ALGOMA CENTRAL CORPORATION
2023 INTERIM REPORT TO SHAREHOLDERS

For the Three and Nine Months Ended September 30, 2023 and 2022

Your Marine Carrier of Choice™

TABLE OF CONTENTS

General

This Management's Discussion and Analysis ("MD&A") of the Company should be read in conjunction with its Interim Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2023, and 2022 and related notes thereto and has been prepared as at November 3, 2023.

This MD&A has been prepared by reference to the disclosure requirements established under National Instrument 51-102 "Continuous Disclosure Obligations" of the Canadian Securities Administrators. Additional information on the Company, including its 2022 Annual Information Form, is available on SEDAR's website at www.sedar.com or on the Company's website at www.algonet.com.

Business Profile

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 and operates ocean-going self-unloading dry-bulk vessels trading in international markets and 50% interests in global joint ventures that own a diversified portfolio of dry and liquid 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 three by NovaAlgoma Cement Carriers ("NACC"), a related party.

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 iron and steel producers, aggregate producers, cement and building material producers, salt producers and agricultural product distributors.

The Product Tankers fleet consists of seven product tankers employed in Canadian flag service and one international tanker operating in Canada. The segment also includes the Company's 50% interest in a new international joint venture comprising ten tankers currently under construction and a 67% interest in a foreign-flagged tanker. Customers include major oil refiners, leading wholesale distributors, and large consumers of petroleum products.

The Company's international Ocean Self-Unloaders segment consists of eight ocean-going self-unloading vessels and a 25% interest in a ninth self-unloader. The eight wholly owned self-unloaders are part of the world's largest pool of ocean-going self-unloaders, which at the end of September 30, 2023 totalled 18 vessels.

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 operates 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 vessel sales and purchase platform.

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

The Corporate segment consists of the Company's head office expenditures, third party management services, other administrative functions of the Company, and earnings from a joint venture in a mechanical, machining, and fabrication shop.

Impact of Seasonality on the Company

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

Important Information About This MD&A

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

Forward-Looking Statements

Algoma Central Corporation's public communications often include written or oral forward-looking statements. Statements of this type are included in this document and may be included in other filings with Canadian securities regulators or in other communications. All such statements are made pursuant to the safe harbour provisions of any applicable Canadian securities legislation. Forward-looking statements may involve, but are not limited to, comments with respect to our objectives and priorities for 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.

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

- labour disputes that could affect the operations infrastructure upon which the Company relies;
- the impact of climate change on markets served by our customers, including the impact of drought conditions on agricultural outputs and the impact of winter conditions on production and/or sale of certain commodities;

- general economic and market conditions in the countries in which we operate;
- our success in maintaining and securing our information technology systems, including communications and data processing from accidental and malicious threats
- our success in securing contract renewals and maintaining existing freight rates with existing customers;
- our success in securing contracts with new customers at acceptable freight rates;
- evolving regulations focused on carbon emissions and ballast water treatment that could require capital investments and increase costs that may not be recoverable from revenues;
- our ability to attract and retain qualified employees;
- interest rate and currency value fluctuations;
- our ability to execute our strategic plans and to complete and integrate acquisitions;
- critical accounting estimates;
- operational and infrastructure risks, including on-going maintenance and operational reliability of the St. Lawrence Seaway and Welland Canal;
- on-time and on-budget delivery of new ships from shipbuilders;
- general political conditions;
- labour relations with our unionized workforce;
- the possible effects on our business of war or terrorist activities;
- disruptions to public infrastructure, such as transportation, communications, power or water supply, including water levels;
- technological changes;
- significant competition in the shipping industry and from other transportation providers;
- reliance on partnering relationships;
- appropriate maintenance and repair of our existing fleet by third-party contractors;
- health and safety regulations that affect our operations can change and be onerous and the risk of safety incidents can affect results;
- a change in applicable laws and regulations, including environmental regulations, could materially affect our results;
- economic conditions may prevent us from realizing sufficient investment returns to fund our defined benefit plans at the required levels;
- our ability to raise new equity and debt financing, if required;
- general weather conditions or natural disasters;
- the seasonal nature of our business; and,
- risks associated with the lease and ownership of real estate.

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

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

For more information, please see the discussion of risks in the Company's Annual Information Form for the year ended December 31, 2022, which outlines in detail certain key factors that may affect the Company's future results. The Annual Information Form can be found on the Company's website at www.algonet.com and on SEDAR's website at www.sedar.com.

Ocean Self-Unloaders

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

Joint Ventures

Joint venture revenues from the Product Tankers, Ocean Self-Unloaders, Global Short Sea Shipping, and Corporate segments are not included in the consolidated revenue figure. The Company's share of net earnings, adjusted for amortization arising from vessel purchase price allocation and intangibles, is included in net earnings from joint ventures in the Company's consolidated earnings.

Non-GAAP Measures

This MD&A 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. The non-GAAP measures that are used throughout this report are defined below and can also be referred to in the sections entitled *EBITDA*, *Free Cash Flow*, and *Select Financial and Operational Performance.*

EBITDA

EBITDA is not intended to represent cash flow from operations, and it should not be considered as an alternative to net earnings, cash flow from operations, or any other measure of performance prescribed by IFRS. Management considers EBITDA to be a meaningful measure to assess its operating performance in addition to other IFRS measures. It is included because Management believes it can be useful in measuring its ability to service debt, fund capital expenditures, expand its business and a metric that it is based on is used by credit providers in the financial covenants of the Company's senior secured long-term debt.

Free Cash Flow

Management believes that free cash flow is a useful measure of liquidity as it demonstrates the Company's ability to generate cash for debt obligations and for discretionary uses such as payments of dividends, investing activities and additions of property, plant, and equipment. The Company defines its free cash flow as cash from operating activities less debt service and capital required for maintenance of existing assets.

Select Financial and Operational Highlights

Financial Highlights

	Three Months Ended		Nine Months Ended		Favourable/(Unfavourable)	
For the periods ended September 30	**2023**	2022	**2023**	2022	Three Months	Nine Months
Reported revenue	**$ 205,888**	$ 199,327	**$ 519,898**	$ 467,893	$ 6,561	$ 52,005
Freight revenue[(1)]	**246,511**	236,345	**631,082**	568,468	10,166	62,614
Operating earnings	**38,702**	40,763	**42,562**	46,233	(2,061)	(3,671)
Net earnings	**35,745**	42,533	**49,249**	70,007	(6,788)	(20,758)
Basic earnings per share	**0.93**	1.13	**1.28**	1.85	(0.20)	(0.57)
Diluted earnings per share	**0.85**	1.01	**1.20**	1.70	(0.16)	(0.50)
EBITDA[(2)]	**68,242**	73,604	**125,604**	132,895	(5,362)	(7,291)
Free Cash Flow[(3)]	**52,852**	56,177	**48,401**	45,759	(3,325)	2,642

As at	**September 30 2023**	December 31 2022	2023 vs 2022
Common shares outstanding	**38,509,127**	38,001,872	507,255
Total assets	**$ 1,344,513**	$ 1,365,697	$ (21,184)
Total long-term financial liabilities	**$ 383,846**	$ 402,354	$ (18,508)

(1) Freight revenue includes our share of freight revenue from our respective joint ventures and excludes revenue from non-marine activities of the Company.

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

(3) See the section entitled Important Information About This MD&A - Free Cash Flow for an explanation of this non-GAAP measure.

Financial Highlights - Third Quarter 2023 compared to the Corresponding Period in 2022

- Reported revenue increased $6,561 or 3%, to 205,888.
- Operating earnings decreased $2,061 or 5% to $38,702 and net earnings decreased $6,788 or 16% to $35,745.
- Basic and diluted earnings per share of $0.93 compared to $1.13 and $0.85 compared to $1.01, respectively.

Operational Highlights

The following table lists key measures of the Company's operating performance for the purpose of measuring the efficiency and effectiveness of our operations. The operational highlights below relate only to our Domestic Dry-Bulk, Product Tankers and Ocean Self-Unloaders segments and do not include the fleets in which we participate through joint ventures.

	Three Months Ended		Nine Months Ended	
For the periods ended September 30	**2023**	2022	**2023**	2022
Total cargo carried (metric tonnes in thousands)[(1)]	**13,047**	13,059	**33,182**	31,754
Tonne-kilometre travelled[(2)]	**11,413,152**	13,582,585	**29,771,332**	32,591,685
Vessel productivity[(3)]				
Domestic Dry-Bulk	**98 %**	94 %	**96 %**	94 %
Product Tankers	**99 %**	96 %	**96 %**	95 %
Ocean Self-Unloaders	**99 %**	97 %	**99 %**	99 %
Vessel capacity utilization[(4)]				
Domestic Dry-Bulk	**98 %**	90 %	**98 %**	84 %
Product Tankers	**100 %**	97 %	**100 %**	89 %
Ocean Self-Unloaders	**100 %**	94 %	**100 %**	100 %

(1) Total quantity of cargo in metric tonnes transported during the quarter.

(2) Total cargo tonne-kilometres travelled in the quarter. Calculated as cargo quantity multiplied by the distance in kilometres that the cargo quantity was transported.

(3) Total number of days that vessels earned revenue expressed as a percentage of available operating days.

(4) Total number of operating days expressed as a percentage of the total number of days the vessels were available for use.

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, 2023 and 2022, and presented herein:

	Three Months Ended		Nine Months Ended	
For the periods ended September 30	**2023**	2022	**2023**	2022
Net earnings	**$ 35,745**	$ 42,533	**$ 49,249**	$ 70,007
Adjustments to net earnings, excluding joint ventures:				
Depreciation and amortization	**16,268**	17,361	**48,759**	51,106
Interest expense, net	**3,992**	4,533	**12,702**	14,527
Gain on sale of assets	**(169)**	(147)	**(4,782)**	(14,519)
Foreign currency loss (gain)	**971**	(2,172)	**(3,018)**	(3,662)
Income tax expense	**6,892**	8,776	**5,175**	7,566
Joint venture adjustments:				
Interest expense, net	**973**	979	**3,101**	2,247
Foreign exchange loss	**231**	434	**313**	630
Depreciation and amortization	**3,907**	4,511	**13,563**	15,313
Impairment provision (reversal)	**—**	139	**—**	(2,643)
Income tax expense (recovery)	**(556)**	216	**554**	662
Investment gain on distribution	**—**	(637)	**—**	(637)
Gain on sale of assets	**(12)**	(2,922)	**(12)**	(7,702)
EBITDA	**$ 68,242**	$ 73,604	**$ 125,604**	$ 132,895

(1) Please refer to the section entitled Important Information About This MD&A for an explanation of this non-GAAP measure.

Revenues

	Three Months Ended		Nine Months Ended		Favourable/(Unfavourable)	
For the periods ended September 30	**2023**	2022	**2023**	2022	Three Months	Nine Months
Reported Revenue	**$ 205,888**	$ 199,327	**$ 519,898**	$ 467,893	$ 6,561	$ 52,005
Freight revenue[1]						
Domestic Dry-Bulk	**$ 128,449**	$ 115,996	**$ 289,532**	$ 239,872	$ 12,453	$ 49,660
Product Tankers	**35,117**	32,749	**97,025**	82,708	2,368	14,317
Ocean Self-Unloaders	**43,726**	51,122	**137,286**	143,579	(7,396)	(6,293)
Global Short Sea Shipping	**39,219**	36,478	**107,239**	102,309	2,741	4,930
Total freight revenue	**$ 246,511**	$ 236,345	**$ 631,082**	$ 568,468	$ 10,166	$ 62,614

(1) Freight revenue includes our share of freight revenue from our respective joint ventures and excludes revenue from non-marine activities of the Company.

