ALGOMA CENTRAL CORPORATION

Annual Information Form

For the Year Ended December 31, 2022

Your Marine Carrier of Choice™

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General and Forward Looking Statements

In this Annual Information Form, all dollar amounts quoted are in Canadian dollars and in thousands, except for per share data, unless otherwise noted. This Annual Information Form is presented as at December 31, 2022.

Copies of the Annual Information Form, as well as copies of the Company's 2022 Annual Report and Management Information Circular, may be obtained at www.algonet.com/investor-relations and on SEDAR at www.sedar.com.

This Annual Information Form may include forward-looking statements concerning the future results of the Company. These forward-looking statements are based on current expectations. The Company cautions that all forward-looking information is inherently uncertain and actual results may differ materially from the assumptions, estimates or expectations reflected or contained in the forward-looking information, and that actual future results could be affected by a number of factors, many of which are beyond the Company's control, including economic circumstances, technological changes, weather conditions and the material risks and uncertainties identified by the Company and discussed in section 4 of this report. For further detail on forward looking statements please refer to the 2022 Management's Discussion & Analysis at www.algonet.com/investor-relations and on SEDAR at www.sedar.com.

1. CORPORATE STRUCTURE

Name, Address and Incorporation of Algoma Central Corporation ("Company", "Algoma" or "Corporation")

The Company was incorporated in 1899 by a Special Act of the Parliament of Canada as Algoma Central Railway Company and was continued under the Canada Business Corporations Act in 1986. The name of the Company was changed to The Algoma Central and Hudson Bay Railway Company in 1901, to Algoma Central Railway in 1965 and to Algoma Central Corporation in 1990.

The Company's registered head and executive offices are located at 63 Church Street, St. Catharines, ON, L2R 3C4.

Inter-corporate Relationships

The following is a list of the principle subsidiaries of Algoma and include any subsidiary representing more than 10% of the Company's consolidated assets or more than 10% of the Company's consolidated revenues. The other subsidiaries of the Company, not listed, represent together 20% or less of the Company's consolidated assets and 20% or less of the Company's consolidated revenues.

	Jurisdiction of incorporation	Percentage of voting securities beneficially owned or over which control or direction is exercised	Percentage of non-voting securities owned
Subsidiaries			
Algoma Shipping Ltd.	Bermuda	100%	N/A
Algoma Tankers Limited	Canada	100%	N/A
Algoma International Shipholdings Ltd.	Bermuda	100%	N/A
Joint Ventures			
NovaAlgoma Cement Carriers Limited (NACC)	Bermuda	50%	N/A
NovaAlgoma Short-Sea Holding Limited (NASC)	Bermuda	50%	N/A
NovaAlgoma Bulk Holdings Ltd. (NABH)	Bermuda	50%	N/A
FureBear AB	Sweden	50%	N/A

2. GENERAL DEVELOPMENT OF THE BUSINESS

Overview

Algoma Central Corporation owns and operates the largest fleet of dry and liquid bulk carriers operating on the Great Lakes - St. Lawrence Waterway, including self-unloading dry-bulk carriers, gearless dry-bulk carriers and product tankers. Algoma also owns ocean-going self-unloading dry-bulk vessels operating in international markets and a 50% interest in several global joint ventures, which include a diversified portfolio of dry-bulk fleets operating internationally.

In addition to its owned vessels, the Company provides operational management for four vessels; one owned by G3 Canada Limited and the other three by NovaAlgoma Cement Carriers ("NACC"), a related party.

The Company's executive offices are located in St. Catharines, Ontario. The Company employs approximately 1,600 people globally and has assets at December 31, 2022 of $1,365,697 and 2022 revenues of $677,942.

The Company reports the results of its operations for six business units or segments. The largest is the Domestic Dry-Bulk segment, which includes the Company's 18 Canadian dry-bulk carriers. This segment serves a wide variety of major industrial sectors, including producers in iron and steel, aggregates, cement and building materials, salt and agricultural product distributors.

The Product Tanker fleet provides safe and reliable transportation of liquid petroleum products throughout the Great Lakes, St. Lawrence Seaway and Atlantic Canada regions. This business unit consists of seven double-hull product tankers employed in Canadian flag service and two vessels operating internationally. Customers include major oil refiners, leading wholesale distributors, and large consumers of petroleum products.

The Company's international Ocean Self-Unloaders segment consists of two entities. Algoma Shipping Ltd. ("ASL"), a wholly owned subsidiary of the Company, owns eight ocean-going self-unloading vessels. The ASL ocean self-unloaders are part of an 18 vessel fleet that forms the CSL International ("CSLI") Commercial Pool (the "Pool"). Marbulk Canada Inc. ("MCI") is jointly owned by the Company and CSL Group Inc. and owns a self-unloader jointly with Bernhard Schulte Group that operates under a long-term time charter in Europe.

The Global Short Sea Shipping segment, which consists of the Company's NovaAlgoma joint ventures, focuses on niche marine transportation markets featuring specialized equipment or services. The cement carrier fleet comprises pneumatic cement carriers servicing large global cement manufacturers that support infrastructure projects. The short sea mini-bulker fleet comprises owned ships, chartered vessels, and vessels operated under third party management contracts. The fleet supports the agricultural, cement, construction, energy and steel industries worldwide. The handy-size fleet is an opportunistic sales and purchase vessel platform.

The Investment Properties segment consisted of a shopping centre located in Sault Ste. Marie, Ontario. The shopping centre was sold on June 30, 2022.

The Corporate segment consists of the Company's head office expenditures, third party management services and other administrative functions of the Company.

Three Year History

Following is a description of the significant events that have influenced the general development of the business over the course of the last three years:

2022

In, 2022 the Company announced that it had increased its investment in the global short sea shipping joint ventures, NovaAlgoma, by acquiring three cement Carriers from KGJ cement in Northern Europe and two handy-size bulk carriers from Swire Bulk Holdings Pte. Ltd. of Singapore. The vessels were delivered in the second and third quarters of 2022.

On June 30, 2022 the Company sold Station Mall, a large shopping complex in Sault Ste. Marie, Ontario.

During 2022, Algoma and Furetank AB of Sweden established a joint venture named FureBear, which entered into an agreement to construct eight dual-fuel product tankers. The tankers will be constructed at China Merchants Jinling Shipyard in Yangzhou, China, with delivery expected between 2023 and 2025.

In July, 2022, the Company acquired the *Birgit Knutsen* as a potential future replacement vessel for its domestic tanker fleet. The vessel operated under a bare boat charter in international markets throughout 2022.

On December 14, 2022 the Company announced that their Board of Directors authorized payment of a Special Dividend to shareholders of $1.35 per common share. The dividend was paid to shareholders of record on January 4, 2023 on January 18, 2023.

On December 22, 2022, two 2007-built product tankers, the re-named *Algoberta* and *Algotitan*, were acquired. The *Algotitan* began domestic operations in early 2023 while the *Algoberta* began 2023 operating in Northwestern Europe.

2021

In domestic operations, the Company took delivery of the *Captain Henry Jackman* in April, 2021 from the Jiangsu Yangzi-Mitsui Shipbuilding Company in China. The vessel is the fifth Equinox Class gearless dry-bulk carrier and the tenth Equinox Class vessel to join the fleet. The ship began trading on the Great Lakes in late June.

On May 31, 2021 the Company announced that it entered into a contract with the Yangzijiang Shipyard in Taicang City, China to build a new Seawaymax self-unloading vessel for its domestic dry-bulk fleet. The construction of the ship is expected to begin in late 2022 with the vessel joining the fleet for the 2024 navigation season.

On December 17, 2021 the Company announced that NovaAlgoma Cement Carriers Limited, doubled its investment in JT Cement AS by acquiring an additional 25% of its share equity from KGJ Cement Holding AS. This brings NACC's ownership in the specialized cement shipping company to 50%, with their partner Erik Thun AB Sweden.

