

ALGOMA CENTRAL CORPORATION

2025 Financial Results

For the Years Ended December 31, 2025 and 2024



YOUR MARINE CARRIER OF CHOICE.™

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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, 2025 and 2024 and related notes thereto and has been prepared as at March 5, 2026.

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 2025 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 holds interests in global joint ventures that own diversified portfolios of dry and liquid bulk fleets operating internationally. Across the global fleet, Algoma holds an ownership interest in over 100 vessels. In addition to its ownership interests, the Company provides operational management for other vessels.

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 19 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 ten product tankers employed in Canadian flag service, including two vessels that entered service in the first half of 2025. The segment also includes the Company's 50% interest in an international joint venture comprising ten tankers, two 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 nine ocean-going self-unloading vessels and joint venture interests in three additional self-unloaders. Eight of the 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. Two additional ocean self-unloaders are currently under construction, with deliveries in 2026 and 2027, and are set to replace the oldest Algoma-owned vessels in the Pool. Two of the three joint venture vessels were acquired during the year as part of a transaction that resulted in the Company obtaining an effective 33% interest. The transaction also included interests in two additional newbuild vessels currently under construction, with expected deliveries in 2028.

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. Two newbuild mini-bulkers and two pneumatic cement carriers are currently under construction, with contracts signed for an additional two newbuild mini-bulkers, all with expected deliveries between 2026 and 2027.

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 2026 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:

- global and North American trade conditions, including the imposition of tariffs and other trade barriers that may increase costs and disrupt the free movement of goods;
- 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, 2025, 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 results reflect a pro-rata share of Pool revenue and vessel operating costs for the Company's eight 100% owned ships currently included in the Pool. Earnings from the partially owned ships operating in this segment are included in the Company's joint venture results. 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 IFRS Accounting Standards 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*, *Profit Margin*, *Adjusted Profit Margin*, *Adjusted Performance Measures*, 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 Accounting Standards. EBITDA is calculated as net earnings before depreciation and

amortization, net interest expense, income tax expense, foreign exchange loss (gain), gain (loss) on sale of assets, and certain one-time items. 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.

Company share of EBITDA

Company share of 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 Accounting Standards. Company share of EBITDA is calculated as the Company's proportionate share of EBITDA of its consolidated and equity-accounted investments, determined based on the Company's ownership interests. Management considers Company share of EBITDA to be a meaningful measure to assess the operating performance attributable to the Company 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.

Profit Margin

Profit margin is a financial metric that measures the ability to generate earnings relative to revenue and is a measure of net earnings as a percentage of net revenue.

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 return on equity is calculated by dividing adjusted net earnings by unadjusted shareholders' equity.
- Adjusted net earnings: Net earnings adjusted for one-time items.
- One-time items: One-time items are non-recurring and/or non-operational in nature. Refer to the footnote on each table for the description of one-time items.
- Adjusted basic earnings per share: Adjusted net earnings divided by the weighted average number of shares outstanding during the period.
- Adjusted diluted earnings per share: Adjusted net earnings divided by the weighted average number of common shares outstanding adjusted for the effects of all potentially dilutive shares

Select Financial and Operational Performance

Statistical operating data are 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.

Select Financial and Operational Highlights

Financial Highlights

For the years ended December 31	Favourable/(Unfavourable)				
	2025	2024	2023	2025 vs 2024	2024 vs 2023
Reported revenue	\$ 761,056	\$ 703,444	\$ 721,220	\$ 57,612	\$ (17,776)
Freight revenue ⁽¹⁾	923,636	848,965	860,730	74,671	(11,765)
Operating earnings	80,198	75,145	74,532	5,053	613
Net earnings	143,025	91,638	82,870	51,387	8,768
Basic earnings per share	3.53	2.29	2.15	1.24	0.14
Diluted earnings per share	3.53	2.29	2.00	1.24	0.29
EBITDA ⁽²⁾	230,987	200,494	186,042	30,493	14,452
Free Cash Flow ⁽³⁾	92,918	77,097	66,067	15,821	11,030
Dividends declared per share	0.80	0.76	0.72	0.04	0.04
Return on Equity (ROE) ⁽⁴⁾	14.99 %	10.92 %	11.02 %	4.07 %	(0.10)%

As at	December 31		December 31 2025 vs 2024
	2025	2024	
Common shares outstanding	40,567,816	40,567,816	—
Total assets	\$ 1,770,704	\$ 1,523,953	\$ 246,751
Total long-term debt, including current portion	\$ 418,943	\$ 334,084	\$ (84,859)

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

Operational Highlights

The following table lists key measures of the Company's operating performance and 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	2025	2024	2023
Number of shipboard employees	1,705	1,519	1,551
Total distance travelled by vessels (nautical miles)	1,496,253	1,308,308	1,325,305
Total cargo carried (metric tonnes in thousands) ⁽¹⁾	44,925	41,699	44,872
Tonne-kilometres travelled (in millions) ⁽²⁾	44,822	40,654	41,803
Deadweight tonnage (metric tonnes in thousands) ⁽³⁾	1,469	1,306	1,297
Number of vessels in these fleets	38	35	34
Number of vessel port calls	3,041	2,844	3,021
Operating days ⁽⁴⁾	11,392	10,472	10,177

- (1) Total quantity of cargo in metric tonnes transported during the reporting period.
- (2) Total cargo tonne-kilometres travelled is 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.

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, 2025, 2024, and 2023, and presented herein:

For the years ended December 31	2025	2024	2023
Net earnings	\$ 143,025	\$ 91,638	\$ 82,870
<i>Adjustments to net earnings, excluding joint ventures:</i>			
Depreciation and amortization	85,929	71,357	66,049
One-time items ⁽²⁾	4,500	(14,891)	—
Interest expense, net	25,238	17,507	16,249
Gain on sale of assets	—	(1,404)	(9,286)
Foreign exchange (gain) loss	(790)	2,278	(3,044)
Income tax expense	7,617	2,886	11,360
<i>Joint venture adjustments:</i>			
Interest expense, net	9,732	5,306	4,134
Foreign exchange (gain) loss	(1,160)	447	(43)
Depreciation and amortization	27,519	22,878	17,713
Income tax expense	935	2,823	599
Gain on sale of assets	(41)	(331)	(559)
One-time Items ⁽³⁾	(71,517)	—	—
EBITDA⁽¹⁾	\$ 230,987	\$ 200,494	\$ 186,042

- (1) Please refer to the section entitled Important Information About This MD&A for an explanation of this non-GAAP measure.
- (2) Current year pre-tax impairment loss on financial asset and prior year impairment reversal in investment in joint venture.
- (3) Company's share of gains relating to the sale of a 51% interest in certain cement carrier vessels in the NACC fleet and subsequent remeasurement.

Revenues

For the years ended December 31	Favourable/(Unfavourable)				
	2025	2024	2023	2025 vs 2024	2024 vs 2023
Reported Revenue	\$ 761,056	\$ 703,444	\$ 721,220	\$ 57,612	\$ (17,776)
Freight revenue ⁽¹⁾					
Domestic Dry-Bulk	\$ 403,989	\$ 374,100	\$ 407,083	\$ 29,889	\$ (32,983)
Product Tankers	231,587	160,284	132,166	71,303	28,118
Ocean Self-Unloaders	179,602	180,385	182,468	(783)	(2,083)
Global Short Sea Shipping	108,458	134,196	139,013	(25,738)	(4,817)
<i>Total freight revenue</i>	\$ 923,636	\$ 848,965	\$ 860,730	\$ 74,671	\$ (11,765)

(1) Freight revenue from each segment includes our proportionate share of freight revenue from the 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 2025 were as follows:

Month	High	Low	Number of Trades	Volume Traded (000's)	Value Traded (000's)
January	\$15.03	\$14.26	565	117	\$ 1,714
February	\$15.50	\$14.60	684	164	\$ 2,468
March	\$15.38	\$14.42	927	200	\$ 2,992
April	\$15.53	\$14.07	814	180	\$ 2,690
May	\$16.45	\$15.20	710	166	\$ 2,613
June	\$16.34	\$15.80	571	125	\$ 2,007
July	\$16.50	\$15.82	605	148	\$ 2,408
August	\$17.50	\$15.99	1,005	218	\$ 3,680
September	\$17.75	\$16.31	825	190	\$ 3,228
October	\$18.29	\$16.52	837	192	\$ 3,356
November	\$18.84	\$17.50	736	135	\$ 2,454
December	\$19.58	\$18.31	700	119	\$ 2,274

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, 2025, 2024, and 2023, to the adjusted non-GAAP performance measures presented herein:

For the years ended December 31	2025	2024	2023
Net earnings	\$ 143,025	\$ 91,638	\$ 82,870
<i>Adjustments:</i>			
One-time items ⁽¹⁾⁽²⁾	(68,210)	(13,015)	—
Adjusted net earnings	\$ 74,815	\$ 78,623	\$ 82,870
Return on equity	14.99 %	10.92 %	11.02 %
Adjusted return on equity	7.84 %	9.37 %	11.02 %
Basic earnings per share	\$ 3.53	\$ 2.29	\$ 2.15
Impact of adjustments per share	(1.68)	(0.32)	—
Adjusted basic earnings per share	\$ 1.85	\$ 1.97	\$ 2.15
Diluted earnings per share	\$ 3.53	\$ 2.29	\$ 2.00
Impact of adjustments per share	(1.68)	(0.32)	—
Adjusted diluted earnings per share	\$ 1.85	\$ 1.97	\$ 2.00

(1) 2025 one-time items include \$71,517 of Company's share of gains relating to the sale of a 51% interest in certain cement carrier vessels in the NACC fleet and subsequent remeasurement, and \$3,307 after-tax loss on a financial asset from a previously sold investment property held in the corporate segment.

(2) 2024 one-time items comprises \$13,015 relating to an impairment reversal, net of related amortization, within the Company's investment in the Global Short Sea Shipping segment

Domestic Dry-Bulk Segment

Financial Performance

For the years ended December 31	Favourable/(Unfavourable)				
	2025	2024	2023	2025 vs 2024	2024 vs 2023
Revenue	\$ 405,072	\$ 375,159	\$ 408,170	\$ 29,913	\$ (33,011)
Operating expenses	(301,045)	(290,696)	(308,132)	(10,349)	17,436
Selling, general and administrative expenses	(17,298)	(14,320)	(14,997)	(2,978)	677
Depreciation and amortization	(31,296)	(27,465)	(25,662)	(3,831)	(1,803)
Operating earnings	55,433	42,678	59,379	12,755	(16,701)
Interest, net	(13)	—	—	(13)	—
Gain on sale of vessel	—	438	—	(438)	438
Income tax expense	(14,769)	(11,420)	(15,760)	(3,349)	4,340
Net earnings	\$ 40,651	\$ 31,696	\$ 43,619	\$ 8,955	\$ (11,923)

Operational Performance

For the years ended December 31	% Change				
	2025	2024	2023	2025 vs 2024	2024 vs 2023
Volumes (metric tonnes in thousands)					
Power Generation	—	20	75	(100)%	(73)%
Iron and steel	9,681	8,243	7,975	17 %	3 %
Construction	2,799	2,780	3,867	1 %	(28)%
Agriculture	4,071	4,023	4,032	1 %	— %
Salt	3,483	3,179	4,749	10 %	(33)%
Total volumes	20,034	18,245	20,698	10 %	(12)%
Revenue Days	5,380	4,852	5,480	11 %	(11)%
Operating Days	5,654	5,115	5,688	11 %	(10)%

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, 2025, 2024, and 2023, and presented herein:

For the years ended December 31	2025	2024	2023
Net earnings	\$ 40,651	\$ 31,696	\$ 43,619
<i>Adjustments to net earnings:</i>			
Interest, net	13	—	—
Depreciation and amortization	31,296	27,465	25,662
Income tax expense	14,769	11,420	15,760
Gain on sale of vessel	—	(438)	—
EBITDA⁽¹⁾	\$ 86,729	\$ 70,143	\$ 85,041

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

2025 Compared to 2024

The increase in revenue was mainly attributable to a 10% rise in volumes, driving an 11% increase in revenue days. Volumes increased across all major sectors during the year, with particularly strong growth in iron ore and salt cargoes. The addition of a major domestic steel customer led to significant increases in iron ore volumes compared to the prior year, while salt volumes rose as inventories were replenished around the Great Lakes following the return of colder winter weather conditions. Cargo volumes in the agriculture and construction sectors experienced modest increases, while revenues benefited from spot grain business and the return of domestic gypsum supply during the year.

