



**YOUR MARINE
CARRIER OF CHOICE.™**

RENEW INNOVATE GROW

2023
ANNUAL REPORT



Certain statements in this document about our current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. Forward-looking statements are based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate and reasonable in the circumstances, but there can be no assurance that such estimates and assumptions will prove to be correct.

Many factors could cause our actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements. The purpose of the forward-looking statements is to provide the reader with a description of management's expectations regarding the Company's financial performance and may not be appropriate for other purposes; readers should not place undue reliance on forward-looking statements made herein, recognizing that all such forward information is based on assumptions about the future that may not ultimately be borne out and are subject to many risks and uncertainties, including those listed above. Furthermore, unless otherwise stated, the forward-looking statements contained in this document are made as of the date hereof (unless stated to be as of an earlier date), and we have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary statement. Management approved the forward-looking financial information as of February 26, 2024. Certain figures included herein are non-GAAP measures. Please see our MD&A for further discussion of non-GAAP disclosures.

ALL AMOUNTS IN C\$ THOUSANDS EXCEPT PER SHARE AMOUNTS AND UNLESS OTHERWISE NOTED.

A large red cargo ship is seen from a high-angle perspective, sailing down a wide river. The ship's deck is filled with numerous red cargo holds. The water is a deep blue, and the sky is a mix of orange, yellow, and blue, indicating a sunset or sunrise. The riverbanks are lined with trees and vegetation. In the distance, a small boat is visible on the water.

G3 Marquis in the Amherstburg Channel. Photo taken by Able Seaman Oleksandr Vyblov.

WHAT'S INSIDE

- I ABOUT US
- I OUR VISION
- II HOW THE INDUSTRY WORKS
- III MESSAGE FROM OUR PRESIDENT & CEO
- V KEY MOMENTS IN 2023
- VII DIVERSIFICATION & STRATEGIC ADVANCEMENT
- IX OUR SUSTAINABILITY STRATEGY
- XI EMPLOYEE GROWTH & DEVELOPMENT
- XIII ENSURING A SAFE & HEALTHY WORKFORCE
- XIX MINIMIZING OUR ENVIRONMENTAL FOOTPRINT
- XXI PROTECTING OUR MARINE ECOSYSTEMS & BIODIVERSITY
- XXIII 2023 FINANCIAL & OPERATIONAL PERFORMANCE
- XXIX BOARD OF DIRECTORS & PRINCIPLE OFFICERS
- XXXI SELECT FINANCIAL & OPERATIONAL HIGHLIGHTS

FINANCIAL SECTION

- 1 MANAGEMENT'S DISCUSSION AND ANALYSIS
- 21 RESPONSIBILITY FOR FINANCIAL STATEMENTS
- 22 INDEPENDENT AUDITOR'S REPORT
- 25 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

ABOUT US

YOUR MARINE CARRIER OF CHOICE™

Algoma Central Corporation is the leading Canadian marine transportation company and is headquartered in St. Catharines, Ontario. We own and operate the largest fleet on the Great Lakes - St. Lawrence Seaway. Algoma's domestic dry-bulk fleet consists of 18 vessels, with one additional vessel under management. These vessels serve diverse industrial sectors like steel production, agriculture, mining, and construction. The domestic product tanker fleet, with seven vessels in Canadian service, safely, reliably, and efficiently move petroleum products throughout the Great Lakes - St. Lawrence Seaway and Atlantic Canada regions.

Additionally, Algoma owns and operates ocean self-unloading dry-bulk vessels globally and holds 50% interests in joint ventures that own diversified portfolios of dry and liquid bulk fleets. The international ocean self-unloaders segment comprises eight vessels and is part of the world's largest pool of self-unloaders. Our global short sea shipping segment focuses on niche marine transportation markets and operates cement carriers and mini-bulkers supporting agriculture, cement, construction, energy, and steel industries worldwide. Our 50% interest in FureBear, an owner/operator of dual fuel intermediate tankers in Northern Europe, is reported as part of our Product Tankers segment.

OUR VISION

For employees, both existing and potential, we work to foster a supportive, rewarding environment in which they choose to grow and develop their career until retirement.

For investors and other capital providers, investing in Algoma offers a rewarding opportunity for sustained growth in the marine sector. With a strategic focus on fleet renewal, innovative design, partnerships, and environmental sustainability, Algoma emerges as the top choice for investors seeking a forward-thinking and resilient investment in the maritime industry.

For vendors and our business partners, we want them to value their relationship with Algoma because working together builds strength and mutual success.

For society, we provide sustainable, safe, secure, and cost-effective transportation of essential goods that North Americans and the world depend on in everyday life.

OUR VALUES



INTEGRITY

We are honest, we are courageous, and we always strive to make the right choice.



SUSTAINABILITY

We believe in our people, we care for our planet, and we work to ensure the prosperity of our stakeholders.



TEAMWORK

We are stronger together.



OWNERSHIP

We take accountability for our actions, and we are empowered to initiate change.



PASSION

We are committed in heart and mind, we are driven, and we are proud.

HOW THE INDUSTRY WORKS

OUR SUPPLY CHAIN PROCESS

1.

Our customer produces or grows the raw materials we transport safely, reliably, and efficiently via our vital waterways. Commodities carried include road salt, grain, iron ore, cement, aggregates, and liquid petroleum products.



2.

The cargo is transported to a port or dock where our vessels will load the equivalent of approximately 963 truck loads worth of cargo.



3.

The cargo is transported to another port or dock and is either unloaded by the customer, or by our vessels using self-unloading technology.



4.

Sometimes the cargo we transport does not stay in North America and instead is exported to support global markets.



5.

The cargo is then distributed and used in construction, food supply, or manufacturing of other products.



Algoscotia in Corner Brook, Newfoundland. Photo taken by Brent Guinchard.

MESSAGE FROM OUR **PRESIDENT & CEO** **GREGG RUHL**

As I reflect on the past year, I am immensely proud of our team's resilience, adaptability, and unwavering commitment to our vision and values. Each year, we emerge stronger, more agile, and better positioned for the season ahead. It's been a year of remarkable growth, innovation, and collaboration brought to bear by our incredible employees and I'm truly excited about the continued success of Algoma.



WHAT MOVES US FORWARD

It is more like, who moves us forward - our people. At Algoma, this is more than a statement, it is something that is ingrained in our core values and the driving force behind our continuous improvement efforts. Our people are the reason Algoma remains a strong and resilient company. When we talk about our employees, we refer to them as members of the Bear Family and we continually work to ensure they are cared for, included, supported, and given the tools necessary for success. I express my gratitude to our team for their hard work, commitment, and contribution to making Algoma a remarkable workplace. I am incredibly proud that Algoma ranked as one of Hamilton-Niagara's Top Employers for the second year in a row. This award recognizes our status as an outstanding employer and helps us raise awareness about the numerous fulfilling career paths within the marine industry. Our commitment remains to be the employer of choice for both existing and prospective team members, fostering an environment where everyone can flourish, develop, and feel a genuine sense of belonging.

SAFETY FIRST, PERIOD

Safety is about teamwork and trust and it always comes first, full stop. The success of our safety program depends on our crews working together to ensure they keep themselves and their fellow seafarers safe. This means we continue to

encourage a 'speak up' culture so that when something is or might be unsafe, employees at all levels feel they have the ability to say something. Our top priority remains ensuring that every member of our team returns home safely, just as they arrived. As leaders, it is our duty to equip our crews with the necessary resources and support to excel in their roles, safeguarding their well-being, and fostering a culture of success.

In 2023, we began to roll out more robust online safety training tools and launched our *Strive Together* safety newsletter that contains safety alerts, employee hazard identifications, safety management manual reviews, and industry updates, and we continue to enhance our Operations Excellence program, including rewarding safe behaviour.

RENEWAL, GROWTH & INNOVATION

Algoma currently has 17 vessels on order or under construction with deliveries scheduled between 2024 and 2027. This marks a historic milestone for our company, representing a significant investment in our future. Our strategic emphasis on fleet diversification, green upgrades, and innovative technologies has proven its worth, and we are steadfast in our commitment to sustainably charting this path forward.

In January, we added two 2007-built, 18,900 deadweight product tankers to our fleet. Initially, they were under international bareboat charters but are now operating within our domestic fleet in Canada. In the same month, Algoma placed an order for two methanol-ready Kamsarmax-based ocean self-unloaders. These new vessels will replace the oldest Algoma vessels operating in the CSL Ocean Self-Unloader Pool and set the standard for the next generation of vessels. In July, we added a third vessel to this order. Also in July, we ordered two additional newbuild dual-fuel product tankers for our FureBear joint venture, bringing the total to ten ships under construction. The first of these ten vessels was delivered in February 2024. In June, we announced a \$127 million investment to build two vessels for Irving Oil. These ships will serve the energy company's refinery in Saint John, New Brunswick, delivering to ports in Atlantic Canada and the US East Coast. Additionally, in early 2024, we acquired another two 2009-built, 16,600 dwt product tankers. Initially, these vessels will be under bareboat charters back to the sellers. After completing their bareboat charters later this year, Algoma plans to start trading one vessel in the Canadian fleet and one in Europe.

In May, Algoma became the first fleet in the Great Lakes to install *Starlink Maritime*. By August, all our domestic vessels had the system installed, significantly improving connectivity for our seafarers. Starting from the beginning of 2023, we began trialing biofuel, and by the end of the year, successfully trialed it on five vessels. In July, the *Tim S. Dool* became the first ship in our fleet to operate entirely on biofuel.

IMPORTANCE OF PROGRESS

Our commitment to reducing carbon emissions has been a 15-year endeavour. We have been dedicated to advancing technologies and innovations to lower our carbon footprint and shape a sustainable future since launching our Equinox Class program in 2009. The North American marine economy is a key solution to carbon reduction efforts here

at home and around the world. Algoma is a significant contributor to this movement, but we are part of a vast network of ship owners, shippers, ports, shipbuilding and repair services, and the bi-national Seaway system. We are collectively driving towards a greener future but we are also facing obstacles. As an industry, we will continue to advocate for solutions and opportunities that will unlock the marine transportation network's full environmental and economic potential. Progress must continue while also rewarding companies, like Algoma, that invested early in the best available technology to reduce GHG's now!

“As an industry we will continue to advocate for solutions and opportunities that will unlock the marine transportation network's full environmental and economic potential.”

LOOKING INTO 2024

At the time of writing, the 2024 St. Lawrence Seaway navigation season has begun. Algoma had the honour of having the *Algoma Sault* as the opening vessel at the 66th St. Lawrence Seaway opening ceremonies and the *Algoma Conveyor* as the Top Hat vessel at Lock 8 in Port Colborne, Ontario. This is also a very special year for Algoma as we are celebrating our 125th anniversary. Algoma's history has paralleled the development of Canada and we are extremely proud of this achievement. Wishing our crews a safe season



Gregg Ruhl
President & CEO

KEY MOMENTS IN 2023



JANUARY

Algotitan and the *Algoberta* joined the fleet.



Algoma orders 2 methanol ready Kamsarmax based ocean self-unloaders with an option for a third vessel.



MARCH

The *Captain Henry Jackman* honoured as the opening vessel in Saint Lambert, QC.

APRIL

Staff collected 40+ bags of waste between lock 2 and 4 of the Welland Canal.



MAY

Algoma becomes the first fleet in the Great Lakes - St. Lawrence Seaway to install *Starlink Maritime*.



JUNE

Announced our \$127 million newbuild investment in 2 tankers for Irving Oil.



JULY

The *Tim S. Dool* becomes the first ship in the Algoma fleet to operate entirely on biofuel.



Staff packed over 2000 backpacks filled with school supplies for Niagara students.



Algoma adds 2 vessels to their newbuild product tanker order in the FureBear joint venture, bringing the total to 10 under construction



OCTOBER

The *Algosea* retires after 18 years of service.



NOVEMBER

Algoma is awarded as one of Hamilton-Niagara's Top Employer for the 2nd year in a row.

DECEMBER

Chief Cook Phyllis Derraugh, the *Algoma Innovator* crew, and shoreside staff raise over \$2000 and collected non-perishable food items for the Goderich Food Bank.



JANUARY 2024

Algoma's fleet continues to grow with the acquisition of two additional product tankers.

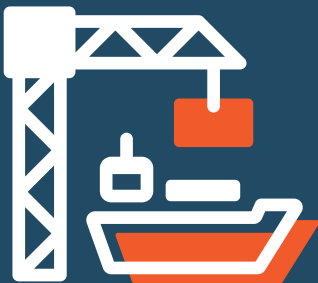


*Algoma Conveyor and the Tim S. Dool
in the Welland Canal flight locks.*

17

VESSELS ON ORDER/UNDER CONSTRUCTION

As of December 31, 2023 there were 17 vessels under construction in three countries. This is a significant moment in the history of Algoma and a massive undertaking. Five out of the 17 vessels are part of the Company's fleet renewal plan and the remaining 12 are growth opportunities.



Fure Vanguard in Rotterdam, Netherlands. This vessel is the first of 10 FureBear newbuilds to be constructed.

02 EQUINOX CLASS SELF-UNLOADERS

Our domestic dry-bulk fleet renewal program is progressing with orders for two Equinox Class vessels, bringing the total to 12 in the Class, including one owned by G3 Canada Limited. The *Algoma Bear* is set to join the fleet in spring 2024, while the under-construction *Algoma Endeavour* in Croatia, is scheduled for delivery later in 2024.

02 ICE CLASS PRODUCT TANKERS

Two 37,000 DWT ice class product tanker vessels are currently on order and will enter long-term time charters to Irving Oil. The vessels will serve the energy company's refinery in Saint John, New Brunswick, with deliveries to ports in Atlantic Canada and US East Coast.

03 OCEAN SELF-UNLOADERS

Three new methanol-ready Kamsarmax-based ocean self-unloading vessels are currently on order. These vessels will be replacements for the Company's oldest vessels in the Pool and become the model for the next generation. The three vessels are expected to be delivered between 2025 and 2027.

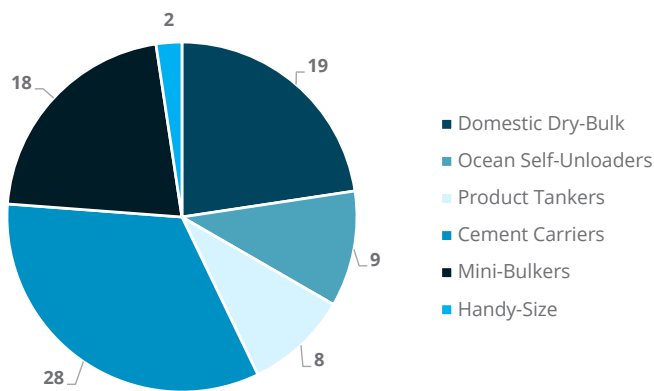
10 DUAL-FUEL CLIMATE-FRIENDLY PRODUCT TANKERS

These product tankers will enter our FureBear joint venture for service in Northern Europe. The *Fure Vanguard*, the first of the 10 newbuild tankers under construction for FureBear, was delivered in early 2024.

DIVERSIFICATION & STRATEGIC ADVANCEMENT

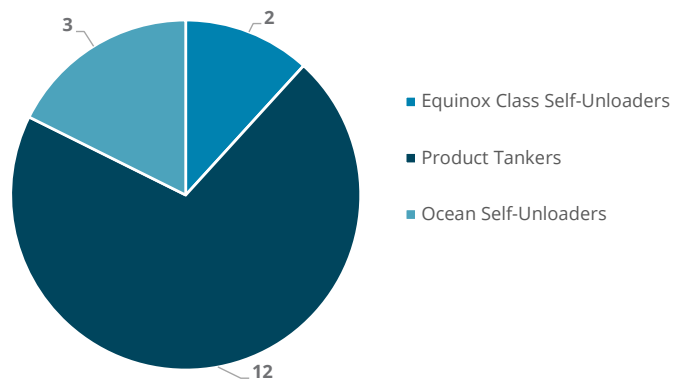
Our steadfast commitment is to foster sustainable business growth for the benefit of our customers, employees, investors, and communities. Recognizing the marine industry as an economic powerhouse and an environmental solution for Canada and the world, we remain dedicated to pursuing ongoing growth initiatives.

NUMBER OF VESSELS*
(AS OF DECEMBER 31, 2023 AND INCLUDES JOINT VENTURES)



*Domestic dry-bulk includes one vessel under management.

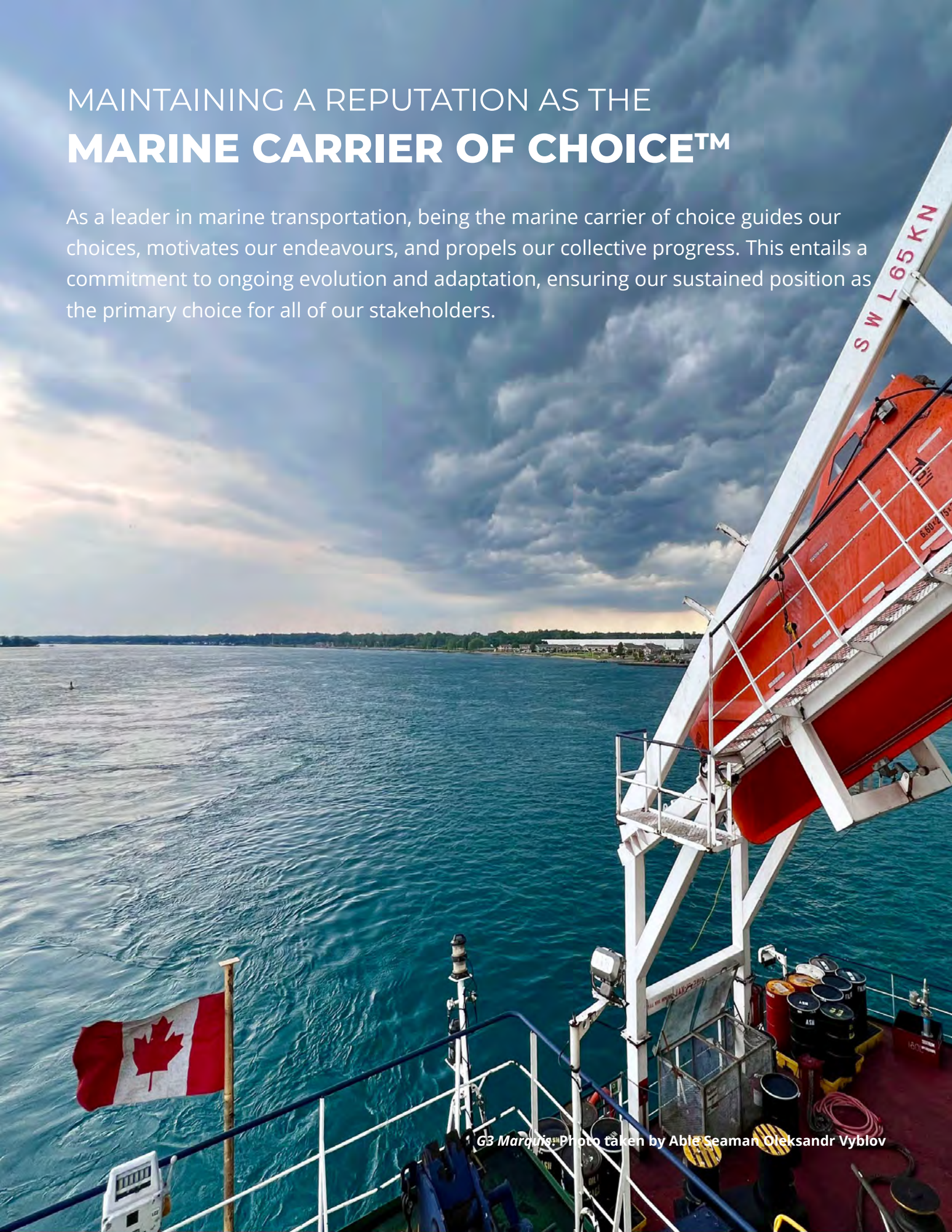
VESSELS ON ORDER/UNDER CONSTRUCTION
(AS OF DECEMBER 31, 2023 AND INCLUDES JOINT VENTURES)



*Map above includes vessels on order/under construction as of December 31, 2023.

MAINTAINING A REPUTATION AS THE **MARINE CARRIER OF CHOICE™**

As a leader in marine transportation, being the marine carrier of choice guides our choices, motivates our endeavours, and propels our collective progress. This entails a commitment to ongoing evolution and adaptation, ensuring our sustained position as the primary choice for all of our stakeholders.



OUR SUSTAINABILITY STRATEGY



EMPLOYEE GROWTH & DEVELOPMENT

Algoma demonstrates a strong commitment to employee development and engagement. We support education initiatives, invest in training, and foster a positive work environment with the help of employee input that is collected through various feedback channels like employee surveys, committees and working groups, and tailored conferences.



ENSURE A SAFE A HEALTHY WORKFORCE

The well-being and safety of our employees has always been Algoma's top priority. This commitment is most recently exemplified in improvements to our online training platform for better safety and environmental compliance. In 2023, we intensified our focus on DEI education and formed Algoma's DEI Council. Additionally, we support community initiatives such as United Way campaigns and Days of Caring.



PROTECT MARINE ECOSYSTEMS & BIODIVERSITY

Algoma is dedicated to safeguarding marine ecosystems and biodiversity by implementing sustainable practices and minimizing environmental risks. From stringent spill prevention measures to researching the efficacy of ballast water treatment systems in the Great Lakes, Algoma prioritizes environmental stewardship.



MINIMIZE ENVIRONMENTAL FOOTPRINT

Algoma minimizes environmental impacts through innovative technologies, alternative fuel trials, and emissions reduction goals, notably with our energy-efficient Equinox Class vessels. We prioritize sustainable shipping practices and advocate for solutions, demonstrating a commitment to environmental innovation and growth.



PROMOTE A STRONG FOUNDATION

Algoma emphasizes our values and upholds strong corporate governance, overseen by our ten-person Board of Directors and various committees. Sustainability governance is managed by senior management, ensuring alignment with environmental, social, and governance goals and regulations. Our partnerships are selected based on shared values and long-term sustainability objectives.



