ALGOMA CENTRAL CORPORATION

Annual Information Form

For the Year Ended December 31, 2024

YOUR MARINE
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General and Forward Looking Statements

In this Annual Information Form, all dollar amounts quoted are in Canadian dollars and in thousands, except for per share data, unless otherwise noted. This Annual Information Form is presented as at February 27, 2025.

Copies of the Annual Information Form, as well as copies of the Company's 2024 Annual Report and Management Information Circular, may be obtained at www.algonet.com/investor-relations and on SEDAR+ at www.sedarplus.ca.

This Annual Information Form may include forward-looking statements concerning the future results of the Company. These forward-looking statements are based on current expectations. The Company cautions that all forward-looking information is inherently uncertain and actual results may differ materially from the assumptions, estimates or expectations reflected or contained in the forward-looking information, and that actual future results could be affected by a number of factors, many of which are beyond the Company's control, including economic circumstances, technological changes, weather conditions, and the material risks and uncertainties identified by the Company and discussed in section 4 of this report. For further detail on forward looking statements, please refer to the 2024 Management's Discussion & Analysis at www.algonet.com/investor-relations and on SEDAR+ at www.sedarplus.ca.

1. CORPORATE STRUCTURE

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

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

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

Inter-corporate Relationships

The following is a list of the principal subsidiaries of Algoma representing more than 10% of the Company's consolidated assets or more than 10% of the Company's consolidated revenues and joint ventures representing a significant company interest. The other subsidiaries and joint ventures of the Company, not listed, represent together 20% or less of the Company's consolidated assets and 20% or less of the Company's consolidated revenues.

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

2. GENERAL DEVELOPMENT OF THE BUSINESS

Overview

Algoma Central Corporation owns and operates the largest fleet of dry and liquid bulk carriers operating on the Great Lakes - St. Lawrence 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 holds a 50% interest 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 other vessels.

The Company's executive offices are located in St. Catharines, Ontario. The Company employs approximately 1,600 people globally and had assets at December 31, 2024 of $1,523,953 and 2024 revenues of $703,444.

Three Year History

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

2024

In January, 2024 the Company purchased two 2009 built 16,600 dwt product tankers from Norway's Knutsen OAS Shipping. The vessels were initially on bareboat charters back to the sellers. Following completion of their bareboat charters later in the year, Algoma began trading one vessel in the Company's Canadian fleet, the renamed *Algosolis,* and one was deployed in Europe in the FureBear joint venture and was renamed *Fure Spear*.

In 2022, Algoma and Furetank AB of Sweden established a joint venture named FureBear, which by the end of 2023 had an agreement to construct 10 dual-fuel product tankers at China Merchants Jinling Shipyard in Yangzhou, China. In February, 2024 the first vessel in FureBear, the *Fure Vanguard*, was delivered and almost immediately went on hire with a delivery cargo.

In April, 2024 the Company took delivery of the *Algoma Bear*, the eleventh Equinox Class vessel and seventh Seawaymax self-unloader in the Class to be delivered. The vessel began regular operations within the domestic dry-bulk fleet in the second quarter of 2024.

In September, 2024 the Company announced the retirement of their Executive Vice-President and Chief Financial Officer, Peter Winkley, effective December 31, 2024 and appointment of incoming Chief Financial Officer, Christopher Lazarz, as of January 1, 2025.

In September, 2024 the *Fure Viken* was delivered, the second of ten newbuild in the FureBear joint venture.

In September, 2024, a newbuild contract became effective for a 38,000 deadweight tonne methanol-ready pneumatic cement vessel. The vessel will be the world's largest pneumatic cement carrier and the first cement carrier with a methanol-ready designation and is scheduled to be delivered to NovaAlgoma Cement Carriers in the first quarter of 2027.

In October, the keels were laid for two 37,000 ice class product tankers that are currently under construction at Hyundai Mipo Shipyard in South Korea for the domestic tanker fleet. They are expected to enter service in the second quarter of 2025 and will be on contract for Irving Oil on the east coast of Canada and the United States.

In October, a revised shipbuilding contract was finalized for the *Algoma Endeavour,* a Seawaymax forward mounted self-unloader, in Croatia and the vessel is expected to be delivered in the first quarter of 2025 for the domestic dry-bulk fleet. The vessel will be the twelfth and last vessel in the Equinox Class newbuild series.