Operating costs increased primarily due to an 11% rise in operating days driven by higher fleet utilization. These higher costs were partially offset by reduced lay-up expenses compared to the same period last year. Year-over-year results were further impacted with provisions for uncollectable amounts related to export coal and grain customers.

In the second quarter of 2025, the *Algoma Endeavour* joined the domestic dry-bulk fleet. The *Algoma Endeavour*, a new Seawaymax self-unloader, is the twelfth and final vessel in the Company's Equinox Class series.

Outlook

Looking ahead in 2026, grain and salt volumes are expected to increase, partially offset by reductions in the iron and steel sectors. Higher grain volumes are anticipated to add revenue days and support continued strength in the agriculture segment. Salt volumes are also expected to improve, driven by increased demand for de-icing salt around the Great Lakes - St. Lawrence region. Construction activity is expected to remain relatively flat as it continues to be influenced by broader economic conditions. Algoma is closely monitoring developments regarding global tariffs; however, we do not anticipate any major effects on domestic dry-bulk cargo volumes at this time.

Product Tankers Segment

Financial Performance

For the years ended December 31	Favourable/(Unfavourable)				
	2025	2024	2023	2025 vs 2024	2024 vs 2023
Revenue	\$ 177,832	\$ 148,347	\$ 132,166	\$ 29,485	\$ 16,181
Operating expenses	(126,219)	(116,993)	(104,038)	(9,226)	(12,955)
Selling, general and administrative	(6,437)	(5,986)	(5,306)	(451)	(680)
Depreciation and amortization	(23,130)	(15,962)	(14,593)	(7,168)	(1,369)
Operating earnings	22,046	9,406	8,229	12,640	1,177
Interest expense	(3,603)	—	—	(3,603)	—
Gain on sale of vessels	—	966	9,092	(966)	(8,126)
Income tax expense	(4,381)	(1,900)	(3,377)	(2,481)	1,477
Net earnings from investment in joint venture	11,203	3,186	1,238	8,017	1,948
Net earnings	\$ 25,265	\$ 11,658	\$ 15,182	\$ 13,607	\$ (3,524)

Operational Performance⁽¹⁾

For the years ended December 31	% Change				
	2025	2024	2023	2025 vs 2024	2024 vs 2023
Volume (metric tonnes in thousands)					
Petroleum products	4,826	3,492	2,729	38 %	28 %
Total volume	4,826	3,492	2,729	38 %	28 %
Revenue days	3,108	2,545	2,366	22 %	8 %
Operating days	3,160	2,629	2,502	20 %	5 %

(1) The vessels which operate under international joint ventures arrangements 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, 2025, 2024, and 2023, and presented herein:

For the years ended December 31	2025	2024	2023
Net earnings	\$ 25,265	\$ 11,658	\$ 15,182
<i>Adjustments to net earnings:</i>			
Depreciation and amortization	23,130	15,962	14,593
Interest expense	3,603	—	—
Income tax expense	4,381	1,900	3,377
Gain on sale of vessels	—	(966)	(9,092)
<i>Joint venture:</i>			
Interest expense	7,879	1,851	—
Depreciation and amortization	7,479	1,453	—
Foreign exchange gain	(268)	(78)	—
Income tax expense	—	4	—
EBITDA⁽¹⁾	\$ 71,469	\$ 31,784	\$ 24,060

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

2025 Compared to 2024

A larger domestic fleet, improved rates, and fewer non-productive days contributed to higher revenues compared to the prior year. The addition of the *Algoma East Coast* and the *Algoma Acadian* to the fleet increased available capacity, as these vessels entered service in the second quarter of 2025 and operate on long-term charters under Canadian flag, delivering refined petroleum products along the Canadian and U.S. East Coasts.

Operating costs increased compared to the previous year period, primarily due to higher crew wage and consumables expenses reflecting the greater number of operating days associated with the expanded fleet. This increase was partially offset by lower lay-up costs.

Joint venture earnings increased as the FureBear fleet grew from one vessel in early 2024 to eight vessels by the end of 2025. The *Fure Vanguard* was the first vessel delivered in the first quarter of 2024, followed by *Fure Viken*, *Fure Viskär*, and *Fure Vyl* in the latter half of the year. The *Fure Vesborg*, *Fure Victoria*, *Fure Valö*, and *Fure Ven* joined the fleet in 2025. These vessels are the first eight of ten newbuild product tankers to enter operations. Additionally, joint venture earnings continue to benefit from having the *Fure Spear* and *Fure Skagen* operating in an international pool.

Outlook

We expect customer demand in the segment to remain steady, with fuel distribution patterns within Canada continuing to support strong vessel utilization for vessels trading under Canadian flag. The fleet is expected to be fully deployed, with all ten Canadian-flagged vessels in operation. Algoma is closely monitoring developments regarding global tariffs; however, we do not anticipate any major effects on product tanker cargo volumes at this time.

The remaining two FureBear newbuild tankers under construction are expected to be delivered in mid-2026. The Company is anticipating a continued steady rate environment for these tankers.

Ocean Self-Unloaders Segment

Financial Performance

For the years ended December 31				Favourable/(Unfavourable)	
	2025	2024	2023	2025 vs 2024	2024 vs 2023
<i>Average foreign exchange rate (USD/CAD)</i>	1.3978	1.3698	1.3495	0.0280	0.0203
Revenue	\$ 175,520	\$ 177,185	\$ 178,031	\$(1,665)	\$(846)
Operating expenses	(114,785)	(109,506)	(125,840)	(5,279)	16,334
Selling, general and administrative	(7,357)	(1,873)	(2,207)	(5,484)	334
Depreciation and amortization	(29,790)	(26,315)	(24,261)	(3,475)	(2,054)
Operating earnings	23,588	39,491	25,723	(15,903)	13,768
Net earnings from investment in joint venture	1,118	288	1,241	830	(953)
<i>Net earnings</i>	\$ 24,706	\$ 39,779	\$ 26,964	\$(15,073)	\$ 12,815

Operational Performance

For the years ended December 31				% Change	
	2025	2024	2023	2025 vs 2024	2024 vs 2023
Pool Volumes (metric tonnes in thousands) ⁽¹⁾					
Gypsum	3,383	3,743	3,903	(10)%	(4)%
Aggregates	8,889	8,252	9,152	8 %	(10)%
Coal	7,204	7,338	7,633	(2)%	(4)%
Other	589	629	757	(6)%	(17)%
<i>Total volumes</i>	20,065	19,962	21,445	1 %	(7)%
Algoma Vessels					
Revenue days	2,478	2,707	2,509	(8)%	8 %
Operating days	2,578	2,728	2,570	(5)%	6 %
Off-hire days for dry-docking	354	142	392	149 %	(64)%

(1) Pool volumes exclude volumes carried on vessels that were under time charter arrangements and under joint venture.

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, 2025, 2024, and 2023, and presented herein:

For the years ended December 31	2025	2024	2023
Net earnings	\$ 24,706	\$ 39,779	\$ 26,964
<i>Adjustments to net earnings:</i>			
Depreciation and amortization	29,790	26,315	24,261
<i>Joint venture:</i>			
Depreciation and amortization	719	280	169
Interest income	(21)	(48)	(14)
Foreign exchange (gain) loss	(11)	(1)	2
EBITDA⁽¹⁾	\$ 55,183	\$ 66,325	\$ 51,382

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

2025 Compared to 2024

The Ocean Self-Unloader segment earnings declined year-over-year, primarily due to an increase in scheduled dry-dockings for the Algoma fleet, with four completed in 2025 compared to two in the prior year. However, Pool volumes remained steady during the year, driven by increased aggregate demand.

Operating expenses increased mainly as a result of the additional dry-dockings and higher off-hire incidents during the year compared to the prior year period. Year-over-year Pool results were further impacted by a provision for uncollectable amounts related to an export coal customer.

During the year, the Pool updated its commercial agreement modifying its structure by including, in addition to revenues, a sharing of vessel operating costs.

The *Algoma Legacy*, the first of three newbuild methanol-ready ocean self-unloaders ordered by Algoma, was delivered in the third quarter of 2025. This new vessel has replaced the *Honourable Henry Jackman* (the "*Jackman*"), in the Pool, with the *Jackman* expected to pursue alternative employment opportunities outside the Pool. The remaining two vessels under construction are scheduled for delivery in 2026 and 2027.

In the fourth quarter of 2025, the fleet was expanded to include a 33% interest in two self-unloading vessels trading in Northern Europe, together with a 33% interest in two additional newbuild vessels that are scheduled for delivery in 2028.

Outlook

Vessel supply is expected to increase in 2026 as no Algoma Pool vessels are scheduled for dry-docking. Volumes in the gypsum and aggregates trades are anticipated to rise in response to increased customer demand, partially offset by modest declines in coal volumes. In addition, the second Algoma newbuild self-unloader is expected to be delivered in the second quarter of 2026 and, together with its sister vessels, will offer improved fuel efficiency compared to the vessels they replace.

Global Short Sea Shipping Segment

Financial Performance

For the years ended December 31	Favourable/(Unfavourable)				
	2025	2024	2023	2025 vs 2024	2024 vs 2023
<i>Average foreign exchange rate (USD/CAD)</i>	1.3978	1.3698	1.3495	0.0280	0.0203
Revenue	\$ 216,915	\$ 268,391	\$ 278,026	\$ (51,476)	\$ (9,635)
Operating expenses	(149,305)	(172,707)	(184,113)	23,402	11,406
Selling, general and administrative	(7,617)	(7,421)	(7,134)	(196)	(287)
Depreciation and amortization	(37,698)	(37,079)	(33,825)	(619)	(3,254)
Operating earnings	22,295	51,184	52,954	(28,889)	(1,770)
Gain on sale of assets	—	662	1,089	(662)	(427)
Gain on loss of control of subsidiary	72,947	—	—	72,947	—
Gain on remeasurement of retained interest	70,086	—	—	70,086	—
Interest expense	(3,763)	(7,018)	(8,304)	3,255	1,286
Foreign exchange gain (loss)	1,824	(1,105)	89	2,929	(1,194)
Earnings before undernoted	163,389	43,723	45,828	119,666	(2,105)
Income tax expense	(918)	(4,758)	(1,293)	3,840	(3,465)
Net earnings of joint ventures	7,737	4,329	4,609	3,408	(280)
Net earnings attributable to non-controlling interest	(460)	(2,587)	(5,340)	2,127	2,753
Net earnings	\$ 169,748	\$ 40,707	\$ 43,804	\$ 129,041	\$ (3,097)
<i>Company share of net earnings above</i>	\$ 84,874	\$ 20,354	\$ 21,902	\$ 64,520	\$ (1,548)
Impairment reversal of investment in joint venture	—	14,891	—	(14,891)	14,891
Amortization of vessel purchase price allocation and intangibles	(286)	(2,423)	(631)	2,137	(1,792)
Company share included in net earnings from investments in joint ventures	\$ 84,588	\$ 32,822	\$ 21,271	\$ 51,766	\$ 11,551

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, 2025, 2024, and 2023, and presented herein:

For the years ended December 31	2025	2024	2023
Company share of net earnings from investments in joint ventures	\$ 84,588	\$ 32,822	\$ 21,271
<i>Adjustments to net earnings (company's share):</i>			
Depreciation and amortization	19,135	20,963	17,544
Interest expense	1,882	3,509	4,152
Income tax expense	459	2,379	647
Foreign exchange (gain) loss	(912)	553	(45)
Gain on sale of assets	—	(331)	(545)
One-time items ⁽²⁾⁽³⁾	(71,517)	(14,891)	—
Company share of EBITDA from investments in joint ventures⁽¹⁾	\$ 33,635	\$ 45,004	\$ 43,024

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

(2) Company's share of gains relating to the sale of a 51% interest in certain cement carrier vessels in the NACC fleet and subsequent remeasurement in 2025.

(3) Relating to an impairment reversal, net of related amortization, within the Company's investment in the Global Short Sea Shipping segment in 2024.

2025 Compared to 2024

Earnings, which include our NACC (cement), NASC (mini-bulker), and NABH (handy-size) joint ventures, increased in 2025 due to a one-time \$71,517 gain in NACC due to sale of 51% of a segment of its cement carrier business, in the fourth quarter. This transaction reduced the Company's effective ownership interest from 50% to 24.5% in certain vessels within NACC's fleet of cement carriers.