Domestic Dry-Bulk Segment

Financial Performance

For the periods ended September 30	Three Months Ended		Nine Months Ended		Favourable/(Unfavourable)	
	2023	2022	**2023**	2022	Three Months	Nine Months
Revenue	**$ 128,449**	$ 115,996	**$ 289,532**	$ 239,872	$ 12,453	$ 49,660
Operating expenses	**(83,452)**	(76,086)	**(225,741)**	(186,699)	(7,366)	(39,042)
Selling, general and administrative	**(3,248)**	(2,942)	**(10,022)**	(8,868)	(306)	(1,154)
Depreciation and amortization	**(6,408)**	(6,515)	**(19,267)**	(19,567)	107	300
Operating earnings	**35,341**	30,453	**34,502**	24,738	4,888	9,764
Income tax expense	**(9,537)**	(8,188)	**(9,297)**	(6,807)	(1,349)	(2,490)
Net earnings	**$ 25,804**	$ 22,265	**$ 25,205**	$ 17,931	$ 3,539	$ 7,274

Operational Performance

For the periods ended September 30	Three Months Ended		Nine Months Ended		Favourable/(Unfavourable)	
	2023	2022	**2023**	2022	Three Months	Nine Months
Volumes (metric tonnes in thousands)						
Power Generation	**24**	74	**75**	74	(50)	1
Iron and steel	**2,559**	2,866	**5,892**	5,882	(307)	10
Construction	**1,608**	1,333	**3,102**	2,303	275	799
Agriculture	**1,211**	679	**2,450**	1,640	532	810
Salt	**1,451**	1,622	**3,552**	3,676	(171)	(124)
Total volumes	**6,853**	6,574	**15,071**	13,501	279	1,496
Revenue Days	**1,678**	1,483	**3,798**	3,146	195	652
Operating Days	**1,721**	1,570	**3,967**	3,348	151	619

EBITDA(1)

The following table provides a reconciliation of net earnings in accordance with GAAP to the non-GAAP EBITDA measure, as reported for the three and nine months ended September 30, 2023 and 2022, and presented herein:

For the periods ended September 30	Three Months Ended		Nine Months Ended	
	2023	2022	**2023**	2022
Net earnings	**$ 25,804**	$ 22,265	**$ 25,205**	$ 17,931
Adjustments to net earnings:				
Depreciation and amortization	**6,408**	6,515	**19,267**	19,567
Income tax expense	**9,537**	8,188	**9,297**	6,807
EBITDA	**$ 41,749**	$ 36,968	**$ 53,769**	$ 44,305

(1) Please refer to the section entitled Important Information About This MD&A for an explanation of this non-GAAP measure.

2023 Third Quarter Compared to the Corresponding Period in 2022

The increased revenue was primarily driven by a 4% rise in volumes, which resulted in a 12% increase in revenue days, and higher base freight rates mainly due to contractual rate increases. Additional volume booked with our major grain customers and opportunities for spot self-unloader grain shipments from eastern Canada to the U.S., drove a 78% increase in grain cargoes. Lower than anticipated salt shipments due to production issues at the mine, created opportunities for additional aggregate cargoes, which resulted in 21% higher volumes in the construction sector. As a result of this increased demand, the fleet was fully utilized this quarter compared to 2022, when two bulkers remained in layup for part of the third quarter due to a lack of demand for grain and iron ore shipments.

Operating costs were higher during the third quarter driven by a 10% increase in operating days as a result of the full fleet utilization and higher crew and supply costs. Crew expenses were primarily impacted by higher wages reflecting inflation-related increases contained in recently negotiated labour contracts, training, and travel costs. Supply costs continue to be impacted by the rise in inflation. These items were partially offset by lower fuel costs.

Outlook

On October 22nd, subsequent to the quarter, St. Lawrence Seaway workers, represented by UNIFOR, began a work stoppage that resulted in a full closure of the Seaway system. The parties reached a tentative contract deal on October 29th, and the Seaway re-opened on October 30th. During the 72-hour strike notice received prior to closure, and throughout the 8-day strike, the majority of the Domestic Dry-Bulk fleet was at anchor, in standby berths or arranging for changes to their course. Although the seaway has re-opened, the backlog created by this closure caused further delays before the fleet was able to fully resume trading.

The full impact of the closure is unknown as we are in the process of assessing the repercussions of the delays. Our fleet was already fully booked for the fourth quarter given seasonally high demand to move the new grain harvest and build winter inventories of iron ore, salt, and construction inputs. Given the capacity lost due to the strike, although we will attempt to shift cargoes to next year, some volumes will be lost.

Product Tankers Segment

Financial Performance

	Three Months Ended		Nine Months Ended		Favourable/(Unfavourable)	
For the periods ended September 30	**2023**	2022	**2023**	2022	Three Months	Nine Months
Revenue	**$ 34,134**	$ 32,749	**$ 94,262**	$ 82,708	$ 1,385	$ 11,554
Operating expenses	**(27,954)**	(22,050)	**(75,767)**	(60,756)	(5,904)	(15,011)
Selling, general and administrative	**(1,265)**	(1,144)	**(3,994)**	(3,518)	(121)	(476)
Gain on sale of vessels	**—**	—	**4,588**	—	—	4,588
Depreciation and amortization	**(3,156)**	(3,667)	**(10,519)**	(10,422)	511	(97)
Operating earnings	**1,759**	5,888	**8,570**	8,012	(4,129)	558
Income tax recovery (expense)	**344**	(1,279)	**(1,920)**	(2,071)	1,623	151
Net earnings from investment in joint venture	**154**	—	**504**	—	154	504
Net earnings	**$ 2,257**	$ 4,609	**$ 7,154**	$ 5,941	$ (2,352)	$ 1,213

Operational Performance[1]

	Three Months Ended		Nine Months Ended		Favourable/(Unfavourable)	
For the periods ended September 30	**2023**	2022	**2023**	2022	Three Months	Nine Months
Volume (metric tonnes in thousands)						
Petroleum products	**740**	724	**2,084**	1,810	16	274
Total volume	**740**	724	**2,084**	1,810	16	274
Revenue days	**580**	602	**1,657**	1,548	(22)	109
Operating days	**587**	626	**1,722**	1,630	(39)	92
Outside charter days	**—**	6	**—**	6	(6)	(6)

(1) The vessels which operate under international joint ventures are excluded from operational performance.

EBITDA[1]

The following table provides a reconciliation of net earnings in accordance with GAAP to the non-GAAP EBITDA measure, as reported for the three and nine months ended September 30, 2023 and 2022, and presented herein:

	Three Months Ended		Nine Months Ended	
For the periods ended September 30	**2023**	2022	**2023**	2022
Net earnings	**$ 2,257**	$ 4,609	**$ 7,154**	$ 5,941
Adjustments to net earnings:				
Depreciation and amortization	**3,156**	3,667	**10,519**	10,422
Income tax expense (recovery)	**(344)**	1,279	**1,920**	2,071
Gain on sale of vessels	**—**	—	**(4,588)**	—
Joint venture:				
Depreciation and amortization	**185**	—	**495**	—
Foreign currency loss	**112**	—	**250**	—
EBITDA	**$ 5,366**	$ 9,555	**$ 15,750**	$ 18,434

(1) Please refer to the section entitled Important Information About This MD&A for an explanation of this non-GAAP measure.

2023 Third Quarter Compared to the Corresponding Period in 2022

The increased revenue during the quarter was mainly attributable to higher freight rates and increased revenue generated by the *Birgit Knutsen,* which entered domestic charter operations in early September. For the same period in 2022, this ship was operating under international bareboat charter. The increase in revenue was partially offset by 4% fewer revenue days. Higher off-hire time on three vessels during the quarter, compared to off-hire time on one vessel in the previous year period, was the main driver in the decreased number of days. The *Algotitan* remained on off-hire for part of the quarter as a result of unexpected repairs and continued Canadianization work, the *Algonova* was on off-hire for a regulatory dry-docking until late July, and the *Algocanada* was on off-hire for the latter part of the quarter for a regulatory dry-docking overseas. In the third quarter of 2022 the *Algoscotia* was laid up for unscheduled repairs. The *Algocanada* is expected to return to service during the fourth quarter.

Operating costs were higher during the quarter primarily as a result of increased layup, supply, and repair costs, partially offset by 6% fewer operating days and lower fuel expense. Dry-dock costs were higher this quarter with two regulatory dry-dockings compared to none in the prior year period. Supply costs continue to be impacted by the rise in inflation and repair costs were higher primarily as a result of unexpected repairs on the *Algotitan*. Operating days were impacted by the three vessels that were out of service throughout the quarter.

During the first quarter of 2023, the *Algoma Hansa* and the *Algonorth* were sold, resulting in a $4,588 gain.

During 2022, Algoma and Furetank AB of Sweden, established the FureBear joint venture, which entered into agreements to construct eight dual-fuel product tankers. During the 2023 third quarter, this order for new vessels was increased to ten ships. The tankers will be constructed at China Merchants Jinling Shipyard in Yangzhou, China, with delivery expected between early 2024 and late 2026. The sale of the *Algonorth,* now named the *Fure Skagen*, was to a newly formed joint venture in which FureBear holds a two-thirds interest. The results of both joint ventures are reflected above in joint venture earnings.

Outlook

We expect customer demand in the segment to remain steady through the balance of the year, although energy markets are expected to remain volatile. Vessel utilization is expected to be strong; however, we do expect inflation to continue to impact costs going forward. The *Birgit Knutsen,* to be re-named the *Algoluna,* will enter service under Canadian flag during the fourth quarter, replacing the *Algosea* when she retires in November.

Ocean Self-Unloaders Segment

Financial Performance

	Three Months Ended		Nine Months Ended		Favourable/(Unfavourable)	
For the periods ended September 30	**2023**	2022	**2023**	2022	Three Months	Nine Months
Foreign exchange rate average (USD/CAD)	**1.3412**	1.3061	**1.3454**	1.2830	0.0351	0.0624
Revenue	**$ 42,469**	$ 49,927	**$ 133,974**	$ 140,540	$ (7,458)	$ (6,566)
Operating expenses	**(30,866)**	(34,938)	**(96,800)**	(94,473)	4,072	(2,327)
Selling, general and administrative	**(533)**	(342)	**(1,630)**	(1,019)	(191)	(611)
Depreciation and amortization	**(6,297)**	(6,791)	**(17,815)**	(19,946)	494	2,131
Operating earnings	**4,773**	7,856	**17,729**	25,102	(3,083)	(7,373)
Net earnings from investment in joint venture	**447**	657	**979**	3,629	(210)	(2,650)
Net earnings	**$ 5,220**	$ 8,513	**$ 18,708**	$ 28,731	$ (3,293)	$ (10,023)

Operational Performance

	Three Months Ended		Six Months Ended		Favourable/(Unfavourable)	
For the periods ended September 30	**2023**	2022	**2023**	2022	Three Months	Nine Months
Pool Volumes (metric tonnes in thousands)(1)						
Gypsum	**885**	1,121	**2,853**	2,827	(236)	26
Aggregates	**2,646**	2,447	**7,085**	6,950	199	135
Coal	**1,817**	2,023	**5,536**	5,859	(206)	(323)
Other	**106**	170	**553**	733	(64)	(180)
Total volumes	**5,454**	5,761	**16,027**	16,369	(307)	(342)
Revenue days	**631**	669	**1,894**	2,806	(38)	(912)
Operating days	**638**	690	**1,909**	2,846	(52)	(937)
Off-hire days for dry-docking	**103**	47	**280**	75	(56)	(205)

(1) Pool volumes exclude volumes carried on vessels that were under time charter arrangements in the quarter.