During the fourth quarter of 2024 the *Fure Viskär* and the *Fure Vyl* were delivered to the FureBear joint venture, leaving six remaining vessels under construction.

In December, 2024 the keel was laid for the first of three methanol-ready ocean self-unloaders at Jiangsu Yangzi-Mitsui Shipbuilding Co., Ltd., in China. These new ships will replace Algoma's oldest vessels operating 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 with the first vessel scheduled for delivery in late 2025.

2023

In February, 2023 the Company announced a newbuild order with Jiangsu Yangzi-Mitsui Shipbuilding Co., Ltd., to construct two new methanol-ready Kamsarmax-based ocean belt self-unloading vessels. These new ships will replace Algoma's oldest vessels operating in the Pool, and become the model for its next generation of ocean self-unloaders. In July, 2023 the Company added a third vessel to the order. The three vessels are expected to be delivered between 2025 and 2027.

In June, 2023 the Company announced it had placed an order with Hyundai Mipo Shipyard in South Korea to build two 37,000 DWT ice class product tankers for a total investment of $127 million CAD. These new ships will be entered on long-term time charters to Irving Oil under Canadian flag, servicing the energy company’s refinery in Saint John, New Brunswick, with deliveries to ports in Atlantic Canada and the US East Coast. Delivery of the two vessels is expected in early 2025.

In September, 2023, the Company increased its order to 10 newbuild duel-fuel product tankers within the FureBear joint venture. The initial commitment in 2022 was for eight vessels.

During 2023, the *Algoma Hansa,* the *Algonorth,* and the *Algosea* were sold. 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 *Algoma Hansa* and *Algosea* were sold to third parties.

2022

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

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

During 2022, Algoma and Furetank AB of Sweden established a joint venture named FureBear, which entered into an agreement to construct eight dual-fuel product tankers at China Merchants Jinling Shipyard in Yangzhou, China.

In July, 2022, the Company acquired the *Birgit Knutsen,* now named the *Algoluna,* as a replacement vessel for its domestic tanker fleet. The vessel operated under a bareboat charter in international markets throughout 2022 and joined the domestic product tanker fleet in 2023.

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

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

Safety and Environmental Matters

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

The policy of the Company is as follows:

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

The Company publishes a Sustainability Report that highlights its sustainability initiatives and achievements. The most recent report was published in 2024 and provides an update on the Company's 2022 and 2023 sustainability performance, highlighting safety, operations excellence, environment, people, and community. The Sustainability Report is available for viewing on the Company's website at https://www.algonet.com/sustainability/.

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

As one example of environmental stewardship, the Company has set a carbon reduction target of 40% in GHG intensity by 2030, in line with the global target set by the IMO. Algoma also trialed biofuel on five vessels in our domestic fleet in 2023 and two in 2024. The trial was a success, with no significant operational or technical difficulties encountered, indicating that this fuel can be used with only minor vessel modifications required. While the carbon factor for this fuel has not yet been approved by Transport Canada, it is expected that use of this crop waste-based fuel results in a significant reduction in GHG emissions on a life-cycle basis.

3. NARRATIVE DESCRIPTION OF THE BUSINESS

Principal Business Segments

The Company reports the results of its operations for five 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 eight product tankers employed in Canadian flag service. The segment also includes the Company's 50% interest in an international joint venture comprising ten tankers, six of which are under construction, and an interest in a foreign-flagged tanker operation comprising two product tankers. 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 a Pool comprising the world's largest fleet of ocean-going self-unloaders, which at the end of the period 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 construction and 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.

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. Effective from January 1, 2024, the Company has aggregated the remaining balances of the Investment Properties segment with the Corporate segment as Investment Properties no longer meets the definition of a reportable segment. The comparative information for the Investment Properties segment has been reclassified to conform to the current financial statement presentation.

Seasonality

The nature of the Company's business is such that the earnings in the first quarter of each year are not indicative of the results for the other three quarters in the year. Due to the closing of the canal system and the winter weather conditions on the Great Lakes - St. Lawrence 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.

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

Foreign Operations

The Company has businesses that carry on most of their operations in foreign jurisdictions. The Company's proportionate share of the property, plant, and equipment in foreign jurisdictions at December 31, 2024 and 2023 was $568,084 and $438,543, respectively.

