

ALGOMA CENTRAL CORPORATION REPORTS FINANCIAL RESULTS FOR THE 2022 THIRD QUARTER

Strong market demand and solid operating performance positions Algoma to exceed expectations in 2022

St. Catharines, Ontario November 7, 2022 - Algoma Central Corporation (TSX: ALC) ("Algoma", the "Company") today reported its results for the three and nine months ended September 30, 2022. Revenues increased 14% during the 2022 third quarter to \$199,327 compared to \$174,734 for the same period in 2021 while net earnings increased 6% in the same period. The Company reported 2022 third quarter EBITDA⁽¹⁾ of \$73,604 compared to \$69,415 for the same period in 2021. All amounts reported below are in thousands of Canadian dollars, except for per share data and where the context dictates otherwise.

"Our strategic approach to maintain disciplined growth and a strong vessel portfolio continues to serve us well," said Gregg Ruhl, President and CEO of Algoma. "Driving our plan forward are our hard working seafarers and shoreside support teams who continue to deliver exceptional service to our customers and long-term value for our shareholders. We had another busy quarter and I am pleased to see the significant recovery of our tanker business and continued strength in our international segments, particularly in our joint ventures. As we are well into the fourth quarter, I am confident Algoma will deliver full-year results beyond our earlier expectations as we expect steady market demand and strong operating performance across all business units to continue through to the end of the year," concluded Mr. Ruhl.

Financial Highlights: Third Quarter 2022 Compared to 2021

- Net earnings increased 6% to \$42,533 compared to \$39,984 last year. Basic earnings per share were \$1.13 compared to \$1.06.
- Global Short Sea Shipping segment equity earnings increased 60% to \$12,103 compared to \$7,541 for the prior year driven by increased earnings in the cement and handy-size fleets as well as significant freight rate increases in the mini-bulkers fleet that nearly offset the reduced revenue from three less vessels in that fleet. Earnings for the quarter include a \$2,922 gain on the sale of two vessels in 2022 compared to a gain of \$2,720 on the sale of two vessels in the same quarter in 2021.
- Revenue for Product Tankers increased 55% to \$32,749 compared to \$21,186. This was mainly driven by higher fuel cost recoveries and improved customer demand. The increase was also attributable to the addition of one vessel to the fleet during the second quarter that operates internationally under bareboat charter. Despite higher operating costs, operating earnings increased 48% to \$5,888 compared to \$3,969 driven by a 32% increase in revenue days primarily due to the increased demand.
- Ocean Self-Unloader segment revenue increased 21% to \$49,927 compared to \$41,221 driven by higher freight rates, fuel cost recoveries and a 10% increase in Pool volumes. Operating earnings decreased 24% to \$7,856 compared to \$10,366 in 2021 due to higher operating costs and increased dry-dock expenditures.
- Domestic Dry-Bulk segment revenue increased 6% to \$115,996 compared to \$109,591, reflecting increased fuel recoveries and improved overall base freight rates. Despite lower revenue days during the 2022 third quarter, overall volumes were slightly higher offsetting the impact of lower vessel utilization on two vessels. Operating earnings decreased 7% to \$30,453 compared to \$32,795 driven primarily by higher layup and repair spending to activate idled vessels in preparation for the fall grain harvest in Canada.

Consolidated Statement of Earnings

For the periods ended September 30 <i>(unaudited, in thousands of dollars, except per share data)</i>	Three Months Ended		Nine Months Ended	
	2022	2021	2022	2021
Revenue	\$ 199,327	\$ 174,734	\$ 467,893	\$ 420,020
Operating expenses	(133,439)	(106,449)	(345,612)	(289,050)
Selling, general and administrative	(7,764)	(7,374)	(24,942)	(23,190)
Other operating items	—	402	—	(2,081)
Depreciation and amortization	(17,361)	(16,675)	(51,106)	(51,160)
Operating earnings	40,763	44,638	46,233	54,539
Interest expense	(5,031)	(5,299)	(15,064)	(15,547)
Interest income	498	23	537	65
Gain on sale of property	147	10	14,519	1,596
Foreign currency gain	2,172	1,065	3,662	1,645
	38,549	40,437	49,887	42,298
Income tax expense	(8,776)	(7,953)	(7,566)	(5,963)
Net earnings from investments in joint ventures	12,760	7,500	27,686	13,547
Net earnings	\$ 42,533	\$ 39,984	\$ 70,007	\$ 49,882
Basic earnings per share	\$ 1.13	\$ 1.06	\$ 1.85	\$ 1.32
Diluted earnings per share	\$ 1.01	\$ 0.96	\$ 1.70	\$ 1.23

EBITDA⁽¹⁾

The Company uses EBITDA as a measure of the cash generating capacity of its businesses. The following table provides a reconciliation of net earnings in accordance with GAAP to the non-GAAP EBITDA measure for the three and nine months ended September 30, 2022 and 2021 and presented herein:

