ALGOMA STEEL INC.

NASDAQ:ASTL
TSX: ASTL

Investor Presentation

September 2023

in Canadian dollars unless otherwise noted

Disclaimer

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This presentation contains “forward-looking information” under applicable Canadian securities legislation and “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 (collectively, “forward looking statements”). Forward-looking statements and information generally can be identified by the use of forward-looking terminology such as “outlook”, “objective”, “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “should”, “plans”, “budget”, “continue” or similar expressions suggesting future outcomes or events. Forward-looking statements and information include, but are not limited to, statements regarding the operations, business, financial condition, expected financial results, performance, opportunities, strategies, outlook and guidance of Algoma Steel Group Inc. (the “Company” or “Algoma”), Algoma's strategic objectives, its implementation of an ISO 45001 Safety Management System, its expectation to continue to pay a quarterly dividend, potential purchases under its normal course issuer bid, and Algoma’s transformation to electric arc furnace steelmaking (the “EAF Transformation”), including the expected timing of the EAF Transformation and the resulting effects on the Company, expectations regarding future economic conditions, including the price of steel, potential recession and fluctuations in interest rates.

Although we believe that our anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, which may cause the actual results, performance or achievements of the Company to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements and information. The material factors or assumptions that were applied by us in drawing conclusions or making forecasts or projections set out in the forward-looking statements and information, and those risks, uncertainties and other factors that could cause actual results to differ materially from the forward-looking statements and information, include, but are not limited to: global and North American product demand; production levels and capacity utilization; the risks associated with the steel industry generally, including the price of steel; the ability of the Company to implement and realize its business plans, including the EAF Transformation; the risk of downturns and a changing regulatory landscape in the Company’s highly competitive and cyclical industry; future results of operations; future cash flow and liquidity; future capital investment; the impact of the foregoing items on our debt service obligations; our ability to operate our business, remain in compliance with debt covenants; restrictive covenants in debt agreements limiting our discretion to operate our business; plant operating performance; upgrades to our facilities and equipment; our joint venture arrangements; our research and development activities; our ability to source raw materials and other inputs at a competitive cost; debt financing, government or regulatory accommodation for key operational inputs and other current or future compliance requirements; our ability to supply to new customers and markets; our ability to effectively manage costs; our ability to attract and retain key personnel and skilled labour; our ability to obtain and maintain existing financing on acceptable terms, when required; changes in environmental, climate change, tax and other laws, rules and regulations, including international trade regulations and global data privacy laws; growth in steel markets and industry trends; significant domestic and international competition; increased use of competitive products; a protracted fall in steel prices; plant operating performance; product mix; level of contract sales; excess capacity, resulting in part from expanded production in China and other developing economies; low-priced steel imports, import levels and government actions or lack of actions with regard to imports; protracted declines in steel consumption caused by poor economic conditions in North America or by the deterioration of the financial condition of our key customers; increases in annual funding obligations resulting from our under-funded pension plans; supply and cost of raw materials and energy; natural gas prices and usage; the cost and reliability of third party suppliers and service providers; currency fluctuations; environmental compliance and remediation; unexpected equipment failures and other business interruptions; a protracted global recession or depression; North American and global economic performance and political developments; and changes in general economic conditions, including as a result of the COVID-19 pandemic, inflation, rising interest rates and the ongoing impact of the conflict in Ukraine.

The foregoing list of factors is not exhaustive and readers should also consider the other risks and uncertainties set forth in the section entitled “Risk Factors” and “Cautionary Note Regarding Forward-Looking Information” in Algoma’s Annual Information Form for the year ended March 31, 2023, filed by Algoma with applicable Canadian securities regulatory authorities (available under the company’s SEDAR+ profile at www.sedarplus.ca) and with the U.S. Securities and Exchange Commission (the “SEC”), as part of Algoma’s Annual Report on Form 40-F (available at www.sec.gov), as well as in Algoma’s current reports with the Canadian securities regulatory authorities and the SEC.

Given these risks, uncertainties and other factors, readers should not place undue reliance on forward-looking statements or information as a prediction of actual results. The forward-looking statements and information reflects management’s current expectations and beliefs regarding future events and operating performance and is based on information currently available to management. Although we have attempted to identify important factors that could cause actual results to differ materially from the forward-looking statements and information contained herein, there are other factors that could cause results not to be as anticipated, estimated or intended. The forward-looking statements and information contained herein is current as of the date hereof and, except as required under applicable law, we do not undertake to update or revise it to reflect new events or circumstances.

Certain information in this presentation may be considered as “financial outlook” within the meaning of applicable securities legislation. The purpose of this financial outlook is to provide readers with disclosure regarding the Company’s reasonable expectations as to the anticipated results of its proposed business activities for the periods indicated. Readers are cautioned that the financial outlook may not be appropriate for other purposes.

PRESENTATION OF FINANCIAL INFORMATION

The Company’s fiscal year runs from April 1st to March 31st. The Company and its subsidiaries’ functional currency is the United States dollar (“US dollar” or “US$”). The US dollar is the currency of the primary economic environment in which the Company and subsidiaries operate. The items included in the unaudited condensed interim consolidated financial statements are measured using the US dollar.

For reporting purposes, the unaudited condensed interim consolidated financial statements are presented in millions of Canadian dollars (“C$” or “$”). The assets and liabilities are translated into the reporting currency using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at average exchange rates for the reporting period. Exchange differences arising are recognized in other comprehensive income and accumulated in equity under the heading ‘Foreign exchange on translation to presentation currency.’

The Company’s financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”). IFRS differs in certain material respects from U.S. generally accepted accounting principles (“U.S. GAAP”). As such, the Company’s financial statements are not comparable to the financial statements of U.S. companies prepared in accordance with U.S. GAAP.

This presentation should be read in conjunction with, the Company’s March 31, 2023 audited consolidated financial statements and the accompanying notes.

NON-IFRS MEASURES

To supplement our financial statements, we use certain non-IFRS measures to evaluate the performance of Algoma. These terms do not have any standardized meaning prescribed within IFRS and, therefore, may not be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing a further understanding of our financial performance from management’s perspective and providing management and investors with additional information for comparison of our operating results across different time periods and to the operating results of other companies. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. Please refer to the Company’s most recent MD&A for further discussion of these non-IFRS financial measures, including Adjusted EBITDA, and for a reconciliation to comparable IFRS measures, including net income. See also Annex: Adjusted EBITDA Reconciliation on slide 13.

Key Highlights

Today's Presenters:

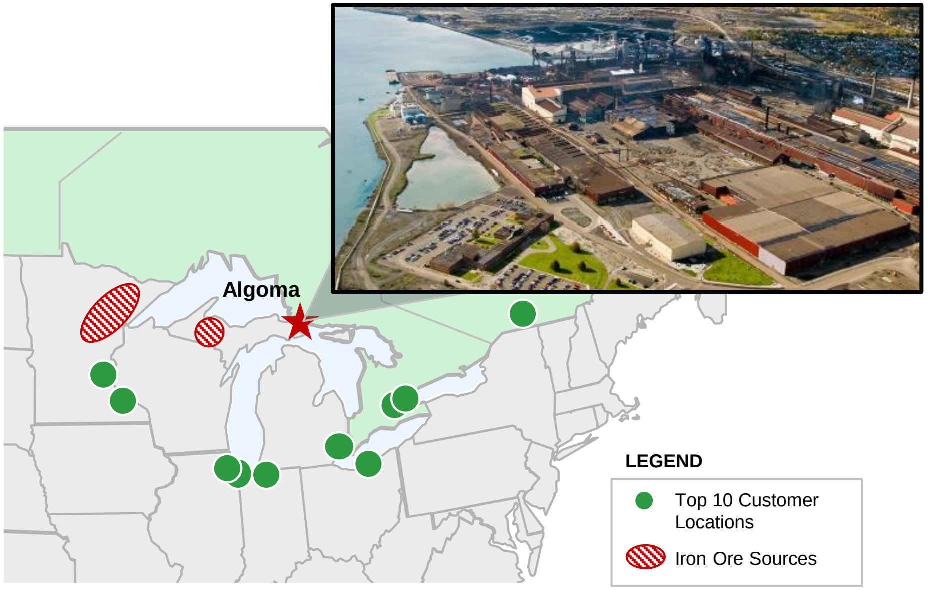
Michael Garcia
Chief Executive Officer

1. Premier Canadian Steel Producer and one of the Leading Flat Steel Producers in North America
2. Continuing to build on a track record of success
3. Strong Financial Results and a focus on operational stability
4. Key Strategic Investments including Electric Arc Conversion and Plate Mill Modernization
5. Generating Long-term value for Shareholders