2020

In domestic operations, the Company took delivery of the *Algoma Intrepid* in October, 2020 from the 3 Maj Shipyard in Croatia. The vessel arrived earlier than expected and began trading on the Great Lakes in November. The vessel is the second Equinox 650' Class self-unloading dry-bulk carrier and the ninth Equinox Class vessel to join the fleet.

On December 10, 2020 the Company announced it had completed a refinancing of its senior secured credit facilities that were due to mature during 2021. For further details see Financing, below.

On December 14, 2020 the Company announced that the Company's Board of Directors authorized payment of a Special Dividend to shareholders of $2.65 per common share. The dividend was paid on January 12, 2021 to shareholders of record on December 28, 2020.

Safety and Environmental Matters

The Company's Environmental and Safety Policies stipulate the principles to which Algoma Central Corporation and its subsidiaries will adhere and the commitment of the Board of Directors and corporate officers to health and safety and environmental protection. The Company's integrated management system (addressing safety, environment and quality control) underlies the compliance program and provides the framework and procedures to systematically ensure the preservation of the environment and the health and safety of employees and contractors. The Company strives to be a leader in safety and environmental management and is committed to the prevention of human injury and loss of life, the protection of the environment and the protection of property.

The policy of the Company is as follows:

1. To be managed to meet its balanced responsibilities to its shareholders, employees, customers and to society.
2. To strive to be an exemplary employer and corporate citizen in environmental management by carrying out sound operational and management practices to ensure its operations and facilities are in compliance with all applicable legislation providing for the protection of the environment, employees and the public.
3. In the absence of legislation, to minimize the environmental impact on the public, employees, customers and property within the limitations of technology and economic viability.
4. To constantly aspire to a safe, clean healthy workplace within the context of a clean, healthy, sustainable natural environment.
5. To manage renewable and non-renewable resources for the benefit of future generations and to seek methods to improve the wise use of resources through such methods as renewal and recycling.

The Company publishes a Sustainability Report that highlights its sustainability initiatives and achievements. The most recent report was published in 2022 and provides an update on the Company's 2020 and 2021 sustainability performance, highlighting safety, operations excellence, environment, people and community. The 2021 Sustainability Report is available for viewing on the Company's website at https://www.algonet.com/sustainability/.

Both the domestic dry-bulk and product tanker fleets participate in the Green Marine program. This initiative's objective is to improve the marine industry's environmental performance above and beyond regulatory requirements in a number of areas, including aquatic invasive species, pollutant air emissions (SOx, NOx and PM), greenhouse gases, waste management and underwater noise. The Green Marine program requires participating ship-owners and port authorities to implement specific best practices that will contribute to reducing the environmental impact of their business activities. Each company must self-assess their performance in each category on an annual basis on a scale of one to five, with one representing regulatory compliance and five demonstrating excellence and leadership, and provide these results to Green Marine for communication in a publicly available annual report. Participant self-assessment results are verified by an independent party on a bi-annual basis.

As one example of environmental stewardship, the Company's highly efficient Equinox Class ships are all equipped with certified and operational closed-loop exhaust gas scrubbers designed to meet stringent Emission Control Area Sulphur Oxide (SOx) limits. The scrubbers clean the exhaust gas, reducing the amount of SOx released into the air to a negligible amount of SOx and also reducing the release of particulate matter.

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

Algoma is part of the Reseau d'Observation de Mammiferes Marins (ROMM) / Marine Mammal Observation Network (MMON) and Green Marine to collect whale observation data to assist researchers in their conservation efforts, in particular related to the endangered North Atlantic right whale and St. Lawrence beluga populations. The Company's crews are supplied with information on how to identify different species and report their location so that this data can be provided to researchers.

Algoma is a founding member of the Blue Sky Maritime Coalition, a group that aims to accelerate the North American maritime industry's pathway to net zero GHG emissions by jointly developing and executing a road map to a commercially viable logistics value chain.

3. NARRATIVE DESCRIPTION OF THE BUSINESS

Principal Services

The principal services provided by the Company are as follows:

1. Domestic Dry-Bulk consists of Canadian flagged dry-bulk vessels and ship management services. The dry-bulk vessels operate within the Great Lakes, St. Lawrence Waterway, and Atlantic Canada. The vessels are designed to carry a variety of dry-bulk products including iron ore, grain, coal and coke, salt and aggregates.
2. Product Tankers consist of Canadian flagged vessels which operate within the Great Lakes, St. Lawrence Waterway and Atlantic Canada. Customers include major oil refiners, leading wholesale distributors and large consumers of petroleum products.
3. Ocean Self-Unloaders consists of direct ownership of ocean-going dry-bulk self-unloading vessels and interest in one other self-unloader that trades worldwide.
4. Global Short Sea Shipping consists of three global fleets; a fleet of specialized cement carriers and a fleet of short sea mini bulkers and a fleet of handy-size bulkers that are part of a sales and purchase platform.

Revenues

Revenue by industry segment for the years ending December 31, 2022 and 2021 were as follows:

For the years ended December 31		**2022**		2021
For the years ended March 31		**2022**		2021
Reported revenue	**$**	**677,942**	$	598,873
Freight revenues[(1)]	**$**	**811,641**	$	721,467
Other revenues		**5,387**		9,383
Total revenues	**$**	**817,028**	$	730,850
Freight revenues				
Domestic Dry-Bulk	**$**	**360,139**	$	338,661
Product Tankers		**118,686**		94,535
Ocean Self-Unloaders		**193,730**		156,294
Global Short Sea Shipping[(1)]		**139,086**		131,977
Investment Properties[(2)]		**—**		—
Corporate[(2)]		**—**		—
Total freight revenues	**$**	**811,641**	$	721,467

(1) Freight revenues includes our 50% share of freight revenues from the Global Short Sea Shipping segment. The Investment Properties and Corporate segments do not generate freight revenue.

Seasonality

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.

The seasonality is largely limited to the domestic dry-bulk business. Earnings fluctuations and seasonality of the product tanker and ocean-going fleets are less significant.

Foreign Operations

The Company has interests which carry on most of their operations in foreign jurisdictions. The Company’s proportionate share of the property, plant, and equipment in foreign jurisdictions at December 31, 2022 and 2021 was $239,543 and $242,241 respectively.

The Company’s share of revenues in foreign jurisdictions for the years ended December 31, 2022 and 2021 were $193,730 and $156,294, respectively.

Locations

- The Domestic Dry-Bulk segment has offices in St. Catharines, Ontario and Winnipeg, Manitoba.
- The Product Tanker segment has an office in St. Catharines, Ontario.
- The Ocean Self-Unloaders segment has an office in Hamilton, Bermuda.
- The Global Short Sea Shipping segment is based in Lugano, Switzerland and has offices in Hamilton, Bermuda, Fort Lauderdale, Florida and St. Catharines, Ontario.
- The Company has corporate and support offices located in St. Catharines, Ontario and Fort Lauderdale, Florida.

Financing

The Company refinanced all of its senior secured debt in 2020. The credit facilities include $327 million (all amounts in Canadian dollar equivalent) raised in a private placement of senior secured notes payable (the "Notes"). The Notes, which have been issued in both US dollar and Canadian dollar tranches, have terms between seven and 15 years and bear interest rates ranging from 3.37% to 4.01% per annum, resulting in an overall effective rate at closing of 3.80%. The Notes have been issued to a group of Canadian and US insurance companies.

Concurrent with the issuance of the Notes, and extended into 2027, the Company entered into a $177 million revolving bank credit agreement (the "Bank Revolver") with a syndicate of four banks.

The senior debt is subject to financial covenants, secured by mortgages on the majority of the Company's existing wholly owned vessels and supported by guarantees from its main operating subsidiaries.

