ALGOMA CENTRAL CORPORATION

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Three Months Ended March 31, 2025 and 2024

YOUR MARINE CARRIER OF CHOICE.™

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General

This Management's Discussion and Analysis ("MD&A") of the Company should be read in conjunction with its Interim Condensed Consolidated Financial Statements for the three months ended March 31, 2025 and 2024 and related notes thereto and has been prepared as at May 2, 2025.

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 2024 Annual Information Form, is available on SEDAR's website at www.sedarplus.ca and on the Company's website at www.algonet.com.

Business Profile

Algoma Central Corporation owns and operates the largest fleet of dry and liquid bulk carriers operating on the Great Lakes - St. Lawrence Seaway, including self-unloading dry-bulk carriers, gearless dry-bulk carriers and product tankers. Algoma also owns and operates ocean-going self-unloading dry-bulk vessels trading in international markets and holds a 50% interest in global joint ventures that own diversified portfolios of dry and liquid bulk fleets operating internationally. In addition to its owned vessels, the Company provides operational management for other vessels.

The Company reports the results of its operations for five business units or segments. The largest is the Domestic Dry-Bulk segment, which includes the Company's 19 Canadian dry-bulk carriers. This segment serves a wide variety of major industrial sectors, including iron and steel producers, aggregate producers, cement and building material producers, salt producers, and agricultural product distributors.

The Product Tankers fleet consists of eight product tankers employed in Canadian flag service, with two additional vessels entering service in the 2025 second quarter. The segment also includes the Company's 50% interest in an international joint venture comprising ten tankers, five of which are under construction, and an interest in a foreign-flagged tanker operation comprising two product tankers. Customers include major oil refiners, leading wholesale distributors, and large consumers of petroleum products.

The Company's international Ocean Self-Unloaders segment consists of eight ocean-going self-unloading vessels and a 25% interest in a ninth self-unloader. The eight wholly owned self-unloaders are part of a Pool comprising the world's largest fleet of ocean-going self-unloaders, which at the end of the period totalled 18 vessels. Three ocean self-unloaders are currently under construction, with deliveries between 2025 and 2027, and are set to replace the oldest Algoma owned vessels in the pool.

The Global Short Sea Shipping segment, which consists of the Company's NovaAlgoma joint ventures, focuses on niche marine transportation markets featuring specialized equipment or services. The cement carrier fleet operates pneumatic cement carriers servicing large global cement manufacturers that support construction and infrastructure projects. The short sea mini-bulker fleet comprises owned ships, chartered vessels, and vessels operated under third-party management contracts. The fleet supports the agricultural, cement, construction, energy, and steel industries worldwide. The handy-size fleet is an opportunistic vessel sales and purchase venture. Two newbuild mini-bulkers and one pneumatic cement carrier are currently under contruction and are expected to be delivered between 2025 and 2027.

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

Impact of Seasonality on the Company

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

Important Information About This MD&A

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

Forward-Looking Statements

Algoma Central Corporation's public communications often include written or oral forward-looking statements. Statements of this type are included in this document and may be included in other filings with Canadian securities regulators or in other communications. All such statements are made pursuant to the safe harbour provisions of any applicable Canadian securities legislation. Forward-looking statements may involve, but are not limited to, comments with respect to our objectives and priorities for 2025 and beyond, our strategies or future actions, our targets, expectations for our financial condition or share price and the results of or outlook for our operations or for the Canadian, U.S. and global economies. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements.

