ALGOMA CENTRAL CORPORATION

2024 INTERIM REPORT TO SHAREHOLDERS

For the Three Months Ended March 31, 2024 and 2023

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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, 2024 and 2023 and related notes thereto and has been prepared as at May 1, 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 five business units or segments. The largest is the Domestic Dry-Bulk segment, which includes the Company’s 18 Canadian dry-bulk carriers. This segment serves a wide variety of major industrial sectors, including iron and steel producers, aggregate producers, cement and building material producers, salt producers, and agricultural product distributors.

The Product Tankers fleet consists of seven product tankers employed in Canadian flag service and two vessels currently under international bareboat charters. The segment also includes the Company's 50% interest in a new international joint venture comprising ten tankers, nine of which are 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 a Pool comprising the world's largest fleet of ocean-going self-unloaders, which at the end of the period 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 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.

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. Effective from January 1, 2024, the Company has aggregated the remaining balances of the Investment Properties segment with the Corporate segment as Investment Properties no longer meets the definition of a reportable segment. The comparative information for the Investment Properties segment has been reclassified to conform to the current financial statement presentation.

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. 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*, 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.

Select Financial and Operational Highlights

Financial Highlights

For the three months ended March 31	2024	2023	Favourable/ (Unfavourable) 2024 vs 2023
Reported revenue	**$ 109,214**	$ 111,604	$ (2,390)
Freight revenue[1]	**140,937**	145,297	(4,360)
Operating loss	**(28,553)**	(32,339)	3,786
Net loss	**(17,253)**	(19,640)	2,387
Basic loss per share	**(0.44)**	(0.51)	0.07
Diluted loss per share	**(0.44)**	(0.51)	0.07
EBITDA[2]	**(861)**	(7,839)	6,978
Free Cash Flow[3]	**(3,165)**	(18,238)	15,073

As at	March 31 2024	December 31 2023	2024 vs 2023
Common shares outstanding	**39,523,062**	38,649,996	873,066
Total assets	**$ 1,391,752**	$ 1,344,156	$ 47,596
Total long-term financial liabilities	**$ 369,014**	$ 377,021	$ (8,007)

(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	2024	2023
Total cargo carried (metric tonnes in thousands)[1]	**7,774**	7,308
Tonne-kilometre travelled[2]	**6,469,502**	5,975,091
Operating days[3]	**1,782**	1,812
Vessel productivity[4]		
Domestic Dry-Bulk	**84 %**	82 %
Product Tankers	**97 %**	93 %
Ocean Self-Unloaders	**100 %**	99 %
Vessel capacity utilization[5]		
Domestic Dry-Bulk	**93 %**	97 %
Product Tankers	**100 %**	100 %
Ocean Self-Unloaders	**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) 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 loss in accordance with GAAP to the non-GAAP EBITDA measure for the three months ended March 31, 2024 and 2023, and presented herein:

For the three months ended March 31	**2024**	2023
Net loss	**$ (17,253)**	$ (19,640)
Adjustments to net loss, excluding joint ventures:		
Depreciation and amortization	**17,128**	15,996
Interest expense, net	**3,751**	4,160
Gain on sale of assets	**(364)**	(4,736)
Foreign exchange gain	**(123)**	(370)
Income tax recovery	**(11,013)**	(9,464)
Joint venture adjustments:		
Interest expense, net	**1,163**	1,095
Foreign exchange loss	**60**	17
Depreciation and amortization	**5,205**	4,951
Income tax expense	**569**	152
Loss on sale of asset	**16**	—
EBITDA[(1)]	**$ (861)**	$ (7,839)

(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	**2024**	2023	Favourable/ (Unfavourable) 2024 vs 2023
Reported Revenue	**$ 109,214**	$ 111,604	$ (2,390)
Freight revenue[(1)]			
Domestic Dry-Bulk	**$ 30,968**	$ 34,383	$ (3,415)
Product Tankers	**36,405**	32,622	3,783
Ocean Self-Unloaders	**43,936**	45,416	(1,480)
Global Short Sea Shipping	**29,628**	32,876	(3,248)
Total freight revenue	**$ 140,937**	$ 145,297	$ (4,360)

(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	2024	2023	Favourable/ (Unfavourable) 2024 vs 2023
Revenue	**$ 31,075**	$ 34,499	$ (3,424)
Operating expenses	**(56,330)**	(58,116)	1,786
Selling, general and administrative	**(3,971)**	(3,570)	(401)
Depreciation and amortization	**(6,387)**	(6,456)	69
Operating loss	**(35,613)**	(33,643)	(1,970)
Gain on sale of vessel	**364**	—	364
Income tax recovery	**9,390**	8,934	456
Net loss	**$ (25,859)**	$ (24,709)	$ (1,150)

Operational Performance

For the three months ended March 31	2024	2023	Favourable/ (Unfavourable) 2024 vs 2023
Volumes (metric tonnes in thousands)			
Power Generation	**—**	6	(6)
Iron and steel	**845**	787	58
Construction	**—**	50	(50)
Agriculture	**189**	150	39
Salt	**829**	720	109
Total volumes	**1,863**	1,713	150
Revenue Days	**415**	440	(25)
Operating Days	**495**	538	(43)

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, 2024 and 2023 and presented herein:

For the three months ended March 31	2024	2023
Net loss	**$ (25,859)**	$ (24,709)
Adjustments to net loss:		
Depreciation and amortization	**6,387**	6,456
Income tax recovery	**(9,390)**	(8,934)
Gain on sale of vessel	**(364)**	—
EBITDA[(1)]	**$ (29,226)**	$ (27,187)

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

2024 First Quarter Compared to the Corresponding Period in 2023

The decrease in revenue was mainly driven by a 6% decrease in revenue days, despite an 9% increase in overall volumes. The mild winter conditions and lack of any appreciable ice cover on the Great Lakes facilitated efficient trading with minimal delays on winter salt and iron ore shipments. As a result, more cargo was moved in fewer revenue days.

Operating costs were lower during the quarter, predominantly as a result of reduced fuel expenditures partially offset by higher winter maintenance costs including supplies and dry-dock spending. Additionally, crew costs were higher this quarter driven by increased spending on crew training and higher wages reflecting inflation-related increases.

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

Outlook

Looking ahead, we expect a softening in demand for domestic dry-bulk capacity with de-icing salt volumes for the balance of the year dropping more than anticipated due to the record mild winter across the Great Lakes - St. Lawrence region. Weaker markets for export iron ore and construction raw materials are also expected to reduce cargo volume. Consequently, Algoma has adjusted the expected sailing dates for some of its less efficient vessels to align with market demand. There are positive indicators that domestic iron ore volume will increase and grain shipments are expected to hold relatively steady with improved soil moisture levels creating potential for a large 2024 grain crop.