Premier Canadian Steel Producer…

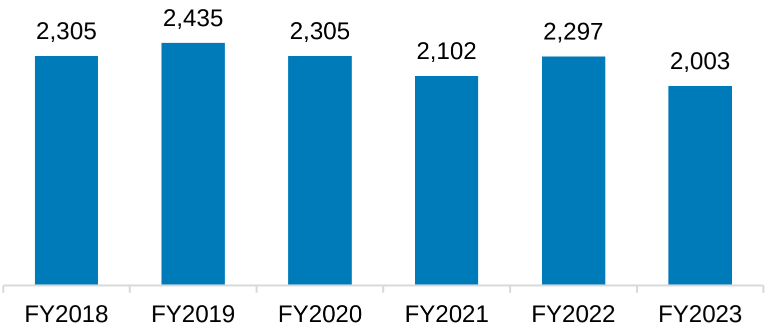
Leading North American Flat-Rolled Producer Located in the Great Lakes Region in Sault Ste. Marie, Ontario

- Raw steel capacity of 2.8mm tons (with incremental 0.9mm tons from idled blast furnace capacity) per year
- Broad range of high-quality finished sheet and plate steel for automotive, construction, energy, infrastructure and manufacturing end markets
- Expanded capabilities versus traditional Blast Furnace / Basic Oxygen Furnace ("BOF") competitors
  - Advanced 2.3mm ton Direct Strip Production Complex ("DSPC") is the newest thin slab caster with direct hot rolling capability in North America coupled to a BOF melt shop, and provides a $30-$40/t cost advantage
- Heat-Treated Plate facility provides a complete range of high-quality heat-treated products, including abrasion resistant, ballistic and other specialty plate applications
- Transformational EAF investment expected to improve product mix, reduce fixed costs, increase production capacity and improve environmental footprint
- Several other ongoing investments to increase profitability, including Plate Mill Modernization, LMF No. 2 and cost savings initiatives

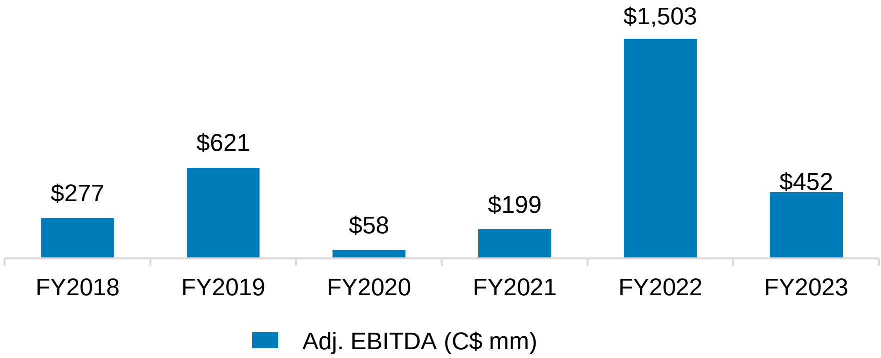


Historical Performance (FY end March 31)

Shipments (kt)



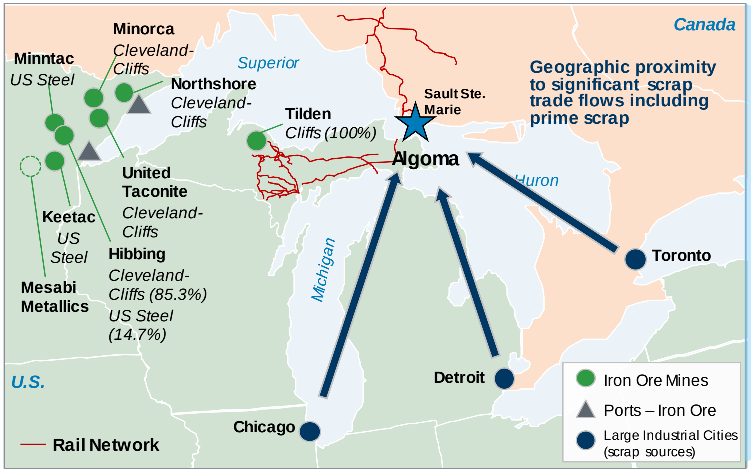
Adjusted EBITDA Performance (C$ mm)



Strategically Located on the Great Lakes in Close Proximity to Customers and Suppliers

ALGOMA STEEL INC.

Attractive Access to Key Suppliers and Customers Across The Great Lakes



- Located close to key steel consuming regions of the U.S. - Midwest and Northeast and Canada - Southern Ontario
- ~70% of customers located within a 500-mile radius of Algoma, including an established local service center customer base
- On-site deep-water port facilitating access to low-cost transportation across Lake Superior
- Access to well-established rail links and multiple forms of transportation which allows it to negotiate competitive rates

North American EAF's are Concentrated in Midwest and Southern US, providing Algoma Competitive Access to Scrap from the Great Lakes Industrial Region

Located on Lake Superior with access to barge, rail and road transportation, including an on-site deep-water port, Algoma has several options that allow for cost-effective transportation logistics

Committed to our Path Forward, Creating a Track Record of Success

Strategic Direction

Operational & Capital Improvements Algoma has developed and executed numerous operational and capital projects that add long term value to the business	**DSPC Automation Upgrade** Improves grade range and product offering Jun 2020	**Ladle Met Furnace #2** debottlenecks operations and increases capacity Feb 2021	**Project Aurora** $50M annualized efficiency Improvement across the steel works 2021-2022	**EAF Approval** Received board approval to begin construction of Electric Arc Furnace Nov 2021	**PMM Phase 1** Enhancing quality and expanding grade range on Canada's only discrete plate mill 2022	**LSP Power Plant** Installation of new turbines to support power generation for EAF project June 2023	**EAF Project** Construction progresses on transformative electric arc furnace 2021-2024E	**PMM Phase 2** Enhancing productivity and expanding capacity ahead of schedule on Canada's only discrete plate mill **2023-2024**
Financial Discipline Algoma is has focused on streamlining its balance sheet, finding effective sources of capital to fund its strategic initiatives and providing long term value to stakeholders	**$420M Federal Financing announcement for EAF Project** Jul 2021	**Return to Public Markets** including Equity injection of $306M USD Oct 2021	**Debt pay down** Algoma extinguished all of its $358M USD Sr. Secured debt Nov 2021	**Regular Dividend** Algoma commenced quarterly dividend of $.05 / share Mar 2022	**Substantial Issuer Bid** Algoma buys back approx. 1/3 of outstanding shares Aug 2022	**Normal Course Issuer Bid** Algoma renewed its NCIB for share repurchases 2023/24	**ABL Renewal** Amend and extend Algoma's now upsized US$300M asset-based loan May 2023	**Low Leverage Profile** Algoma maintains a robust balance sheet with liquidity to support market fluctuations and its capital initiatives **Ongoing**
Strategic Partnerships Algoma continues to develop partnerships focused on de-risking the organization and creating long term value for stakeholders	**United States Steel** New iron ore contract de-risking supply of largest input May 2020	**Triple M Metals** JV with Triple M Metals for supply of scrap and metallic units to meet needs Nov 2021	**PUC Transmission** local 230KV power line to support Algoma's EAF transformation. 2022-2025E	**Suncoke** 5 Year contract to facilitate the migration to EAF operations 2022-2026E	**Walters** Selected to fabricate and construct EAF Meltshop Building and other EAF equipment 2023-2025E	**EllisDon** Construction mgmt support contract for EAF construction 2023-2025E	**DSV** Global logistics support for delivery of EAF equipment 2023-2025E	**EAF Contractors** Remaining contract awards partering with select contractors for equipment and infrastructure installation **2024**
ESG Focus Algoma is committed to initiatives geared at driving performance, reducing risk and developing a culture of organizational excellence that improve our ESG performance	**Secured Algoma's Legacy Environmental Action Plan** Nov 2018	**Focus on Safety** Including zero lost time incidents for the past 2 Fiscal Quarters Apr – Sep 2021	**Newly Constituted Board** diversity of experience, thought and perspective Oct 2021	**Performance Management** Implemented a robust performance management system May 2019	**Enterprise Risk Management** Develop a culture of risk management Nov 2019	**ESG Position Paper** Published Algoma's approach to ESG April 2023	**ESG Sustainability Report** Algoma to publish its inagural ESG Sustainability report 2023	**Emission Reduction** EAF project expects to reduce emissions 70% and improve GHG performance **2024E**

Ongoing | **Recently Announced** | **Upcoming**

We are positioning Algoma for a new era in steel, well-capitalized to make critical investments that enhance long term performance and create value for our shareholders

First Quarter Financial Highlights

	Q1 FY2024	Q1 FY2023	Change		Q4 FY2023	Change	
Shipping volume ('000s tons)	**569**	538	↑	6%	572	↓	-0.4%
Net Sales Realization per ton ($/ton)	**1,323**	1,632	↓	-19%	1,066	↑	24%
Steel Revenue($ million)	**755**	877	↓	-14%	609	↑	24%
Cost of Steel Products Sold ($/NT)	**950**	920	↑	3%	934	↑	2%
Adjusted EBITDA ($ million)	**191**	358	↓	-47%	48	↑	299%
Net Income ($ million)	**131**	301	↓	-57%	(20)	↑	N/A