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

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

- Global and North American trade conditions, including the imposition of tariffs and other trade barriers, may increase costs and disrupt the free movement of goods;
- labour disputes that could affect the operations infrastructure upon which the Company relies;

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

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

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

For more information, please see the discussion of risks and uncertainties in the Company's Annual Information Form for the year ended December 31, 2024, 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. 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 IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB), are not defined by GAAP, and do not have standardized meanings that would ensure consistency and comparability among companies using these measures. From Management's perspective, these non-GAAP measures are useful measures of performance as they provide readers with a better understanding of how Management assesses performance. The non-GAAP measures that are used throughout this report are defined below and can also be referred to in the sections entitled *EBITDA*, *Free Cash Flow*, and *Select Financial and Operational Performance.*

EBITDA

EBITDA is not intended to represent cash flow from operations, and it should not be considered as an alternative to net earnings, cash flow from operations, or any other measure of performance prescribed by IFRS Accounting Standards. 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.

Select Financial and Operational Performance

Statistical operating data are unaudited and based on data available at such time and are subject to change as more complete information becomes available. Definitions of each measure are included within the Company's Management's Discussion & Analysis.

Select Financial and Operational Highlights

Financial Highlights

For the three months ended March 31	**2025**	2024	Favourable/ (Unfavourable) 2025 vs 2024
Reported revenue	**$ 107,201**	$ 109,214	$ (2,013)
Freight revenue[1]	**146,769**	139,007	7,762
Operating earnings	**(35,676)**	(28,553)	(7,123)
Net loss	**(23,280)**	(17,253)	(6,027)
Basic and diluted loss per share	**(0.57)**	(0.44)	(0.13)
EBITDA[2]	**(2,370)**	(1,340)	(1,030)
Free Cash Flow[3]	**(19,309)**	(3,165)	(16,144)

As at	**March 31 2025**	December 31 2024	2025 vs 2024
Common shares outstanding	**40,567,816**	40,567,816	—
Total assets	**$ 1,710,238**	$ 1,523,953	$ 186,285
Total long-term financial liabilities	**$ 440,217**	$ 334,084	$ 106,133

(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.

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 three months ended March 31	**2025**	2024
Total cargo carried (metric tonnes in thousands)[1]	**6,766**	7,857
Tonne-kilometres travelled (in millions)[2]	**6,163**	7,145
Operating days[3]	**10,472**	10,760
Vessel productivity[4]		
Domestic Dry-Bulk	**83 %**	84 %
Product Tankers	**98 %**	97 %
Ocean Self-Unloaders	**88 %**	100 %
Vessel capacity utilization[5]		
Domestic Dry-Bulk	**96 %**	93 %
Product Tankers	**100 %**	100 %
Ocean Self-Unloaders	**95 %**	100 %

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

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

(3) 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.

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

(5) 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 three months ended March 31, 2025 and 2024, and presented herein:

For the three months ended March 31	**2025**	2024
Net loss	**$ (23,280)**	$ (17,253)
Adjustments to net earnings, excluding joint ventures:		
Depreciation and amortization	**18,701**	17,286
Interest expense, net	**4,493**	3,751
Gain on sale of asset	**—**	(364)
Foreign exchange loss (gain)	**177**	(123)
Income tax recovery	**(12,377)**	(11,013)
Joint venture adjustments:		
Interest expense, net	**2,116**	1,083
Foreign exchange loss	**57**	54
Depreciation and amortization	**6,921**	4,654
Income tax expense	**821**	569
Loss on sale of assets	**1**	16
EBITDA[(1)]	**$ (2,370)**	$ (1,340)

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

Revenues

For the three months ended March 31	**2025**	2024	Favourable/ (Unfavourable) 2025 vs 2024
Reported Revenue	**$ 107,201**	$ 109,214	$ (2,013)
Freight revenue[(1)]			
Domestic Dry-Bulk	**$ 30,442**	$ 30,968	$ (526)
Product Tankers	**42,641**	34,475	8,166
Ocean Self-Unloaders	**43,722**	43,936	(214)
Global Short Sea Shipping	**29,964**	29,628	336
Total freight revenue	**$ 146,769**	$ 139,007	$ 7,762

(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.