Employees and Unions

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

Captains and Chief Engineers

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

Navigation and Engineering Officers

Navigation and Engineering Officers consist of seven separate bargaining units, all of which are represented by the Canadian Merchant Service Guild (CMSG). A new agreement for the NACC fleet was negotiated in 2020 and 2021, and expires on April 30, 2025. Likewise, two new Tanker agreements were negotiated in 2021, with both expiring on July 31, 2028. The next contracts due for negotiation are the four agreements in the Domestic Dry-Bulk fleet, all of which expire in 2023. Negotiations are expected to commence in March 2023.

Unlicensed Employees

There are four bargaining units for unlicensed shipboard employees, which is down from six year-over-year. The Seafarers' International Union (SIU) represents three unlicensed employee bargaining units. The next unlicensed contracts due for negotiation are the Unifor and SIU DDB agreements, both of which expire in 2023. A new agreement was reached for NACC unlicensed employees in 2022, which achieved the Company's goal to consolidate three bargaining units into one. The next unlicensed contracts due for negotiation are the Unifor and SIU Domestic Dry-Bulk agreements, both of which expire in 2023. Negotiations for the SIU agreement are scheduled to begin in March 2023, whereas the Company has proposed starting negotiations with Unifor in June 2023.

4. RISKS AND UNCERTAINTIES TO THE COMPANY

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

Availability of Qualified Personnel

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

Contractual Nature of the Business

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

Unions

The majority of the positions on the Company's domestic vessels are unionized. Failure to enter into new collective agreements with any of the unions representing workers could result in service interruptions. The Company believes it offers fair and competitive compensation packages and negotiates in good faith to avoid service interruptions.

Partnering

The Company operates a portion of its business jointly with third parties. Partnerships are seen by the Company as an effective tool to expand the business on a global basis. The expanded service capacity a partnership can provide includes additional stability and flexibility to its customer base. The success of its partnerships depends on the on-going cooperation and liquidity of its partners. The Company believes it has chosen partners who have similar goals and values and the financial strength to execute the strategies set out by each of the partnerships.

Outsourcing

The Company contracts certain of its information technology and activities to third parties. The selection of the proper service providers is important to ensure the Company’s high performance standards are applied consistently. Agents not performing to the expectations of the Company could have a significant impact on the reputation and financial results of the Company. The Company takes great care in ensuring the performance of parties selected to perform outsourced services on its behalf match its high quality standards. The Company deals with leading international companies for these services.

Service Failure

The Company’s customers demand a high standard of operations excellence in order to ensure timely and safe delivery of their cargoes. Incomplete or non-performance of services could expose the Company to customer complaints, penalties, litigation or loss of reputation. Failure to manage its fleet maintenance and capital improvements could impact the ability to generate revenue. The Company maintains stringent operational and maintenance plans to ensure assets perform to their maximum capability, and “Operations Excellence” is a high priority for each business unit.

Health and Safety

The Company places significant emphasis on health and safety management and is committed to the prevention of human injury and loss of life. An unsatisfactory safety record could lead to significant fines and penalties and a reduction in customer confidence in the Company's ability to perform the required service. In the case of a significant customer, it could also lead to the termination of the service agreement.

Property, Plant, and Equipment

The failure by a shipyard to complete the construction of a vessel under development would impact on the Company’s ability to replace existing assets and expand the business. There is currently two vessels under construction in China and Croatia. In addition, NASC has one mini-bulkers under construction in China. The Company has knowledgeable supervision teams in place at the shipyards to monitor the quality of construction and to assist in moving to a successful completion of the contract.

Capital Expenditures

Capital expenditures and other costs necessary to operate and maintain Algoma's vessels tend to increase with the age of each vessel. Accordingly, it is likely that the operating costs of Algoma's older vessels will increase. In addition, changes in government regulations, safety or other equipment standards, as well as compliance with standards imposed by maritime self-regulatory organizations and customer requirements or competition, may require the Company to make additional expenditures.

In order to satisfy any such requirements, Algoma may be required to incur significant costs for alterations to its fleet or the addition of new equipment. In order to satisfy any such requirement, Algoma may be required to take its vessels out of service for extended periods of time, with corresponding losses of revenues. In the future, market conditions may not justify these expenditures or enable Algoma to operate its older vessels profitably during the remainder of their anticipated economic lives. Sudden changes could result in shortened economic lives of existing vessels and necessitate certain capital expenditures on new ships than currently planned.

Business Acquisitions

Future acquisitions of vessels or businesses by Algoma would subject the Company to additional business, operating and industry risks, the impact of which cannot presently be evaluated and could adversely impact Algoma's capital structure. Algoma intends to pursue acquisition opportunities in an effort to diversify its investments and/or grow its business. While Algoma is not presently committed to any business acquisition, the Company may be actively pursuing one or more potential acquisition opportunities in the future.

Future acquisitions may be of individual or groups of vessels or of businesses operating in the shipping or other industries. Algoma is not limited to any particular marine industry or type of business that it may acquire. Accordingly, there is no current basis to evaluate possible merits or risks of the particular business or assets that Algoma may acquire, or of the industry in which any such business may operate. To the extent the Company acquires an operating business, it may be affected by numerous risks inherent in the acquired business's operations.

In addition, the financing of any acquisition completed by Algoma could adversely impact Algoma's capital structure as any such financing could include the issuance of additional equity securities and/or the borrowing of additional funds. The issuance of additional equity securities may significantly reduce the equity interest of existing stockholders and/or adversely affect prevailing market prices for the Company's common stock. Increasing Algoma's indebtedness could increase the risk of a default that would entitle the holder to declare all of such indebtedness due and payable and/or to seize any collateral securing the indebtedness. In addition, default under one debt instrument could in turn permit lenders under other debt instruments to declare borrowings outstanding under those other instruments to be due and payable pursuant to cross default clauses. Accordingly, the financing of future acquisitions could adversely impact our capital structure and your equity interest in Algoma. Except as required by law or the rules of any securities exchange on which our securities might be listed at the time we seek to consummate an acquisition, will not be asked to vote on any proposed acquisition.

Competitive Markets

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

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

Climate Change and Environment

As a marine shipping company, Algoma's business is impacted by and has an impact on the environment in a number of ways, many of which pose risks for the company. In this section, we discuss the material risks that could impact the Company's operating performance or cash flows in future periods.

Sulphur Oxide Emissions

The global shipping industry is subject to a number of regulations established by the International Maritime Organization ("IMO") that govern various aspects of marine shipping operations. Among these are regulations limiting the amount of sulphur oxides ("SOx") that can be emitted to the air by vessels from combustion of fuel oils that contain sulphur compounds. Upon entering the atmosphere SOx emissions contribute to effects such as smog and acid rain.

These regulations were adopted by the IMO in 2008 and as of January 1, 2020, set a global limit of 0.5 percent sulphur content in marine fuels, with the exception of fuels used in vessels equipped with exhaust gas scrubbers ("IMO 2020" regulations). Certain jurisdictions that have declared emission control areas ("ECAs"), including Canada and the United States, had already reduced limits for sulphur in fuel to an even lower 0.1 percent in 2015. Generally speaking, limits on air pollutants have been transitioning to or at lower limits for several years.

Sulphur oxides can be reduced by taking one of two approaches: control of the sulphur content of the fuel source; or, clean the resulting exhaust gas stream, which is commonly called scrubbing. Each of these methods exposes the industry and the companies that adopt them to certain risks. Exhaust gas scrubbers consist of equipment mounted in the exhaust stack of a vessel that use either saline sea water or, if the ship operates in inland fresh waters, an alkaline solution injected into the exhaust gas stream to remove sulphur oxides from the emissions. The resulting precipitated liquid is removed from the exhaust column and filtered to remove the sulphur and other contaminants.