Algoma Q1 FY2024 Quarterly Adjusted EBITDA Margin was 23.1%

Source: Company Q1 FY2024 Management's Discussion and Analysis
Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS financial measures. See Annex: Adjusted EBITDA Reconciliation on Slide 13

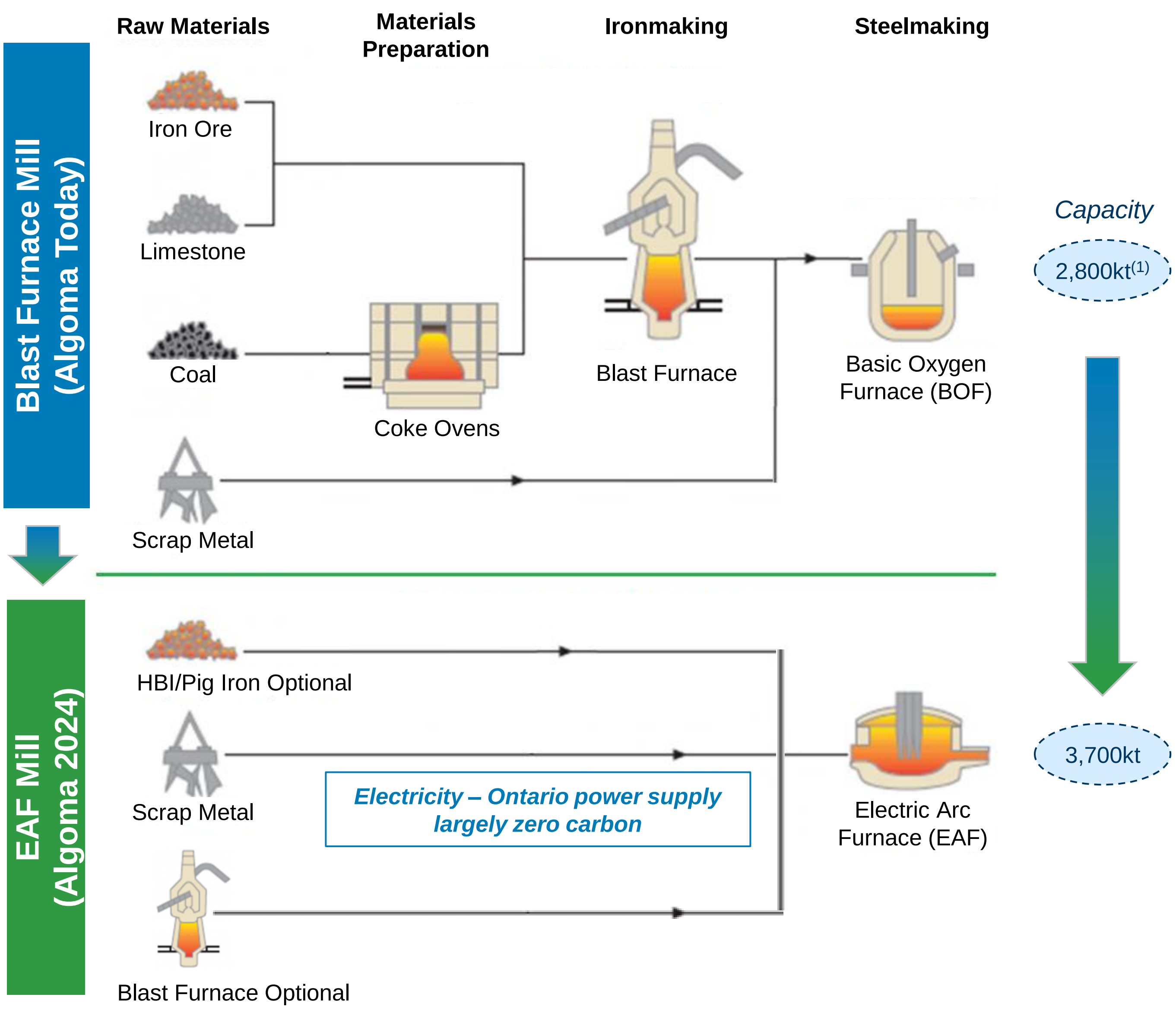
Full Year Financial Highlights

ALGOMA STEEL INC.

	FY 2023	FY 2022	% YoY
Shipping volume ('000s tons)	**2,003**	2,297	-13%
Net Sales Realization per ton ($/ton)	**1,273**	1,545	-18%
Steel Revenue($ million)	**2,550**	3,549	-28%
Cost of Steel Products Sold ($/NT)	**1,004**	857	17%
Adjusted EBITDA ($ million)	**452**	1,503	-70%
Net Income ($ million)	**298**	858	-65%

Source: Company Q4 & Full Year FY2023 Management's Discussion and Analysis
Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS financial measures. See Annex: Adjusted EBITDA Reconciliation on Slide 13

Algoma's EAF Conversion Project: a generational transformation



Blast Furnace Mill (Algoma Today)

Raw Materials

Materials Preparation

Ironmaking

Steelmaking

Iron Ore

Limestone

Coal

Coke Ovens

Blast Furnace

Basic Oxygen Furnace (BOF)

Scrap Metal

Capacity

2,800kt$^{(1)}$

3,700kt

EAF Mill (Algoma 2024)

HBI/Pig Iron Optional

Scrap Metal

Electricity – Ontario power supply largely zero carbon

Electric Arc Furnace (EAF)

Blast Furnace Optional

Expected Benefits of EAF

- ✓ ~Adds ~700kt of finished steel capacity aligning steelmaking capacity to rolling capacity
- ✓ Reduced conversion cost vs integrated
- ✓ ~70% fewer total CO2 emissions (annual reduction of 3 million tonnes of CO2)
- ✓ Elimination of coal as an input to steelmaking process
- ✓ Reduces long-term reliance on volatile iron ore market
- ✓ More flexible operations capable of responding dynamically to market conditions
- ✓ Lower fixed costs and incremental volume driving cost absorption
- ✓ Reduced sustaining CapEx
- ✓ Improves employee productivity (as measured in tons per employee)

Transforms Algoma into one of leading producers of green steel in North America

Source: Company information.

(1) Excludes BF#6 which is currently idled.

Proposed Operational Transition to EAF

	2021-2024	2024-2025	2026	LONG-TERM
Production Method	**CONSTRUCTION PERIOD** Coke Production Blast Furnace #7 Oxygen Steelmaking	**COMMISSION RAMP/ PRODUCT CERTIFICATON** Coke Production Blast Furnace #7 Oxygen Steelmaking EAF 1| EAF 2	**ALTERNATIG HYBRID MODE** (“EAF PHASE I”) Reduced Coke Production Blast Furnace #7 Reduced Oxygen Steelmaking EAF 1| EAF 2 *(Alternating Mode)*	**INDEPENDENT MODE (“EAF PHASE II”)** EAF 1| EAF 2 (With full power upgrades; no internal power generation required) • *Obsolete Scrap* • *Prime Scrap* • *Virgin Iron (eg, HBI, DRI, Pig Iron)*

A phased approach reduces implementation risk:

Phase I

Operations would alternate arcing on one furnace at a time with the potential of using hot metal charge from No. 7 Blast Furnace (which is operating at reduced output). Powered by the on-site power generation and grid power.

