ALGOMA CENTRAL CORPORATION INTERIM REPORT TO SHAREHOLDERS

For the Three and Nine Months Ended September 30, 2021 and 2020

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General

This Management's Discussion and Analysis ("MD&A") of the Company should be read in conjunction with its interim condensed consolidated financial statements for the three and nine months ended September 30, 2021 and 2020 and related notes thereto and has been prepared as at November 3, 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 and maintaining existing freight rates with existing customers;
- our success in securing contracts with new customers at acceptable freight rates;
- 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 Current Economic Uncertainty

Since COVID-19 first appeared in our markets in early 2020, causing a swift and severe economic retraction, the global economy has staged a remarkable turn-around. The broad availability of vaccines in 2021 has enabled many of our markets to return to more or less normal levels; however, the continued unpredictability of the future path of the pandemic, including but not limited to the efforts by governments in the markets that we serve to limit community spread, has resulted in uncertainty for the outlook on the balance of fiscal 2021 and going into next year. The six key sectors of the economy that we serve have been impacted differently to date by the pandemic and are experiencing different rates of recovery. We expect that this will continue to be the case.

The duration of the pandemic and its overall effect on the economy remain in the longer term remain uncertain and concerns have recently turned to the potential inflationary impacts of economic policies enacted to address the pandemic.

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.

Financial & Business Highlights

Consolidated revenue for the three months ended September 30, 2021 were $174,734, an increase of 13% compared to $155,002 reported in the prior year. Domestic Dry-Bulk revenue increased 24% compared to 2020 driven by higher freight rates and a 7% increase in revenue days primarily due to a 33% increase in iron and steel volumes. Revenue for the Ocean Self-Unloader segment increased 20% driven by a higher than normal pro-rata share of the Pool related to dry-docking timing and vessel delivery schedules. Revenue for Product Tankers decreased 29% compared to the unexpected high utilization of the fleet experienced in 2020.

Consolidated revenue for the nine months ended September 30, 2021 were $420,020, an increase of 7% compared to $391,369 reported for the prior year. Revenue in the Domestic Dry-Bulk segment increased 23% as a result of 7% higher overall volumes and increased freight rates. Revenue in the Ocean Self-Unloader segment increased by 9% due to higher volumes in gypsum and coal and reduced off-hire for dry-dockings. Revenue in the Product Tanker segment decreased by 25% driven by the decline in customer demand compared to 2020.

Higher fuel cost recoveries resulting from the increase in global fuel prices contributed to revenue growth in all three segments for the quarter and nine months.

The Global Short Sea Shipping businesses generated revenues of $71,085 in the third quarter of 2021 compared to $64,918 in the previous year period. For the nine months ended September 30, 2021 revenue was $197,365 compared to $181,031 for the same period in 2020. For both periods, the segment benefited from higher freight rates in the mini-bulker fleet and strong performance in the domestic cement fleet. The Company has a 50% interest in these businesses and does not include these revenues in its consolidated revenue figure.

Third quarter earnings for 2021 were $39,984, an improvement of $17,749 compared to the 2020 third quarter. Global Short Sea Shipping was a significant contributor to improved net earnings in 2021 compared to 2020, based primarily on strength in the global bulker market that led to both higher rates and improved resale values for vessels sold in the period. Additionally, higher operating earnings in the Domestic Dry-Bulk segment driven by higher volumes and strong earnings in the Ocean Self-Unloader fleet generated positive results for the period. The increase was partially offset by the continuation of weak demand for petroleum products which has impacted results for the Product Tanker segment. For the nine months ended September 30, 2021 earnings were $49,882 compared to $16,351 for the same period in 2020. The $33,531 increase was largely due to significantly higher earnings from joint ventures and from the Domestic Dry-Bulk segment, partially offset by lower customer demand in the Product Tanker segment.

	Three Months Ended		Nine Months Ended	
For the periods ended September 30	**2021**	2020	**2021**	2020
Revenue	**$ 174,734**	$ 155,002	**$ 420,020**	$ 391,369
Operating earnings	**$ 44,638**	$ 40,542	**$ 54,539**	$ 42,109
Net earnings	**$ 39,984**	$ 22,235	**$ 49,882**	$ 16,351
Basic earnings per share	**$ 1.06**	$ 0.59	**$ 1.32**	$ 0.43

As at	**September 30 2021**	December 31 2020
Common shares outstanding	**37,800,943**	37,800,943
Total assets	**$ 1,193,707**	$ 1,223,096
Total long-term financial liabilities	**$ 422,156**	$ 390,633

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:

	Three Months Ended		Nine Months Ended	
For the periods ended September 30	**2021**	2020	**2021**	2020
Net Earnings	**$ 39,984**	$ 22,235	**$ 49,882**	$ 16,351
Adjustments to net earnings:				
Depreciation and amortization	**16,675**	18,256	**51,160**	55,711
Other operating items	**(465)**	—	**(3,495)**	
Interest expense, net	**5,276**	4,584	**15,482**	14,534
Gain on sale of property	**(10)**	—	**(1,596)**	—
Foreign currency gain	**(1,065)**	(259)	**(1,645)**	(432)
Income tax expense	**7,953**	6,112	**5,963**	2,618
Joint ventures				
Interest expense	**402**	677	**1,538**	2,928
Foreign exchange gain	**(15)**	(126)	**(252)**	(17)
Depreciation and amortization	**3,334**	4,464	**11,236**	12,547
Impairment	**—**	9,789	**—**	9,789
Income tax expense	**66**	65	**416**	110
(Gain) loss on disposal of vessels	**(2,720)**	3	**(4,066)**	(313)
EBITDA	**$ 69,415**	$ 65,800	**$ 124,623**	$ 113,826

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
2021	Quarter 3	$	174,734	$	39,984	$	1.06
	Quarter 2	$	167,687	$	32,315	$	0.85
	Quarter 1	$	77,599	$	(22,416)	$	(0.59)
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

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
2021	Quarter 3	$	574,311	$	79,382	$	2.10	$	(0.13) $	1.97
	Quarter 2	$	554,579	$	61,633	$	1.63	$	0.14 $	1.77
	Quarter 1	$	538,162	$	47,060	$	1.24	$	0.14 $	1.38
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

* 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.

	2019				2020				2021		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Impairment (reversals) losses	$ —	$ —	$ —	$ 0.42	$ —	$ —	$ 0.26	$ —	$ —	$ —	$ (0.01)
Sale of investment properties	—	—	—	—	—	—	—	(0.12)	—	—	—
	$ —	$ —	$ —	$ 0.42	$ —	$ —	$ 0.26	$ (0.12)	$ —	$ —	$ (0.01)
Trailing impact on EPS				$ 0.42	$ 0.42	$ 0.42	$ 0.68	$ 0.14	$ 0.14	$ 0.14	$ (0.13)

Business Segment Discussion

Domestic Dry-Bulk

Financial Results Overview

Revenue for the Domestic Dry-Bulk segment increased by $21,447 or 24% in the third quarter of 2021 and by $42,802 or 23% for the nine months ended September 30, 2021 compared to the same periods in 2020. The increase in the quarter was attributable to a 7% increase in revenue days driven primarily by a 33% increase in iron and steel volumes, which was only partially offset by lower volumes in the agricultural sector compared to the unexpectedly strong 2020 result. The revenue increase also reflects higher base freight rates in all sectors except agriculture, taking into account the impact of higher fuel cost recoveries. Although export ore cargoes have declined, North American steel volumes are recovering with a rise in demand for manufacturing and building materials following last year's COVID-19 related reductions. Third quarter volumes in salt and agricultural products decreased 21% and 17%, respectively; both sectors experienced extraordinarily high demand in 2020 as a result of record salt mining volumes from our major customer and increased global demand for grain due to global stay-at-home orders.

The year to date increase in revenue was a result of a 7% increase in revenue days driven by a 7% increase in overall volumes. The iron and steel sector had significantly higher volumes compared to 2020 with a 23% increase and construction volumes were up modestly. Volumes in the agriculture sector decreased by 14% compared to the COVID-19 related demand in 2020. Year to date salt volumes are unchanged from 2020.

The global rise in fuel prices has driven substantial increases in fuel recovery charges, accounting for nearly one-half of the revenue increase for both periods this year. Average fuel prices in both the third quarter and the nine months ended September 30, 2021 increased by 53% and by 46%, respectively, compared to the same periods in 2020. This increase in costs also impacts operating expenses; however, fuel costs are passed on to customers through the fuel component of freight rates.

Operating expenses increased by $15,864 or 31% in the 2021 third quarter and by $29,136 or 21% for the nine months ended September 30, 2021. In the third quarter, the increase was mainly attributable to an 8% increase in operating days and to the significant increase in fuel expense as a result of higher fuel prices. The year to date increase reflects 6% more operating days and higher fuel expense.

Following a vessel grounding incident in late December 2020, it was determined that the nature and extent of the repairs required to bring the vessel back into service were too great and the Company reached a settlement agreement with its insurance company and the vessel was sold for recycling. The Company recorded a $2,793 net gain under other operating items resulting from the insurance settlement and the disposal of the vessel. The $1,596 gain on sale of property relates to the sale of the building belonging to Algoma Ship Repair.