The Company's share of revenues in foreign jurisdictions for the years ended December 31, 2024 and 2023 were $329,366 and $328,302, respectively.

Locations

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

Financing

The Company refinanced all of its senior secured debt in 2020. The credit facilities include $340 million (all amounts in Canadian dollar equivalent) raised in a private placement of senior secured notes payable (the "Notes"). The Notes, which have been issued in both U.S. dollar and Canadian dollar tranches, have terms between seven and 15 years and bear interest rates ranging from 3.37% to 4.01% per annum, resulting in an overall effective rate at closing of 3.80%. The Notes have been issued to a group of Canadian and U.S. insurance companies. As at December 31, 2024, the weighted average term to maturity is 9 years.

Concurrent with the issuance of the Notes, and since extended into 2027, the Company entered into a $178 million revolving bank credit agreement (the "Bank Revolver") with a syndicate of four banks. In 2024, the credit agreement was increased by an additional $50 million.

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

Employees and Unions

The normal complement of employees is approximately 1,600, the majority of whom are unionized. The status of the various union agreements is 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). Each of these seven agreements are current. The NACC agreement expires on April 30, 2025. The four Domestic Dry Bulk agreements expire on May 31, 2027. The two Algoma Tanker Limited agreements expire on July 31, 2028.

Unlicensed Employees

There are four bargaining units for unlicensed shipboard employees. The Seafarers' International Union (SIU) represents three unlicensed employee bargaining units and Unifor the fourth. Each of the unlicensed agreements are current. The Algoma Tankers Limited agreement was renewed in 2024 with an expiry of July 31, 2029. For Domestic Dry Bulk, the Unifor agreement expires on March 31, 2027, and SIU agreement on August 31, 2028. The NACC agreement expires on June 30, 2027.

4. RISKS AND UNCERTAINTIES TO THE COMPANY

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

Tariffs

Global, as well as North American trade conditions, including trade barriers such as the imposition of tariffs on certain commodities or fees pertaining to vessels, may interfere with the free circulation of goods across Canada and the U.S. or the cost associated therewith. There can be no assurance that trade actions will not materially adversely affect the volume of marine shipments and/or revenues from commodities carried by the Company, and thus materially and negatively impact earnings and/or cash flow.

Availability of Qualified Personnel

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

Contractual Nature of the Business

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

Unions

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

Partnering

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

Outsourcing

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

Service Failure

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

Health and Safety

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

Property, Plant, and Equipment

The failure by a shipyard to complete the construction of a vessel under development would impact on the Company's ability to replace existing assets and expand the business. There are currently 15 vessels on order or under construction in China, Croatia, and South Korea. The Company has knowledgeable supervision teams in place at the shipyards to monitor the quality of construction and to assist in moving to a successful completion of the contract.

Capital Expenditures

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

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

Business Acquisitions

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

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

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

Competitive Markets

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

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

Climate Change and Environment

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

Sulphur Oxide Emissions

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

These regulations were adopted by the IMO in 2008 and on January 1, 2020, set a global limit of 0.5 percent sulphur content in marine fuels, except for fuels used in vessels equipped with exhaust gas scrubbers. Certain jurisdictions established emission control areas ("ECAs"), including Canada and the United States, reducing limits for sulphur in fuel to an even lower 0.1 percent in 2015.

Sulphur oxides can be reduced by taking one of two approaches: control of the sulphur content of the fuel or clean the resulting exhaust gas stream, which is commonly called scrubbing. Each of these methods exposes the industry and the companies that adopt them to certain risks.

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

Operators relying on either type of scrubber system face risks of equipment failure and the subsequent need to switch to more expensive sulphur compliant fuel if the scrubber breaks down. The advantage of installing scrubbers lies in the ability for the operator to consume traditional marine fuels for their main engines and generators. The alternative to installing scrubbers is to convert to the use of low sulphur fuels. These fuels include marine diesel, low sulphur blends of intermediate fuels, and biofuels. While using such fuels enables operators to avoid the capital cost of installing scrubbers, the cost of diesel and blended fuels has traditionally been higher than heavy fuel oils.

The regulatory framework concerning scrubbers is under review by the IMO. Effluent from scrubbers is under study and there is a possibility of additional restrictions on discharge in future.