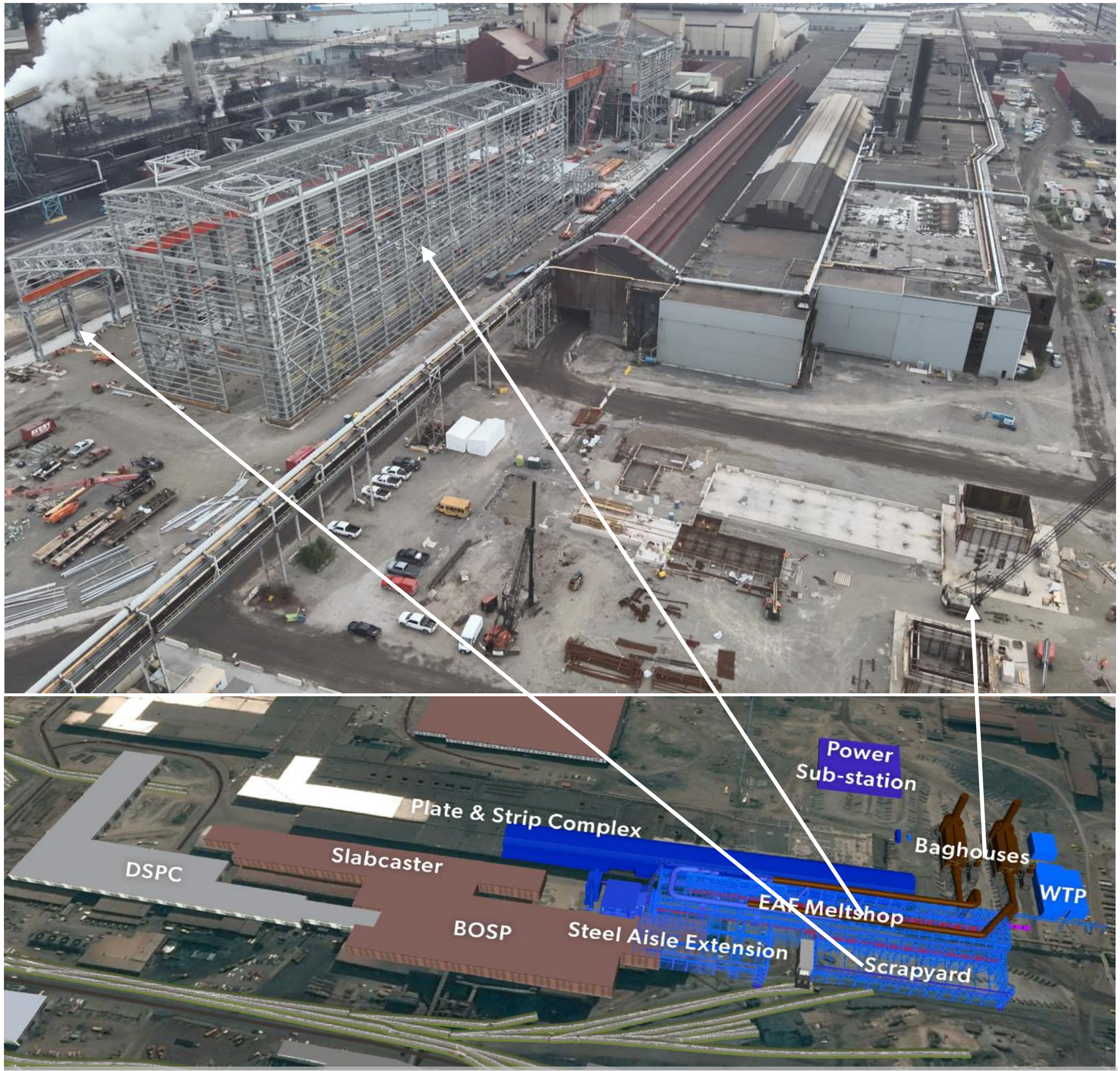
Phase II

Operate both electric arc furnaces simultaneously with 100% cold charge, including obsolete and prime scrap with option for addition of virgin iron units, such as HBI, DRI or pig iron as required. Fully powered by the Ontario grid.

Note: 2025 onwards, No. 7 Blast Furnace will operate at a lower rate.

Construction Update

Future home of Algoma's new EAF facility[1]:



BOSP: Basic Oxygen Steel Production (existing)
DSPC: Direct Strip Production Complex (existing)
EAF Meltshop: Electric Arc Furnace (**new** consisting of 2 independent -250NT Danieli Electric Arc Furnaces)
WTP: Water Treatment Plant (new)

Project Statistics[2]:

- Concrete poured: est. > 15,000m^3
- EAF Building Foundations est. 100% complete
- EAF Equipment Piling - 95% complete
- EAF Equipment Foundations - Underway
- Fume Treatment Plant excavation and piling complete
- Fume Treatment Plant foundations – 75% complete
- Primary steel for EAF building est. 15,000NT (8,000NT Installed)

By the numbers:

- Spending as of June 30, 2023 - **$341M**
- Remaining SIF Funding Available **$134M** *($18M Receivable)*
- Total Project Commitments **~$600M** *(as at July 31, 2023)*
- Project Budget[3] – **$828-878M**

---

(1) Photo taken Aug 10th^{t} 2023
(2) Project Estimates at Aug 1, 2023
(3) Revised project budget from Q4F2023 release

Critical Equipment Arriving on Site

Delivery of Critical Equipment

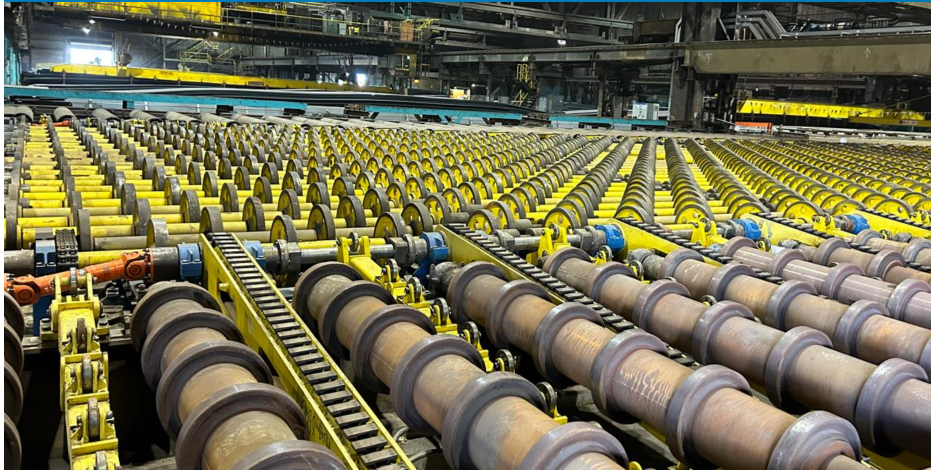
3 bulk cargo vessels and 100s of seacan containers have arrived from Danieli.

~40% of the nearly 4,000 pieces of equipment are onsite already.

Plate Mill Modernization Update

Algoma's Path to Higher Plate Production

Automated Cooling Beds



Heavy Gauge Inline Shear

Plate Piler

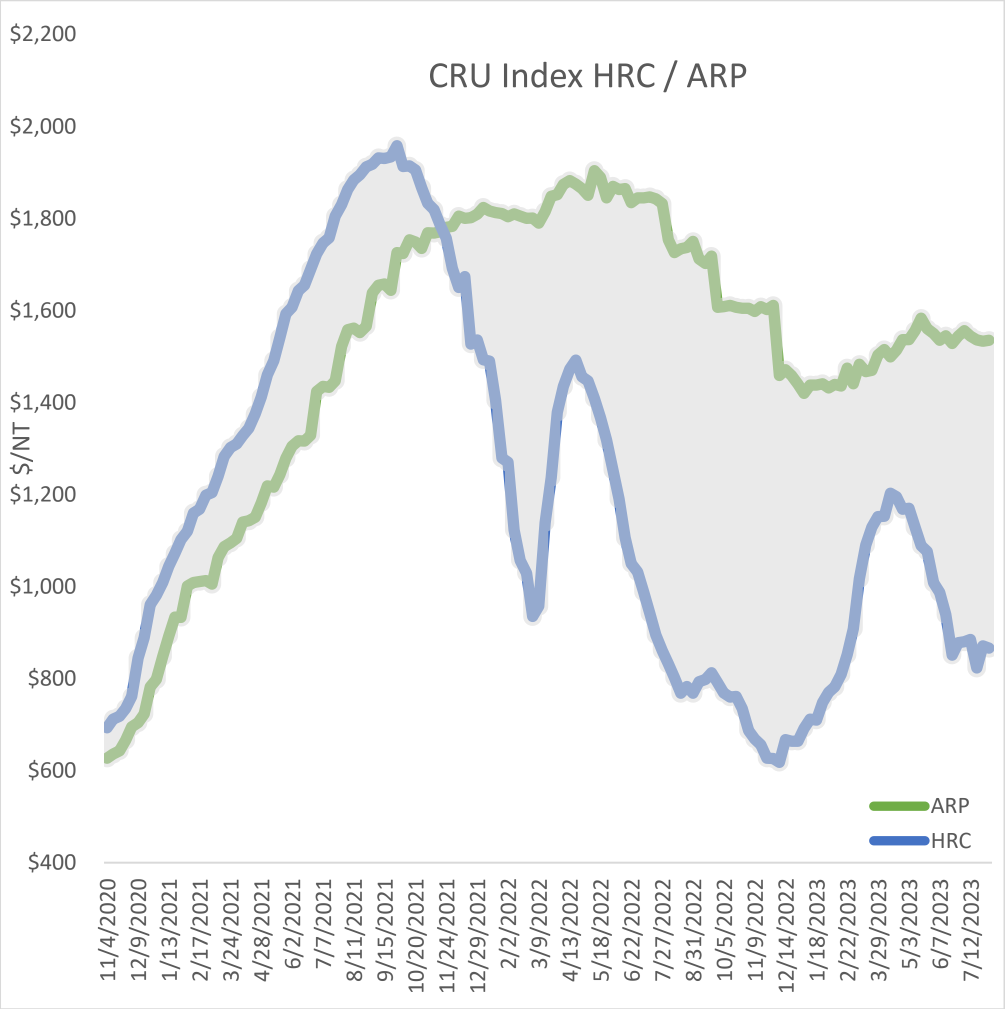
Robotic Plate Marking System

Supplemental Information

Market Update

North American HRC price declining / Plate pricing remains strong

Historical Hot Rolled Coil (HRC) and As Rolled Plate Prices (ARP) (US$/ton)