Domestic Dry-Bulk Segment

Financial Performance

For the three months ended March 31		2025		2024		Favourable/ (Unfavourable) 2025 vs 2024
Revenue	$	**30,551**	$	31,075	$	(524)
Operating expenses		**(56,385)**		(56,330)		(55)
Selling, general and administrative		**(4,186)**		(3,971)		(215)
Depreciation and amortization		**(7,140)**		(6,387)		(753)
Operating loss		**(37,160)**		(35,613)		(1,547)
Gain on sale of vessel		**—**		364		(364)
Income tax recovery		**9,853**		9,390		463
Net loss	$	**(27,307)**	$	(25,859)	$	(1,448)

Operational Performance

For the three months ended March 31	2025	2024	% Change 2025 vs 2024
Volumes (metric tonnes in thousands)			
Iron and steel	**778**	845	(8)%
Construction	**56**	—	N/A
Agriculture	**280**	190	47 %
Salt	**214**	829	(74)%
Total volumes	**1,328**	1,864	(29)%
Revenue Days	**455**	415	10 %
Operating Days	**546**	495	10 %

EBITDA

The following table provides a reconciliation of net loss in accordance with GAAP to the non-GAAP EBITDA measure, as reported for the three months ended March 31, 2025 and 2024, and presented herein:

For the three months ended March 31		2025		2024
Net loss	$	**(27,307)**	$	(25,859)
Adjustments to net loss:				
Depreciation and amortization		**7,140**		6,387
Income tax recovery		**(9,853)**		(9,390)
Gain on sale of vessel		**—**		(364)
EBITDA[1]	$	**(30,020)**	$	(29,226)

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

2025 First Quarter Compared to the Corresponding Period in 2024

Despite the significant decrease in volumes, the impact to revenue was mitigated by the higher revenue days due to the mix of trades. The first quarter saw all Domestic Dry-Bulk vessels operating into January as a result of strong late season demand, coupled with the extended season on the St Lawrence Seaway and Welland Canal. The return of typical winter conditions drove strong de-icing salt demand, however the highest use markets were in regions accessible only by truck, leading to lower salt volumes moved by vessel in the quarter compared to the prior year. Stronger grain demand and higher rates provided an offset, both at end of the season in January and the 2025 navigation season start, as an earlier opening at the Soo Locks allowed vessels to begin moving toward Lake Superior load ports.

Notwithstanding lower fuel expenses, operating expenses increased during the quarter. The increase was largely driven by a higher number of operating days, resulting from the mix of trades. Additionally, costs related to layup and supplies also increased. Layup expenses were the most significant contributor, primarily due to a higher amount of steel work and the dry-docking of four vessels, compared to just one during the first quarter of 2024. Increases in supply costs reflect ongoing inflationary adjustments.

In February, 2025, the Company took delivery of the *Algoma Endeavour*. The vessel is the twelfth and final Equinox Class vessel to be delivered to the Domestic Dry-Bulk fleet. The vessel is equipped with a forward-mounted self-unloading boom, joining the *Algoma Innovator* and *Algoma Intrepid* as the third vessel in the fleet with this feature.

Outlook

Shipments in the agriculture sector are expected to be strong, while the construction market is likely to remain flat. Demand is also expected to be higher with the addition of significant new domestic steel industry business. The *Algoma Endeavour* is expected to begin service in early May, serving a variety of market sectors, and driving improvements in fleet efficiency and environmental sustainability.

Although the fleet is fully booked for the year, global tariffs could increase operating costs and reduce trade volumes, potentially leading to shifts in global supply chain routes. While Algoma is closely monitoring the situation, we do not anticipate major changes in cargo volumes at this time; however, we are expecting higher costs across our supply chains, particularly for supplies and food, and are exploring ways to mitigate any potential impact.