Excluding the gain, cement carrier earnings were impacted by higher depreciation expense in the year, primarily driven by accelerated depreciation on certain vessels in the cement fleet. These charges were related to earlier-than-planned dry-dockings undertaken to facilitate entry into new vessel employment contracts. Mini-bulker fleet earnings declined as a result of an increased number of dry-dockings; five in 2025 compared to one in 2024. The handy-size fleet improved slightly benefiting from higher market rates in the latter half of the year.

Outlook

We anticipate steady rates across the fleets in 2026, with most assets committed to long-term time charter contracts. The handy-size fleet, together with the mini-bulker fleet are expected to experience increased earnings as compared to 2025 with three newbuild assets to be added in the mini-bulker fleet over the course of the year, and relatively consistent market conditions in both the handy-size and mini-bulker fleets.

Four newbuild 9.5K deadweight mini-bulkers, and two 38K deadweight pneumatic cement carriers, which will be the largest specialized cement carriers in the world, are currently under construction and are scheduled for delivery throughout 2026 and 2027.

Corporate Segment

Financial Performance

For the years ended December 31	Favourable/(Unfavourable)				
	2025	2024	2023	2025 vs 2024	2024 vs 2023
Revenue	\$ 2,632	\$ 2,753	\$ 2,853	\$ (121)	\$ (100)
Operating expenses	(989)	(895)	(1,079)	(94)	184
Selling, general and administrative	(20,799)	(16,673)	(19,040)	(4,126)	2,367
Depreciation and amortization	(1,713)	(1,615)	(1,533)	(98)	(82)
Operating loss	(20,869)	(16,430)	(18,799)	(4,439)	2,369
Interest expense, net	(21,622)	(17,507)	(16,249)	(4,115)	(1,258)
Fair value gain on derivative	1,194	—	—	1,194	—
Impairment loss on financial asset	(4,500)	—	—	(4,500)	—
Gain on sale of property	—	—	194	—	(194)
Foreign exchange gain (loss)	790	(2,278)	3,044	3,068	(5,322)
Income tax recovery	11,533	10,434	7,777	1,099	2,657
Net earnings (loss) from investment in joint venture	1,289	1,464	(133)	(175)	1,597
Net loss	\$ (32,185)	\$ (24,317)	\$ (24,166)	\$ (7,868)	\$ (151)

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 called Allied Marine & Industrial ("AMI"). The Company holds a 49% interest in AMI and fully owns the land and building occupied by AMI. The land and building generate rental income for the Corporate segment.

Revenues in the segment 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. Increased administrative costs were driven by higher departmental expenses, including a new enterprise resource planning system and increased consulting services.

The Company's purchase of the 49% interest in AMI included a commitment to purchase the remaining shares at a fixed price, at a future date no later than 2030. The fair value of this forward contract derivative is assessed at each reporting period. The current year's change in fair value of \$1,194 has been recognized in the Company's net earnings.

In 2022, the Company sold an investment property with terms of sale including a vendor take-back mortgage. The sale was not completed and the property is currently held in receivership with sale completion expected to occur within the year, subject to Court approval. Including the existence of higher-ranking claims, including property tax arrears, the Company does not expect the proceeds to fully recover the receivable and has recognized an impairment loss of \$4,500 based on the expected recoverable amount.

Consolidated

Interest Expense

For the years ended December 31	Favourable/(Unfavourable)				
	2025	2024	2023	2025 vs 2024	2024 vs 2023
Interest expense on borrowings	\$ 26,934	\$ 21,374	\$ 18,297	\$ (5,560)	\$ (3,077)
Amortization of financing costs	1,161	984	1,707	(177)	723
Interest on employee future benefits, net	10	236	260	226	24
Capitalized interest	(2,207)	(2,522)	(1,160)	(315)	1,362
Total	\$ 25,898	\$ 20,072	\$ 19,104	\$ (5,826)	\$ (968)

Income Taxes

For the years ended December 31	Favourable/(Unfavourable)				
	2025	2024	2023	2025 vs 2024	2024 vs 2023
Combined federal and provincial statutory income tax rate	26.5 %	26.5 %	26.5 %	— %	— %
Net earnings before income tax and net earnings from investments in joint ventures	\$ 52,444	\$ 56,764	\$ 70,613	\$ (4,320)	\$ (13,849)
Expected income tax expense	\$ (13,898)	\$ (15,042)	\$ (18,712)	\$ 1,144	\$ 3,670
Tax effects resulting from:					
Foreign tax rates different from Canadian statutory rate	6,747	11,417	7,104	(4,670)	4,313
Effect of items that are non-taxable	96	538	166	(442)	372
Non-recoverable withholding taxes	(337)	(367)	(362)	30	(5)
Adjustments to prior period provision	(788)	490	(42)	(1,278)	532
Other	563	78	486	485	(408)
Actual tax expense	\$ (7,617)	\$ (2,886)	\$ (11,360)	\$ (4,731)	\$ 8,474
Effective tax rate excluding net earnings from investments in joint ventures	14.5 %	5.1 %	16.1 %	9.4 %	(11.0)%

Earnings from the Company's foreign subsidiaries are taxed in jurisdictions which have nil income tax rates. 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

	2025 Quarters				2024 Quarters			
	Fourth	Third	Second	First	Fourth	Third	Second	First
Revenues	\$ 214,105	\$ 228,035	\$ 211,715	\$ 107,201	\$ 208,618	\$ 204,644	\$ 180,968	\$ 109,214
Operating earnings (loss)	29,948	50,760	35,166	(35,676)	44,602	43,172	15,924	(28,553)
Net earnings (loss)	93,985	39,437	32,883	(23,280)	51,513	39,914	17,464	(17,253)
Basic and diluted earnings (loss) per share	2.32	0.97	0.81	(0.57)	1.27	0.98	0.44	(0.44)
Dividends per share	0.20	0.20	0.20	0.20	0.19	0.19	0.19	0.19

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

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.

Capital Resources

The Company has cash on hand of \$37,158 at December 31, 2025. Available credit facilities along with projected cash from operations for 2026 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 \$125 million Canadian dollar and a \$111.5 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, 2025, \$117,412 had been withdrawn from the Facility. In addition, the Company maintains an accordion feature that provides for increased borrowings by up to an additional \$100 million Canadian. The accordion remains fully available as at December 31, 2025.

The Company is subject to certain covenants under the terms of the Facility and the senior secured notes, including ones with respect to maintaining defined financial ratios and other conditions. As at December 31, 2025, 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 these related parties for the year ended December 31, 2025 and December 31, 2024.

Financial Condition, Liquidity and Capital Resources

Cash Flows

For the years ended December 31	Favourable/(Unfavourable)				
	2025	2024	2023	2025 vs 2024	2024 vs 2023
Net cash generated from operating activities	\$ 167,292	\$ 155,389	\$ 124,207	\$ 11,903	\$ 31,182
Net cash used in investing activities	(212,677)	(183,752)	(127,779)	(28,925)	(55,973)
Net cash generated from (used in) financing activities	80,897	(5,550)	(105,757)	86,447	100,207
Net change in cash	35,512	(33,913)	(109,329)	69,425	75,416
Effects of exchange rate changes on cash held in foreign currencies	(1,899)	4,627	192	(6,526)	4,435
Cash, beginning of year	3,545	32,831	141,968	(29,286)	(109,137)
<i>Cash, end of year</i>	\$ 37,158	\$ 3,545	\$ 32,831	\$ 33,613	\$ (29,286)

Operating Activities

Increased net cash from operating activities relates to higher non-cash adjustments to earnings, including depreciation and interest expense, offset by timing of working capital cash flows.

Investing Activities

Higher net cash used in investing activities reflects final delivery payments for new vessels delivered in the year, offset with cash distributions received from NACC reflecting sale proceeds.

Financing Activities

Cash generated from financing activities in 2025 reflect proceeds from new long-term debt to facilitate the increased investment spending.

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, 2025, 2024, and 2023 and presented herein:

For the years ended December 31	Favourable/(Unfavourable)				
	2025	2024	2023	2025 vs 2024	2024 vs 2023
Net cash generated from operating activities	\$ 167,292	\$ 155,389	\$ 124,207	\$ 11,903	\$ 31,182
Net debt service repayments	(39,042)	(54,525)	(23,087)	15,483	(31,438)
Capital required for maintenance of existing assets	(35,332)	(23,767)	(35,053)	(11,565)	11,286
<i>Free cash flow⁽¹⁾</i>	\$ 92,918	\$ 77,097	\$ 66,067	\$ 15,821	\$ 11,030

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

Higher free cash flow reflects lower debt service repayments as convertible debentures were paid in 2024. This was partially offset by higher capital maintenance for increased dry-dockings in 2025 and increased cash generated from operating activities.

Normal Course Issuer Bid

Effective March 21, 2025, the Company renewed its normal course issuer bid (the "2025 NCIB") to purchase up to 2,028,391 of its common shares ("Shares"), representing approximately 5% of the 40,567,816 Shares issued and outstanding as of the close of business on March 7, 2025.

Under the 2025 NCIB, the Company may purchase up to 2,063 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, 2025 and ending on March 20, 2026. The stated capital of \$1.41 per share equals the approximate paid-up capital amount of the Shares for purposes of the Income Tax Act.

Under the 2025 NCIB, or the previous year NCIB, no Shares were purchased and cancelled for the years ended December 31, 2025 or 2024.

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 and subsequent to December 31, 2025 that affect the Company's liquidity and capital resource needs.

	2026	2027	2028	2029	2030	2031 and Beyond	Total
Short-term borrowings	\$ 117,412	\$ —	\$ —	\$ —	\$ —	\$ —	117,412
Long-term debt	8,559	35,975	8,542	8,509	71,560	295,860	429,005
Interest payments on long-term debt	17,221	16,987	15,629	15,197	14,767	50,722	130,523
Vessel purchase commitments	79,399	53,207	—	—	—	—	132,606
Vessel purchase commitments through joint ventures (Algoma share) ⁽¹⁾	78,837	26,439	42,662	—	—	—	147,938
AMI share purchase	—	—	—	—	5,757	—	5,757
Service contract for ERP system	1,003	1,003	1,003	1,003	1,003	4,010	9,025
	\$ 302,431	\$ 133,611	\$ 67,836	\$ 24,709	\$ 93,087	\$ 350,592	\$ 972,266

(1) The joint venture commitments above include the construction of two product tankers, four mini-bulkers, four self-unloaders, and two cement carriers. The joint ventures have financing arrangements under which and subject to certain conditions, they can access funding for up to 70% of the outstanding commitments upon delivery.

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 20 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 20. 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 2025, 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 was 4.0%.

Property, Plant, Equipment and Impairment

For information on property, plant and equipment please refer to Note 13 of the Consolidated Financial Statements for the years ending December 31, 2025 and 2024. 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, has evaluated the effectiveness of the Company's disclosure controls and procedures as of December 31, 2025. 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, 2025.

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 Accounting Standards. 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, 2025.

Changes in Internal Controls over Financial Reporting

During the period ended December 31, 2025, 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, 2025 and 2024, the net investment in U.S. dollar foreign subsidiaries and joint ventures was U.S. \$475,409 and \$390,161, respectively. The net investment in SEK-denominated joint ventures at December 31, 2025 was SEK 800,466 (2024 - 665,687). The amount hedged at both December 31, 2025 and 2024 was U.S. \$147,000.

The Company has significant long-term debt with floating rate interest. To mitigate the interest rate risk and hedge the variable cash flows, the Company has entered into interest rate swap arrangements. At December 31, 2025, the Company had two swap arrangement contracts with a total derivative value of \$490. The Company did not have any derivative financial instruments at December 31, 2024.

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.

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 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. 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, 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, the U.S. dollar, and the Swedish Krona. 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 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 was renewed in 2025 and expires on April 30, 2029. The four Domestic Dry Bulk agreements expire on May 31, 2027. The two Algoma Tankers 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 expires on 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.

Accounting Pronouncements Issued But Not Yet Effective

The company has not early adopted any standard or amendment that has been issued but is not yet effective. The Company is assessing the impacts to the consolidated financial statements.

Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*

On May 30, 2024, the IASB issued amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 *Financial Instruments*. The amendments are effective for reporting periods beginning on or after January 1, 2026.