The increase in depreciation and amortization expense is attributable to the addition of the Algoma Intrepid to the fleet during the fourth quarter of 2020 and the addition of the Captain Henry Jackman in the third quarter this year. Depreciation of capital expenditures on prior year dry-dockings also impacted the increase.

	Three Months Ended		Nine Months Ended	
For the periods ended September 30	**2021**	2020	**2021**	2020
Revenue	**$ 109,591**	$ 88,144	**$ 230,999**	$ 188,197
Operating expenses	**(67,310)**	(51,446)	**(168,631)**	(139,495)
Selling, general and administrative	**(2,804)**	(2,901)	**(8,850)**	(9,242)
Other operating items	**63**	—	**3,093**	—
Depreciation and amortization	**(6,745)**	(6,353)	**(19,949)**	(18,988)
Operating earnings	**32,795**	27,444	**36,662**	20,472
Gain on sale of property	**10**	—	**1,596**	—
Income tax expense	**(8,454)**	(7,174)	**(9,794)**	(5,355)
Net earnings	**$ 24,351**	$ 20,270	**$ 28,464**	$ 15,117

EBITDA for Domestic Dry-Bulk for the three months ended September 30, 2021 increased by $5,680 or 17% and by $14,058 or 36% for the year to date compared to the same periods in 2020. The increases were primarily driven by higher base freight rates and increased volumes in the iron and steel sector. EBITDA is determined as follows:

	Three Months Ended		Nine Months Ended	
For the periods ended September 30	**2021**	2020	**2021**	2020
Net earnings	**$ 24,351**	$ 20,270	**$ 28,464**	$ 15,117
Adjustments to net earnings:				
Other operating items	**(63)**	—	**(3,093)**	—
Depreciation and amortization	**6,745**	6,353	**19,949**	18,988
Gain on sale of property	**(10)**	—	**(1,596)**	—
Income tax expense	**8,454**	7,174	**9,794**	5,355
EBITDA	**$ 39,477**	$ 33,797	**$ 53,518**	$ 39,460

Outlook

We are expecting the demand for manufacturing and building materials to continue their steady recover compared to last year, and steady production levels for our major salt customer should keep shipping volumes at current levels. Fourth quarter grain volumes are expected to demonstrate typical seasonal patterns; however, the drought experienced this year in Western Canada has a significant implication for the outlook for 2022. We are preparing for lower grain volumes carrying into the spring, which will affect early season shipping activities.

Product Tankers

Financial Results Overview

Revenue for Product Tankers decreased by $8,612 or 29% in the 2021 third quarter and by $22,154 or 25% for the nine months ended September 30, 2021 compared to the same periods in the prior year. The decrease for both periods was driven by significant reductions in demand from our major customer and consequently lower fleet utilization. Customer requirements in the first half of 2020 allowed our fleet to be in full utilization, which favourably impacted earnings; this demand has not been repeated in 2021 with travel restrictions still a key factor in the lower demand for petroleum products. Additionally, as a result of the decrease in customer demand, we did not utilize any outside charters compared to hiring some chartered capacity in 2020. The decrease in outside charter revenue compared to 2020 has a minor impact on earnings, as the cost we incur to charter capacity is passed through to our customers.

Higher fuel prices, the cost of which are borne by our customers, offset some of the impact of lower utilization on reported revenue.

Operating expenses decreased by $2,931 or 18% in the 2021 third quarter and by $14,052 or 23% for the nine months ended September 30, 2021 compared to the same periods in 2020. Operating days decreased by 28% during the quarter and by 26% for the year to date versus the prior year. The lower operating days were primarily driven by the reduced customer demand and vessel utilization, resulting in the temporary lay-up of two vessels during the quarter. Partially offsetting the decrease in third quarter spending was higher layup expenditures. For both periods the decrease was also a result of the lower use of outside charters compared to 2020.

During the third quarter a three year contract renewal was successfully completed with our major customer. Additionally, we sold our small bunkering vessel that had laid up at the end of 2020, recording a $402 gain resulting from the sale as an impairment reversal.

	Three Months Ended		Nine Months Ended	
For the periods ended September 30	**2021**	2020	**2021**	2020
Revenue	**$ 21,186**	$ 29,798	**$ 68,091**	$ 90,245
Operating expenses	**(13,374)**	(16,305)	**(46,102)**	(60,154)
Selling, general and administrative	**(1,036)**	(1,150)	**(3,164)**	(3,826)
Other operating items	**402**	—	**402**	—
Depreciation and amortization	**(3,209)**	(3,654)	**(10,213)**	(10,998)
Operating earnings	**3,969**	8,689	**9,014**	15,267
Income tax expense	**(1,053)**	(2,353)	**(2,730)**	(4,142)
Net earnings	**$ 2,916**	$ 6,336	**$ 6,284**	$ 11,125

EBITDA for Product Tankers for the three and nine months ended September 30, 2021 decreased by $5,567 or 45% and $7,440 or 28%, respectively, compared to the same periods in 2020. This was largely a result of lower fleet utilization due to the reduced customer demand. EBITDA is determined as follows:

	Three Months Ended		Nine Months Ended	
For the periods ended September 30	**2021**	2020	**2021**	2020
Net earnings	**$ 2,916**	$ 6,336	**$ 6,284**	$ 11,125
Adjustments to net earnings:				
Other operating items	**(402)**	—	**(402)**	—
Depreciation and amortization	**3,209**	3,654	**10,213**	10,998
Income tax expense	**1,053**	2,353	**2,730**	4,142
EBITDA	**$ 6,776**	$ 12,343	**$ 18,825**	$ 26,265

Outlook

Product Tanker utilization in 2020 was not immediately impacted by the onset of the pandemic as our vessels were utilized to move product between major markets, absorbing available days that were not required to service the Ontario market. This trade pattern ceased in late 2020 and tanker utilization is now being impacted by weak demand in wholesale petroleum product markets in central Canada. The recovery of global travel or a change in our customers' requirements driven by other factors could result in an increase in utilization for which we have available capacity. With the recent contract renewal we are anticipating a solid base of consistent business in 2022.

Ocean Self-Unloaders

Financial Results Overview

Revenues in the Ocean Self-Unloader segment increased by $6,986, or 20% in the 2021 third quarter and by $9,592 or 9% for the nine months ended September 30, 2021 compared to the prior year. Volumes are not recovering as quickly as anticipated but with delays in the delivery of replacement vessels, our pro-rata share in the Pool is currently higher than normal, positively impacting results for both periods. Higher fuel cost recoveries and increased revenue days as a result of fewer dry-dockings this year also drove increased earnings.

Operating expenses in the third quarter of 2021 increased by $3,898 or 19% and by $3,382 or 5% for the nine months ended September 30, 2021 compared to the same periods in 2020. The increase for the quarter reflects higher operating days as the Honourable Henry Jackman spent part of the 2020 third quarter on dry-dock and higher repair costs on two vessels, partially offset by lower dry-dock spending. The year to date increase was a result of a 2% increase in operating days, partially offset by lower dry-dock expenditures; in 2020 there were five planned dry-dockings versus one this year. For both periods higher fuel expense impacted operating costs as global fuel prices continue to rise.

Other items for the year to date relates to a one-time compensation payment of $5,576 related to the retirement of two older vessels by our Pool partner.

Management determined in the 2020 third quarter that the carrying value of a jointly owned vessel should be written down to its net scrap value and accordingly an impairment provision of $9,789 was recorded and is reflected in equity earnings from joint ventures in that prior year quarter.

Depreciation and amortization decreased in 2021 as a previous Pool compensation arrangement was fully amortized during 2020.

	Three Months Ended		Nine Months Ended	
For the periods ended September 30	**2021**	2020	**2021**	2020
Revenue	**$ 41,221**	$ 34,235	**$ 113,722**	$ 104,130
Operating expenses	**(24,131)**	(20,233)	**(69,682)**	(66,300)
Selling, general and administrative	**(295)**	(353)	**(900)**	(1,135)
Other operating items	**(63)**	—	**(5,576)**	—
Depreciation and amortization	**(6,366)**	(7,330)	**(18,965)**	(22,978)
Operating earnings	**10,366**	6,319	**18,599**	13,717
Income tax recovery	**—**	2	**—**	7
Net (loss) earnings from investments in joint ventures	**(41)**	(10,239)	**18**	(10,213)
Net earnings (loss)	**$ 10,325**	$ (3,918)	**$ 18,617**	$ 3,511

EBITDA for Ocean Self-Unloaders increased by $3,204 or 23% for the 2021 third quarter and by $129 for the nine months ended September 30, 2021. EBITDA is determined as follows:

	Three Months Ended		Nine Months Ended	
For the periods ended September 30	**2021**	2020	**2021**	2020
Net earnings (loss)	**$ 10,325**	$ (3,918)	**$ 18,617**	$ 3,511
Adjustments to net earnings (loss):				
Depreciation and amortization	**6,366**	7,330	**18,965**	22,978
Income tax recovery	**—**	(2)	**—**	(7)
Joint Venture:				
Depreciation and amortization	**179**	413	**532**	1,339
Impairment provision	**—**	9,789	**—**	9,789
Interest expense	**—**	—	**—**	138
Foreign exchange loss (gain)	**2**	(1)	**—**	70
Income tax expense	**—**	57	**—**	167
EBITDA	**$ 16,872**	$ 13,668	**$ 38,114**	$ 37,985

Outlook

For the balance of 2021, we are expecting to see a continuation of market trends with the recovery of infrastructure projects and residential construction. Looking into 2022, steady increases in gypsum and aggregates is anticipated with coal volumes returning to normal levels.