Scrubbers are designed as either open loop, closed loop or a hybrid system, which is capable of operating in either open or closed loop mode. In a closed loop system, such as those installed on Algoma's ten Equinox Class vessels, the washwater is recirculated in the scrubber until saturated and then the sulphur-bearing effluent is removed from the exhaust stream and cleaned in a washwater treatment plant on board. The resulting sludge is stored on board the vessel for removal to a land-based waste disposal facility. In an open loop system, the scrubber washwater is diluted with sea water and released into the water. Many jurisdictions prohibit or severely limit the use of open loop scrubbers as a result. In addition to the ten closed loop systems, Algoma operates two hybrid systems that periodically operate in open loop mode when voyaging in Gulf and coastal waters.

To achieve compliance with IMO 2020 through the use of an exhaust gas scrubber, a vessel must incur a capital expense to install the scrubbing equipment. In addition, operators of closed loop systems will incur on-going costs for the consumables to operate the systems (including the additional fuel costs to produce the power to run the systems) and the waste disposal costs for scrubber waste residues. Operators relying on either type of scrubber system face risks of equipment failure and the subsequent need to switch to more expensive sulphur compliant fuel if the scrubber breaks down.

The advantage of installing scrubbers lies in the ability for the operator to burn traditional marine fuels for their main engines and generators. The alternative to installing scrubbers is to convert to the use of low sulphur fuels to limit the sulphur content at source. These fuels include marine diesel as well as the more recently developed low sulphur blends of intermediate fuels. While using such fuels enables operators to avoid the capital cost of installing scrubbers, the cost of diesel and the new blended fuels has traditionally been higher than heavy fuel oils and this gap is expected to continue and may, in fact, increase.

All vessels operated by Algoma that are not equipped with an exhaust gas scrubber have converted to marine diesel or, in the case of ocean ships, a combination of low-sulphur intermediate fuels and diesel.

The regulatory framework concerning scrubbers is currently under review by the IMO and is likely to evolve. In particular, effluent quality from scrubbers is under study and there is a possibility of additional restrictions or even prohibitions on discharge in future. There is a risk also that new regulatory restrictions in Canada or the US could result in the requirement to store all effluent on board and dispose of it ashore. In addition, the effectiveness of exhaust gas scrubbers with respect to removal of other contaminants (particulate matter and black carbon) that may be the subject of future regulation is not yet confirmed; however, should additional air emissions limits be adopted, existing scrubbers would possibly be grandfathered. Equipment reliability represents an additional risk, due in part to new technology, delays in availability of replacement parts and lack of trained technicians to respond and could lead to potential issues after 2021 (non-compliance, need for fuel switching, possible commercial delays) related to scrubber malfunctions or breakdowns.

Ballast Water

Under the International Convention for the Management of Ballast Water and Sediments (the "Convention") the majority of areas in which our vessels operate are subject to rules governing the release of ballast water in an effort to control the spread of non-native and potentially invasive aquatic organisms. While such controls were historically addressed by flushing ballast tanks mid-ocean, recent rule changes require the installation of ballast water treatment systems ("BWTS") on all vessels with installation dates based on the dry-docking schedule for the vessels, generally no later than 2024. All of Algoma's international vessels either have installed BWTS or are scheduled for systems to be installed at their next docking.

Ballast water rules governing domestic vessels operating on the Great Lakes have been developed by both the Canadian and US governments, although the impact on the fleets is different. Generally speaking, Canadian vessels will be required to install BWTS, while the US domestic lakes fleet will either remain exempt or will have more time until this requirement is imposed. Canadian ballast water regulations finalized in 2021 require the Canadian domestic fleet to begin installing systems on vessels, by September 2024 on new vessels and 2030 for older vessels. Algoma is developing plans to address the new Canadian rules. While the Company plans to comply with the new rules by installing so-called "type-approved" systems, there are concerns that these systems will not achieve the desired effect due to the different operating parameters of the lakes business (generally faster and more frequent ballasting and de-ballasting) and the recognized challenges with treating the very cold, fresh and, in some cases, turbid water in the Great Lakes. While failure to comply with regulations could result in fines and suspension of operating licenses, installation of approved equipment that is subsequently determined to fail to meet the targets for elimination of organisms could also result in the incurrence of further costs in the future.

Installation of BWTS will require capital investment in future years. The Company's standard contract terms provide a mechanism to recover the cost of compliance with ballast water regulations from customers, including expected operating costs to run the systems.

Greenhouse Gases

The marine industry is participating in the global efforts to reduce green house gas emissions ("GHGs") and pursuing a number of initiatives in this regard. GHG goals for the overall global marine industry have been set by the IMO, with the first being a 40% reduction in global emissions (on an intensity, or work conducted basis) by 2030 and a 50% reduction in absolute emissions by 2050. Regulations are in place that apply to as-yet built vessels requiring the utilization of newer, more efficient designs. Global efficiency standards for currently operating ships are also in force as of 2023. These regulations limiting the amount of GHGs emitted by vessels could impact engine design, vessel speeds (the so-called 'slow steaming': vessels operate less efficiently at higher speeds and most engines have an operating zone in which they are most efficient) and hull design and require that shipowners adopt technical or operational measures to improve efficiency. Equipment retrofits such as propeller devices or engine/shaft power limiters will require capital investment. In the interim, various jurisdictions have enacted measures intended to either reduce carbon emissions or to put a price on emissions. Canada has enacted a carbon tax that is in place in provinces that do not have their own emission control regime, including Ontario. The federal tax does not currently apply to fuels used by the domestic marine industry however this is under review. It is possible that carbon taxes or other measures could be applied in the future and that any measures enacted will impact the operating costs of the business and may not be recoverable through increased revenues.

Algoma has implemented technical and operational measures to reduce GHG emissions throughout its fleet and is currently evaluating design parameters for opportunities for further reductions.

Water levels

Water levels on the Great Lakes and related waterways are expected to be impacted by climate change. Water levels have fluctuated from record low levels to record high levels during the past decade and similar fluctuations are likely to occur in the future. Significant drops or increases in water levels on the Great Lakes - St. Lawrence Waterway, which the Company has no control over, could have an impact on the future operations and profitability of the domestic dry-bulk vessels and product tankers.

Severe Weather

Maritime storms are a risk inherent in marine transportation and have been the cause of many significant vessel incidents and loss of life throughout history. Climate change is expected to result in increasingly volatile weather conditions. Severe storms pose a risk of vessel damage, loss of cargo, and in extreme situations, injuries and fatalities, all of which have the potential to impose significant financial costs on the business. Even in the absence of weather events directly impacting our businesses, insurance claims related to weather events outside of our business and industry are expected to affect the cost of insurance in the broader insurance markets, thereby increasing our operating costs.

Modern weather forecasting technologies combined with advanced communication systems that enable vessels to be in constant communication with shoreside support assist in mitigating the risks posed by severe weather. With adequate forewarning, ships are able to divert their voyage or seek shelter and avoid the worst of most storms. Taking such actions will usually affect the profitability of a given voyage even if the direct cost of encountering a storm can be avoided; however, such voyage-by-voyage costs are not generally material overall.

Winter Conditions

The Company's domestic dry-bulk vessels and product tankers operate primarily in the Great Lakes and the St. Lawrence River. Winter conditions during the December to March period and rising or changing water levels in ports in which the vessels load and unload have the effect of increasing or reducing operating days and cargo sizes, respectively, and this could affect the profitability of these vessels. Harsh winter conditions may also result in more severe ice coverage on the Great Lakes and the St. Lawrence Waterway, resulting in operating delays and adjustments in the opening of the canals in the system and the movement of cargo.

The expectation is that climate change could result in more extreme weather events in the futures, which could include increased frequency and severity of gales and storms with longer duration and stronger wind forces. An overall trend towards less ice on the Great Lakes could result in the opportunity of a longer shipping season but with the propensity of more/greater storms, greater overall evaporation due to more open water and increased snowfall. Climate change theory and experience states that there could be more extremes in both temperature and rainfall. High water and low water levels both can negatively effect operations. Further concerns would be older marine infrastructure's ability to withstand more extreme weather.

