ALGOMA CENTRAL CORPORATION

Management's Discussion & Analysis

For the Years Ended December 31, 2023 and 2022

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, 2023 and 2022 and related notes thereto and has been prepared as at February 26, 2024.

This MD&A has been prepared by reference to the disclosure requirements established under National Instrument 51-102 "Continuous Disclosure Obligations" of the Canadian Securities Administrators. Additional information on the Company, including its 2023 Annual Information Form, is available on SEDAR's website at www.sedarplus.ca and on the Company's website at www.algonet.com.

Business Profile

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

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

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

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

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

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

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

Impact of Seasonality on the Company

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

Important Information About This MD&A

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

Forward-Looking Statements

Algoma Central Corporation's public communications often include written or oral forward-looking statements. Statements of this type are included in this document and may be included in other filings with Canadian securities regulators or in other communications. All such statements are made pursuant to the safe harbour provisions of any applicable Canadian securities legislation. Forward-looking statements may involve, but are not limited to, comments with respect to our objectives and priorities for 2024 and beyond, our strategies or future actions, our targets, expectations for our financial condition or share price and the results of or outlook for our operations or for the Canadian, U.S. and global economies. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements.

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

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

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

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

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

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

For more information, please see the discussion of risks and uncertainties in the Company's Annual Information Form for the year ended December 31, 2023, which outlines in detail, certain key factors that may affect the Company's future results. The Annual Information Form can be found on the Company's website at www.algonet.com and on SEDAR's website at www.sedarplus.ca.

Ocean Self-Unloaders

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

Joint Ventures

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

Non-GAAP Measures

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

EBITDA

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

Free Cash Flow

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

Return on Equity

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

Adjusted Performance Measures

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

Adjusted Profit Margin

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

Select Financial and Operational Highlights

Financial Highlights

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

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

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

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

(4) A special dividend of $1.35 was declared in 2022. Not including the special dividend, dividends of $0.68 were declared in 2022.

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

Financial Highlights - 2023 compared to 2022

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

Fleet Renewal

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

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

Fleet Growth

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

Operational Highlights

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

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

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

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

(3) Deadweight tonnage is the sum, for the Company's vessels as noted above, of the difference in displacement in deadweight tonnes between the light displacement and the actual loaded displacement.

(4) Operating days are calculated as the number of available days in the reporting period minus the aggregate number of days that the vessels are off-hire due to unforeseen circumstances.

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

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

EBITDA

The Company uses EBITDA as a measure of the cash-generating capacity of its businesses. The following table provides a reconciliation of net earnings in accordance with GAAP to the non-GAAP EBITDA measure for the years ended December 31, 2023, 2022, and 2021 and presented herein:

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

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

Revenues

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

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

Stock Market Highlights

Common Shares

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

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

Convertible Debentures

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

Month	High	Low	Number of Trades	Volume Traded (000's)	Value Traded (000's)
January	$112.87	$103.55	211	2,075	$ 230,786
February	$112.25	$108.00	74	1,360	$ 150,924
March	$110.50	$104.97	129	1,807	$ 193,584
April	$108.00	$104.50	79	1,498	$ 159,365
May	$107.11	$101.84	29	144	$ 14,920
June	$106.50	$100.98	45	460	$ 47,713
July	$105.47	$101.63	82	866	$ 89,331
August	$105.80	$102.80	52	330	$ 34,266
September	$104.09	$101.59	47	587	$ 60,460
October	$102.50	$99.33	89	1,110	$ 112,008
November	$103.60	$100.00	49	702	$ 70,847
December	$106.00	$102.00	45	589	$ 61,367
The conversion price of the convertible debentures has been set at $14.28 effective November 17,2023.					

Adjusted Performance Measures

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

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

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

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

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

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

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

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

Domestic Dry-Bulk Segment

Financial Performance

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

Operational Performance

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

EBITDA

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

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

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

2023 Compared to 2022

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

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

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

On October 22nd, 2023, St. Lawrence Seaway workers, represented by UNIFOR, began a work stoppage that resulted in a full closure of the Seaway system. The parties reached a tentative contract deal and the Seaway re-opened on October 30th, 2023. During the 72-hour strike notice period prior to the closure, and throughout the 8-day strike, the majority of the domestic dry-bulk fleet was at anchor, in standby berths or arranging for changes to their course.