Product Tankers Segment

Financial Performance

For the three months ended March 31	2024	2023	Favourable/ (Unfavourable) 2024 vs 2023
Revenue	**$ 34,046**	$ 32,081	$ 1,965
Operating expenses	**(24,451)**	(25,889)	1,438
Selling, general and administrative	**(1,659)**	(1,456)	(203)
Depreciation and amortization	**(3,960)**	(3,592)	(368)
Operating earnings	**3,976**	1,144	2,832
Gain on sale of vessels	**—**	4,736	(4,736)
Income tax expense	**(513)**	(1,513)	1,000
Net earnings from investment in joint venture	**123**	119	4
Net earnings	**$ 3,586**	$ 4,486	$ (900)

Operational Performance[1]

For the three months ended March 31	2024	2023	Favourable/ (Unfavourable) 2024 vs 2023
Volume (metric tonnes in thousands)			
Petroleum products	**745**	727	18
Revenue days	**618**	604	14
Operating days	**637**	650	(13)

(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 three months ended March 31, 2024 and 2023, and presented herein:

For the three months ended March 31	2024	2023
Net earnings	**$ 3,586**	$ 4,486
Adjustments to net earnings:		
Depreciation and amortization	**3,960**	3,592
Income tax expense	**513**	1,513
Gain on sale of vessels	**—**	(4,736)
Joint venture:		
Interest, net	**229**	—
Depreciation and amortization	**475**	—
Foreign exchange gain	**(9)**	—
EBITDA[1]	**$ 8,754**	$ 4,855

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

2024 First Quarter Compared to the Corresponding Period in 2023

The rise in revenue was driven primarily by a 3% increase in revenue days, largely due to having seven vessels operating at full capacity, coupled with higher freight rates on new vessels. This is in contrast to 2023 when the fleet consisted of nine vessels, but four of them were either being sold or in the process of joining the fleet. This led to fewer revenue generating days last year and having a larger proportion of older vessels with lower freight rates.

Operating expenses were lower, driven by a 2% reduction in operating days on vessels sold in 2023 and decreased layup spending due to the timing of dry-docks and layup periods compared to the previous first quarter. Additionally, fuel expenses were lower this quarter reflecting vessel repositioning costs in the first quarter of 2023. Lower costs were partially offset by increased repair spending on three vessels and higher supply costs.

The first vessel in the FureBear joint venture, the *Fure Vanguard*, was delivered at the end of February, 2024 and almost immediately went on hire with a delivery cargo.

In January, the Company acquired two 2009-built, 16,600 dwt product tankers from Norway's Knutsen OAS Shipping. The vessels are currently on bareboat charters back to the seller. 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.

During the first quarter of 2023, the *Algoma Hansa* and the *Algonorth* were sold, resulting in a $4,736 gain.

Outlook

We expect customer demand in the segment to remain 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. Nine new tankers on order, for the FureBear joint venture, are being constructed with delivery expected between mid 2024 and late 2026, including three more in 2024.

Ocean Self-Unloaders Segment

Financial Performance

For the three months ended March 31	**2024**	2023	Favourable/ (Unfavourable) 2024 vs 2023
Average foreign exchange rate (USD/CAD)	**1.3488**	1.3518	(0.0030)
Revenue	**$ 43,199**	$ 44,385	$ (1,186)
Operating expenses	**(27,946)**	(33,301)	5,355
Selling, general and administrative	**(455)**	(551)	96
Depreciation and amortization	**(6,444)**	(5,581)	(863)
Operating earnings	**8,354**	4,952	3,402
Net earnings from investment in joint venture	**80**	172	(92)
Net earnings	**$ 8,434**	$ 5,124	$ 3,310

Operational Performance

For the three months ended March 31	**2024**	2023	Favourable/ (Unfavourable) 2024 vs 2023
Pool Volumes (metric tonnes in thousands)(1)			
Gypsum	**995**	826	169
Aggregates	**2,260**	1,947	313
Coal	**1,743**	1,842	(99)
Other	**168**	253	(85)
Total volumes	**5,166**	4,868	298
Algoma Vessels			
Revenue days	**648**	619	29
Operating days	**650**	624	26
Off-hire days for dry-docking	**78**	96	18

(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 three months ended March 31, 2024 and 2023, and presented herein:

For the three months ended March 31	**2024**	2023
Net earnings	**$ 8,434**	$ 5,124
Adjustments to net earnings:		
Depreciation and amortization	**6,444**	5,581
Joint venture:		
Depreciation and amortization	**42**	97
EBITDA(1)	**$ 14,916**	$ 10,802

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

2024 First Quarter Compared to the Corresponding Period in 2023

Overall revenue was lower in the first quarter despite 6% higher volumes as a result of changing trade patterns.

The reduction in operating costs can be mainly attributed to decreased dry-docking expenses, resulting from only one vessel undergoing dry-dock for a portion of the quarter, as opposed to having two vessels on dry-dock during the first quarter in 2023. The decrease in costs was partially offset by a 4% rise in operating days primarily as a result of the decreased off-hire time, alongside increased repair and supply costs for three vessels during the period.

Outlook

Vessel utilization is expected to improve in 2024 with substantially fewer dry-dockings compared to 2023. Volumes are expected to improve modestly for the remainder of the year. 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 three months ended March 31		2024		2023		Favourable/ (Unfavourable) 2024 vs 2023
Average foreign exchange rate (USD/CAD)		**1.3488**		1.3518		(0.0030)
Revenue	**$**	**59,255**	$	65,752	$	(6,497)
Operating expenses		**(41,632)**		(47,359)		5,727
Selling, general and administrative		**(1,726)**		(1,593)		(133)
Depreciation and amortization		**(8,969)**		(9,391)		422
Operating earnings		**6,928**		7,409		(481)
Loss on sale of vessel		**(31)**		—		(31)
Interest expense		**(1,884)**		(2,189)		305
Foreign exchange loss		**(137)**		(34)		(103)
Earnings before undernoted		**4,876**		5,186		(310)
Income tax expense		**(236)**		(304)		68
Net earnings of joint ventures		**243**		1,346		(1,103)
Net earnings attributable to non-controlling interest		**(903)**		(1,916)		1,013
Net earnings	**$**	**3,980**	$	4,312	$	(332)
Company share of net earnings above	**$**	**1,990**	$	2,156	$	(166)
Amortization of vessel purchase price allocation and intangibles		**(158)**		(158)		—
Company share included in net earnings from investments in joint ventures	**$**	**1,832**	$	1,998	$	(166)

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, 2024 and 2023, and presented herein:

For the three months ended March 31		2024		2023
Company share of net earnings from investments in joint ventures	**$**	**1,832**	$	1,998
Adjustments to net earnings (company's share):				
Depreciation and amortization		**4,643**		4,854
Interest expense		**942**		1,095
Income tax expense		**118**		152
Foreign exchange loss		**69**		17
Loss on sale of vessel		**16**		—
Company share of EBITDA(1)	**$**	**7,620**	$	8,116

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

2024 First Quarter Compared to the Corresponding Period in 2023

Revenues were lower in the first quarter mainly due to declining freight rates in the mini-bulker and handy-size fleets and higher off-hire time due to increased dry-dockings in the handy-size fleet, partially offset by steady freight rates and an increase in wholly-owned vessels in the cement fleet.

Operating expenses decreased during the quarter driven by a reduction in voyage costs within the mini-bulker and cement fleets. For the cement fleet operating costs were lower due to having one vessel on bareboat charter throughout the quarter compared to being on time charter in the prior year and increased repair costs for a significant outage on one large cement vessel that did not repeat this year. Additionally, costs associated with dry-dockings and vessel off-hire for the segments did not recur this year.

Outlook

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

Corporate Segment

Financial Results Overview

For the three months ended March 31	**2024**	2023	Favourable/ (Unfavourable) 2024 vs 2023
Revenue	**$ 894**	$ 639	$ 255
Operating expenses	**(271)**	(254)	(17)
Selling, general and administrative	**(5,556)**	(4,810)	(746)
Depreciation	**(337)**	(367)	30
Operating loss	**(5,270)**	(4,792)	(478)
Foreign exchange gain	**123**	370	(247)
Interest expense, net	**(3,751)**	(4,160)	409
Income tax recovery	**2,136**	2,043	93
Net earnings from investment in joint venture	**1,516**	—	1,516
Net loss	**$ (5,246)**	$ (6,539)	$ 1,293

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 purchased a 49% interest in AMI in the third quarter of 2023 and also purchased 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.