Product Tankers Segment

Financial Performance

For the three months ended March 31	2025	2024	Favourable/ (Unfavourable) 2025 vs 2024
Revenue	**$ 33,291**	$ 34,046	$ (755)
Operating expenses	**(27,740)**	(24,451)	(3,289)
Selling, general and administrative	**(1,756)**	(1,659)	(97)
Depreciation and amortization	**(4,173)**	(3,960)	(213)
Operating earnings (loss)	**(378)**	3,976	(4,354)
Interest expense	**(55)**	—	(55)
Income tax recovery (expense)	**88**	(513)	601
Net earnings from investment in joint venture	**1,289**	123	1,166
Net earnings	**$ 944**	$ 3,586	$ (2,642)

Operational Performance[1]

For the three months ended March 31	2025	2024	% Change 2025 vs 2024
Volume (metric tonnes in thousands)			
Petroleum products	**834**	827	1 %
Total volume	**834**	827	1 %
Revenue days	**607**	618	(2)%
Operating days	**621**	637	(3)%

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

EBITDA

The following table provides a reconciliation of net earnings in accordance with GAAP to the non-GAAP EBITDA measure, as reported for the three months ended March 31, 2025, and 2024, and presented herein:

For the three months ended March 31	2025	2024
Net earnings	**$ 944**	$ 3,586
Adjustments to net earnings:		
Depreciation and amortization	**4,173**	3,960
Interest expense	**55**	—
Income tax expense (recovery)	**(88)**	513
Joint venture:		
Interest expense	**1,470**	149
Depreciation and amortization	**1,186**	82
Foreign exchange loss (gain)	**387**	(15)
EBITDA[1]	**$ 8,127**	$ 8,275

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

2025 First Quarter Compared to the Corresponding Period in 2024

Revenue declined slightly during the quarter, primarily due to a reduction in revenue days resulting from an increase in dry-dockings this quarter; the *Algoberta* was on dry-dock for the full quarter and the *Algotitan* entered dry-dock at quarter-end compared to having no dry-dockings in the prior year period. These impacts were partially offset by higher freight rates and a larger domestic fleet, as the addition of the *Algosolis* in the third quarter of 2024 increased the total number of vessels to eight, compared to seven in the first quarter of the prior year.

Operating costs were higher this quarter, primarily due to the larger fleet size and higher layup spending due to the additional dry-dockings this quarter. Supply costs, including those associated with dry-docking activities, also increased. The increase was partially offset by lower operating days due to the additional vessels on dry-dock.

Joint venture earnings increased due to the addition of five vessels: the *Fure Vanguard, Fure Viken*, *Fure Viskär*, *Fure Vyl,* and *Fure Vesborg* operating under FureBear. In the first quarter of 2024, the first vessel was added to the fleet, the *Fure Vanguard,* followed by *Fure Viken*, *Fure Viskär*, and *Fure Vyl,* in the latter half of the year. The *Fure Vesborg* joined the fleet in the first quarter of 2025. These vessels are the first five of ten newbuild product tankers set to enter operations. Additionally, joint venture earnings benefited from having the *Fure Spear* and *Fure Skagen* operating in an international pool.

During the quarter, the Company took delivery of two 37,000 DWT product tankers, the *Algoma East Coas*t and *Algoma Acadian*. These vessels will be entered on long-term charters under Canadian flag, delivering refined petroleum products along the Canadian and US east coast.

Outlook

We expect customer demand in the segment to remain steady in 2025 and for fuel distribution patterns within Canada to support strong vessel utilization for the vessels trading under Canadian flag. The fleet is expected to be in full deployment with all ten Canadian vessels in operation.

With the delivery of the first five FureBear newbuilds in 2024 and early 2025, five new tankers remain on order for the joint venture, with delivery expected between the second quarter of 2025 and early 2026. The Company is anticipating a continued steady rate environment for these tankers. The *Algoma East Coast* and the *Algoma Acadian* are set to begin domestic operations during the second quarter with the first expected in late April followed by the second in June.