Key Market Drivers

- HRC steel prices have decreased $340/NT since April 2023, peak of $1,203. As rolled plate spread over HRC continues to be elevated with current spread of approx $740/NT
- Scrap market prices have fallen in most global markets over the last month, driven by weaker steel demand and improved scrap steel supply. Prices continue to forecast declines in late 2023.
- UAW currently engaged in contract negotiations across North American OEM facilities

Macro Economic Drivers

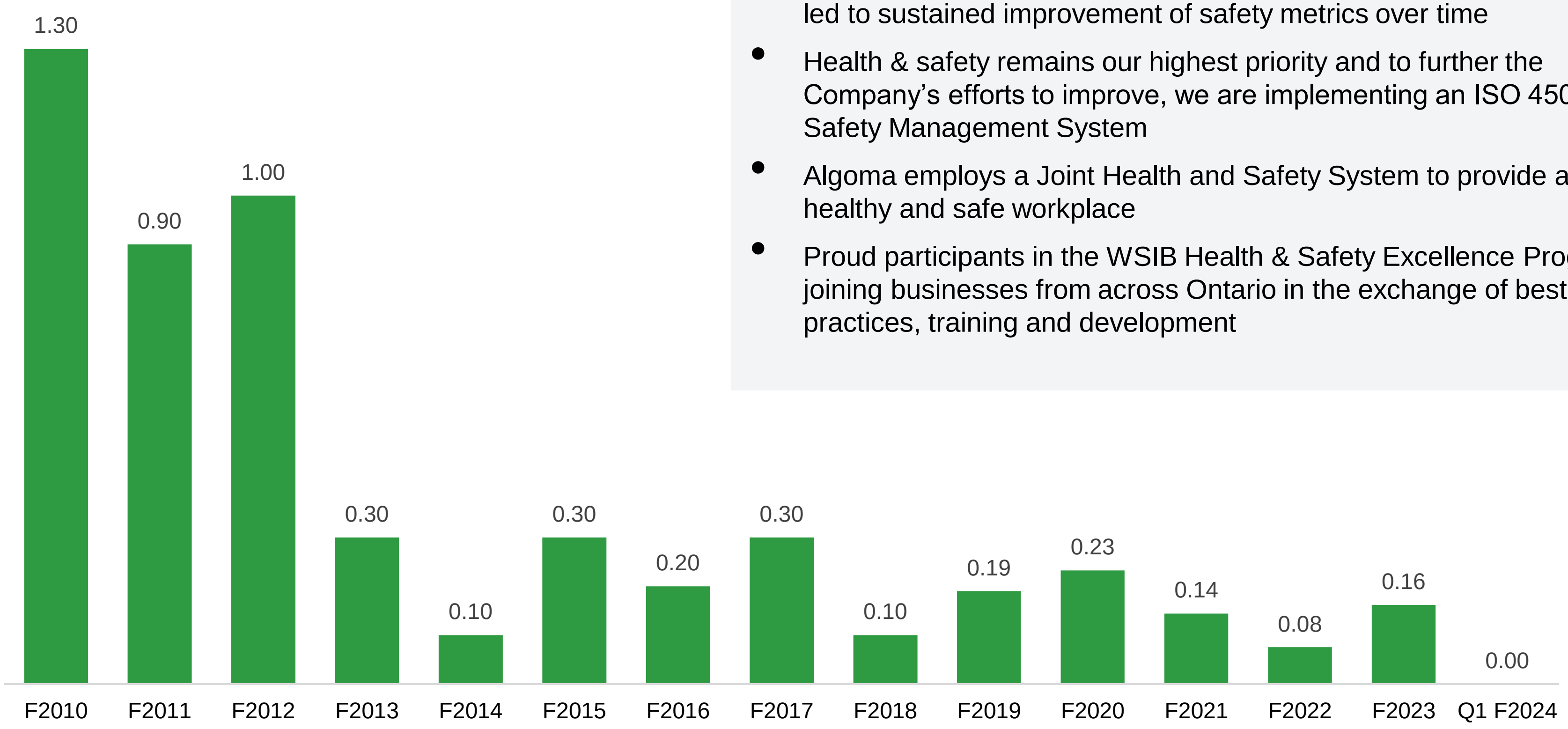
- In June, inflation decelerated to 3%, sparking optimism that the record interest rate hikes might not lead to a recession. This hope is supported by positive indicators such as GDP growth, consumer spending, and job creation.
- US Federal Reserve raised its key interest in July by 0.25%; citing possible future hikes as the economy remains resilient.

Source: Market data as of Aug 2, 2023

Safety Without Compromise

ALGOMA STEEL INC.

Continued Focus and Improvement in Lost Time Injury Frequency Rate (LTIFR)[1]



F2010	1.30
F2011	0.90
F2012	1.00
F2013	0.30
F2014	0.10
F2015	0.30
F2016	0.20
F2017	0.30
F2018	0.10
F2019	0.19
F2020	0.23
F2021	0.14
F2022	0.08
F2023	0.16
Q1 F2024	0.00

Health & Safety Performance

- Ongoing commitment to superior Health & Safety performance has led to sustained improvement of safety metrics over time
- Health & safety remains our highest priority and to further the Company’s efforts to improve, we are implementing an ISO 45001 Safety Management System
- Algoma employs a Joint Health and Safety System to provide a healthy and safe workplace
- Proud participants in the WSIB Health & Safety Excellence Program, joining businesses from across Ontario in the exchange of best practices, training and development

Safety is Top Priority for Algoma

Source: Company information.

[1] Lost Time Injury Frequency is calculated as ((Number of lost time injuries in the reporting period x 200,000) / Total hours worked in the reporting period).

Key Performance Highlights

ALGOMA STEEL INC.

Q1 FY2024 - Ended June 30th, 2023

- **Shipping volume** was 569K NT in Q1 FY2024, down 0.4% from 572K NT in Q4 FY2023 and up 6% from 538K NT in Q1 FY2023.
- **Steel Revenue** was $755 million in Q1 FY2024, up 24% from $609 million in Q4 FY2023 and down 14% from $877 million in Q1 FY2023.
- **Adjusted EBITDA** was $191 million in Q1 FY2024, up 299% from $48 million in Q4 FY2023 and down 47% from $358 million in Q1 FY2023.
- **Net Income** was $131 million in Q1 FY2024, up $151 million from -$20 million in Q4 FY2023 and down $171 million from $301 million in Q1 FY2023.
- **Cash position** was $301 million at the end of Q1 FY2024 with availability of $347 million under the Revolving Credit Facility