Consolidated

Interest Expense

For the three months ended March 31	**2024**	2023	Favourable/ (Unfavourable) 2024 vs 2023
Interest expense on borrowings	**$ 5,081**	$ 4,623	$ (458)
Amortization of financing costs	**317**	426	109
Interest on employee future benefits, net	**38**	181	143
Capitalized interest	**(777)**	(105)	672
	$ 4,659	$ 5,125	$ 466

Income Taxes

For the three months ended March 31	2024	2023	Favourable/ (Unfavourable) 2024 vs 2023
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	**$ (31,817)**	$ (31,393)	$ (424)
Expected income tax recovery	**$ 8,432**	$ 8,319	$ 113
Increase (decrease) in recovery resulting from:			
Foreign tax rates different from Canadian statutory rate	**2,323**	1,107	1,216
Effect of items that are non-taxable	**276**	—	276
Other	**(18)**	38	(56)
Actual tax recovery	**$ 11,013**	$ 9,464	$ 1,549

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 2024 and 2023 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.

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 $13,869 at March 31, 2024. 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 March 31, 2024, $64,599 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, 2024, 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, 2024.

Financial Condition, Liquidity and Capital Resources

Cash Flows

For the three months ended March 31	2024	2023	Favourable/ (Unfavourable) 2024 vs 2023
Net cash generated from operating activities	**$ 468**	$ 1,588	$ (1,120)
Net cash used in investing activities	**(79,753)**	(31,101)	(48,652)
Net cash generated from (used in) financing activities	**56,308**	(43,134)	99,442
Net change in cash	**(22,977)**	(72,647)	49,670
Effects of exchange rate changes on cash held in foreign currencies	**4,015**	1,207	2,808
Cash, beginning of period	**32,831**	141,968	(109,137)
Cash, end of period	**$ 13,869**	$ 70,528	$ (56,659)

Investing Activities

Higher net cash used in investing activities in 2024 primarily relates to the acquisition of two product tankers and final payment on one Equinox Class newbuild vessel.

Financing Activities

The increase in cash from financing activities in 2024 is reflective of higher short-term borrowings. 2023 figures include the payment of a special dividend.

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, 2024 and 2023, and presented herein:

For the three months ended March 31	**2024**	2023	Favourable/ (Unfavourable) 2024 vs 2023
Net cash generated from operating activities	**$ 468**	$ 1,588	$ (1,120)
Net debt service repayments	**(1,088)**	(5,797)	4,709
Capital required for maintenance of existing assets	**(2,545)**	(14,029)	11,484
Free cash flow[1]	**$ (3,165)**	$ (18,238)	$ 15,073

(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 2024 reflects typical winter maintenance and dry-dock expenditures. During 2023, the Company made significant 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, 2024, the Company renewed its normal course issuer bid (the "2024 NCIB") with the intention to purchase, through the facilities of the TSX, up to 1,975,857 of its common shares ("Shares") representing approximately 5% of the 39,517,144 Shares which were issued and outstanding as at the close of business on March 7, 2024.

Subject to prescribed exceptions, the Company is allowed to purchase up to 2,201 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 8,807 Shares. Any Shares purchased under the 2024 NCIB are cancelled. Under the current NCIB, no Shares have been purchased and cancelled for the three months ended March 31, 2024.

In conjunction with the 2024 renewal of the 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 2024 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 2024 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 2024 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 2024 NCIB has been reached; (b) Algoma terminates the ASPP in accordance with its terms; or (c) the 2024 NCIB expires. The ASPP constitutes an “automatic securities purchase plan” under applicable Canadian securities laws.

Commitments

The table below provides aggregate information about the Company's contractual obligations as at March 31, 2024 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	$ 47,810	$ —	$ —	$ 27,100	$ —	$ 300,085	$ 374,995
Vessel purchase commitments	56,406	230,892	78,495	52,601	—	—	418,394
Vessel purchase commitments through joint ventures[1]	73,527	100,132	21,543	—	—	—	195,202
Interest payments on long-term debt	13,679	12,424	12,424	12,424	11,511	65,068	127,530
AMI share purchase	—	—	—	—	—	5,757	5,757
Leases	86	148	83	—	—	—	317
	$ 191,508	$ 343,596	$ 112,545	$ 92,125	$ 11,511	$ 370,910	$ 1,122,195

(1) The joint venture commitments above include the construction of nine 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.

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, 2024. 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, 2024.

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 March 31, 2024.

Changes in Internal Controls over Financial Reporting

During the period ended March 31, 2024, there have been no changes in the Company's policies and procedures and other processes that comprise its internal control over financial reporting, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Adoption of New and Amended Accounting Pronouncements

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 Company adopted these amendments effective January 1, 2024. 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 Company's financial disclosure is not materially affected by the application of the amendments.

ALGOMA CENTRAL CORPORATION

Interim Condensed Consolidated Financial Statements
For the Three Months Ended March 31, 2024 and 2023

Notice of disclosure of no auditor review of interim condensed consolidated financial statements pursuant to National Instrument 51-02, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators.

The accompanying interim condensed consolidated financial statements of Algoma Central Corporation for the three months ended March 31, 2024 and 2023 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting as issued by the International Accounting Standards Board and are the responsibility of the Company's management. The Company's independent auditors have not performed an audit or a review of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Earnings

For the three months ended March 31	Notes	2024	2023
(unaudited, in thousands of dollars, except per share data)			
Revenue	4	$ **109,214**	$ 111,604
Operating expenses		**(108,998)**	(117,560)
Selling, general and administrative expenses		**(11,641)**	(10,387)
Depreciation and amortization		**(17,128)**	(15,996)
Operating loss		**(28,553)**	(32,339)
Interest expense	6	**(4,659)**	(5,125)
Interest income		**908**	965
Gain on sale of assets	9	**364**	4,736
Foreign exchange gain		**123**	370
		(31,817)	(31,393)
Income tax recovery	7	**11,013**	9,464
Net earnings from investments in joint ventures	5	**3,551**	2,289
Net loss		$ **(17,253)**	$ (19,640)
Basic loss per share	17	$ **(0.44)**	$ (0.51)
Diluted loss per share	17	$ **(0.44)**	$ (0.51)

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Comprehensive Earnings

For the three months ended March 31	2024	2023
(unaudited, in thousands of dollars)		
Net loss	$ **(17,253)**	$ (19,640)
Other comprehensive earnings:		
Items that may be subsequently reclassified to net earnings (loss):		
Unrealized gain (loss) on translation of financial statements of foreign operations	**12,960**	(95)
Unrealized gain (loss) on hedging instruments, net of income tax	**(4,713)**	651
Foreign exchange gain (loss) on purchase commitment hedge reserve, net of income tax, transferred to:		
Vessels under construction	**752**	(529)
Items that will not be subsequently reclassified to net earnings (loss):		
Employee future benefits actuarial gain, net of income tax	**2,640**	605
	11,639	632
Comprehensive loss	$ **(5,614)**	$ (19,008)

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Balance Sheet

As at (unaudited, in thousands of dollars)	Notes	March 31 2024	December 31 2023
Assets			
Current			
Cash		**$ 13,869**	$ 32,831
Accounts receivable		**58,532**	79,091
Income taxes recoverable		**2,886**	3,275
Mortgage receivable	11	**18,000**	18,000
Other current assets	8	**27,581**	28,194
		120,868	161,391
Property, plant, and equipment	9	**905,344**	808,752
Investments in joint ventures	5	**276,999**	260,915
Goodwill	10	**7,910**	7,910
Employee future benefits		**25,328**	22,151
Other assets	12	**55,303**	83,037
		$ 1,391,752	$ 1,344,156
Liabilities			
Current			
Accounts payable and accrued charges		**$ 86,775**	$ 82,739
Short-term borrowings	13	**64,599**	—
Current portion of long-term debt	16	**47,716**	60,663
Income taxes payable		**59**	385
Other current liabilities	14	**7,362**	3,400
		206,511	147,187
Long-term debt	16	**321,298**	316,358
Employee future benefits		**19,122**	19,456
Deferred income taxes		**69,655**	80,620
Other long-term liabilities	15	**1,044**	2,226
		617,630	565,847
Commitments	20		
Shareholders' Equity			
Share capital	17	**42,351**	29,175
Convertible debentures		**2,180**	2,218
Accumulated other comprehensive loss	18	**(16,985)**	(22,467)
Retained earnings		**746,576**	769,383
		774,122	778,309
		$ 1,391,752	$ 1,344,156