Global Short Sea Shipping

Financial Results Overview

Global Short Sea Shipping revenue for the 2021 third quarter increased by $6,167 or 9% and by $16,334 or 9% for the nine months ended September 30, 2021 compared to the previous year periods. Strong freight rates and volumes for the mini-bulker fleet and steady demand in the domestic cement fleet drove revenue growth in the 2021 quarter. These increases in the quarter were partially offset by lower revenues from handy-size vessels as we had four vessels operating last year compared to only one vessel in this year's quarter. We initially acquired the handy-size vessels in order to participate in the active international sales and purchase market. We took advantage of strong resale values in the market to sell our remaining handy size ship this quarter and at this time we are waiting for opportunities to re-invest in this sector. For the year to date increase the major contributor was a 19% increase in revenue in the mini-bulker fleet as a result of a significantly improved rate environment compared to last year and the higher use of third party charters; in 2020 COVID-19 related reductions in customer demand and pressure on charter rates significantly impacted results.

Operating costs increased by $1,108 or 2% during the 2021 third quarter and decreased by $131 for the nine months ended September 30 2020 compared to the same periods in 2020. The increase in the quarter was mainly driven by the higher use of third party charters. The increase was partially offset by lower operating expenses in the handy size fleet as the last remaining vessel was sold during the period.

The $5,439 gain on the sale of vessels in the third quarter of 2021 primarily relates to the sale of one vessel in the handy-size fleet and one vessel in the mini-bulker fleet. At the end of the quarter, the segment does not own any handy-sized vessels.

	Three Months Ended		Nine Months Ended	
For the periods ended September 30	**2021**	2020	**2021**	2020
Revenue	**$ 71,085**	$ 64,918	**$ 197,365**	$ 181,031
Operating expenses	**(51,419)**	(50,311)	**(148,696)**	(148,827)
Selling, general and administrative	**(1,551)**	(1,870)	**(5,251)**	(5,943)
Depreciation and amortization	**(6,014)**	(7,792)	**(20,527)**	(21,467)
Operating earnings	**12,101**	4,945	**22,891**	4,794
Gain (loss) on sale of vessels	**5,439**	(6)	**8,131**	626
Interest expense	**(804)**	(1,353)	**(3,076)**	(5,579)
Foreign exchange gain	**34**	250	**503**	173
Earnings before undernoted	**16,770**	3,836	**28,449**	14
Income tax (expense) recovery	**(132)**	(15)	**(831)**	113
Net earnings of joint ventures	**1,126**	466	**2,466**	1,204
Net (earnings) loss attributable to non-controlling interest	**(2,386)**	761	**(2,146)**	1,967
Net earnings	**$ 15,378**	$ 5,048	**$ 27,938**	$ 3,298
Company share of net earnings above	**$ 7,689**	$ 2,524	**$ 13,969**	$ 1,649
Amortization of vessel purchase price allocation and intangibles	**(148)**	(155)	**(440)**	(474)
Company share included in net earnings from investments in joint ventures	**$ 7,541**	$ 2,369	**$ 13,529**	$ 1,175

EBITDA for Global Short Sea increased by $1,444 or 21% and by $7,153 or 49% for the nine months ended September 30 2020 compared to the same periods in 2020. The main contributor in both periods was strong freight rate performance in the mini bulker fleet and steady demand in the domestic cement business. EBITDA is determined as follows:

	Three Months Ended		Nine Months Ended	
For the periods ended September 30	**2021**	2020	**2021**	2020
Company share of net earnings from investments in joint ventures	**$ 7,541**	$ 2,369	**$ 13,529**	$ 1,175
Adjustments to net earnings:				
Depreciation and amortization	**3,155**	4,051	**10,704**	11,208
Foreign currency gain	**(17)**	(125)	**(252)**	(87)
(Gain) loss on disposal of vessels	**(2,720)**	3	**(4,066)**	(313)
Interest expense	**402**	677	**1,538**	2,790
Income tax expense (recovery)	**66**	8	**416**	(57)
Company share of EBITDA	**$ 8,427**	$ 6,983	**$ 21,869**	$ 14,716

Outlook

For the balance of the year and into 2022, the cement sector is expected to remain steady and if global trends in the mini-bulker markets continue, we expect our Global Short Sea segment to continue to generate strong returns, though perhaps not at 2021's record levels.

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 2021 is largely a result of the impact of the COVID-19 pandemic on the shopping centre, which resulted in the mall being shut down for periods of time.

	Three Months Ended		Nine Months Ended	
For the periods ended September 30	**2021**	2020	**2021**	2020
Revenue	**$ 2,014**	$ 2,119	**$ 5,013**	$ 6,561
Operating expenses	**(1,468)**	(1,897)	**(3,978)**	(5,129)
Depreciation	**—**	(667)	**(1,078)**	(1,998)
Operating earnings (loss)	**546**	(445)	**(43)**	(566)
Income tax (expense) recovery	**(265)**	118	**297**	207
Net earnings (loss)	**$ 281**	$ (327)	**$ 254**	$ (359)

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.

	Three Months Ended		Nine Months Ended	
For the periods ended September 30	**2021**	2020	**2021**	2020
Revenue	**$ 722**	$ 706	**$ 2,195**	$ 2,236
Operating expenses	**(166)**	(237)	**(657)**	(712)
Selling, general and administrative	**(3,239)**	(1,682)	**(10,276)**	(7,556)
Depreciation	**(355)**	(252)	**(955)**	(749)
Operating loss	**(3,038)**	(1,465)	**(9,693)**	(6,781)
Foreign currency gain	**1,065**	259	**1,645**	432
Interest expense, net	**(5,276)**	(4,584)	**(15,482)**	(14,534)
Income tax recovery	**1,819**	3,295	**6,264**	6,665
Net loss	**$ (5,430)**	$ (2,495)	**$ (17,266)**	$ (14,218)

Consolidated

For the periods ended September 30	Three Months Ended 2021	Three Months Ended 2020	Nine Months Ended 2021	Nine Months Ended 2020
Revenue	**$ 174,734**	$ 155,002	**$ 420,020**	$ 391,369
Operating expenses	**(106,449)**	(90,118)	**(289,050)**	(271,790)
Selling, general and administrative	**(7,374)**	(6,086)	**(23,190)**	(21,759)
Other operating items	**402**	—	**(2,081)**	—
Depreciation and amortization	**(16,675)**	(18,256)	**(51,160)**	(55,711)
Operating earnings	**44,638**	40,542	**54,539**	42,109
Interest expense	**(5,299)**	(4,655)	**(15,547)**	(14,831)
Interest income	**23**	71	**65**	297
Gain on sale of property	**10**	—	**1,596**	—
Foreign currency gain	**1,065**	259	**1,645**	432
Income tax expense	**(7,953)**	(6,112)	**(5,963)**	(2,618)
Net earnings (loss) from investments in joint ventures	**7,500**	(7,870)	**13,547**	(9,038)
Net Earnings	**$ 39,984**	$ 22,235	**$ 49,882**	$ 16,351

Interest Expense

For the periods ended September 30	Three Months Ended 2021	Three Months Ended 2020	Nine Months Ended 2021	Nine Months Ended 2020
Interest expense on borrowings	**$ 4,613**	$ 4,346	**$ 14,143**	$ 13,775
Amortization of financing costs	**402**	272	**1,210**	816
Interest on employee future benefits, net	**364**	229	**1,094**	687
Interest capitalized on vessels under construction	**(80)**	(192)	**(900)**	(447)
	$ 5,299	$ 4,655	**$ 15,547**	$ 14,831

Foreign Currency Gain

For the periods ended September 30	Three Months Ended 2021	Three Months Ended 2020	Nine Months Ended 2021	Nine Months Ended 2020
Gain on foreign denominated cash	**$ 1,065**	$ 603	**$ 1,262**	$ 776
Gain on return of capital from foreign subsidiary	**—**	—	**331**	—
Unrealized (loss) gain on foreign exchange forward contracts	**—**	(344)	**52**	(344)
	$ 1,065	$ 259	**$ 1,645**	$ 432

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 2021 and 2020 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 $1,841 higher in the 2021 third quarter compared to the previous year as a result of an increase in earnings generated in our domestic segments where earnings are taxed.

