1.38	$ 0.74
Cash flow per share	$ 4.15	$ 3.64	$ 2.17	$ 1.55	$ 2.31
Quoted market value					
High	$ 16.17	$ 14.23	$ 16.00	$ 16.04	$ 14.18
Low	$ 7.01	$ 12.27	$ 11.61	$ 11.46	$ 9.75
Dividends paid per share (Note 6)	$ 3.15	$ 1.16	$ 0.39	$ 0.32	$ 0.28
Shareholders' equity per share	$ 14.83	$ 17.46	$ 18.29	$ 17.20	$ 16.49

Note 1 - Due to the suspension of ongoing efforts to sell the shopping centre, the properties have been reclassified from discontinued operations into continuing operations as Investment Properties. Under IFRS 5, the historical operating results of these properties have been reclassified to continuing operations on a retroactive basis.

Note 2 - EBITDA refers to earnings before interest, taxes, depreciation, and amortization including EBITDA of discontinued operations and the Company's share of the EBITDA of equity interests in joint arrangements.

Note 3 - Return on equity is net earnings as a percent of average shareholders' equity.

Note 4 - Total shareholder return is defined as the increase or decrease in the year in the common share price plus dividends paid expressed as a percent of the closing share price.

Note 5 - Some items have been restated in accordance with the revision to prior period comparatives detailed in Note 7 of the 2018 consolidated financial statements

Note 6 - In 2019 there was a $0.75 special dividend paid to shareholders. Not including the special dividend, dividends paid per share were $0.41.

Note 7 - Certain comparative figures have been reclassified to conform to the current year financial statement presentation.

Shareholders' Meeting

The Annual General and Special Meeting of Shareholders will be held in a virtual-only format via a live webcast available at **www.virtualshareholdermeeting.com/ALC2021** at 11:30 a.m. (EDT), on Wednesday, May 5, 2021.

Board of Directors

Richard B. Carty (1) (2) (3)
Toronto, Ontario,
Vice President, General Counsel
and Corporate Secretary
E-L Financial Corporation Limited

Paul R. Gurtler (3) (5)
Hamilton, Bermuda
Managing Director
Interlink Maritime Corporation

E. M. Blake Hutcheson (1) (3)
Toronto, Ontario,
President and Chief Pension Officer, OMERS

Duncan N. R. Jackman (2) (4) (5)
Toronto, Ontario,
Chairman, President
and Chief Executive Officer E-L Financial Corporation Limited

Mark McQueen (1)
Toronto, Ontario,
President and Executive Managing Director, Innovation Banking
CIBC

Clive P. Rowe (2) (4) (5)
Gulf Stream, Florida
Partner, Oskie Capital

Harold S. Stephen (1) (2)
Mississauga, Ontario,
Chairman and Chief Executive Officer Stonecrest Capital Inc.

Eric Stevenson (2) (3) (5)
Toronto Ontario,
Venture Capitalist and Co-Founder
Perseverance Marine

(1) Member of the Audit Committee
(2) Member of the Corporate Governance Committee
(3) Member of the Environmental, Health and Safety Committee
(4) Member of the Executive Committee
(5) Member of the Investment Committee

Principle Officers

Duncan N. R. Jackman
Chairman

Gregg A. Ruhl
President and Chief Executive Officer

Peter D. Winkley, CPA, CA
Chief Financial Officer

J. Wesley Newton, LLB
Senior VP, Corporate Development and General Counsel

Brad Tiffin
Senior Vice-President, Operations & Technical

Mario Battista, CPA, CMA
Vice-President, Finance & Process Innovation

Jeff DeRosario
Vice-President, Marketing

Fredrik Hanson
Vice-President, Finance & Administration

Christopher A. L. Lazarz, CPA, CA
Vice-President, Corporate Finance

Steve Wright
Vice-President, Engineering

Charlie Bungard
Assistant Vice-President, Technical Operations

Joshua Juel
Assistant Vice-President, Marine Ops & Fleet Personnel

Darren Pearson
Assistant Vice-President, Operations

Cathy Smith
Assistant Vice-President, Human Resources

Principal Banker and Security Agent:

The Bank of Nova Scotia

Auditors

Deloitte LLP

Toronto Stock Exchange Symbols

ALC - Common Stock

DB.A - Convertible Debenture

Share Registrar and Transfer Agent (Canada)

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