ACHIEVE & MAINTAIN OPERATIONS EXCELLENCE

Algoma prioritizes operations excellence, focusing on safety, preventative strategies, efficiency, and asset maintenance. We continuously look to improve processes and reliability through performance monitoring, data utilization, and preventative maintenance programs.

EMPLOYEE GROWTH

& DEVELOPMENT

At Algoma, our foremost priority lies in cultivating a safe, healthy, and thriving workforce. We are dedicated to being the preferred Marine Carrier of Choice for our employees, customers, and communities. We place significant emphasis on fostering an environment where employees can grow both personally and professionally, ensuring their well-being and engagement in all aspects of our operations.

2600+
TRAINING HOURS

\$664,000
DONATED
TO ALGOMA SCHOLARSHIP
RECIPIENTS TO DATE

4th Engineer Jinqian Wang onboard the *Algoma Conveyor*.

TRAINING AND MENTORSHIP

This year, Algoma invested \$6 million in training and leadership programs for future Captains, Chief Engineers, First Mates and shoreside staff. Retaining and training our current leaders, as well as recruiting, developing and educating our new leaders was a major focus area in 2023. This includes the continuous expansion of our Training Captain and Pilotage Training programs.

We organized our first management program in early 2023, where several Captain, Chiefs, and shoreside management attended a three-day leadership training course. This group of Algoma leaders was the first group to go through the training and completed their refresher in early 2024. The training, led by two *Dale Carnegie* instructors, focused on topics like personal leadership (values), time management, developing trust and rapport, communicating to move others to action, and disagreeing agreeably.

In May of 2023, we enhanced utilization of our online Learning Management System, which now serves as a central resource for learning and training materials that support the career and skill development of our employees. The courses provide a range of educational material such as health and safety, sustainability awareness, and operations and technical. It is capable of tailoring mandatory training according to the employee's position, vessel, and job title. In 2023, we had a total of 9,108 course registrations, completed 7,549 trainings for shipboard personnel and our employees recorded over 2,600 training hours. Our goal for 2024 is to upgrade our safety and training videos, provide online onboarding for new shipboard staff and orientation for shipboard crew, add a DEI training course, and expand to our ocean self-unloader fleet.

PROFESSIONAL DEVELOPMENT

We invest in the growth and development of our employees, offering scholarships for cadets and financial aid for continuing education. In 2023, we hosted 43 cadets for a total of 232 days onboard an Algoma vessel. We actively

sponsor students from the five marine schools across Canada, enabling students to gain practical experience onboard vessels as cadets. Algoma employees are actively encouraged to pursue ongoing education, offering them the chance to enhance their qualifications through certificate upgrades or degrees, positioning them for advancement in their careers, with the funding and backing of Algoma.



EMPLOYEE ENGAGEMENT

Algoma actively engages with its employees by conducting bi-annual employee engagement surveys, feedback sessions at internal meetings and conferences, and has an annual leadership ship visit program. In 2023, we conducted an employee engagement survey and the results revealed that overall, levels of engagement, contentment, job satisfaction, and commitment to Algoma were generally high. Also in 2023, 28 employees, director level and above, conducted 58 visits on 31 vessels with a purpose of building connections and coming together as one team. Employee feedback is an essential part of our continuous efforts to improve our organization and create a better workplace.



ENSURING A SAFE & **HEALTHY WORKFORCE**

At Algoma, safety is a fundamental value ingrained in everything we do. We continually prioritize the well-being of our employees, customers, and communities. We believe that fostering a culture of safety protects lives, builds trust, and sustains long-term success.



Head Cargo Maintenance John Skimmer onboard the *Algoma Conveyor*.

“We are incredibly honoured to receive the Top Employer Award again this year. This recognition stands as a testament of our ongoing efforts to recognize and value our exceptional employees by providing them with a workplace that supports their development and well-being. Their hard work and dedication fuels our commitment to investing in our team, ensuring Algoma remains an outstanding place to work and the Marine Carrier of Choice.”

- Gregg Ruhl, President & CEO

TOP EMPLOYER AWARD

Algoma was proudly selected as one of Hamilton-Niagara’s 2024 Top Employers. This marks the second year in a row Algoma has achieved this special recognition and highlights our continued commitment to creating an exceptional workplace, fostering a culture of inclusivity, investing in employees’ well-being, and developing our workforce for the future. This annual award program, organized by Canada’s Top 100 Employers, evaluates companies that excel in several key areas, including the following:

- employee training and development
- work atmosphere
- employee engagement & communications
- compensation and benefits
- health & wellness
- community involvement



Algoscotia crewmembers conducting lifeboat drills.



Watchkeeping Mate Seth Boudreau, Fleet Personnel Coordinators, Brittany Nickason and Iryna Upir, and Georgian College Marine Studies Coordinator, Captain Colin Macneil at E.L Crossley's Tech Fest.

This accolade recognizes Algoma as an outstanding employer and emphasizes the numerous fulfilling career opportunities within the maritime industry. At Algoma, we take pride in our team members’ choice to be part of our workforce, aiming for long-term commitment until retirement. For prospective employees, we encourage them to contemplate a career in marine transportation, especially with Algoma, where a gratifying and dynamic professional journey awaits.

INJURY PREVENTION

The well-being and safety of our employees is always Algoma's top priority. We continually strive to keep ourselves and others safe by promoting physical and mental wellness, staying informed of training and best practices, use of Stop Work Authority, conducting pre-task risk assessments, and supporting continuous improvement and shared learnings. With many exciting changes throughout the Company, we move forward with safety at the forefront of our minds, building upon our successful safety foundation. We are getting back to basics to ensure our efforts are sustainable, encouraging passion, trust, and fostering teamwork.



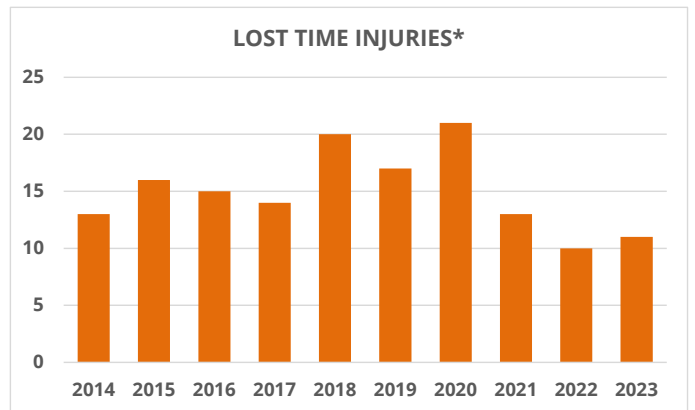
SAFETY MANAGEMENT SYSTEM

Our safety culture is built on our certified Safety Management System (SMS), meeting the global International Safety Management Code and OHSAS 45001 standards. These standards aim to enhance employee safety, mitigate risks, and foster safer working environments through systematic risk assessment and management. We have implemented various measures to ensure crew safety, actively encouraging and rewarding teamwork, and the effective use of our safety tools.



TRAINING

To enhance our training efforts, we expanded our Learning Management platform to include safety modules and company policies. This system enables employees to access training anytime and from anywhere.



*Graph above shows Lost Time Injuries recorded for vessels under Algoma's technical management.



GOLD FLAG REWARDS

Algoma's Gold Flag program, in place for over 18 years, is designed to commend vessels that consistently uphold the highest operational standards for at least 12 consecutive months. This program aims to recognize and incentivize excellence in safety performance, incident reduction, and customer value delivery. The Gold Flag program underscores Algoma's commitment to maintaining a superior level of operational excellence across our fleets.



STRIVE TOGETHER NEWSLETTER

In 2023, Algoma launched a monthly safety newsletter, *Strive Together*, containing up-to-date, educational information such as hazard ID's, near misses, preventative measures, environmental updates, and safety alerts and tips.



Chief Cook Brian Poku onboard the *Algoma Conveyor*.

HEALTH AND WELLNESS

Algoma is dedicated to the well-being of our employees and recognizes the importance of addressing both mental and physical health needs. This is why we emphasize employee wellness through comprehensive benefits packages that can cover medical, dental, vision, and mental health services. Workshops, resources, and training is provided to employees, managers, and leadership both shipboard and shoreside. We promote a healthy work-life balance, addressing stress management, mindfulness, and personal development. Algoma’s Employee and Family Assistance Program (EFAP) further supports employees and their immediate family members with confidential assistance in various areas such as:

- Mental health and well-being
- Family planning
- Addiction counseling
- Workplace challenges
- Relationship management

DIVERSITY, EQUITY AND INCLUSION

Algoma’s commitment to fair and equitable treatment and inclusion of all employees is reflected in our Employment Equity, Respect in the Workplace, and Workplace Harassment and Violence Prevention policies. To further enhance inclusivity, we established a dedicated DEI council in 2023, developed a DEI roadmap that includes awareness training, and 810 employees took harassment training. These efforts will further foster an inclusive workplace culture where employees feel confident to bring their unique and valuable talents and perspectives to the table. Our diverse DEI council of shoreside and shipboard employees aims to:

- Promote a healthy, diverse work environment that fosters engagement and inclusivity.
- Advocate for inclusion of under-represented and marginalized groups.
- Create awareness across the organization.
- Focus on areas for improvement and offer recommendations and potential solutions for positive change.
- Strengthen Algoma’s core values (Integrity, Sustainability, Teamwork, Ownership and Passion), policies, and practices.



Cadet Sabrina Tigwell, 3rd Mate Clara Doane, and Training 3rd Mate Rachel Morneau onboard the *Algoma Sault*.

COMMUNITY IMPACT

The Bear family is passionate for community engagement and committed to being responsible corporate citizens across Canada. Algoma donated \$122K to our 2023 United Way Campaign, including \$61K donated by employees plus the Company match. Our employees organized our annual United Way campaigns and participated in Days of Caring. This year, we are proud to report Algoma received United Way Niagara's 2023 Corporation of the Year Award.



This was our 12th year participating in the Backpack for Kids initiative with United Way Niagara. Forty Algoma volunteers packed 2,000 backpacks filled with essential school supplies for students gearing up for September.

Earth Day in 2023 held particular significance for Algoma, as it was also our annual clean-up day at the Welland Canal, where Algoma volunteers collected over 40 bags of garbage in just a short stretch between lock 2, 3, and 4 of the Welland Canal.



In October, a group of shoreside staff volunteered at United Way Niagara's Day of Caring Harvest, where they harvested the last of the fruits and vegetables in their community garden. The garden is used to mitigate local food insecurity in the Niagara region.

In October, Chief Cook Phyllis Derragh began to raise money and non-perishable food items for the Food Bank in Goderich, Ontario through a pizza lunch onboard the *Algoma Innovator*. Phyllis generously pledged to match donations from her fellow crew members, rallying shoreside staff to participate as well. Together, crew aboard the *Algoma Innovator* and shoreside staff raised \$2,007 for the Goderich Food Bank and gathered non-perishable food showcasing the dedication and teamwork of our Bear family to fostering positive community change.

In November, Algoma's Community Involvement Committee chose to support the Purse Project Network, which donates gently used purses filled with essential items and handwritten cards of encouragement to women in need at Christmas. In total, the shoreside office raised nearly \$800 on top of the 30 fully packed purses donated. The gifts provided had an impact on the deserving women in the Niagara Region, and helped them and their families have a brighter holiday season this year.



President & CEO, Gregg Ruhl with United Way Niagara representatives accepting Corporation of the Year.



Chief Cook Phyllis Derraugh dropping off the food and funds raised for the Goderich Food Bank in Goderich, Ontario.



Captain Costello from the *Algoma Intrepid* posing beside a Muskegon Firefighter.



Payroll Specialist, Cathy Phillips and Senior Manager, Applications Giulia Smyth volunteering for United Way's Community Harvest.



Algoma employees volunteering for United Way's Backpack for Kids program.



Captain Orval Bouchard awarded HOPA Ports Top Hat.



Algoma employees posing beside donations made for the Prom Project.



Algoma employees volunteering for clean-up day along the Welland Canal.



Pizza delivery from Lock Wood Fired Pizza in Port Colborne, Ontario to the *Algoma Equinox*.

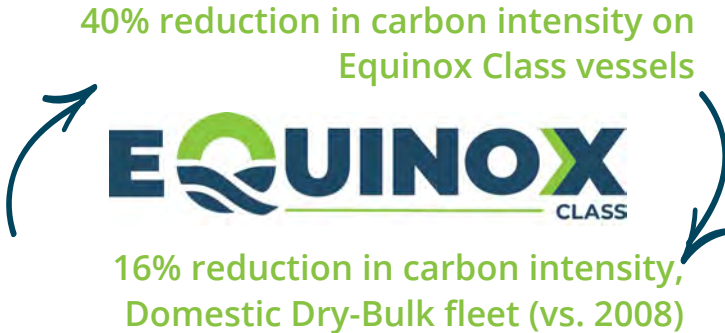
MINIMIZING OUR ENVIRONMENTAL FOOTPRINT

The marine transportation mode plays a pivotal role in transitioning North America to a lower carbon future. Through collaborative efforts with industry partners and government at all levels, our objective is to identify tailored solutions that leverage the distinct benefits of short sea shipping.

Algoma Conveyor passing under the Ambassador Bridge in the Detroit River.

OUR PROGRESS & PATH FORWARD

Algoma is dedicated to prioritizing decarbonization and advancing our fleets around the world to further minimize their environmental footprint. Since 2010, Algoma has invested almost \$600 million in fleet renewal, made significant commitments in new vessels orders, and implemented new technologies, and upgraded existing solutions.



The journey to a lower carbon future involves active participation from government at all levels, collaboration with our valued customers, and unified ideas with key members of the marine industry including ports, shipyards, the Seaway on both sides of the border, and industry organizations like the *Chamber of Marine Commerce* and the *Ontario Marine Council*.

In order to progress our efforts and keep the Canadian marine industry competitive, it is important to create solutions suited to the unique characteristics of Canada's short sea shipping infrastructure. Algoma remains dedicated to advancing decarbonization efforts in its vessel operations in this unique environment.



GHG REDUCTION TARGET

In 2022 we set a greenhouse gas emissions intensity reduction target of 40% across all business units by 2030 and net zero by 2050 (baseline 2008). By the end of 2023, we had achieved a **16%** reduction in GHG intensity within our Domestic Dry-Bulk fleet.



BIOFUEL TRIALS

Biofuel was trialed on **five** vessels in our domestic fleet in 2023. The trial indicated that this fuel type can be used with only minor vessel modifications. While the carbon factor for this fuel has not yet been approved by Transport Canada, use of this fuel results in significant reduction in GHG emissions on a life-cycle basis.



FUEL MONITORING & HULL COATINGS

By the end of 2023, we had a total of 12 *FuelOpt* fuel monitoring systems installed in our domestic fleet. This system has resulted in an almost **10%** reduction in fuel consumption. Also, a *Transport Canada Innovation Centre* study on the *Algoma Mariner's* hull coatings concluded a **5%** reduction of power and fuel consumption and a **6%** improvement in efficiency.



ONTARIO MARINE TRANSPORTATION STRATEGY

In 2022, Algoma joined the *Ontario Marine Council* alongside several other major stakeholders in Ontario's marine sector. In 2023, the Government of Ontario launched the [Future of the Great Lakes Economy: Ontario's Marine Transportation Strategy](#). This first-ever strategy in Ontario was developed through significant engagement between industry (via the *Ontario Marine Council*) and political leaders.

PROTECTING OUR

MARINE ECOSYSTEMS & BIODIVERSITY

We are dedicated to preserving marine ecosystems and safeguarding biodiversity through sustainable practices and observation efforts. Our commitment extends to minimizing our environmental footprint and promoting the health and resilience of marine ecosystems.



Captain Dan McCormick and Training Captain Sergei Malakhovsky onboard the *Algora Conveyor*.

MARINE ECOSYSTEMS AND BIODIVERSITY

To address the issue of aquatic invasive species, the IMO ruled in 2017 that vessels require a ballast water treatment system (“BWTS”) with installation dates based on the dry-docking schedule. At the end of 2023, all eight vessels in our Ocean Self-Unloader fleet had a BWTS installed as well as 11 vessels in our domestic fleet. BWTS represent a very significant investment and Algoma continues to work closely with researchers in this space to provide access to vessels for sampling and testing. We will continue to work with regulatory agencies and manufacturers to advance our understanding of the widely acknowledged challenges related to operation and efficacy of BWTS in the unique environment of the Great Lakes. Approximately 50% of our domestic fleet will be equipped with systems by the end of 2024.

Algoma is actively providing financial and in-kind support to the Marine Acoustic Research Station (MARS) program, an underwater noise research project co-led by the Université du Québec à Rimouski (UQAR) and Innovation Maritime (IMAR). In 2023, Algoma made 39 transits through the noise measuring station. Algoma also participates in the Réseau d’Observation de Mammifères (ROMM)/Marine Mammal Observation Network to compile observational data on whales in the lower St. Lawrence River and Gulf of St. Lawrence. Since we began in 2018, our crews have reported 452 whale observations, including 75 in 2023.



19

Vessels equipped with a ballast water treatment system at the end of 2023.
(Domestic Dry-Bulk, Product Tanker, and Ocean Self-Unloader segments)



Transits through the underwater noise monitoring station (MARS) in Rimouski, QC in 2023.

39



452

Whale observations provided to ROMM/Marine Mammal Observation Network to date.

2023

FINANCIAL PERFORMANCE

SOLID FINANCIAL RESULTS

Despite rate pressures and a busy dry-docking year, we achieved solid results, showcasing Algoma’s resilience and the importance of a diverse fleet. Higher rates and demand increased revenue in Domestic Dry-Bulk and Product Tankers. However, Ocean Self-Unloader results were impacted by higher dry-dockings this year coupled with a rise in costs. Revenues in Global Short Sea Shipping remained flat due to declining rates in the handy-size and mini-bulkers fleets and increased off-hire time in the cement fleet. Full commentary and analysis on our business segments can be found in our 2023 Management’s Discussion and Analysis starting on page 1.

REPORTED REVENUES **\$721,220**

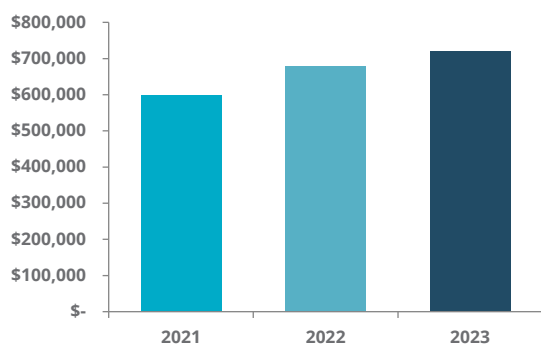
FREIGHT REVENUES⁽¹⁾ **\$866,323**

EBITDA **\$187,115**

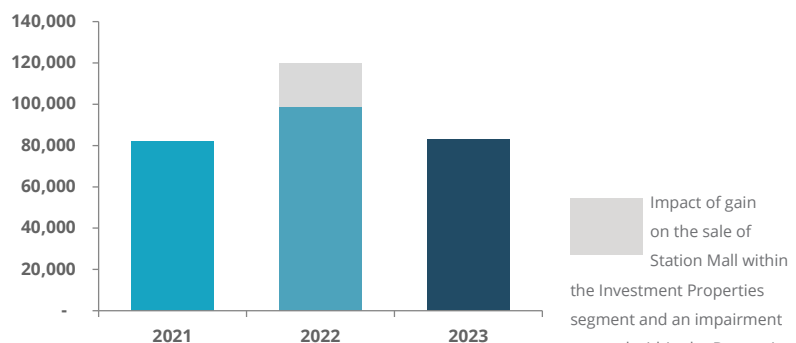
BASIC EPS **\$2.15**

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

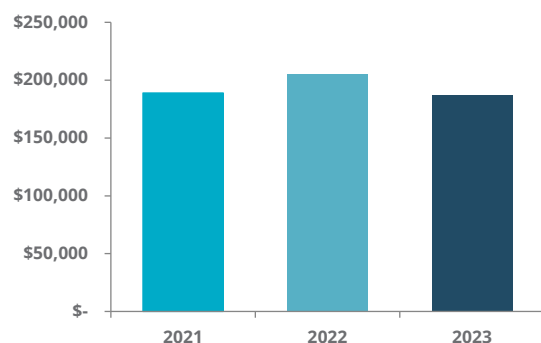
REPORTED REVENUES



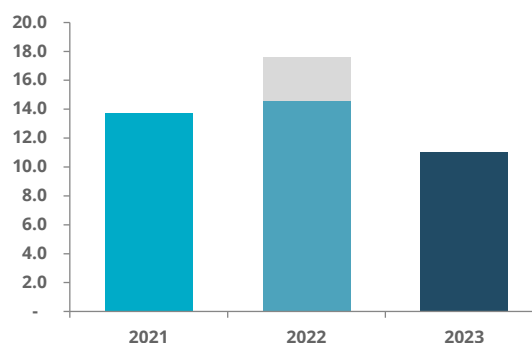
NET EARNINGS



EBITDA



RETURN ON EQUITY (ROE)



Impact of gain on the sale of Station Mall within the Investment Properties segment and an impairment reversal within the Domestic Dry-Bulk Segment. Please refer to *Adjusted Performance Measures* on page 7 of the Management’s Discussion and Analysis for further details.

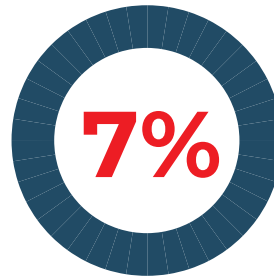
2023 VS. 2022

OPERATIONAL PERFORMANCE

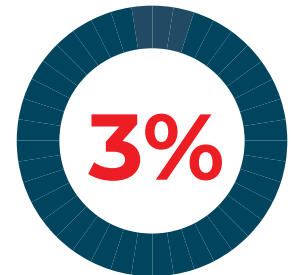
RESILIENCY & ADAPTABILITY

Algoma faced a high dry-docking year in 2023 and experienced rate pressures in some international markets. Despite these hurdles, our solid 2023 financial results underscore our resilience and adaptability. Our diverse fleet of vessels, both in Canada and internationally, has enabled us to navigate market downturns in certain sectors. Offsetting the impact were strong freight rates, primarily as a result of contractual rate increases, and steady customer demand across the Domestic Dry-Bulk and Product Tankers segments.