EBITDA[1]

The following table provides a reconciliation of net earnings in accordance with GAAP to the non-GAAP EBITDA measure, as reported for the three and nine months ended September 30, 2023 and 2022, and presented herein:

	Three Months Ended		Nine Months Ended	
For the periods ended September 30	**2023**	2022	**2023**	2022
Net earnings	**$ 5,220**	$ 8,513	**$ 18,708**	$ 28,731
Adjustments to net earnings:				
Depreciation and amortization	**6,297**	6,791	**17,815**	19,946
Joint venture:				
Depreciation and amortization	**41**	168	**127**	390
Interest income	**(5)**	—	**(5)**	—
Impairment provision (reversal)	**—**	139	**—**	(2,643)
Investment gain on distribution	**—**	(637)	**—**	(637)
Foreign exchange loss	**1**	1	**—**	1
EBITDA	**11,554**	14,975	**$ 36,645**	$ 45,788

(1) Please refer to the section entitled Important Information About This MD&A for an explanation of this non-GAAP measure.

2023 Third Quarter Compared to the Corresponding Period in 2022

Revenue was lower during the quarter mainly due to a higher number of scheduled dry-dockings which resulted in 6% fewer revenue days, and lower fuel cost recoveries. The dry-docking on the *Algoma Victory* and the *Algoma Vision* occurred during the third quarter whereas the *Honourable Henry Jackman* was at the end of her dry-docking during the beginning of the same period in 2022. Pool performance for the quarter and year-to-date has been affected by an unplanned vessel outage of a non-Algoma owned vessel, which caused tightened vessel availability and created operational inefficiencies that were difficult to manage due to the heavy dry-dock schedule this year.

Pool volumes were down 5% during the quarter as a result of decreased cargoes in the coal and gypsum sectors, partially offset by an increase in aggregate shipments. Coal shipments were impacted as a result of disruptions caused by hurricanes on the east coast.

The decrease in operating expenses in the third quarter was primarily due to significantly lower fuel costs, partially offset by higher dry-docking expenditures on the *Algoma Victory* and the *Algoma Vision.* An 8% decrease in operating days was primarily driven by the increased off-hire time due to the two dry-dockings.

Outlook

Vessel supply is expected to be tight for the remainder of the year, with two additional vessels in the Algoma fleet dry-docked over the remainder of 2023, for a total of five dry-dockings this year. Volumes in the aggregate industry are expected to be steady for the balance of the year, while volumes in the coal and gypsum sectors are expected to improve. We are expecting global fuel prices to likely remain higher than normal following increases that began to occur in the third quarter.

Global Short Sea Shipping Segment

Financial Results Overview

For the periods ended September 30	Three Months Ended		Nine Months Ended		Favourable/(Unfavourable)	
	2023	2022	**2023**	2022	Three Months	Nine Months
Foreign exchange rate average (USD/CAD)	**1.3412**	1.3061	**1.3454**	1.2830	0.0351	0.0624
Revenue	**$ 78,438**	$ 72,955	**$ 214,478**	$ 204,618	$ 5,483	$ 9,860
Operating expenses	**(51,609)**	(40,681)	**(143,902)**	(127,275)	(10,928)	(16,627)
Selling, general and administrative	**(1,734)**	(1,787)	**(5,782)**	(4,749)	53	(1,033)
Depreciation and amortization	**(6,997)**	(8,382)	**(24,888)**	(28,946)	1,385	4,058
Operating earnings	**18,098**	22,105	**39,906**	43,648	(4,007)	(3,742)
Gain on sale of vessels	**—**	5,843	**—**	15,403	(5,843)	(15,403)
Interest expense	**(1,959)**	(1,958)	**(6,216)**	(4,494)	(1)	(1,722)
Foreign exchange loss	**(236)**	(866)	**(126)**	(1,258)	630	1,132
Earnings before undernoted	**15,903**	25,124	**33,564**	53,299	(9,221)	(19,735)
Income tax recovery (expense)	**1,154**	(431)	**(1,065)**	(1,323)	1,585	258
Net earnings of joint ventures	**635**	1,697	**3,521**	3,930	(1,062)	(409)
Net earnings attributable to non-controlling interest	**(1,236)**	(1,880)	**(4,628)**	(6,892)	644	2,264
Net earnings	**$ 16,456**	$ 24,510	**$ 31,392**	$ 49,014	$ (8,054)	$ (17,622)
Company share of net earnings above	**$ 8,228**	$ 12,255	**$ 15,696**	$ 24,507	$ (4,027)	$ (8,811)
Amortization of vessel purchase price allocation and intangibles	**(157)**	(152)	**(472)**	(450)	(5)	(22)
Company share included in net earnings from investments in joint ventures	**$ 8,071**	$ 12,103	**$ 15,224**	$ 24,057	$ (4,032)	$ (8,833)

EBITDA[1]

The following table provides a reconciliation of net earnings in accordance with GAAP to the non-GAAP EBITDA measure, as reported for the three and nine months ended September 30, 2023 and 2022, and presented herein:

For the periods ended September 30	Three Months Ended		Nine Months Ended	
	2023	2022	**2023**	2022
Company share of net earnings from investments in joint ventures	**$ 8,071**	$ 12,103	**$ 15,224**	$ 24,057
Adjustments to net earnings (company's share):				
Depreciation and amortization	**3,656**	4,343	**12,916**	14,923
Interest expense	**980**	979	**3,108**	2,247
Income tax expense (recovery)	**(577)**	216	**533**	662
Foreign currency loss	**118**	433	**63**	629
Gain on sale of vessels	**—**	(2,922)	**—**	(7,702)
Company share of EBITDA	**$ 12,248**	$ 15,152	**$ 31,844**	$ 34,816

(1) Please refer to the section entitled Important Information About This MD&A for an explanation of this non-GAAP measure.

2023 Third Quarter Compared to the Corresponding Period in 2022

Revenue was higher during the third quarter driven primarily by revenue increases in the cement and mini-bulker fleets, partially offset by lower revenue in the handy-sized fleet. Driving the improved results in the cement fleet were steady rate increases, increased customer demand, and the larger fleet size this year with the addition of three vessels to the fleet. Higher revenue in the mini-bulker fleet was mainly attributable to resilient freight rates, contracted cargoes, and long-term customer relationships in their trading zones. Lower revenue in the handy-sized fleet is mainly due a softening of freight rates, for these handy-sized vessels, compared to the prior year period.

Operating expenses increased mainly as a result of the impact of higher costs in the cement and mini-bulker fleets, including costs associated with one dry-docking and increased vessel off-hire time. These higher expenditures were partially offset by lower operating costs in the mini-bulker fleet compared to the same period in 2022.

Earnings for the 2022 third quarter included a $5,843 gain on the sale of two vessels (Algoma's share of $2,922); this was not repeated in the current period.

Outlook

Looking ahead for the balance of the year, revenues from the cement fleet are expected to be steady, with strong fleet utilization. Rate pressure driven by the on-going global economic and geopolitical situations is anticipated to continue to impact the segment going forward. Volumes and utilization are not expected to be affected by the lower rates. Operating costs, other than fuel, are expected to reflect the impact of higher inflation, as increased costs work their way through our supply chain.

In light of increased interest rates, the joint ventures have taken action to reduce the amount of variable rate debt outstanding on ship mortgages and this is expected to remain a focus throughout the remainder of 2023.

Investment Properties Segment

	Three Months Ended		Nine Months Ended		Favourable/(Unfavourable)	
For the periods ended September 30	**2023**	2022	**2023**	2022	Three Months	Nine Months
Revenue	**$ —**	$ 96	**$ —**	$ 2,938	$ (96)	$ (2,938)
Operating expenses	**—**	(147)	**—**	(2,949)	147	2,949
Operating loss	**—**	(51)	**—**	(11)	51	11
Gain (loss) on sale of properties	**—**	(69)	**—**	14,303	69	(14,303)
Interest income	**248**	248	**743**	248	—	495
Income tax expense	**(66)**	(84)	**(197)**	(3,984)	18	3,787
Net earnings	**$ 182**	$ 44	**$ 546**	$ 10,556	$ 138	$ (10,010)

On June 30, 2022, the Company finalized the sale of a shopping centre located in Sault Ste. Marie, Ontario. The shopping centre was the last of the Company's significant real estate holdings in Sault Ste. Marie. Interest income relates to the interest on a vendor take-back mortgage secured against the shopping centre.

Corporate Segment

	Three Months Ended		Nine Months Ended		Favourable/(Unfavourable)	
For the periods ended September 30	**2023**	2022	**2023**	2022	Three Months	Nine Months
Revenue	**$ 836**	$ 559	**$ 2,130**	$ 1,835	$ 277	$ 295
Operating expenses	**(334)**	(218)	**(855)**	(735)	(116)	(120)
Selling, general and administrative	**(3,266)**	(3,336)	**(13,768)**	(11,537)	70	(2,231)
Depreciation	**(407)**	(388)	**(1,158)**	(1,171)	(19)	13
Operating loss	**(3,171)**	(3,383)	**(13,651)**	(11,608)	212	(2,043)
Gain on sale of properties	**169**	216	**194**	216	(47)	(22)
Foreign currency gain (loss)	**(971)**	2,172	**3,018**	3,662	(3,143)	(644)
Interest expense, net	**(4,240)**	(4,781)	**(13,445)**	(14,775)	541	1,330
Income tax recovery	**2,367**	775	**6,239**	5,296	1,592	943
Net earnings from investment in joint venture	**57**	—	**57**	—	57	57
Net loss	**$ (5,789)**	$ (5,001)	**$ (17,588)**	$ (17,209)	$ (788)	$ (379)

The Corporate segment consists of revenue from management services provided to third parties, head office expenditures, other administrative expenses of the Company, and earnings from a joint venture in a mechanical, machining, and fabrication shop. Revenues are also generated from rental income provided by third party tenants in the Company's head office building. Operating expenses include the operating costs of that office building.

During the quarter, the Company purchased a 49% interest in Allied Marine & Industrial ("AMI"), a mechanical, machining, and fabrication shop, for an investment value of $5,531. The Company also purchased the land and buildings occupied by AMI for a total purchase price of $5,117. The land and buildings will generate rental income for the Corporate segment.

Consolidated

Interest Expense

	Three Months Ended		Nine Months Ended		Favourable/(Unfavourable)	
For the periods ended September 30	**2023**	2022	**2023**	2022	Three Months	Nine Months
Interest expense on borrowings	**$ 4,457**	$ 4,521	**$ 14,022**	$ 13,471	$ 64	$ (551)
Amortization of financing costs	**425**	402	**1,275**	1,206	(23)	(69)
Interest on employee future benefits, net	**258**	193	**382**	620	(65)	238
Interest capitalized on vessels under construction	**(351)**	(85)	**(642)**	(233)	266	409
	$ 4,789	$ 5,031	**$ 15,037**	$ 15,064	$ 242	$ 27

Income Taxes

For the periods ended September 30	Three Months Ended 2023	Three Months Ended 2022	Nine Months Ended 2023	Nine Months Ended 2022	Favourable/(Unfavourable) Three Months	Favourable/(Unfavourable) Nine Months
Combined federal and provincial statutory income tax rate	**26.5 %**	26.5 %	**26.5 %**	26.5 %	— %	— %
Net earnings before income tax and net earnings from investments in joint ventures	**$ 33,908**	$ 38,549	**$ 37,660**	$ 49,887	$ (4,641)	$ (12,227)
Expected income tax expense	**$ (8,986)**	$ (10,215)	**$ (9,980)**	$ (13,220)	$ 1,229	$ 3,240
Decrease (increase) in expense resulting from:						
Foreign tax rates different from Canadian statutory rate	**1,345**	2,004	**4,494**	6,540	(659)	(2,046)
Effect of items that are non-deductible	**575**	(266)	**350**	(266)	841	616
Adjustments to prior period provision	**—**	(203)	**(101)**	(501)	203	400
Other	**174**	122	**62**	99	52	(37)
Actual tax expense	**$ (6,892)**	$ (8,558)	**$ (5,175)**	$ (7,348)	$ 1,666	$ 2,173

Earnings from the Company's foreign subsidiaries are taxed in jurisdictions which have nil income tax rates. The Canadian statutory rate for the Company for both 2023 and 2022 was 26.5%. Any variation in the effective income tax rate from the statutory income tax rate is due mainly to the lower income tax rates applicable to foreign subsidiaries, the effect of taxable and non-taxable items that may or may not be included in earnings and changes to income tax provisions related to prior periods.