For the periods ended September 30	Three Months Ended 2021	Three Months Ended 2020	Nine Months Ended 2021	Nine Months Ended 2020
Combined federal and provincial statutory income tax rate	**26.5 %**	26.5 %	**26.5 %**	26.5 %
Net earnings before income tax and net earnings (loss) from investments in joint ventures	**$ 40,437**	$ 36,217	**$ 42,298**	$ 28,007
Expected income tax expense	**$ (10,716)**	$ (9,598)	**$ (11,209)**	$ (7,422)
Increase (decrease) in expense resulting from:				
Foreign tax rates different from Canadian statutory rate	**2,707**	1,670	**4,795**	3,626
Effect of items that are not taxable (deductible)	**(115)**	16	**77**	(21)
Deferred tax items recognized	**390**	—	**390**	—
Adjustments to prior period provision	**(245)**	1,554	**17**	968
Other	**26**	246	**(33)**	231
Actual tax expense	**$ (7,953)**	$ (6,112)	**$ (5,963)**	$ (2,618)

Normal Course Issuer Bid

Effective March 19, 2021, the Company renewed its normal course issuer bid (the "2021 NCIB") with the intention to purchase, through the facilities of the TSX, up to 1,890,047 of its Common Shares ("Shares") representing approximately 5% of the 37,800,943 Shares which were issued and outstanding as at the close of business on March 6, 2021 (the "NCIB").

Subject to prescribed exceptions, the Company is allowed to purchase up to 3,163 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 12,653 Shares. Any Shares purchased under the 2021 NCIB are cancelled. The Company did not purchase any Shares under the 2021 NCIB or under the expired bid in 2021.

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.

Contingencies

For information on contingencies, please refer to Note 26 of the consolidated financial statements for the years ending December 31, 2020 and 2019.

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 three and nine months ended September 30, 2021.

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

Operating Activities

The net cash generated from operating activities for the period ended September 30, 2021 was $94,153 compared to cash generated of $94,310 for the same period in 2020.

Investing Activities

Net cash used in investing activities decreased by $67,009 for the period ended September 30, 2021. Fiscal 2020 included one final delivery payment on one vessel and two progress payments made on an additional vessel; in 2021 there was one final delivery payment and one progress payment made. The decrease was also attributable to higher distributions received from joint ventures, a $7,548 insurance proceed payment on the disposal of one vessel and $8,646 proceeds from the sale of property, plant and equipment.

Financing Activities

Net cash from financing activities increased by $75,752 for the period ended September 30, 2021 compared to 2020. The increase was driven primarily by the special dividend of $97,679 paid in January 2021.

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

For the periods ended September 30	**2021**	2020
Net Earnings	**$ 49,882**	$ 16,351
Operating activities	**$ 94,153**	$ 94,310
Investing activities	**$ (12,555)**	$ (79,564)
Financing activities	**$ (96,266)**	$ (19,026)

Capital Resources

The Company has cash on hand of $89,260 at September 30, 2021. Available credit facilities along with projected cash from operations for 2021 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 September 30, 2021, the Company was in compliance with all of its covenants.

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 September 30, 2021. 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 September 30, 2021.

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 September 30, 2021.

Changes in Internal Controls over Financial Reporting

During the period ended September 30, 2021, 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 September 30, 2021 that affect the Company's liquidity and capital resource needs.

	2021	2022	2023	2024	2025 and Beyond
Long-term debt	$ 37	$ 150	$ 35,196	$ 82,500	$ 315,293
Capital asset commitments	—	15,258	49,388	—	—
Interest payments on long-term debt	8,223	16,570	16,380	14,154	110,424
Employee future benefit special payments	363	1,452	—	—	—
	$ 8,623	$ 33,430	$ 100,964	$ 96,654	$ 425,717

ALGOMA CENTRAL CORPORATION

Interim Condensed Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2021 and 2020

Notice of disclosure of no auditor review of interim condensed consolidated financial statements pursuant to National Instrument 51-02, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators.

The accompanying interim condensed consolidated financial statements of Algoma Central Corporation for the three and nine months ended September 30, 2021 and 2020 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting as issued by the International Accounting Standards Board and are the responsibility of the Company's management. The Company's independent auditors have not performed an audit or a review of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Earnings

For the periods ended September 30	Notes	Three Months Ended 2021	Three Months Ended 2020	Nine Months Ended 2021	Nine Months Ended 2020
(unaudited, in thousands of dollars, except per share data)					
Revenue	4	**$ 174,734**	$ 155,002	**$ 420,020**	$ 391,369
Operating expenses		**(106,449)**	(90,118)	**(289,050)**	(271,790)
Selling, general and administrative expenses		**(7,374)**	(6,086)	**(23,190)**	(21,759)
Other operating items	5	**402**	—	**(2,081)**	—
Depreciation and amortization		**(16,675)**	(18,256)	**(51,160)**	(55,711)
Operating earnings		**44,638**	40,542	**54,539**	42,109
Interest expense	7	**(5,299)**	(4,655)	**(15,547)**	(14,831)
Interest income		**23**	71	**65**	297
Gain on sale of property		**10**	—	**1,596**	—
Foreign currency gain	9	**1,065**	259	**1,645**	432
		40,437	36,217	**42,298**	28,007
Income tax expense	10	**(7,953)**	(6,112)	**(5,963)**	(2,618)
Net earnings (loss) from investments in joint ventures	6	**7,500**	(7,870)	**13,547**	(9,038)
Net Earnings		**$ 39,984**	$ 22,235	**$ 49,882**	$ 16,351
Basic earnings per share	20	**$ 1.06**	$ 0.59	**$ 1.32**	$ 0.43
Diluted earnings per share	20	**$ 0.96**	$ 0.55	**$ 1.23**	$ 0.43

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Comprehensive Earnings

For the periods ended September 30 (unaudited, in thousands of dollars)	Notes	Three Months Ended 2021	Three Months Ended 2020	Nine Months Ended 2021	Nine Months Ended 2020
Net Earnings		**$ 39,984**	$ 22,235	**$ 49,882**	$ 16,351
Other Comprehensive Earnings (Loss)					
Items that may be subsequently reclassified to net earnings (loss):					
Unrealized gain (loss) on translation of financial statements of foreign operations		**11,522**	(10,090)	**40**	12,275
Unrealized gain (loss) on hedging instruments, net of income tax		**(2,941)**	2,289	**1,494**	(5,251)
Foreign exchange gain (loss) on purchase commitment hedge reserve, net of income tax, transferred to:					
Net earnings		**—**	(298)	**—**	(298)
Property, plant, and equipment		**—**	1,005	**1,194**	1,005
Items that will not be subsequently reclassified to net earnings:					
Employee future benefits actuarial gain (loss), net of income tax		**5,037**	2,163	**19,573**	(24,414)
		13,618	(4,931)	**22,301**	(16,683)
Comprehensive Earnings (Loss)		**$ 53,602**	$ 17,304	**$ 72,183**	$ (332)

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Balance Sheet

As at (unaudited, in thousands of dollars)	Notes	September 30 2021	December 31 2020
Assets			
Current			
Cash		**$ 89,260**	$ 103,910
Accounts receivable		**59,630**	64,373
Income taxes recoverable		**3,999**	5,346
Other current assets	12	**21,741**	15,147
		174,630	188,776
Property, plant, and equipment	13	**834,765**	855,988
Investments in joint ventures	6	**150,667**	145,789
Goodwill	15	**7,910**	7,910
Employee future benefits		**3,279**	—
Non-current asset held for sale	13	**13,891**	—
Other assets	16	**8,565**	24,633
		$ 1,193,707	$ 1,223,096
Liabilities			
Current			
Accounts payable and accrued charges		**$ 69,605**	$ 72,621
Current portion of long-term debt	19	**148**	143
Income taxes payable		**89**	2,668
Other current liabilities	17	**9,521**	103,891
		79,363	179,323
Long-term debt	19	**422,008**	390,490
Employee future benefits		**24,261**	47,653
Deferred income taxes		**52,828**	43,513
Other long-term liabilities	18	**1,800**	1,501
		500,897	483,157
Commitments	23		
Shareholders' Equity			
Share capital	20	**8,110**	8,110
Contributed surplus		**955**	1,028
Convertible debentures		**2,309**	2,309
Accumulated other comprehensive loss	21	**(30,059)**	(32,787)
Retained earnings		**632,132**	581,956
		613,447	560,616
		$ 1,193,707	$ 1,223,096

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Changes in Equity

(unaudited, in thousands of dollars)		Share Capital		Contributed Surplus and Convertible Debentures		Accumulated Other Comprehensive Loss		Retained Earnings		Total Equity
		(Note 20)				(Note 21)				
Balance at January 1, 2020	$	8,115	$	3,493	$	(25,950)	$	674,763	$	660,421
Net earnings		—		—		—		16,351		16,351
Dividends		—		—		—		(13,987)		(13,987)
Repurchase and cancellation of common shares		(5)		(299)		—		—		(304)
Share-based compensation		—		111		—		—		111
Other comprehensive earnings (loss)		—		—		7,731		(24,414)		(16,683)
Balance at September 30, 2020	$	8,110	$	3,305	$	(18,219)	$	652,713	$	645,909
Balance at January 1, 2021	$	8,110	$	3,337	$	(32,787)	$	581,956	$	560,616
Net earnings		—		—		—		49,882		49,882
Dividends		—		—		—		(19,279)		(19,279)
Repurchase and cancellation of common shares		—		(25)		—		—		(25)
Share-based compensation		—		(48)		—		—		(48)
Other comprehensive earnings		—		—		2,728		19,573		22,301
Balance at September 30, 2021	**$**	**8,110**	**$**	**3,264**	**$**	**(30,059)**	**$**	**632,132**	**$**	**613,447**