In 2023, higher operational costs were mainly driven by higher fuel expenses, crew wages, supply costs, and layup expenses. The impact of inflation has driven operational expenses higher, including costs associated with dry-dockings. Fleet utilization during the year also played a role in the increased costs as domestic operations experienced increased demand compared to the previous year.



Increase in Vessel Utilization



Increase in Cargo Carried



Vessels in Dry-Dock Compared to 3 in 2022

44 million metric tonnes of dry and liquid cargo transported and **41 billion** tonne-kilometres travelled throughout the Great Lakes - St. Lawrence Seaway and internationally in 2023.

Figures above include the Domestic Dry-Bulk, Product Tanker and Ocean Self-Unloader segments only.

DOMESTIC DRY-BULK

OPERATIONAL PERFORMANCE

The Domestic Dry-Bulk segment serves a wide variety of major industrial sectors throughout the Great Lakes, St. Lawrence Seaway. This includes iron and steel manufacturers, construction aggregate producers, cement and building material suppliers, salt mining, and agricultural product distributors.

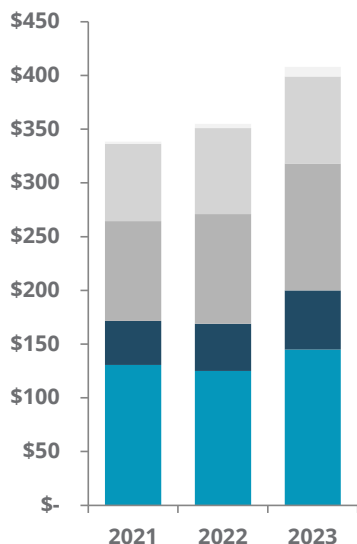
REPORTED REVENUES **\$408,170**

NET EARNINGS **\$43,619**

EBITDA **\$85,041**

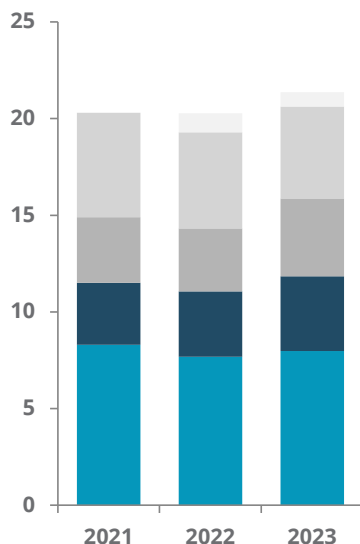
FREIGHT REVENUE (MILLIONS)

■ Iron/Steel ■ Construction
■ Agriculture ■ Salt
■ Other



VOLUMES (MILLIONS METRIC-TONNES)

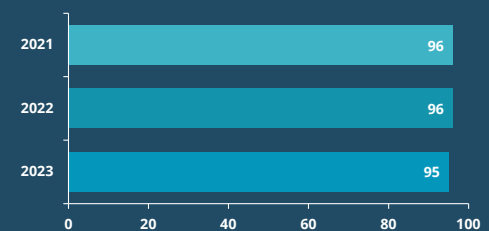
■ Iron/Steel ■ Construction
■ Agriculture ■ Salt
■ Other



19

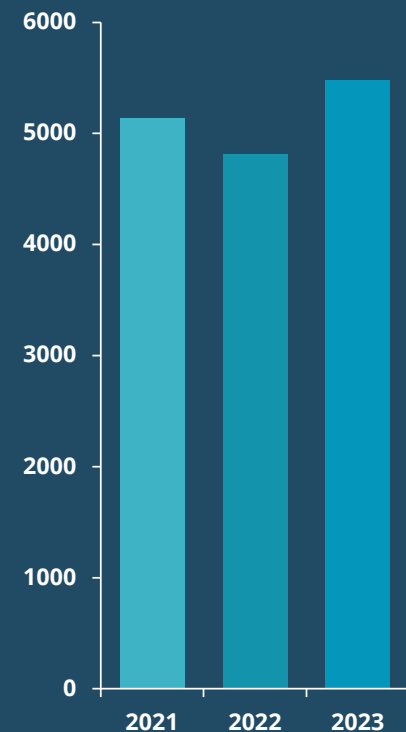
Number of vessels at the end of 2023 and includes one managed vessel.

VESSEL PRODUCTIVITY (%)*



*Total number of days that vessels earned revenue expressed as a percentage of available operating days.

REVENUE DAYS



PRODUCT TANKERS

OPERATIONAL PERFORMANCE

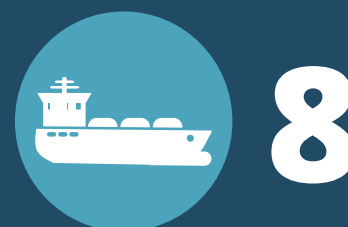
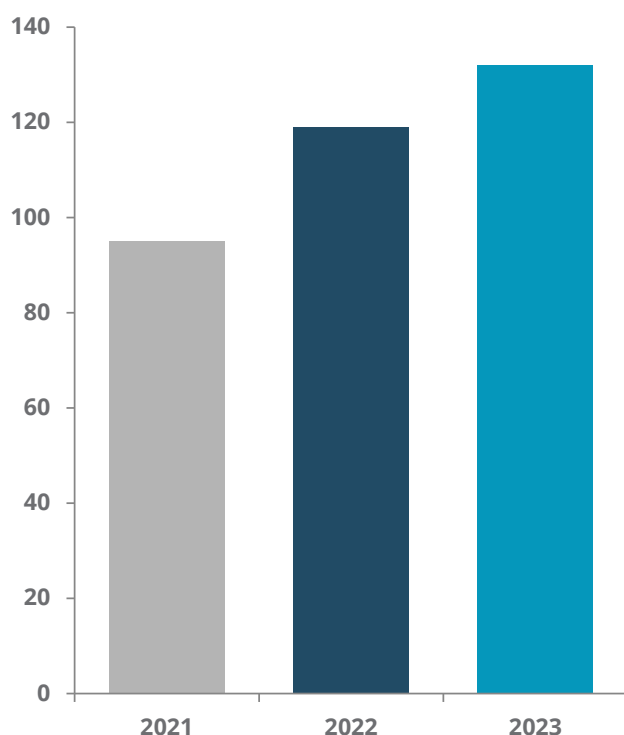
The Product Tankers fleet consists of seven product tankers employed in Canadian flag service and an interest in a foreign-flagged tanker. The segment also includes the Company's 50% interest in a new international joint venture comprising ten tankers currently under construction. Customers include major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

REPORTED REVENUES **\$132,166**

NET EARNINGS **\$15,182**

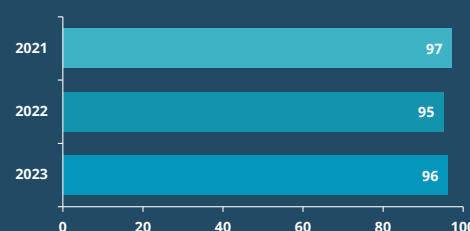
EBITDA **\$25,063**

FREIGHT REVENUE (MILLIONS)



Number of vessels at the end of 2023

VESSEL PRODUCTIVITY (%)*

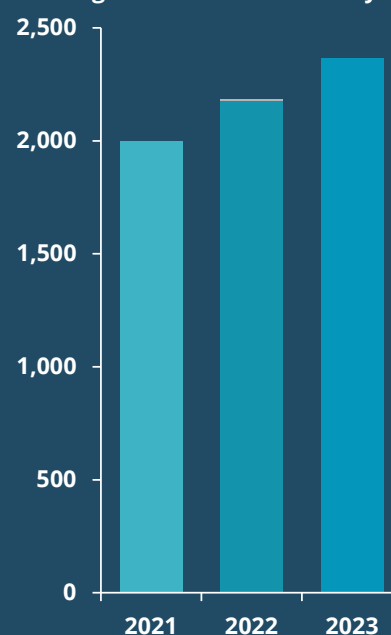


*Total number of days that vessels earned revenue expressed as a percentage of available operating days.

REVENUE DAYS

■ Chartered Vessels

■ Algoma Fleet Revenue Days



OCEAN SELF-UNLOADERS

OPERATIONAL PERFORMANCE

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

REPORTED REVENUES **\$178,031**

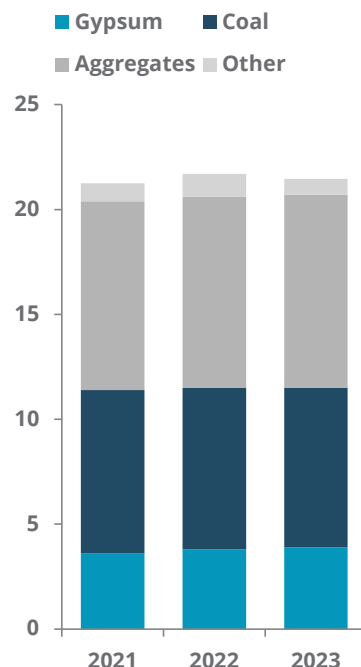
NET EARNINGS **\$26,964**

EBITDA **\$51,382**

REVENUE (MILLIONS)

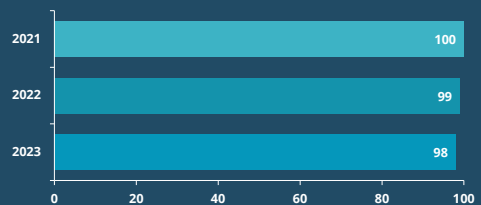


POOL VOLUMES (MILLIONS METRIC-TONNES)



Number of vessels at the end of 2023

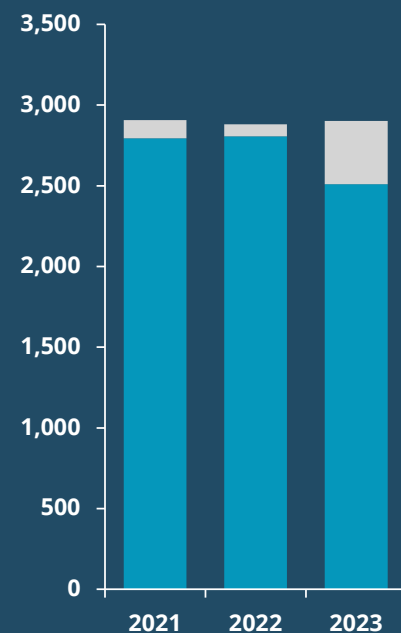
VESSEL PRODUCTIVITY (%)*



*Total number of days that vessels earned revenue expressed as a percentage of available operating days.

REVENUE & DRY-DOCK DAYS

■ Days on Dry-Dock
■ Revenue Days



GLOBAL SHORT SEA SHIPPING

OPERATIONAL PERFORMANCE

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 venture.

FREIGHT REVENUES⁽¹⁾ **\$278,026**

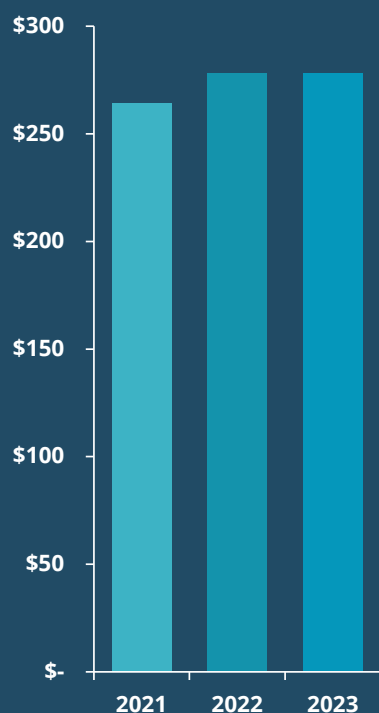
EQUITY EARNINGS⁽²⁾ **\$21,271**

EBITDA⁽²⁾ **\$43,024**

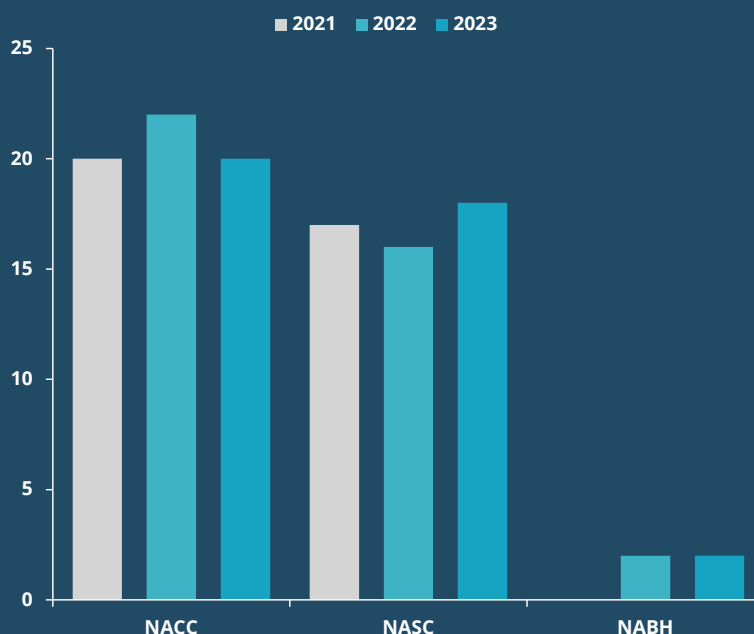
(1) Revenue from the Global Short Sea segment is not included in our consolidated reported revenue figure. Freight revenues shown is 100% of joint venture revenue.

(2) Net earnings and EBITDA shown includes the Company's 50% share of net earnings, adjusted for amortization arising from vessel purchase price allocation and intangibles.

JOINT VENTURE REVENUE
(MILLIONS)



NUMBER OF OWNED VESSELS
(AT YEAR END)



BOARD OF DIRECTORS

MATS H. BERGLUND⁽³⁾⁽⁵⁾

Gothenburg, Sweden
Corporate Director

RICHARD B. CARTY⁽¹⁾⁽²⁾⁽³⁾

Toronto, Ontario
Vice President, General Counsel & Corporate Secretary
E-L Financial Corporation Limited

JENS GRØNNING⁽³⁾⁽⁵⁾

Copenhagen, Denmark
Corporate Director

E.M. BLAKE HUTCHESON⁽¹⁾⁽³⁾

Toronto, Ontario
President & Chief Executive Officer
OMERS

DUNCAN N.R. JACKMAN⁽²⁾⁽⁴⁾⁽⁵⁾

Toronto, Ontario
Chairman, President & Chief Executive Officer
E-L Financial Corporation Limited

COMMITTEES:

(1) Member of the Audit Committee

(3) Member of the Environment, Health & Safety Committee

(5) Member of the Investment Committee

TRINITY O. JACKMAN⁽²⁾⁽³⁾

Toronto, Ontario
Professor of History
York University

MARK MCQUEEN⁽¹⁾

Toronto, Ontario
Business Executive

CLIVE P. ROWE⁽¹⁾⁽²⁾⁽⁴⁾⁽⁵⁾

Gulf Stream, Florida
Corporate Director

GREGG A. RUHL⁽⁴⁾

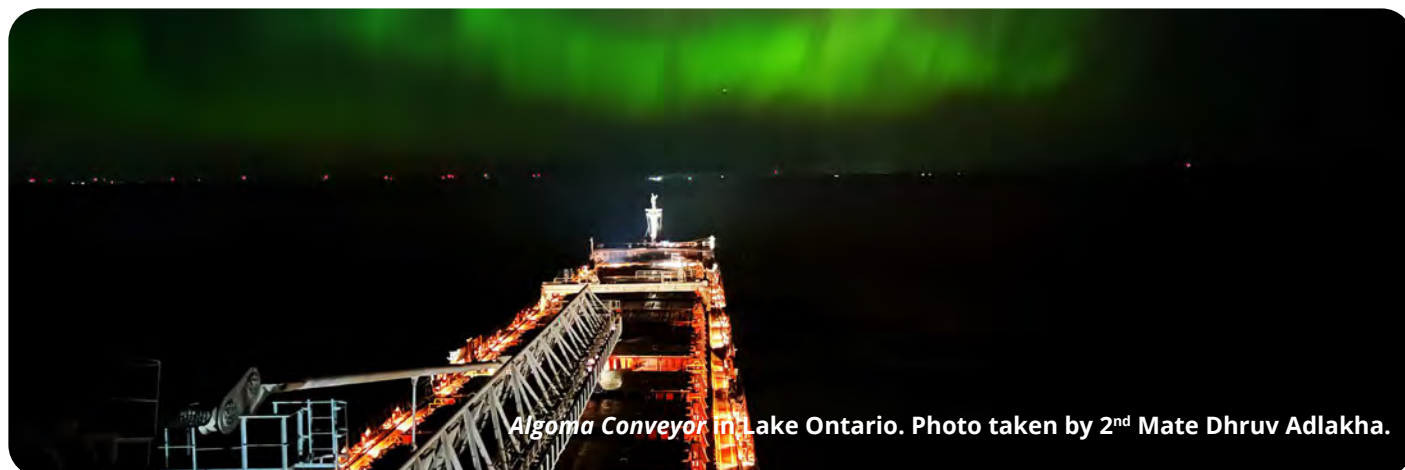
Buffalo, New York
President & CEO
Algoma Central Corporation

ERIC STEVENSON⁽²⁾⁽³⁾⁽⁵⁾

Toronto, Ontario
Venture Capitalist & Co-Founder
Perseverance Marine

(2) Member of Corporate Governance Committee

(4) Member of the Executive Committee



Algoma Conveyor in Lake Ontario. Photo taken by 2nd Mate Dhruv Adlakha.

PRINCIPLE OFFICERS

DUNCAN N.R. JACKMAN

Chairman

GREGG A. RUHL

President & Chief Executive Officer

PETER D. WINKLEY CPA, CA

Executive Vice-President & Chief Financial Officer

J. WESLEY NEWTON LLB

Executive Vice-President, Strategy & Business Development

STEVE WRIGHT

Executive Vice-President, Operations & Technical

MARIO BATTISTA CPA, CMA

Vice-President, Information Systems & Security

CHARLIE BUNGARD CEng, FIMarEST

Vice-President, Operations

JEFF DEROSARIO

Vice-President, Commercial

KELLY HUMES

Assistant Vice-President, Technical & Purchasing

JOSHUA JUEL MILR

Assistant Vice-President, Regulatory Affairs & Marine Operations

CHRISTOPHER A.L. LAZARZ CPA, CA

Vice-President, Corporate Finance

SUHAIL MODAK

Vice-President, Technical & Operations (Oceans)

CATHY SMITH

Vice-President, Human Resources

ROBIN WALDIE

Assistant Vice-President, Engineering



Bahama Spirit in Freeport, Bahamas. Photo taken Dario Garland.

Select Financial & Operational Statistics

For the years ended December 31

	2023	2022	2021
Financial Performance			
Total reported revenues	\$ 721,220	\$ 677,942	\$ 598,873
Freight revenues ⁽¹⁾	866,323	815,862	724,868
Operating earnings	74,532	102,297	93,307
Net earnings	82,870	119,966	82,170
Adjusted net earnings ⁽²⁾	82,870	98,931	82,170
Free cash flow ⁽³⁾	66,067	99,192	134,378
EBITDA ⁽⁴⁾	187,115	204,961	188,983
<i>As at December 31</i>			
Common shares outstanding	38,649,996	38,001,872	37,800,943
Total assets	1,344,156	1,365,697	1,200,083
Total long-term financial liabilities	377,021	402,354	391,682
Financial Ratios			
Profit margin	11.49 %	17.70 %	13.72 %
Adjusted profit margin	10.33 %	12.91 %	15.58 %
Debt to equity ratio	0.49	0.57	0.63
Return on equity (ROE) ⁽⁵⁾	11.00 %	17.60 %	13.70 %
Adjusted return on equity (adjusted ROE) ⁽²⁾	11.00 %	14.60 %	13.70 %
Operational Performance⁽⁶⁾⁽⁷⁾			
Statistical operating data			
Number of shipboard employees	1,551	1,492	1,444
Total distance travelled by vessels (nautical miles)	1,325,305	1,237,899	1,373,781
Total cargo carried (metric tonnes in thousands)	44,930	43,565	43,721
Tonne-kilometre travelled	41,802,657	46,687,814	45,698,887
Deadweight tonnage (metric tonnes in thousands)	1,327	1,290	1,325
Number of vessels in total shipping fleet	34	34	34
Number of vessel port calls	3,366	3,204	3,257
Operating days	10,760	10,177	10,191
Vessel productivity			
Domestic Dry-Bulk	96 %	95 %	97 %
Product Tankers	95 %	96 %	96 %
Ocean Self-Unloaders	98 %	99 %	100 %
Vessel capacity utilization			
Domestic Dry-Bulk	98 %	88 %	94 %
Product Tankers	100 %	92 %	83 %
Ocean Self-Unloaders	100 %	100 %	100 %
Safety Indicators⁽⁸⁾			
Lost time injury frequency (per 200,000 hours worked)	0.77	0.70	1.18
Lost time injuries	11	10	13

(1) Please refer to the section entitled Select Financial and Operational Highlights - Financial Highlights for further explanation.

(2) Please refer to the section entitled Adjusted Performance Measures in the MD&A for an explanation of this non-GAAP measure.

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

(4) Please refer to the section entitled Select Financial and Operational Highlights - EBITDA for an explanation of this non-GAAP measure.

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

(6) Operational performance relates 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.

(7) Statistical operating data and safety indicators are unaudited and based on data available at such time and are subject to change as more complete information becomes available. Definitions of each measure are included within the Company's Management's Discussion & Analysis in the Select Financial and Operational Highlights section.

(8) Safety indicators include only the vessels that are under the Company's technical management.