Contingencies

For information on contingencies, please refer to Note 31 of the Consolidated Financial Statements for the years ending December 31, 2022 and 2021. There have been no significant changes in the items presented since December 31, 2022.

Capital Resources

The Company has cash on hand of $35,294 at September 30, 2023. Available credit facilities along with projected cash from operations for 2023 are expected to be sufficient to meet the Company's planned operating and capital requirements and other contractual obligations for the year.

The Company maintains credit facilities that are reviewed periodically to determine if sufficient capital is available to meet current and anticipated needs. The Company's bank credit facility (the "Facility") comprises a $75 million Canadian dollar and a $75 million U.S. dollar senior secured revolving bank credit facility provided by a syndicate of four banks, expiring 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. The Company's real estate assets and certain vessels, including ones that are not wholly owned, are not directly encumbered under this Facility.

The Company is subject to certain covenants under the terms of the Bank Facility and the Notes, including ones with respect to maintaining defined financial ratios and other conditions. As at September 30, 2023, the Company was in compliance with all of its covenants.

Financial Condition, Liquidity and Capital Resources

Cash Flows

For the periods ended September 30	Three Months Ended 2023	Three Months Ended 2022	Nine Months Ended 2023	Nine Months Ended 2022	Favourable/(Unfavourable) Three Months	Favourable/(Unfavourable) Nine Months
Net cash generated from operating activities	**$ 61,647**	$ 59,561	**$ 92,776**	$ 68,603	$ 2,086	$ 24,173
Net cash used in investing activities	**(56,273)**	(17,082)	**(109,845)**	(19,442)	(39,191)	(90,403)
Net cash used in financing activities	**(31,359)**	(6,236)	**(90,296)**	(27,440)	(25,123)	(62,856)
Net change in cash	**(25,985)**	36,243	**(107,365)**	21,721	(62,228)	(129,086)
Effects of exchange rate changes on cash held in foreign currencies	**(223)**	4,350	**691**	5,965	(4,573)	(5,274)
Cash, beginning of period	**61,502**	96,035	**141,968**	108,942	(34,533)	33,026
Cash, end of period	**$ 35,294**	$ 136,628	**$ 35,294**	$ 136,628	$ (101,334)	$ (101,334)

Investing Activities

Higher net cash used in investing activities during the 2023 third quarter relates primarily to the investment in the Allied Marine and Industrial joint venture, investments in the FureBear joint venture, progress payments on two domestic product tankers, and a deposit on a third new ocean belt self-unloader for the ocean self-unloader fleet.

Financing Activities

2023 cash used in financing activities includes a $50,032 special dividend payment paid in January, 2023.

Free Cash Flow[1]

The following table provides a reconciliation of net cash generated from operating activities in accordance with GAAP to the non-GAAP free cash flow, as reported for the three and nine months ended September 30, 2023 and 2022, and presented herein:

	Three Months Ended		Nine Months Ended		Favourable/(Unfavourable)	
For the periods ended September 30	**2023**	2022	**2023**	2022	Three Months	Nine Months
Net cash generated from operating activities	**$ 61,647**	$ 59,561	**$ 92,776**	$ 68,603	$ 2,086	$ 24,173
Net debt service repayments	**(25,311)**	(220)	**(14,946)**	(8,931)	(25,091)	(6,015)
Capital required for maintenance of existing assets	**(8,484)**	(3,164)	**(29,429)**	(13,913)	(5,320)	(15,516)
Free cash flow	**$ 27,852**	$ 56,177	**$ 48,401**	$ 45,759	$ (28,325)	$ 2,642

(1) Please refer to the section entitled Important Information About This MD&A - Free Cash Flow for an explanation of this non-GAAP measure.

During the third quarter of 2023, the Company made environmental investments in fleet upgrades such as carbon reducing fuel efficiency technology, ballast water treatment system installations, and scrubber upgrades.

Normal Course Issuer Bid

Effective March 21, 2023, the Company renewed its normal course issuer bid (the "2023 NCIB") with the intention to purchase, through the facilities of the TSX, up to 1,926,915 of its common shares ("Shares") representing approximately 5% of the 38,538,301 Shares which were issued and outstanding as at the close of business on March 7, 2023 (the “NCIB”).

Subject to prescribed exceptions, the Company is allowed to purchase up to 3,173 Shares on the TSX during any trading day, representing approximately 25% of the average daily trading volume of the Shares on the TSX for the previous six calendar months, being 12,695 Shares. Any Shares purchased under the 2023 NCIB are cancelled. Under the current NCIB, 442,395 Shares were purchased and cancelled for a weighted average purchase price of $15.25 for the nine months ending September 30, 2023.

In conjunction with the renewal of the 2023 NCIB, Algoma entered into a new automatic share purchase plan (the “ASPP”) with a designated broker to allow for the purchase of its Shares under the 2023 NCIB at times when Algoma normally would not be active in the market due to applicable regulatory restrictions or internal trading black-out periods. Before the commencement of any particular internal trading black-out period, Algoma may, but is not required to, instruct its designated broker to make purchases of Shares under the 2023 NCIB during the ensuing black-out period in accordance with the terms of the ASPP. Such purchases will be determined by the broker in its sole discretion based on parameters established by Algoma prior to commencement of the applicable black-out period in accordance with the terms of the ASPP and applicable TSX rules. Outside of these black-out periods, Shares will continue to be purchasable by Algoma at its discretion under its 2023 NCIB.

The ASPP will commence on the Company’s behalf during any quarterly blackout period of the Company and will terminate on the earliest of the date on which: (a) the maximum annual purchase limit under the 2023 NCIB has been reached; (b) Algoma terminates the ASPP in accordance with its terms; or (c) the 2023 NCIB expires. The ASPP constitutes an “automatic securities purchase plan” under applicable Canadian securities laws.

Commitments

The table below provides aggregate information about the Company's contractual obligations as at September 30, 2023 that affect the Company's liquidity and capital resource needs.

	2023	2024	2025	2026	2027	2028 and Beyond	Total
Long-term debt including convertible debentures	$ —	$ 64,129	$ —	$ —	$ 27,040	$ 299,704	$ 390,873
Capital asset commitments	—	165,606	155,961	78,119	52,079	—	451,765
Capital asset commitments through joint ventures[1]	5,048	88,346	83,624	42,994	—	—	220,012
Interest payments on long-term debt	8,017	14,221	12,408	12,408	12,408	76,500	135,962
AMI share purchase[2]	—	—	—	—	—	5,757	5,757
Leases	35	151	148	83	—	—	417
	$ 13,100	$ 332,453	$ 252,141	$ 133,604	$ 91,527	$ 381,961	$ 1,204,786

(1) The joint venture commitments above include the construction of ten product tankers. The joint venture has in place a financing arrangement with a Swedish shipping bank, under which and subject to certain conditions, the joint venture will be able to access funding for up to 70% of the outstanding commitments upon delivery of the vessels.

(2) During the quarter, the Company purchased a 49% interest in Allied Marine & Industrial ("AMI") for an investment value of $5,531. Included in the agreement is an additional purchase of land and buildings which will generate rental income for the Corporate segment. The Company also purchased the land and buildings occupied by AMI for a total purchase price of $5,117. The land and buildings will generate rental income for the Corporate segment.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Disclosure Controls and Procedures

In accordance with the requirements of National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings, the Company's management, including the Chief Executive Officer and the Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures as of September 30, 2023. Under the supervision of and with the participation of the Chief Executive Officer and the Chief Financial Officer, Management has concluded that the Company's disclosure controls and procedures were effective as of September 30, 2023.

Internal Controls over Financial Reporting

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

Management has used the criteria established in the 2013 Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission to assess, with the participation of the Chief Executive Officer and Chief Financial Officer, the effectiveness of the Company's internal controls over financial reporting. Based on this assessment, Management has concluded that the Company's internal controls over financial reporting are operating effectively as of September 30, 2023.

Changes in Internal Controls over Financial Reporting

During the period ended September 30, 2023, there have been no changes in the Company's policies and procedures and other processes that comprise its internal control over financial reporting, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Adoption of New and Amended Accounting Pronouncements

Definition of Accounting Estimates (Amendments to IAS 8)

In February 2021, the IASB issued Definition of Accounting Estimates, which made amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendment replaced the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Accounting estimates are developed if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendment clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the current period's consolidated statements of comprehensive earnings, or the consolidated statements of comprehensive earnings of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The amendments apply for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The application of this amendment is not expected to have a material impact on the Company's interim condensed consolidated financial statements.

Accounting Pronouncements Issued But Not Yet Effective

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective and no material impact is expected on the Company's interim condensed consolidated financial statements.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

In October 2022, the IASB finalised issuance of Classification of Liabilities as Current or Non-Current, which made amendments to IAS 1 Presentation of Financial Statements. The amendment clarifies that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. Classification is unaffected by the expectations that the Corporation will exercise its right to defer settlement of a liability. Lastly, the amendment clarifies that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. The Company is currently evaluating the impact of this standard on its interim condensed consolidated financial statements.

ALGOMA CENTRAL CORPORATION

Interim Condensed Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2023 and 2022

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

The accompanying interim condensed consolidated financial statements of Algoma Central Corporation for the three and nine months ended September 30, 2023 and 2022 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting as issued by the International Accounting Standards Board and are the responsibility of the Company's management. The Company's independent auditors have not performed an audit or a review of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Earnings

For the periods ended September 30 (unaudited, in thousands of dollars, except per share date)	Notes	Three Months Ended 2023	Three Months Ended 2022	Nine Months Ended 2023	Nine Months Ended 2022
Revenue	5	**$ 205,888**	$ 199,327	**$ 519,898**	$ 467,893
Operating expenses		**(142,606)**	(133,439)	**(399,163)**	(345,612)
Selling, general and administrative expenses		**(8,312)**	(7,764)	**(29,414)**	(24,942)
Depreciation and amortization		**(16,268)**	(17,361)	**(48,759)**	(51,106)
Operating earnings		**38,702**	40,763	**42,562**	46,233
Interest expense	7	**(4,789)**	(5,031)	**(15,037)**	(15,064)
Interest income		**797**	498	**2,335**	537
Gain on sale of assets	10	**169**	147	**4,782**	14,519
Foreign currency gain (loss)		**(971)**	2,172	**3,018**	3,662
		33,908	38,549	**37,660**	49,887
Income tax expense	8	**(6,892)**	(8,776)	**(5,175)**	(7,566)
Net earnings from investments in joint ventures	6	**8,729**	12,760	**16,764**	27,686
Net earnings		**$ 35,745**	$ 42,533	**$ 49,249**	$ 70,007
Basic earnings per share	17	**$ 0.93**	$ 1.13	**$ 1.28**	$ 1.85
Diluted earnings per share	17	**$ 0.85**	$ 1.01	**$ 1.20**	$ 1.70

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Comprehensive Earnings

For the periods ended September 30 (unaudited, in thousands of dollars)	Notes	Three Months Ended 2023	Three Months Ended 2022	Nine Months Ended 2023	Nine Months Ended 2022
Net earnings		**$ 35,745**	$ 42,533	**$ 49,249**	$ 70,007
Other comprehensive earnings:					
Items that may be subsequently reclassified to net earnings:					
Unrealized gain (loss) on translation of financial statements of foreign operations		**10,647**	27,021	**(1,352)**	33,894
Unrealized gain (loss) on hedging instruments, net of income tax		**(3,024)**	(6,279)	**671**	(8,769)
Foreign exchange gain (loss) on purchase commitment hedge reserve, net of income tax, transferred to:					
Vessels under construction		**(44)**	—	**(91)**	—
Net earnings		**100**	—	**(10)**	—
Items that will not be subsequently reclassified to net earnings:					
Employee future benefits actuarial gain (loss), net of income tax		**2,270**	(1,729)	**4,434**	7,218
		9,949	19,013	**3,652**	32,343
Comprehensive earnings		**$ 45,694**	$ 61,546	**$ 52,901**	$ 102,350