IFRS 18 Presentation and Disclosures in Financial Statements

In April 2024, the IASB issued the new standard IFRS 18 *Presentation and Disclosure in Financial Statements* that will replace IAS 1 *Presentation of Financial Statements*. The new standard introduces newly defined subtotals on the income statement, requirements for aggregation and disaggregation of information, and disclosure of Management Performance Measures in the financial statements. The new standard is effective for annual reporting periods beginning on or after January 1, 2027 with early adoption permitted.

Management's 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 IFRS Accounting 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 records are reliable.

The Board of Directors carries out its responsibility for the 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
March 5, 2026



Christopher A.L. Lazarz, CPA, CA
Chief Financial Officer
March 5, 2026

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 sheet as at December 31, 2025 and 2024, 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, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards.

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 Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. This matter was 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 this matter.

Revenue Recognition – Revenue from marine operations - Refer to Notes 3 and 6 to the financial statements

Key Audit Matter Description

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. 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.

Revenue from marine operations is a key audit matter due to the significant audit effort required in performing audit procedures related to the Company's revenue recognition.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to revenue recognition included the following, among others:

- Evaluated the operating effectiveness of internal controls relating to the revenue recognition process.
- Evaluated the revenue recognition by performing substantive analytical procedures or, on a sample basis, test of details, which included obtaining and inspecting a combination of audit evidence, such as confirmations from customers, supplementary billings, invoices, bill of lading, contracts, and cash receipts.

Other Information

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

- Management's Discussion and Analysis
- 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 Accounting Standards, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 Robyn Graveline.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 5, 2026

Consolidated Statement of Earnings

For the years ended December 31 (in thousands of dollars, except per share data)	Notes	2025	2024
Revenue	6	\$ 761,056	\$ 703,444
Operating expenses		(543,038)	(518,090)
Selling, general and administrative expenses		(51,891)	(38,852)
Depreciation and amortization		(85,929)	(71,357)
Operating earnings		80,198	75,145
Interest expense	8	(25,898)	(20,072)
Interest income		660	2,565
Fair value gain on derivative	15	1,194	—
Impairment loss on financial asset	12	(4,500)	—
Gain on sale of assets	13	—	1,404
Foreign exchange gain (loss)	9	790	(2,278)
		52,444	56,764
Income tax expense	10	(7,617)	(2,886)
Net earnings from investments in joint ventures	7	98,198	37,760
Net earnings		\$ 143,025	\$ 91,638
Basic and diluted earnings per share		\$ 3.53	\$ 2.29

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Comprehensive Earnings

For the years ended December 31 (in thousands of dollars)	2025	2024
Net earnings	\$ 143,025	\$ 91,638
Other comprehensive earnings (loss):		
Items that may be subsequently reclassified to net earnings:		
Unrealized gain (loss) on translation of foreign operations	(19,474)	48,113
Unrealized gain (loss) on hedging instruments, net of income tax	10,424	(16,915)
Foreign exchange gain on purchase commitment hedge reserve, net of income tax, transferred to:		
Vessels under construction	—	752
Items that will not be subsequently reclassified to net earnings:		
Employee future benefits actuarial gain, net of income tax	4,832	3,233
	(4,218)	35,183
Comprehensive earnings	\$ 138,807	\$ 126,821

See accompanying notes to the consolidated financial statements.

Consolidated Balance Sheet

As at December 31 (in thousands of dollars)	Notes	2025	2024
Assets			
Current			
Cash		\$ 37,158	\$ 3,545
Accounts receivable	11	85,989	89,492
Income taxes recoverable		2,910	2,552
Other current assets	12	49,527	43,756
		175,584	139,345
Property, plant, and equipment	13	1,100,265	867,481
Investments in joint ventures	7	410,813	360,463
Goodwill	14	7,910	7,910
Employee future benefits	20	28,481	26,169
Other assets	15	47,651	122,585
		\$ 1,770,704	\$ 1,523,953
Liabilities			
Current			
Accounts payable and accrued charges	16	\$ 114,544	\$ 106,109
Short-term borrowings	17	117,412	78,267
Current portion of long-term debt	21	8,112	49
Income taxes payable		3,303	1,097
Other current liabilities	18	2,845	4,159
		246,216	189,681
Long-term debt	21	410,831	334,035
Employee future benefits	20	17,696	19,319
Deferred income taxes	10	85,346	78,892
Other long-term liabilities	19	2,275	2,178
		762,364	624,105
Commitments	26		
Shareholders' Equity			
Share capital	22	57,093	57,093
Contributed surplus		3,547	3,357
Accumulated other comprehensive earnings (loss)	23	(3,084)	5,966
Retained earnings		950,784	833,432
		1,008,340	899,848
		\$ 1,770,704	\$ 1,523,953

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity

(in thousands of dollars)	Share capital (Note 22)	Contributed surplus and convertible debentures	Accumulated other comprehensive earnings (loss) (Note 23)	Retained earnings	Total equity
Balance at January 1, 2024	\$ 29,175	\$ 2,218	\$ (22,467)	\$ 769,383	\$ 778,309
Net earnings	—	—	—	91,638	91,638
Dividends	—	—	—	(29,969)	(29,969)
Repurchase and cancellation of common shares	(41)	—	—	(748)	(789)
Debenture conversions	27,959	(35)	—	—	27,924
Tax impact on equity component of debentures	—	785	—	—	785
Share-based compensation	—	389	—	(105)	284
Reclassified to vessels under construction	—	—	(3,517)	—	(3,517)
Other comprehensive earnings	—	—	31,950	3,233	35,183
Balance at December 31, 2024	\$ 57,093	\$ 3,357	\$ 5,966	\$ 833,432	\$ 899,848
Balance at January 1, 2025	\$ 57,093	\$ 3,357	\$ 5,966	\$ 833,432	\$ 899,848
Net earnings	—	—	—	143,025	143,025
Dividends	—	—	—	(30,505)	(30,505)
Share-based compensation	—	190	—	—	190
Other comprehensive earnings (loss)	—	—	(9,050)	4,832	(4,218)
Balance at December 31, 2025	\$ 57,093	\$ 3,547	\$ (3,084)	\$ 950,784	\$ 1,008,340

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

For the years ended December 31 (in thousands of dollars)	Notes	2025	2024
Net Inflow (Outflow) of Cash Related to the Following Activities			
Operating			
Net earnings		\$ 143,025	\$ 91,638
Net earnings from investments in joint ventures	7	(98,198)	(37,760)
Items not affecting cash			
Depreciation and amortization		85,929	71,357
Gain on sale of assets	13	—	(1,404)
Gain on derivative	15	(1,194)	—
Impairment loss on financial asset		4,500	—
Other non-cash items	24	36,297	24,355
Net change in non-cash working capital	24	(45)	11,592
Income taxes paid		(1,610)	(2,996)
Employee future benefits paid		(1,412)	(1,393)
Net cash generated from operating activities		167,292	155,389
Investing			
Additions to property, plant, and equipment	24	(232,298)	(101,722)
Distributions received from joint ventures	7	133,991	8,933
Investment in joint ventures	7	(87,471)	(46,747)
Additions to vessels under construction		(26,899)	(63,883)
Issuance of loan receivable	7	12,019	—
Repayment of loan receivable	7	(12,019)	—
Net proceeds on sale of assets	13	—	19,667
Net cash used in investing activities		(212,677)	(183,752)
Financing			
Interest and financing fees paid		(32,583)	(21,186)
Interest received		660	2,648
Net proceeds from short-term borrowings		40,089	76,438
Repayment of long-term debt	21	(6,459)	(33,339)
Proceeds from long-term debt	21	110,891	411
Repurchase of shares for cancellation	22	—	(789)
Dividends paid		(31,701)	(29,733)
Net cash generated from (used in) financing activities		80,897	(5,550)
Net change in cash		35,512	(33,913)
Effects of exchange rate changes on cash held in foreign currencies		(1,899)	4,627
Cash, beginning of year		3,545	32,831
Cash, end of year		\$ 37,158	\$ 3,545

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, 2025 and 2024 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 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 holds interests in global joint ventures that own diversified portfolios of dry and liquid bulk fleets operating internationally. Across the global fleet, Algoma holds an ownership interest in over 100 vessels. In addition to its ownership interests, the Company provides operational management for other vessels.

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 19 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 ten product tankers employed in Canadian flag service, including two vessels that entered service in the first half of 2025. The segment also includes the Company's 50% interest in an international joint venture comprising ten tankers, two 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 nine ocean-going self-unloading vessels and joint venture interests in three additional self-unloaders. Eight of the 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. Two additional ocean self-unloaders are currently under construction, with deliveries in 2026 and 2027, and are set to replace the oldest Algoma-owned vessels in the Pool. Two of the three joint venture vessels were acquired during the year as part of a transaction that resulted in the Company obtaining an effective 33% interest. The transaction also included interests in two additional newbuild vessels currently under construction, with expected deliveries in 2028.

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. Two newbuild mini-bulkers and two pneumatic cement carriers are currently under construction, with contracts signed for an additional two newbuild mini-bulkers, all with expected deliveries between 2026 and 2027.

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 IFRS Accounting Standards. 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 on March 4, 2026 and authorized for issue.

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 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.

On acquisition of an investment in a joint venture, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in earnings in the period in which the investment is acquired.

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, for the domestic fleet, 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. For vessels participating in the Pool arrangement, which includes contractual provisions governing redeployment, sale or recycling upon retirement, residual value reflects the Company's expected recoverable amount under the arrangement. 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 related to 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, netted with any revenue which may be earned during the dry-docking period.

Buildings

Buildings include commercial properties held to earn rental income in the Corporate segment. Buildings are measured at cost less accumulated depreciation and, including site improvements, are amortized on a straight-line basis over their useful lives, which the Company initially estimates to be 35 to 40 years.

Tenant improvements include costs incurred to meet the Company's lease obligations and are classified as either tenant improvements owned by the landlord or tenant incentives. When the obligation is determined to be an improvement that benefits the landlord and is owned by the landlord, the improvement is accounted for as a capital expenditure and included in the carrying amount property, plant and equipment in the Consolidated Balance Sheet.

Vessels Under Construction

Vessels under construction are measured at cost less accumulated impairments, if any. Cost includes progress payments to shipyards 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 asset 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 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 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 circumstances, 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 other 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 Standards as Clarified by IFRIC Interpretations 14

The Company has adopted Ruling 14 of the IFRIC Interpretations which clarifies how the asset ceiling defined under IAS Standards should be applied, particularly how it interacts with minimum funding rules. Under the revised IAS Standards, any variation in the asset ceiling will be recognized in other comprehensive earnings (as opposed to profit or loss). The impact of the asset limit on the funded plans has been applied based on Management's interpretation of IAS Standards, as clarified by IFRIC Interpretations. The 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 due to income and expense items 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.

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 earnings, 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 using an expected credit loss methodology, at each reporting 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 financial assets, other liabilities 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 or 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 (loss) 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 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 hedges of future U.S. dollar commitments related to vessel newbuild contracts. 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.

Debt commitment hedges represent the measurement of interest rate swaps used to hedge exposure to variability in cash flows arising from variable-rate borrowings. Swaps designated as cash flow hedges are measured at fair value, with the effective portion of changes in fair value recognized in other comprehensive earnings (loss) and reclassified to profit or loss as the hedged cash flows occur.

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 (loss) 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 (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 Accounting Standards 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 ("CGU") for the purposes of testing for impairment. The Company has determined that the appropriate levels for CGU groupings to assess 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 monitoring level within the entity, 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.

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. Accounting Pronouncements Issued But Not Yet Effective

The company has not early adopted any standard or amendment that has been issued but is not yet effective. The Company is assessing the impacts to the consolidated financial statements.

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

On May 30, 2024, the IASB issued amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 *Financial Instruments*. The amendments are effective for reporting periods beginning on or after January 1, 2026.

IFRS 18 Presentation and Disclosures in Financial Statements

In April, 2024, the IASB issued the new standard IFRS 18 *Presentation and Disclosure in Financial Statements* that will replace IAS 1 *Presentation of Financial Statements*. The new standard introduces newly defined subtotals on the income statement, requirements for aggregation and disaggregation of information, and disclosure of Management Performance Measures in the financial statements. The new standard is effective for annual reporting periods beginning on or after January 1, 2027 with early adoption permitted.