General

This Management's Discussion and Analysis ("MD&A") of the Company should be read in conjunction with its Consolidated Financial Statements for the years ended December 31, 2023 and 2022 and related notes thereto and has been prepared as at February 26, 2024.

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 2023 Annual Information Form, is available on SEDAR's website at www.sedarplus.ca and 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 Seaway, 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 diversified portfolios of dry and liquid bulk fleets operating internationally. In addition to its owned vessels, the Company provides operational management for three vessels; one owned by G3 Canada Limited and two by NovaAlgoma Cement Carriers Limited ("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. The segment also includes the Company's 50% interest in a new international joint venture comprising ten tankers currently under construction and an 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 Pool comprising the world's largest fleet of ocean-going self-unloaders, which at the end of 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-bulkers 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 venture.

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 Seaway, 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 2024 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;
- 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, our strategic priorities, and our objectives, and may not be appropriate for other purposes.

For more information, please see the discussion of risks and uncertainties in the Company's Annual Information Form for the year ended December 31, 2023, 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.sedarplus.ca.

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, adjusted profit margin, 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*, *Return on Equity*, *Adjusted Performance Measures*, *Adjusted Profit Margin*, 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 is a similar metric 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.

Return on Equity

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

Adjusted Performance Measures

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

Adjusted Profit Margin

Management believes the presentation of adjusted operating profit and margin provides additional useful information to investors about current trends in the business. Adjusted profit margin is a measure of adjusted operating profit as a percentage of net revenue.

Select Financial and Operational Highlights

Financial Highlights

For the years ended December 31	Favourable/(Unfavourable)				
	2023	2022	2021	2023 vs 2022	2022 vs 2021
Reported revenue	\$ 721,220	\$ 677,942	\$ 598,873	\$ 43,278	\$ 79,069
Freight revenue ⁽¹⁾	866,323	815,862	724,868	50,461	90,994
Operating earnings	74,532	102,297	93,307	(27,765)	8,990
Net earnings	82,870	119,966	82,170	(37,096)	37,796
Basic earnings per share	2.15	3.17	2.17	(1.02)	1.00
Diluted earnings per share	2.00	2.89	2.01	(0.89)	0.88
EBITDA ⁽²⁾	187,115	204,961	188,983	(17,846)	15,978
Free Cash Flow ⁽³⁾	66,067	99,192	134,378	(33,125)	(35,186)
Dividends declared per share ⁽⁴⁾	0.72	2.03	0.68	(1.31)	1.35
Return on Equity (ROE) ⁽⁵⁾	11.0 %	17.6 %	13.7 %	(6.6pp)	3.9pp
As at December 31					
Common shares outstanding	38,649,996	38,001,872	37,800,943	648,124	200,929
Total assets	\$ 1,344,156	\$ 1,365,697	\$ 1,200,083	\$ (21,541)	\$ 165,614
Total long-term financial liabilities	\$ 377,021	\$ 402,354	\$ 391,682	\$ (25,333)	\$ 10,672

- (1) Freight revenue from each segment includes our proportionate 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.
- (4) A special dividend of \$1.35 was declared in 2022. Not including the special dividend, dividends of \$0.68 were declared in 2022.
- (5) Return on equity is a profitability measure that presents the net earnings as a percent of average shareholders' equity.

Financial Highlights - 2023 compared to 2022

- Reported revenue increased \$43,278 or 6%, to \$721,220.
- Operating earnings decreased \$27,765 or 27% to \$74,532 and net earnings decreased \$37,096 or 31% to \$82,870. Net earnings in 2023 include a \$6,683 gain on the sale of three vessels within the product tanker fleet. Earnings in 2022 include a \$9,977 gain on the sale of a shopping centre located in Sault Ste. Marie, Ontario and an impairment reversal of \$10,848 within the Domestic Dry-Bulk segment. In addition to the after-tax impact of these items, net earnings for 2022 include \$7,814 of gains from the sale of ships in the Global Short Sea Shipping segment.
- Basic earnings per share were \$2.15 compared to \$3.17 and diluted earnings per share were \$2.00 compared to \$2.89.
- Book value per share as at December 31, 2023 and 2022 was \$20.14 and \$19.10, respectively, an increase of 5%.

Fleet Renewal

Our domestic dry-bulk fleet renewal program continues to move forward with orders placed for two additional Equinox Class new-build vessels, which will bring the total vessels within the Class to 12, including one owned by G3 Canada Limited that operates as part of the Algoma fleet. Subsequent to year end, we took delivery of the *Algoma Bear*, and it is scheduled to join the fleet in the spring of 2024. The *Algoma Endeavour*, currently under construction in Croatia, is expected to be delivered in the second half of 2024. These vessels' efficiency improvements are evidence of our dedication to continuously finding ways to minimize our environmental footprint, maximize operational efficiency, and provide excellent services to meet our customers' needs.

In the Ocean Self-Unloaders segment, three new methanol-ready Kamsarmax-based ocean belt self-unloading vessels are currently on order which will be replacements for our oldest vessels in the Pool and become the model for its next generation of ocean self-unloaders. The three vessels are expected to be delivered between 2025 and 2027.

Fleet Growth

With the delivery of the *Algoma Bear*, the Company currently has a total of 16 newbuild vessels ordered or currently under construction. Four out of 16 are vessels for fleet renewal, as noted above, and the remaining 12 will be fleet additions. The 12 vessels include two product tankers for service on the east coast of Canada and 10 product tankers under our FureBear joint venture for service in Northern Europe. Subsequent to year-end, the *Fure Vanguard*, the first of the 10 newbuild tankers under construction for FureBear, is expected to be delivered by the end of February, 2024.

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.

For the years ended December 31	2023	2022	2021
Number of shipboard employees	1,551	1,492	1,444
Total distance travelled by vessels (nautical miles)	1,325,305	1,237,899	1,373,781
Total cargo carried (metric tonnes in thousands) ⁽¹⁾	44,930	43,565	43,721
Tonne-kilometre travelled ⁽²⁾	41,802,657	46,687,814	45,698,887
Deadweight tonnage (metric tonnes in thousands) ⁽³⁾	1,327	1,290	1,325
Number of vessels in total shipping fleet	34	34	34
Number of vessel port calls	3,366	3,204	3,257
Operating days ⁽⁴⁾	10,760	10,177	10,191
Vessel productivity ⁽⁵⁾			
Domestic Dry-Bulk	96 %	95 %	97 %
Product Tankers	95 %	96 %	96 %
Ocean Self-Unloaders	98 %	99 %	100 %
Vessel capacity utilization ⁽⁶⁾			
Domestic Dry-Bulk	98 %	88 %	94 %
Product Tankers	100 %	92 %	83 %
Ocean Self-Unloaders	100 %	100 %	100 %

- (1) Total quantity of cargo in metric tonnes transported during the reporting period.
- (2) Total cargo tonne-kilometres travelled in the reporting period. Calculated as cargo quantity multiplied by the distance in kilometres that the cargo quantity was transported.
- (3) Deadweight tonnage is the sum, for the Company's vessels as noted above, of the difference in displacement in deadweight tonnes between the light displacement and the actual loaded displacement.
- (4) Operating days are calculated as the number of available days in the reporting period minus the aggregate number of days that the vessels are off-hire due to unforeseen circumstances.
- (5) Total number of days that vessels earned revenue expressed as a percentage of available operating days.
- (6) Total number of operating days expressed as a percentage of the total number of days the vessels were available for use.

EBITDA

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 years ended December 31, 2023, 2022, and 2021 and presented herein:

For the years ended December 31	2023	2022	2021
Net earnings	\$ 82,870	\$ 119,966	\$ 82,170
<i>Adjustments to net earnings, excluding joint ventures:</i>			
Depreciation and amortization	66,049	65,429	67,852
Impairment reversal	—	(14,759)	—
Interest expense, net	16,249	18,714	20,652
Gain on sale of assets	(9,286)	(13,913)	(4,975)
Foreign exchange gain	(3,044)	(3,892)	(1,326)
Income tax expense	11,360	16,917	11,812
<i>Joint venture adjustments:</i>			
Interest expense, net	4,134	3,350	1,930
Foreign exchange loss (gain)	208	566	(165)
Depreciation and amortization	18,535	19,994	15,389
Income tax expense	599	1,072	616
Investment gain on distribution	—	(669)	—
Gain on sale of assets	(559)	(7,814)	(4,972)
EBITDA⁽¹⁾	\$ 187,115	\$ 204,961	\$ 188,983

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

Revenues

For the years ended December 31	Favourable/(Unfavourable)				
	2023	2022	2021	2023 vs 2022	2022 vs 2021
Reported Revenue	\$ 721,220	\$ 677,942	\$ 598,873	\$ 43,278	\$ 79,069
Freight revenue ⁽¹⁾					
Domestic Dry-Bulk	\$ 408,170	\$ 360,139	\$ 338,661	\$ 48,031	\$ 21,478
Product Tankers	136,672	118,686	94,535	17,986	24,151
Ocean Self-Unloaders	182,468	197,951	159,695	(15,483)	38,256
Global Short Sea Shipping	139,013	139,086	131,977	(73)	7,109
Total freight revenue	\$ 866,323	\$ 815,862	\$ 724,868	\$ 50,461	\$ 90,994

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

Stock Market Highlights

Common Shares

The common shares of the Company are listed on The Toronto Stock Exchange under the symbol of ALC. The price ranges and volume of common shares of the Company traded on the TSX on a monthly basis for 2023 were as follows:

Month	High	Low	Number of Trades	Volume Traded (000's)	Value Traded (000's)
January	\$17.34	\$15.60	2,242	606	\$ 9,884
February	\$16.51	\$15.65	1,512	315	\$ 5,098
March	\$16.28	\$15.17	1,496	318	\$ 4,988
April	\$15.80	\$15.43	1,382	313	\$ 4,887
May	\$15.88	\$14.80	1,552	626	\$ 9,527
June	\$15.64	\$14.82	1,033	235	\$ 3,571
July	\$15.49	\$14.92	758	172	\$ 2,593
August	\$15.75	\$14.91	655	143	\$ 2,166
September	\$15.46	\$14.72	578	158	\$ 2,363
October	\$14.97	\$14.14	750	141	\$ 2,062
November	\$15.34	\$14.44	938	191	\$ 2,800
December	\$15.50	\$14.60	817	164	\$ 2,461

Convertible Debentures

The subordinated convertible debentures of the Company are listed on the Toronto Stock Exchange under the symbol of ALC.DB.A. The price ranges and volume of the convertible debentures of the Company traded on the TSX on a monthly basis for 2023 were as follows:

Month	High	Low	Number of Trades	Volume Traded (000's)	Value Traded (000's)
January	\$112.87	\$103.55	211	2,075	\$ 230,786
February	\$112.25	\$108.00	74	1,360	\$ 150,924
March	\$110.50	\$104.97	129	1,807	\$ 193,584
April	\$108.00	\$104.50	79	1,498	\$ 159,365
May	\$107.11	\$101.84	29	144	\$ 14,920
June	\$106.50	\$100.98	45	460	\$ 47,713
July	\$105.47	\$101.63	82	866	\$ 89,331
August	\$105.80	\$102.80	52	330	\$ 34,266
September	\$104.09	\$101.59	47	587	\$ 60,460
October	\$102.50	\$99.33	89	1,110	\$ 112,008
November	\$103.60	\$100.00	49	702	\$ 70,847
December	\$106.00	\$102.00	45	589	\$ 61,367

The conversion price of the convertible debentures has been set at \$14.28 effective November 17, 2023.

Adjusted Performance Measures

Management assesses results on a reported and adjusted basis and considers both as useful measures of performance. Adjusted results remove items of note from reported results and are used to calculate the adjusted measures noted below. Items of note include certain items of significance that arise from time to time which Management believes are not reflective of underlying business performance. We believe that adjusted measures provide the reader with a better understanding of how Management assesses underlying business performance and facilitates a more informed analysis of trends. Adjusted net earnings below is net of income tax. These measures do not have any standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies.

The following table provides a reconciliation of net earnings, return on equity, and basic and diluted earnings per share in accordance with GAAP as reported for the years ended December 31, 2023, 2022, and 2021, to the adjusted non-GAAP performance measures presented herein:

For the years ended December 31	2023	2022	2021
Net earnings	\$ 82,870	\$ 119,966	\$ 82,170
<i>Adjustments:</i>			
Impairment reversal	—	(10,848)	—
Gains on sale of properties	—	(10,187)	—
Adjusted net earnings	\$ 82,870	\$ 98,931	\$ 82,170
Return on equity	11.0 %	17.6 %	13.7 %
Adjusted return on equity⁽¹⁾	11.0 %	14.6 %	13.7 %
Basic earnings per share	\$ 2.15	\$ 3.17	\$ 2.17
Impact of adjustments per share	—	(0.56)	—
Adjusted basic earnings per share	\$ 2.15	\$ 2.61	\$ 2.17
Diluted earnings per share	\$ 2.00	\$ 2.89	\$ 2.01
Impact of adjustments per share	—	(0.49)	—
Adjusted diluted earnings per share	\$ 2.00	\$ 2.40	\$ 2.01

(1) Adjusted return on equity is calculated by dividing adjusted net earnings by unadjusted average shareholders' equity.

- There were no adjustments during the year ended December 31, 2023.
- The \$10,848 adjustment during the year ended December 31, 2022 relates to an impairment reversal within the Domestic Dry-Bulk segment.
- The \$10,187 adjustment during the year ended December 31, 2022 relates to the sale of properties.

The following table provides a reconciliation of operating earnings in accordance with GAAP as reported for the years ended December 31, 2023, 2022, and 2021, to the adjusted non-GAAP performance measures presented herein:

For the years ended December 31	2023	2022	2021
Revenue	\$ 721,220	\$ 677,942	\$ 598,873
Operating earnings	74,532	102,297	93,307
<i>Adjustments:</i>			
Impairment reversal	—	(14,759)	—
Adjusted operating earnings	\$ 74,532	\$ 87,538	\$ 93,307
Profit margin	10.33 %	15.09 %	15.58 %
Impact of adjustments on profit margin	— %	(2.18)%	— %
Adjusted profit margin⁽²⁾	10.33 %	12.91 %	15.58 %

(2) Adjusted profit margin is a measure of adjusted operating profit as a percentage of revenues.

Domestic Dry-Bulk Segment

Financial Performance

For the years ended December 31	Favourable/(Unfavourable)				
	2023	2022	2021	2023 vs 2022	2022 vs 2021
Revenue	\$ 408,170	\$ 360,139	\$ 338,661	\$ 48,031	\$ 21,478
Operating expenses	(308,132)	(271,233)	(238,423)	(36,899)	(32,810)
Selling, general and administrative	(14,997)	(11,919)	(11,660)	(3,078)	(259)
Other operating items	—	14,395	3,093	(14,395)	11,302
Depreciation and amortization	(25,662)	(26,009)	(26,701)	347	692
Operating earnings	59,379	65,373	64,970	(5,994)	403
Gain on sale of assets	—	—	1,596	—	(1,596)
Income tax expense	(15,760)	(17,396)	(17,305)	1,636	(91)
Net earnings	\$ 43,619	\$ 47,977	\$ 49,261	\$ (4,358)	\$ (1,284)

Operational Performance

For the years ended December 31	Favourable/(Unfavourable)				
	2023	2022	2021	2023 vs 2022	2022 vs 2021
Volumes (metric tonnes in thousands)					
Power Generation	75	99	—	(24)	99
Iron and steel	7,975	7,684	8,354	291	(670)
Construction	3,867	3,379	3,239	488	140
Agriculture	4,032	3,256	3,425	776	(169)
Salt	4,749	4,970	5,433	(221)	(463)
Total volumes	20,698	19,388	20,451	1,310	(1,063)
Revenue Days	5,480	4,814	5,135	666	(321)
Operating Days	5,688	5,058	5,305	630	(247)

EBITDA

The following table provides a reconciliation of net earnings in accordance with GAAP to the non-GAAP EBITDA measure, as reported for the years ended December 31, 2023, 2022 and 2021, and presented herein:

For the years ended December 31	2023	2022	2021
Net earnings	\$ 43,619	\$ 47,977	\$ 49,261
<i>Adjustments to net earnings:</i>			
Depreciation and amortization	25,662	26,009	26,701
Income tax expense	15,760	17,396	17,305
Impairment reversal	—	(14,759)	—
Gain on sale of assets	—	—	(4,689)
EBITDA⁽¹⁾	\$ 85,041	\$ 76,623	\$ 88,578

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

2023 Compared to 2022

The increase in revenue was predominately driven by a 7% rise in overall volumes, which resulted in a 14% increase in revenue days. Additionally, higher base freight rates contributed to the growth in revenue as a result of contractual rate increases. Fuel recoveries in 2023 decreased primarily due to the decline in global fuel pricing this year, offsetting some of the revenue growth resulting from those factors.

Cargo volumes in the segment increased in 2023 due to significantly improved grain and construction aggregate shipments, partially offset by a slight reduction in salt volumes. The recovery of the Canadian grain crop from the severe drought experienced in the previous two crop years, combined with significant spot volumes of eastern grain shipped to the U.S., pushed grain volumes nearly 19% higher. The Company was also able to capitalize on the shortage of vessel capacity in the market to meet steady construction demand for aggregate shipments, leading to a 13% increase in volumes for that sector. The slight decrease in salt volumes was a result of flat salt demand due to a mild 2022 winter and mine production issues.

Operating costs were higher year-over-year driven by a 12% increase in operating days as a result of increased fleet utilization. Increased fuel expenses, along with higher crew, supply, and layup costs, also played a significant role in the rise of costs this year. Crew expenses were primarily impacted by higher wages reflecting inflation-related increases contained in labour contract agreements reached in 2023 and higher crew training costs. Supply costs continue to be impacted by the rise in inflation. Layup costs were mainly impacted by major upgrades to four self-unloaders, including equipment and steel work.

On October 22nd, 2023, 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 and the Seaway re-opened on October 30th, 2023. During the 72-hour strike notice period prior to the 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.

An impairment reversal of \$14,759 was recorded in the fourth quarter of 2022. Excluding the impact of this reversal, operating earnings for 2022 were \$50,614.

Subsequent to 2023, the Company took delivery of the *Algoma Bear*, the first of two domestic dry-bulk self-unloaders under construction and the eleventh Equinox Class vessel to be delivered. The vessel is expected to join operations in the second quarter of 2024.

Outlook

Customer demand should be relatively strong in 2024, with all domestic dry-bulk vessels expected to be in service during the year. Opportunities for additional domestic and export iron ore, along with strong grain demand and steady construction volumes are expected to offset a potential reduction in salt volumes driven by the mild winter in the Great Lakes - St Lawrence region. The spring arrival of the *Algoma Bear*, the newest Equinox Class self-unloader, replacing the recently retired *Algoma Transport*, is expected to drive an increased rate of earnings when coupled with contractual freight rate escalation and anticipated higher earnings from new business.

Product Tankers Segment

Financial Performance

For the years ended December 31	Favourable/(Unfavourable)				
	2023	2022	2021	2023 vs 2022	2022 vs 2021
Revenue	\$ 132,166	\$ 118,686	\$ 94,535	\$ 13,480	\$ 24,151
Operating expenses	(104,038)	(86,825)	(63,557)	(17,213)	(23,268)
Selling, general and administrative	(5,306)	(4,739)	(4,178)	(567)	(561)
Other operating items	—	—	286	—	(286)
Depreciation and amortization	(14,593)	(14,013)	(13,348)	(580)	(665)
Operating earnings	8,229	13,109	13,738	(4,880)	(629)
Gain on sale of vessels	9,092	—	—	9,092	—
Income tax expense	(3,377)	(2,696)	(3,797)	(681)	1,101
Net earnings from investment in joint venture	1,238	—	—	1,238	—
Net earnings	\$ 15,182	\$ 10,413	\$ 9,941	\$ 4,769	\$ 472

Operational Performance⁽¹⁾

For the years ended December 31	Favourable/(Unfavourable)				
	2023	2022	2021	2023 vs 2022	2022 vs 2021
Volume (metric tonnes in thousands)					—
Petroleum products	2,729	2,399	1,981	330	418
Total volume	2,729	2,399	1,981	330	418
Revenue days	2,366	2,175	1,998	191	177
Operating days	2,502	2,274	2,087	228	187
Outside charter days	—	6	—	(6)	6

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

EBITDA

The following table provides a reconciliation of net earnings in accordance with GAAP to the non-GAAP EBITDA measure, as reported for the years ended December 31, 2023, 2022, and 2021, and presented herein:

For the years ended December 31	2023	2022	2021
Net earnings	\$ 15,182	\$ 10,413	\$ 9,941
<i>Adjustments to net earnings:</i>			
Depreciation and amortization	14,593	14,013	13,348
Income tax expense	3,377	2,696	3,797
Gain on disposal of vessels	(9,092)	—	(286)
<i>Joint venture:</i>			
Depreciation and amortization	752	—	—
Foreign exchange loss	251	—	—
EBITDA⁽¹⁾	\$ 25,063	\$ 27,122	\$ 26,800

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

2023 Compared to 2022

The increase in revenue stemmed mainly from higher base freight rates as a result of contractual rate increases and 9% higher revenue days. The increase in days was attributable to an increase in Algoma-owned vessels operating under foreign flag waiver this year and improved vessel utilization. The *Algoluna*, previously the *Birgit Knutsen*, entered under a Canadian flag waiver early in the third quarter and transitioned into domestic charter operations in September of this year. For the same period in 2022, the vessel sailed internationally under a bareboat charter.

Operating costs were higher during 2023 primarily as a result of increased layup, supply, and repair costs, and a 10% increase in operating days. Operating days were mainly impacted by the additional days the *Algoluna* was operating under foreign flag. Dry-dock costs were higher in 2023 with two regulatory dry-dockings compared to one in the previous year period; the *Algotitan* and the *Algoberta* required additional work to convert these vessels to Canadian standards. Crew costs were impacted by increased training costs and higher wages. Supply costs for shore services continue to be impacted by the rise in inflation and repair costs were higher primarily due to the Canadianization work and unexpected repairs on the two dry-docked vessels.