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Changes in Equity

(unaudited, in thousands of dollars)		Share Capital		Contributed Surplus and Convertible Debentures		Accumulated Other Comprehensive Loss		Retained Earnings		Total Equity
		(Note 17)				(Note 18)				
Balance at January 1, 2023	$	11,732	$	2,852	$	(8,105)	$	719,545	$	726,024
Net loss		—		—		—		(19,640)		(19,640)
Dividends		—		—		—		(6,773)		(6,773)
Repurchase and cancellation of common shares		(35)		(659)		—		(564)		(1,258)
Debenture conversions		9,796		(96)		—		—		9,700
Share-based compensation		—		78		—		—		78
Other comprehensive earnings		—		—		27		605		632
Balance at March 31, 2023	$	21,493	$	2,175	$	(8,078)	$	693,173	$	708,763
Balance at January 1, 2024	$	29,175	$	2,218	$	(22,467)	$	769,383	$	778,309
Net loss		—		—		—		(17,253)		(17,253)
Dividends		—		—		—		(7,341)		(7,341)
Repurchase and cancellation of common shares		(41)		—		—		(748)		(789)
Debenture conversions		13,217		(38)		—		—		13,179
Share-based compensation		—		—		—		(105)		(105)
Reclassified to property, plant and equipment (Note 9)		—		—		(3,517)		—		(3,517)
Other comprehensive earnings		—		—		8,999		2,640		11,639
Balance at March 31, 2024	**$**	**42,351**	**$**	**2,180**	**$**	**(16,985)**	**$**	**746,576**	**$**	**774,122**

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Cash Flows

For the three months ended March 31	Notes	2024	2023
(unaudited, in thousands of dollars)			
Net Inflow (Outflow) of Cash Related to the Following Activities			
Operating			
Net loss		**$ (17,253)**	$ (19,640)
Net earnings from investments in joint ventures	5	**(3,551)**	(2,289)
Items not affecting cash			
Depreciation and amortization		**17,128**	15,996
Gain on sale of assets	9	**(364)**	(4,736)
Other non-cash items		**(7,147)**	(5,338)
Net change in non-cash working capital		**12,745**	25,561
Income taxes paid, net		**(790)**	(7,191)
Employee future benefits paid		**(300)**	(775)
Net cash generated from operating activities		**468**	1,588
Investing			
Additions to property, plant, and equipment	19	**(77,253)**	(12,145)
Distributions received from joint ventures	5	**—**	4,272
Investment in joint ventures	5	**(2,885)**	(8,172)
Additions to vessels under construction		**(484)**	(24,180)
Issuance of loan receivable, net		**—**	(10,150)
Net proceeds on sale of assets	9	**869**	19,274
Net cash used in investing activities		**(79,753)**	(31,101)
Financing			
Interest paid		**(1,088)**	(600)
Interest received		**908**	717
Net proceeds of short-term borrowings		**64,599**	20,000
Repayment of long-term debt		**—**	(5,197)
Repurchase of shares for cancellation	17	**(789)**	(1,258)
Dividends paid		**(7,322)**	(56,796)
Net cash generated from (used in) financing activities		**56,308**	(43,134)
Net change in cash		**(22,977)**	(72,647)
Effects of exchange rate changes on cash held in foreign currencies		**4,015**	1,207
Cash, beginning of period		**32,831**	141,968
Cash, end of period		**$ 13,869**	$ 70,528

See accompanying notes to the interim condensed consolidated financial statements

Notes to the Consolidated Financial Statements

1. Organization and Description of Business

Algoma Central Corporation (the "Company") is incorporated in Canada and listed on the Toronto Stock Exchange. The address of the Company's registered office is 63 Church St, Suite 600, St. Catharines, Ontario, Canada. The Interim Condensed Consolidated Financial Statements of the Company for the three months ended March 31, 2024 and 2023 comprise the Company, its subsidiaries and the Company's interests in jointly controlled entities.

The principal subsidiaries are Algoma Shipping Ltd. and Algoma Tankers Limited. The principal jointly controlled entities are NovaAlgoma Cement Carriers Limited (50%), NovaAlgoma Short-Sea Holding Limited (50%) and FureBear AB (50%). In addition, Algoma Shipping Ltd. is a member of an international pool arrangement (the "Pool"), under which revenues and related voyage expenses are distributed to each Pool member based on an agreed formula reflecting the earnings capacity of the vessels each Pool member has placed in the Pool.

Algoma Central Corporation owns and operates the largest fleet of dry and liquid bulk carriers operating on the Great Lakes - St. Lawrence Seaway, including self-unloading dry-bulk carriers, gearless dry-bulk carriers and product tankers. Algoma also owns and operates ocean-going self-unloading dry-bulk vessels trading in international markets and 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 five business units or segments. The largest is the Domestic Dry-Bulk segment, which includes the Company's 18 Canadian dry-bulk carriers. This segment serves a wide variety of major industrial sectors, including iron and steel producers, aggregate producers, cement and building material producers, salt producers, and agricultural product distributors.

The Product Tankers fleet consists of seven product tankers employed in Canadian flag service and two vessels currently under international bareboat charters. The segment also includes the Company's 50% interest in a new international joint venture comprising ten tankers, nine of which are 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 a Pool comprising the world's largest fleet of ocean-going self-unloaders, which at the end of the period 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 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.

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. Effective from January 1, 2024, the Company has aggregated the remaining balances of the Investment Properties segment with the Corporate segment as Investment Properties no longer meets the definition of a reportable segment. The comparative information for the Investment Properties segment has been reclassified to conform to the current financial statement presentation.

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

2. Statement of Compliance

The financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") and using the same accounting policies and methods as were used for the Company's Consolidated Financial Statements and the notes thereto for the year ended December 31, 2023, except for changes described in Note 3. The financial statements should be read in conjunction with the Company's Consolidated Financial Statements for the year ended December 31, 2023.

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

The interim condensed consolidated financial statements were approved by the Board of Directors and authorized for issue on May 1, 2024.

3. Adoption of New and Amended Accounting Pronouncements

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 Company adopted these amendments effective January 1, 2024. 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 Company's financial disclosure is not materially affected by the application of the amendments.

