

Algoma Central Corporation Reports Financial Results for Fiscal 2023

A reliable and diverse fleet contributes to revenue growth and solid financial results for 2023

ST. CATHARINES, Ontario--(BUSINESS WIRE)--February 26, 2024--Algoma Central Corporation (TSX: ALC) ("Algoma", the "Company") today reported its results for the year ended December 31, 2023. Algoma reported revenues of \$721,220, a 6% increase compared to the same period in 2022. Net earnings for 2023 were \$82,870 compared to \$119,966 for the same period in 2022. Prior year results included a \$9,977 gain from the sale of Station Mall and a \$10,848 impairment reversal. The Company reported 2023 EBITDA of \$187,115 compared to \$204,961 for the same period in 2022. All amounts reported below are in thousands of Canadian dollars, except for per share data and where the context dictates otherwise.

"Despite rate pressures in some markets and a high dry-docking year, our solid 2023 financial results underscores our resilience and adaptability," said Gregg Ruhl, President and CEO of Algoma. "As we look forward into 2024, we remain agile and committed to navigating economic uncertainty and changing markets with a strong and dependable fleet of vessels and strategic foresight. The *Fure Vanguard*, the first of 10 newbuild tankers under construction for our FureBear joint venture, was delivered in February and will load her first cargo in March, while the *Algoma Bear*, our newest Equinox Class self-unloader, is set to arrive this spring. As we eagerly await their arrivals, our teams are diligently preparing our domestic fleets for the upcoming 2024 navigation season," concluded Mr. Ruhl.

Financial Highlights: Fiscal 2023 Compared to 2022

- Net earnings decreased 31% to \$82,870 compared to \$119,966 in 2022. Basic earnings per share were \$2.15 compared to \$3.17 and diluted earnings per share were \$2.00 compared to \$2.89. Earnings in 2022 include a \$9,977 gain on the sale of Station Mall within the Investment Properties segment and an impairment reversal of \$10,848 within the Domestic Dry-Bulk segment. Excluding these other items, earnings decreased 16%.
- Domestic Dry-Bulk segment revenue increased 13% to \$408,170 compared to \$360,139 in 2022, reflecting higher base freight rates and 7% higher volumes, which drove a 14% increase in revenue days. Operating earnings decreased 9% to \$59,379 compared to \$65,373 for the prior year, entirely due to the \$14,759 impairment reversal recorded in 2022. Excluding the impairment reversal, operating earnings increased 17%.
- Revenue for Product Tankers increased 11% to \$132,166 compared to \$118,686 in 2022. All domestic tankers were fully utilized during the year and additional revenue days were generated as we introduced new vessels to the fleet prior to the departure of retiring vessels. Despite the higher revenue, segment operating earnings decreased 37% to \$8,229 compared to \$13,109 in 2022, reflecting the increased operating costs of dry-dockings this year.
- Ocean Self-Unloaders segment revenue decreased 8% to \$178,031 compared to \$193,730 and operating earnings decreased 36% to \$25,723 compared to \$40,442 in 2022, mainly

as a result of a significantly higher number of dry-dockings in 2023, resulting in 11% fewer revenue days.

- Global Short Sea Shipping segment equity earnings were \$21,271 compared to \$31,712 for the prior year; 2023 equity earnings include a \$545 gain on the sale of one vessel and 2022 equity earnings include a \$7,814 gain on the sale of three vessels. Excluding these gains, earnings decreased 13%. Earnings were impacted by reduced mini-bulker and handy-size fleet earnings as a result of a softening of freight rates compared to the prior year, partially offset by increased earnings in the cement fleet.

Consolidated Statement of Earnings

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

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 and 2022 and presented herein:

<i>For the years ended December 31</i>	2023	2022
Net earnings	\$ 82,870	\$ 119,966
Depreciation and amortization	84,584	85,423
Impairment reversal	—	(14,759)
Interest and tax expenses	32,342	40,053
Foreign exchange gain	(2,836)	(3,326)
Gain on sale of assets	(9,845)	(21,727)

EBITDA ⁽¹⁾	\$	187,115	\$	204,961
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Select Financial Performance by Business Segment

For the years ended December 31	2023	2022
Domestic Dry-Bulk		
Revenue	\$ 408,170	\$ 360,139
Operating earnings	59,379	65,373
Product Tankers		
Revenue	132,166	118,686
Operating earnings	8,229	13,109
Ocean Self-Unloaders		
Revenue	178,031	193,730
Operating earnings	25,723	40,442
Corporate and Other		
Revenue	2,853	5,387
Operating loss	(18,799)	(16,627)

The MD&A for the years ended December 31, 2023 and 2022 includes further details. Full results for the years ended December 31, 2023 and 2022 can be found on the Company's website at www.algonet.com/investor-relations and on SEDAR at www.sedarplus.ca.

2024 Business Outlook⁽²⁾

In the Domestic Dry-Bulk segment, 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.

We expect customer demand in the Product Tanker segment to be steady in 2024 and for fuel distribution patterns within Canada to support strong vessel utilization for the vessels throughout the year. Subsequent to 2023, two additional tankers were purchased. 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.

In the Ocean Self-Unloader segment, volumes in 2024 are expected to remain steady and vessel utilization is expected to improve with substantially fewer scheduled dry-dockings compared to 2023.

In the Global Short Sea Shipping segment, we expect consistent earnings from the cement fleet, maintaining a high level of fleet utilization. The segment is likely to face continued rate pressure

due to ongoing global economic and geopolitical situations, resulting in a softening of mini-bulker and handy rates in the future. Despite the lower rates, we do not anticipate any adverse effects on volumes and utilization. In addition to the *Fure Vanguard*, a second Vinga series newbuild product tanker is expected to enter service for FureBear in the third quarter, with a third scheduled for the fourth quarter.

Normal Course Issuer Bid

Effective March 21, 2023, the Company renewed its normal course issuer bid (the "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. Under the current NCIB, 515,461 Shares were purchased and cancelled for a weighted average purchase price of \$15.19 for the year ending December 31, 2023.

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

Cash Dividends

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

Notes

(1) Use of Non-GAAP Measures

The Company 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. Further information on Non-GAAP measures please refer to page 2 in the Company's Management's Discussion and Analysis for the years ended December 31, 2023 and 2022.

(2) 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.

Algoma Central Corporation is a global provider of marine transportation that owns and operates dry and liquid bulk carriers, serving markets throughout the Great Lakes - St. Lawrence Seaway and internationally. Algoma is aiming to reach a carbon emissions reduction target of 40% by 2030 and net zero by 2050 across all business units with fuel efficient vessels, innovative technology, and alternate fuels. Algoma truly is *Your Marine Carrier of Choice*[™]. Learn more at algonet.com.

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