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Cash Flows

For the nine months ended September 30 (unaudited, in thousands of dollars)	Notes	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities			
Operating			
Net earnings		**$ 49,882**	$ 16,351
Net (earnings) loss from investments in joint ventures	6	**(13,547)**	9,038
Items not affecting cash			
Depreciation and amortization		**51,160**	55,711
Gain on disposal of assets		**(1,897)**	—
Net gain from insurance settlement	8	**(2,793)**	—
Impairment reversal	13	**(402)**	—
Other non-cash items	14	**21,590**	18,565
Net change in non-cash working capital		**(1,307)**	3,151
Income taxes paid, net		**(5,547)**	(6,442)
Employee future benefits paid		**(2,986)**	(2,064)
Net cash generated from operating activities		**94,153**	94,310
Investing			
Additions to property, plant, and equipment	22	**(29,176)**	(64,930)
Distributions received from joint ventures	6	**9,922**	—
Investment in joint ventures	6	**(1,058)**	—
Compensation payments to other pool members for retired vessels		**—**	(3,473)
Progress payments for shipbuilding contracts		**(8,437)**	(11,161)
Insurance proceeds on vessel disposal	8	**7,548**	—
Proceeds on sale of property, plant, and equipment		**8,646**	—
Net cash used in investing activities		**(12,555)**	(79,564)
Financing			
Interest paid		**(9,746)**	(14,746)
Interest received		**65**	933
Proceeds of long-term debt		**58,500**	119,501
Repayments of long-term debt		**(28,606)**	(110,798)
Repurchase of common shares	20	**(2)**	(277)
Dividends paid		**(116,477)**	(13,639)
Net cash used in financing activities		**(96,266)**	(19,026)
Net change in cash		**(14,668)**	(4,280)
Effects of exchange rate changes on cash held in foreign currencies		**18**	(1,077)
Cash, beginning of period		**103,910**	18,865
Cash, end of period		**$ 89,260**	$ 13,508

See accompanying notes to the interim condensed consolidated financial statements.

Notes to the Interim Condensed 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 interim condensed consolidated financial statements of the Company for the three and nine months ended September 30, 2021 and 2020 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 seven 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 financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") and using the same accounting policies and methods as were used for the Company's Consolidated Financial Statements and the notes thereto for the years ended December 31, 2020 and 2019 . The financial statements should be read in conjunction with the Company's Consolidated Financial Statements for the years ended December 31, 2020 and 2019.

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

The interim condensed consolidated financial statements were approved by the Board of Directors and authorized for issue on November 3, 2021.

3. Use of Critical Accounting Estimates and Judgements

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 interim condensed consolidated financial statements.

4. Revenue

Disaggregated revenue by segment is as follows:

For the three months ended September 30	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Corporate	Total
(unaudited, in thousand of dollars)						
2021						
Contract of Affreightment	$ 109,530	$ —	$ —	$ —	$ —	$ 109,530
Time Charter	—	21,186	—	—	—	21,186
Pool Revenue Share	—	—	41,221	—	—	41,221
Other	61	—	—	2,014	722	2,797
	$ 109,591	**$ 21,186**	**$ 41,221**	**$ 2,014**	**$ 722**	**$ 174,734**
2020						
Contract of Affreightment	$ 87,866	$ —	$ —	$ —	$ —	$ 87,866
Time Charter	—	29,798	—	—	—	29,798
Pool Revenue Share	—	—	34,235	—	—	34,235
Other	278	—	—	2,119	706	3,103
	$ 88,144	$ 29,798	$ 34,235	$ 2,119	$ 706	$ 155,002

For the nine months ended September 30	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Corporate	Total
(unaudited, in thousand of dollars)						
2021						
Contract of Affreightment	$ 219,343	$ —	$ —	$ —	$ —	$ 219,343
Time Charter	11,368	68,025	—	—	—	79,393
Pool Revenue Share	—	—	113,722	—	—	113,722
Other	288	66	—	5,013	2,195	7,562
	$ 230,999	**$ 68,091**	**$ 113,722**	**$ 5,013**	**$ 2,195**	**$ 420,020**
2020						
Contract of Affreightment	$ 177,028	$ 1,356	$ —	$ —	$ —	$ 178,384
Time Charter	10,481	88,889	—	—	—	99,370
Pool Revenue Share	—	—	104,130	—	—	104,130
Other	688	—	—	6,561	2,236	9,485
	$ 188,197	$ 90,245	$ 104,130	$ 6,561	$ 2,236	$ 391,369

The Company's unbilled revenue and deferred revenue are as follows:

As at (unaudited, in thousands of dollars)	**September 30 2021**	December 31 2020
Unbilled revenue	**$ 6,795**	$ 12,471
Deferred revenue	**$ 1,603**	$ 907

5. Other Operating Items

The components of other operating items are as follow:

For the periods ended September 30, 2021 (unaudited, in thousands of dollars)	**Three Months Ended**	Nine Months Ended
Net gain from insurance settlement (Note 8)	$ 63	$ 2,793
Sale of vessels	402	702
Pool compensation payment	(63)	(5,576)
	$ 402	$ (2,081)

The Company owns vessels that participate in a self-unloader ocean-going Pool with an unrelated party. The other Pool member was compensated to redeploy two of its vessels due to market overcapacity.

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. ("NASC"), 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 three months ended September 30 (unaudited, in thousands of dollars)	**2021**		2020	
	Ocean Self-Unloaders	**Global Short Sea Shipping**	Ocean Self-Unloaders	Global Short Sea Shipping
Revenue	**$ 1,735**	**$ 71,085**	$ 1,514	$ 64,918
Operating expenses	**(1,219)**	**(51,419)**	(1,021)	(50,311)
General and administrative	**(238)**	**(1,551)**	(457)	(1,870)
Depreciation and amortization	**(357)**	**(6,014)**	(825)	(7,792)
Operating earnings (loss)	**(79)**	**12,101**	(789)	4,945
Impairment	**—**	**—**	(19,577)	—
Interest expense	**—**	**(804)**	—	(1,353)
Foreign exchange gain (loss)	**(3)**	**34**	2	250
Gain (loss) on sale of vessels	**—**	**5,439**	—	(6)
Earnings (loss) before undernoted	**(82)**	**16,770**	(20,364)	3,836
Net earnings of joint ventures	**—**	**1,126**	—	466
Net (earnings) loss attributable to non-controlling interest	**—**	**(2,386)**	—	761
Income tax expense	**—**	**(132)**	(113)	(15)
Net earnings (loss)	**$ (82)**	**$ 15,378**	$ (20,477)	$ 5,048
Company share of net earnings (loss)	**$ (41)**	**$ 7,689**	$ (10,239)	$ 2,524
Amortization of vessel purchase price allocation and intangibles	**—**	**(148)**	—	(155)
Company share of net earnings (loss) from investments in joint ventures	**$ (41)**	**$ 7,541**	$ (10,239)	$ 2,369

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

For the three months ended September 30 (unaudited, in thousands of dollars)	**2021**	2020
Ocean Self-Unloaders	**$ (41)**	$ (10,239)
Global Short Sea Shipping	**7,541**	2,369
	$ 7,500	$ (7,870)

For the nine months ended September 30 (unaudited, in thousands of dollars)	2021		2020	
	Ocean Self-Unloaders	**Global Short Sea Shipping**	Ocean Self-Unloaders	Global Short Sea Shipping
Revenue	**$ 5,087**	**$ 197,365**	$ 7,097	$ 181,031
Operating expenses	**(3,491)**	**(148,696)**	(3,562)	(148,827)
General and administrative	**(497)**	**(5,251)**	(752)	(5,943)
Depreciation and amortization	**(1,064)**	**(20,527)**	(2,677)	(21,467)
Operating earnings	**35**	**22,891**	106	4,794
Impairment	**—**	**—**	(19,577)	—
Interest expense	**—**	**(3,076)**	(275)	(5,579)
Foreign exchange gain (loss)	**—**	**503**	(140)	173
Gain on sale of vessels	**—**	**8,131**	—	626
Other expenses	**—**	**—**	(206)	—
Earnings (loss) before undernoted	**35**	**28,449**	(20,092)	14
Net earnings of joint ventures	**—**	**2,466**	—	1,204
Net (earnings) loss attributable to non-controlling interest	**—**	**(2,146)**	—	1,967
Income tax (expense) recovery	**—**	**(831)**	(334)	113
Net earnings (loss)	**$ 35**	**$ 27,938**	$ (20,426)	$ 3,298
Company share of net earnings (loss)	**$ 18**	**$ 13,969**	$ (10,213)	$ 1,649
Amortization of vessel purchase price allocation and intangibles	**—**	**(440)**	—	(474)
Company share of net earnings (loss) from investments in joint ventures	**$ 18**	**$ 13,529**	$ (10,213)	$ 1,175