Q1 FY2024

570 kNT Shipments

$755 million Steel Revenue

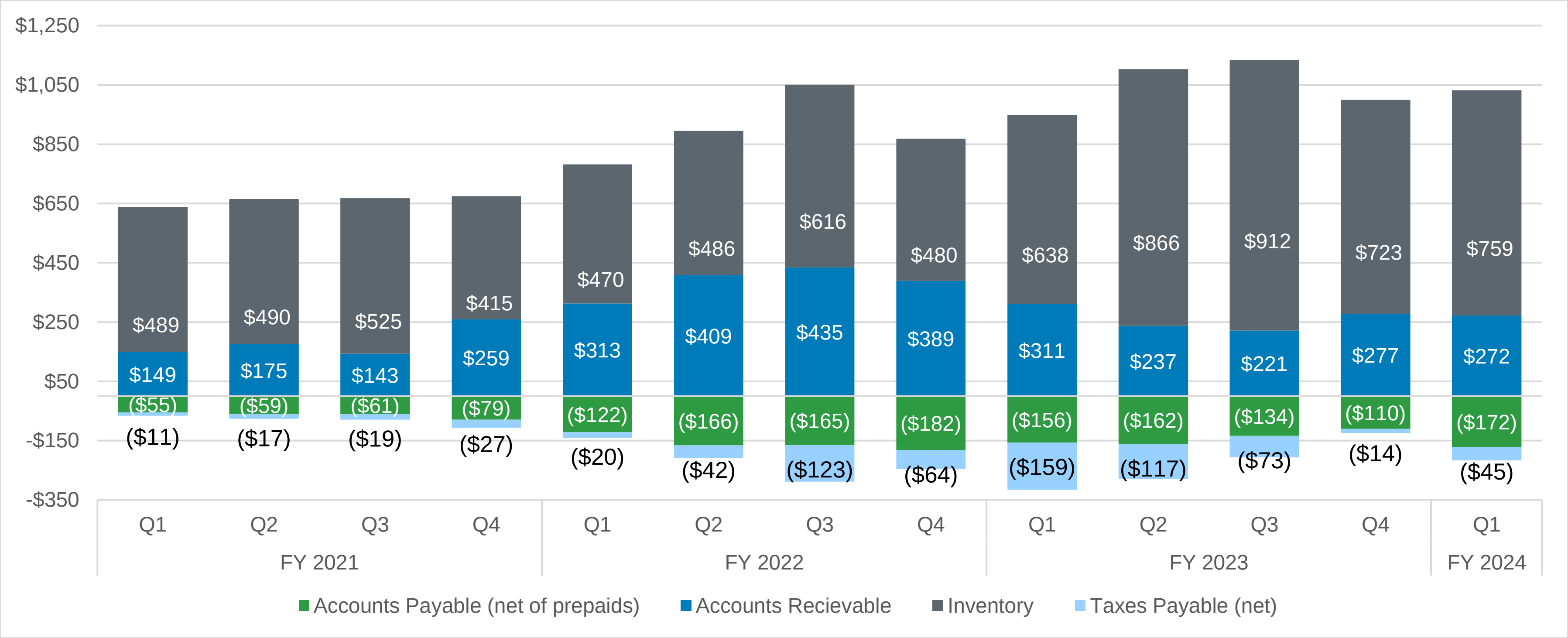
$191 million Adjusted EBITDA

Adjusted EBITDA margin fiscal YTD was 23.1%

Source: Company Q1 FY2024 Management's Discussion and Analysis
Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS financial measures. See Annex: Adjusted EBITDA Reconciliation on Slide 13

Overview of Net Working Capital Seasonality

Net Working Capital $M[1]	$ 573	$ 589	$ 588	$ 568	$ 641	$ 687	$ 762	$ 623	$ 633	$ 825	$ 926	$ 875	$ 815

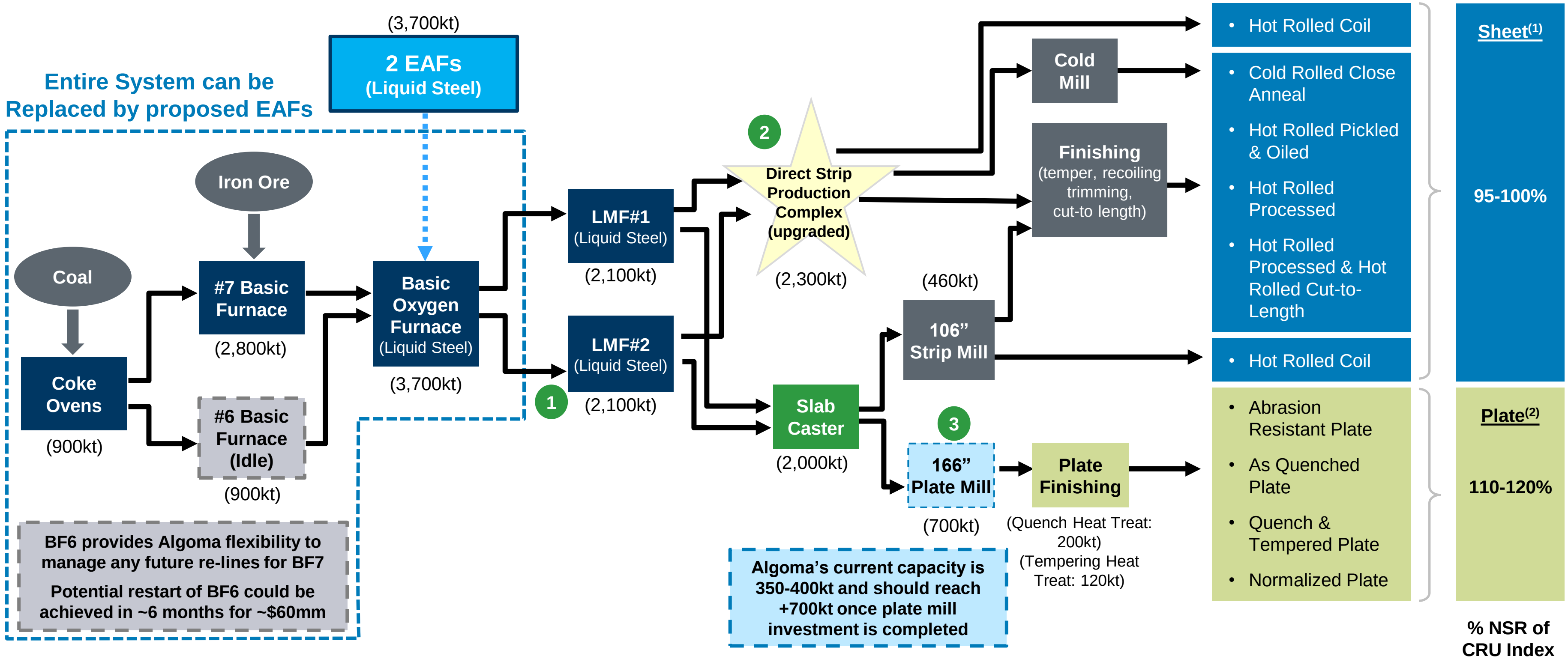


Source Q1 FY2024 Notes to the Financial Statements:

(1) Please note that the chart shown includes Inventory, Trade Receivables, Payables Net of Prepaids, and Taxes Payable Net of Taxes Receivable

Algoma's Flexible, Low-Cost Operations Facilitates Optimization Across High Value Products

- ✓ Algoma produces a wide variety of products to serve diverse end-markets
- ✓ Algoma is the only plate producer in Canada with current capacity of 350-400kt and potential capacity of 700kt per year once debottlenecking initiatives are completed
- ✓ Algoma is the only integrated steel producer to operating a DSPC line, which provides a $30-$40/t competitive advantage
- ✓ DSPC positions the mill to seamlessly execute installation of EAF mills



Entire System can be Replaced by proposed EAFs

(3,700kt)
2 EAFs
(Liquid Steel)

Iron Ore

Coal

Coke Ovens
(900kt)

#7 Basic Furnace
(2,800kt)

#6 Basic Furnace (Idle)
(900kt)

Basic Oxygen Furnace
(Liquid Steel)
(3,700kt)

LMF#1
(Liquid Steel)
(2,100kt)

LMF#2
(Liquid Steel)
(2,100kt)

①

② Direct Strip Production Complex (upgraded)
(2,300kt)

Slab Caster
(2,000kt)

Cold Mill

Finishing
(temper, recoiling trimming, cut-to length)

(460kt)
106" Strip Mill

③ 166" Plate Mill
(700kt)

Plate Finishing
(Quench Heat Treat: 200kt)
(Tempering Heat Treat: 120kt)

BF6 provides Algoma flexibility to manage any future re-lines for BF7

Potential restart of BF6 could be achieved in ~6 months for ~$60mm

Algoma's current capacity is 350-400kt and should reach +700kt once plate mill investment is completed

- Hot Rolled Coil
- Cold Rolled Close Anneal
- Hot Rolled Pickled & Oiled
- Hot Rolled Processed
- Hot Rolled Processed & Hot Rolled Cut-to-Length
- Hot Rolled Coil

Sheet[1]
95-100%

- Abrasion Resistant Plate
- As Quenched Plate
- Quench & Tempered Plate
- Normalized Plate

Plate[2]
110-120%

% NSR of CRU Index

Recent and Ongoing Initiatives

① Addition of Ladle Metallurgy Furnace #2 (LMF #2): eliminated the bottleneck between steelmaking and casting facilities, enhances grades – **Completed (Feb-2021)**

② DSPC upgrade: volume capacity has been increased to 2,300k tons from 2,100k tons with new grades capabilities – **Completed**

③ Plate Mill modernization: volume capacity will be raised to 700k tons from ~350k tons with new grades capabilities – **Stage 1 / 2 anticipated to be completed in Early 2022 (Quality) / Late 2022 (Volume)**

EAF Transition Will Materially Improve Algoma's Environmental Footprint…

ALGOMA STEEL INC.

Environmental Strategy

- EAF production would unlock significant environmental benefits – EAF steelmaking generates substantially less CO2 and other air pollutants compared to Blast Furnace producers
- 3.0mm metric tonnes anticipated reduction (~70%) of carbon GHG emissions[1] representing:
  - ✓ **11% of the Canadian Federal 2030 Paris Agreement target**
  - ✓ **100% of the provincial 2030 target**
  - ✓ **75% reduction in emissions per net ton**

Improving Algoma's Environmental Profile Provides Long-Term Advantages

- ✓ Algoma expected to become the greenest producer of steel in Canada
- ✓ Improves competitiveness for government spending programs where ESG is a criteria
- ✓ Improves profile with select customers who are similarly ESG focused
- ✓ Improves employee engagement
- ✓ Reduction of greenhouse gas emissions may provide for lower annual repayment on the SIF loan

		Reduction[1]	% Reduction
GHG Emissions	CO2	3.0mm tonnes	70%
	CO2/NT production	1.33 tonnes	75%
SOx emissions		4,060 tonnes	82%
NOx emissions		1,604 tonnes	52%
Stack and Fugitive Emissions		Complete elimination of Stack and Fugitive Emissions	100%

Source: Company information. Note: All years refer to calendar year unless otherwise specified. Expected environmental benefits from the EAF are based on projected estimates for Algoma, using published data sources for similar technologies.