4. Revenue

Disaggregated revenue by segment is as follows:

For the three months ended March 31 (unaudited, in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Corporate	Total
2024					
Contract of Affreightment	$ 18,937	$ 3,329	$ —	$ —	$ 22,266
Time Charter	12,031	30,717	—	—	42,748
Pool Revenue Share	—	—	43,199	—	43,199
Other	107	—	—	894	1,001
	$ 31,075	**$ 34,046**	**$ 43,199**	**$ 894**	**$ 109,214**
2023					
Contract of Affreightment	$ 24,813	$ 7,399	$ —	$ —	$ 32,212
Time Charter	9,570	24,682	—	—	34,252
Pool Revenue Share	—	—	44,385	—	44,385
Other	116	—	—	639	755
	$ 34,499	$ 32,081	$ 44,385	$ 639	$ 111,604

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

As at (unaudited, in thousands of dollars)	**March 31 2024**	December 31 2023
Unbilled revenue (included in accounts receivable)	**$ 18,207**	$ 24,631
Deferred revenue (included in accounts payable and accrued charges)	**3,050**	1,525

5. Investments in Joint Ventures

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

As at (unaudited)			**March 31 2024**	December 31 2023
Name of Joint Venture	Principal Activity	Place of Incorporation and Principal Place of Business	Ownership Interest	
Product Tankers Segment:				
FureBear AB ("FureBear")	Operating one product tanker and a second as a joint venture, with nine additional new tankers for Northern European markets under construction	Sweden/Sweden	**50%**	50%
Ocean Self-Unloaders Segment:				
Marbulk Canada Inc. ("Marbulk")	Holds a 50% interest in a specialized self-unloader	Canada/Europe	**50%**	50%
Corporate Segment:				
Allied Marine & Industrial ("AMI")	Provides mechanical, machining, and fabrication services to the marine and other industrial sectors throughout southern Ontario	Canada/Canada	**49%**	49%
Global Short-Sea Shipping Segment:				
NovaAlgoma Cement Carriers Limited ("NACC")	Owns and operates pneumatic cement carriers to support infrastructure projects worldwide	Bermuda/ Switzerland	**50%**	50%
NovaAlgoma Short-Sea Holding Ltd. ("NASC")	Owns and manages a fleet of short sea mini-bulkers operating in global markets	Bermuda/ Switzerland	**50%**	50%
NovaAlgoma Bulk Holdings Ltd. ("NABH")	Participates in the trade of purchasing and selling handy-size vessels	Bermuda/ Switzerland	**50%**	50%

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

For the three months ended March 31, 2024 (unaudited, in thousands of dollars)	Product Tankers	Ocean Self-Unloaders	Corporate	Global Short Sea Shipping
Revenue	$ 4,718	$ 1,473	$ 11,743	$ 59,255
Operating expenses	(2,747)	(1,084)	(6,778)	(41,632)
General and administrative	(173)	(153)	(868)	(1,726)
Depreciation and amortization	(950)	(83)	(91)	(8,969)
Operating earnings	848	153	4,006	6,928
Interest income (expense)	(458)	7	8	(1,884)
Foreign exchange gain (loss)	18	—	(1)	(137)
Loss on sale of asset	—	—	—	(31)
Earnings before undernoted	408	160	4,013	4,876
Net earnings of joint ventures	—	—	—	243
Net earnings attributable to non-controlling interest	(162)	—	—	(903)
Income tax expense	—	—	(920)	(236)
Net earnings	**$ 246**	**$ 160**	**$ 3,093**	**$ 3,980**
Company share of net earnings	$ 123	$ 80	$ 1,516	$ 1,990
Amortization of vessel purchase price allocation and intangibles	—	—	—	(158)
Company share included in net earnings of joint ventures	**$ 123**	**$ 80**	**$ 1,516**	**$ 1,832**

For the three months ended March 31, 2023 (unaudited, in thousands of dollars)	Product Tankers	Ocean Self-Unloaders	Corporate	Global Short Sea Shipping
Revenue	$ 1,081	$ 2,061	$ —	$ 65,752
Operating expenses	(626)	(1,384)	—	(47,359)
General and administrative	(100)	(140)	—	(1,593)
Depreciation and amortization	—	(193)	—	(9,391)
Operating earnings	355	344	—	7,409
Interest expense	—	—	—	(2,189)
Foreign exchange loss	—	—	—	(34)
Earnings before undernoted	355	344	—	5,186
Net earnings of joint ventures	—	—	—	1,346
Net earnings attributable to non-controlling interest	(117)	—	—	(1,916)
Income tax expense	—	—	—	(304)
Net earnings	$ 238	$ 344	$ —	$ 4,312
Company share of net earnings	$ 119	$ 172	$ —	$ 2,156
Amortization of vessel purchase price allocation and intangibles	—	—	—	(158)
Company share included in net earnings of joint ventures	$ 119	$ 172	$ —	$ 1,998

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

For the three months ended March 31 (unaudited, in thousands of dollars)	**2024**	2023
Product Tankers	**$ 123**	$ 119
Ocean Self-Unloaders	**80**	172
Corporate	**1,516**	—
Global Short Sea Shipping	**1,832**	1,998
	$ 3,551	$ 2,289

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

As at March 31, 2024 (unaudited, in thousands of dollars)		Product Tankers		Ocean Self-Unloaders		Corporate		Global Short Sea Shipping
Cash	$	**4,390**	$	**2,665**	$	**3,055**	$	**27,153**
Other current assets		**3,407**		**404**		**7,734**		**42,145**
Income taxes recoverable		**—**		**51**		**—**		**395**
Assets held for sale		**—**		**—**		**—**		**8,110**
Property, plant, and equipment		**74,299**		**1,652**		**1,818**		**419,163**
Investment in joint ventures		**—**		**—**		**—**		**54,018**
Other assets		**71,607**		**—**		**—**		**23,817**
Current liabilities		**(2,628)**		**(292)**		**(4,313)**		**(51,310)**
Income taxes payable		**—**		**—**		**(748)**		**—**
Current portion of long-term debt		**(3,591)**		**—**		**(312)**		**(26,825)**
Long-term debt		**(37,879)**		**—**		**(967)**		**(61,537)**
Other long-term liabilities		**—**		**—**		**—**		**(2,438)**
Non-controlling interest		**(4,512)**		**—**		**—**		**(15,139)**
Net assets of joint ventures	$	**105,093**	$	**4,480**	$	**6,267**	$	**417,552**
Company share of net assets	$	**52,547**	$	**2,240**	$	**3,071**	$	**208,776**
Goodwill and other purchase price adjustments		**—**		**—**		**4,048**		**6,317**
Company share of joint ventures	$	**52,547**	$	**2,240**	$	**7,119**	$	**215,093**

As at December 31, 2023 (unaudited, in thousands of dollars)		Product Tankers		Ocean Self-Unloaders		Corporate		Global Short Sea Shipping
Cash	$	3,129	$	2,268	$	2,237	$	17,996
Other current assets		1,988		375		3,429		54,440
Income taxes recoverable		—		50		—		552
Assets held for sale		—		—		—		7,933
Property, plant, and equipment		13,257		1,694		1,747		408,276
Investment in joint ventures		—		—		—		52,234
Other assets		89,445		—		—		23,442
Current liabilities		(3,106)		(171)		(2,686)		(54,849)
Income taxes payable		—		—		(505)		—
Current portion of long-term debt		—		—		(223)		(28,129)
Long-term debt		(6,018)		—		(827)		(64,214)
Other long-term liabilities		—		—		—		(3,921)
Non-controlling interest		(4,246)		—		—		(13,890)
Net assets of joint ventures	$	94,449	$	4,216	$	3,172	$	399,870
Company share of net assets	$	47,225	$	2,108	$	1,554	$	199,935
Goodwill and other purchase price adjustments		—		—		3,861		6,232
Company share of joint ventures	$	47,225	$	2,108	$	5,415	$	206,167

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

As at (unaudited, in thousands of dollars)		**March 31 2024**		December 31 2023
Product Tankers	$	**52,547**	$	47,225
Ocean Self-Unloaders		**2,240**		2,108
Corporate		**7,119**		5,415
Global Short Sea Shipping		**215,093**		206,167
	$	**276,999**	$	260,915

The Company has related party transactions with its joint ventures with respect to administrative management services, technical management services, repair work, and vessel operations. The Company also leases property to one of the joint ventures. Additionally, the Company guarantees certain loans of the joint ventures. Amounts relating to transactions with joint ventures are as follows:

For the three months ended March 31 (unaudited, in thousands of dollars)	2024	2023
Revenue	**$ 317**	$ 305
Operating expenses	**6,906**	—