Global tariffs could increase operating costs and reduce trade volumes, potentially leading to shifts in global supply chain routes. While Algoma is closely monitoring the situation, we do not anticipate major changes in cargo volumes at this time; however, we are expecting higher costs across our supply chains, particularly for supplies and food, and are exploring opportunities to mitigate any potential impact.

Ocean Self-Unloaders Segment

Financial Performance

For the three months ended March 31	2025	2024	Favourable/ (Unfavourable) 2025 vs 2024
Average foreign exchange rate (USD/CAD)	**1.4350**	1.3495	0.0855
Revenue	**$ 42,725**	$ 43,199	$ (474)
Operating expenses	**(28,896)**	(27,946)	(950)
Selling, general and administrative	**(495)**	(455)	(40)
Depreciation and amortization	**(6,889)**	(6,444)	(445)
Operating earnings	**6,445**	8,354	(1,909)
Net earnings from investment in joint venture	**169**	80	89
Net earnings	**$ 6,614**	$ 8,434	$ (1,820)

Operational Performance

For the three months ended March 31	2025	2024	% Change 2025 vs 2024
Pool Volumes (metric tonnes in thousands)[1]			
Gypsum	**892**	995	(10)%
Aggregates	**1,883**	2,260	(17)%
Coal	**1,628**	1,743	(7)%
Other	**201**	168	20 %
Total volumes	**4,604**	5,166	(11)%
Algoma Vessels			
Revenue days	**551**	648	(15)%
Operating days	**626**	650	(4)%
Off-hire days for dry-docking	**154**	78	97 %

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

EBITDA

The following table provides a reconciliation of net earnings in accordance with GAAP to the non-GAAP EBITDA measure, as reported for the three months ended March 31, 2025 and 2024, and presented herein:

For the three months ended March 31	2025	2024
Net earnings	$ 6,614	$ 8,434
Adjustments to net earnings:		
Depreciation and amortization	6,889	6,444
Joint venture:		
Depreciation and amortization	178	42
Interest income	(1)	(4)
Foreign exchange loss	3	—
EBITDA[1]	$ 13,683	$ 14,916

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

2025 First Quarter Compared to the Corresponding Period in 2024

The decline in revenue was primarily due to a reduction in revenue days driven by increased off-hire time; the *Bahama Spirit* was in dry-dock for the entire quarter, compared to the *Algoma Valour*, which was only in dry-dock for a portion of the same period last year. Additionally, the *Algoma Verity* was out of service for most of the first quarter following an incident.

Operating costs increased during the period which was mainly attributable to higher dry-dock spending and increased repair costs. The increase was partially offset by reduced operating days driven by the higher off-hire days.

Outlook

Five vessels in the Algoma fleet are scheduled for dry-docking throughout 2025, which is expected to have a significant impact on available days. The *Algoma Verity* is expected to return to service beginning in the third quarter. Demand for aggregate, gypsum, and salt is expected to increase, while coal shipments are projected to decline slightly. Steel cutting for the hull of the second of three newbuild ocean self-unloaders took place in January, 2025. The first out of three new ocean self-unloaders is expected to be delivered in the third quarter of 2025. These new ships will replace Algoma's oldest vessels in the Pool and become the model for its next generation of ocean self-unloaders.

Global Short Sea Shipping Segment

Financial Performance

For the three months ended March 31	2025	2024	Favourable/ (Unfavourable) 2025 vs 2024
Average foreign exchange rate (USD/CAD)	1.4350	1.3495	0.0855
Revenue	$ 59,927	$ 59,255	$ 672
Operating expenses	(42,690)	(41,632)	(1,058)
Selling, general and administrative	(1,818)	(1,726)	(92)
Depreciation and amortization	(11,029)	(8,969)	(2,060)
Operating earnings	4,390	6,928	(2,538)
Gain on sale of vessels	—	(31)	31
Interest expense	(1,295)	(1,884)	589
Foreign exchange gain (loss)	667	(137)	804
Earnings before undernoted	3,762	4,876	(1,114)
Income tax expense	(727)	(236)	(491)
Net earnings of joint ventures	1,385	243	1,142
Net loss attributable to non-controlling interest	(617)	(903)	286
Net earnings	$ 3,803	$ 3,980	$ (177)
Company share of net earnings above	$ 1,902	$ 1,990	$ (88)
Amortization of vessel purchase price allocation and intangibles	(71)	(158)	87
Company share included in net earnings from investments in joint ventures	$ 1,831	$ 1,832	$ (1)