6. 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	Corporate	Total
2025					
Contract of Affreightment	\$ 394,594	\$ 2,119	\$ 3,384	\$ —	400,097
Time Charter	9,395	175,713	—	—	185,108
Pool Revenue Share	—	—	172,136	—	172,136
Other	1,083	—	—	2,632	3,715
	\$ 405,072	\$ 177,832	\$ 175,520	\$ 2,632	\$ 761,056
2024					
Contract of Affreightment	\$ 362,226	\$ 8,048	\$ —	\$ —	370,274
Time Charter	11,874	140,299	—	—	152,173
Pool Revenue Share	—	—	177,185	—	177,185
Other	1,059	—	—	2,753	3,812
	\$ 375,159	\$ 148,347	\$ 177,185	\$ 2,753	\$ 703,444

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

As at December 31 (in thousands of dollars)	2025	2024
Unbilled revenue (included in accounts receivable)	\$ 20,917	\$ 23,585
Deferred revenue (included in accounts payable and accrued charges)	1,000	1,914

7. Investments in Joint Ventures

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

As at December 31			2025	2024
Name of Joint Venture	Principal Activity	Place of Incorporation and Principal Place of Business	Ownership Interest	
Product Tankers Segment:				
FureBear AB ("FureBear")	Owns and operates product tankers in European markets, and holds a 67% interest in a foreign tanker operation	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%
CSL Norse Holdings AS ("Candeu")	Holds a 67% interest in two Handymax self-unloaders	Norway/Norway	50%	—%
Corporate Segment:				
Allied Marine & Industrial ("AMI")	Provides mechanical, machining, and fabrication services to the marine and other industrial sectors	Canada/Canada	49%	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%

In October 2025, NACC finalized the sale of 51% of a segment of its cement carrier business to an unrelated third party and retained a 49% minority interest in the resulting associate. Algoma's share of the gain from this transaction, amounting to \$71,517, has been included in earnings from investments in joint ventures,

In December 2025, the Company acquired an interest in the Candeu joint venture for \$42,447. The fair value of the identifiable assets and liabilities of Candeu has been provisionally determined at the end of the reporting period and is based on management's current best estimate. In accordance with the purchase agreement, the Company recognized its share of earnings of the joint venture retroactive from April 1, 2025. Total earnings from the investment in Candeu for the year ended December 31, 2025 is \$423 and has been included in earnings from investments in joint ventures.

In December 2025, the Company issued an interest-free promissory note to the Candeu joint venture in the amount of \$12,019, which was repaid during the same month.

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

For the year ended December 31, 2025 (in thousands of dollars)	Product Tankers	Ocean Self-Unloaders	Corporate	Global Short Sea Shipping
Revenue	\$ 107,510	\$ 8,163	\$ 23,419	\$ 216,915
Operating expenses	(55,095)	(4,829)	(17,214)	(149,305)
General and administrative	(4,543)	(571)	(3,086)	(7,617)
Depreciation and amortization	(14,958)	(1,437)	(380)	(37,698)
Operating earnings	32,914	1,326	2,739	22,295
Interest income (expense)	(15,757)	42	17	(3,763)
Foreign exchange gain (loss)	535	21	(63)	1,824
Other income	—	—	825	—
Gain on sale of asset	—	—	84	—
Gain on loss of control of subsidiary	—	—	—	72,947
Gain on remeasurement of retained interest	—	—	—	70,086
Earnings before undernoted	17,692	1,389	3,602	163,389
Net earnings of joint ventures	4,714	846	—	7,737
Net earnings attributable to non-controlling interest	—	—	—	(460)
Income tax expense	—	—	(971)	(918)
Net earnings	\$ 22,406	\$ 2,235	\$ 2,631	\$ 169,748
Company share of net earnings	\$ 11,203	\$ 1,118	\$ 1,289	\$ 84,874
Amortization of vessel purchase price allocation and intangibles	—	—	—	(286)
Company share included in net earnings of joint ventures	\$ 11,203	\$ 1,118	\$ 1,289	\$ 84,588

For the year ended December 31, 2024 (in thousands of dollars)	Product Tankers	Ocean Self-Unloaders	Corporate	Global Short Sea Shipping
Revenue	\$ 23,873	\$ 6,400	\$ 26,014	\$ 268,391
Operating expenses	(12,579)	(4,788)	(18,907)	(172,707)
General and administrative	(950)	(574)	(2,919)	(7,421)
Depreciation and amortization	(2,906)	(560)	(371)	(37,079)
Operating earnings	7,438	478	3,817	51,184
Interest income (expense)	(3,701)	96	13	(7,018)
Foreign exchange gain (loss)	155	2	55	(1,105)
Gain on sale of asset	—	—	—	662
Earnings before undernoted	3,892	576	3,885	43,723
Net earnings of joint ventures	2,488	—	—	4,329
Net earnings attributable to non-controlling interest	—	—	—	(2,587)
Income tax expense	(8)	—	(898)	(4,758)
Net earnings	\$ 6,372	\$ 576	\$ 2,987	\$ 40,707
Company share of net earnings	\$ 3,186	\$ 288	\$ 1,464	\$ 20,354
Impairment reversal of investment in joint venture	—	—	—	14,891
Amortization of vessel purchase price allocation and intangibles	—	—	—	(2,423)
Company share included in net earnings of joint ventures	\$ 3,186	\$ 288	\$ 1,464	\$ 32,822

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

For the years ended December 31 (in thousands of dollars)	2025	2024
Product Tankers	\$ 11,203	\$ 3,186
Ocean Self-Unloaders	1,118	288
Corporate	1,289	1,464
Global Short Sea Shipping	84,588	32,822
	\$ 98,198	\$ 37,760

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

As at December 31, 2025 (in thousands of dollars)	Product Tankers	Ocean Self-Unloaders	Corporate	Global Short Sea Shipping
Cash	\$ 22,169	\$ 1,286	\$ 2,840	\$ 6,111
Other current assets	12,837	2,172	4,431	21,877
Income taxes recoverable	12	52	—	437
Property, plant, and equipment	453,972	2,643	1,876	165,984
Investment in joint ventures and associate	27,984	42,112	—	286,809
Other assets	35,164	—	—	51,289
Current liabilities	(12,025)	(1,876)	(2,198)	(26,551)
Income taxes payable	—	—	(9)	—
Current portion of long-term debt	(15,801)	—	(337)	(34,160)
Long-term debt	(286,254)	—	(820)	(13,753)
Other long-term liabilities	—	—	—	(370)
Non-controlling interest	—	—	—	(15,170)
Net assets of joint ventures	\$ 238,058	\$ 46,389	\$ 5,783	\$ 442,503
Company share of net assets	\$ 119,029	\$ 23,195	\$ 2,834	\$ 221,252
Goodwill and other purchase price adjustments	—	21,814	4,048	18,641
Company share of joint ventures	\$ 119,029	\$ 45,009	\$ 6,882	\$ 239,893
As at December 31, 2024 (in thousands of dollars)	Product Tankers	Ocean Self-Unloaders	Corporate	Global Short Sea Shipping
Cash	\$ 15,990	\$ 1,556	\$ 3,055	\$ 15,594
Other current assets	4,572	1,154	3,432	53,447
Income taxes recoverable	6	54	—	652
Property, plant, and equipment	207,835	4,158	1,686	471,868
Investment in joint ventures and associate	24,520	—	—	61,148
Other assets	70,051	—	—	33,288
Current liabilities	(8,302)	(1,702)	(2,112)	(42,893)
Income taxes payable	—	—	(46)	—
Current portion of long-term debt	(7,138)	—	(309)	(25,655)
Long-term debt	(133,923)	—	(740)	(53,175)
Other long-term liabilities	—	—	—	(6,597)
Non-controlling interest	—	—	—	(17,831)
Net assets of joint ventures	\$ 173,611	\$ 5,220	\$ 4,966	\$ 489,846
Company share of net assets	\$ 86,806	\$ 2,610	\$ 2,433	\$ 244,923
Goodwill and other purchase price adjustments	—	—	4,048	19,643
Company share of joint ventures	\$ 86,806	\$ 2,610	\$ 6,481	\$ 264,566

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

As at December 31 (in thousands of dollars)	2025	2024
Product Tankers	\$ 119,029	\$ 86,806
Ocean Self-Unloaders	45,009	2,610
Corporate	6,882	6,481
Global Short Sea Shipping	239,893	264,566
	\$ 410,813	\$ 360,463

The Company has related party transactions with its joint ventures with respect to administrative management services, technical management services, property lease and vessel repair work. 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)	2025	2024
Revenue	\$ 1,295	\$ 1,287
Operating expenses	(12,616)	(13,383)

As at December 31 (in thousands of dollars)	2025	2024
Accounts receivable	\$ 7,606	\$ 5,822
Accounts payable	(648)	(277)
Loans guaranteed by the Company	(74,561)	(42,253)

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

For the years ended December 31 (in thousand of dollars)	2025		2024	
	Distributions received	Investment in joint ventures	Distributions received	Investment in joint ventures
Product Tankers	\$ 1,581	\$ (11,952)	\$ —	\$ (32,414)
Ocean Self-Unloaders	1,058	(42,645)	—	—
Corporate	888	—	586	(187)
Global Short Sea Shipping	130,464	(32,874)	8,347	(14,146)
	\$ 133,991	\$ (87,471)	\$ 8,933	\$ (46,747)

8. Interest Expense

The components of interest expense are as follows:

For the years ended December 31 (in thousands of dollars)	2025	2024
Interest expense on borrowings	\$ 26,934	\$ 21,374
Amortization of financing costs	1,161	984
Interest expense on employee future benefits, net	10	236
Capitalized interest	(2,207)	(2,522)
	\$ 25,898	\$ 20,072

9. Foreign Exchange Gain (Loss)

The components of the gain (loss) on foreign currency are as follows:

For the years ended December 31 (in thousands of dollars)	2025	2024
Gain (loss) on foreign-denominated cash and debt	\$ 684	\$ (2,278)
Gain on return of capital from foreign subsidiary	106	—
	\$ 790	\$ (2,278)

10. Income Taxes

The components of the income tax expense are as follows:

For the years ended December 31 (in thousands of dollars)	2025	2024
Current tax expense	\$ 3,012	\$ 4,802
Deferred tax expense (recovery)	4,605	(1,916)
	\$ 7,617	\$ 2,886

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)	2025	2024
Combined federal and provincial statutory income tax rate	26.5 %	26.5 %
Net earnings before income tax expense and net earnings from investments in joint ventures	\$ 52,444	\$ 56,764
Expected income tax expense	\$ (13,898)	\$ (15,042)
Decrease (increase) in expense resulting from:		
Foreign tax rates different from Canadian statutory rate	6,747	11,417
Effect of items that are not taxable	96	538
Non-recoverable withholding taxes	(337)	(367)
Adjustments to prior period provision	(788)	490
Other	563	78
Actual tax expense	\$ (7,617)	\$ (2,886)
Effective tax rate excluding net earnings from investments in joint ventures	14.5 %	5.1 %

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

For the years ended December 31 (in thousands of dollars)	2025	2024
Unrealized gain (loss) on hedging instruments	\$ 106	\$ (180)
Employee future benefits actuarial gain	1,743	1,166
	\$ 1,849	\$ 986

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

Liabilities (assets) as at December 31, 2025 (in thousands of dollars)	Opening balance	Recognized in equity	Recognized in earnings	Recognized in other comprehensive earnings	Closing balance
Property, plant, and equipment	\$ 86,571	\$ —	\$ 10,814	\$ —	\$ 97,385
Employee future benefits	1,817	—	(238)	1,743	3,322
Foreign exchange differences	(256)	—	—	106	(150)
Losses for tax purposes	(7,755)	—	(3,892)	—	(11,647)
Tax allowances, provisions and other	(1,485)	—	(2,079)	—	(3,564)
	\$ 78,892	\$ —	\$ 4,605	\$ 1,849	\$ 85,346

Liabilities (assets) as at December 31, 2024 (in thousands of dollars)	Opening balance	Recognized in equity	Recognized in earnings	Recognized in other comprehensive loss	Closing balance
Property, plant, and equipment	\$ 81,144	\$ —	\$ 5,427	\$ —	\$ 86,571
Employee future benefits	715	—	(64)	1,166	1,817
Foreign exchange differences	(76)	—	—	(180)	(256)
Losses for tax purposes	(3,599)	—	(4,156)	—	(7,755)
Convertible debentures	2	(798)	796	—	—
Tax allowances, provisions and other	2,434	—	(3,919)	—	(1,485)
	\$ 80,620	\$ (798)	\$ (1,916)	\$ 986	\$ 78,892

11. Accounts Receivable

The components of accounts receivable are as follows:

As at December 31 (in thousands of dollars)	2025	2024
Due from customers	\$ 44,132	\$ 54,980
Unbilled revenue (see below)	20,917	23,585
Government related	1,960	985
Vessel insurance claims recoverable	9,101	7,895
Other	9,879	2,047
	\$ 85,989	\$ 89,492

The balance due from customers is net of an expected credit loss of \$7,959 (2024 - \$80). Management determined that the expected credit losses on the balances receivable from certain customers as at December 31, 2025 are equal to 100% of their gross carrying amount, and accordingly, a full lifetime loss allowance has been recognized.