As at (unaudited, in thousands of dollars)	March 31 2024	December 31 2023
Accounts receivable	**$ 7,291**	$ 7,232
Accounts payable	**(5,087)**	(404)
Loans guaranteed by the Company	**15,774**	6,269

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

For the three months ended March 31 (unaudited, in thousands of dollars)	2024		2023	
	Distributions received	**Investment in joint ventures**	Distributions received	Investment in joint ventures
Product Tankers	**$ —**	**$ (676)**	$ —	$ (8,172)
Ocean Self-Unloaders	**—**	**—**	889	—
Corporate	**—**	**(187)**	—	—
Global Short Sea Shipping	**—**	**(2,022)**	3,383	—
	$ —	**$ (2,885)**	$ 4,272	$ (8,172)

6. Interest Expense

The components of interest expense are as follows:

For the three months ended March 31 (unaudited, in thousands of dollars)	2024	2023
Interest expense on borrowings	**$ 5,081**	$ 4,623
Amortization of financing costs	**317**	426
Interest on employee future benefits, net	**38**	181
Capitalized interest	**(777)**	(105)
	$ 4,659	$ 5,125

7. Income Taxes

A reconciliation comparing income taxes calculated at the Canadian statutory rate to the amount provided in the interim condensed consolidated financial statements is as follows:

For the three months ended March 31 (unaudited, in thousands of dollars)	2024	2023
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	**$ (31,817)**	$ (31,393)
Expected income tax recovery	**$ 8,432**	$ 8,319
Increase (decrease) in recovery resulting from:		
Foreign tax rates different from Canadian statutory rate	**2,323**	1,107
Effect of items that are non-taxable	**276**	—
Other	**(18)**	38
Actual tax recovery	**$ 11,013**	$ 9,464

8. Other Current Assets

The components of other current assets are as follows:

As at (unaudited, in thousands of dollars)	**March 31 2024**	December 31 2023
Materials, fuel and supplies	**$ 13,875**	$ 15,789
Prepaid expenses	**13,706**	9,640
Derivative asset	**—**	2,765
	$ 27,581	$ 28,194

9. Property, Plant, and Equipment

Details of property, plant, and equipment are as follows:

Cost (unaudited, in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Corporate	Total
Balance at January 1, 2023	$ 672,009	$ 254,445	$ 412,201	$ 21,042	$ 1,359,697
Additions	6,792	14,472	17,214	6,192	44,670
Disposals	—	(57,162)	—	—	(57,162)
Transferred to held for sale	—	57	—	—	57
Fully depreciated assets no longer in use	(1,035)	(3,907)	(11,204)	(153)	(16,299)
Adjustment to presentation of previously recognized impairment	4,652	—	—	—	4,652
Effect of foreign currency exchange differences	—	—	(10,171)	—	(10,171)
Balance at December 31, 2023	$ 682,418	$ 207,905	$ 408,040	$ 27,081	$ 1,325,444
Additions	39,395	38,099	1,790	88	79,372
Transfer from vessels under construction	29,267	—	—	—	29,267
Disposals	(9,510)	—	—	—	(9,510)
Effect of foreign currency exchange differences	—	—	10,090	—	10,090
Balance at March 31, 2024	**$ 741,570**	**$ 246,004**	**$ 419,920**	**$ 27,169**	**$ 1,434,663**

Accumulated depreciation (unaudited, in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Corporate	Total
Balance at January 1, 2023	$ 201,788	$ 120,990	$ 172,658	$ 13,723	$ 509,159
Depreciation expense	25,655	14,593	24,261	1,367	65,876
Disposals	—	(42,131)	—	—	(42,131)
Transferred to held for sale	—	39	—	—	39
Fully depreciated assets no longer in use	(1,035)	(3,907)	(11,204)	(153)	(16,299)
Adjustment to presentation of previously recognized impairment reversal	4,652	—	—	—	4,652
Effect of foreign currency exchange differences	—	—	(4,604)	—	(4,604)
Balance at December 31, 2023	$ 231,060	$ 89,584	$ 181,111	$ 14,937	$ 516,692
Depreciation expense	6,387	3,960	6,444	294	17,085
Disposals	(9,005)	—	—	—	(9,005)
Effect of foreign currency exchange differences	—	—	4,547	—	4,547
Balance at March 31, 2024	**$ 228,442**	**$ 93,544**	**$ 192,102**	**$ 15,231**	**$ 529,319**

Net Book Value (unaudited, in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Corporate	Total
March 31, 2024					
Cost	$ 741,570	$ 246,004	$ 419,920	$ 27,169	$ 1,434,663
Accumulated depreciation	228,442	93,544	192,102	15,231	529,319
	$ 513,128	**$ 152,460**	**$ 227,818**	**$ 11,938**	**$ 905,344**
December 31, 2023					
Cost	$ 682,418	$ 207,905	$ 408,040	$ 27,081	$ 1,325,444
Accumulated depreciation	231,060	89,584	181,111	14,937	516,692
	$ 451,358	$ 118,321	$ 226,929	$ 12,144	$ 808,752

In the first quarter of 2024, the Company took delivery of the first of two domestic dry-bulk self-unloaders under construction. The vessel is expected to join operations in the second quarter. One domestic dry-bulk self-unloader, at the end of its useful life, was sent for environmental recycling for a gain on sale of $364.

Also, in the first quarter of 2024, the Company purchased two used product tankers for a total purchase price of $36,783. The vessels are currently on bareboat charters back to the sellers and will join the fleet later in the year.

In the first quarter of 2023, two product tanker vessels were sold. The first, nearing the end of its useful life, was sold generating a gain on disposal of $2,842. The second was sold to an entity that is partially owned by FureBear, for a gain of $1,894.

10. Goodwill

As part of a business acquisition in 2011, the Company recognized goodwill of $7,910 within the Domestic Dry-Bulk segment on the allocation of the purchase price, determined as the excess over the fair values of the net tangible and identifiable intangible assets acquired.

11. Mortgage Receivable

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 ("VTB") mortgage for $18,000, secured by a first lien against the shopping centre. The VTB mortgage bears interest-only payments at 5.5% for a 24 month term and is fully open for prepayment of any part of the principal outstanding at any time. The first payment of interest was received on June 30, 2023 and interest-only payments have been received monthly thereafter. As at March 31, 2024, no principal prepayments have been received.

12. Other Assets

Other assets consist of the following:

As at (unaudited, in thousands of dollars)	**March 31 2024**	December 31 2023
Vessels under construction (see below)	**$ 54,883**	$ 82,578
Right-of-use assets	**328**	368
Other	**92**	91
	$ 55,303	$ 83,037

The components of vessels under construction are as follows:

As at (unaudited, in thousands of dollars)	**March 31 2024**	December 31 2023
Progress payments	**$ 52,223**	$ 73,578
Supervision and other	**2,085**	7,359
Capitalized interest	**575**	1,641
	$ 54,883	$ 82,578

13. Short-term borrowings

Short-term borrowings comprise the following:

As at (unaudited, in thousands of dollars)	March 31 2024	December 31 2023
Draws under Bank Facility, expiring October 11, 2027		
Prime rate loan, interest at 8.40%, payable on demand	**$ 6,000**	$ —
Base rate loan, U.S. $12,250, interest at 10.20%, payable on demand	**16,599**	—
Bankers' Acceptance, interest at 7.52%, due within the year	**42,000**	—
	$ 64,599	$ —

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. The Facility bears interest at rates ranging from 170 to 325 basis points above bankers' acceptance, adjusted SOFR or EURIBOR rates.

Under the terms of the Facility the Company is subject to certain covenants, including ones with respect to maintaining defined financial ratios and other conditions. As at March 31, 2024 and December 31, 2023, the Company was in compliance with all of its covenants.