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

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

Outlook

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

Product Tankers Segment

Financial Performance

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

Operational Performance[1]

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

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

EBITDA

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

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

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

2023 Compared to 2022

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

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

During 2023, the *Algoma Hansa,* the *Algonorth,* and the *Algosea* were sold, resulting in a $9,092 gain. The sale of the *Algonorth,* now named the *Fure Skagen*, was to a newly formed joint venture in which FureBear holds a two-thirds interest. The results of both joint ventures are reflected above in joint venture earnings.

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

Outlook

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

Ocean Self-Unloaders Segment

Financial Performance

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

Operational Performance

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

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

EBITDA

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

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

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

2023 Compared to 2022

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

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

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

Outlook

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

Global Short Sea Shipping Segment

Financial Results Overview

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

EBITDA

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

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

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

2023 Compared to 2022

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

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

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

Outlook

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

Investment Properties Segment

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

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

Corporate Segment

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

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

During the 2023 third quarter, the Company purchased a 49% interest in Allied Marine & Industrial ("AMI"), a mechanical, machining, and fabrication shop, for an investment value of $5,531. The Company also purchased the land and buildings occupied by AMI for a total purchase price of $5,117. The land and buildings generate rental income for the Corporate segment.

Consolidated

Interest Expense

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

Income Taxes

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

Earnings from the Company's foreign subsidiaries are taxed in jurisdictions which have nil income tax rates. The Canadian statutory rate for the Company for both 2023 and 2022 was 26.5%. Any variation in the effective income tax rate from the statutory income tax rate is due mainly to the lower income tax rates applicable to foreign subsidiaries, the effect of taxable and non-taxable items that may or may not be included in earnings and changes to income tax provisions related to prior periods. The Company is not subject to OECD Pillar Two taxes as its consolidated revenues fall below levels at which such taxes apply.

Summary of Quarterly Financial Results

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

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

Contingencies

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

Capital Resources

The Company has cash on hand of $32,831 at December 31, 2023. Available credit facilities along with projected cash from operations for 2024 are expected to be sufficient to meet the Company's planned operating and capital requirements and other contractual obligations for the year.
The Company maintains credit facilities that are reviewed periodically to determine if sufficient capital is available to meet current and anticipated needs. The Company's bank credit facility (the "Facility") comprises a $75 million Canadian dollar and a $75 million U.S. dollar senior secured revolving bank credit maturing October 11, 2027. The Facility bears interest at rates that are based on the Company's ratio of net senior debt, as defined, to earnings before interest, taxes, depreciation and amortization and ranges from 170 to 325 basis points above bankers' acceptance, adjusted SOFR or EURIBOR rates. The Company has granted a general security agreement in favour of the senior secured lenders and has granted specific collateral mortgages covering the majority of its wholly owned vessels. As of December 31, 2023 and 2022, no amounts were drawn on the bank facility.

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

Transactions with Related Parties

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

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

Financial Condition, Liquidity and Capital Resources

Cash Flows

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

Investing Activities

Higher net cash used in investing activities in 2023 relates primarily to the investment in the Allied Marine and Industrial joint venture, investments in the FureBear joint venture, progress payments on two domestic product tankers and one Equinox Class vessel under construction, and deposits on three new ocean belt self-unloaders for the ocean self-unloader fleet.

Financing Activities

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

Free Cash Flow

The following table provides a reconciliation of net cash generated from operating activities in accordance with GAAP to the non-GAAP free cash flow, as reported for the years ended December 31, 2023, 2022, and 2021 and presented herein:

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

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

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

Normal Course Issuer Bid

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

Subject to prescribed exceptions, the Company is allowed to purchase up to 3,173 Shares on the TSX during any trading day, representing approximately 25% of the average daily trading volume of the Shares on the TSX for the previous six calendar months, being 12,695 Shares. Any Shares purchased under the 2023 NCIB are cancelled. Under the current NCIB, 515,461 Shares have been purchased and cancelled for a weighted average purchase price of $15.19 for the year ending December 31, 2023.