A provision in the amount \$8,727 (2024 - \$14,006) for environmental taxes resulting from federal regulations is included in accounts payable and accrued charges under government taxes payable (Note 16). The provision represents environmental taxes accrued up to December 31, 2024.

The Company is uncertain as to the timing and final amount of these outflows due to ongoing negotiations with the federal government. As standard customer contract terms include recovery of new or additional charges or taxes, unbilled revenue of \$6,897 (2024 - \$10,785) has been recorded. In addition, other current assets under prepaid expenses in Note 12 include a balance of \$9,233 (2024 - nil) representing environmental taxes paid to the government under dispute, pending resolution of the ongoing negotiations. During the year, the Company reversed certain previously recognized environmental taxes from government taxes payable and related unbilled revenue, as the government has indicated that such taxes will not be assessed for earlier periods.

12. Other Current Assets

The components of other current assets are as follows:

As at December 31 (in thousands of dollars)	2025	2024
Materials, fuel and supplies	\$ 14,618	\$ 15,681
Prepaid expenses (Note 11)	20,919	10,075
Mortgage receivable (see below)	13,500	18,000
Derivative asset (see below)	490	—
	\$ 49,527	\$ 43,756

In 2022, the Company sold an investment property with terms that included a vendor take-back mortgage. The principal repayment under the mortgage was not received. The property is currently held in receivership and is expected to be sold within the year through a court-supervised process. Due to the existence of higher-ranking claims, including property tax arrears, an impairment loss of \$4,500 has been recognized, based on the expected recoverable amount.

The derivative asset balance reflects interest rate swap contracts hedging cash flow variability associated with the floating-rate U.S. term loan. Hedge payments and receipts are settled quarterly. Effectiveness of each quarterly hedge term is measured using a discounted cash flow model with observable yield curves (Level 2). The change in the fair value of the hedge was deemed to be effective, with the full value of \$490 recognized in other comprehensive earnings (loss).

13. 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	Corporate	Total
Balance at January 1, 2024	\$ 682,418	\$ 207,905	\$ 408,040	\$ 27,081	\$ 1,325,444
Additions	43,019	49,962	6,550	360	99,891
Transfer from vessels under construction	29,267	—	—	—	29,267
Disposals	(9,510)	(18,446)	—	—	(27,956)
Fully depreciated assets no longer in use	(1,182)	(3,321)	(5,517)	—	(10,020)
Effect of foreign currency exchange differences	27	—	36,260	—	36,287
Balance at December 31, 2024	\$ 744,039	\$ 236,100	\$ 445,333	\$ 27,441	\$ 1,452,913
Additions	58,617	103,061	72,493	581	234,752
Transfer from vessels under construction	18,557	56,089	27,346	—	101,992
Fully depreciated assets no longer in use	(2,506)	(1,019)	(14,692)	—	(18,217)
Effect of foreign currency exchange differences	(27)	(6,848)	(22,103)	(3)	(28,981)
Balance at December 31, 2025	\$ 818,680	\$ 387,383	\$ 508,377	\$ 28,019	\$ 1,742,459

Accumulated depreciation (in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self- Unloaders	Corporate	Total
Balance at January 1, 2024	\$ 231,060	\$ 89,584	\$ 181,111	\$ 14,937	\$ 516,692
Depreciation expense	27,465	15,962	26,315	1,440	71,182
Disposals	(9,005)	(688)	—	—	(9,693)
Fully depreciated assets no longer in use	(1,182)	(3,321)	(5,517)	—	(10,020)
Effect of foreign currency exchange differences	—	—	17,271	—	17,271
Balance at December 31, 2024	\$ 248,338	\$ 101,537	\$ 219,180	\$ 16,377	\$ 585,432
Depreciation expense	31,296	23,130	29,790	1,578	85,794
Fully depreciated assets no longer in use	(2,506)	(1,019)	(14,692)	—	(18,217)
Effect of foreign currency exchange differences	—	(40)	(10,773)	(2)	(10,815)
Balance at December 31, 2025	\$ 277,128	\$ 123,608	\$ 223,505	\$ 17,953	\$ 642,194

Net Book Value (in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self- Unloaders	Corporate	Total
December 31, 2025					
Cost	\$ 818,680	\$ 387,383	\$ 508,377	\$ 28,019	\$ 1,742,459
Accumulated depreciation	277,128	123,608	223,505	17,953	642,194
	\$ 541,552	\$ 263,775	\$ 284,872	\$ 10,066	\$ 1,100,265
December 31, 2024					
Cost	\$ 744,039	\$ 236,100	\$ 445,333	\$ 27,441	\$ 1,452,913
Accumulated depreciation	248,338	101,537	219,180	16,377	585,432
	\$ 495,701	\$ 134,563	\$ 226,153	\$ 11,064	\$ 867,481

Net book value at December 31, 2025 includes capitalized dry-docking costs of \$73,650 (2024 - \$54,796) and related accumulated depreciation of \$29,617 (2024 - \$28,497).

During the year, the Company took delivery of four newly built vessels. A domestic dry-bulk self-unloader and two ice-class product tankers were delivered and commenced commercial operations in the first half of the year. In the second half of the year, a newly built ocean self-unloader was delivered and was placed in the Pool prior to the year's end.

A newbuild domestic dry-bulk self-unloader was delivered in the first quarter of 2024, replacing a self-unloader sent for environmental recycling for a gain on sale of \$438. In that same period, the Company purchased two second-hand product tankers for a total purchase price of \$36,783. One tanker was subsequently sold, resulting in a gain on sale of \$966.

14. 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, 2025 or 2024. No impairment losses have been recorded against the value of goodwill since its acquisition.

15. Other Assets

Other assets consist of the following:

As at December 31 (in thousands of dollars)	2025	2024
Vessels under construction	\$ 46,384	\$ 122,368
Derivative asset (see below)	1,194	—
Right-of-use assets	64	207
Other	9	10
	\$ 47,651	\$ 122,585

The Company is committed to purchase, no later than 2030, the remaining shares of AMI at a fixed price. An embedded derivative has been identified within this purchase contract and is measured at fair value through profit or loss. As a result, a fair value gain on derivative of \$1,194 (2024 - nil) has been recognized in net earnings.

The components of vessels under construction are as follows:

As at December 31 (in thousands of dollars)	2025	2024
Vessel build progress payments	\$ 42,302	\$ 114,914
Supervision and other	4,082	5,362
Capitalized interest	—	2,092
	\$ 46,384	\$ 122,368

16. Accounts Payable and Accrued Charges

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

As at December 31 (in thousands of dollars)	2025	2024
Due to suppliers and accrued charges	\$ 102,649	\$ 88,750
Deferred revenue (Note 6)	1,000	1,914
Government taxes payable (Note 11)	10,573	15,445
Other	322	—
	\$ 114,544	\$ 106,109

17. Short-Term Borrowings

Short-term borrowings comprise the following:

As at December 31 (in thousands of dollars)	2025	2024
Draws under Bank Facility, expiring October 11, 2027		
CORRA loans, weighted average interest at 5.27% (2024 - 6.50%), payable within the month	\$ 90,000	\$ 57,000
SOFR loans, U.S. \$20,000, weighted average interest at 6.62%, payable within the month	27,412	—
Prime rate loan, interest at 7.70%, payable on demand	—	4,000
Base rate loan, U.S. \$12,000, interest at 10.25%, payable on demand	—	17,267
	\$ 117,412	\$ 78,267

The Company's bank credit facility (the "Facility") comprises a Canadian \$125 million (2024 - \$125 million) and a U.S. \$111.5 million (2024 - \$75 million) senior secured revolving bank credit. 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.

Under the terms of the Facility the Company is subject to certain covenants, including ones with respect to maintaining defined financial ratios and other conditions. As at December 31, 2025 and 2024, the Company was in compliance with all of its covenants.

18. Other Current Liabilities

The components of other current liabilities are as follows:

As at December 31 (in thousands of dollars)	2025	2024
Accrued interest	\$ 1,134	\$ 1,187
Dividends payable	1,628	2,823
Lease obligations	83	149
	\$ 2,845	\$ 4,159

19. Other Long-Term Liabilities

Other long-term liabilities consist of the following:

As at December 31 (in thousands of dollars)	2025	2024
Deferred compensation	\$ 2,275	\$ 2,091
Lease obligations	—	87
	\$ 2,275	\$ 2,178

20. Employee Future Benefits

Plan Descriptions

The Company maintains one funded and one unfunded pension plan, which together cover all of its non-union employees and certain unionized employees. Both 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, 2024 for the Employee Pension Plan of Algoma Central Corporation (the "Employee Plan"). The next required valuation for the Employee Plan will be as of January 1, 2027.

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:

	Pension Plans		Other Benefit Plans	
	2025	2024	2025	2024
Discount rate used for estimating accrued benefit obligation	5.1%	4.8%	5.1%	4.8%
Discount rate used for estimating net interest cost included in net benefit cost incurred	4.8%	4.8%	4.8%	4.8%
Rate of compensation increases	4.0%	4.0%	4.0%	2.5%
Mortality assumption	90% CPM 2014 Private, Scale CPM-B	90% CPM 2014 Private, Scale CPM-B	90% CPM 2014 Private, Scale CPM-B	CPM 2014 Private, Scale CPM-B

Defined benefit obligations have been determined in accordance with IAS 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 5.14% (2024 – 4.71%), with the rate trending to 3.8% (2024 - 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 \$566 and (\$669) respectively.

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

For the years ended December 31 (in thousands of dollars)	2025	2024
Opening balance	\$ 2,489	\$ (744)
Gains recognized during year, net of income tax	4,832	3,233
	\$ 7,321	\$ 2,489

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

For the years ended December 31 (in thousands of dollars)	2025	2024
Return on plan assets	\$ 3,932	\$ 6,548
Actuarial losses arising from changes in demographic assumptions	(196)	(755)
Actuarial gains (losses) arising from changes in financial assumptions	2,656	(988)
Actuarial gains (losses) arising from experience adjustments	268	(597)
Actuarial losses arising from administration expenses	(85)	(372)
Adjustments for restrictions on the defined benefit asset	—	563
	6,575	4,399
Income tax expense	(1,743)	(1,166)
	\$ 4,832	\$ 3,233

Information, in aggregate, regarding the effect of the asset ceiling for the Company's pension plans for the years 2025 and 2024 is presented below.

As at December 31 (in thousands of dollars)	2025	2024
Effect of asset ceiling at beginning of year	\$ —	\$ 537
Interest on the effect of the asset ceiling	—	22
Other changes in the effect of asset ceiling	—	(559)
Effect of asset ceiling at end of year	\$ —	\$ —

Information, in aggregate, regarding the Company's reconciliation of the net asset (liability) arising from employee future benefits for the years 2025 and 2024 is presented below.