14. Other Current Liabilities

The components of other current liabilities are as follows:

As at (unaudited, in thousands of dollars)	March 31 2024	December 31 2023
Accrued interest	**$ 4,593**	$ 681
Dividends payable	**2,607**	2,588
Lease obligations	**162**	131
	$ 7,362	$ 3,400

15. Other Long-Term Liabilities

Other long-term liabilities consist of the following:

As at (unaudited, in thousands of dollars)	March 31 2024	December 31 2023
Deferred compensation	**$ 901**	$ 2,005
Lease obligations	**143**	221
	$ 1,044	$ 2,226

16. Long-Term Debt

As at (unaudited, in thousands of dollars)	March 31 2024	December 31 2023
Convertible unsecured subordinated debentures, due June 30, 2024, interest at 5.25%	**$ 47,810**	$ 60,898
Senior Secured Notes		
U.S. $20,000, interest at 3.37%, due December 10, 2027	**27,100**	26,452
U.S. $42,000, interest at 3.60%, due December 10, 2030	**56,910**	55,549
U.S. $35,000, interest at 3.70%, due December 10, 2032	**47,425**	46,291
U.S. $50,000, interest at 3.80%, due December 10, 2035	**67,750**	66,130
Canadian $128,000, interest at 4.01%, due December 10, 2035	**128,000**	128,000
	374,995	383,320
Less: unamortized financing expenses	**5,981**	6,299
	369,014	377,021
Less: current portion of long-term debt and unamortized financing expenses	**47,716**	60,663
	$ 321,298	$ 316,358

Under the terms of the senior secured notes the Company is subject to certain covenants, including ones with respect to maintaining defined financial ratios and other conditions. As at March 31, 2024 and December 31, 2023, the Company was in compliance with all of its covenants.

17. Share Capital

Share capital

Authorized share capital consists of an unlimited number of common and preferred shares with no par value.

The Company had 39,523,062 and 38,649,996 common shares outstanding and no preferred shares issued or outstanding as at March 31, 2024 and December 31, 2023 respectively.

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 June 3, 2024 to shareholders of record on May 17, 2024.

The basic and diluted net loss per share are computed as follows:

For the three months ended March 31 (unaudited, in thousands of dollars)		**2024**		2023
Net loss	**$**	**(17,253)**	$	(19,640)
Interest expense on debentures, net of tax		**677**		870
Net loss for diluted earnings per share	**$**	**(16,576)**	$	(18,770)
Basic weighted average common shares		**39,209,990**		38,478,045
Shares due to dilutive effect of debentures		**3,679,809**		4,874,640
Diluted weighted average common shares		**42,889,799**		43,352,685
Basic loss per common share	**$**	**(0.44)**	$	(0.51)
Diluted loss per common share	**$**	**(0.44)**	$	(0.51)

Normal Course Issuer Bid

Effective March 21, 2024, the Company renewed its normal course issuer bid (the "2024 NCIB") to purchase up to 1,975,857 of its common shares ("Shares"), representing approximately 5% of the 39,517,144 Shares issued and outstanding as of the close of business on March 7, 2024.

Under the 2024 NCIB, the Company may purchase up to 2,201 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, 2024 and ending on March 20, 2025. The stated capital of $1.07 per share equals the approximate paid-up capital amount of the Shares for purposes of the Income Tax Act.

Under the 2024 NCIB, no Shares were purchased and cancelled for the period ended March 31, 2024.

The Company purchased and cancelled 568,267 Shares under the previous NCIB, which began on March 21, 2023 and concluded on March 20, 2024, including 52,806 Shares purchased and cancelled during the three months ended March 31, 2024.

18. Accumulated Other Comprehensive Loss

	Hedges							
(unaudited, in thousands of dollars)		Net investment		Purchase Commitment		Foreign exchange translation		Total
Balance at January 1, 2023	$	(31,253)	$	8,557	$	14,591	$	(8,105)
Gain (loss)		4,675		(600)		(13,195)		(9,120)
Reclassified to earnings		—		(3,494)		—		(3,494)
Reclassified to vessels under construction		—		(1,698)		—		(1,698)
Income tax expense		(50)		—		—		(50)
Net gain (loss)		4,625		(5,792)		(13,195)		(14,362)
Balance at December 31, 2023	$	(26,628)	$	2,765	$	1,396	$	(22,467)
Gain (loss)		(4,763)		752		12,960		8,949
Reclassified to vessels under construction		—		(3,517)		—		(3,517)
Income tax recovery		50		—		—		50
Net gain (loss)		(4,713)		(2,765)		12,960		5,482
Balance at March 31, 2024	**$**	**(31,341)**	**$**	**—**	**$**	**14,356**	**$**	**(16,985)**

19. Supplementary Disclosure of Cash Flow Information

Additions to property, plant and equipment are as follows:

For the three months ended March 31 (unaudited, in thousands of dollars)	2024	2023
Additions to property, plant, and equipment (Note 9)	**$ (79,372)**	$ (14,460)
Amounts included in working capital	**4,927**	2,333
Capitalized interest	**386**	—
Other non-cash adjustments	**(3,194)**	(18)
	$ (77,253)	$ (12,145)

20. Commitments

The table below reflects the commitments of the Company at March 31, 2024. Annual expected payments are detailed in Note 21.

(unaudited, in thousands of dollars)	
Construction of a domestic dry-bulk self-unloader	$ 65,885
Construction of two ice-class product tankers	117,023
Construction of three ocean self-unloaders	235,486
Construction of nine product tankers through a joint venture (Algoma share)	195,202
Purchase of remaining AMI shares (Note 5)	5,757
Leases	317
	$ 619,670

21. Financial Instruments and Risk Management

The Company’s financial instruments included in the interim condensed consolidated balance sheet comprise cash, accounts receivable, accounts payable and accrued charges, derivative asset, mortgage receivable, dividends payable, short-term borrowings and long-term debt.

Fair Value

The Company's financial instruments, excluding derivative assets, are carried at amortized cost which, due to their short-term nature, approximates fair value. Derivative assets are remeasured for fair value at the end of each reporting period. The carrying values of the Company’s financial liabilities approximate their fair values with the exception of long-term debt. The fair value hierarchy for the Company’s financial liability not measured at fair value is as follows:

As at (unaudited, in thousands of dollars)	March 31 2024	December 31 2023
Long-term debt		
Carrying value	**$ 374,995**	$ 383,320
Fair value, classified as Level 2	**329,597**	341,468

The difference in the fair value of long-term debt compared to the carrying value is due to the difference in the rates on the debt compared to current market rates for similar instruments with similar terms. The fair value of the convertible debentures included in long-term debt is based on market rates.

Liquidity Risk

The contractual maturities of non-derivative financial liabilities for the remainder of the year and forward are as follows:

(unaudited, in thousands of dollars)	2024	2025	2026	2027	2028	2029 and Beyond	Total
Long-term debt including convertible debentures	$ 47,810	$ —	$ —	$ 27,100	$ —	$ 300,085	$ 374,995
Capital asset commitments	56,406	230,892	78,495	52,601	—	—	418,394
Capital asset commitments through joint ventures	73,527	100,132	21,543	—	—	—	195,202
Interest payments on long-term debt	13,679	12,424	12,424	12,424	11,511	65,068	127,530
AMI share purchase	—	—	—	—	—	5,757	5,757
Leases	86	148	83	—	—	—	317
	$ 191,508	**$ 343,596**	**$ 112,545**	**$ 92,125**	**$ 11,511**	**$ 370,910**	**$ 1,122,195**

Foreign Exchange Risk

At March 31, 2024 approximately 41% (December 31, 2023 - 41%) of the Company's total assets were denominated in U.S. dollars, including U.S. cash of $14,756 (December 31, 2023 - $16,235).