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Balance Sheet

As at (unaudited, in thousands of dollars)	Notes	September 30 2023	December 31 2022
Assets			
Current			
Cash		**$ 35,294**	$ 141,968
Accounts receivable		**70,981**	67,618
Income taxes recoverable		**2,290**	1,459
Mortgage receivable	12	**18,000**	—
Other current assets	9	**43,899**	39,285
		170,464	250,330
Property, plant, and equipment	10	**825,647**	850,538
Investments in joint ventures	6	**245,343**	208,992
Goodwill	11	**7,910**	7,910
Employee future benefits		**23,778**	18,219
Non-current asset held for sale		**2,333**	1,858
Mortgage receivable	12	**—**	18,000
Other assets	13	**69,038**	9,850
		$ 1,344,513	$ 1,365,697
Liabilities			
Current			
Accounts payable and accrued charges		**$ 96,619**	$ 86,208
Current portion of long-term debt	16	**63,343**	5,197
Income taxes payable		**417**	5,953
Other current liabilities	14	**7,375**	53,470
		167,754	150,828
Long-term debt	16	**320,503**	397,157
Employee future benefits		**17,729**	18,774
Deferred income taxes		**76,286**	70,781
Other long-term liabilities	15	**1,836**	2,133
		584,108	639,673
Commitments	20		
Shareholders' Equity			
Share capital	17	**26,172**	11,732
Contributed surplus		**110**	582
Convertible debentures		**2,134**	2,270
Accumulated other comprehensive loss	18	**(14,094)**	(8,105)
Retained earnings		**746,083**	719,545
		760,405	726,024
		$ 1,344,513	$ 1,365,697

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Changes in Equity

(unaudited, in thousands of dollars)	Share Capital	Contributed Surplus and Convertible Debentures	Accumulated Other Comprehensive Loss	Retained Earnings	Total Equity
	(Note 17)		(Note 18)		
Balance at January 1, 2022	$ 8,110	$ 3,294	$ (31,319)	$ 660,198	$ 640,283
Net earnings	—	—	—	70,007	70,007
Dividends	—	—	—	(19,278)	(19,278)
Repurchase and cancellation of common shares	—	(6)	—	—	(6)
Debenture conversions	65	(1)	—	—	64
Share-based compensation	—	(22)	—	—	(22)
Other comprehensive earnings	—	—	25,125	7,218	32,343
Balance at September 30, 2022	$ 8,175	$ 3,265	$ (6,194)	$ 718,145	$ 723,391
Balance at January 1, 2023	$ 11,732	$ 2,852	$ (8,105)	$ 719,545	$ 726,024
Net earnings	—	—	—	49,249	49,249
Dividends	—	—	—	(20,339)	(20,339)
Repurchase and cancellation of common shares	(303)	(645)	—	(6,806)	(7,754)
Debenture conversions	14,743	(137)	—	—	14,606
Share-based compensation	—	174	—	—	174
Reclassified from equity	—	—	(5,207)	—	(5,207)
Other comprehensive earnings (loss)	—	—	(782)	4,434	3,652
Balance at September 30, 2023	**$ 26,172**	**$ 2,244**	**$ (14,094)**	**$ 746,083**	**$ 760,405**

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Cash Flows

For the periods ended September 30 (unaudited, in thousands of dollars)	Notes	Three Months Ended 2023	Three Months Ended 2022	Nine Months Ended 2023	Nine Months Ended 2022
Net Inflow (Outflow) of Cash Related to the Following Activities					
Operating					
Net earnings		**$ 35,745**	$ 42,533	**$ 49,249**	$ 70,007
Net earnings from investments in joint ventures	6	**(8,729)**	(12,760)	**(16,764)**	(27,686)
Items not affecting cash					
Depreciation and amortization		**16,268**	17,361	**48,759**	51,106
Gain on sale of assets	10	**(169)**	(147)	**(4,782)**	(14,519)
Other non-cash items		**12,156**	11,645	**15,740**	19,787
Net change in non-cash working capital		**6,339**	1,764	**10,110**	(24,938)
Income taxes recovered (paid), net		**374**	(342)	**(7,876)**	(2,607)
Employee future benefits paid		**(337)**	(493)	**(1,660)**	(2,547)
Net cash generated from operating activities		**61,647**	59,561	**92,776**	68,603
Investing					
Additions to property, plant, and equipment	19	**(14,433)**	(20,919)	**(38,279)**	(32,645)
Distributions received from joint ventures	6	**—**	11,385	**6,920**	16,153
Investment in joint ventures	6	**(13,508)**	(7,334)	**(27,257)**	(13,522)
Additions to vessels under construction		**(28,500)**	(430)	**(60,398)**	(937)
Issuance of loan receivable	9	**—**	—	**(10,150)**	—
Net proceeds on sale of assets	10	**168**	216	**19,319**	11,509
Net cash used in investing activities		**(56,273)**	(17,082)	**(109,845)**	(19,442)
Financing					
Interest paid		**(311)**	(183)	**(9,749)**	(8,820)
Interest received		**714**	251	**2,747**	290
Net proceeds of long-term debt		**—**	—	**25,000**	—
Net repayment of long-term debt		**(25,000)**	(37)	**(30,197)**	(111)
Repurchase of shares for cancellation	17	**—**	—	**(7,754)**	—
Dividends paid		**(6,762)**	(6,267)	**(70,343)**	(18,799)
Net cash used in financing activities		**(31,359)**	(6,236)	**(90,296)**	(27,440)
Net change in cash		**(25,985)**	36,243	**(107,365)**	21,721
Effects of exchange rate changes on cash held in foreign currencies		**(223)**	4,350	**691**	5,965
Cash, beginning of period		**61,502**	96,035	**141,968**	108,942
Cash, end of period		**$ 35,294**	$ 136,628	**$ 35,294**	$ 136,628

See accompanying notes to the interim condensed consolidated financial statements

Notes to the Interim Condensed Consolidated Financial Statements

1. Organization and Description of Business

Algoma Central Corporation (the "Company") is incorporated in Canada and listed on the Toronto Stock Exchange. The address of the Company's registered office is 63 Church St, Suite 600, St. Catharines, Ontario, Canada. The interim condensed consolidated financial statements of the Company for the three and nine months ended September 30, 2023 and 2022 comprise the Company, its subsidiaries and the Company's interests in jointly controlled entities.

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

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

The 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 iron and steel producers, aggregate producers, cement and building material producers, salt producers and agricultural product distributors.

The Product Tankers fleet consists of seven product tankers employed in Canadian flag service and one international tanker operating in Canada. The segment also includes the Company's 50% interest in a new international joint venture comprising ten tankers currently under construction and a 67% interest in a foreign-flagged tanker. Customers include major oil refiners, leading wholesale distributors, and large consumers of petroleum products.

The Company's international Ocean Self-Unloaders segment consists of eight ocean-going self-unloading vessels and a 25% interest in a ninth self-unloader. The eight wholly owned self-unloaders are part of the world's largest pool of ocean-going self-unloaders, which at the end of September 30, 2023 totalled 18 vessels.

The Corporate segment consists of the Company's head office expenditures, third party management services, other administrative functions of the Company, and earnings from a joint venture in a mechanical, machining, and fabrication shop.

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 operates 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 vessel sales and purchase platform.

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

2. Statement of Compliance

The financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") and using the same accounting policies and methods as were used for the Company's Consolidated Financial Statements and the notes thereto for the years ended December 31, 2022 and 2021. The financial statements should be read in conjunction with the Company's Consolidated Financial Statements for the years ended December 31, 2022 and 2021.

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

The interim condensed consolidated financial statements were approved by the Board of Directors and authorized for issue on November 3, 2023.

3. Adoption of New and Amended Accounting Pronouncements

Definition of Accounting Estimates (Amendments to IAS 8)

In February 2021, the IASB issued Definition of Accounting Estimates, which made amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendment replaced the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Accounting estimates are developed if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendment clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the current period's consolidated statements of comprehensive earnings, or the consolidated statements of comprehensive earnings of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The amendments apply for annual periods beginning on or after January 1, 2023. Effective January 1, 2023, the Company adopted these requirements. The application of this amendment is not expected to have an impact on the Company's interim condensed consolidated financial statements.

4. Accounting Pronouncements Issued But Not Yet Effective

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective and no material impact is expected on the Company's interim condensed consolidated financial statements.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

In October 2022, the IASB finalised issuance of Classification of Liabilities as Current or Non-Current, which made amendments to IAS 1 Presentation of Financial Statements. The amendment clarifies that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. Classification is unaffected by the expectations that the Corporation will exercise its right to defer settlement of a liability. Lastly, the amendment clarifies that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. The Company is currently evaluating the impact of this standard on its interim condensed consolidated financial statements.

5. Revenue

Disaggregated revenue by segment is as follows:

For the three months ended September 30 (unaudited, in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Corporate	Total
2023						
Contract of Affreightment	$ 128,117	$ 11,819	$ —	$ —	$ —	$ 139,936
Time Charter	—	22,315	—	—	—	22,315
Pool Revenue Share	—	—	42,469	—	—	42,469
Other	332	—	—	—	836	1,168
	$ 128,449	**$ 34,134**	**$ 42,469**	**$ —**	**$ 836**	**$ 205,888**
2022						
Contract of Affreightment	$ 115,618	$ —	$ —	$ —	$ —	$ 115,618
Time Charter	57	32,714	—	—	—	32,771
Pool Revenue Share	—	—	49,927	—	—	49,927
Other	321	35	—	96	559	1,011
	$ 115,996	$ 32,749	$ 49,927	$ 96	$ 559	$ 199,327

For the nine months ended September 30 (unaudited, in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Corporate	Total
2023						
Contract of Affreightment	$ 276,793	$ 26,258	$ —	$ —	$ —	$ 303,051
Time Charter	11,950	68,004	—	—	—	79,954
Pool Revenue Share	—	—	133,974	—	—	133,974
Other	789	—	—	—	2,130	2,919
	$ 289,532	**$ 94,262**	**$ 133,974**	**$ —**	**$ 2,130**	**$ 519,898**
2022						
Contract of Affreightment	$ 225,469	$ —	$ —	$ —	$ —	$ 225,469
Time Charter	13,725	82,222	—	—	—	95,947
Pool Revenue Share	—	—	140,540	—	—	140,540
Other	678	486	—	2,938	1,835	5,937
	$ 239,872	$ 82,708	$ 140,540	$ 2,938	$ 1,835	$ 467,893

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

As at (unaudited, in thousands of dollars)	**September 30 2023**	December 31 2022
Unbilled revenue (included in accounts receivable)	**$ 12,102**	$ 14,661
Deferred revenue (included in accounts payable and accrued charges)	**3,803**	1,660

6. Investments in Joint Ventures

The Company has interests in domestic and global joint ventures. Details of the holdings are presented below.