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

For the nine months ended September 30 (unaudited, in thousands of dollars)	2021	2020
Ocean Self-Unloaders	**$ 18**	$ (10,213)
Global Short Sea Shipping	**13,529**	1,175
	$ 13,547	$ (9,038)

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

As at (unaudited, in thousands of dollars)	September 30 2021		December 31 2020	
	Ocean Self-Unloaders	**Global Short Sea Shipping**	Ocean Self-Unloaders	Global Short Sea Shipping
Cash	**$ 3,569**	**$ 22,237**	$ 4,272	$ 11,404
Other current assets	**478**	**67,706**	776	52,550
Income taxes recoverable	**48**	**224**	48	128
Assets held for sale	**—**	**8,117**	—	—
Property, plant, and equipment	**4,034**	**320,374**	4,914	415,688
Investment in joint ventures	**—**	**26,040**	—	21,372
Other assets	**—**	**17,308**	77	12,216
Current liabilities	**(660)**	**(50,781)**	(751)	(52,995)
Current portion of long-term debt	**—**	**(24,163)**	—	(29,843)
Long-term debt	**—**	**(87,967)**	—	(142,046)
Other long-term liabilities	**—**	**(17,132)**	—	(20,688)
Non-controlling interest	**—**	**(1,249)**	—	934
Net assets of jointly controlled operations	**$ 7,469**	**$ 280,714**	$ 9,336	$ 268,720
Company share of net assets	**$ 3,735**	**$ 140,357**	$ 4,668	$ 134,360
Goodwill and other purchase price adjustments	**—**	**6,575**	—	6,761
Company share of joint venture	**$ 3,735**	**$ 146,932**	$ 4,668	$ 141,121

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

As at (unaudited, in thousands of dollars)	September 30 2021	December 31 2020
Ocean Self-Unloaders	**$ 3,735**	$ 4,668
Global Short Sea Shipping	**146,932**	141,121
	$ 150,667	$ 145,789

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:

	Three Months Ended		Nine Months Ended	
For the periods ended September 30 (unaudited, in thousands of dollars)	**2021**	2020	**2021**	2020
Revenue	**$ 438**	$ 462	**$ 1,342**	$ 1,413

For the periods ended (unaudited, in thousands of dollars)	September 30 2021	December 31 2020
Accounts receivable	**$ 7,827**	$ 11,456
Accounts payable	**$ 6,361**	$ —
Loans guaranteed by the Company	**$ 21,312**	$ 25,162

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

For the nine months ended September 30 (unaudited, in thousands of dollars)	**2021**		2020	
	Distributions received	**Investment in joint ventures**	Distributions received	Investment in joint ventures
Ocean Self-Unloaders	**$ 939**	**$ —**	$ —	$ —
Global Short Sea Shipping	**8,983**	**(1,058)**	—	$ —
	$ 9,922	**$ (1,058)**	$ —	$ —

7. Interest Expense

The components of interest expense are as follows:

	Three Months Ended		Nine Months Ended	
For the periods ended September 30 (unaudited, in thousands of dollars)	**2021**	2020	**2021**	2020
Interest expense on borrowings	**$ 4,613**	$ 4,346	**$ 14,143**	$ 13,775
Amortization of financing costs	**402**	272	**1,210**	816
Interest on employee future benefits, net	**364**	229	**1,094**	687
Interest capitalized on vessels under construction	**(80)**	(192)	**(900)**	(447)
	$ 5,299	$ 4,655	**$ 15,547**	$ 14,831

8. Net Gain from Insurance Settlement

In late December 2020, one of the gearless bulkers from the Dry-Bulk fleet had a grounding incident. The Company has been assessing the nature and extent of the repairs required to bring the vessel back into service. In the second quarter of 2021, it was determined that the vessel would not return to fleet service and would instead be disposed of in its existing condition.

The components of the net gain from insurance settlement are as follows:

For the periods ended September 30, 2021 (unaudited, in thousands of dollars)	**Three Months Ended**	Nine Months Ended
Net proceeds from insurance settlement	$ 50	$ 7,548
Reversal of accrued insurance absorption	—	1,109
Impairment loss (Note 13)	13	(5,864)
Net gain from insurance settlement	$ 63	$ 2,793

9. Foreign Currency Gain

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

	Three Months Ended				Nine Months Ended			
For the periods ended September 30 (unaudited, in thousands of dollars)	**2021**		2020		**2021**		2020	
Gain on foreign denominated cash and debt	**$**	**1,065**	$	603	**$**	**1,262**	$	776
Gain on return of capital from foreign subsidiary		**—**		—		**331**		—
Unrealized gain (loss) on foreign exchange forward contracts		**—**		(344)		**52**		(344)
	$	**1,065**	$	259	**$**	**1,645**	$	432

10. Income Taxes

A reconciliation comparing income taxes calculated at the Canadian statutory rate to the amount provided in the Interim Condensed Consolidated Financial Statements is as follows:

	Three Months Ended				Nine Months Ended			
For the periods ended September 30 (unaudited, in thousands of dollars)	**2021**		2020		**2021**		2020	
Combined federal and provincial statutory income tax rate		**26.5%**		26.5%		**26.5%**		26.5%
Net earnings before income tax and net earnings (loss) from investments in joint ventures	**$**	**40,437**	$	36,217	**$**	**42,298**	$	28,007
Expected income tax expense	**$**	**(10,716)**	$	(9,598)	**$**	**(11,209)**	$	(7,422)
Increase (decrease) in expense resulting from:								
Foreign tax rates different from Canadian statutory rate		**2,707**		1,670		**4,795**		3,626
Effect of items that are not taxable (deductible)		**(115)**		16		**77**		(21)
Deferred tax items recognized		**390**		—		**390**		—
Adjustments to prior period provision		**(245)**		1,554		**17**		968
Other		**26**		246		**(33)**		231
	$	**(7,953)**	$	(6,112)	**$**	**(5,963)**	$	(2,618)

11. Leases

The Company reports its right-of-use asset and lease liability as part of other assets and liabilities on the Interim Condensed Consolidated Balance Sheet. The table below shows the continuity of the right-of-use assets and lease liabilities:

	Right-of-use assets				Lease liabilities			
	September 30		December 31		**September 30**		December 31	
(unaudited, in thousands of dollars)	**2021**		2020		**2021**		2020	
Opening balance	**$**	**511**	$	360	**$**	**522**	$	376
Additions		**537**		265		**537**		265
Depreciation		**(123)**		(110)		**—**		—
Interest accretion		**—**		—		**19**		31
Payments		**—**		—		**(204)**		(144)
Remeasurement adjustment		**(220)**		—		**(220)**		—
Derecognition of terminated lease		**(39)**		—		**(59)**		—
Effect of foreign currency exchange differences		**16**		(4)		**9**		(6)
Closing balance	**$**	**682**	$	511	**$**	**604**	$	522

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 Interim Condensed Consolidated Statement of Earnings. One of the Company's leased properties has been derecognized due to an early termination of the lease agreement.

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

For the periods ended September 30 (unaudited, in thousands of dollars)	**2021**		2020	
Payments - short term leases	**$**	**2**	$	5,639
Payments per IFRS 16		**204**		67
Non-lease components per IFRS 16		**42**		55
Total cash payments	**$**	**248**	$	5,761

12. Other Current Assets

The components of other current assets are as follows:

As at (unaudited, in thousands of dollars)	September 30 2021	December 31 2020
Materials and supplies	**$ 11,685**	$ 8,880
Prepaid expenses	**10,056**	6,267
	$ 21,741	$ 15,147

13. Property, Plant, and Equipment

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

Cost (unaudited, in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Corporate	Total
Balance at December 31, 2020	$ 649,802	$ 242,940	$ 379,751	$ 53,717	$ 20,606	$ 1,346,816
Additions	25,695	48	3,764	177	1,050	30,734
Transfer between segments	—	—	—	256	(256)	—
Transfer from progress payments for shipbuilding contracts	25,260	—	—	—	—	25,260
Disposals	(30,341)	(10,689)	—	(17)	—	(41,047)
Transferred to held for sale	—	—	—	(54,059)	—	(54,059)
Fully depreciated assets no longer in use	(1,540)	(565)	(786)	(74)	—	(2,965)
Effect of foreign currency exchange differences and other adjustments	—	—	301	—	—	301
Balance at September 30, 2021	**$ 668,876**	**$ 231,734**	**$ 383,030**	**$ —**	**$ 21,400**	**$ 1,305,040**

Accumulated depreciation (unaudited, in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Corporate	Total
Balance at December 31, 2020	$ 189,291	$ 135,074	$ 114,629	$ 39,164	$ 12,670	$ 490,828
Depreciation expense	19,949	10,213	18,965	1,078	955	51,160
Disposals	(27,679)	(6,677)	—	—	—	(34,356)
Transferred to held for sale	—	—	—	(40,168)	—	(40,168)
Fully depreciated assets no longer in use	(1,540)	(565)	(786)	(74)	—	(2,965)
Impairment provision (reversal)	5,864	(402)	—	—	—	5,462
Effect of foreign currency exchange differences and other adjustments	—	—	424	—	(110)	314
Balance at September 30, 2021	**$ 185,885**	**$ 137,643**	**$ 133,232**	**$ —**	**$ 13,515**	**$ 470,275**

Net Book Value (unaudited, in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Corporate	Total
September 30, 2021						
Cost	$ 668,876	$ 231,734	$ 383,030	$ —	$ 21,400	$ 1,305,040
Accumulated depreciation	185,885	137,643	133,232	—	13,515	470,275
	$ 482,991	**$ 94,091**	**$ 249,798**	**$ —**	**$ 7,885**	**$ 834,765**
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

As at September 30, 2021, the Company is committed to selling a shopping centre located in Sault Ste. Marie, Ontario. The carrying value of this asset has been reclassified to non-current asset held for sale on the Interim Condensed Consolidated Balance Sheet.