Ballast Water

Under the International Convention for the Management of Ballast Water and Sediments (the "Convention"), vessels are subject to rules governing the release of ballast water in an effort to control the spread of non-native and potentially invasive aquatic organisms. While such controls were historically addressed by flushing ballast tanks mid-ocean; recent rule changes require the installation of ballast water treatment systems ("BWTS"). All of Algoma's international vessels have installed BWTS.

Ballast water rules governing domestic vessels operating on the Great Lakes have been developed by both the Canadian and U.S. governments. U.S rules exempt vessels trading exclusively within the Great Lakes and St. Lawrence River. Canadian ballast water regulations finalized in 2021 require the Canadian domestic fleet to begin installing systems on vessels. Algoma is developing plans to address the new Canadian rules, but there are concerns that these systems will not achieve the desired effect due to the different operating parameters of the lakes business (generally faster and more frequent ballasting and de-ballasting) and the recognized challenges with treating the very cold, fresh and, in some cases, turbid water in the Great Lakes. While failure to comply with regulations could result in fines and suspension of operating licenses, installation of approved equipment that is subsequently determined to fail to meet the targets for elimination of organisms could also result in further costs in the future. Algoma has installed BWTS on some of our new Lakers and has received extensions to the compliance dates for others.

Greenhouse Gases

The marine industry is participating in global efforts to reduce greenhouse gas emissions ("GHGs"). The IMO has set GHG reduction goals for the overall global marine industry, with the first being a 40% reduction in global emissions (on an intensity, or work conducted basis) by 2030 and net-zero GHG emissions by 2050. Regulations are in place that apply to as-yet built vessels requiring the utilization of newer, more efficient designs. Global efficiency standards for currently operating ships are also in force as of 2023. These regulations could impact engine design, vessel speeds (the so-called 'slow steaming': as vessels generally operate less efficiently at higher speeds and hull design and require that shipowners adopt technical or operational measures to improve efficiency. Equipment retrofits such as propeller devices or engine/shaft power limiters will require capital investment.

In addition to ship-based measures, the IMO is developing a pricing mechanism for GHG emissions and a GHG fuel standard that accounts for emissions over the life cycle of a fuel. Several proposals for a levy are under consideration, targeted for adoption and approval in 2025, for entry into force likely in 2027.

In the interim, various jurisdictions have enacted measures intended to either reduce carbon emissions or to put a price on emissions. Canada has enacted a carbon tax that is in place in provinces that do not have their own emission control regime, including Ontario. It is possible that carbon taxes or other measures could be applied in the future and that any measures enacted will impact the operating costs of the business and may not be recoverable through increased revenues.

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

Water levels

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

Severe Weather

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

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

Winter Conditions

The Company’s domestic dry-bulk vessels and product tankers operate primarily in the Great Lakes and the St. Lawrence 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 adjustments in the opening of the canals in the system and the movement of cargo.

The expectation is that climate change could result in more extreme weather events in the 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 the ability of older marine infrastructure to withstand more extreme weather.

Vessel Recycling

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

Regulatory

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

Catastrophic Loss

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

Nature of the Shipping Industry

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

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

- global and regional economic conditions;
- developments in international and Great Lakes trade;
- changes in seaborne and other transportation patterns, such as port congestion and canal closures;

- weather, water levels and crop yields;
- political developments; and
- embargoes and strikes.

Seaway

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

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 attempts to mitigate the impact of these fees by hiring qualified staff; however, this may have the effect of increasing the Company's costs. The ability of the Company to recovery these cost increases from customers is uncertain.

Costs of Incidents

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

Vessel Inspection

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

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

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

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

Aging Vessels

We may be unable to maintain or replace our vessels as they age. The domestic dry-bulk vessels that will begin the 2025 navigation season have an average age of approximately 19 years. The expense of maintaining, repairing and upgrading vessels typically increases with age, and after a period of time the cost necessary to satisfy required marine certification standards may not be economically justifiable. There can be no assurance that Algoma will be able to maintain its fleet by extending the economic life of existing vessels, or that our financial resources will be sufficient to enable us to make expenditures necessary for these purposes. In addition, the supply of replacement vessels is very limited and the costs associated with acquiring a newly constructed vessel are high. In the event that the Company were to lose the use of any of its vessels, our financial performance would be adversely affected.