During 2023, the *Algoma Hansa*, the *Algonorth*, and the *Algosea* were sold, resulting in a \$9,092 gain. 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.

Subsequent to year-end, the Company entered into agreements to purchase two second hand product tankers. One tanker was delivered in January, 2024 and the other is expected to be delivered in March, 2024. The vessels will initially be on bareboat charters back to the sellers. Following completion of their bareboat charters later this year, Algoma plans to begin trading one vessel in the Company's Canadian fleet and one in Europe.

Outlook

We expect customer demand in the segment to be steady in 2024 and for fuel distribution patterns within Canada to support strong vessel utilization for the vessels trading under Canadian flag throughout the year. The ten new tanker orders, under the FureBear joint venture with our partners Furetank AB of Sweden, are being constructed at China Merchants Jinling Shipyard in Yangzhou, China, with delivery expected between early 2024 and late 2026. The first vessel in the series, the *Fure Vanguard*, is expected to be delivered by the end of February, 2024.

Ocean Self-Unloaders Segment

Financial Performance

For the years ended December 31	2023	2022	2021	Favourable/(Unfavourable)	
				2023 vs 2022	2022 vs 2021
<i>Average foreign exchange rate (USD/CAD)</i>	1.3495	1.3017	1.2537	0.0478	0.0480
Revenue	\$ 178,031	\$ 193,730	\$ 156,294	\$ (15,699)	\$ 37,436
Operating expenses	(125,840)	(128,044)	(94,619)	2,204	(33,425)
Selling, general and administrative	(2,207)	(1,394)	(1,195)	(813)	(199)
Other operating items	—	—	(5,575)	—	5,575
Depreciation and amortization	(24,261)	(23,850)	(25,402)	(411)	1,552
Operating earnings	25,723	40,442	29,503	(14,719)	10,939
Net earnings from investment in joint venture	1,241	3,783	(52)	(2,542)	3,835
Net earnings	\$ 26,964	\$ 44,225	\$ 29,451	\$ (17,261)	\$ 14,774

Operational Performance

For the years ended December 31	Favourable/(Unfavourable)				
	2023	2022	2021	2023 vs 2022	2022 vs 2021
Pool Volumes (metric tonnes in thousands) ⁽¹⁾					
Gypsum	3,903	3,801	3,619	102	182
Aggregates	9,210	9,174	9,007	36	167
Coal	7,633	7,739	7,805	(106)	(66)
Other	757	1,064	858	(307)	206
Total volumes	21,503	21,778	21,289	(275)	489
Algoma Vessels					
Revenue days	2,509	2,806	2,794	(297)	12
Operating days	2,570	2,845	2,799	(275)	46
Off-hire days for dry-docking	392	74	112	(318)	38

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

EBITDA

The following table provides a reconciliation of net earnings in accordance with GAAP to the non-GAAP EBITDA measure, as reported for the years ended December 31, 2023, 2022, and 2021 and presented herein:

For the years ended December 31	2023	2022	2021
Net earnings	\$ 26,964	\$ 44,225	\$ 29,451
<i>Adjustments to net earnings:</i>			
Depreciation and amortization	24,261	23,850	25,402
<i>Joint venture:</i>			
Depreciation and amortization	169	589	708
Interest income	(14)	—	—
Income tax expense	—	—	61
Investment gain on distribution	—	(669)	—
Foreign exchange loss	2	1	—
EBITDA⁽¹⁾	\$ 51,382	\$ 67,996	\$ 55,622

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

2023 Compared to 2022

Revenue was lower in 2023 due mainly to a higher number of scheduled dry-dockings, which resulted in 11% fewer revenue days, and significantly lower fuel cost recoveries compared to the prior year period. There were five dry-dockings in 2023 compared to one in 2022. The year-over-year performance of the Pool was impacted by an unforeseen vessel outage involving a vessel not owned by Algoma. This incident resulted in reduced vessel availability, leading to operational inefficiencies that proved challenging to address, especially given the substantial dry-dock schedule for the current year.

Pool volumes experienced a slight decrease, mainly attributable to a reduction in coal cargoes due to disruptions caused by a record number of hurricanes on the east coast. Meanwhile, gypsum and aggregate volumes remained consistent year-over-year, influenced by the continued uncertainty in the U.S. general housing market amid stable infrastructure projects across the country.

The reduction in operating costs was primarily attributable to substantially lower fuel costs, partially offset by higher dry-docking expenditures on the five dry-docked vessels and unplanned service on two other vessels. A 10% decrease in operating days was primarily driven by the increased off-hire time due to the five dry-dockings.

Outlook

Vessel utilization is expected to improve in 2024 with substantially fewer dry-dockings compared to 2023. Volumes are expected to improve modestly in 2024. Two out of the three newbuild kamsarmax-based ocean self-unloader orders are scheduled to begin construction this year.

Global Short Sea Shipping Segment

Financial Results Overview

For the years ended December 31	Favourable/(Unfavourable)				
	2023	2022	2021	2023 vs 2022	2022 vs 2021
<i>Average foreign exchange rate (USD/CAD)</i>	1.3495	1.3017	1.2537	0.0478	0.0480
Revenue	\$ 278,026	\$ 278,172	\$ 263,953	\$ (146)	\$ 14,219
Operating expenses	(184,113)	(172,258)	(195,582)	(11,855)	23,324
Selling, general and administrative	(7,134)	(6,569)	(6,684)	(565)	115
Depreciation and amortization	(33,825)	(37,593)	(28,186)	3,768	(9,407)
Operating earnings	52,954	61,752	33,501	(8,798)	28,251
Gain on sale of vessels	1,089	15,628	9,944	(14,539)	5,684
Interest expense	(8,304)	(6,701)	(3,859)	(1,603)	(2,842)
Foreign exchange gain (loss)	89	(1,130)	329	1,219	(1,459)
Earnings before undernoted	45,828	69,549	39,915	(23,721)	29,634
Income tax expense	(1,293)	(2,144)	(1,110)	851	(1,034)
Net earnings of joint ventures	4,609	5,827	3,810	(1,218)	2,017
Net earnings attributable to non-controlling interest	(5,340)	(8,591)	(4,526)	3,251	(4,065)
<i>Net earnings</i>	\$ 43,804	\$ 64,641	\$ 38,089	\$ (20,837)	\$ 26,552
<i>Company share of net earnings above</i>	\$ 21,902	\$ 32,321	\$ 19,045	\$ (10,419)	\$ 13,276
Amortization of vessel purchase price allocation and intangibles	(631)	(609)	(588)	(22)	(21)
<i>Company share included in net earnings from investments in joint ventures</i>	\$ 21,271	\$ 31,712	\$ 18,457	\$ (10,441)	\$ 13,255

EBITDA

The following table provides a reconciliation of net earnings in accordance with GAAP to the non-GAAP EBITDA measure, as reported for the years ended December 31, 2023, 2022, and 2021, and presented herein:

For the years ended December 31	2023	2022	2021
Company share of net earnings from investments in joint ventures	\$ 21,271	\$ 31,712	\$ 18,457
<i>Adjustments to net earnings (company's share):</i>			
Depreciation and amortization	17,544	19,405	14,681
Interest expense	4,152	3,350	1,930
Income tax expense	647	1,072	555
Foreign exchange loss (gain)	(45)	565	(165)
Gain on sale of vessels	(545)	(7,814)	(4,972)
<i>Company share of EBITDA⁽¹⁾</i>	\$ 43,024	\$ 48,290	\$ 30,486

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

2023 Compared to 2022

Year-over-year, revenues remained flat as the impact of declining freight rates in the handy-size and mini-bulker fleets, coupled with increased off-hire time in the cement fleet, offset otherwise steady growth in the cement sector. The mini-bulker sector witnessed a decrease in rates as market conditions softened in the latter half of 2023, contrasting with the strong freight rates observed in the preceding year. In the handy-sized fleet, lower revenue is attributed to significantly lower freight rates and the dry-docking of one vessel this year, compared to none in 2022. Cement fleet revenue grew modestly over 2022, as steady growth in some markets was partially offset by off-hire time for a vessel operating in a typically strong rate environment.

Operating expenses increased mainly as a result of the impact of higher costs in the cement and handy-sized fleets, including costs associated with dry-dockings and unexpected repairs. Operating costs in the mini-bulker fleet were flat compared to the same period in 2022 as a result of the smaller wholly owned fleet size this year.

Earnings in 2023 include a \$1,089 gain on the sale of one vessel (Algoma's share of \$545); in 2022 earnings included a \$15,628 gain on the sale of three vessels (Algoma's share \$7,814). Excluding the gains, the company's share of net earnings for 2023 and 2022 were \$20,726 and \$23,898, respectively.

Outlook

We expect consistent earnings from the cement fleet, maintaining a high level of fleet utilization and with the assets largely employed on longer-term time charter contracts. The handy-size and mini-bulker fleets in this segment are likely to face continued rate pressure due to ongoing global economic and geopolitical situations, with rates having softened in the latter half of 2023. Despite the lower rates, we do not anticipate any adverse effects on volumes and utilization.

Investment Properties Segment

For the years ended December 31	Favourable/(Unfavourable)				
	2023	2022	2021	2023 vs 2022	2022 vs 2021
Revenue	\$ —	\$ 2,938	\$ 6,560	\$ (2,938)	\$ (3,622)
Operating expenses	—	(3,009)	(5,504)	3,009	2,495
Selling, general and administrative	—	—	(1,000)	—	1,000
Depreciation	—	—	(1,078)	—	1,078
Operating loss	—	(71)	(1,022)	71	951
Gain on sale of properties	—	13,703	—	(13,703)	13,703
Interest income	991	495	—	496	495
Income tax recovery (expense)	(262)	(3,274)	292	3,012	(3,566)
Net earnings (loss)	\$ 729	\$ 10,853	\$ (730)	\$ (10,124)	\$ 11,583

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 by a first lien against the shopping centre.

Corporate Segment

For the years ended December 31	Favourable/(Unfavourable)				
	2023	2022	2021	2023 vs 2022	2022 vs 2021
Revenue	\$ 2,853	\$ 2,449	\$ 2,823	\$ 404	\$ (374)
Operating expenses	(1,079)	(933)	(864)	(146)	(69)
Selling, general and administrative	(19,040)	(16,515)	(14,518)	(2,525)	(1,997)
Depreciation	(1,533)	(1,557)	(1,323)	24	(234)
Operating loss	(18,799)	(16,556)	(13,882)	(2,243)	(2,674)
Gain on sale of property	194	210	—	(16)	210
Foreign exchange gain	3,044	3,892	1,326	(848)	2,566
Interest expense, net	(17,240)	(19,209)	(20,652)	1,969	1,443
Income tax recovery	8,039	6,449	8,998	1,590	(2,549)
Net loss from investment in joint venture	(133)	—	—	(133)	—
Net loss	\$ (24,895)	\$ (25,214)	\$ (24,210)	\$ 319	\$ (1,004)

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 2023 third 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 generate rental income for the Corporate segment.

Consolidated

Interest Expense

For the years ended December 31	Favourable/(Unfavourable)				
	2023	2022	2021	2023 vs 2022	2022 vs 2021
Interest expense on borrowings	\$ 18,297	\$ 18,127	\$ 18,633	\$ (170)	\$ 506
Amortization of financing costs	1,707	1,632	1,612	(75)	(20)
Interest on employee future benefits, net	260	1,011	1,444	751	433
Interest capitalized on vessels under construction	(1,160)	(320)	(956)	840	(636)
\$ 19,104	\$ 20,450	\$ 20,733	\$ 1,346	\$ 283	

Income Taxes

For the years ended December 31	Favourable/(Unfavourable)				
	2023	2022	2021	2023 vs 2022	2022 vs 2021
Combined federal and provincial statutory income tax rate	26.5 %	26.5 %	26.5 %	— %	— %
Net earnings before income tax expense and net earnings from investments in joint ventures	\$ 70,613	\$ 101,388	\$ 75,577	\$ (30,775)	\$ 25,811
Expected income tax expense	\$ (18,712)	\$ (26,868)	\$ (20,028)	\$ 8,156	\$ (6,840)
Decrease (increase) in expense resulting from:					0
Foreign tax rates different from Canadian statutory rate	7,104	10,957	8,182	(3,853)	2,775
Effect of items that are non-deductible	166	(132)	(9)	298	(123)
Non-recoverable withholding taxes	(362)	(387)	(471)	25	84
Deferred tax items recognized	856	(116)	73	972	(189)
Adjustments to prior period provision	(42)	(697)	65	655	(762)
Utilization of capital loss previously unrecognized	—	—	232	—	(232)
Other	(370)	326	144	(696)	182
Actual tax expense	\$ (11,360)	\$ (16,917)	\$ (11,812)	\$ 5,557	\$ (5,105)
Effective tax rate excluding net earnings from investments in joint ventures	16.1 %	16.7 %	15.6 %	(.6)%	1.1 %

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. The Company is not subject to OECD Pillar Two taxes as its consolidated revenues fall below levels at which such taxes apply.

Summary of Quarterly Financial Results

	2023 Quarters				2022 Quarters			
	Fourth	Third	Second	First	Fourth	Third	Second	First
Revenues	\$ 201,322	\$ 205,888	\$ 202,406	\$ 111,604	\$ 210,049	\$ 199,327	\$ 183,463	\$ 85,103
Operating earnings (loss)	31,970	38,702	36,199	(32,339)	56,064	40,763	32,081	(26,611)
Net earnings (loss)	33,621	35,745	33,144	(19,640)	49,959	42,533	47,045	(19,571)
Basic earnings (loss) per share	0.87	0.93	0.86	(0.51)	1.32	1.13	1.24	(0.52)
Diluted earnings (loss) per share	0.80	0.85	0.79	(0.51)	1.19	1.01	1.12	(0.52)
Dividends per share	0.18	0.18	0.18	0.18	1.52	0.17	0.17	0.17

Revenues generated by the Company during the year are influenced by seasonal weather patterns, general economic conditions, cyclical demand for marine transportation and competition in the transportation sector. Operating expenses reflect the impact of customer demand, fuel prices, and repair and labour costs. Fluctuations in the Canadian dollar relative to the U.S. dollar have also affected the conversion of the Company's U.S. dollar-denominated revenues and expenses and resulted in fluctuations in net earnings in the eight quarters presented above.

Contingencies

For information on contingencies, please refer to Note 30 of the Consolidated Financial Statements for the years ending December 31, 2023 and 2022. There have been no significant changes in the items presented since December 31, 2023.

Capital Resources

The Company has cash on hand of \$32,831 at December 31, 2023. Available credit facilities along with projected cash from operations for 2024 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 maturing October 11, 2027. The Facility bears interest at rates that are based on the Company's ratio of net senior debt, as defined, to earnings before interest, taxes, depreciation and amortization and ranges from 170 to 325 basis points above bankers' acceptance, adjusted SOFR or EURIBOR rates. The Company has granted a general security agreement in favour of the senior secured lenders and has granted specific collateral mortgages covering the majority of its wholly owned vessels. As of December 31, 2023 and 2022, no amounts were drawn on the bank facility.

The Company is subject to certain covenants under the terms of the Bank Facility and the Notes, including ones with respect to maintaining defined financial ratios and other conditions. As at December 31, 2023, the Company was in compliance with all of its covenants.

Transactions with Related Parties

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

There were no transactions with related parties for the year ended December 31, 2023.

Financial Condition, Liquidity and Capital Resources

Cash Flows

For the years ended December 31	Favourable/(Unfavourable)				
	2023	2022	2021	2023 vs 2022	2022 vs 2021
Net cash generated from operating activities	\$ 124,207	\$ 133,130	\$ 162,381	\$ (8,923)	\$ (29,251)
Net cash used in investing activities	(127,779)	(65,872)	(16,225)	(61,907)	(49,647)
Net cash used in financing activities	(105,757)	(42,368)	(141,016)	(63,389)	98,648
Net change in cash	(109,329)	24,890	5,140	(134,219)	19,750
Effects of exchange rate changes on cash held in foreign currencies	192	8,136	(108)	(7,944)	8,244
Cash, beginning of year	141,968	108,942	103,910	33,026	5,032
Cash, end of year	\$ 32,831	\$ 141,968	\$ 108,942	\$ (109,137)	\$ 33,026

Investing Activities

Higher net cash used in investing activities in 2023 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 one Equinox Class vessel under construction, and deposits on three new ocean belt self-unloaders for the ocean self-unloader fleet.

Financing Activities

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

Free Cash Flow

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 years ended December 31, 2023, 2022, and 2021 and presented herein:

For the years ended December 31	Favourable/(Unfavourable)				
	2023	2022	2021	2023 vs 2022	2022 vs 2021
Net cash generated from operating activities	\$ 124,207	\$ 133,130	\$ 162,381	\$ (8,923)	\$ (29,251)
Net debt service repayments	(23,087)	(18,103)	(18,351)	(4,984)	248
Capital required for maintenance of existing assets	(35,053)	(15,835)	(9,652)	(19,218)	(6,183)
Free cash flow ⁽¹⁾	\$ 66,067	\$ 99,192	\$ 134,378	\$ (33,125)	\$ (35,186)

(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 2023, the Company made environmental investments in fleet upgrades such as carbon reducing fuel efficiency technology, ballast water treatment system installations, and closed-loop exhaust gas 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.

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, 515,461 Shares have been purchased and cancelled for a weighted average purchase price of \$15.19 for the year ending December 31, 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.

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

Commitments

The table below provides aggregate information about the Company's contractual obligations as at December 31, 2023 that affect the Company's liquidity and capital resource needs.

	2024	2025	2026	2027	2028	2029 and Beyond	Total
Long-term debt including convertible debentures ⁽¹⁾	\$ 61,074	\$ —	\$ —	\$ 26,452	\$ —	\$ 295,970	\$ 383,496
Vessel purchase commitments	164,177	152,570	76,420	50,947	—	—	444,114
Vessel purchase commitments through joint ventures ⁽²⁾	69,140	81,965	39,430	—	—	—	190,535
Interest payments on long-term debt	13,853	12,250	12,250	12,250	11,358	64,371	126,332
AMI share purchase ⁽³⁾	—	—	—	—	—	5,757	5,757
Leases	148	146	81	—	—	—	375
	\$ 308,392	\$ 246,931	\$ 128,181	\$ 89,649	\$ 11,358	\$ 366,098	\$ 1,150,609

(1) Subsequent to year-end, convertible debentures having a face value of \$12,503 were converted to common shares by their holders.

(2) 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.

(3) During 2023, the Company purchased a 49% interest in Allied Marine & Industrial ("AMI") 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 generate rental income for the Corporate segment.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The Company's material accounting policies are described in Note 3 to the Consolidated Financial Statements. Some of these accounting policies require management to make judgements (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about matters that are uncertain at the time the estimates and assumptions are made. Management believes that the estimates are reasonable; however, different estimates could potentially have a material impact on the Company's reported financial position or results of operations.

Employee Future Benefits

The Company provides pensions and post-employment benefits including health care, dental care and life insurance to certain employees. The determination of the obligations and expense for the employee future benefits is dependent on the selection of certain assumptions used by the Company in calculating such amounts. Those assumptions are disclosed in Note 23 to the Company's Consolidated Financial Statements, the most significant of which are the discount rate, the rate of increase in compensation, expected rates of return on plan assets, the rate of increase in the cost of health care and the estimated average remaining service lives of employees, some of which are defined by regulation. The assumptions are reviewed annually and the impact of any changes in the assumptions is reflected in actuarial gains or losses as disclosed in Note 23 to the Consolidated Financial Statements. The significant accounting assumptions adopted are internally consistent and reflect the long-term nature of employee future benefits. Significant changes in assumptions could materially affect the Company's reported employee future benefit obligations and future expense.

For 2023, the Company's assumed rate of compensation increases for purposes of calculating the current service cost that is included in the net benefit cost incurred remained at 2.5%.

Property, Plant, Equipment and Impairment

For information on property, plant and equipment please refer to Note 16 of the Consolidated Financial Statements for the years ending December 31, 2023 and 2022. The Company reviews the depreciation periods of property, plant, and equipment on a regular basis for changes in estimated useful lives. The Company also reviews for impairment indicators on a quarterly basis, and at a minimum on an annual basis, whether there are any signs of impairment or a reversal of a previously recognized impairment in accordance with the Company's accounting policy.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Disclosure Controls and Procedures

In accordance with the requirements of National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings, the Company's management, including the Chief Executive Officer and the Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures as of December 31, 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 December 31, 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 December 31, 2023.

Changes in Internal Controls over Financial Reporting

During the period ended December 31, 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.

Derivative Financial Instruments

The Company's exposure to foreign currency fluctuations is related to its unhedged cash balances and unhedged net investment in foreign subsidiaries. The Company has hedged part of its investment in the subsidiaries and joint ventures against its foreign-denominated long-term debt. At December 31, 2023 and 2022, the net investment in U.S. dollar foreign subsidiaries and joint ventures was U.S. \$401,312 and \$353,355, respectively. The amount hedged at both December 31, 2023 and 2022 was U.S. \$147,000.

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

At December 31, 2023, the Company had U.S. dollar-denominated foreign exchange forward contracts outstanding with a notional principal of \$26,280 (2022 - \$39,420) and fair value gains of \$2,765 (2022 - \$4,970).

Risks and Uncertainties

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

Availability of Qualified Personnel

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

Competitive Markets

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

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

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

Contractual Nature of the Business

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

Environmental Matters

Environmental protection continues to be a dominant topic on the world legislative agenda and is a primary focus of the Company throughout its operations. Environmental issues such as greenhouse gases (GHGs), pollutant air emissions (SOx and NOx), aquatic invasive species, underwater noise and marine protected areas continue to be scrutinized and regulated worldwide. A change in environmental legislation could have a significant impact on the Company's future operations and profitability; in particular, the imposition of a carbon tax or other pricing mechanism for carbon emissions and requirements for additional environmental control equipment on vessels. Reduction of GHGs by the global marine industry is the most prominent topic on the marine industry's environmental agenda; however, there is significant uncertainty as to how to achieve low or zero emissions operations in future.

