ALGOMA CENTRAL CORPORATION
MANAGEMENT'S DISCUSSION & ANALYSIS

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

Your Marine Carrier of Choice™

TABLE OF CONTENTS

General

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

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

Business Profile

Algoma Central Corporation owns and operates the largest fleet of dry and liquid bulk carriers operating on the Great Lakes - St. Lawrence Waterway, including self-unloading dry-bulk carriers, gearless dry-bulk carriers and product tankers. Algoma also owns and operates ocean-going self-unloading dry-bulk vessels trading in international markets and 50% interests in global joint ventures that own a diversified portfolio of dry and liquid bulk fleets operating internationally. In addition to its owned vessels, the Company provides operational management for four vessels; one owned by G3 Canada Limited and three by NovaAlgoma Cement Carriers ("NACC"), a related party.

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

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

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

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

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

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

Impact of Seasonality on the Company

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

Important Information About This MD&A

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

Forward-Looking Statements

Algoma Central Corporation's public communications often include written or oral forward-looking statements. Statements of this type are included in this document and may be included in other filings with Canadian securities regulators or in other communications. All such statements are made pursuant to the safe harbour provisions of any applicable Canadian securities legislation. Forward-looking statements may involve, but are not limited to, comments with respect to our objectives and priorities for 2023 and beyond, our strategies or future actions, our targets, expectations for our financial condition or share price and the results of or outlook for our operations or for the Canadian, U.S. and global economies. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements.

By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that our assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements.

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

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

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

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

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

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

Ocean Self-Unloaders

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

Joint Ventures

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

Non-GAAP Measures

This MD&A uses several financial measures to assess its performance including earnings before interest, income taxes, depreciation, and amortization (EBITDA), free cash flow, return on equity, and adjusted performance measures. Some of these measures are not calculated in accordance with Generally Accepted Accounting Principles (GAAP), which are based on International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), are not defined by GAAP, and do not have standardized meanings that would ensure consistency and comparability among companies using these measures. From Management's perspective, these non-GAAP measures are useful measures of performance as they provide readers with a better understanding of how Management assesses performance. The non-GAAP measures that are used throughout this report are defined below and can also be referred to in the sections entitled *EBITDA*, *Free Cash Flow*, and *Select Financial and Operational Performance.*

EBITDA

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

Free Cash Flow

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

Select Financial and Operational Highlights

Financial Highlights

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

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

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

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

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

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

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

Operational Highlights

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

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

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

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

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

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

EBITDA[1]

The Company uses EBITDA as a measure of the cash-generating capacity of its businesses. The following table provides a reconciliation of net earnings in accordance with GAAP to the non-GAAP EBITDA measure for the three and nine months ended September 30, 2023 and 2022, and presented herein:

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

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

Revenues

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

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

Domestic Dry-Bulk Segment

Financial Performance

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

Operational Performance

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

EBITDA[1]

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

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

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

2023 Third Quarter Compared to the Corresponding Period in 2022

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

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

Outlook

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

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

Product Tankers Segment

Financial Performance

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

Operational Performance[1]

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

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

EBITDA[1]

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

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

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

2023 Third Quarter Compared to the Corresponding Period in 2022

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

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

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

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

Outlook

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

Ocean Self-Unloaders Segment

Financial Performance

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

Operational Performance

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

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

EBITDA[1]

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

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

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

2023 Third Quarter Compared to the Corresponding Period in 2022

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

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

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

Outlook

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

Global Short Sea Shipping Segment

Financial Results Overview

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

EBITDA[1]

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

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

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

2023 Third Quarter Compared to the Corresponding Period in 2022

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

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

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

Outlook

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

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

Investment Properties Segment

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

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

Corporate Segment

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

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

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

Consolidated

Interest Expense

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

Income Taxes

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

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

Contingencies

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

Capital Resources

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

The Company maintains credit facilities that are reviewed periodically to determine if sufficient capital is available to meet current and anticipated needs. The Company's bank credit facility (the "Facility") comprises a $75 million Canadian dollar and a $75 million U.S. dollar senior secured revolving bank credit facility provided by a syndicate of four banks, expiring October 11, 2027. The Facility bears interest at rates that are based on the Company's ratio of net senior debt, as defined, to earnings before interest, taxes, depreciation and amortization and ranges from 170 to 325 basis points above bankers' acceptance, adjusted SOFR or EURIBOR rates. The Company has granted a general security agreement in favour of the senior secured lenders and has granted specific collateral mortgages covering the majority of its wholly owned vessels. The Company's real estate assets and certain vessels, including ones that are not wholly owned, are not directly encumbered under this Facility.

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

Financial Condition, Liquidity and Capital Resources

Cash Flows

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

Investing Activities

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

Financing Activities

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

Free Cash Flow[1]

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

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

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

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

Normal Course Issuer Bid

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

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

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

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

Commitments

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

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

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

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

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Disclosure Controls and Procedures

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

Internal Controls over Financial Reporting

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

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

Changes in Internal Controls over Financial Reporting

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

Adoption of New and Amended Accounting Pronouncements

Definition of Accounting Estimates (Amendments to IAS 8)

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

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

Accounting Pronouncements Issued But Not Yet Effective

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

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

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

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

Your Marine Carrier of Choice™

2023

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