Insurance Coverage

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

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

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

Marine Disaster

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

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

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

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

Arrests

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

Credit Facilities

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

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

Foreign Exchange

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

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

Credit Risk

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

Employee Future Benefits

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

Judicial and other proceedings

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

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

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

				Favourable/(Unfavourable)	
For the years ended December 31	**2024**	2023	2022	2024 vs 2023	2023 vs 2022
Reported revenue	**$ 703,444**	$ 721,220	$ 677,942	$ (17,776)	$ 43,278
Freight revenue[(1)]	**848,965**	860,730	814,864	(11,765)	45,866
Operating earnings	**75,145**	74,532	102,297	613	(27,765)
Net earnings	**91,638**	82,870	119,966	8,768	(37,096)
Basic earnings per share	**2.29**	2.15	3.17	0.14	(1.02)
Diluted earnings per share	**2.29**	2.00	2.89	0.29	(0.89)
EBITDA[(2)]	**200,494**	186,112	204,961	14,382	(18,849)
Free Cash Flow[(3)]	**77,097**	66,067	99,192	11,030	(33,125)
Dividends declared per share[(4)]	**0.76**	0.72	2.03	0.04	(1.31)
Return on Equity (ROE)[(5)]	**10.9 %**	11.0 %	17.6 %	(0.1pp)	(6.6pp)
As at December 31					
Common shares outstanding	**40,567,816**	38,649,996	38,001,872	1,917,820	648,124
Total assets	**$ 1,523,953**	$ 1,344,156	$ 1,365,697	$ 179,797	$ (21,541)
Total long-term financial liabilities	**$ 334,084**	$ 377,021	$ 402,354	$ (42,937)	$ (25,333)

(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 within the 2024 Financial Results for an explanation of this non-GAAP measure.

(3) See the section entitled Important Information About This MD&A - Free Cash Flow within the 2024 Financial Results 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.

Revenues

Revenue by business segment for the last three years were as follows:

				Favourable/(Unfavourable)	
For the years ended December 31	**2024**	2023	2022	2024 vs 2023	2023 vs 2022
Reported Revenue	**$ 703,444**	$ 721,220	$ 677,942	$ (17,776)	$ 43,278
Freight revenue[(1)]					
Domestic Dry-Bulk	**$ 374,100**	$ 407,083	$ 359,141	$ (32,983)	$ 47,942
Product Tankers	**160,284**	132,166	118,686	28,118	13,480
Ocean Self-Unloaders	**180,385**	182,468	197,951	(2,083)	(15,483)
Global Short Sea Shipping	**134,196**	139,013	139,086	(4,817)	(73)
Total freight revenue	**$ 848,965**	$ 860,730	$ 814,864	$ (11,765)	$ 45,866

(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.

The financial information above is prepared in accordance with International Financial Reporting Standards. There are no significant factors affecting the comparability of financial data between 2022, 2023 and 2024. Further discussion of the operating results for fiscal 2024 can be found in the Management's Discussion and Analysis for the years ended December 31, 2024, 2023, and 2022 available at www.algonet.com/investor-relations.

Dividends

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

Declared Date	Record Date	Payment Date	Dividend Per Share	Dividend Type
January 9, 2025	February 14, 2025	March 3, 2025	$0.2000	Eligible
November 1, 2024	November 18, 2024	December 2, 2024	$0.1900	Eligible
August 1, 2024	August 20, 2024	September 3, 2024	$0.1900	Eligible
May 1, 2024	May 17, 2024	June 3, 2024	$0.1900	Eligible
January 11, 2024	February 16, 2024	March 1, 2024	$0.1900	Eligible
November 3, 2023	November 17, 2023	December 1, 2023	$0.1800	Eligible
August 3, 2023	August 18, 2023	September 1, 2023	$0.1800	Eligible
May 3, 2023	May 18, 2023	June 1, 2023	$0.1800	Eligible
January 12, 2023	February 15, 2023	March 1, 2023	$0.1800	Eligible
December 14, 2022	January 4, 2023	January 18, 2023	$1.3500	Eligible
November 4, 2022	November 17, 2022	December 1, 2022	$0.1700	Eligible
August 5, 2022	August 18, 2022	September 1, 2022	$0.1700	Eligible
May 4, 2022	May 18, 2022	June 1, 2022	$0.1700	Eligible
January 13, 2022	February 15, 2022	March 1, 2022	$0.1700	Eligible

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company's 2024 Management's Discussion and Analysis is available at www.algonet.com/investor-relations and www.sedarplus.ca.