As at December 31, 2025 (in thousands of dollars)	Pension Plans	Other Benefit Plans	Total
Present value of benefit obligation	\$ (39,597)	\$ (8,906)	\$ (48,503)
Fair value of plan assets	59,288	—	59,288
Net asset (liability)	\$ 19,691	\$ (8,906)	\$ 10,785

As at December 31, 2024 (in thousands of dollars)	Pension Plans	Other Benefit Plans	Total
Present value of benefit obligation	\$ (41,020)	\$ (9,369)	\$ (50,389)
Fair value of plan assets	57,239	—	57,239
Net asset (liability)	\$ 16,219	\$ (9,369)	\$ 6,850

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

As at December 31 (in thousands of dollars)	2025	2024
Employee future benefit liabilities	\$ (17,696)	\$ (19,319)
Employee future benefit assets	28,481	26,169
	\$ 10,785	\$ 6,850

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, 2025 (in thousands of dollars)	Pension Plans	Other Benefit Plans	Total
Employee Future Benefit Assets			
Fair value, beginning of year	\$ 57,239	\$ —	\$ 57,239
Expected return on plan assets	2,612	—	2,612
Return on plan assets in excess of expected return	3,932	—	3,932
Benefits paid	(2,446)	(813)	(3,259)
Administrative expenses	(332)	—	(332)
Employer contributions to plans	794	611	1,405
Employee contributions to plans	297	—	297
Retiree contributions to plans	—	202	202
Assets distributed on settlements	(41)	—	(41)
Defined benefit surplus used to fund defined contribution accrual	(2,767)	—	(2,767)
Fair value, end of year	\$ 59,288	\$ —	\$ 59,288
Employee Future Benefit Obligations			
Obligations, beginning of year	\$ 41,020	\$ 9,369	\$ 50,389
Employer current service cost	1,005	84	1,089
Employee current service cost	297	—	297
Interest cost	1,940	431	2,371
Benefits paid	(2,446)	(813)	(3,259)
Retiree contributions	—	202	202
Actuarial gains	(2,361)	(367)	(2,728)
Other	142	—	142
Obligations, end of year	\$ 39,597	\$ 8,906	\$ 48,503
As at December 31, 2024 (in thousands of dollars)			
Employee Future Benefit Assets			
Fair value, beginning of year	\$ 50,387	\$ —	\$ 50,387
Expected return on plan assets	2,294	—	2,294
Return on plan assets in excess of expected return	6,548	—	6,548
Benefits paid	(2,349)	(666)	(3,015)
Administrative expenses	(672)	—	(672)
Employer contributions to plans	717	482	1,199
Employee contributions to plans	335	—	335
Retiree contributions to plans	—	184	184
Assets distributed on settlements	648	—	648
Assets distributed to CRA for company surplus withholding tax	(69)	—	(69)
Other	(600)	—	(600)
Fair value, end of year	\$ 57,239	\$ —	\$ 57,239
Employee Future Benefit Obligations			
Obligations, beginning of year	\$ 37,777	\$ 9,322	\$ 47,099
Employer current service cost	918	101	1,019
Employee current service cost	335	—	335
Interest cost	1,797	436	2,233
Benefits paid	(2,349)	(666)	(3,015)
Retiree contributions	—	184	184
Actuarial losses (gains)	2,361	(21)	2,340
Past service cost	181	—	181
Other	—	13	13
Obligations, end of year	\$ 41,020	\$ 9,369	\$ 50,389

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

As at December 31 (in thousands of dollars)	2025	2024
The Employee Pension Plan of Algoma Central Corporation	\$ 28,481	\$ 26,169

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

As at December 31 (in thousands of dollars)	2025	2024
Supplementary Employee Retirement Plan	\$ 8,790	\$ 9,950
Other benefit plans	8,906	9,369
	\$ 17,696	\$ 19,319

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

For the year ended December 31, 2025 (in thousands of dollars)	Pension Plans	Other Benefit Plans	Total
Current service cost	\$ 1,005	\$ 84	\$ 1,089
Interest cost on plan obligations	1,940	429	2,369
Expected return on plan assets	(2,611)	—	(2,611)
Loss on curtailments and settlements	41	—	41
Administrative expenses	250	—	250
Defined benefit surplus used to fund defined contribution accrual (included in defined contribution cost)	2,767	—	2,767
	\$ 3,392	\$ 513	\$ 3,905

For the year ended December 31, 2024 (in thousands of dollars)	Pension Plans	Other Benefit Plans	Total
Current service cost	\$ 918	\$ 101	\$ 1,019
Interest cost on plan obligations	1,797	436	2,233
Interest on effect of asset ceiling	22	—	22
Expected return on plan assets	(2,293)	—	(2,293)
Past service cost	181	—	181
Gain on curtailments and settlements	(648)	—	(648)
Administrative expenses	300	—	300
Defined benefit assets used to fund defined contribution accrual (included in defined contribution cost)	600	—	600
	\$ 877	\$ 537	\$ 1,414

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

As at December 31 (in thousands of dollars)	2025	2024
Short term notes	\$ 1,552	\$ 933
Canadian Government bonds	15,831	10,801
Canadian corporate bonds	14,886	3,890
Canadian equities	10,571	17,932
Foreign equities	27,600	35,483
	70,440	69,039
Amount related to defined contribution plans	(11,152)	(11,800)
	\$ 59,288	\$ 57,239

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 2025 was 12.6% or \$8,282 (2024 - 18.3% or \$10,847).

The Company is taking a contribution holiday on current service contribution. Based on the most recent valuation results, the Company does not expect to make any contributions to the funded defined benefit pension plans in the next fiscal year.

The expense recognized in the Consolidated Statement of Earnings for defined contribution plans is \$2,948 (2024 - \$2,567).

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 \$5,481 (increase by \$6,712).
- If the expected salary growth increases (decreases) by 1%, the defined benefit obligation would increase by \$915 (decrease by \$935).
- If the life expectancy increases (decreases) by one year for both men and women, the defined benefit obligation would increase by \$667 (decrease by \$693).

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, 2025 is 11.8 years (2024 - 12.1years). This number can be analysed as follows:

- active members: 13.7 years (2024 - 13.9 years);
- deferred members: 21.5 years (2024 - 21.7 years); and
- retired members: 8.0 years (2024 - 8.1 years).

21. Long-Term Debt

As at December 31 (in thousands of dollars)	2025	2024
Senior Secured Notes		
U.S. \$20,000, interest at 3.37%, due December 10, 2027	\$ 27,412	\$ 28,778
U.S. \$42,000, interest at 3.60%, due December 10, 2030	57,565	60,434
U.S. \$35,000, interest at 3.70%, due December 10, 2032	47,971	50,362
U.S. \$50,000, interest at 3.80%, due December 10, 2035	68,530	71,945
Canadian \$128,000, interest at 4.01%, due December 10, 2035	128,000	128,000
Term loan, U.S. \$67,472, interest at 5.03%, due March, 2037	92,477	—
Non-revolving Term Credit, interest at 4.76%, due March 28, 2030	6,911	—
Mortgage payable, interest at 7.75%, due June 27, 2034	139	194
	429,005	339,713
Less: unamortized financing expenses	10,062	5,629
	418,943	334,084
Less: current portion of long-term debt and unamortized financing expenses	8,112	49
	\$ 410,831	\$ 334,035

Under the terms of the senior secured notes, the Company is subject to certain covenants, including ones with respect to maintaining defined financial ratios and other conditions.

A non-revolving term credit was entered into in March 2025 to refinance existing property. Equal monthly principal instalments of \$24 and interest calculated monthly at CORRA plus 2.20% are payable over a five-year term. The loan is secured by specific property assets and is subject to customary covenants and conditions.

In March 2025, the Company entered into a secured term loan agreement for U.S. \$71,970, withdrawn in two equal Tranches. Each Tranche is repayable in 48 consecutive quarterly instalments of U.S. \$749 with interest at SOFR plus 1.30%. The loan is secured against two newbuild chemical tankers and is subject to customary covenants and conditions.

The Company has arranged an interest rate swap to hedge the variability in cash flows associated with the floating-rate U.S. term loan. The interest rate swap is designated as a cash flow hedging instrument with a notional amount equal to the outstanding U.S. term loan balance. Under the terms of the contract, the Company quarterly pays a fixed rate of 3.52% and receives a floating rate based on SOFR. Hedge effectiveness is measured using the dollar offset test. At inception and as at December 31, 2025, the hedge was deemed to be highly effective. Effectiveness is measured quarterly, with effective gains or losses recognized in other comprehensive earnings and any ineffective portion recognized immediately in earnings.

The unamortized financing expenses relate to costs incurred to establish the long-term debt.

As at December 31, 2025 and 2024, the Company was in compliance with all of its covenants

Principal payments required to service the debt are as follows:

As at December 31 (in thousands of dollars)	2025	2024
Falling due within one year	\$ 8,559	\$ 49
Falling due between one and two years	35,975	53
Falling due between two and three years	8,542	28,836
Falling due between three and four years	8,509	35
Falling due between four and five years	71,560	—
Falling due in five years or later	295,860	310,740
	\$ 429,005	\$ 339,713

22. Share Capital

Share capital

Authorized share capital consists of an unlimited number of common and preferred shares with no par value. The Company had 40,567,816 common shares outstanding and no preferred shares issued or outstanding as at December 31, 2025 or 2024.

The Company's Board of Directors authorized payment of a quarterly dividend to shareholders of \$0.21 per common share. The dividend was paid on March 2, 2026 to shareholders of record on February 13, 2026.

Normal Course Issuer Bid

Effective March 21, 2025, the Company renewed its normal course issuer bid (the "2025 NCIB") to purchase up to 2,028,391 of its common shares ("Shares"), representing approximately 5% of the 40,567,816 Shares issued and outstanding as of the close of business on March 7, 2025.

Under the 2025 NCIB, the Company may purchase up to 2,063 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, 2025 and ending on March 20, 2026. The stated capital of \$1.41 per share equals the approximate paid-up capital amount of the Shares for purposes of the Income Tax Act.

Under the 2025 NCIB and the previous year NCIB, no Shares were purchased for the years ended December 31, 2025 or 2024. Under the 2023 NCIB, which concluded on March 20, 2024, 52,806 Shares were purchased and cancelled during the three-month period ended March 31, 2024.

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

23. Accumulated Other Comprehensive Earnings (Loss)

(in thousands of dollars)	Hedges			Total
	Net investment	Purchase/Debt Commitment	Foreign exchange translation	
Balance at January 1, 2024	\$ (26,628)	\$ 2,765	\$ 1,396	\$ (22,467)
Earnings (loss)	(17,095)	752	48,113	31,770
Reclassified to vessels under construction	—	(3,517)	—	(3,517)
Income tax recovery	180	—	—	180
Net other comprehensive earnings (loss)	(16,915)	(2,765)	48,113	28,433
Balance at December 31, 2024	\$ (43,543)	\$ —	\$ 49,509	\$ 5,966
Balance at January 1, 2025	\$ (43,543)	\$ —	\$ 49,509	\$ 5,966
Earnings (loss)	10,040	490	(19,474)	(8,944)
Income tax expense	(106)	—	—	(106)
Net other comprehensive earnings (loss)	9,934	490	(19,474)	(9,050)
Balance at December 31, 2025	\$ (33,609)	\$ 490	\$ 30,035	\$ (3,084)

24. Supplementary Disclosure of Cash Flow Information

The other non-cash items are as follows:

For the years ended December 31 (in thousands of dollars)	2025	2024
Interest expense (Note 8)	\$ 25,898	\$ 20,072
Interest income	(660)	(2,565)
Income tax expense (Note 10)	7,617	2,886
Employee future benefits expense (Note 20)	4,041	1,400
Foreign exchange losses (gains) (Note 9)	(790)	2,278
Other	191	284
	\$ 36,297	\$ 24,355

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

For the years ended December 31 (in thousands of dollars)	2025	2024
Accounts receivable	\$ 3,216	\$ (9,581)
Materials, fuel and supplies	720	726
Prepaid expenses	(11,092)	51
Accounts payable and accrued charges	7,260	20,539
Other working capital	(149)	(143)
	\$ (45)	\$ 11,592

Additions to property, plant and equipment are as follows:

For the years ended December 31 (in thousands of dollars)	2025	2024
Additions to property, plant, and equipment (Note 13)	\$ (234,752)	\$ (99,891)
Amounts included in working capital	902	750
Capitalized interest	1,552	613
Other non-cash adjustments	—	(3,194)
	\$ (232,298)	\$ (101,722)

25. 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 7.6% to 15.0%.

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)	2025	2024
Total long-term debt (Note 21)	\$ 429,005	\$ 339,713
Shareholders' equity	\$ 1,008,340	\$ 899,848
Debt to shareholders' equity ratio	0.43 to 1	0.38 to 1

26. Commitments

The table below reflects the commitments of the Company at December 31, 2025. Annual expected payments are detailed in Note 28.