(1) Based on current production versus forecasted production of 3.0mm tons of steel shipments produced under full EAF configuration.

Our ESG Framework

Environment

Lead the Canadian steel industry's transition to a low carbon economy and minimize our environmental impact.

We strive to be an industry leader in environmental stewardship and climate change in Canada. Through our industry partnerships and our commitment to net-zero emissions, we aim to enhance our leadership position in the industry's transition to a low carbon economy. Through our EAF transformation and continuous innovation in our products and steelmaking processes, we are committed to further minimizing our impact on the environment.

Material Topics:

- → GHG Emissions
- → Air Emissions
- → Climate Change
- → Energy Management
- → Waste & Hazardous Materials Management
- → Water Management
- → Biodiversity Impacts

Social

Generate shared and sustainable value for our employees, stakeholders, and Indigenous communities.

We are committed to achieving excellence in health and safety practices and institutionalizing a culture of safety both for our employees and communities. We aim to educate, train, develop, and engage our people, and foster a diverse, inclusive and equitable workforce. We also strive to generate shared value through our operations by continuously seeking opportunities to hire local employees and contractors, source materials responsibly and to engage, support, and partner with the communities in which we operate.

Material Topics:

- → Workforce Health and Safety
- → Labour Relations
- → Human Capital Management
- → Rights of Indigenous Peoples
- → Community Relations
- → Supply Chain Management & Human Rights

Governance

Enhance governance structures for the robust and effective oversight and management of our material ESG factors.

We are committed to ensuring sound governance practices and strong corporate leadership drive our ESG commitments and efforts in alignment with our investor and stakeholder interests and expectations. We strive for robust and effect oversight of our ESG strategy and practices and ensure continuous improvement in our governance structure and processes.

Material Topics:

- → ESG Governance
- → Business Ethics & Transparency

Capital Allocation

Value Enhancing Uses of Capital:

- **Strong Balance Sheet:** Low leverage / solid cash position
- **Electric Arc Furnace (EAF) Project:** $825-875 million, 2+year project to transition Algoma to EAF steelmaking, resulting in 3.7 million tons/year of liquid steel capacity and a roughly 70% reduction in annual CO2 emissions
- **US$400 Million Substantial Issuer Bid (SIB):** Completed July 27, 2022, resulting in repurchase of approximately 41.0 million shares at US$9.75 per share, or approximately 27.9% of issued and outstanding shares at the time that the SIB was commenced
- **Normal Course Issuer Bid (NCIB):** Up to 5% of shares outstanding available for repurchase over 12 month period beginning March 3, 2022
- **Regular Quarterly Dividend:** US$0.05 per share

Strong Cash Generation Drives Optionality

Source: Company Q1 FY2023 Management's Discussion and Analysis

Canadian Government to Provide Attractive "Green Steel Financing" to Support the EAF Investment

Overview of the Green Steel Financing

Algoma Secures C$420M of Federal Government Financing for EAF Investment

Canada Infrastructure Bank C$220M

- On November 29, 2021 Algoma entered into a definitive agreement with respect to the CIB's previously announced (July 5th 2021) commitment to finance the transformational upgrade of Algoma's steelmaking processes at its facility in Sault Ste. Marie, Ontario.
- The C$220 CAD CIB Financing is a low-interest loan on commercial terms
- Funding is available on a reimbursable basis for project related expenses

SIF[1] Financing C$200

- C$200 million through the Net Zero Accelerator, with annual repayments that commence once the final project is complete and Algoma has access to grid power supporting full production.
- Repayments to be scalable based on Algoma's greenhouse gas emission performance
- Funding available on a reimbursable basis up to 28.4% ($200/$703) of eligible project expenses

Financing is part of a broader effort by the Canadian government to achieve environmental goals of reducing GHG emissions from, and increasing sustainability of, industrial processes

---

(1) Innovation Science and Economic Development Canada's Strategic Innovation Fund (the "SIF Funding")

High-Quality Products and Diversified Blue Chip Customer Base in Attractive End Markets

- Product width and strength flexibility allows Algoma to serve a broad customer base across various end markets
- Operational flexibility to adjust product mix to align with market pricing and customer demand, and maximize profitability
- R&D investments support higher quality, lower cost products and drive value proposition for customers
- Serves 200+ customers across multiple industries in North America with no single customer making up greater than 10% of sales

Differentiated Product Offering With Flexibility To Meet Customer Needs

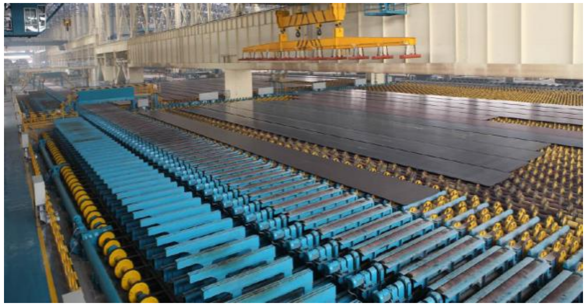
	Product Attributes	End Markets	Width Range	% NSR of CRU Index
Hot Rolled Coil 	✓ High strength formable hot rolled grades ✓ Broad width and strength capabilities	▪ Automotive ▪ Hollow structural product and welded pipe manufacturers ▪ Transportation ▪ Light manufacturing	106" Strip Mill 30"–96" DSPC 32"–63"	**Sheet Products:** 95-100%(1)
Cold Rolled Coil 	✓ Commercial grades ✓ High strength formable cold roll grades ✓ Full hard grades (not annealed)	▪ Automotive ▪ Welded pipe manufacturers ▪ Transportation ▪ Light manufacturing	36"–74"	
Plate 	✓ High strength, low-alloy grades ✓ Abrasion resistant and heat treat grades ✓ Only producer in Canada	▪ Fabrication industry - constructors or manufacturers of railcars, buildings, bridges off-highway equipment, etc.	72"–154"	**Plate Products:** 110-120%(2)

Canada's Only Plate Mill with Potential to Ship 700,000 NT per year

Algoma's plate mill modernization project is expected to enhance the capacity and quality of one of Algoma's key products and sources of competitive advantage

Key Highlights

- Overall ~$90 million (C$120 million) is committed for modernizing the Algoma Plate Mill through 2023(
- Plate Modernization Project's key areas of focus:
    - Achieving product quality requirements with respect to surface and flatness
    - Increase high strength capability with availability of new grades
    - Provide reliability of plate production with direct ship capability
    - Increase overall plate shipment capacity through debottlenecking



Phase I - Quality Focus

- Mid 2022 installation and commissioning of the following upgrades:
    - New Primary De-scaler (improves surface quality)
    - Automated Surface Inspection System, detects and maps quality
    - New Hot Leveler (improves flatness)
    - Automation Upgrade of the 166 Mill (expands grade offering)

Phase II - Productivity Focus

- Completion planned for early 2024 for installation and commissioning of the following upgrades:
    - Onboard Descaling System Upgrade for 2Hi and 4Hi
    - Mill Alignment and Work Roll Offset at the 4Hi
    - 4Hi DC Drive Upgrade
    - In-Line Plate Cutting including new cooling beds coupling the plate mill and shear line, dividing shear and new plate piler
    - Automated Marking Machine

Annex: Revenue and Cost of Sales

	change		**Three months ended June 30, 2023**		Three months ended June 30, 2022
tons					
Steel Shipments	**↑ 5.9%**		**569,433**		537,524
millions of dollars					
Revenue	**↓ 11.4%**	**C$**	**827.2**	C$	934.1
Less:					
Freight included in revenue			**(52.2)**		(45.1)
Non-steel revenue			**(20.5)**		(11.6)
Steel revenue	**↓ 14.0%**	**C$**	**754.5**	C$	877.4
Cost of steel revenue	**↑ 9.0%**	**C$**	**566.8**	C$	520.1
Amortization included in cost of steel revenue			**(23.2)**		(22.5)
Carbon tax included in cost of steel revenue			**(2.5)**		(3.0)
Cost of steel products sold	**↑ 9.4%**	**C$**	**541.1**	C$	494.6
dollars per ton					
Revenue per ton of steel sold	**↓ 16.4%**	**C$**	**1,453**	C$	1,738
Cost of steel revenue per ton of steel sold	**↑ 2.8%**	**C$**	**995**	C$	968
Average net sales realization on steel sales (i)	↓ 18.9%	C$	1,323	C$	1,632
Cost per ton of steel products sold	↑ 3.3%	C$	950	C$	920

(i) Represents Steel revenue (being Revenue less (a) Freight included in revenue and (b) Non-steel revenue) divided by the number of tons of Steel Shipments during the applicable period.