Vessel Recycling

Algoma has typically operated its dry-bulk vessels domestically for 40 or more years, its international dry-bulk vessel for 30 years, and its tankers for 25 years. After a vessel has reached the end of its economic life, the Company usually sells its vessels to qualified ship recyclers who will demolish the vessel and sell the materials recovered into the recycled materials markets. Algoma takes steps to ensure the service providers selected for this purpose operate in a responsible manner in respect of compliance with environmental regulations as well as labour practices and other applicable regulations. Recent vessel sales have been to recyclers in Canada and in Turkey.

Regulatory

A change in governmental policy could impact the ability to transport certain cargoes or increase the cost of doing so. A policy change could threaten the Company's competitive position and its capacity to offer efficient programs or services. Often, several different jurisdictions are able to exercise authority over marine transportation and vessel operations. For example, within the Great Lakes – St. Lawrence Waterway there are eight U.S. state governments and two Canadian provincial governments plus both federal governments. The Company expects sufficient warning of a policy change, providing it time to adjust and minimize the impact on the organization. Any such regulatory change would have a similar impact on the Company's waterborne competitors. The Company has employees participating in a number of industry associations that advise and provide feedback on potential regulatory change and to ensure we maintain current knowledge of the regulatory environment.

Catastrophic Loss

A major disaster could impact the Company's ability to sustain certain operations and provide essential programs and services. The Company's assets may be subject to factors outside of its control. The Company has emergency response and security plans for each fleet and vessel that is tested annually in accordance with statutory requirements. The Company maintains comprehensive insurance coverage on its assets and assesses the adequacy of this coverage annually.

Nature of the Shipping Industry

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

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

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

Seaway

A significant portion of the Company's domestic business is dependent on the operations of the canal system on the Great Lakes and St. Lawrence River. These canals provide the only method a moving a vessel between Lake Superior and Lake Huron, Lake Erie and Lake Ontario, and past Cornwall and Montreal in the St. Lawrence River. In addition to potential variations in the length of the operating season caused by climate, a physical disruption to a lock in any part of the canal system would have significant impact on the ability of the Industry to service certain trades. The locks undergo annual maintenance during the winter season and in 2018 a major project to improve the locks between Lake Superior and Lake Huron was announced by the US government. Other than being a major stakeholder in the system, the Company has no ability to influence the maintenance plans or improvement projects related to the locks, canals, tunnels and bridges.

Fees and Tolls

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

Costs of Incidents

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

Vessel Inspection

A failure to pass inspection by classification societies and regulators could result in one or more vessels being unemployable unless and until they pass inspection, resulting in a loss of revenues from such vessel for that period and a corresponding decrease in earnings, which may be material.

The hull and machinery of every commercial vessel must be classed by a classification society authorized by its country of registry, as well as being subject to inspection by shipping regulatory bodies such as Transport Canada and U.S. Coast Guard. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and the United Nations Safety of Life at Sea Convention.

A vessel must undergo Annual Surveys, Intermediate Surveys, and Special Surveys by its classification society, as well as periodic inspections by shipping regulators. In lieu of a Special Survey, a vessel's machinery may be on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. The Company's vessels are on Special Survey cycles for hull inspection and continuous survey cycles for machinery inspection. Every vessel is also required to be dry-docked every five years for inspection of the underwater parts of such vessel.

Due to the age of several of the vessels, the repairs and remediation required in connection with such classification society surveys and other inspections may be extensive and require significant expenditures. Additionally, until such time as certain repairs and remediation required in connection with such surveys and inspections are completed (or if any vessel fails such a survey or inspection), the vessel may be unable to trade between ports and, therefore, would be unemployable. Any such loss of the use of a vessel could have an adverse impact on Algoma's revenues, results of operations and liquidity, and any such impact may be material.

Maritime Laws and Acts

Algoma is subject to the Coasting Trade Act (Canada) that restricts domestic maritime transportation to vessels operating under the flag of Canada.

Aging Vessels

We may be unable to maintain or replace our vessels as they age. The domestic dry-bulk vessels that will begin the 2023 navigation season have an average age of approximately 22 years. The expense of maintaining, repairing and upgrading vessels typically increases with age, and after a period of time the cost necessary to satisfy required marine certification standards may not be economically justifiable. There can be no assurance that Algoma will be able to maintain its fleet by extending the economic life of existing vessels, or that our financial resources will be sufficient to enable us to make expenditures necessary for these purposes. In addition, the supply of replacement vessels is very limited and the costs associated with acquiring a newly constructed vessel are high. In the event that the Company were to lose the use of any of its vessels, our financial performance would be adversely affected.

Insurance Coverage

Algoma maintains insurance on its fleet for risks commonly insured against and by vessels owners and operators, including hull and machinery insurance, war risks insurance and protection and indemnity insurance (which includes environmental damage and pollution insurance). Algoma does not, however, insure the loss of a vessel's income when it is being repaired due to an insured hull and machinery claim due to the cost of this type of claim insurance. We can give no assurance that the Company will be adequately insured against all risks or that its insurers will pay a particular claim. Even if its insurance coverage is adequate to cover its losses, Algoma may not be able to obtain a replacement vessel on a timely basis in the event of a loss.

Furthermore, in the future, Algoma may not be able to obtain adequate insurance coverage at reasonable rates for the Company's fleet. Algoma may also be subject to calls, or premiums, in amounts based not only on its own claims record but also the claims record of all other members of the protection and indemnity associations through which Algoma may receive indemnity insurance coverage. Algoma's insurance policies will also contain deductibles, limitations and exclusions which, although we believe are standard in the shipping industry, may nevertheless increase its costs.

Certain of the insurance carried by the Company is provided by global insurance associations that operate as mutual insurance companies ("Mutuals"). Under the terms of mutual insurance contracts, the Company could be liable for supplementary calls or premium increases in the future if the claims experienced by the Mutuals exceeded what was expected when initial annual premiums were set. Such supplementary calls, though rare, can be material if they were to occur.

Marine Disaster

The operation of marine vessels entails the possibility of marine disasters and similar events that may cause a loss of revenue from affected vessels and may lead to loss of business.

The operation of vessels entails certain inherent risks that may adversely affect Algoma's business and reputation, including:

- damage or destruction of a vessel due to marine disaster such as a collision;
- the loss of a vessel due to piracy and terrorism;
- cargo and property losses or damage as a result of the foregoing or less drastic causes such as human error, mechanical failure, low water levels and bad weather;
- environmental accidents as a result of the foregoing;
- business interruptions and delivery delays caused by mechanical failure, human error, war, terrorism, political action in various countries, labour strikes or adverse weather conditions; and
- the impact on marine infrastructure of an incident involving vessels owned by others.

Any of these circumstances or events could substantially increase costs, as for example, the costs of replacing a vessel or cleaning up a spill, or lower its revenues by taking vessels out of operation permanently or for extended periods of time. The involvement of the Company's vessels in a disaster or delays in delivery or damages or loss of cargo may harm its reputation as a safe and reliable vessel operator and cause it to lose business. If vessels suffer damage, they may need to be repaired at the Company's cost at a dry-docking facility. The costs of dry-dock repairs are unpredictable and can be substantial. The Company may have to pay repair costs that insurance does not cover. The loss of earnings while these vessels are being repaired and repositioned, as well as the actual cost of these repairs, could decrease its revenues and earnings substantially, particularly if a number of vessels are damaged or repaired at the same time.