(in thousands of dollars)

Construction of two ocean self-unloaders	\$	132,606
Construction of two product tankers through a joint venture (Algoma share)		40,858
Construction of four mini-bulkers through a joint venture (Algoma share)		28,817
Construction of two cement carriers through a joint venture (Algoma share)		23,412
Construction of two self-unloading bulk carriers through a joint venture (Algoma share)		54,851
Purchase of remaining AMI shares		5,757
Non-cancellable service contract related to ERP system		9,025
	\$	295,326

27. 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.

28. Financial Instruments and Risk Management

The Company's financial instruments included in the Consolidated Balance Sheet comprise cash, accounts receivable, mortgage receivable, derivative assets, accounts payable and accrued charges, short-term borrowings, 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 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)	2025	2024
Long-term debt		
Carrying value	\$ 429,005	\$ 339,713
Fair value, classified as Level 2	\$ 398,992	\$ 299,670

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.

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.

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 trade customers and other receivables. 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, 2025 and 2024 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. An expected credit loss is established when it is determined the amount to be collected is lower than the carrying value. The credit loss allowance at December 31, 2025 and 2024 was \$7,959 and \$80 respectively.

The Company has assessed the expected credit risk related to the mortgage receivable and determined that the impairment of \$4,500 appropriately reflects the risk of reduced cash collections.

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 sufficient capital is available to meet current and anticipated needs. The total authorized credit facility at December 31, 2025 was Canadian \$125,000 (2024 - \$125,000) and U.S. \$111,500 (2024 - \$75,000) in a revolving facility. In addition, the Company maintains an accordion feature that provides for increased borrowings by up to an additional \$100,000 Canadian. At December 31, 2025, the Company had withdrawn \$117,412 (2024 - \$78,267) from the credit facilities. No amounts had been withdrawn from the accordion.

Substantially all of the Company's wholly owned marine assets are pledged as collateral for the senior secured credit facilities, excluding certain newly acquired vessels pledged as security under a separate financing arrangement. The carrying value as of December 31, 2025 of the assets pledged for the facility is approximately \$934,106 (2024 - \$822,904). The Company's real estate assets and vessels that are not wholly owned are not directly encumbered under the facility agreement.

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

(in thousands of dollars)	2026	2027	2028	2029	2030	2031 and Beyond	Total
Short-term borrowings	\$ 117,412	\$ —	\$ —	\$ —	\$ —	\$ —	117,412
Long-term debt	8,559	35,975	8,542	8,509	71,560	295,860	429,005
Vessel purchase commitments	79,399	53,207	—	—	—	—	132,606
Vessel purchase commitments through joint ventures	78,837	26,439	42,662	—	—	—	147,938
Interest payments on long-term debt	17,221	16,987	15,629	15,197	14,767	50,722	130,523
AMI share purchase	—	—	—	—	5,757	—	5,757
Service contract for ERP system	1,003	1,003	1,003	1,003	1,003	4,010	9,025
	\$ 302,431	\$ 133,611	\$ 67,836	\$ 24,709	\$ 93,087	\$ 350,592	\$ 972,266

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, 2025 and 2024, 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 are fixed or have been fixed with interest rate swap agreements (Note 21).

(c) Interest rate sensitivity analysis

At December 31, 2025 and 2024, 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, the U.S. dollar and the Swedish Krona ("SEK").

At December 31, 2025 and 2024, approximately 44% and 37% respectively of the Company's total assets were denominated in U.S. dollars, including U.S. cash of \$16,114 (2024 - \$1,371). Approximately 7% (2024 - 6%) of the Company's total assets were denominated in Swedish Krona.

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, 2025 and 2024, the net investment in U.S. dollar foreign subsidiaries and joint ventures was U.S. \$475,409 and \$390,161, respectively. The net investment in the SEK-denominated joint venture at December 31, 2025 was SEK 800,466 (2024 - SEK 665,687). The amount hedged at both December 31, 2025 and 2024 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.

(e) Foreign currency sensitivity analysis

Based on the Company's estimates, a five percent weakening in the Canadian dollar relative to both the U.S. dollar and Swedish Krona would increase net earnings in the current year by \$6,290.

Based on the balances at December 31, 2025 and 2024:

- A five percent weakening in the Canadian dollar relative to the U.S. dollar and Swedish Krona would increase other comprehensive earnings (loss) by \$28,457 (2024 - \$26,175).
- A five percent weakening in the Canadian dollar relative to the U.S. dollar and Swedish Krona would increase total assets by \$44,955 (2024 - \$37,236).
- A five percent weakening in the Canadian dollar relative to the U.S. dollar and Swedish Krona would increase total liabilities by \$17,743 (2024 - \$12,146).

For a five percent strengthening in the Canadian dollar relative to the U.S. dollar and Swedish Krona, there would be an equal but opposite impact to the amounts stated above.

29. Segment Disclosures

The Company operates through five segments; Domestic Dry-Bulk, Product Tankers, Ocean Self-Unloaders, 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, 2025 (in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self- Unloaders	Corporate	Global Short Sea Shipping	Total
Revenue	\$ 405,072	\$ 177,832	\$ 175,520	\$ 2,632	\$ —	\$ 761,056
Operating expenses	(301,045)	(126,219)	(114,785)	(989)	—	(543,038)
Selling, general and administrative	(17,298)	(6,437)	(7,357)	(20,799)	—	(51,891)
Depreciation and amortization	(31,296)	(23,130)	(29,790)	(1,713)	—	(85,929)
Operating earnings (loss)	55,433	22,046	23,588	(20,869)	—	80,198
Interest, net	(13)	(3,603)	—	(21,622)	—	(25,238)
Fair value gain on derivative	—	—	—	1,194	—	1,194
Impairment loss on financial asset	—	—	—	(4,500)	—	(4,500)
Foreign exchange gain	—	—	—	790	—	790
	55,420	18,443	23,588	(45,007)	—	52,444
Income tax recovery (expense)	(14,769)	(4,381)	—	11,533	—	(7,617)
Net earnings from investments in joint ventures	—	11,203	1,118	1,289	84,588	98,198
Net earnings (loss)	\$ 40,651	\$ 25,265	\$ 24,706	\$ (32,185)	\$ 84,588	\$ 143,025

For the year ended December 31, 2024 (in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self- Unloaders	Corporate	Global Short Sea Shipping	Total
Revenue	\$ 375,159	\$ 148,347	\$ 177,185	\$ 2,753	\$ —	\$ 703,444
Operating expenses	(290,696)	(116,993)	(109,506)	(895)	—	(518,090)
Selling, general and administrative	(14,320)	(5,986)	(1,873)	(16,673)	—	(38,852)
Depreciation and amortization	(27,465)	(15,962)	(26,315)	(1,615)	—	(71,357)
Operating earnings (loss)	42,678	9,406	39,491	(16,430)	—	75,145
Interest, net	—	—	—	(17,507)	—	(17,507)
Gain on sale of assets	438	966	—	—	—	1,404
Foreign exchange loss	—	—	—	(2,278)	—	(2,278)
	43,116	10,372	39,491	(36,215)	—	56,764
Income tax recovery (expense)	(11,420)	(1,900)	—	10,434	—	(2,886)
Net earnings from investments in joint ventures	—	3,186	288	1,464	32,822	37,760
Net earnings (loss)	\$ 31,696	\$ 11,658	\$ 39,779	\$ (24,317)	\$ 32,822	\$ 91,638

As at December 31, 2025 (in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self- Unloaders	Corporate	Global Short Sea Shipping	Total
Assets						
Current assets	\$ 66,042	\$ 15,782	\$ 40,078	\$ 53,682	\$ —	\$ 175,584
Property, plant, and equipment	541,552	263,775	284,872	10,066	—	1,100,265
Investments in joint ventures	—	119,029	45,009	6,882	239,893	410,813
Goodwill	7,910	—	—	—	—	7,910
Other assets	—	—	46,131	30,001	—	76,132
	\$ 615,504	\$ 398,586	\$ 416,090	\$ 100,631	\$ 239,893	\$ 1,770,704

Liabilities						
Current liabilities	\$ 56,731	\$ 29,269	\$ 18,106	\$ 133,998	\$ —	\$ 238,104
Current portion of long-term debt	50	7,777	—	285	—	8,112
Long-term liabilities	1,311	18,171	—	85,835	—	105,317
Long-term debt	88	79,681	—	331,062	—	410,831
	58,180	134,898	18,106	551,180	—	762,364
Shareholders' Equity	557,324	263,688	397,984	(450,549)	239,893	1,008,340
	\$ 615,504	\$ 398,586	\$ 416,090	\$ 100,631	\$ 239,893	\$ 1,770,704

As at December 31, 2024 (in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self- Unloaders	Corporate	Global Short Sea Shipping	Total
Assets						
Current assets	\$ 75,172	\$ 7,944	\$ 33,155	\$ 23,074	\$ —	\$ 139,345
Property, plant, and equipment	495,701	134,563	226,153	11,064	—	867,481
Investments in joint ventures	—	86,806	2,610	6,481	264,566	360,463
Goodwill	7,910	—	—	—	—	7,910
Other assets	18,557	56,089	47,733	26,375	—	148,754
	\$ 597,340	\$ 285,402	\$ 309,651	\$ 66,994	\$ 264,566	\$ 1,523,953

Liabilities						
Current liabilities	\$ 62,066	\$ 23,296	\$ 12,883	\$ 91,387	\$ —	\$ 189,632
Current portion of long-term debt	49	—	—	—	—	49
Long-term liabilities	1,316	16,958	—	82,115	—	100,389
Long-term debt	146	—	—	333,889	—	334,035
	63,577	40,254	12,883	507,391	—	624,105
Shareholders' Equity	533,763	245,148	296,768	(440,397)	264,566	899,848
	\$ 597,340	\$ 285,402	\$ 309,651	\$ 66,994	\$ 264,566	\$ 1,523,953

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)	2025	2024
Property, plant, and equipment	\$ 596,720	\$ 568,084
Revenues	\$ 341,815	\$ 329,366

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, 2025 and 2024, domestic operation sales outside of Canada were \$158,247 and \$134,864, respectively.

The Company had one customer in 2025 and two in 2024 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)	2025	2024
Domestic Dry-Bulk	\$ —	\$ 72,828
Product Tankers	\$ 152,568	\$ 145,532

30. 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)	2025	2024
Short-term compensation and benefits	\$ 8,222	\$ 7,956
Termination benefits	—	632
Share-based compensation	2,294	1,765
Post-employment benefits	244	208
	\$ 10,760	\$ 10,561

31. 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, 2,028,391 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, 2024	525,168	\$ 14.94
Granted	220,352	15.01
Exercised	(112,668)	(12.77)
Forfeited/cancelled	(26,250)	(15.82)
Number outstanding, at December 31, 2024	606,602	\$ 15.80
Granted	279,858	14.84
Exercised	(146,250)	(15.02)
Number outstanding, at December 31, 2025	740,210	\$ 15.21

The following table summarizes information relating to stock options outstanding as at December 31, 2025.

Exercise price per share (amounts not stated in thousands)	Options outstanding	
	Number of shares	Remaining contractual life (years)
\$15.82	240,000	2.15
\$15.01	220,352	3.15
\$14.84	279,858	4.15
	740,210	

For the year ended December 31, 2025, the Company recognized compensation expense for stock option awards of \$500 (2024 - \$473). For the year ended December 31, 2025, 279,858 (2024 - 220,352) options were granted by the Company at a weighted average fair value of \$2.01 per option (2024 - \$2.34).

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)	2025	2024
Risk-free interest rate	2.68%	3.52%
Expected option life	5 years	5 years
Expected volatility*	25.80%	26.00%
Expected dividend yield	5.38%	5.01%

*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, 2025 was 443,422 (2024 - 572,235).

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, 2025, the Company recognized compensation expense for these plans of \$1,312 (2024 - \$1,288). 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 \$4,248 at December 31, 2025 (2024 - \$4,012), and is reported in accounts payable and accrued charges and other long-term liabilities on the Consolidated Balance Sheet.

32. 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 these related parties in 2025 and 2024.

33. Subsequent Event

On February 27, 2026, the Company entered into a definitive sale and purchase agreement to acquire all outstanding shares of a Canadian-flag dry bulk marine operator. Costs of acquiring the business, including share purchase price, capital expenditures to prepare the vessels for operations, and other purchase related outlays is expected to cost approximately \$41million, subject to further adjustments. The acquisition and additional costs will be financed with cash on hand. The transaction is subject to customary closing conditions and is expected to close in the first quarter 2026.



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