EBITDA

The following table provides a reconciliation of net earnings in accordance with GAAP to the non-GAAP EBITDA measure, as reported for the three months ended March 31, 2025 and 2024, and presented herein:

For the three months ended March 31	2025	2024
Company share of net earnings from investments in joint ventures	**$ 1,902**	$ 1,990
Adjustments to net earnings (company's share):		
Depreciation and amortization	**5,515**	4,485
Interest expense	**648**	942
Income tax expense	**364**	118
Foreign exchange loss (gain)	**(334)**	69
Gain on sale of vessel	**—**	16
Company share of EBITDA[(1)]	**$ 8,095**	$ 7,620

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

2025 First Quarter Compared to the Corresponding Period in 2024

Revenues in this segment, which consist of our NACC (cement), NASC (mini-bulker) and NABH (handy-size) joint ventures, were slightly higher in 2025, primarily driven by a 19% increase in revenues in the cement fleet, partially offset by lower revenue in the mini-bulker and handy-size fleet. Higher revenues in the cement fleet were driven by increased revenue days due to fewer dry-dockings, improved operating performance, and two additional vessels in the fleet compared to the prior year period. The mini-bulker and handy-size fleets experienced lower revenues compared to the previous year due to increased dry-docking days in the mini-bulker fleet and exposure to market conditions and weather-delays in the handy-sized fleet.

Operating expenses increased mainly as a result of the two additional vessels in the NACC fleet and due to weather delays in the handy-size fleets, which were not experienced in the first quarter of the prior year, with such increases being partially offset by savings in the mini-bulker fleet.

Depreciation was higher in 2025 mainly due to the increase in the size of the cement fleet and net earnings of joint ventures increased due to improved market conditions and operating performance in NACC's Northern European joint venture compared to the prior year period.

Outlook

In 2025, we anticipate steady earnings from the cement fleet, with most assets committed to long-term time charter contracts. The handy-size segment, together with the mini-bulk segment are expected to perform at levels similar to 2024.

Two newbuild 9.5k dwt mini-bulkers are expected to be delivered into the NASC fleet in late 2025 and early 2026. These vessels will bring the newbuilds added to the mini-bulk fleet to six since 2020.

Corporate Segment

Financial Performance

For the three months ended March 31	2025	2024	Favourable/ (Unfavourable) 2025 vs 2024
Revenue	**$ 634**	$ 894	$ (260)
Operating expenses	**(237)**	(271)	34
Selling, general and administrative	**(4,552)**	(5,556)	1,004
Depreciation	**(428)**	(337)	(91)
Operating loss	**(4,583)**	(5,270)	687
Foreign exchange gain (loss)	**(177)**	123	(300)
Interest expense, net	**(4,438)**	(3,751)	(687)
Income tax recovery	**2,436**	2,136	300
Net earnings from investment in joint venture	**1,400**	1,516	(116)
Net loss	**$ (5,362)**	$ (5,246)	$ (116)

The Corporate segment consists of revenue from management services provided to third parties, head office expenditures, other administrative expenses of the Company, and earnings from a joint venture in a mechanical, machining, and fabrication shop called Allied Marine & Industrial ("AMI"). The Company holds a 49% interest in AMI and also the land and buildings occupied by AMI. The land and buildings generate rental income for the Corporate segment. AMI's primary business supports the Canadian marine industry and is therefore impacted by that industry's seasonality, generating its earnings predominantly in the first half of the year.