7. MARKET FOR SECURITIES

Stock Market Highlights

Common Shares

The common shares of the Company are listed on The Toronto Stock Exchange under the symbol of ALC. The price ranges and volume of common shares of the Company traded on the TSX on a monthly basis for 2024 were as follows:

Month	High	Low	Number of Trades	Volume Traded (000's)	Value Traded (000's)
January	$15.37	$14.72	1,402	339	$ 5,065
February	$15.58	$14.85	941	203	$ 3,072
March	$15.04	$14.26	774	279	$ 4,124
April	$15.08	$14.45	657	199	$ 2,940
May	$14.83	$14.10	1,045	312	$ 4,501
June	$14.37	$14.08	917	329	$ 4,662
July	$15.20	$14.07	888	185	$ 2,655
August	$15.03	$14.10	937	208	$ 3,021
September	$14.95	$14.03	629	122	$ 1,756
October	$15.60	$14.74	953	219	$ 3,322
November	$15.50	$14.80	863	203	$ 3,059
December	$15.14	$14.25	861	199	$ 2,943

8. LONG-TERM DEBT

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 $125 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 adjusted SOFR, CORRA, 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, 2024, $78,267 had been withdrawn from the Facility.

Principal payments required to service the debt are as follows:

As at December 31 (in thousands of dollars)		2024		2023
Falling due within one year	**$**	**49**	$	60,898
Falling due between one and two years		**53**		—
Falling due between two and three years		**28,836**		—
Falling due between three and four years		**35**		26,452
Falling due between four and five years		**—**		—
Falling due in five years or later		**310,740**		295,970
	$	**339,713**	**$**	**383,320**

9. CAPITAL STRUCTURE

Authorized share capital consists of an unlimited number of common and preferred shares with no par value. In 2024 the Company renewed its normal course issuer bid with the intention to purchase common shares for cancellation.

Common Shares

A holder of common shares is entitled to one vote per share at meetings of shareholders, to receive dividends, if any, as and when declared by the board, and to receive pro rata the remaining property and assets of Algoma Central Corporation upon its dissolution or winding-up, subject to the rights of shares having priority over the common shares. The Company had 40,567,816 common shares outstanding as at December 31, 2024.

Preferred Shares

At December 31, 2024 and 2023 there were no preferred shares issued and outstanding.

Normal Course Issuer Bid

Effective March 21, 2024, the Company renewed its normal course issuer bid (the "2024 NCIB") with the intention to purchase, through the facilities of the TSX, up to 1,975,857 of its common shares ("Shares") representing approximately 5% of the 39,517,144 Shares which were issued and outstanding as at the close of business on March 7, 2024.

Subject to prescribed exceptions, the Company is allowed to purchase up to 2,201 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 8,807 Shares. Any Shares purchased under the 2024 NCIB are cancelled. Under the current NCIB, no Shares have been purchased and cancelled for the nine months ended December 31, 2024.

In conjunction with the 2024 renewal of the NCIB, Algoma entered into a new automatic share purchase plan (the “ASPP”) with a designated broker to allow for the purchase of its Shares under the 2024 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 2024 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 2024 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 2024 NCIB has been reached; (b) Algoma terminates the ASPP in accordance with its terms; or (c) the 2024 NCIB expires. The ASPP constitutes an “automatic securities purchase plan” under applicable Canadian securities laws.

Convertible Debentures

During the year and prior to the full repayment of the convertible debentures on July 2, 2024, the conversion price was reduced from $14.28 to $14.10 per share. $27,959 (2023 - $17,798) of debentures were converted resulting in the issuance of 1,970,626 (2023 - 1,225,233) common shares.

For more information regarding the capital structure of the Company please see the consolidated financial statements in the 2024 Annual Report, available online at www.algonet.com/investor-relations or on SEDAR+ at www.sedarplus.ca.

10. DIRECTORS AND EXECUTIVE OFFICERS

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

Directors

Mats Berglund, Gothenburg, Sweden
During the last five years, Mr. Berglund has been an Independent Director of Ardmore Shipping and Chief Executive Officer and Director of Pacific Basin. He has served as a director of the Company since 2023.

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

Jens Grønning, Gentofte,Denmark
During the last five years, Mr. Grønning has been a partner in Otto Danielson, a boutique asset management firm and Chief Executive Officer of Navig8 Chemical Tankers and Executive Director of Navquim B.V. He has served as a director of the Company since 2023.