As at (unaudited, in thousands of dollars)			September 30 2023	December 31 2022
Name of Joint Venture / Incorporation	**Principal Activity (Place of Business)**	**Segment**	**Ownership Interest**	
FureBear AB ("FureBear") / Sweden	Currently operating one foreign-flagged product tanker and expecting delivery of ten new tankers for Northern European markets (Sweden)	Product Tankers	**50%**	50%
Marbulk Canada Inc. ("Marbulk") / Canada	50% interest in a specialized self-unloader (U.S.A.)	Ocean Self-Unloaders	**50%**	50%
Allied Marine & Industrial ("AMI") / Canada	Providing mechanical, machining, and fabrication services to the marine and other industrial sectors throughout southern Ontario (Canada)	Corporate	**49%**	—%
NovaAlgoma Cement Carriers Limited ("NACC") / Bermuda	Owns and operates pneumatic cement carriers to support infrastructure projects worldwide (Switzerland)	Global Short-Sea Shipping	**50%**	50%
NovaAlgoma Short-Sea Holdings Ltd. ("NASC") / Bermuda	Owns and manages a fleet of short sea mini-bulkers operating in global markets (Switzerland)	Global Short-Sea Shipping	**50%**	50%
NovaAlgoma Bulk Holdings Ltd. ("NABH") / Bermuda	Participates in the trade of purchasing and selling handy-size vessels (Switzerland)	Global Short-Sea Shipping	**50%**	50%

During the quarter, the Company purchased a 49% interest of Allied Marine & Industrial ("AMI") for a purchase price of $5,531. The agreement also includes a commitment for the Company to purchase the remaining shares of AMI for a total purchase price approximating $5,737 at a future date not later than seven years from closing.

The Company also purchased the land and buildings occupied by AMI for a total purchase price of $5,117. The land and buildings will generate rental income for the Corporate segment.

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

For the three months ended September 30, 2023 (unaudited, in thousands of dollars)	Product Tankers	Ocean Self-Unloaders	Corporate	Global Short Sea Shipping
Revenue	$ 1,966	$ 2,514	$ 2,322	$ 78,438
Operating expenses	(762)	(1,416)	(1,715)	(51,609)
General and administrative	(147)	(131)	(426)	(1,734)
Depreciation and amortization	(370)	(82)	(50)	(6,997)
Operating earnings	687	885	131	18,098
Interest income (expense)	—	10	3	(1,959)
Foreign exchange loss	(223)	(1)	—	(236)
Gain on sale of assets	—	—	24	—
Earnings before undernoted	464	894	158	15,903
Net earnings of joint ventures	—	—	—	635
Net earnings attributable to non-controlling interest	(157)	—	—	(1,236)
Income tax recovery (expense)	—	—	(42)	1,154
Net earnings	**$ 307**	**$ 894**	**$ 116**	**$ 16,456**
Company share of net earnings	$ 154	$ 447	$ 57	$ 8,228
Amortization of vessel purchase price allocation and intangibles	—	—	—	(157)
Company share included in net earnings of joint ventures	**$ 154**	**$ 447**	**$ 57**	**$ 8,071**

For the three months ended September 30, 2022 (unaudited, in thousands of dollars)	Product Tankers	Ocean Self-Unloaders	Corporate	Global Short Sea Shipping
Revenue	$ —	$ 2,389	$ —	$ 72,955
Operating expenses	—	(1,605)	—	(40,681)
General and administrative	—	(129)	—	(1,787)
Depreciation and amortization	—	(336)	—	(8,382)
Operating earnings	—	319	—	22,105
Impairment provision	—	(278)	—	—
Interest expense	—	—	—	(1,958)
Foreign exchange loss	—	(2)	—	(866)
Gain on sale of vessels	—	—	—	5,843
Earnings before undernoted	—	39	—	25,124
Net earnings of joint ventures	—	—	—	1,697
Net earnings attributable to non-controlling interest	—	—	—	(1,880)
Income tax expense	—	—	—	(431)
Net earnings	$ —	$ 39	$ —	$ 24,510
Company share of net earnings	$ —	$ 20	$ —	$ 12,255
Investment gain on distribution	—	637	—	—
Amortization of vessel purchase price allocation and intangibles	—	—	—	(152)
Company share included in net earnings of joint ventures	$ —	$ 657	$ —	$ 12,103

For the nine months ended September 30, 2023 (unaudited, in thousands of dollars)	Product Tankers	Ocean Self-Unloaders	Corporate	Global Short Sea Shipping
Revenue	$ 5,525	$ 6,624	$ 2,322	$ 214,478
Operating expenses	(2,157)	(4,016)	(1,715)	(143,902)
General and administrative	(372)	(406)	(426)	(5,782)
Depreciation and amortization	(990)	(254)	(50)	(24,888)
Operating earnings	2,006	1,948	131	39,906
Interest income (expense)	—	10	3	(6,216)
Foreign exchange loss	(500)	—	—	(126)
Gain on sale of assets	—	—	24	—
Earnings before undernoted	1,506	1,958	158	33,564
Net earnings of joint ventures	—	—	—	3,521
Net earnings attributable to non-controlling interest	(499)	—	—	(4,628)
Income tax expense	—	—	(42)	(1,065)
Net earnings	**$ 1,007**	**$ 1,958**	**$ 116**	**$ 31,392**
Company share of net earnings	$ 504	$ 979	$ 57	$ 15,696
Amortization of vessel purchase price allocation and intangibles	—	—	—	(472)
Company share included in net earnings of joint ventures	**$ 504**	**$ 979**	**$ 57**	**$ 15,224**

For the nine months ended September 30, 2022 (unaudited, in thousands of dollars)	Product Tankers	Ocean Self-Unloaders	Corporate	Global Short Sea Shipping
Revenue	$ —	$ 6,077	$ —	$ 204,618
Operating expenses	—	(4,213)	—	(127,275)
General and administrative	—	(384)	—	(4,749)
Depreciation and amortization	—	(780)	—	(28,946)
Operating earnings	—	700	—	43,648
Impairment reversal	—	5,286	—	—
Interest expense	—	—	—	(4,494)
Foreign exchange loss	—	(2)	—	(1,258)
Gain on sale of vessels	—	—	—	15,403
Earnings before undernoted	—	5,984	—	53,299
Net earnings of joint ventures	—	—	—	3,930
Net earnings attributable to non-controlling interest	—	—	—	(6,892)
Income tax expense	—	—	—	(1,323)
Net earnings	$ —	$ 5,984	$ —	$ 49,014
Company share of net earnings	$ —	$ 2,992	$ —	$ 24,507
Investment gain on distribution	—	637	—	—
Amortization of vessel purchase price allocation and intangibles	—	—	—	(450)
Company share included in net earnings of joint ventures	$ —	$ 3,629	$ —	$ 24,057

The Company's total share of net earnings by operating segment from its investments in joint ventures is as follows:

	Three Months Ended		Nine Months Ended	
For the periods ended September 30 (unaudited, in thousands of dollars)	**2023**	2022	**2023**	2022
Product Tankers	**$ 154**	$ —	**$ 504**	$ —
Ocean Self-Unloaders	**447**	657	**979**	3,629
Corporate	**57**	—	**57**	—
Global Short Sea Shipping	**8,071**	12,103	**15,224**	24,057
	$ 8,729	$ 12,760	**$ 16,764**	$ 27,686

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

As at (unaudited, in thousands of dollars)	**September 30, 2023**			
	Product Tankers	**Ocean Self-Unloaders**	**Corporate**	**Global Short Sea Shipping**
Cash	**$ 14,897**	**$ 3,340**	**$ 2,077**	**$ 17,634**
Other current assets	**949**	**942**	**4,043**	**52,198**
Income taxes recoverable	**—**	**52**	**—**	**554**
Property, plant, and equipment	**13,925**	**1,814**	**1,689**	**408,845**
Investment in joint ventures	**—**	**—**	**—**	**56,599**
Other assets	**64,294**	**—**	**—**	**25,760**
Current liabilities	**(4,126)**	**(334)**	**(2,382)**	**(50,686)**
Income taxes payable	**—**	**—**	**(738)**	**—**
Current portion of long-term debt	**—**	**—**	**(223)**	**(26,458)**
Long-term debt	**(6,625)**	**—**	**(905)**	**(65,014)**
Other long-term liabilities	**—**	**—**	**—**	**(24,836)**
Non-controlling interest	**(3,626)**	**—**	**—**	**(13,501)**
Net assets of joint ventures	**$ 79,688**	**$ 5,814**	**$ 3,561**	**$ 381,095**
Company share of net assets	**$ 39,844**	**$ 2,907**	**$ 1,745**	**$ 190,548**
Goodwill and other purchase price adjustments	**—**	**—**	**3,861**	**6,438**
Company share of joint ventures	**$ 39,844**	**$ 2,907**	**$ 5,606**	**$ 196,986**

As at (unaudited, in thousands of dollars)	December 31, 2022			
	Product Tankers	Ocean Self-Unloaders	Corporate	Global Short Sea Shipping
Cash	$ 3	$ 2,664	$ —	$ 22,037
Other current assets	—	974	—	46,950
Income taxes recoverable	—	51	—	368
Property, plant, and equipment	—	2,072	—	412,485
Investment in joint ventures	—	—	—	53,374
Other assets	36,985	—	—	23,848
Current liabilities	(780)	(149)	—	(54,459)
Current portion of long-term debt	—	—	—	(35,945)
Long-term debt	—	—	—	(90,359)
Other long-term liabilities	—	—	—	(6,574)
Non-controlling interest	—	—	—	(8,866)
Net assets of joint ventures	$ 36,208	$ 5,612	$ —	$ 362,859
Company share of net assets	$ 18,104	$ 2,806	$ —	$ 181,430
Goodwill and other purchase price adjustments	—	—	—	6,652
Company share of joint ventures	$ 18,104	$ 2,806	$ —	$ 188,082

The Company's net investments in the joint ventures by segment are as follows:

As at (unaudited, in thousands of dollars)	**September 30 2023**	December 31 2022
Product Tankers	**$ 39,844**	$ 18,104
Ocean Self-Unloaders	**2,907**	2,806
Corporate	**5,606**	—
Global Short Sea Shipping	**196,986**	188,082
	$ 245,343	$ 208,992

The Company has related party transactions with its joint ventures with respect to administrative management services, technical management services, repair work, and vessel operations. The Company also leases property to one of the joint ventures. Additionally, the Company guarantees certain loans of the joint ventures. Amounts relating to transactions with joint ventures are as follows:

For the periods ended September 30 (unaudited, in thousands of dollars)	Three Months Ended		Nine Months Ended	
	2023	2022	**2023**	2022
Revenue	**$ 332**	$ 267	**$ 977**	$ 940
Operating expenses	**(1,316)**	—	**(1,316)**	—

As at (unaudited, in thousands of dollars)	**September 30 2023**	December 31 2022
Accounts receivable	**$ 4,145**	$ 4,546
Loan receivable	**10,140**	—
Accounts payable	**(579)**	—
Loans guaranteed by the Company	**7,662**	11,301

In the first quarter of 2023, the Company issued a loan of $7,500 USD to the NovaAlgoma joint venture which is expected to be repaid in full during the fiscal year. The loan receivable is reflected in the other current assets of the Corporate segment.