Arrests

Maritime claimants could arrest Algoma's vessels, which could interrupt its earnings. Crew members, suppliers of goods and services to a vessel, shippers of cargo, and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages against such vessel. In many jurisdictions, a maritime lien holder may enforce its lien by arresting a vessel through foreclosure proceedings. The arrest or attachment of one or more of the Company's vessels could interrupt its earnings and require it to pay large sums to have the arrest lifted.

Credit Facilities

Algoma's credit facilities impose operating and financial restrictions that may limit its ability to:

- incur additional indebtedness;
- make investments;
- engage in mergers or acquisitions;
- pay dividends; and,
- sell any of the Company's vessels or any other assets outside the ordinary course of business

Foreign Exchange

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

From time to time, the Company has significant commitments due for payment in U.S. dollars and Euro. The Company mitigates the risk associated with the U.S. dollar and Euro payments principally through utilizing cash as a hedge on purchase commitments required under ship building contracts with foreign shipbuilders and foreign exchange forward contracts.

Credit Risk

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

Employee Future Benefits

Economic conditions may prevent the Company from realizing sufficient investment returns to fund the defined benefit pension plans at existing levels. Any increase in the regulatory funding requirements for the Company's defined benefit pension plans, although a use of resources, is not expected to have a material impact on its cash flows. Effective January 1, 2010, the Company closed its defined benefit plans to new members and adopted defined contribution plans for all new employees.

Judicial and other proceedings

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

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

The table below provides summarized consolidated financial data for the last three years:

				Favourable/(Unfavourable)	
For the years ended December 31	**2022**	2021	2020	2022 vs 2021	2021 vs 2020
Reported revenue	**$ 677,942**	$ 598,873	$ 545,660	$ 79,069	$ 53,213
Freight revenues[1]	**811,641**	721,467	658,479	90,174	62,988
Operating earnings	**102,297**	93,307	74,086	8,990	19,221
Net earnings	**119,966**	82,170	45,850	37,796	36,320
Basic earnings per share	**$ 3.17**	$ 2.17	$ 1.21	$ 1.00	$ 0.96
Diluted earnings per share	**$ 2.89**	$ 2.01	$ 1.19	$ 0.88	$ 0.82
EBITDA[2]	**204,961**	188,983	174,063	15,978	14,920
Free Cash Flow[3]	**99,192**	134,378	104,496	(35,186)	29,882
Dividends declared per share[4]	**$ 2.03**	$ 0.68	$ 3.15	$ 1.35	$ (2.47)
Return on Equity (ROE)[5]	**17.6 %**	13.7 %	7.5 %	390pp	620pp
As at December 31					
Common shares outstanding	**38,001,872**	37,800,943	37,800,943	200,929	—
Total assets	**$ 1,365,697**	$ 1,200,083	$ 1,223,096	$ 165,614	$ (23,013)
Total long-term financial liabilities	**$ 402,354**	$ 391,682	$ 390,633	$ 10,672	$ 1,049

(1) Freight revenues includes our 50% share of freight revenue from the Global Short Sea Shipping segment.

(2) See the section entitled Select Important Information About This MD&A - EBITDA in the 2022 MD&A for an explanation on this non-GAAP measure.

(3) See the section entitled Financial condition, liquidity and capital resources - cash flows in the 2022 MD&A for an explanation on this non-GAAP measure.

(4) There were special dividends of $1.35 in 2022 and $2.65 in 2020. Not including the special dividends in 2022 and 2020, dividends declared were $0.68 and $0.50, respectively.

(5) Return on equity is a profitability measure that presents the net earnings as a percent of average shareholders' equity.

The financial information above is prepared in accordance with International Financial Reporting Standards. There are no significant factors affecting the comparability of financial data between 2021 and 2022. Further discussion of the operating results for fiscal 2022 can be found in the Management's Discussion and Analysis for the years ended December 31, 2022, 2021 and 2020 available at www.algonet.com/investor-relations.

Dividends

The declaration of future dividends is subject to the discretion of the Board of Directors after consideration of earnings available for dividends, financial requirements and other conditions prevailing from time to time. The Company's debt agreements contain formulas that would serve to limit the amount of regular dividends that can be paid in certain circumstances. None of these circumstances exists at the present time.

The Company's Board of Directors have authorized payment of a quarterly dividend to shareholders of $0.18 per common share. The dividend will be paid on March 1, 2023 to shareholders of record on February 15, 2023.

Declared Date	Record Date	Payment Date	Dividend Per Share	Dividend Status
January 12, 2023	February 15, 2023	March 1, 2023	$0.1800	Eligible
December 14, 2022	January 4, 2023	January 18, 2023	$1.3500	Eligible
November 4, 2022	November 17, 2022	December 1, 2022	$0.1700	Eligible
August 5, 2022	August 18, 2022	September 1, 2022	$0.1700	Eligible
May 4, 2022	May 18, 2022	June 1, 2022	$0.1700	Eligible
January 13, 2022	February 15, 2022	March 1, 2022	$0.1700	Eligible
November 2, 2021	November 17, 2021	December 1, 2021	$0.1700	Eligible
August 4, 2021	August 18, 2021	September 1, 2021	$0.1700	Eligible
May 5, 2021	May 18, 2021	June 1, 2021	$0.1700	Eligible
January 14, 2021	February 15, 2021	March 1, 2021	$0.1700	Eligible
December 14, 2020	December 28, 2020	January 12, 2021	$2.6500	Eligible
November 3, 2020	November 17, 2020	December 1, 2020	$0.1300	Eligible
August 5, 2020	August 18, 2020	September 1, 2020	$0.1300	Eligible
May 6, 2020	May 18, 2020	June 1, 2020	$0.1200	Eligible
January 16, 2020	February 17, 2020	March 2, 2020	$0.1200	Eligible

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company's 2022 Management's Discussion and Analysis is available at www.algonet.com/investor-relations and www.sedar.com.

7. MARKET FOR SECURITIES

Stock Market Highlights

Common Shares

The common shares of the Company are listed on The Toronto Stock Exchange under the symbol of ALC. The price ranges and volume of common shares of the Company traded on the TSX on a monthly basis for 2022 were as follows:

Month	High	Low	Number of Trades	Volume Traded (000's)	Value Traded (000's)
January	$18.02	$16.85	679	$ 151	$ 2,614
February	$17.88	$16.75	562	$ 98	$ 1,699
March	$17.76	$16.75	598	$ 109	$ 1,893
April	$17.75	$16.60	1,012	$ 215	$ 3,688
May	$17.49	$16.10	909	$ 168	$ 2,815
June	$17.39	$14.81	678	$ 141	$ 2,287
July	$16.75	$14.85	421	$ 69	$ 1,078
August	$17.49	$15.80	749	$ 329	$ 5,590
September	$16.98	$15.85	675	$ 127	$ 2,084
October	$17.00	$16.01	403	$ 84	$ 1,397
November	$17.35	$16.23	744	$ 154	$ 2,546
December	$18.90	$16.30	1,340	$ 334	$ 5,926

Convertible Debentures

The subordinated convertible debentures of the Company are listed on the Toronto Stock Exchange under the symbol of ALC.DB.A. The price ranges and volume of the convertible debentures of the Company traded on the TSX on a monthly basis for 2022 were as follows:

Month	High	Low	Number of Trades	Volume Traded (000's)	Value Traded (000's)
January	$112.25	$107.50	56	$ 5	$ 508
February	$111.00	$108.00	25	$ 3	$ 272
March	$110.00	$108.00	50	$ 9	$ 949
April	$109.00	$104.00	101	$ 12	$ 1,320
May	$107.77	$103.00	40	$ 3	$ 354
June	$107.41	$100.05	61	$ 21	$ 2,179
July	$104.72	$101.36	18	$ 4	$ 409
August	$108.77	$103.00	70	$ 51	$ 5,378
September	$105.00	$101.25	34	$ 5	$ 466
October	$107.00	$101.87	48	$ 4	$ 385
November	$105.77	$102.00	162	$ 13	$ 1,333
December	$115.00	$103.02	277	$ 21	$ 2,293
The current conversion price of the convertible debentures has been set at $14.59 effective January 5, 2023.					