The Company's fleets monitor fuel sulphur levels in accordance with Emission Control Area (ECA) requirements and remain in compliance with all requirements. Domestically, the Company's highly efficient Equinox Class ships are equipped with closed-loop exhaust gas scrubbers designed to meet

the stringent ECA SOx limits. Vessels equipped with scrubbers are able to meet emission standards while burning higher sulphur fuels. The availability of these fuels may be impacted by future demand for this fuel or environmental regulations. The Company's other vessels, including its ocean-going vessels, use lower sulphur fuels to satisfy ECA standards and the global fuel sulphur cap that came into effect in 2020. In the future, the cost and availability of low carbon and/or low sulphur fuels may present a risk. In addition, there is no certainty the full cost of such fuels or cost related to converting to such fuels can be recovered from all customers, particularly in international markets.

Canada is a signatory to the IMO Ballast Water Convention. In 2021 the Canadian government brought in new ballast water regulations to implement the international ballast water discharge standard for Canadian waters. These requirements, already in place in the United States (with the exception of lakers), require installation of ballast water treatment systems on the Company's vessels generally by 2028, except for older vessels that operate exclusively in the Great Lakes, which are not required to comply until 2030. Installation of treatment systems on the Company's vessels will have an impact on operating costs.

Nature of the Shipping Industry

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

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

- 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 securing contract renewals and maintaining existing freight rates with existing customers;
- our success in securing contracts with new customers at acceptable freight rates;
- developments in international and Great Lakes trade;
- changes in seaborne and other transportation patterns, such as port congestion and canal closures;
- weather, water levels and crop yields;
- political developments; and,
- embargoes and strikes.

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

Fees and Tolls

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

Costs of Incidents

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

Foreign Exchange

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

Credit Risk

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

Regulations

A change in governmental policy could impact the ability to transport certain cargoes or increase the cost of doing so. A policy change could threaten the Company's competitive position and its capacity to offer efficient programs or services. Often, several different jurisdictions are able to exercise authority over marine transportation and vessel operations, for example, within the Great Lakes – St. Lawrence Seaway, there are eight U.S. state governments and

two Canadian provincial governments plus both federal governments. The Company expects sufficient warning of a policy change, providing it time to adjust and minimize the impact on the organization. Any such regulatory change would have a similar impact on the Company's waterborne competitors. The Company has employees participating in a number of industry associations that advise and provide feedback on potential regulatory change and to ensure we maintain current knowledge of the regulatory environment.

Judicial and Other Proceedings

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

Climate Change

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

Drops or significant increases in water levels on the Great Lakes - St. Lawrence Seaway, which the Company has no control over, could have a significant impact on the future operations and profitability of the domestic dry-bulk vessels and product tankers. Water levels tend to go through cycles that have included both unusual highs and unusual lows in the past decade. This volatility will continue and may increase with climate change.

The geographic diversity of the Company helps to mitigate the potential impact that could result from adverse effects due to lowering water levels and, in addition, a significant number of the domestic dry-bulk and product tanker customer contracts have freight rate adjustment clauses that provide partial financial protection for the impact of changing water levels.

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

Labour Update

Employees and Unions

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

Captains and Chief Engineers

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

Navigation and Engineering Officers

Navigation and Engineering Officers consist of seven separate bargaining units, all of which are represented by the Canadian Merchant Service Guild (CMSG). A new agreement for the NACC fleet was negotiated in 2020 and 2021, and expires on April 30, 2025. Likewise, two new Tanker agreements were negotiated in 2021, with both expiring on July 31, 2028. The four Domestic Dry-Bulk agreements were negotiated in 2023 and the new agreements expire in 2027.

Unlicensed Employees

There are four bargaining units for unlicensed shipboard employees, which is down from six year-over-year. The Seafarers' International Union (SIU) represents three unlicensed employee bargaining units. A new agreement was reached for NACC unlicensed employees in 2022, which achieved the Company's goal to consolidate three bargaining units into one. Both the SIU and Unifor Domestic Dry Bulk agreements were negotiated in 2023. The new SIU agreement expires in 2028, whereas the new Unifor agreement expires in 2027. The next labour agreement to expire is the SIU contract for Algoma Tankers Limited. Negotiations are tentatively scheduled to begin in May of 2024.

Adoption of New and Amended Accounting Pronouncements

Amendments to IAS 1 Presentation of Financial Statements, IFRS Practice Statement 2 Making Materiality Judgements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

In February 2021, the IASB issued narrow-scope amendments to IAS 1 *Presentation of Financial Statements*, IFRS Practice Statement 2 *Making Materiality Judgements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The Company adopted these amendments effective January 1, 2023. The amendments require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarify how to distinguish changes in accounting policies from changes in accounting estimates. The Company's financial disclosure is currently not materially affected by the application of the amendments.

Accounting Pronouncements Issued But Not Yet Effective

Amendments to IAS 1 *Presentation of Financial Statements* - Classification of Liabilities as Current or Non-current

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 anticipates that the application of these amendments will not have a material effect on the Consolidation Financial Statements.

Responsibility for Financial Statements

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

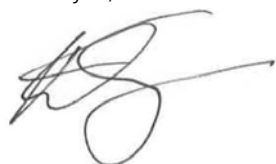
The financial statements were prepared by management in accordance with International Financial Reporting Standards and necessarily include some amounts that are based on estimates and judgements. Information used elsewhere in this annual report is consistent with that in the financial statements.

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

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



Gregg A. Ruhl
President and Chief Executive Officer
February 26, 2024



Peter D. Winkley, CPA, CA
Executive Vice-President and Chief Financial Officer
February 26, 2024

Independent Auditor's Report

To the Shareholders of
Algoma Central Corporation

Opinion

We have audited the consolidated financial statements of Algoma Central Corporation (the "Company"), which comprise the consolidated balance sheets as at December 31, 2023 and 2022, and the consolidated statements of earnings, comprehensive earnings, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Goodwill – Domestic Dry-Bulk operating segment - Refer to Notes 3 and 17 to the Financial Statements

Key audit matter description

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

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

How the Key Audit Matter Was Addressed in the Audit

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

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

Other Information

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

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

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

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

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
February 26, 2024

Consolidated Statement of Earnings

For the years ended December 31 (in thousands of dollars, except per share data)	Notes	2023	2022
Revenue	7	\$ 721,220	\$ 677,942
Operating expenses		(539,089)	(490,044)
Selling, general and administrative expenses		(41,550)	(34,567)
Other operating items	8	—	14,395
Depreciation and amortization		(66,049)	(65,429)
Operating earnings		74,532	102,297
Interest expense	10	(19,104)	(20,450)
Interest income		2,855	1,736
Gain on sale of assets	16	9,286	13,913
Foreign exchange gain	11	3,044	3,892
		70,613	101,388
Income tax expense	12	(11,360)	(16,917)
Net earnings from investments in joint ventures	9	23,617	35,495
Net earnings		\$ 82,870	\$ 119,966
Basic earnings per share	25	\$ 2.15	\$ 3.17
Diluted earnings per share	25	\$ 2.00	\$ 2.89

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Comprehensive Earnings

For the years ended December 31 (in thousands of dollars)	Notes	2023	2022
Net earnings		\$ 82,870	\$ 119,966
Other comprehensive earnings:			
Items that may be subsequently reclassified to net earnings:			
Unrealized gain (loss) on translation of financial statements of foreign operations		(13,195)	28,869
Unrealized gain (loss) on hedging instruments, net of income tax		4,175	(5,655)
Foreign exchange loss on purchase commitment hedge reserve, net of income tax, transferred to:			
Vessels under construction		(58)	—
Net earnings		(92)	—
Items that will not be subsequently reclassified to net earnings:			
Employee future benefits actuarial gain, net of income tax	23	1,690	13,423
		(7,480)	36,637
Comprehensive earnings		\$ 75,390	\$ 156,603

See accompanying notes to the consolidated financial statements.

Consolidated Balance Sheet

As at December 31 (in thousands of dollars)	Notes	2023	2022
Assets			
Current			
Cash		\$ 32,831	\$ 141,968
Accounts receivable	14	79,091	67,618
Income taxes recoverable		3,275	1,459
Mortgage receivable	18	18,000	—
Other current assets	15	28,194	39,285
		161,391	250,330
Property, plant, and equipment	16	808,752	850,538
Investments in joint ventures	9	260,915	208,992
Goodwill	17	7,910	7,910
Employee future benefits	23	22,151	18,219
Non-current asset held for sale		—	1,858
Mortgage receivable	18	—	18,000
Other assets	19	83,037	9,850
		\$ 1,344,156	\$ 1,365,697
Liabilities			
Current			
Accounts payable and accrued charges	20	\$ 82,739	\$ 86,208
Current portion of long-term debt	24	60,663	5,197
Income taxes payable		385	5,953
Other current liabilities	21	3,400	53,470
		147,187	150,828
Long-term debt	24	316,358	397,157
Employee future benefits	23	19,456	18,774
Deferred income taxes	12	80,620	70,781
Other long-term liabilities	22	2,226	2,133
		565,847	639,673
Commitments	29		
Shareholders' Equity			
Share capital	25	29,175	11,732
Contributed surplus		—	582
Convertible debentures		2,218	2,270
Accumulated other comprehensive loss	26	(22,467)	(8,105)
Retained earnings		769,383	719,545
		778,309	726,024
		\$ 1,344,156	\$ 1,365,697

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity

(in thousands of dollars)	Share Capital (Note 25)	Contributed Surplus and Convertible Debentures	Accumulated Other Comprehensive Loss (Note 26)	Retained Earnings	Total Equity
Balance at January 1, 2022	\$ 8,110	\$ 3,294	\$ (31,319)	\$ 660,198	\$ 640,283
Net earnings	—	—	—	119,966	119,966
Dividends	—	—	—	(74,042)	(74,042)
Repurchase and cancellation of common shares	(6)	(440)	—	—	(446)
Debenture conversions	3,628	(38)	—	—	3,590
Share-based compensation	—	36	—	—	36
Other comprehensive earnings	—	—	23,214	13,423	36,637
Balance at December 31, 2022	\$ 11,732	\$ 2,852	\$ (8,105)	\$ 719,545	\$ 726,024
Balance at January 1, 2023	\$ 11,732	\$ 2,852	\$ (8,105)	\$ 719,545	\$ 726,024
Net earnings	—	—	—	82,870	82,870
Dividends	—	—	—	(27,106)	(27,106)
Repurchase and cancellation of common shares	(355)	(865)	—	(7,616)	(8,836)
Debenture conversions	17,798	(52)	—	—	17,746
Share-based compensation	—	283	—	—	283
Reclassified to earnings	—	—	(3,494)	—	(3,494)
Reclassified to vessels under construction	—	—	(1,698)	—	(1,698)
Other comprehensive earnings (loss)	—	—	(9,170)	1,690	(7,480)
Balance at December 31, 2023	\$ 29,175	\$ 2,218	\$ (22,467)	\$ 769,383	\$ 778,309

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

For the years ended December 31 (in thousands of dollars)	Notes	2023	2022
Net Inflow (Outflow) of Cash Related to the Following Activities			
Operating			
Net earnings		\$ 82,870	\$ 119,966
Net earnings from investments in joint ventures	9	(23,617)	(35,495)
Items not affecting cash			
Depreciation and amortization		66,049	65,429
Gain on sale of assets	16	(9,286)	(13,913)
Impairment reversal	16	—	(14,759)
Other non-cash items	27	25,616	33,453
Net change in non-cash working capital	27	(5,982)	(17,959)
Income taxes paid, net		(9,466)	(459)
Employee future benefits paid		(1,977)	(3,133)
Net cash generated from operating activities		124,207	133,130
Investing			
Additions to property, plant, and equipment	27	(44,510)	(69,054)
Distributions received from joint ventures	9	7,959	17,045
Investment in joint ventures	9	(42,646)	(23,585)
Additions to vessels under construction		(74,739)	(1,821)
Net proceeds on sale of assets	16	26,157	11,543
Net cash used in investing activities		(127,779)	(65,872)
Financing			
Interest paid		(17,890)	(17,953)
Interest received		3,267	1,241
Repayment of long-term debt		(5,197)	(150)
Repurchase of shares for cancellation	25	(8,835)	(441)
Dividends paid		(77,102)	(25,065)
Net cash used in financing activities		(105,757)	(42,368)
Net change in cash		(109,329)	24,890
Effects of exchange rate changes on cash held in foreign currencies		192	8,136
Cash, beginning of year		141,968	108,942
Cash, end of year		\$ 32,831	\$ 141,968

See accompanying notes to the consolidated financial statements.

Notes to the 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 Consolidated Financial Statements of the Company for the years ended December 31, 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 Holding Limited (50%) and FureBear AB (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 Seaway, 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 diversified portfolios of dry and liquid bulk fleets operating internationally. In addition to its owned vessels, the Company provides operational management for three vessels; one owned by G3 Canada Limited and two by NovaAlgoma Cement Carriers Limited ("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. The segment also includes the Company's 50% interest in a new international joint venture comprising ten tankers currently under construction and an 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 Pool comprising the world's largest fleet of ocean-going self-unloaders, which at the end of 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-bulkers 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 venture.

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.

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 Seaway, 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.

2. Statement of Compliance

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

The 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 Consolidated Financial Statements were approved by the Board of Directors and authorized for issue on February 23, 2024.

3. Material Accounting Policies

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

The material accounting policies adopted are set out below.

Basis of Consolidation

The Consolidated Financial Statements include the financial position, financial performance and cash flows of the Company, its subsidiaries, its interest in joint ventures and its share of assets, liabilities, revenues and expenses related to its interest in a joint operation. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

Intercompany balances, transactions, income and expenses, profits and losses, including gains and losses relating to subsidiaries and the joint operation have been eliminated on consolidation.

Interests in Joint Arrangements

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

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

Materials, Fuel and Supplies

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

Property, Plant, and Equipment

Vessels

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

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

Dry-docking

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

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

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

Vessels Under Construction

Vessels under construction are measured at cost less accumulated impairments, if any. Cost includes progress payments to the shipyard for construction, other directly attributable expenses and borrowing costs. Vessels under construction are transferred from other assets to property, plant and equipment when it is probable that future economic benefits associated with the vessel will flow to the Company from its use. Progress payments made on vessel construction contracts are backed by refund guarantees in the event that the shipyard defaults on the contract. Vessels under construction are assessed for indicators of impairment in accordance with the Company's policy for Impairment of Long-Lived Assets.

Impairment of Long-Lived Assets

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

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

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

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

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

Goodwill

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

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

Intangible Assets

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

Operating Segments

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

Revenue Recognition

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

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

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

Contract modifications

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

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

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

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

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

Principal versus agent

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

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

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

Initial recognition of contract fulfilment assets

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

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

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

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

Foreign Currency

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

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

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

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

Borrowing Costs

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

Provisions

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

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

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

Employee Future Benefits

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

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

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

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

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

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

Asset Ceiling under IAS 19 as Clarified by IFRIC 14

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

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

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

Share-based Compensation

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

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

Income Taxes

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

Current tax

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

Deferred tax

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

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

Convertible Debentures

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

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

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

Financial Instruments

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

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

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

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

Financial assets

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

Financial liabilities

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

Impairment of financial assets

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

Transaction costs

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

Derivative Financial Instruments

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

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

Embedded derivatives

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

Hedges

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

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

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

Comprehensive Earnings

Other comprehensive earnings includes unrealized gains and losses on foreign currency translation of the net investment in foreign operations having a functional currency other than Canadian dollars, changes in the fair market value of derivative instruments designated as cash flow hedges net of amounts transferred out of comprehensive earnings, unrealized gains and losses on the foreign currency hedges, and the actuarial gains or losses on employee benefit plans. The components of comprehensive earnings or loss are disclosed in the Consolidated Statement of Comprehensive Earnings. The net investment hedge reserve represents the cumulative exchange differences on translation of long-term debt held in foreign currency. The Company has elected to hedge a portion of its net investment in foreign subsidiaries with its foreign-denominated debt. Exchange differences accumulated will be reclassified to earnings in the event of a disposal of a foreign operation.

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

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

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

Earnings Per Share

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

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

Related Party Transactions

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

Leases

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

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

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

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

Some property leases contain variable payment terms for common area maintenance which is recorded directly as incurred to the Consolidated Statement of Earnings.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of the Consolidated Financial Statements in conformity with IFRS requires management to make judgements (other than those involving estimations) that have a material impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below.

Recoverability of Assets and Useful Lives

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

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

1. At the self-unloader and gearless bulker fleet levels for the domestic dry-bulk segment.
2. At the fleet level for the product tanker segment.

3. At the fleet level for the ocean shipping segment.
4. Each individual investment in joint ventures.
5. The group of corporate assets supporting overhead activities.

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

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

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

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

Provisions

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

Fair Value of Purchase Price Allocation

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

Taxation

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

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

Employee Future Benefits

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

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

5. Adoption of New and Amended Accounting Pronouncements

Amendments to IAS 1 Presentation of Financial Statements, IFRS Practice Statement 2 Making Materiality Judgements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

In February 2021, the IASB issued narrow-scope amendments to IAS 1 *Presentation of Financial Statements*, IFRS Practice Statement 2 *Making Materiality Judgements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The Company adopted these amendments effective January 1, 2023. The amendments require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarify how to distinguish changes in accounting policies from changes in accounting estimates. The Company's financial disclosure is currently not materially affected by the application of the amendments.

6. Accounting Pronouncements Issued But Not Yet Effective

Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

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 anticipates that the application of these amendments will not have a material effect on the Consolidation Financial Statements.

7. Revenue

Disaggregated revenue by segment is as follows:

For the years ended December 31 (in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self- Unloaders	Investment Properties	Corporate	Total
2023						
Contract of Affreightment	\$ 394,002	\$ 41,792	\$ —	\$ —	\$ —	435,794
Time Charter	13,081	90,374	—	—	—	103,455
Pool Revenue Share	—	—	178,031	—	—	178,031
Other	1,087	—	—	—	2,853	3,940
	\$ 408,170	\$ 132,166	\$ 178,031	\$ —	\$ 2,853	\$ 721,220
2022						
Contract of Affreightment	\$ 345,169	\$ 485	\$ —	\$ —	\$ —	345,654
Time Charter	13,972	118,201	—	—	—	132,173
Pool Revenue Share	—	—	193,730	—	—	193,730
Other	998	—	—	2,938	2,449	6,385
	\$ 360,139	\$ 118,686	\$ 193,730	\$ 2,938	\$ 2,449	\$ 677,942

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

As at December 31 (in thousands of dollars)	2023	2022
Unbilled revenue (included in accounts receivable)	\$ 24,631	\$ 14,661
Deferred revenue (included in accounts payable and accrued charges)	1,525	1,660

8. Other Operating Items

The components of other operating items are as follows:

For the years ended December 31 (in thousands of dollars)	2023	2022
Expiry of vessel purchase option	\$ —	\$ (364)
Impairment reversal (Note 16)	—	14,759
	\$ —	\$ 14,395

9. Investments in Joint Ventures

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

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

On July 25, 2023, 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.