EBITDA⁽¹⁾

For the periods ended September 30	Three Months Ended		Nine Months Ended	
	2022	2021	2022	2021
Net earnings	\$ 42,533	\$ 39,984	\$ 70,007	\$ 49,882
Depreciation and amortization	21,872	20,009	66,419	62,396
Impairment	139	—	(2,643)	—
Interest and taxes	14,504	13,697	25,002	23,399
Foreign exchange loss (gain)	(1,738)	(1,080)	(3,032)	(1,897)
Other operating item	—	(465)	—	(3,495)
Investment gain on distribution	(637)	—	(637)	—
Gain on sale of properties	(147)	(10)	(14,519)	(1,596)
Gain on sale of vessels	(2,922)	(2,720)	(7,702)	(4,066)
EBITDA	\$ 73,604	\$ 69,415	\$ 132,895	\$ 124,623

Select Financial Performance by Business Segment

For the periods ended September 30	Three Months Ended		Nine Months Ended	
	2022	2021	2022	2021
Domestic Dry-Bulk				
Revenue	\$ 115,996	\$ 109,591	\$ 239,872	\$ 230,999
Operating earnings	30,453	32,795	24,738	36,662
Product Tankers				
Revenue	32,749	21,186	82,708	68,091
Operating earnings	5,888	3,969	8,012	9,014
Ocean Self-Unloaders				
Revenue	49,927	41,221	140,540	113,722
Operating earnings	7,856	10,366	25,102	18,599
Corporate and Other				
Revenue	655	2,736	4,773	7,208
Operating loss	(3,434)	(2,492)	(11,619)	(9,736)

The MD&A for the three and nine months ended September 30, 2022 and 2021 includes further details. Full results for the three and nine months ended September 30, 2022 and 2021 can be found on the Company's website at www.algonet.com/investor-relations and on SEDAR at www.sedar.com.

2022 Business Outlook⁽²⁾

Domestic dry-bulk cargo volumes are expected to be strong across all commodities, driving full fleet utilization for the balance of the year. The Western Canada grain crop size has returned to trend line level which, combined with continued demand for Eastern export capacity due to the Ukraine conflict, has allowed any open capacity to be filled at prices reflecting the strong market conditions. Product Tanker demand is expected to remain steady and we expect the fleet will continue to be well utilized in the fourth quarter.

Customer demand and vessel supply for the Ocean segment is fairly well balanced for the remainder of the year. Aggregate volumes are expected to be impacted by a facility closure in Mexico and the US residential market is expected to slow down but overall construction sector demand remains strong as infrastructure investments are picking up. We are expecting costs to continue to be impacted by inflation and global fuel prices will likely remain higher than normal.

The solid charter rates earned by the mini-bulker fleet over the first three quarters of 2022 are expected to continue throughout the calendar year based on the joint venture's existing vessel commitments and on our market outlook. This outlook could change if global markets slow appreciably. The cement sector is expected to remain steady for the remainder of the 2022 season and the two additional handy-size bulk carriers, which entered the handy-size fleet in May 2022, are expected to continue to make strong contributions in the fourth quarter.

Normal Course Issuer Bid

Effective March 21, 2022, the Company renewed its normal course issuer bid with the intention to purchase, through the facilities of the TSX, up to 1,890,457 of its Common Shares ("Shares") representing approximately 5% of the 37,800,943 Shares which were issued and outstanding as at the close of business on March 9, 2022 (the "NCIB"). Under the current NCIB, no common shares have been purchased or cancelled for the period ended September 30, 2022.

Cash Dividends

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, 2022 to shareholders of record on November 17, 2022.

Director Resignation

Paul Gurtler has resigned from the Company's Board of Directors, effective September 30, 2022. Mr. Gurtler also served as a member of the Environmental Health and Safety Committee and the Investment Committee.

Notes

(1) Use of Non-GAAP Measures

The Company uses several financial measures to assess its performance including earnings before interest, income taxes, depreciation, and amortization (EBITDA), free cash flow, return on equity, and adjusted performance measures. Some of these measures are not calculated in accordance with Generally Accepted Accounting Principles (GAAP), which are based on International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), are not defined by GAAP, and do not have standardized meanings that would ensure consistency and comparability among companies using these measures. From Management's perspective, these non-GAAP measures are useful measures of performance as they provide readers with a better understanding of how management assesses performance. Further information on Non-GAAP measures please refer to page 2 in the Company's Management's Discussion and Analysis for the three and nine months ended September 30, 2022.

(2) 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 2023 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.

Algoma owns and operates the largest fleet of dry and liquid bulk carriers operating on the Great Lakes - St. Lawrence Seaway, including self-unloading dry-bulk carriers, gearless dry-bulk carriers and product tankers. Since 2010 we have introduced 10 new build vessels to our domestic dry-bulk fleet, with two under construction and expected to arrive in 2024, making us the youngest, most efficient and environmentally sustainable fleet on the Great Lakes. Each new vessel reduces carbon emissions on average by 40% versus the ship replaced. Algoma also owns ocean self-unloading dry-bulk vessels operating in international markets and a 50% interest in NovaAlgoma, which owns and operates the world's largest fleet of pneumatic cement carriers and a global fleet of mini-bulk vessels serving regional markets. Algoma truly is *Your Marine Carrier of Choice™*. For more information about Algoma, visit the Company's website at www.algonet.com

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