The Company disposed of a gearless bulker from the Domestic Dry-Bulk fleet (see Note 8) and a bunkering vessel from the Product Tanker fleet.

Impairment provision (reversal)

Domestic Dry-Bulk

In the second quarter of 2021, it was determined that a gearless bulker, which was involved in a grounding incident in late 2020 would not return to fleet service and would instead be disposed of in its existing condition.

An impairment loss was recorded for the amount by which the carrying value exceeded the net recoverable amount of the vessel. The net recoverable amount was based on fair value, less costs of disposal, of the vessel. The Company used Level 2 inputs, including quoted scrap market pricing, in determining the fair value of the asset.

Product Tankers

In 2016, the Company completed a review of events and circumstances to determine if the carrying amounts of long-lived assets with finite useful lives may be more than their recoverable amounts. The review was based on the multi-year financial and fleet maintenance plan and future industry growth and rate assumptions for a period covering the useful life of each vessel in the fleet.

As a result of the 2016 review, the Company determined that the carrying values of the domestic dry-bulk fleet and the tanker fleet were impaired. The Company recognized an impairment loss for the bunkering vessel in the tanker fleet of $2,150. During the third quarter of 2021, the Company sold the bunkering vessel for net proceeds, less costs of disposal, in excess of the vessel's carrying amount. The transaction resulted in a partial reversal of the previously recognized impairment loss in the amount of $402.

14. Other Non-Cash Items

Other non-cash items consist of the following:

As at (unaudited, in thousands of dollars)	**September 30 2021**	December 31 2020
Interest, net	**$ 15,482**	$ 14,534
Income tax expense	**5,963**	2,618
Employee future benefits expense	**1,857**	1,735
Gain on foreign exchange	**(1,644)**	(432)
Other	**(68)**	110
	$ 21,590	$ 18,565

15. 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.

16. Other Assets

Other assets consist of the following:

As at (unaudited, in thousands of dollars)	**September 30 2021**	December 31 2020
Progress payments for shipbuilding contracts	**$ 5,790**	$ 24,114
Derivative asset	**2,083**	—
Right-of-use assets (Note 11)	**682**	511
Other	**10**	8
	$ 8,565	$ 24,633

17. Other Current Liabilities

The components of other current liabilities are as follows:

As at (unaudited, in thousands of dollars)	**September 30 2021**	December 31 2020
Accrued interest on long-term debt	**$ 4,762**	$ 666
Dividends payable	**4,536**	101,735
Lease obligations (Note 11)	**223**	194
Derivative liability	**—**	1,296
	$ 9,521	$ 103,891

18. Other Long-Term Liabilities

Other long-term liabilities consist of the following:

As at (unaudited, in thousands of dollars)	September 30 2021	December 31 2020
Deferred compensation	$ 1,419	$ 1,173
Lease obligations (Note 11)	381	328
	$ 1,800	$ 1,501

19. Long-Term Debt

As at (unaudited, in thousands of dollars)	September 30 2021	December 31 2020
Convertible unsecured subordinated debentures, due June 30, 2024, interest at 5.25%	$ 81,011	$ 80,646
Senior Secured Notes		
U.S. $20,000, interest at 3.37%, due December 10, 2027	25,482	25,464
U.S. $42,000, interest at 3.60%, due December 10, 2030	53,512	53,474
U.S. $35,000, interest at 3.70%, due December 10, 2032	44,594	44,562
U.S. $50,000, interest at 3.80%, due December 10, 2035	63,705	63,660
Canadian $128,000, interest at 4.01%, due December 10, 2035	128,000	128,000
Bank Facility, due December 10, 2023		
Bankers' Acceptance, interest at 2.53%	30,000	—
Mortgage payable, due March 8, 2023, interest at 4.73%	5,383	5,490
	431,687	401,296
Less: unamortized financing expenses	9,531	10,663
	422,156	390,633
Less: current portion of long-term debt	148	143
	$ 422,008	$ 390,490

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 September 30, 2021 and December 31, 2020 the Company was in compliance with all of its covenants.

20. 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 September 30, 2021 (December 31, 2020 - 37,800,943).

At September 30, 2021 and December 31, 2020 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 December 1, 2021 to shareholders of record on November 17, 2021.

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

	Three Months Ended		Nine Months Ended	
For the periods ended September 30 (unaudited, in thousands of dollars)	2021	2020	2021	2020
Net earnings	$ 39,984	$ 22,235	$ 49,882	$ 16,351
Interest expense on debentures, net of tax	972	1,000	2,954	2,976
Net earnings for diluted earnings per share	$ 40,956	$ 23,235	$ 52,836	$ 19,327
Basic weighted average common shares	37,800,943	37,800,943	37,800,943	37,803,266
Shares due to dilutive effect of debentures	5,055,147	4,125,000	5,055,147	4,125,000
Diluted weighted average common shares	42,856,090	41,925,943	42,856,090	41,928,266
Basic earnings per common share	$ 1.06	$ 0.59	$ 1.32	$ 0.43
Diluted earnings per common share	$ 0.96	$ 0.55	$ 1.23	$ 0.43

Normal Course Issuer Bid

On March 16, 2021, the Company renewed its normal course issuer bid ("NCIB") to purchase up to 1,890,047 of its common shares, representing approximately 5% of the common shares issued and outstanding as of the close of business on March 6, 2021.

Under the NCIB, the Company may purchase up to 3,163 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, 2021 and ending on March 18, 2022. 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 Interim Condensed Consolidated Statement of Changes in Equity.

Under the current NCIB, no common shares have been purchased or cancelled for the three month period ended September 30, 2021.

The Company's previous NCIB, which began on March 19, 2020 and concluded on March 18, 2021, resulted in the repurchase and cancellation of 1,200 common shares.

21. Accumulated Other Comprehensive Loss

	Hedges			
(unaudited, in thousands of dollars)	Net investment	Purchase Commitment	Foreign exchange translation	Total
Balance at January 1, 2020	$ (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)
Gain (loss)	(132)	1,854	40	1,762
Reclassified to property, plant, and equipment	—	1,194	—	1,194
Income tax recovery (expense)	35	(263)	—	(228)
Net gain (loss)	(97)	2,785	40	2,728
Balance at September 30, 2021	**$ (19,544)**	**$ 1,807**	**$ (12,322)**	**$ (30,059)**

22. Supplementary Disclosure of Cash Flow Information

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

For the nine months ended September 30 (unaudited, in thousands of dollars)	Notes	**2021**	2020
Additions to property, plant, and equipment	13	**$ (30,734)**	$ (65,726)
Amounts included in working capital		**(3)**	796
Capitalized interest		**524**	—
Other non-cash adjustments		**1,037**	—
		$ (29,176)	$ (64,930)

23. Commitments

The commitments of the Company are as follows:

(unaudited, in thousands of dollars)	2021	2022	2023
Construction of one domestic gearless bulk carrier	$ —	$ 5,581	$ 44,642
Construction of three bulk carriers, through the Company's interest in a joint venture	—	9,677	4,746
Defined benefit pension plan special contributions	363	1,452	—
	$ 363	$ 16,710	$ 49,388

24. Financial Instruments and Risk Management

The Company's financial instruments that are included in the Interim Condensed Consolidated Balance Sheet comprise cash, accounts receivable, accounts payable and accrued charges, derivative assets and liabilities, dividends payable and long-term debt.

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 (unaudited, in thousands of dollars)	**September 30 2021**	December 31 2020
Long-term debt		
Carrying value	**$ 431,687**	$ 401,296
Fair value, classified as Level 2	**$ 439,277**	$ 406,522

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.