Revenues in the segment are also generated from rental income provided by third-party tenants in the Company's head office building. Operating expenses include the operating costs of that office building.

On June 30, 2022, the Company finalized the sale of a shopping centre located in Sault Ste. Marie, Ontario. Proceeds of the sale included a vendor take-back mortgage for $18 million, secured by a first lien against the shopping centre. The principal repayment was due June 30, 2024 and is now in default. A court order imposed a deadline of January 16, 2025 for the full mortgage amount, including accrued interest, to be paid. The repayment deadline was not met and the court has ordered commencement of receivership proceedings to recoup the mortgage.

Consolidated

Interest Expense

For the three months ended March 31	2025	2024	Favourable/ (Unfavourable) 2025 vs 2024
Interest expense on borrowings	**$ 5,559**	$ 5,081	$ (478)
Amortization of financing costs	**199**	317	118
Interest on employee future benefits, net	**—**	38	38
Capitalized interest	**(1,130)**	(777)	353
	$ 4,628	$ 4,659	$ 31

Income Taxes

For the three months ended March 31	2025	2024	Favourable/ (Unfavourable) 2025 vs 2024
Combined federal and provincial statutory income tax rate	**26.5 %**	26.5 %	— %
Net loss before income tax and net earnings from investments in joint ventures	**$ (40,346)**	$ (31,817)	$ (8,529)
Expected income tax recovery	**$ 10,692**	$ 8,432	$ 2,260
Tax effects resulting from:			
Foreign tax rates different from Canadian statutory rate	**1,678**	2,323	(645)
Effect of items that are non-taxable	**—**	276	(276)
Other	**7**	(18)	25
Actual tax recovery	**$ 12,377**	$ 11,013	$ 1,364

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

Contingencies

For information on contingencies, please refer to Note 29 of the Consolidated Financial Statements for the years ending December 31, 2024 and 2023. There have been no significant changes in the items presented since December 31, 2024.

Capital Resources

The Company has cash on hand of $36,299 at March 31, 2025. Available credit facilities along with projected cash from operations for 2025 are expected to be sufficient to meet the Company's planned operating and capital requirements and other contractual obligations for the year.

The Company maintains credit facilities that are reviewed periodically to determine if sufficient capital is available to meet current and anticipated needs. The Company's bank credit facility (the "Facility") comprises a $125 million Canadian dollar and a $75 million U.S. dollar senior secured revolving bank credit maturing October 11, 2027. The Facility bears interest at rates that are based on the Company's ratio of net senior debt, as defined, to earnings before interest, taxes, depreciation and amortization and ranges from 170 to 325 basis points above adjusted SOFR, CORRA, or EURIBOR rates. The Company has granted a general security agreement in favour of the senior secured lenders and has granted specific collateral mortgages covering the majority of its wholly owned vessels. As of March 31, 2025, $162,066 had been withdrawn from the Facility.

The Company is subject to certain covenants under the terms of the Facility and the senior secured notes, including ones with respect to maintaining defined financial ratios and other conditions. As at March 31, 2025, the Company was in compliance with all of its covenants.

Transactions with Related Parties

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

There were no transactions with these related parties for the three months ended March 31, 2025.

Financial Condition, Liquidity and Capital Resources

Cash Flows

For the three months ended March 31	**2025**	2024	Favourable/ (Unfavourable) 2025 vs 2024
Net cash generated from operating activities	**$ 7,755**	$ 468	$ 7,287
Net cash used in investing activities	**(155,199)**	(79,753)	(75,446)
Net cash generated from financing activities	**180,603**	56,308	124,295
Net change in cash	**33,159**	(22,977)	56,136
Effects of exchange rate changes on cash held in foreign currencies	**(405)**	4,015	(4,420)
Cash, beginning of period	**3,545**	32,831	(29,286)
Cash, end of period	**$ 36,299**	$ 13,869	$ 22,430

Operating Activities

Higher net cash from operating activities in 2025 primarily relates to timing of working capital cash flows.