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

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

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

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

Clive P. Rowe, New York, New York
During the last five years, Mr. Rowe has been a corporate director and consultant. He has served as a director of the Company since 1999.

Gregg Ruhl, Amherst, New York
During the last five years, Mr. Ruhl has been President and Chief Executive Officer at Algoma Central Corporation. He has served as a director of the Company since 2023.

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

Shareholdings of Directors and Executive Officers

The directors and executive officers of the Company as a group beneficially own, directly or indirectly, or exercise control or direction 106,652 or 0.26% of the common shares of the Company.

Executive Officers

Duncan N. R. Jackman, Toronto, Ontario
Chairman
During the last five years, Mr. Jackman has been Chairman of the Board at Algoma Central Corporation.

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

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

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

Steve Wright, Vineland, Ontario
Executive Vice-President, Operations & Technical
During the last five years Mr. Wright has been Executive Vice-President, Operations & Technical, Senior Vice-President, Technical, and Vice-President, Engineering at Algoma Central Corporation.

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

Committees of the Board of Directors

Executive Committee

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

Audit Committee

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

Corporate Governance Committee

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

Environmental Health and Safety Committee

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

Investment Committee

The members of the Investment Committee are Clive P. Rowe (Chair), Mats Berglund, Jens Grønning, Duncan N.R. Jackman, and Eric Stevenson.

11. LEGAL PROCEEDINGS

There are no legal proceedings involving a material amount outstanding against the Company. For information on contingencies, please refer to Note 29 of the consolidated financial statements.

12. TRANSFER AGENT AND REGISTRAR

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

13. INTERESTS OF EXPERTS

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

14. AUDIT COMMITTEE

Mandate of the Audit Committee

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

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

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

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

Composition of the Audit Committee

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

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

Relevant Education and Experience

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

Audit Committee Member	Education and Experience
Clive P. Rowe, Chairman	Mr. Rowe is a corporate director and Chairman of Monument Re Group, a Bermuda based life reinsurance company. Past experience includes being the managing partner in a New York based investment fund.
Richard B. Carty	Mr. Carty has a Bachelor of Commerce (Honours) Degree from Queen's University, a Bachelor of Law Degree from the University of Victoria and an MBA from Imperial College (London, U.K.). Mr. Carty has many years of experience working with audit committees and exposure to financial and accounting issues of reporting issuers, a life insurance company and a mutual fund corporation.
E. M. Blake Hutcheson	Mr. Hutcheson has over 30 years of experience in the real estate services, investment, and finance business. He is currently President and CEO of OMERS effective June 1st, 2020. Prior to that, he was President and Chief Pension Officer of OMERS and President and Chief Executive for Oxford Properties Group, a wholly owned subsidiary of OMERS. In these roles, he has dealt with multiple complex accounting issues, several years of audits, statement preparations and has a strong working knowledge of financial reporting, tax, internal controls and accounting practices.
Mark McQueen	Mr. McQueen has worked in the financial services industry since 1993. Mr. McQueen is currently a business executive. Prior to that he was President and Executive Managing Director, Innovation Banking at CIBC. Prior to that he led Wellington Financial LP's growth from its inception as a $7 million fund in 2000 to its current $600 million investment program.

Pre-Approval Policies and Procedures

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

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

All requests for non-audit services must be submitted in writing and must provide adequate details as to the particular services to be provided by the external auditor. The Audit Committee must be informed about each non-audit service provided and may not delegate its approval authority to management. Services may be approved by the Chairman of the Audit Committee for non-audit services up to $25,000 and the Chairman of the Audit Committee advises the Audit Committee of any such pre-approved services at its next meeting.

External Auditor Service Fees

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

	2024	2023
Audit	**$ 1,112,830**	$ 1,080,000
Other	**24,000**	46,000
Total fees	**$ 1,136,830**	$ 1,126,000

15. ADDITIONAL INFORMATION

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

Requests for additional information should be directed to:

Chief Financial Officer, Algoma Central Corporation
63 Church Street, Suite 600, St. Catharines, Ontario, L2R 3C4
E-mail: Investorrelations@algonet.com

Additional information relating to the Company is available at www.algonet.com and with SEDAR+ at www.sedarplus.ca.

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2024

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