Liquidity Risk

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	$ 37	$ 150	$ 35,196	$ 82,500	$ 315,293	$ 433,176
Capital asset commitments	—	15,258	49,388	—	—	64,646
Interest payments on long-term debt	8,223	16,570	16,380	14,154	110,424	165,751
Employee future benefit special payments	363	1,452	—	—	—	1,815
	$ 8,623	$ 33,430	$ 100,964	$ 96,654	$ 425,717	$ 665,388

Foreign Exchange Risk

At September 30, 2021, approximately 41% (December 31, 2020 - 40%) of the Company's total assets were denominated in U.S. dollars, including U.S. cash of $59,836 and $46,373 at September 30, 2021 and December 31, 2020, 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 September 30, 2021 the Company had U.S. dollar denominated foreign exchange forward contracts outstanding with a notional principal of $39,420 USD (December 31, 2020 - $17,500 USD) and fair value gain of $2,083 (December 31, 2020 - loss of $1,296).

25. 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 three months ended September 30, 2021 (unaudited, in thousands of dollars)							
Revenue	$ 109,591	$ 21,186	$ 41,221	$ 2,014	$ 722	$ —	$ 174,734
Operating expenses	(67,310)	(13,374)	(24,131)	(1,468)	(166)	—	(106,449)
Selling, general and administrative	(2,804)	(1,036)	(295)	—	(3,239)	—	(7,374)
Other operating items	63	402	(63)	—	—	—	402
Depreciation and amortization	(6,745)	(3,209)	(6,366)	—	(355)	—	(16,675)
Operating earnings (loss)	32,795	3,969	10,366	546	(3,038)	—	44,638
Interest, net	—	—	—	—	(5,276)	—	(5,276)
Gain on sale of property	10	—	—	—	—	—	10
Foreign currency gain	—	—	—	—	1,065	—	1,065
	32,805	3,969	10,366	546	(7,249)	—	40,437
Income tax (expense) recovery	(8,454)	(1,053)	—	(265)	1,819	—	(7,953)
Net earnings (loss) from investments in joint ventures	—	—	(41)	—	—	7,541	7,500
Net earnings (loss)	$ 24,351	$ 2,916	$ 10,325	$ 281	$ (5,430)	$ 7,541	$ 39,984
For the three months ended September 30, 2020 (unaudited, in thousands of dollars)							
Revenue	$ 88,144	$ 29,798	$ 34,235	$ 2,119	$ 706	$ —	$ 155,002
Operating expenses	(51,446)	(16,305)	(20,233)	(1,897)	(237)	—	(90,118)
Selling, general and administrative	(2,901)	(1,150)	(353)	—	(1,682)	—	(6,086)
Depreciation and amortization	(6,353)	(3,654)	(7,330)	(667)	(252)	—	(18,256)
Operating earnings (loss)	27,444	8,689	6,319	(445)	(1,465)	—	40,542
Interest, net	—	—	—	—	(4,584)	—	(4,584)
Foreign currency gain	—	—	—	—	259	—	259
	27,444	8,689	6,319	(445)	(5,790)	—	36,217
Income tax (expense) recovery	(7,174)	(2,353)	2	118	3,295	—	(6,112)
Net earnings (loss) from investments in joint ventures	—	—	(10,239)	—	—	2,369	(7,870)
Net earnings (loss)	$ 20,270	$ 6,336	$ (3,918)	$ (327)	$ (2,495)	$ 2,369	$ 22,235
For the nine months ended September 30, 2021 (unaudited, in thousands of dollars)							
Revenue	$ 230,999	$ 68,091	$ 113,722	$ 5,013	$ 2,195	$ —	$ 420,020
Operating expenses	(168,631)	(46,102)	(69,682)	(3,978)	(657)	—	(289,050)
Selling, general and administrative	(8,850)	(3,164)	(900)	—	(10,276)	—	(23,190)
Other operating items	3,093	402	(5,576)	—	—	—	(2,081)
Depreciation and amortization	(19,949)	(10,213)	(18,965)	(1,078)	(955)	—	(51,160)
Operating earnings (loss)	36,662	9,014	18,599	(43)	(9,693)	—	54,539
Interest, net	—	—	—	—	(15,482)	—	(15,482)
Gain on sale of property	1,596	—	—	—	—	—	1,596
Foreign currency gain	—	—	—	—	1,645	—	1,645
	38,258	9,014	18,599	(43)	(23,530)	—	42,298
Income tax (expense) recovery	(9,794)	(2,730)	—	297	6,264	—	(5,963)
Net earnings from investments in joint ventures	—	—	18	—	—	13,529	13,547
Net earnings (loss)	$ 28,464	$ 6,284	$ 18,617	$ 254	$ (17,266)	$ 13,529	$ 49,882

		Domestic Dry-Bulk		Product Tankers		Ocean Self-Unloaders		Investment Properties		Corporate		Global Short Sea Shipping		Total
For the nine months ended September 30, 2020 (unaudited, in thousands of dollars)														
Revenue	$	188,197	$	90,245	$	104,130	$	6,561	$	2,236	$	—	$	391,369
Operating expenses		(139,495)		(60,154)		(66,300)		(5,129)		(712)		—		(271,790)
Selling, general and administrative		(9,242)		(3,826)		(1,135)		—		(7,556)		—		(21,759)
Depreciation and amortization		(18,988)		(10,998)		(22,978)		(1,998)		(749)		—		(55,711)
Operating earnings (loss)		20,472		15,267		13,717		(566)		(6,781)		—		42,109
Interest, net		—		—		—		—		(14,534)		—		(14,534)
Foreign currency gain		—		—		—		—		432		—		432
		20,472		15,267		13,717		(566)		(20,883)		—		28,007
Income tax (expense) recovery		(5,355)		(4,142)		7		207		6,665		—		(2,618)
Net earnings (loss) from investments in joint ventures		—		—		(10,213)		—		—		1,175		(9,038)
Net earnings (loss)	$	15,117	$	11,125	$	3,511	$	(359)	$	(14,218)	$	1,175	$	16,351

		Domestic Dry-Bulk		Product Tankers		Ocean Self-Unloaders		Investment Properties		Corporate		Global Short Sea Shipping		Total
As at September 30, 2021 (unaudited, in thousands of dollars)														
Assets														
Current assets	$	40,829	$	6,218	$	32,664	$	5,355	$	89,564	$	—	$	174,630
Property, plant, and equipment		482,991		94,091		249,798		—		7,885		—		834,765
Investments in joint ventures		—		—		3,734		—		—		146,933		150,667
Goodwill		7,910		—		—		—		—		—		7,910
Non-current assets held for sale		—		—		—		13,891		—		—		13,891
Other assets		6,221		—		10		—		5,613		—		11,844
	$	537,951	$	100,309	$	286,206	$	19,246	$	103,062	$	146,933	$	1,193,707
Liabilities														
Current liabilities	$	38,647	$	7,837	$	9,838	$	127	$	22,766	$	—	$	79,215
Current portion of long-term debt		—		—		—		—		148		—		148
Long-term liabilities		1,449		14,062		—		242		63,136		—		78,889
Long-term debt		—		—		—		—		422,008		—		422,008
		40,096		21,899		9,838		369		508,058		—		580,260
Shareholders' Equity		497,855		78,410		276,368		18,877		(404,996)		146,933		613,447
	$	537,951	$	100,309	$	286,206	$	19,246	$	103,062	$	146,933	$	1,193,707

		Domestic Dry-Bulk		Product Tankers		Ocean Self-Unloaders		Investment Properties		Corporate		Global Short Sea Shipping		Total
As at December 31, 2020 (unaudited, 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		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

26. 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 February 26, 2026. The following table summarizes the Company's stock option activity and related information for the periods ended September 30, 2021 and December 31, 2020.

	September 30, 2021		December 31, 2020	
Stock Option Activity As at (unaudited, amounts not stated in thousands)	**Number of shares**	**Weighted average exercise price**	Number of shares	Weighted average exercise price
Number outstanding, beginning of period	**343,542**	**$ 13.13**	230,000	$ 13.43
Granted	**112,668**	**14.69**	113,542	12.52
Exercised	**(100,000)**	**(12.74)**	—	—
Exercise price adjustment	**—**	**(1.77)**	—	—
Number outstanding, end of period	**356,210**	**$ 12.03**	343,542	$ 13.13

The weighted average share price at the date of exercise during the period was $17.44 per share.

The Company's Board of Directors authorized the payment of a special dividend in the amount of $2.65 per common share, which was paid on January 12, 2021. The payment of the special dividend triggered an adjustment of $1.77 to the weighted average exercise price of the stock options.

The following table summarizes information relating to stock options outstanding as at September 30, 2021.

	Options outstanding	
Exercise price per share (amounts not stated in thousands)	Number of shares	Remaining contractual life (years)
$10.75	113,542	3.41
$10.83	130,000	2.42
$14.69	112,668	4.41
	356,210	

For the period ended September 30, 2021, the Company recognized compensation expense for stock option awards of $422 (2020 - $111). For the period ended September 30, 2021, 112,668 (2020 - 113,542) options were granted by the Company at a weighted average fair value of $1.77 per option (2020 - $1.08).

2021

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