Investing Activities

Higher net cash used in investing activities in 2025 reflects the significant investments in new product tankers, the final delivery payment for the *Algoma Endeavour*, vessels under construction, and net investments in joint ventures.

Financing Activities

Changes in cash from financing activities in 2025 reflects increased borrowings and interest payments to facilitate increased investment spending.

Free Cash Flow

The following table provides a reconciliation of net cash generated from operating activities in accordance with GAAP to the non-GAAP free cash flow, as reported for the three months ended March 31, 2025, and 2024, and presented herein:

For the three months ended March 31	**2025**	2024	Favourable/ (Unfavourable) 2025 vs 2024
Net cash generated from operating activities	**$ 7,755**	$ 468	$ 7,287
Net debt service repayments	**(6,328)**	(1,088)	(5,240)
Capital required for maintenance of existing assets	**(20,736)**	(2,545)	(18,191)
Free cash flow[(1)]	**$ (19,309)**	$ (3,165)	$ (16,144)

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

Free cash flow for 2025 reflects increases from working capital offset by increased debt service payments. During the first quarter of 2025, there were six regulatory dry-dockings compared to two in the first quarter of 2024.

Normal Course Issuer Bid

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

Under the 2025 NCIB, the Company may purchase up to 2,063 Shares per day, representing 25% of the average daily trading volume for the previous six months. The Company may buy back Shares anytime during the twelve-month period beginning on March 21, 2025 and ending on March 20, 2026. The stated capital of $1.41 per share equals the approximate paid-up capital amount of the Shares for purposes of the Income Tax Act.

Under the 2025 NCIB, or the previous year NCIB, no Shares were purchased and cancelled for the three month period ended March 31, 2025 or 2024.

Commitments

The table below provides aggregate information about the Company's contractual obligations as at March 31, 2025 that affect the Company's liquidity and capital resource needs.

	2025	2026	2027	2028	2029	2030 and Beyond	Total
Short-term borrowings	$ 162,066	$ —	$ —	$ —	$ —	$ —	$ 162,066
Long-term debt	6,721	8,964	37,719	8,947	8,911	378,837	450,099
Vessel purchase commitments	83,065	83,280	55,808	—	—	—	222,153
Vessel purchase commitments through joint ventures (Algoma share)(1)	80,743	67,826	—	—	—	—	148,569
Interest payments on long-term debt	17,429	18,509	18,005	16,533	16,033	68,139	154,648
AMI share purchase	—	—	—	—	—	5,757	5,757
	$ 350,024	$ 178,579	$ 111,532	$ 25,480	$ 24,944	$ 452,733	$ 1,143,292

(1) The joint venture commitments above include the construction of five product tankers, two general cargo ships, and a cement carrier. The joint ventures have financing arrangements under which and subject to certain conditions, they can access funding for up to 70% of the outstanding commitments upon delivery of the vessels.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Disclosure Controls and Procedures

In accordance with the requirements of National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings, the Company's management, including the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as of March 31, 2025. Under the supervision of and with the participation of the Chief Executive Officer and the Chief Financial Officer, Management has concluded that the Company's disclosure controls and procedures were effective as of March 31, 2025.

Internal Controls over Financial Reporting

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

Management has used the criteria established in the 2013 Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission to assess, with the participation of the Chief Executive Officer and Chief Financial Officer, the effectiveness of the Company's internal controls over financial reporting. Based on this assessment, Management has concluded that the Company's internal controls over financial reporting are operating effectively as of March 31, 2025.

Changes in Internal Controls over Financial Reporting

During the period ended March 31, 2025, there have been no changes in the Company's policies and procedures and other processes that comprise its internal control over financial reporting, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Accounting Pronouncements Issued But Not Yet Effective

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

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

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

IFRS 18 *Presentation and Disclosures in Financial Statements*

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

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2025

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