8. LONG-TERM DEBT

The Company holds a bank credit facility (the "Facility") which comprises a $75 million Canadian dollar and a $75 million U.S. dollar senior secured revolving bank credit maturing October 11, 2027. The Facility bears interest at rates that are based on the Company's ratio of net senior debt, as defined, to earnings before interest, taxes, depreciation and amortization and ranges from 170 to 325 basis points above bankers' acceptance, adjusted SOFR or EURIBOR 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. As of December 31, 2022 and 2021, no amounts were withdrawn from the bank facility.

Principal payments required to service the debt are as follows:

As at December 31 (in thousands of dollars)		**2022**		2021
Falling due within one year	**$**	**5,197**	$	150
Falling due between one and two years		**78,068**		5,197
Falling due between two and three years		**—**		81,137
Falling due between three and four years		**—**		—
Falling due between four and five years		**27,088**		—
Falling due in five years or later		**300,009**		314,367
	$	**410,362**	**$**	**400,851**

9. CAPITAL STRUCTURE

Authorized share capital consists of an unlimited number of common and preferred shares with no par value. In 2022 the Company renewed its normal course issuer bid with the intention to purchase common shares for cancellation.

Common Shares

A holder of common shares is entitled to one vote per share at meetings of shareholders, to receive dividends, if any, as and when declared by the board, and to receive pro rata the remaining property and assets of Algoma Central Corporation upon its dissolution or winding-up, subject to the rights of shares having priority over the common shares. The Company had 38,001,872 common shares outstanding as at December 31, 2022.

Preferred Shares

At December 31, 2022 and 2021 there were no preferred shares issued and outstanding.

Normal Course Issuer Bid

On March 17, 2022, 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 9, 2022.

Under the NCIB, the Company may purchase up to 1,517 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 21, 2022 and ending on March 20, 2023. The stated capital of the common shares of $0.31 per share equals the approximate paid-up capital amount of the common shares for purposes of the Income Tax Act. Purchases result in reductions to share capital and contributed surplus for the balance of the purchase prices and expenses. Both items are identified separately on the Consolidated Statement of Changes in Equity.

Under the current NCIB, 26,525 common shares were purchased for an aggregate purchase price of $16.59 for the year ending December 31, 2022.

The Company did not purchase any shares under the previous NCIB, which began on March 19, 2021 and concluded on March 18, 2022.

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

Convertible Debentures

The 2022 dividends of $0.17 cents per common share per quarter reached a cumulative excess with the June 1, 2022 payment. This triggered an adjustment to the conversion price reducing it from $16.11 to $15.95 per share. The quantity of issuable shares increased from 5,108,359 to 5,172,208.

During the year $3,628 (2020 - nil) of debentures were converted to common shares decreasing the quantity of issuable shares from 5,172,208 to 4,944,953.

Payment of the special dividend of $1.35 per common share on January 18, 2023 will result in a further adjustment to the conversion price of the unsecured debentures from $15.95 to $14.59 per share. The lower conversion price will result in an increase in the quantity of issuable shares under conversion from 4,944,953 to 5,405,894.

For more information regarding the capital structure of the Company please see the consolidated financial statements in the 2022 Annual Report, available online at www.algonet.com/investor-relations or on SEDAR at www.sedar.com.

Dividends

The Company's Board of Directors have authorized payment of a quarterly dividend to shareholders of $0.18 per common share. The dividend will be paid on March 1, 2023 to shareholders of record on February 15, 2023.

10. DIRECTORS AND OFFICERS

The following are the names and municipalities of residence of the directors and officers of the Company, their positions and principal occupations within the past five years and the period during which each director has served as director of the Company. The bylaws of the Company provide that all of the directors hold office until the next annual meeting of shareholders or until their respective successor is elected.

Directors

Richard B. Carty, Toronto, Ontario
During the last five years, Mr. Carty has been Vice-President, General Counsel and Corporate Secretary, E-L Financial Corporation Limited, an investment and insurance holding company. He has served as a director of the Company since 2010.

E. M. Blake Hutcheson, Toronto, Ontario
During the last five years, Mr. Hutcheson has been President and Chief Pension Officer, OMERS, a public sector pension fund, Chair of Oxford Properties Group Inc. and President and Chief Executive Officer of Oxford Properties Group Inc. both of which are owned by OMERS. He has served as a director of the Company since 2003.

Duncan N. R. Jackman, Toronto, Ontario
During the last five years, Mr. Jackman has been Chairman, President and Chief Executive Officer, E-L Financial Corporation Limited, an investment and insurance holding company. He has served as a director of the Company since 1997.

Trinity O. Jackman, Toronto, Ontario
During the last five years, Ms. Jackman has been an Instructor in the History Department at York University and a Curatorial Consultant to the Royal Ontario Museum. She has served as a director of the Company since 2021.

Mark McQueen, Toronto, Ontario
During the last five years, Mr. McQueen has been President and Executive Managing Director, Innovation Banking at CIBC, a Canadian chartered bank and President and Chief Executive Officer of Wellington Financial LLP. which was purchased by CIBC in 2018. He has served as a director of the Company since 2015.

Clive P. Rowe, New York, New York
During the last five years, Mr. Rowe has been a partner in the firm Oskie Capital, which is a private equity investment firm. He has served as a director of the Company since 1999.

Harold S. Stephen, Mississauga, Ontario
During the last five years, Mr. Stephen has been the Chair and Chief Executive Officer of Stephen Capital Inc. a financial advisory firm. He has served as a director of the Company since 2002.

Eric Stevenson, Toronto, Ontario
During the last five years, Mr. Stevenson has been a Director of Perseverance Marine Holdings, an international shipping investment firm, and a principal of Alliance Tanker Management. He has served as a director of the Company since 2013.

Shareholdings of Directors and Senior Officers

The directors and senior officers of the Company as a group beneficially own, directly or indirectly, or exercise control or direction 114,706 or 0.3% of the common shares of the Company.

Senior Officers

Duncan N. R. Jackman, Toronto, Ontario
Chairman

Jeffrey DeRosario, Fonthill, Ontario
Vice-President, Commercial
During the last five years Mr. DeRosario has been Vice-President, Marketing, Assistant Vice-President, Marketing, and Assistant Vice-President and Director - Sales at Algoma Central Corporation.

Gregg Ruhl, Amherst, New York
President and Chief Executive Officer
During the last five years, Mr. Ruhl has been President and Chief Executive Officer, Chief Operating Officer, Senior Vice- President, Engineering at Algoma Central Corporation.

Kelly Humes, Fenwick, Ontario
Assistant Vice-President Technical & Purchasing
During the last five years Mrs. Humes has been Assistant Vice-President, Technical and Purchasing and Director, Technical Services and Purchasing and Director of Technical Services at Algoma Central Corporation.

Peter Winkley, Mississauga, Ontario
Executive Vice-President and Chief Financial Officer
During the last five years, Mr. Winkley has been Chief Financial Officer and Vice- President, Finance and Chief Financial Officer of Algoma Central Corporation.

Joshua Juel, Lewiston, New York
Assistant Vice-President, Marine Operations & Fleet Personnel
During the last five years Mr. Juel has been Assistant Vice-President, Marine Operations & Fleet Personnel at Algoma Central Corporation and Manager at Canadian National Railways.

J. Wesley Newton, St. Catharines, Ontario
Executive Vice-President Strategy and Business Development
During the last five years, Mr. Newton has been Senior Vice-President - Corporate Development and General Counsel and Legal Counsel and Secretary at Algoma Central Corporation.