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

For the year ended December 31, 2023 (in thousands of dollars)	Product Tankers	Ocean Self-Unloaders	Corporate	Global Short Sea Shipping
Revenue	\$ 9,012	\$ 8,873	\$ 6,324	\$ 278,026
Operating expenses	(2,825)	(5,525)	(5,357)	(184,113)
General and administrative	(493)	(552)	(1,231)	(7,134)
Depreciation and amortization	(1,504)	(338)	(143)	(33,825)
Operating earnings (loss)	4,190	2,458	(407)	52,954
Interest income (expense)	—	27	9	(8,304)
Foreign exchange gain (loss)	(501)	(3)	—	89
Gain on sale of assets	—	—	28	1,089
Earnings (loss) before undernoted	3,689	2,482	(370)	45,828
Net earnings of joint ventures	—	—	—	4,609
Net earnings attributable to non-controlling interest	(1,214)	—	—	(5,340)
Income tax recovery (expense)	—	—	98	(1,293)
Net earnings (loss)	\$ 2,475	\$ 2,482	\$ (272)	\$ 43,804
Company share of net earnings (loss)	\$ 1,238	\$ 1,241	(133)	21,902
Amortization of vessel purchase price allocation and intangibles	—	—	—	(631)
Company share included in net earnings of joint ventures	\$ 1,238	\$ 1,241	(133)	\$ 21,271

For the year ended December 31, 2022 (in thousands of dollars)	Product Tankers	Ocean Self-Unloaders	Corporate	Global Short Sea Shipping
Revenue	\$ —	\$ 8,441	\$ —	\$ 278,172
Operating expenses	—	(5,808)	—	(172,258)
General and administrative	—	(513)	—	(6,569)
Depreciation and amortization	—	(1,177)	—	(37,593)
Operating earnings	—	943	—	61,752
Impairment reversal	—	5,286	—	—
Interest expense	—	—	—	(6,701)
Foreign exchange loss	—	(2)	—	(1,130)
Gain on sale of vessels	—	—	—	15,628
Earnings before undernoted	—	6,227	—	69,549
Net earnings of joint ventures	—	—	—	5,827
Net earnings attributable to non-controlling interest	—	—	—	(8,591)
Income tax expense	—	—	—	(2,144)
Net earnings	\$ —	\$ 6,227	\$ —	\$ 64,641
Company share of net earnings	\$ —	\$ 3,114	\$ —	\$ 32,321
Investment gain on distribution	—	669	—	—
Amortization of vessel purchase price allocation and intangibles	—	—	—	(609)
Company share included in net earnings of joint ventures	\$ —	\$ 3,783	\$ —	\$ 31,712

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

For the years ended December 31 (in thousands of dollars)	2023	2022
Product Tankers	\$ 1,238	\$ —
Ocean Self-Unloaders	1,241	3,783
Corporate	(133)	—
Global Short Sea Shipping	21,271	31,712
	\$ 23,617	\$ 35,495

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

As at December 31, 2023 (in thousands of dollars)	Product Tankers	Ocean Self-Unloaders	Corporate	Global Short Sea Shipping
Cash	\$ 3,129	\$ 2,268	\$ 2,237	\$ 17,996
Other current assets	1,988	375	3,429	54,440
Income taxes recoverable	—	50	—	552
Assets held for sale	—	—	—	7,933
Property, plant, and equipment	13,257	1,694	1,747	408,276
Investment in joint ventures	—	—	—	52,234
Other assets	89,445	—	—	23,442
Current liabilities	(3,106)	(171)	(2,686)	(54,849)
Income taxes payable	—	—	(505)	—
Current portion of long-term debt	—	—	(223)	(28,129)
Long-term debt	(6,018)	—	(827)	(64,214)
Other long-term liabilities	—	—	—	(3,921)
Non-controlling interest	(4,246)	—	—	(13,890)
Net assets of joint ventures	\$ 94,449	\$ 4,216	\$ 3,172	\$ 399,870
Company share of net assets	\$ 47,225	\$ 2,108	\$ 1,554	\$ 199,935
Goodwill and other purchase price adjustments	—	—	3,861	6,232
Company share of joint ventures	\$ 47,225	\$ 2,108	\$ 5,415	\$ 206,167

As at December 31, 2022 (in thousands of dollars)	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	—	420,449
Investment in joint ventures	—	—	—	53,374
Other assets	36,985	—	—	15,884
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 December 31 (in thousands of dollars)	2023	2022
Product Tankers	\$ 47,225	\$ 18,104
Ocean Self-Unloaders	2,108	2,806
Corporate	5,415	—
Global Short Sea Shipping	206,167	188,082
	\$ 260,915	\$ 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 years ended December 31 (in thousands of dollars)	2023	2022
Revenue	\$ 1,343	\$ 1,252
Operating expenses	(1,738)	—

As at December 31 (in thousands of dollars)	2023	2022
Accounts receivable	\$ 7,232	\$ 4,546
Accounts payable	(404)	—
Loans guaranteed by the Company	6,269	11,301

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

For the years ended December 31 (in thousand of dollars)	2023		2022	
	Distributions received	Investment in joint ventures	Distributions received	Investment in joint ventures
Product Tankers	\$ —	\$ (29,492)	\$ —	\$ (17,398)
Ocean Self-Unloaders	1,928	—	4,908	—
Corporate	—	(5,549)	—	—
Global Short Sea Shipping	6,031	(7,605)	12,137	(6,187)
	\$ 7,959	\$ (42,646)	\$ 17,045	\$ (23,585)

10. Interest Expense

The components of interest expense are as follows:

For the years ended December 31 (in thousands of dollars)	2023	2022
Interest expense on borrowings	\$ 18,297	\$ 18,127
Amortization of financing costs	1,707	1,632
Interest on employee future benefits, net	260	1,011
Interest capitalized on vessels under construction (Note 19)	(1,160)	(320)
	\$ 19,104	\$ 20,450

11. Foreign Exchange Gain

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

For the years ended December 31 (in thousands of dollars)	2023	2022
Gain on foreign denominated cash and debt	\$ 305	\$ 3,892
Gain on foreign exchange forward contracts	2,739	—
	\$ 3,044	\$ 3,892

12. Income Taxes

The components of the income tax expense are as follows:

For the years ended December 31 (in thousands of dollars)	2023	2022
Current tax expense	\$ 2,086	\$ 8,962
Deferred tax expense	9,274	7,955
	\$ 11,360	\$ 16,917

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

For the years ended December 31 (in thousands of dollars)	2023	2022
Combined federal and provincial statutory income tax rate	26.5%	26.5%
Net earnings before income tax and net earnings from investments in joint ventures	\$ 70,613	\$ 101,388
Expected income tax expense	\$ (18,712)	\$ (26,868)
(Increase) decrease in expense resulting from:		
Foreign tax rates different from Canadian statutory rate	7,104	10,957
Effect of items that are not taxable (deductible)	166	(132)
Non-recoverable withholding taxes	(362)	(387)
Deferred tax items recognized	856	(116)
Adjustments to prior period provision	(42)	(697)
Other	(370)	326
Actual tax expense	\$ (11,360)	\$ (16,917)
Effective tax rate excluding net earnings from investments in joint ventures	16.1 %	16.7 %

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

For the years ended December 31 (in thousands of dollars)	2023	2022
Unrealized gains (losses) on hedging instruments	\$ 50	\$ (503)
Actuarial gains on employee future benefits	610	4,840
	\$ 660	\$ 4,337

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

Liabilities (assets) as at December 31, 2023 (in thousands of dollars)	Opening balance	Reclassification & Opening Adjustment	Recognized in equity	Recognized in earnings	Recognized in other comprehensive earnings	Closing balance
Property, plant, and equipment	\$ 77,258	\$ —	\$ —	\$ 3,886	\$ —	\$ 81,144
Assets held for sale	(1,064)	—	—	1,064	—	—
Employee future benefits	(144)	—	—	249	610	715
Foreign exchange differences	(126)	—	—	—	50	(76)
Losses for tax purposes	(10,171)	—	—	6,572	—	(3,599)
Convertible debentures	223	—	(95)	(126)	—	2
Tax allowances, provisions and other	4,805	—	—	(2,371)	—	2,434
	\$ 70,781	\$ —	\$ (95)	\$ 9,274	\$ 660	\$ 80,620

Liabilities (assets) as at December 31, 2022 (in thousands of dollars)	Opening balance	Reclassification & Opening Adjustment	Recognized in equity	Recognized in earnings	Recognized in other comprehensive earnings	Closing balance
Property, plant, and equipment	\$ 68,809	\$ 1,064	\$ —	\$ 7,385	\$ —	\$ 77,258
Assets held for sale	1,458	(1,064)	—	(1,458)	—	(1,064)
Employee future benefits	(5,105)	—	—	121	4,840	(144)
Foreign exchange differences	430	—	—	(53)	(503)	(126)
Losses for tax purposes	(9,399)	—	—	(772)	—	(10,171)
Convertible debentures	361	—	—	(138)	—	223
Tax allowances, provisions and other	1,174	756	5	2,870	—	4,805
	\$ 57,728	\$ 756	\$ 5	\$ 7,955	\$ 4,337	\$ 70,781

13. Leases

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

As at December 31 (in thousands of dollars)	Right-of-use assets		Lease liabilities	
	2023	2022	2023	2022
Opening balance	\$ 506	\$ 640	\$ 432	\$ 535
Additions	38	—	38	—
Depreciation	(173)	(164)	—	—
Interest accretion	—	—	12	13
Payments	—	—	(123)	(151)
Remeasurement adjustment	3	6	3	6
Effect of foreign currency exchange differences	(6)	24	(10)	29
Closing balance	\$ 368	\$ 506	\$ 352	\$ 432

Depreciation expense for the right-of-use assets is recognized within depreciation and amortization expenses while interest expense for the lease liabilities is recognized within interest expense on the Consolidated Statement of Earnings.

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

For the years ended December 31 (in thousands of dollars)	2023	2022
Payments - short term leases	\$ 13	\$ 485
Other cash payments	123	151
Non-lease components	138	114
Total cash payments	\$ 274	\$ 750

Shown below is a maturity analysis of the lease liabilities:

As at December 31 (in thousands of dollars)	2023	2022
Within 1 year	\$ 131	\$ 111
Between 1 and 5 years	221	321
Total lease liabilities	\$ 352	\$ 432

14. Accounts Receivable

The components of accounts receivable are as follows:

As at December 31 (in thousands of dollars)	2023	2022
Due from customers	\$ 44,041	\$ 46,718
Unbilled revenue (Note 20)	24,631	14,661
Government related	4,614	3,538
Other	5,805	2,701
	\$ 79,091	\$ 67,618

15. Other Current Assets

The components of other current assets are as follows:

As at December 31 (in thousands of dollars)	2023	2022
Materials, fuel and supplies	\$ 15,789	\$ 19,126
Prepaid expenses	9,640	15,189
Derivative asset	2,765	4,970
	\$ 28,194	\$ 39,285

16. Property, Plant, and Equipment

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

Cost (in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self- Unloaders	Investment Properties	Corporate	Total
Balance at January 1, 2022	\$ 668,707	\$ 233,535	\$ 381,276	\$ —	\$ 21,696	\$ 1,305,214
Additions	5,376	56,568	5,397	839	903	69,083
Transfer between segments	(257)	—	—	—	257	—
Disposals	—	—	—	—	(24)	(24)
Transferred to held for sale	—	(31,526)	—	(839)	—	(32,365)
Fully depreciated assets no longer in use	(1,817)	(4,132)	(1,039)	—	(1,790)	(8,778)
Effect of foreign currency exchange differences	—	—	26,567	—	—	26,567
Balance at December 31, 2022	\$ 672,009	\$ 254,445	\$ 412,201	\$ —	\$ 21,042	\$ 1,359,697
Additions	6,792	14,472	17,214	—	6,192	44,670
Disposals	—	(57,162)	—	—	—	(57,162)
Transferred from held for sale	—	57	—	—	—	57
Fully depreciated assets no longer in use	(1,035)	(3,907)	(11,204)	—	(153)	(16,299)
Adjustment to presentation of previously recognized impairment	4,652	—	—	—	—	4,652
Effect of foreign currency exchange differences	—	—	(10,171)	—	—	(10,171)
Balance at December 31, 2023	\$ 682,418	\$ 207,905	\$ 408,040	\$ —	\$ 27,081	\$ 1,325,444

Accumulated depreciation (in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self- Unloaders	Investment Properties	Corporate	Total
Balance at January 1, 2022	\$ 192,632	\$ 140,777	\$ 139,035	\$ —	\$ 13,848	\$ 486,292
Depreciation expense	25,989	14,013	23,855	—	1,408	65,265
Transfer between segments	(257)	—	—	—	257	—
Transferred to held for sale	—	(29,668)	—	—	—	(29,668)
Fully depreciated assets no longer in use	(1,817)	(4,132)	(1,039)	—	(1,790)	(8,778)
Impairment reversal	(14,759)	—	—	—	—	(14,759)
Effect of foreign currency exchange differences	—	—	10,807	—	—	10,807
Balance at December 31, 2022	\$ 201,788	\$ 120,990	\$ 172,658	\$ —	\$ 13,723	\$ 509,159
Depreciation expense	25,655	14,593	24,261	—	1,367	65,876
Disposals	—	(42,131)	—	—	—	(42,131)
Transferred from held for sale	—	39	—	—	—	39
Fully depreciated assets no longer in use	(1,035)	(3,907)	(11,204)	—	(153)	(16,299)
Adjustment to presentation of previously recognized impairment reversal	4,652	—	—	—	—	4,652
Effect of foreign currency exchange differences	—	—	(4,604)	—	—	(4,604)
Balance at December 31, 2023	\$ 231,060	\$ 89,584	\$ 181,111	\$ —	\$ 14,937	\$ 516,692

Net Book Value (in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self- Unloaders	Corporate	Total
December 31, 2023					
Cost	\$ 682,418	\$ 207,905	\$ 408,040	\$ 27,081	\$ 1,325,444
Accumulated depreciation	231,060	89,584	181,111	14,937	516,692
	\$ 451,358	\$ 118,321	\$ 226,929	\$ 12,144	\$ 808,752
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

Net book value at December 31, 2023 includes capitalized dry-docking costs of \$44,707 (2022 - \$47,921) and related accumulated depreciation of \$24,267 (2022 - \$32,210).

During 2023, three product tanker vessels were sold. Two vessels were sold to unrelated third parties for net proceeds of \$11,478, generating gains on disposal of \$7,304. A third vessel was sold to an entity that is partially owned by FureBear, for net proceeds of \$14,485, generating a gain of \$1,788. Miscellaneous small parcels of land were also sold for proceeds and gains of \$194.

In the third quarter of this year, the Company purchased the land and building occupied by the new industrial machining joint venture, AMI, for a total purchase price of \$5,117. The land and building will generate rental income for the Corporate segment.

Subsequent to the year-end, the Company entered into agreements to purchase two used product tankers for a total purchase price of \$35,975. One tanker was delivered in January, 2024 and the other is expected in March, 2024.

Also subsequent to the year-end, the Company took delivery of the first of two domestic dry-bulk self-unloaders under construction. The vessel is expected to join operations in the second quarter of 2024.

Impairment reversal

In 2016, an impairment provision was recognized on the self-unloader fleet in the domestic dry-bulk segment due to low market demand and declining freight rates. During the fourth quarter of 2022, the Company completed a review of the market outlook and it was determined that due to sustained improvement in freight rates, a decline in the shipping capacity on the Great Lakes, and positive market trends, the remaining provision for impairment on the self-unloader fleet should be reversed.

In making this assessment, the carrying value of the self-unloader cash-generating unit was compared to the recoverable amount of the assets. The recoverable amount was based on a value-in-use model using discounted cash flow projections to determine the internal rate of return. The Company's hurdle rate of 8.01% was derived from the weighted average cost of capital, adjusted for taxes and specified risks.

17. Goodwill

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

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

An impairment charge is recognized to the extent that the carrying value exceeds the recoverable amount. The recoverable amount of the group of cash-generating units to which the goodwill has been allocated exceeds its carrying amount, inclusive of goodwill, and accordingly no impairment loss has been recognised as at December 31, 2023 or 2022. No impairment losses have been recorded against the value of goodwill since its acquisition.

18. 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 by a first lien against the shopping centre. The VTB mortgage bears interest-only payments at 5.5% for a 24 month term and is fully open for prepayment 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 have been received monthly thereafter. As at December 31, 2023, no principal prepayments have been received.

19. Other Assets

Other assets consist of the following:

As at December 31 (in thousands of dollars)	2023	2022
Vessels under construction	\$ 82,578	\$ 8,839
Right-of-use assets (Note 13)	368	506
Other	91	505
	\$ 83,037	\$ 9,850

The components of vessels under construction are as follows:

As at December 31 (in thousands of dollars)	2023	2022
Progress payments	\$ 73,578	\$ 5,645
Supervision and other	7,359	2,713
Capitalized interest	1,641	481
	\$ 82,578	\$ 8,839

The interest rate used for the capitalization of interest is based on the Company's effective rate on long-term debt of 4.50% (2022 - 4.64%).

20. Accounts Payable and Accrued Charges

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

As at December 31 (in thousands of dollars)	2023	2022
Due to suppliers and accrued charges	\$ 70,301	\$ 79,163
Deferred revenue (Note 7)	1,525	1,660
Government taxes payable	10,913	5,385
	\$ 82,739	\$ 86,208

In 2022, the Company recorded a provision of \$4,331 for environmental taxes resulting from federal regulations. The Company is uncertain as to the timing and final amount of these outflows due to ongoing negotiations with the federal government. In 2023, the provision was increased by \$6,556 for a year-end balance of \$10,887. As standard customer contract terms include recovery of new or additional charges or taxes, a receivable in the amount of \$8,385 has also been recorded as unbilled revenue.

21. Other Current Liabilities

The components of other current liabilities are as follows:

As at December 31 (in thousands of dollars)	2023	2022
Accrued interest on long-term debt	\$ 681	\$ 777
Dividends payable (Note 25)	2,588	52,582
Lease obligations (Note 13)	131	111
	\$ 3,400	\$ 53,470

22. Other Long-Term Liabilities

Other long-term liabilities consist of the following:

As at December 31 (in thousands of dollars)	2023	2022
Deferred compensation	\$ 2,005	\$ 1,812
Lease obligations (Note 13)	221	321
	\$ 2,226	\$ 2,133

23. Employee Future Benefits

Plan Descriptions

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

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

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

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

The most recent actuarial valuations of the obligations for the defined benefit plans for funding purposes were as of January 1, 2023 for the Employee Pension Plan of Algoma Central Corporation (the "Employee Plan") and January 1, 2020 for the The Union Employee Pension Plan for Algoma Ship Repair. The Union Employee Pension Plan was wound up with an effective date of August 31, 2022. The next required valuation for the Employee Plan will be as of January 1, 2024.

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

	2023	2022
Discount rate used for estimating accrued benefit obligation	4.8%	5.3%
Discount rate used for estimating net interest cost included in net benefit cost incurred	5.3%	3.0%
Rate of compensation increases	2.5%	2.5%
Mortality assumption	CPM 2014 Private, Scale CPM-B	CPM 2014 Private, Scale CPM-B

Defined benefit obligations have been determined in accordance with IAS19 standards, including the determination of discount rates. The discount rate assumption is selected with reference to market interest rates on high-quality corporate debt instruments with cash flows that match the timing and amount of expected benefit payments.

The Company's growth rate of health care costs was estimated at 4.8% (2022 - 4.8%), with the rate trending to 4.0% per annum to 2040. Increasing or decreasing the assumed health care rate cost trend rates by one percentage point would change the accrued benefit obligation by \$451 and (\$612) respectively.

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

For the years ended December 31 (in thousands of dollars)	2023	2022
Opening balance	\$ (2,434)	\$ (15,857)
Gains recognized during year, net of income tax	1,690	13,423
	\$ (744)	\$ (2,434)

The components of the actuarial gains recognized in other comprehensive earnings during the year are as follows:

For the years ended December 31 (in thousands of dollars)	2023	2022
Return (loss) on plan assets	\$ 2,972	\$ (19,687)
Actuarial gains (losses) arising from changes in financial assumptions	(577)	39,332
Actuarial losses arising from experience adjustments	(231)	(945)
Actuarial gains (losses) arising from administration expenses	(181)	27
Adjustments for restrictions on the defined benefit asset	317	(464)
	2,300	18,263
Income tax expense	(610)	(4,840)
	\$ 1,690	\$ 13,423

Information, in aggregate, regarding the effect of the asset ceiling for the Company's benefit plans for the years 2023 and 2022 is presented below.

As at December 31, 2023 (in thousands of dollars)	Pension Plans	Other Benefit Plans	Total
Effect of asset ceiling at beginning of year	\$ 806	\$ —	\$ 806
Interest on the effect of the asset ceiling	48	—	48
Other changes in effect of asset ceiling	(317)	—	(317)
Effect of asset ceiling at end of year	\$ 537	\$ —	\$ 537

As at December 31, 2022 (in thousands of dollars)	Pension Plans	Other Benefit Plans	Total
Effect of asset ceiling at beginning of year	\$ 309	\$ —	\$ 309
Interest on the effect of the asset ceiling	33	—	33
Other changes in effect of asset ceiling	464	—	464
Effect of asset ceiling at end of year	\$ 806	\$ —	\$ 806

Information, in aggregate, regarding the Company's reconciliation of the net liability (asset) arising from employee future benefits for the years 2023 and 2022 is presented below.

As at December 31, 2023 (in thousands of dollars)	Pension Plans	Other Benefit Plans	Total
Present value of benefit obligation	\$ 37,777	\$ 9,322	\$ 47,099
Effect of asset ceiling	537	—	537
Less: fair value of plan assets	(50,387)	—	(50,387)
Other	56	—	56
Net liability (asset)	\$ (12,017)	\$ 9,322	\$ (2,695)

As at December 31, 2022 (in thousands of dollars)	Pension Plans	Other Benefit Plans	Total
Present value of benefit obligation	\$ 131,384	\$ 8,810	\$ 140,194
Effect of asset ceiling	806	—	806
Less: fair value of plan assets	(140,445)	—	(140,445)
Net liability (asset)	\$ (8,255)	\$ 8,810	\$ 555

The presentation on the Consolidated Financial Statements of the net liability (asset) is as follows:

As at December 31 (in thousands of dollars)	2023	2022
Employee future benefit liabilities	\$ 19,456	\$ 18,774
Employee future benefit assets	(22,151)	(18,219)
	\$ (2,695)	\$ 555

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

As at December 31, 2023 (in thousands of dollars)	Pension Plans	Other Benefit Plans	Total
Employee Future Benefit Assets			
Fair value, beginning of year	\$ 140,445	\$ —	\$ 140,445
Expected return on plan assets	6,437	—	6,437
Return on plan assets in excess of expected return	2,972	—	2,972
Benefits paid	(9,563)	(658)	(10,221)
Administrative expenses	(681)	—	(681)
Employer contributions to plans	1,537	483	2,020
Employee contributions to plans	339	—	339
Retiree contributions to plans	—	176	176
Assets distributed on settlements (see below)	(91,064)	—	(91,064)
Other	(35)	(1)	(36)
Fair value, end of year	\$ 50,387	\$ —	\$ 50,387

Employee Future Benefit Obligations			
Obligations, beginning of year	\$ 131,384	\$ 8,810	\$ 140,194
Employer current service cost	789	88	877
Employee current service cost	339	—	339
Interest cost	5,667	454	6,121
Benefits paid	(9,563)	(658)	(10,221)
Retiree contributions	—	176	176
Actuarial gains	342	466	808
Liabilities extinguished on settlements (see below)	(91,181)	—	(91,181)
Other	—	(14)	(14)
Obligations, end of year	\$ 37,777	\$ 9,322	\$ 47,099

During 2023, the Company entered into an agreement with a major Canadian life insurance company (the "Insurer") to purchase annuities and to convert liabilities associated with retired and deferred members of the Employee Plan, transferring both the assets and related liabilities for those members to the Insurer.