Source: Company Q1 FY2024 Management's Discussion and Analysis

Annex: Adjusted EBITDA Reconciliation

millions of dollars		**Three months ended June 30, 2023**		Three months ended June 30, 2022
Net income	**C$**	**130.9**	C$	301.4
Amortization of property, plant and equipment and amortization of intangible assets		**23.3**		22.6
Finance costs		**5.1**		4.7
Interest on pension and other post-employment benefit obligations		**4.8**		3.4
Income taxes		**39.3**		84.9
Foreign exchange loss (gain)		**11.0**		(11.7)
Finance income		**(3.3)**		(1.9)
Inventory write-downs *(amortization on property, plant and equipment in inventory)*		**0.4**		0.3
Carbon tax		**2.5**		3.0
Decrease in fair value of warrant liability		**(17.5)**		(38.4)
Decrease in fair value of earnout liability		**(2.0)**		(4.1)
Decrease in fair value of share-based payment compensation liability		**(4.0)**		(9.4)
Share-based compensation		**0.7**		2.9
Adjusted EBITDA	**C$**	**191.2**	C$	357.7
Net Income Margin		**15.8%**		32.3%
Net Income / ton	**C$**	**229.9**	C$	560.7
Adjusted EBITDA Margin		**23.1%**		38.3%
Adjusted EBITDA / ton	**C$**	**335.8**	C$	665.4

(i) See "Non-IFRS Measures" for information regarding the limitations of using Adjusted EBITDA.

(ii) Adjusted EBITDA Margin is Adjusted EBITDA as a percentage of revenue.

Source: Company Q1 FY2024 Management's Discussion and Analysis

Annex: Selected Quarterly Information

(millions of dollars, except where otherwise noted)	2024	2023				2022			
As at and for the three months ended[1]	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial results									
Total revenue	**C$ 827.2**	C$ 677.4	C$ 567.8	C$ 599.2	C$ 934.1	C$ 941.8	C$ 1,064.9	C$ 1,010.2	C$ 789.1
Steel products	**754.5**	609.2	512.0	551.5	877.4	879.9	1,009.5	936.5	722.9
Non-steel products	**20.5**	14.1	12.1	8.2	11.6	13.9	14.2	31.8	24.4
Freight	**52.2**	54.1	43.7	39.5	45.1	48.0	41.2	41.9	41.8
Cost of sales	**639.5**	630.7	611.8	569.4	576.8	603.2	599.9	578.7	510.2
Administrative and selling expenses	**23.4**	25.0	21.7	24.2	28.4	28.0	18.9	29.4	26.7
Income (loss) from operations	**164.3**	21.7	(65.7)	5.6	328.9	310.6	446.1	402.1	252.2
Net income (loss)	**130.9**	(20.4)	(69.8)	87.2	301.4	242.9	123.0	288.2	203.7
Adjusted EBITDA	**C$ 191.2**	C$ 47.9	C$ (35.9)	C$ 82.7	C$ 357.7	C$ 334.4	C$ 457.3	C$ 430.6	C$ 280.8
Per common share (diluted)[3]									
Net income (loss)	**C$ 0.85**	C$ (0.2)	C$ (0.6)	C$ 0.36	C$ 1.49	C$ 1.45	C$ 0.92	C$ 4.02	C$ 2.83
Financial position									
Total assets	**C$ 2,627.8**	C$ 2,455.6	C$ 2,549.0	C$ 2,716.0	C$ 3,070.5	C$ 2,693.6	C$ 2,520.7	C$ 2,185.7	C$ 1,697.2
Total non-current liabilities	**665.0**	650.0	663.4	693.3	618.0	573.5	640.1	1,038.8	1,002.5
Operating results									
Average NSR per nt[2]	**C$ 1,323**	C$ 1,066	C$ 1,116	C$ 1,266	C$ 1,632	C$ 1,608	C$ 1,827	C$ 1,594	C$ 1,185
Adjusted EBITDA per nt[2]	**335.8**	83.8	(78.3)	189.9	665.4	611.1	827.6	733.1	460.3
Shipping volume (in thousands of nt)									
Sheet	**498**	505	421	411	485	486	481	514	541
Plate	**70**	66	37	23	52	61	72	73	69
Slab	**2**	1	1	-	-	-	-	-	-

1 - Period end date refers to the following: "Q4" - March 31, "Q3" - December 31, "Q2" - September 30 and "Q1" - June 30.

2 - The definition and reconciliation of these non-IFRS measures are included in the "Non-IFRS Financial Measures" section of this MD&A.

3 - Pursuant to the Merger with Legato, on October 19, 2021, the Company effected a reverse stock split retroactively, such that each outstanding common share became such number of common shares, each valued at $10.00 per share, as determined by the conversion factor of 71.76775% (as defined in the Merger Agreement), with such common shares subsequently distributed to the equity holders of the Company's former ultimate parent company.

Further, on February 9, 2022, the Company issued 35,883,692 common shares in connection with the earnout rights granted to non-management shareholders that existed prior to the Merger.

On March 3, 2022, the Company commenced a normal course issuer bid for which the Company purchased and cancelled 3,364,262 common shares as at March 31, 2023.

On June 21, 2022, the Company commenced a substantial issuer bid in Canada and a Tender Offer (the "Offer") in the United States. On July 27, 2022, the Offer was completed and 41,025,641 common shares were purchased for cancellation.

Source: Company Q1 FY2024 Management's Discussion and Analysis

Algoma's Manufacturing Capabilities

	Technical specifications	Year of Start-Up	Competitive advantage	Highlights
Coke Making Facilities	• Comprises 3 batteries: – #7 battery (60 ovens) – #8 battery (60 ovens) – #9 battery (57 ovens)	• #7 battery: 1959 • #8 battery: 1968 • #9 battery: 1979	• On-site coke production caters to ~90% of total coke requirement	• Annualized production capability of • ~0.8mm tons
Iron Making Facilities	• Two blast furnaces: BF #7; BF #6 (currently idle) • BF #7 Hot metal capacity of ~2.8mm ton • BF #6 relining and stove rebuild completed in 2008	• BF #7: 1975 • BF #6: 1954	• BF #6 can be re-started within a short period with low-start up costs • Continuous investments in BF #7 has improved productivity by ~1,000 nt/day	• Operational flexibility enhanced by two blast furnaces
Steelmaking Facilities	• Comprises two 260k ton Basic Oxygen Furnaces • Current liquid steel capacity of ~3.7mm tons annually (including 0.9mm from idle capacity of BF #6) • Two twin station Ladle Metallurgy Furnaces	• Basic oxygen furnaces: 1970 (replaced: 1995) • Ladle Metallurgy Furnace #1: 2000 • Ladle Metallurgy Furnace #2: 2021	• Implementation of LMF#2 will provide improved buffering between casters and Blast Furnace and will avoid DSPC downtime caused by requirements of LMF Slab Caster heats	• Debottlenecking the secondary metallurgy area through the LMF#2
Direct Strip Production Complex (DSPC)	• Automated facility • Size range: gauges between 0.060" and 0.625" and widths between 32" and 63" • Current capacity of ~2.3mm tons annually	• DSPC: 1997	• One of the lowest-cost North American mills in terms of HRC conversion cost per tn • ~C$30-40/nt structural conversion cost advantage over peers due to reduced manpower, lower heating costs and improved yields	• Only DSPC attached to a blast furnace in North America • Consists of a state-of-the-art thin slab continuous caster which converts liquid blast furnace steel directly into coil
Slab Caster	• Comprises two twin strands of 8" thick slabs with a width range of 42" to 86" • Current capacity of ~2.0mm ton annually	• Slab caster: 1979	• Wider steel chemistry processing capabilities	• Ability to cast crack sensitive boron-alloyed and peritectic steel • Efficient grade change practice allowing changes to steel chemistry without interrupting the cast
Plate and Strip Mills	• 106" Strip Mill: produces strips up to 96" wide • 166" Plate Mill: produces plate up to 152" wide • Cold Mill Complex comprises: – 0.8mm ton pickling line – 0.35mm ton reduction mill – 0.25mm ton anneal furnace – 0.8mm ton temper mill	• 106" Strip Mill: 1973 • 166" Plate Mill: 1965	• Only Combination Mill of its kind in North America • Both mills are widest of their kind in North America • Only heat treatment line in Canada	• 166" Plate Mill features a heat treat facility – Rated annual capacity of 240,000 tons

ALGOMA

STEEL INC.

NASDAQ:ASTL
TSX: ASTL