Christopher Lazarz, Niagara Falls, Ontario
Vice-President, Corporate Finance
During the last five years Mr. Lazarz has been Vice-President, Corporate Finance and Director, Corporate Finance at Algoma Central Corporation and Controller at Algoma Central Properties.

Barton Reynolds St.Catharines, Ontario
Executive Vice-President, Operations and Technical
During the last five years Mr. Reynolds has been Executive Vice-President, Operations and Technical and President, Marine of Seaspan ULC.

Cathy Smith, Niagara-on-the-Lake, Ontario
Vice-President, Human Resources
During the last five years Mrs. Smith has been Assistant Vice-President, Human Resources and Director, Human Resources at Algoma Central Corporation.

Mario Battista, Fonthill, Ontario
Vice-President, Finance and Process Innovation
During the last five years, Mr. Battista has been Vice-President, Finance and Process Innovation and Director of Business Information Systems at Algoma Central Corporation.

Steve Wright, Vineland, Ontario
Senior Vice-President, Technical
During the last five years Mr. Wright has Senior Vice-President, Technical and Vice-President, Engineering and Director - Technical (Projects) at Algoma Central Corporation.

Charlie Bungard, Niagara-on-the-Lake, Ontario
Vice-President, Operations
During the last five years Mr. Bungard has been Vice-President, Operations, Assistant Vice-President, Technical Operations, Director, Tankers & Cement, Director, Engineering and Manager, Operations at Algoma Central Corporation.

Robin Waldie, Welland, Ontario
Assistant Vice-President, Engineering
During the last five years Mr. Waldie has been Assistant Vice-President, Engineering, Director, Engineering and Senior Engineering Superintendent at Algoma Central Corporation.,

Committees of the Board of Directors

Executive Committee

The members of the Executive Committee are Duncan N. R. Jackman and Clive P. Rowe.

Audit Committee

The Company is required to have an Audit Committee of the Board of Directors. The members of the Audit Committee are Harold S. Stephen (Chair), Richard B, Carty, E.M. Blake Hutcheson and Mark McQueen. Please refer to section 14 of this Annual Information Form for additional information on the Audit Committee.

Corporate Governance Committee

The members of the Corporate Governance Committee are Richard B. Carty (Chair), Clive P. Rowe, Duncan N. R. Jackman, Trinity O. Jackman, Harold S. Stephen and Eric Stevenson.

Environmental Health and Safety Committee

The members of the Environmental Health and Safety Committee are Eric Stevenson (Chair), Richard B. Carty, Trinity O. Jackman and E. M. Blake Hutcheson.

Investment Committee

The members of the Investment Committee are Duncan N.R. Jackman, Eric Stevenson and Clive P. Rowe.

Special Committee

The members of the Special Committee are Clive P. Rowe (Chair), Harold S. Stephen, and Mark McQueen .

11. LEGAL PROCEEDINGS

There are no legal proceedings involving a material amount outstanding against the Company. For information on contingencies, please refer to Note 31 of the consolidated financial statements.

12. TRANSFER AGENT AND REGISTRAR

TSX Trust ("TSX") is the registrar and transfer agent for the common shares of the Company. TSX keeps the Register of Holders and the Register of Transfers for the common shares at its principal stock transfer office in the City of Toronto.

13. INTERESTS OF EXPERTS

Deloitte LLP is the auditor of the Company and is independent within the meaning of the CPA Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

14. AUDIT COMMITTEE

Mandate of the Audit Committee

The purpose of the Audit Committee is to augment and improve financial disclosure by the Company and to monitor compliance by the Company with all applicable legal requirements in this connection.

In fulfilling this role, the Committee reviews quarterly and annual financial statements prior to Board approval. As part of this process, the Committee reviews all financial statements to satisfy itself with the fairness and consistency of the accounting practices used in creating the statements, ensures that the Company's financial statements comply with International Financial Reporting Standards and presents the approved financial statements to the Board for final approval. The Committee is also required to review all news releases containing financial information prior to their release.

The Committee also has responsibility for ensuring the integrity of the external audit process. The Committee is mandated to act as an independent liaison between external auditors and the Company. Additionally, the Committee is to ensure that its auditors are independent and ultimately accountable to the Committee and the Board as representatives of the shareholders. Similarly, the Committee is expected to monitor external audits to ensure sufficient managerial independence and reporting.

The Committee is also responsible for administering the policy regarding employee complaints on accounting and auditing matters. This process allows for confidential employee submissions concerning any accounting or auditing matters.

Composition of the Audit Committee

The Audit Committee is to be composed of independent directors. The Chair of this Committee must have significant accounting or related financial experience and should not hold more than 20% of the Company's issued and outstanding shares.

Each member of the Audit Committee is financially literate and independent. According to Multilateral Instrument 52-110 – Audit Committees ("MI 52-110"), an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. According to MI 52-110, a member of an audit committee is independent if the member has no direct or indirect material relationship with the Company.

Relevant Education and Experience

The education and experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as an Audit Committee member is described below:

Audit Committee Member	Education and Experience
Harold S. Stephen - Chairman	Mr. Stephen is a Chartered Professional Accountant, a former Licensed Trustee in Bankruptcy, and a former partner in the accounting firm of Ernst and Young. He has over 35 years experience advising companies in financing and capital restructuring in court supervised and informal reorganization proceedings.
E. M. Blake Hutcheson	Mr. Hutcheson has over 30 years of experience in the real estate services, investment and finance business. He is currently President and CEO of OMERS effective June 1st, 2020. Prior to that, he was President and Chief Pension Officer of OMERS and Chief Executive Officer for Oxford Properties Group Inc., a real estate investment and development company with over 2,200 employees and $50 billion in assets under management. In these roles, he has dealt with multiple complex accounting issues, several years of audits, statement preparations and has a strong working knowledge of financial reporting, tax, internal controls and accounting practices.
Richard B. Carty	Mr. Carty has a Bachelor of Commerce (Honours) Degree from Queen's University, a Bachelor of Law Degree from the University of Victoria and an MBA from Imperial College (London, U.K.). Mr. Carty has many years of experience working with audit committees and exposure to financial and accounting issues of reporting issuers, a life insurance company and a mutual fund corporation.
Mark McQueen	Mr. McQueen has worked in the financial services industry since 1993. Mr. McQueen is currently a business executive. Prior to that he was President and Executive Managing Director, Innovation Banking at CIBC. Prior to that he led Wellington Financial LP's growth from its inception as a $7 million fund in 2000 to its current $600 million investment program.

Pre-Approval Policies and Procedures

The Audit Committee has a process for approval of all audit and non-audit services to be provided by its current external auditor.

The process for the audit services requires that an annual client services plan be provided to and pre-approved by the Audit Committee prior to the commencement of services by the auditor.

All requests for non-audit services must be submitted in writing and must provide adequate details as to the particular services to be provided by the external auditor. The Audit Committee must be informed about each non-audit service provided and may not delegate its approval authority to management. Services may be approved by the Chairman of the Audit Committee for non-audit services up to $25 and the Chairman of the Audit Committee advises the Audit Committee of any such pre-approved services at its next meeting.

External Auditor Service Fees

The aggregate fees for services provided by the external auditor in each of the last two years are as follows:

	2022	2021
Audit	**$ 1,137,742**	$ 925,000
Audit related fees	**$ —**	$ 53,000
Other	**$ 4,815**	$ 4,000

15. ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Company's Management Information Circular for its most recent Annual Meeting of Shareholders which involved the election of directors. Additional financial information is provided in the Company's comparative financial statements for its most recently completed financial year.

Requests for additional information should be directed to:

Executive Vice-President and Chief Financial Officer, Algoma Central Corporation
63 Church Street, Suite 600
St. Catharines, Ontario, L2R 3C4

E-mail: Investorrelations@algonet.com
Additional information relating to the Company is available at www.algonet.com and with SEDAR at www.sedar.com.

Your Marine Carrier of Choice™

2022

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