As at December 31, 2022 (in thousands of dollars)	Pension Plans	Other Benefit Plans	Total
Employee Future Benefit Assets			
Fair value, beginning of year	\$ 163,045	\$ —	\$ 163,045
Expected return on plan assets	4,836	—	4,836
Loss on plan assets in below expected return	(19,687)	—	(19,687)
Benefits paid	(10,325)	(693)	(11,018)
Administrative expenses	(423)	—	(423)
Employer contributions to plans	2,649	521	3,170
Employee contributions to plans	351	—	351
Retiree contributions to plans	—	172	172
Other	(1)	—	(1)
Fair value, end of year	\$ 140,445	\$ —	\$ 140,445

Employee Future Benefit Obligations			
Obligations, beginning of year	\$ 170,492	\$ 11,508	\$ 182,000
Employer current service cost	1,584	131	1,715
Employee current service cost	351	—	351
Interest cost	5,027	337	5,364
Benefits paid	(10,325)	(693)	(11,018)
Actuarial gains	(35,744)	(2,644)	(38,388)
Retiree contributions	—	172	172
Other	(1)	(1)	(2)
Obligations, end of year	\$ 131,384	\$ 8,810	\$ 140,194

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

As at December 31 (in thousands of dollars)	2023	2022
The Employee Pension Plan of Algoma Central Corporation	\$ 22,151	\$ 18,219

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

As at December 31 (in thousands of dollars)	2023	2022
Supplementary Employee Retirement Plan	\$ 10,134	\$ 9,964
Other benefit plans	9,322	8,810
	\$ 19,456	\$ 18,774

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

For the year ended December 31, 2023 (in thousands of dollars)	Pension Plans	Other Benefit Plans	Total
Current service cost	\$ 789	\$ 88	\$ 877
Interest cost on plan obligations	5,667	454	6,121
Interest on effect of asset ceiling	48	—	48
Expected return on plan assets	(6,437)	—	(6,437)
Gain on curtailments and settlements	(117)	—	(117)
Administrative expenses	500	—	500
Other	37	—	37
	\$ 487	\$ 542	\$ 1,029

For the year ended December 31, 2022 (in thousands of dollars)	Pension Plans	Other Benefit Plans	Total
Current service cost	\$ 1,584	\$ 131	\$ 1,715
Interest cost on plan obligations	5,027	337	5,364
Interest on effect of asset ceiling	33	—	33
Expected return on plan assets	(4,836)	—	(4,836)
Administrative expenses	450	—	450
	\$ 2,258	\$ 468	\$ 2,726

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

As at December 31 (in thousands of dollars)	2023	2022
Short term notes	\$ 1,261	\$ 2,326
Canadian Government bonds	10,363	25,179
Canadian corporate bonds	3,732	9,069
Canadian equities	16,696	35,204
Foreign equities	28,581	68,708
Annuities	—	9,561
	60,633	150,047
Amount related to defined contribution plans	(10,246)	(9,602)
	\$ 50,387	\$ 140,445

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

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

The actual gross return on invested plan assets for 2023 was 10.8% or \$10,607 (2022 - (9.0%) or (\$15,017)).

The Company is taking a contribution holiday on current service contribution. Based on the most recent valuation results, the Company expects to make \$0 in contributions (2022 - \$1,698) to the funded defined benefit pension plans during the next fiscal year.

The expense recognized in the Consolidated Statement of Earnings for defined contribution plans is \$2,376 (2022 - \$2,107).

Sensitivity analysis

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

- If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by \$3,423 (increase by \$6,480).
- If the expected salary growth increases (decreases) by 1%, the defined benefit obligation would increase by \$1,074 (decrease by \$984).
- If the life expectancy increases (decreases) by one year for both men and women, the defined benefit obligation would increase by \$608 (decrease by \$207).

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

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

The average duration of the benefit obligation at December 31, 2023 is 10.4 years (2022 - 9.2 years). This number can be analysed as follows:

- active members: 13.0 years (2022 - 13.3 years);
- deferred members: 0.0 years (2022 - 11.8 years); and
- retired members: 5.7 years (2022 - 7.9 years).

24. Long-Term Debt

As at December 31 (in thousands of dollars)	2023	2022
Convertible unsecured subordinated debentures, due June 30, 2024, interest at 5.25%	\$ 60,898	\$ 78,068
Senior Secured Notes		
U.S. \$20,000, interest at 3.37%, due December 10, 2027	26,452	27,088
U.S. \$42,000, interest at 3.60%, due December 10, 2030	55,549	56,885
U.S. \$35,000, interest at 3.70%, due December 10, 2032	46,291	47,404
U.S. \$50,000, interest at 3.80%, due December 10, 2035	66,130	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
	383,320	410,362
Less: unamortized financing expenses	6,299	8,008
	377,021	402,354
Less: current portion of long-term debt and unamortized financing expenses	60,663	5,197
	\$ 316,358	\$ 397,157

The Company also holds a bank credit facility (the "Facility") which comprises a \$75 million Canadian dollar and a \$75 million U.S. dollar senior secured revolving bank credit maturing October 11, 2027. The Facility bears interest at rates that are based on the Company's ratio of net senior debt, as defined, to earnings before interest, taxes, depreciation and amortization and ranges from 170 to 325 basis points above bankers' acceptance, adjusted SOFR or EURIBOR rates. The Company has granted a general security agreement in favour of the senior secured lenders and has granted specific collateral mortgages covering the majority of its wholly owned vessels. As of December 31, 2023 and 2022, no amounts were drawn on the bank 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 December 31, 2023 and 2022, the Company was in compliance with all of its covenants.

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

Principal payments required to service the debt are as follows:

As at December 31 (in thousands of dollars)	2023	2022
Falling due within one year	\$ 60,898	\$ 5,197
Falling due between one and two years	—	78,068
Falling due between two and three years	—	—
Falling due between three and four years	26,452	—
Falling due between four and five years	—	27,088
Falling due in five years or later	295,970	300,009
	\$ 383,320	\$ 410,362

25. Share Capital

Share capital

Authorized share capital consists of an unlimited number of common and preferred shares with no par value. There were no preferred shares issued or outstanding as at December 31, 2023 and December 31, 2022. A reconciliation of the common shares issued and outstanding is as follows:

	2023	2022
Common shares issued and outstanding at beginning of year	38,001,872	37,800,943
Debt conversion	1,225,233	227,454
NCIB purchased and cancelled	(577,109)	(26,525)
Common shares issued and outstanding at end of year	38,649,996	38,001,872

Subsequent to the year-end, the Company's Board of Directors authorized payment of a quarterly dividend to shareholders of \$0.19 per common share. The dividend will be paid on March 1, 2024 to shareholders of record on February 16, 2024.

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

For the years ended December 31 (in thousands of dollars)	2023	2022
Net earnings	\$ 82,870	\$ 119,966
Interest expense on debentures, net of tax	3,350	3,991
Net earnings for diluted earnings per share	\$ 86,220	\$ 123,957
Basic weighted average common shares	38,503,457	37,818,215
Shares due to dilutive effect of debentures	4,568,564	5,124,715
Diluted weighted average common shares	43,072,021	42,942,930
Basic earnings per common share	\$ 2.15	\$ 3.17
Diluted earnings per common share	\$ 2.00	\$ 2.89

Convertible Debentures

The convertible debentures are subject to a conversion price adjustment when a special cash dividend is paid or when quarterly dividends reach a cumulative excess over \$0.10.

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

Payment of the special dividend of \$1.35 per common share on January 18, 2023 resulted in a further adjustment to the conversion price of the unsecured debentures from \$15.95 to \$14.59 per share. The quantity of issuable shares increased to 5,405,894.

The 2023 quarterly dividends of \$0.18 cents per common shares reached a cumulative excess with both the June 1st and December 1st payments triggering further adjustments resulting in a current conversion price of \$14.28 per share. The quantity of issuable shares at this price is 4,276,891.

During the year, \$17,798 (2022 - \$3,628) of debentures were converted resulting in the issuance of 1,225,233 (2022 - 227,454) common shares.

Subsequent to the year-end, convertible debentures having a face value of \$12,503 were converted, resulting in the issuance of 875,557 common shares.

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 Shares of \$0.75 per share equals the approximate paid-up capital amount of the Shares for purposes of the Income Tax Act.

Under the current NCIB, 515,461 Shares have been purchased and cancelled for a weighted average purchase price of \$15.19 for the year ending December 31, 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.

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

26. Accumulated Other Comprehensive Loss

(in thousands of dollars)	Hedges			Total
	Net investment	Purchase Commitment	Foreign exchange translation	
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 recovery	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)	4,675	(600)	(13,195)	(9,120)
Reclassified to earnings	—	(3,494)	—	(3,494)
Reclassified to vessels under construction	—	(1,698)	—	(1,698)
Income tax recovery	(50)	—	—	(50)
Net gain (loss)	4,625	(5,792)	(13,195)	(14,362)
Balance at December 31, 2023	\$ (26,628)	\$ 2,765	\$ 1,396	\$ (22,467)

27. Supplementary Disclosure of Cash Flow Information

The other items not affecting cash are as follows:

For the years ended December 31 (in thousands of dollars)	2023	2022
Interest expense	\$ 19,104	\$ 20,450
Interest income	(2,855)	(1,736)
Income tax expense (Note 12)	11,360	16,917
Foreign exchange gains (Note 11)	(3,044)	(3,892)
Other	1,051	1,714
	\$ 25,616	\$ 33,453

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

For the years ended December 31 (in thousands of dollars)	2023	2022
Accounts receivable	\$ (11,298)	\$ (12,003)
Materials, fuel and supplies	3,163	(6,054)
Prepaid expenses	5,422	(6,508)
Accounts payable and accrued charges	(3,145)	6,754
Other working capital	(124)	(148)
	\$ (5,982)	\$ (17,959)

Additions to property, plant and equipment are as follows:

For the years ended December 31 (in thousands of dollars)	2023	2022
Additions to property, plant, and equipment (Note 16)	\$ 44,670	\$ 69,083
Amounts included in working capital	(178)	(29)
Other non-cash adjustments	18	—
	\$ 44,510	\$ 69,054

28. Capital Disclosure

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

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

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

Included in ROE are net earnings and average shareholders' equity. The returns on equity over the last five years of the Company ranged from 4.0% to 17.6%.

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

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

As at December 31 (in thousands of dollars)	2023	2022
Total long-term debt	\$ 383,320	\$ 410,362
Shareholders' equity	\$ 778,309	\$ 726,024
Debt to shareholders' equity ratio	0.49 to 1	0.57 to 1

29. Commitments

The table below reflects the commitments of the Company at December 31, 2023. Annual expected payments are detailed in Note 31.

(in thousands of dollars)	
Construction of two domestic dry-bulk self-unloaders	\$ 100,629
Construction of two ice-class product tankers	114,225
Construction of three ocean self-unloaders	229,260
Construction of ten product tankers through a joint venture (Algoma share)	190,535
Purchase of remaining AMI shares (Note 9)	5,757
Leases	375
	\$ 640,781

30. Contingencies

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

31. Financial Instruments and Risk Management

The Company's financial instruments included in the Consolidated Balance Sheet comprise cash, accounts receivable, accounts payable and accrued charges, derivative asset, mortgage receivable, dividends payable and long-term debt.

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

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

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

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 December 31 (in thousands of dollars)	2023	2022
Long-term debt		
Carrying value	\$ 383,320	\$ 410,362
Fair value, classified as Level 2	\$ 341,468	\$ 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.

Financial risk management objectives

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

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

The Company may also utilize foreign exchange forward contracts and hedges related to purchase commitments to manage its foreign exchange risk associated with payments required under shipbuilding contracts with foreign shipbuilders.

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

Risk Management and Financial Instruments

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

Credit risk

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

The Company believes that the credit risk for accounts receivable is limited since the majority of accounts receivable at December 31, 2023 and 2022 have been outstanding for 60 days or less and the Company's customer base is diversified across industries. Most customers are well-established in their fields and have ties to multinational operations.

A provision for bad debts is established when it is determined the amount to be collected is lower than the carrying value. The allowance for doubtful accounts at December 31, 2023 and December 31, 2022 was not significant.

Liquidity Risk

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

The Company maintains credit facilities, which are reviewed regularly to ensure it has sufficient capital available to meet current and anticipated needs. The total authorized credit facility at December 31, 2023 and 2022 was Canadian \$75,000 and U.S. \$75,000 in a revolving facility. At December 31, 2023 and 2022, the Company had not drawn any amounts from the credit facilities.

Substantially all of the Company's wholly owned marine assets were pledged as collateral for the senior secured credit facilities. The carrying value as of December 31, 2023 of the assets pledged was approximately \$768,973 (2022 - \$740,486). The Company's real estate assets and vessels that are not wholly owned are not directly encumbered under these agreements.

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

(in thousands of dollars)	2024	2025	2026	2027	2028	2029 and Beyond	Total
Long-term debt including convertible debentures	\$ 61,074	\$ —	\$ —	\$ 26,452	\$ —	\$ 295,970	\$ 383,496
Vessel purchase commitments	164,177	152,570	76,420	50,947	—	—	444,114
Vessel purchase commitments through joint ventures	69,140	81,965	39,430	—	—	—	190,535
Interest payments on long-term debt	13,853	12,250	12,250	12,250	11,358	64,371	126,332
AMI share purchase	—	—	—	—	—	5,757	5,757
Leases	148	146	81	—	—	—	375
	\$ 308,392	\$ 246,931	\$ 128,181	\$ 89,649	\$ 11,358	\$ 366,098	\$ 1,150,609

Market risk

(a) Fuel prices

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

(b) Interest rate risk

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

Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite. At December 31, 2023 and 2022, the Company did not have any significant cash flow exposure to interest rate movements for its outstanding debt, since the majority of its borrowings have interest rates that have been fixed (Note 24).

(c) Interest rate sensitivity analysis

At December 31, 2023 and 2022, the majority of the Company borrowings have interest rates that are fixed, therefore there is minimal exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period.

(d) Foreign currency exchange risk

The Company operates internationally and is exposed to risk from changes in foreign currency rates. The foreign currency exchange risk to the Company results primarily from changes in exchange rates between the functional currencies of the Company and its subsidiaries and joint ventures, the Canadian dollar and the U.S. dollar.

At December 31, 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 \$16,235 and \$32,456 at December 31, 2023 and December 31, 2022, respectively. The Company also held Euro cash of €nil (2022 - €23,500).

The Company's exposure to foreign currency fluctuations is related to its unhedged cash balances and unhedged net investment in foreign subsidiaries. The Company has hedged part of its investment in the subsidiaries and joint ventures against its foreign-denominated long-term debt. At December 31, 2023 and 2022, the net investment in U.S. dollar foreign subsidiaries and joint ventures was U.S. \$401,312 and \$353,355, respectively. The amount hedged at both December 31, 2023 and 2022 was U.S. \$147,000.

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

The Company had U.S. dollar-denominated foreign exchange forward contracts outstanding with a notional principal of \$26,280 (2022 - \$39,420) and fair value gains of \$2,765 (2022 - \$4,970).

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

Based on the Company's estimates, a ten-cent weakening in the Canadian dollar relative to the U.S. dollar would increase net earnings in the current year by \$3,584.

Based on the balances at December 31, 2023 and 2022:

- A ten-cent weakening in the Canadian dollar relative to the U.S. dollar would increase other comprehensive earnings by \$25,431 and \$20,636, respectively.
- A ten-cent weakening in the Canadian dollar relative to the U.S. dollar would increase total assets by \$41,950 and \$38,680, respectively.
- A ten-cent weakening in the Canadian dollar relative to the U.S. dollar would increase total liabilities by \$15,856 and \$15,852, respectively.

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

32. Segment Disclosures

The Company operates through six segments; Domestic Dry-Bulk, Product Tankers, Ocean Self-Unloaders, Investment Properties, Corporate and Global Short Sea Shipping. 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 year ended December 31, 2023 (in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self- Unloaders	Investment Properties	Corporate	Global Short Sea Shipping	Total
Revenue	\$ 408,170	\$ 132,166	\$ 178,031	\$ —	\$ 2,853	\$ —	\$ 721,220
Operating expenses	(308,132)	(104,038)	(125,840)	—	(1,079)	—	(539,089)
Selling, general and administrative	(14,997)	(5,306)	(2,207)	—	(19,040)	—	(41,550)
Depreciation and amortization	(25,662)	(14,593)	(24,261)	—	(1,533)	—	(66,049)
Operating earnings (loss)	59,379	8,229	25,723	—	(18,799)	—	74,532
Interest, net	—	—	—	991	(17,240)	—	(16,249)
Gain on sale of assets	—	9,092	—	—	194	—	9,286
Foreign exchange gain	—	—	—	—	3,044	—	3,044
	59,379	17,321	25,723	991	(32,801)	—	70,613
Income tax recovery (expense)	(15,760)	(3,377)	—	(262)	8,039	—	(11,360)
Net earnings (loss) from investments in joint ventures	—	1,238	1,241	—	(133)	21,271	23,617
Net earnings (loss)	\$ 43,619	\$ 15,182	\$ 26,964	\$ 729	\$ (24,895)	\$ 21,271	\$ 82,870

For the year ended December 31, 2022 (in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self- Unloaders	Investment Properties	Corporate	Global Short Sea Shipping	Total
Revenue	\$ 360,139	\$ 118,686	\$ 193,730	\$ 2,938	\$ 2,449	\$ —	\$ 677,942
Operating expenses	(271,233)	(86,825)	(128,044)	(3,009)	(933)	—	(490,044)
Selling, general and administrative	(11,919)	(4,739)	(1,394)	—	(16,515)	—	(34,567)
Other operating items	14,395	—	—	—	—	—	14,395
Depreciation and amortization	(26,009)	(14,013)	(23,850)	—	(1,557)	—	(65,429)
Operating earnings (loss)	65,373	13,109	40,442	(71)	(16,556)	—	102,297
Interest, net	—	—	—	495	(19,209)	—	(18,714)
Gain on sale of assets	—	—	—	13,703	210	—	13,913
Foreign exchange gain	—	—	—	—	3,892	—	3,892
	65,373	13,109	40,442	14,127	(31,663)	—	101,388
Income tax recovery (expense)	(17,396)	(2,696)	—	(3,274)	6,449	—	(16,917)
Net earnings from investments in joint ventures	—	—	3,783	—	—	31,712	35,495
Net earnings (loss)	\$ 47,977	\$ 10,413	\$ 44,225	\$ 10,853	\$ (25,214)	\$ 31,712	\$ 119,966

As at December 31, 2023 (in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self- Unloaders	Investment Properties	Corporate	Global Short Sea Shipping	Total
Assets							
Current assets	\$ 60,635	\$ 12,385	\$ 34,647	\$ 19,448	\$ 34,276	\$ —	\$ 161,391
Property, plant, and equipment	451,358	118,321	226,929	—	12,144	—	808,752
Investments in joint ventures	—	47,225	2,108	—	5,415	206,167	260,915
Goodwill	7,910	—	—	—	—	—	7,910
Other assets	29,975	26,424	26,187	83	22,519	—	105,188
	\$ 549,878	\$ 204,355	\$ 289,871	\$ 19,531	\$ 74,354	\$ 206,167	\$ 1,344,156
Liabilities							
Current liabilities	\$ 46,153	\$ 12,918	\$ 14,658	\$ 1,369	\$ 11,426	\$ —	\$ 86,524
Current portion of long-term debt	—	—	—	—	60,663	—	60,663
Long-term liabilities	1,841	14,901	—	—	85,560	—	102,302
Long-term debt	—	—	—	—	316,358	—	316,358
	47,994	27,819	14,658	1,369	474,007	—	565,847
Shareholders' Equity	501,884	176,536	275,213	18,162	(399,653)	206,167	778,309
	\$ 549,878	\$ 204,355	\$ 289,871	\$ 19,531	\$ 74,354	\$ 206,167	\$ 1,344,156

As at December 31, 2022 (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

The Company has interests in entities which carry on most of their operations in foreign jurisdictions. The Company's proportionate share of the property, plant, and equipment and revenues from foreign operations is as follows:

As at December 31 (in thousands of dollars)	2023	2022
Property, plant, and equipment	\$ 438,543	\$ 468,042
Revenues	\$ 328,302	\$ 337,037

Domestic operation revenue earned outside of Canada, primarily in the United States, relates to vessel operations and is based on the location at which a shipment is unloaded. For the years ended December 31, 2023 and 2022, sales outside of Canada were \$183,876 and \$151,286, respectively.

The Company had two customers in 2023 and one in 2022 whose revenue exceeded 10% of consolidated revenue. Sales by segments for these customers are as follows:

For the years ended December 31 (in thousands of dollars)	2023	2022
Domestic Dry-Bulk	\$ 75,019	\$ —
Product Tankers	\$ 126,568	\$ 115,756

33. Compensation of Key Management

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

For the years ended December 31 (in thousands of dollars)	2023	2022
Short-term compensation and benefits	\$ 8,327	\$ 8,060
Share-based compensation	1,720	1,587
Post-employment benefits	320	305
	\$ 10,367	\$ 9,952

34. 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, have 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, 1,932,500 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 (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 December 31, 2023	525,168	\$ 14.94

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 then outstanding.

The following table summarizes information relating to stock options outstanding as at December 31, 2023.

Exercise price per share (amounts not stated in thousands)	Options outstanding	
	Number of shares	Remaining contractual life (years)
\$12.77	112,668	2.16
\$15.02	146,250	3.15
\$15.82	266,250	4.15
	525,168	

For the year ended December 31, 2023, the Company recognized compensation expense for stock option awards of \$399 (2022 - \$214). For the year ended December 31, 2023, 266,250 (2022 - 146,250) options were granted by the Company at a weighted average fair value of \$2.73 per option (2022 - \$2.59).

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

(amounts not stated in thousands)	2023	2022
Risk-free interest rate	3.56%	1.73%
Expected option life	5 years	5 years
Expected volatility*	26.71%	25.75%
Expected dividend yield	4.53%	3.92%

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

Other share-based compensation plans

The Company has other share unit plans which are awarded to certain employees. Under these plans, participants are awarded share units equivalent to the Company's common shares, which vest at the end of three years. During the vesting period, dividend equivalents accrue to the participants in the form of additional share units. At the maturity date, the participant receives cash representing the value of the share units. The number of share units outstanding under these plans as at December 31, 2023 was 368,865 (2022 - 304,958).

Compensation expense for these plans is recorded in the Consolidated Statement of Earnings and is recognized based on the fair value of the share units at the grant date, adjusted for changes in fair value between the grant date and the vesting date, over the service period required for employees to become fully entitled to the awards. For the year ended December 31, 2023, the Company recognized compensation expense for these plans of \$1,125 (2022 - \$1,227). The carrying amount of the liability relating to these plans, based on the closing share price and the elapsed service period from the grant date, was \$3,595 at December 31, 2023 (2022 - \$3,738), and is reported in accounts payable and accrued charges and other long-term liabilities on the Consolidated Balance Sheet.

35. Related Parties

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

There were no transactions with the Company's ultimate controlling party in 2023 and 2022.

63 CHURCH STREET, SUITE 600
ST. CATHARINES ONTARIO L2R 3C4

LEARN MORE AT ALGONET.COM