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

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

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

Commitments

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

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

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

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

(3) During 2023, the Company purchased a 49% interest in Allied Marine & Industrial ("AMI") for an investment value of $5,531. The Company also purchased the land and buildings occupied by AMI for a total purchase price of $5,117. The land and buildings generate rental income for the Corporate segment.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

Employee Future Benefits

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

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

Property, Plant, Equipment and Impairment

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

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Disclosure Controls and Procedures

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

Internal Controls over Financial Reporting

The Company's management is responsible for designing, establishing and maintaining an adequate system of internal controls over financial reporting.

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

Management has used the criteria established in the 2013 Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission to assess, with the participation of the Chief Executive Officer and Chief Financial Officer, the effectiveness of the Company's internal controls over financial reporting. Based on this assessment, Management has concluded that the Company's internal controls over financial reporting are operating effectively as of December 31, 2023.

Changes in Internal Controls over Financial Reporting

During the period ended December 31, 2023, there have been no changes in the Company's policies and procedures and other processes that comprise its internal control over financial reporting, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Derivative Financial Instruments

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

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

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

Risks and Uncertainties

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

Availability of Qualified Personnel

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

Competitive Markets

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

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

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

Contractual Nature of the Business

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

Environmental Matters

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

The Company's fleets monitor fuel sulphur levels in accordance with Emission Control Area (ECA) requirements and remain in compliance with all requirements. Domestically, the Company's highly efficient Equinox Class ships are equipped with closed-loop exhaust gas scrubbers designed to meet the stringent ECA SOx limits. Vessels equipped with scrubbers are able to meet emission standards while burning higher sulphur fuels. The availability of these fuels may be impacted by future demand for this fuel or environmental regulations. The Company's other vessels, including its ocean-going vessels, use lower sulphur fuels to satisfy ECA standards and the global fuel sulphur cap that came into effect in 2020. In the future, the cost and availability of low carbon and/or low sulphur fuels may present a risk. In addition, there is no certainty the full cost of such fuels or cost related to converting to such fuels can be recovered from all customers, particularly in international markets.

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

Nature of the Shipping Industry

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

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

- the impact of climate change on markets served by our customers, including the impact of drought conditions on agricultural outputs and the impact of winter conditions on production and/or sale of certain commodities;
- general economic and market conditions in the countries in which we operate;
- our success in securing contract renewals and maintaining existing freight rates with existing customers;
- our success in securing contracts with new customers at acceptable freight rates;
- developments in international and Great Lakes trade;
- changes in seaborne and other transportation patterns, such as port congestion and canal closures;
- weather, water levels and crop yields;
- political developments; and,
- embargoes and strikes.

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

Fees and Tolls

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

Costs of Incidents

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

Foreign Exchange

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

Credit Risk

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

Regulations

A change in governmental policy could impact the ability to transport certain cargoes or increase the cost of doing so. A policy change could threaten the Company's competitive position and its capacity to offer efficient programs or services. Often, several different jurisdictions are able to exercise authority over marine transportation and vessel operations, for example, within the Great Lakes – St. Lawrence Seaway, there are eight U.S. state governments and two Canadian provincial governments plus both federal governments. The Company expects sufficient warning of a policy change, providing it time to adjust and minimize the impact on the organization. Any such regulatory change would have a similar impact on the Company's waterborne competitors. The Company has employees participating in a number of industry associations that advise and provide feedback on potential regulatory change and to ensure we maintain current knowledge of the regulatory environment.

Judicial and Other Proceedings

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

Climate Change

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

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

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

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

Labour Update

Employees and Unions

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

Captains and Chief Engineers

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

Navigation and Engineering Officers

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

Unlicensed Employees

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

Adoption of New and Amended Accounting Pronouncements

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

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

Accounting Pronouncements Issued But Not Yet Effective

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

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

The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. The Company anticipates that the application of these amendments will not have a material effect on the Consolidation Financial Statements.

Your Marine Carrier of Choice™

2023

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