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

For the nine months ended September 30 (unaudited, in thousands of dollars)	**2023**		2022	
	Distributions received	**Investment in joint ventures**	Distributions received	Investment in joint ventures
Product Tankers	**$ —**	**$ (19,249)**	$ —	$ (7,334)
Ocean Self-Unloaders	**889**	**—**	4,016	—
Corporate	**—**	**(5,549)**	—	—
Global Short Sea Shipping	**6,031**	**(2,459)**	12,137	(6,188)
	$ 6,920	**$ (27,257)**	$ 16,153	$ (13,522)

7. Interest Expense

The components of interest expense are as follows:

	Three Months Ended		Nine Months Ended	
For the periods ended September 30 (unaudited, in thousands of dollars)	**2023**	2022	**2023**	2022
Interest expense on borrowings	**$ 4,457**	$ 4,521	**$ 14,022**	$ 13,471
Amortization of financing costs	**425**	402	**1,275**	1,206
Interest on employee future benefits, net	**258**	193	**382**	620
Interest capitalized on vessels under construction	**(351)**	(85)	**(642)**	(233)
	$ 4,789	$ 5,031	**$ 15,037**	$ 15,064

8. Income Taxes

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

	Three Months Ended		Nine Months Ended	
For the periods ended September 30 (unaudited, in thousands of dollars)	**2023**	2022	**2023**	2022
Combined federal and provincial statutory income tax rate	**26.5%**	26.5%	**26.5%**	26.5%
Net income before income tax and net earnings from investments in joint ventures	**$ 33,908**	$ 38,549	**$ 37,660**	$ 49,887
Expected income tax expense	**$ (8,986)**	$ (10,215)	**$ (9,980)**	$ (13,220)
Decrease (increase) in expense resulting from:				
Foreign tax rates different from Canadian statutory rate	**1,345**	2,004	**4,494**	6,540
Effect of items that are non-deductible	**575**	(266)	**350**	(266)
Deferred tax items recognized	**—**	(218)	**—**	(218)
Adjustments to prior period provision	**—**	(203)	**(101)**	(501)
Other	**174**	122	**62**	99
Actual tax expense	**$ (6,892)**	$ (8,776)	**$ (5,175)**	$ (7,566)

9. Other Current Assets

The components of other current assets are as follows:

As at (unaudited, in thousands of dollars)	**September 30 2023**	December 31 2022
Materials, fuel and supplies	**$ 18,847**	$ 19,126
Prepaid expenses	**11,376**	15,189
Derivative assets	**3,536**	4,970
Loan receivable from joint venture, non-interest bearing	**10,140**	—
	$ 43,899	$ 39,285

10. Property, Plant, and Equipment

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

Cost (unaudited, in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Corporate	Total
Balance at December 31, 2022	$ 672,009	$ 254,445	$ 412,201	$ 21,042	$ 1,359,697
Additions	7,339	13,002	12,966	5,956	39,263
Disposals	—	(19,058)	—	—	(19,058)
Transferred to held for sale	—	(38,047)	—	—	(38,047)
Fully depreciated assets no longer in use	(1,035)	(2,228)	(3,861)	—	(7,124)
Effect of foreign currency exchange differences	—	—	(808)	—	(808)
Balance at September 30, 2023	**$ 678,313**	**$ 208,114**	**$ 420,498**	**$ 26,998**	**$ 1,333,923**

Accumulated depreciation (unaudited, in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Corporate	Total
Balance at December 31, 2022	$ 201,788	$ 120,990	$ 172,658	$ 13,723	$ 509,159
Depreciation expense	19,260	10,519	17,815	1,037	48,631
Disposals	—	(6,360)	—	—	(6,360)
Transferred to held for sale	—	(35,732)	—	—	(35,732)
Fully depreciated assets no longer in use	(1,035)	(2,228)	(3,861)	—	(7,124)
Effect of foreign currency exchange differences	—	—	(298)	—	(298)
Balance at September 30, 2023	**$ 220,013**	**$ 87,189**	**$ 186,314**	**$ 14,760**	**$ 508,276**

Net Book Value (unaudited, in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Corporate	Total
September 30, 2023					
Cost	$ 678,313	$ 208,114	$ 420,498	$ 26,998	$ 1,333,923
Accumulated depreciation	220,013	87,189	186,314	14,760	508,276
	$ 458,300	**$ 120,925**	**$ 234,184**	**$ 12,238**	**$ 825,647**
December 31, 2022					
Cost	$ 672,009	$ 254,445	$ 412,201	$ 21,042	$ 1,359,697
Accumulated depreciation	201,788	120,990	172,658	13,723	509,159
	$ 470,221	$ 133,455	$ 239,543	$ 7,319	$ 850,538

In the first quarter of 2023, two product tanker vessels were sold. The first, nearing the end of its useful service life, was sold for net proceeds of $4,640 and generated a gain on disposal of $2,800. The second was sold to the newly formed joint venture, partially owned by FureBear, for net proceeds of $14,486 and generated a gain of $1,788.

In the third quarter of 2023, the Company reclassified the carrying value of a third product tanker to non-current asset held for sale. The sale of this vessel is expected to be completed prior to the year end.

Also in the third quarter of this year, the Company purchased the land and building occupied by the new industrial machining joint venture. The land and building will generate rental income for the Corporate segment.

11. Goodwill

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

12. Mortgage Receivable

On June 30, 2022, the Company finalized the sale of a shopping centre located in Sault Ste. Marie, Ontario. Proceeds of the sale included a vendor take-back ("VTB") mortgage for $18,000, secured against the shopping centre. The VTB mortgage bears interest at 5.5% for a 24 month term and is fully open for repayment of any part of the principal outstanding at any time. The first payment of interest was received on June 30, 2023 and interest-only payments are due monthly thereafter. As at September 30, 2023, no principal payments have been received.

13. Other Assets

Other assets consist of the following:

As at (unaudited, in thousands of dollars)	September 30 2023	December 31 2022
Vessels under construction	**$ 68,530**	$ 8,839
Right-of-use assets	**417**	506
Other	**91**	505
	$ 69,038	$ 9,850

14. Other Current Liabilities

The components of other current liabilities are as follows:

As at (unaudited, in thousands of dollars)	September 30 2023	December 31 2022
Accrued interest on long-term debt	**$ 4,666**	$ 777
Dividends payable	**2,578**	52,582
Lease obligations	**131**	111
	$ 7,375	$ 53,470

15. Other Long-Term Liabilities

Other long-term liabilities consist of the following:

As at (unaudited, in thousands of dollars)	September 30 2023	December 31 2022
Deferred compensation	**$ 1,580**	$ 1,812
Lease obligations	**256**	321
	$ 1,836	$ 2,133

16. Long-Term Debt

As at (unaudited, in thousands of dollars)	September 30 2023	December 31 2022
Convertible unsecured subordinated debentures, due June 30, 2024, interest at 5.25%	**$ 63,831**	$ 78,068
Senior Secured Notes		
U.S. $20,000, interest at 3.37%, due December 10, 2027	**27,040**	27,088
U.S. $42,000, interest at 3.60%, due December 10, 2030	**56,784**	56,885
U.S. $35,000, interest at 3.70%, due December 10, 2032	**47,320**	47,404
U.S. $50,000, interest at 3.80%, due December 10, 2035	**67,600**	67,720
Canadian $128,000, interest at 4.01%, due December 10, 2035	**128,000**	128,000
Mortgage payable, due March 8, 2023, interest at 4.73%	**—**	5,197
	390,575	410,362
Less: unamortized financing expenses	**6,729**	8,008
	383,846	402,354
Less: current portion of long-term debt and unamortized financing expenses	**63,343**	5,197
	$ 320,503	$ 397,157

The Company's bank credit facility (the "Facility") comprises a $75 million Canadian dollar and a $75 million U.S. dollar senior secured revolving bank credit. The Facility bears interest at rates ranging from 170 to 325 basis points above bankers' acceptance, adjusted SOFR or EURIBOR rates. As at September 30, 2023 and December 31, 2022, no amounts had been drawn from the Facility.

The Company is subject to certain covenants, including ones with respect to maintaining defined financial ratios and other conditions under the terms of the bank facility and the senior secured notes. As at September 30, 2023 and December 31, 2022 the Company was in compliance with all of its covenants.

17. Share Capital

Share capital

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

The Company had 38,509,127 and 38,001,872 common shares outstanding and no preferred shares issued or outstanding as at September 30, 2023 and December 31, 2022 respectively.

The Company's Board of Directors authorized payment of a quarterly dividend to shareholders of $0.18 per common share. The dividend will be paid on December 1, 2023 to shareholders of record on November 17, 2023.

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

	Three Months Ended		Nine Months Ended	
For the periods ended September 30 (unaudited, in thousands of dollars)	**2023**	2022	**2023**	2022
Net earnings	**$ 35,745**	$ 42,533	**$ 49,249**	$ 70,007
Interest expense on debentures, net of tax	**866**	1,013	**2,575**	3,005
Net earnings for diluted earnings per share	**$ 36,611**	$ 43,546	**$ 51,824**	$ 73,012
Basic weighted average common shares	**38,509,127**	37,805,027	**38,491,759**	37,802,758
Shares due to dilutive effect of debentures	**4,441,066**	5,168,339	**4,623,776**	5,134,994
Diluted weighted average common shares	**42,950,193**	42,973,366	**43,115,535**	42,937,752
Basic earnings per common share	**$ 0.93**	$ 1.13	**$ 1.28**	$ 1.85
Diluted earnings per common share	**$ 0.85**	$ 1.01	**$ 1.20**	$ 1.70

Normal Course Issuer Bid

Effective March 21, 2023, the Company renewed its normal course issuer bid (the "2023 NCIB") to purchase up to 1,926,915 of its common shares ("Shares"), representing approximately 5% of the 38,538,301 Shares issued and outstanding as of the close of business on March 7, 2023.

Under the 2023 NCIB, the Company may purchase up to 3,173 Shares per day, representing 25% of the average daily trading volume for the previous six months. The Company may buy back Shares anytime during the twelve-month period beginning on March 21, 2023 and ending on March 20, 2024. The stated capital of the common shares of $0.68 per share equals the approximate paid-up capital amount of the common shares for purposes of the Income Tax Act.

Under the current NCIB, 442,395 Shares have been purchased and cancelled for the period ended September 30, 2023.

The Company purchased and cancelled 88,173 Shares under the previous NCIB, which began on March 21, 2022 and concluded on March 20, 2023.

18. Accumulated Other Comprehensive Loss

	Hedges			
(unaudited, in thousands of dollars)	Net investment	Purchase Commitment	Foreign exchange translation	Total
Balance at January 1, 2022	$ (18,763)	$ 1,722	$ (14,278)	$ (31,319)
Gain (loss)	(12,730)	6,572	28,869	22,711
Income tax expense	240	263	—	503
Net gain (loss)	(12,490)	6,835	28,869	23,214
Balance at December 31, 2022	$ (31,253)	$ 8,557	$ 14,591	$ (8,105)
Gain (loss)	351	219	(1,352)	(782)
Reclassified to earnings	—	(3,555)	—	(3,555)
Reclassified to vessels under construction	—	(1,433)	—	(1,433)
Income tax recovery	—	(219)	—	(219)
Net gain (loss)	351	(4,988)	(1,352)	(5,989)
Balance at September 30, 2023	**$ (30,902)**	**$ 3,569**	**$ 13,239**	**$ (14,094)**

19. Supplementary Disclosure of Cash Flow Information

Additions to property, plant and equipment are as follows:

For the periods ended September 30 (unaudited, in thousands of dollars)	Three Months Ended		Nine Months Ended	
	2023	2022	**2023**	2022
Additions to property, plant, and equipment (Note 10)	**$ (15,154)**	$ (20,560)	**$ (39,263)**	$ (33,760)
Amounts included in working capital	**721**	(359)	**1,002**	1,115
Other non-cash adjustments	**—**	—	**(18)**	—
	$ (14,433)	$ (20,919)	**$ (38,279)**	$ (32,645)

20. Commitments

The table below reflects the commitments of the Company at September 30, 2023. Annual expected payments are detailed in Note 21.

(unaudited, in thousands of dollars)	
Construction of two domestic dry-bulk self-unloaders	$ 100,645
Construction of two ice class product tankers	116,764
Construction of three ocean self-unloader vessels	234,356
Construction of ten product tankers through a joint venture interest	220,012
Purchase of remaining AMI shares (Note 6)	5,757
Leases	417
	$ 677,951

21. Financial Instruments and Risk Management

The Company's financial instruments included in the interim condensed balance sheet comprise cash, accounts receivable, accounts payable and accrued charges, derivative assets, loan receivable, mortgage receivable, dividends payable and long-term debt.