The Company has significant commitments due for payment in U.S. dollars. For these payments, the Company mitigates the risk principally through U.S. dollar cash inflows and foreign-denominated debt.

The Company has also utilized foreign exchange forward contracts as a hedge on purchase commitments to manage foreign exchange risk associated with shipbuilding contract payments. At December 31, 2023, the Company had one U.S. dollar denominated foreign exchange forward contract outstanding with a notional principal of $26,280 and a fair value gain of $2,765. At March 31, 2024, the Company had not entered into any foreign exchange forward contracts.

22. Segment Disclosures

The Company operates through five segments; Domestic Dry-Bulk, Product Tankers, Ocean Self-Unloaders, Corporate and Global Short Sea Shipping. The segment operating results include fully consolidated subsidiaries and interests in jointly controlled entities. Segment disclosures are based on how the Chief Executive Officer views operating results and how decisions are made about resources to be allocated to operating segments.

The following presents the Company's results by reportable segment.

For the three months ended March 31, 2024 (unaudited, in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Corporate	Global Short Sea Shipping	Total
Revenue	$ 31,075	$ 34,046	$ 43,199	$ 894	$ —	$ 109,214
Operating expenses	(56,330)	(24,451)	(27,946)	(271)	—	(108,998)
Selling, general and administrative	(3,971)	(1,659)	(455)	(5,556)	—	(11,641)
Depreciation and amortization	(6,387)	(3,960)	(6,444)	(337)	—	(17,128)
Operating earnings (loss)	(35,613)	3,976	8,354	(5,270)	—	(28,553)
Interest, net	—	—	—	(3,751)	—	(3,751)
Gain on sale of asset	364	—	—	—	—	364
Foreign exchange gain	—	—	—	123	—	123
	(35,249)	3,976	8,354	(8,898)	—	(31,817)
Income tax recovery (expense)	9,390	(513)	—	2,136	—	11,013
Net earnings from investments in joint ventures	—	123	80	1,516	1,832	3,551
Net earnings (loss)	**$ (25,859)**	**$ 3,586**	**$ 8,434**	**$ (5,246)**	**$ 1,832**	**$ (17,253)**

For the three months ended March 31, 2023 (unaudited, in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Corporate	Global Short Sea Shipping	Total
Revenue	$ 34,499	$ 32,081	$ 44,385	$ 639	$ —	$ 111,604
Operating expenses	(58,116)	(25,889)	(33,301)	(254)	—	(117,560)
Selling, general and administrative	(3,570)	(1,456)	(551)	(4,810)	—	(10,387)
Depreciation and amortization	(6,456)	(3,592)	(5,581)	(367)	—	(15,996)
Operating earnings (loss)	(33,643)	1,144	4,952	(4,792)	—	(32,339)
Interest, net	—	—	—	(4,160)	—	(4,160)
Gain on sale of assets	—	4,736	—	—	—	4,736
Foreign exchange gain	—	—	—	370	—	370
	(33,643)	5,880	4,952	(8,582)	—	(31,393)
Income tax recovery (expense)	8,934	(1,513)	—	2,043	—	9,464
Net earnings from investments in joint ventures	—	119	172	—	1,998	2,289
Net earnings (loss)	$ (24,709)	$ 4,486	$ 5,124	$ (6,539)	$ 1,998	$ (19,640)

As at March 31, 2024 (unaudited, in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Corporate	Global Short Sea Shipping	Total
Assets						
Current assets	$ 45,473	$ 8,719	$ 46,016	$ 20,660	$ —	$ 120,868
Property, plant, and equipment	513,128	152,460	227,818	11,938	—	905,344
Investments in joint ventures	—	52,547	2,240	7,119	215,093	276,999
Goodwill	7,910	—	—	—	—	7,910
Other assets	931	26,814	27,149	25,737	—	80,631
	$ 567,442	**$ 240,540**	**$ 303,223**	**$ 65,454**	**$ 215,093**	**$ 1,391,752**
Liabilities						
Current liabilities	$ 50,489	$ 14,518	$ 14,762	$ 79,026	$ —	$ 158,795
Current portion of long-term debt	—	—	—	47,716	—	47,716
Long-term liabilities	884	14,886	—	74,051	—	89,821
Long-term debt	—	—	—	321,298	—	321,298
	51,373	29,404	14,762	522,091	—	617,630
Shareholders' Equity	516,069	211,136	288,461	(456,637)	215,093	774,122
	$ 567,442	**$ 240,540**	**$ 303,223**	**$ 65,454**	**$ 215,093**	**$ 1,391,752**

As at December 31, 2023 (unaudited, in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Corporate	Global Short Sea Shipping	Total
Assets						
Current assets	$ 60,635	$ 12,385	$ 34,647	$ 53,724	$ —	$ 161,391
Property, plant, and equipment	451,358	118,321	226,929	12,144	—	808,752
Investments in joint ventures	—	47,225	2,108	5,415	206,167	260,915
Goodwill	7,910	—	—	—	—	7,910
Other assets	29,975	26,424	26,187	22,602	—	105,188
	$ 549,878	$ 204,355	$ 289,871	$ 93,885	$ 206,167	$ 1,344,156
Liabilities						
Current liabilities	$ 46,153	$ 12,918	$ 14,658	$ 12,795	$ —	$ 86,524
Current portion of long-term debt	—	—	—	60,663	—	60,663
Long-term liabilities	1,841	14,901	—	85,560	—	102,302
Long-term debt	—	—	—	316,358	—	316,358
	47,994	27,819	14,658	475,376	—	565,847
Shareholders' Equity	501,884	176,536	275,213	(381,491)	206,167	778,309
	$ 549,878	$ 204,355	$ 289,871	$ 93,885	$ 206,167	$ 1,344,156

23. Share-Based Compensation

The Company maintains a stock option program for certain key employees. Options on common shares are periodically granted to eligible employees under the plan, have a term of five years, and cliff vest on the third anniversary of the grant date. These options provide holders with the right to purchase common shares of the Company at a fixed price equal to the closing market price of the shares on the day prior to the date the options were issued. Under this plan, 1,976,153 common shares have been reserved for future issuance. The outstanding options expire on various dates to February 23, 2029.

The following table summarizes the Company's stock option activity and related information.

Stock Option Activity (unaudited, amounts not stated in thousands)	Number of shares	Weighted average exercise price
Number outstanding, at January 1, 2023	372,460	$ 14.91
Granted	266,250	15.82
Exercised	(113,542)	(8.83)
Exercise price adjustment	—	(1.92)
Number outstanding, at December 31, 2023	525,168	$ 14.94
Granted	220,352	15.01
Exercised	(112,668)	(12.77)
Forfeited/cancelled	(26,250)	(15.82)
Number outstanding, at March 31, 2024	**606,602**	**$ 15.80**

The Company's Board of Directors authorized the payment of a special dividend in the amount of $1.35 per common share, which was paid on January 18, 2023. The payment of the special dividend triggered an adjustment of $1.92 to the weighted average exercise price of the stock options.

The following table summarizes information relating to stock options outstanding as at March 31, 2024.

	Options outstanding	
Exercise price per share (unaudited, amounts not stated in thousands)	Number of shares	Remaining contractual life (years)
$15.02	146,250	2.90
$15.82	240,000	3.90
$15.01	220,352	4.90
	606,602	

For the three months ended March 31, 2024, the Company recognized compensation expense for stock option awards of $141 (2023 - $78). For the three months ended March 31, 2024, 220,352 options (2023 - 266,250) were granted by the Company at a weighted average fair value of $2.34 per option (2023 - $2.73).

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