Fair Value

The Company's financial instruments, excluding derivative assets, are carried at amortized cost which, due to their short-term nature, approximates fair value. Derivative assets are remeasured for fair value at the end of each reporting period. The carrying values of the Company's financial liabilities approximate their fair values with the exception of long-term debt. The fair value hierarchy for the Company's financial liability not measured at fair value is as follows:

As at (unaudited, in thousands of dollars)	**September 30 2023**	December 31 2022
Long-term debt		
Carrying value	**$ 390,575**	$ 410,362
Fair value, classified as Level 2	**325,545**	366,722

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

Liquidity Risk

The contractual maturities of non-derivative financial liabilities for the remainder of the year and forward are as follows:

(unaudited, in thousands of dollars)	2023	2024	2025	2026	2027	2028 and Beyond	Total
Long-term debt including convertible debentures	$ —	$ 64,129	$ —	$ —	$ 27,040	$ 299,704	$ 390,873
Capital asset commitments	—	165,606	155,961	78,119	52,079	—	451,765
Capital asset commitments through joint ventures	5,048	88,346	83,624	42,994	—	—	220,012
Interest payments on long-term debt	8,017	14,221	12,408	12,408	12,408	76,500	135,962
AMI share purchase	—	—	—	—	—	5,757	5,757
Leases	35	151	148	83	—	—	417
	$ 13,100	**$ 332,453**	**$ 252,141**	**$ 133,604**	**$ 91,527**	**$ 381,961**	**$ 1,204,786**

Foreign Exchange Risk

At September 30, 2023 and December 31, 2022, approximately 41% and 39% respectively of the Company's total assets were denominated in U.S. dollars, including U.S. cash of $17,095 (December 31, 2022 - $32,456).

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

At September 30, 2023, the Company had U.S. dollar denominated foreign exchange forward contracts outstanding with a notional principal of $26,280 (December 31, 2022 - $39,420) and fair value gain of $3,536 (December 31, 2022 - $4,970).

22. Segment Disclosures

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

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

For the three months ended September 30, 2023 (unaudited, in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Corporate	Global Short Sea Shipping	Total
Revenue	$ 128,449	$ 34,134	$ 42,469	$ —	$ 836	$ —	$ 205,888
Operating expenses	(83,452)	(27,954)	(30,866)	—	(334)	—	(142,606)
Selling, general and administrative	(3,248)	(1,265)	(533)	—	(3,266)	—	(8,312)
Depreciation and amortization	(6,408)	(3,156)	(6,297)	—	(407)	—	(16,268)
Operating earnings (loss)	35,341	1,759	4,773	—	(3,171)	—	38,702
Interest, net	—	—	—	248	(4,240)	—	(3,992)
Gain on sale of assets	—	—	—	—	169	—	169
Foreign currency loss	—	—	—	—	(971)	—	(971)
	35,341	1,759	4,773	248	(8,213)	—	33,908
Income tax recovery (expense)	(9,537)	344	—	(66)	2,367	—	(6,892)
Net earnings from investments in joint ventures	—	154	447	—	57	8,071	8,729
Net earnings (loss)	**$ 25,804**	**$ 2,257**	**$ 5,220**	**$ 182**	**$ (5,789)**	**$ 8,071**	**$ 35,745**

For the three months ended September 30, 2022 (unaudited, in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Corporate	Global Short Sea Shipping	Total
Revenue	$ 115,996	$ 32,749	$ 49,927	$ 96	$ 559	$ —	$ 199,327
Operating expenses	(76,086)	(22,050)	(34,938)	(147)	(218)	—	(133,439)
Selling, general and administrative	(2,942)	(1,144)	(342)	—	(3,336)	—	(7,764)
Depreciation and amortization	(6,515)	(3,667)	(6,791)	—	(388)	—	(17,361)
Operating earnings (loss)	30,453	5,888	7,856	(51)	(3,383)	—	40,763
Interest, net	—	—	—	248	(4,781)	—	(4,533)
Gain (loss) on sale of assets	—	—	—	(69)	216	—	147
Foreign currency gain	—	—	—	—	2,172	—	2,172
	30,453	5,888	7,856	128	(5,776)	—	38,549
Income tax recovery (expense)	(8,188)	(1,279)	—	(84)	775	—	(8,776)
Net earnings from investments in joint ventures	—	—	657	—	—	12,103	12,760
Net earnings (loss)	$ 22,265	$ 4,609	$ 8,513	$ 44	$ (5,001)	$ 12,103	$ 42,533

For the nine months ended September 30, 2023 (unaudited, in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Corporate	Global Short Sea Shipping	Total
Revenue	$ 289,532	$ 94,262	$ 133,974	$ —	$ 2,130	$ —	$ 519,898
Operating expenses	(225,741)	(75,767)	(96,800)	—	(855)	—	(399,163)
Selling, general and administrative	(10,022)	(3,994)	(1,630)	—	(13,768)	—	(29,414)
Depreciation and amortization	(19,267)	(10,519)	(17,815)	—	(1,158)	—	(48,759)
Operating earnings (loss)	34,502	3,982	17,729	—	(13,651)	—	42,562
Interest, net	—	—	—	743	(13,445)	—	(12,702)
Gain on sale of assets	—	4,588	—	—	194	—	4,782
Foreign currency gain	—	—	—	—	3,018	—	3,018
	34,502	8,570	17,729	743	(23,884)	—	37,660
Income tax recovery (expense)	(9,297)	(1,920)	—	(197)	6,239	—	(5,175)
Net earnings from investments in joint ventures	—	504	979	—	57	15,224	16,764
Net earnings (loss)	**$ 25,205**	**$ 7,154**	**$ 18,708**	**$ 546**	**$ (17,588)**	**$ 15,224**	**$ 49,249**

For the nine months ended September 30, 2022 (unaudited, in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Corporate	Global Short Sea Shipping	Total
Revenue	$ 239,872	$ 82,708	$ 140,540	$ 2,938	$ 1,835	$ —	$ 467,893
Operating expenses	(186,699)	(60,756)	(94,473)	(2,949)	(735)	—	(345,612)
Selling, general and administrative	(8,868)	(3,518)	(1,019)	—	(11,537)	—	(24,942)
Depreciation and amortization	(19,567)	(10,422)	(19,946)	—	(1,171)	—	(51,106)
Operating earnings (loss)	24,738	8,012	25,102	(11)	(11,608)	—	46,233
Interest, net	—	—	—	248	(14,775)	—	(14,527)
Gain on sale of assets	—	—	—	14,303	216	—	14,519
Foreign currency gain	—	—	—	—	3,662	—	3,662
	24,738	8,012	25,102	14,540	(22,505)	—	49,887
Income tax recovery (expense)	(6,807)	(2,071)	—	(3,984)	5,296	—	(7,566)
Net earnings from investments in joint ventures	—	—	3,629	—	—	24,057	27,686
Net earnings (loss)	$ 17,931	$ 5,941	$ 28,731	$ 10,556	$ (17,209)	$ 24,057	$ 70,007

As at September 30, 2023 (unaudited, in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Corporate	Global Short Sea Shipping	Total
Assets							
Current assets	$ 59,533	$ 10,091	$ 41,199	$ 19,448	$ 40,193	$ —	$ 170,464
Property, plant, and equipment	458,300	120,925	234,184	—	12,238	—	825,647
Investments in joint ventures	—	39,844	2,907	—	5,606	196,986	245,343
Goodwill	7,910	—	—	—	—	—	7,910
Non-current asset held for sale	—	2,333	—	—	—	—	2,333
Other assets	29,056	12,852	26,685	83	24,140	—	92,816
	$ 554,799	**$ 186,045**	**$ 304,975**	**$ 19,531**	**$ 82,177**	**$ 196,986**	**$ 1,344,513**
Liabilities							
Current liabilities	$ 50,918	$ 19,095	$ 18,655	$ 1,369	$ 14,374	$ —	$ 104,411
Current portion of long-term debt	—	—	—	—	63,343	—	63,343
Long-term liabilities	1,321	13,956	—	—	80,574	—	95,851
Long-term debt	—	—	—	—	320,503	—	320,503
	52,239	33,051	18,655	1,369	478,794	—	584,108
Shareholders' Equity	502,560	152,994	286,320	18,162	(396,617)	196,986	760,405
	$ 554,799	**$ 186,045**	**$ 304,975**	**$ 19,531**	**$ 82,177**	**$ 196,986**	**$ 1,344,513**

As at December 31, 2022 (unaudited, in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Corporate	Global Short Sea Shipping	Total
Assets							
Current assets	$ 53,718	$ 11,304	$ 62,488	$ 1,538	$ 121,282	$ —	$ 250,330
Property, plant, and equipment	470,221	133,455	239,543	—	7,319	—	850,538
Investments in joint ventures	—	18,104	2,806	—	—	188,082	208,992
Goodwill	7,910	—	—	—	—	—	7,910
Non-current asset held for sale	—	1,858	—	—	—	—	1,858
Mortgage receivable	—	—	—	18,000	—	—	18,000
Other assets	8,571	—	336	495	18,667	—	28,069
	$ 540,420	$ 164,721	$ 305,173	$ 20,033	$ 147,268	$ 188,082	$ 1,365,697
Liabilities							
Current liabilities	$ 48,057	$ 14,842	$ 14,733	$ 1,393	$ 66,606	$ —	$ 145,631
Current portion of long-term debt	—	—	—	—	5,197	—	5,197
Long-term liabilities	1,608	13,151	—	—	76,929	—	91,688
Long-term debt	—	—	—	—	397,157	—	397,157
	49,665	27,993	14,733	1,393	545,889	—	639,673
Shareholders' Equity	490,755	136,728	290,440	18,640	(398,621)	188,082	726,024
	$ 540,420	$ 164,721	$ 305,173	$ 20,033	$ 147,268	$ 188,082	$ 1,365,697

23. Share-Based Compensation

The Company maintains a stock option program for certain key employees. Options on common shares are periodically granted to eligible employees under the plan having a term of five years and cliff vest on the third anniversary of the grant date. These options provide holders with the right to purchase common shares of the Company at a fixed price equal to the closing market price of the shares on the day prior to the date the options were issued. Under this plan, 1,925,456 common shares have been reserved for future issuance. The outstanding options expire on various dates to February 24, 2028. The following table summarizes the Company's stock option activity and related information.

Stock Option Activity (unaudited, amounts not stated in thousands)	Number of shares	Weighted average exercise price
Number outstanding, at January 1, 2022	356,210	$ 12.03
Granted	146,250	16.94
Exercised	(130,000)	(13.15)
Number outstanding, at December 31, 2022	372,460	$ 14.91
Granted	266,250	15.82
Exercised	(113,542)	(8.83)
Exercise price adjustment	—	(1.92)
Number outstanding, at September 30, 2023	**525,168**	**$ 13.86**

The Company's Board of Directors authorized the payment of a special dividend in the amount of $1.35 per common share, which was paid on January 18, 2023. The payment of the special dividend triggered an adjustment of $1.92 to the weighted average exercise price of the stock options.

The following table summarizes information relating to stock options outstanding as at September 30, 2023.

	Options outstanding	
Exercise price per share (unaudited, amounts not stated in thousands)	Number of shares	Remaining contractual life (years)
$12.77	112,668	2.41
$15.02	146,250	3.41
$15.82	266,250	4.65
	525,168	

For the nine months ended September 30, 2023, the Company recognized compensation expense for stock option awards of $289 (2022 - $155). For the nine months ended September 30, 2023, 266,250 options (2022 - 146,250) were granted by the Company at a weighted average fair value of $2.73 per option (2022 - $2.59).

24. Subsequent Event

Subsequent to the quarter, the St. Lawrence Seaway was fully closed for eight days due to labour action, which ended on October 29th. As the Seaway system is a vital corridor for the Company's domestic dry-bulk fleet, many dry-bulk vessels were forced to anchor, layup in standby berths or arrange for changes to their course. Although the seaway has re-opened, the backlog created by this closure caused further delays before the fleet was able to fully resume trading. The impact to the full year's earnings is not yet determinable.

Your Marine Carrier of Choice™

2023

ALGOMA CENTRAL CORPORATION
63 Church Street, Suite 600, St. Catharines, Ontario L2R 3C4
(905) 687-7888
www.algonet.com