NASDAQ:ASTL
TSX: ASTL

Investor Presentation

August 2022

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", "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 expectation to pay a quarterly dividend, Algoma's ability to reach agreements with labour unions, 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 increase in raw steel production capacity and operational flexibility, reduction in carbon emissions, lower costs and capital expenditures, improved employee productivity, elimination of coal and reduction in long term reliance on iron ore.

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; [NTD: Repeated twice.] the risks associated with the steel industry generally; the ability of the Company to implement and realize its business plans, including the EAF Transformation; Algoma's ability to continue to pay a quarterly dividend; 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 and make payments on our indebtedness with a substantial amount of indebtedness; 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; 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 and the ongoing conflict in Ukraine and the risk of being unable to reach an agreement with United Steelworkers Local 2251 in the time required or at all.

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 Statements" in Algoma's public filings, including the annual report on Form 20-F filed by Algoma with the Securities and Exchange Commission ("SEC") and the Ontario Securities Commission ("OSC"), and in Algoma's other public filings with the SEC and OSC.

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 (loss) 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 June 30, 2022 unaudited condensed interim consolidated financial statements and the accompanying notes of the Company and the March 31, 2022 audited consolidated financial statements and the accompanying notes of the Company.

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 (loss) income.

Investment Highlights

ALGOMA STEEL INC.

Today's Presenter:

Rajat Marwah
Chief Financial Officer

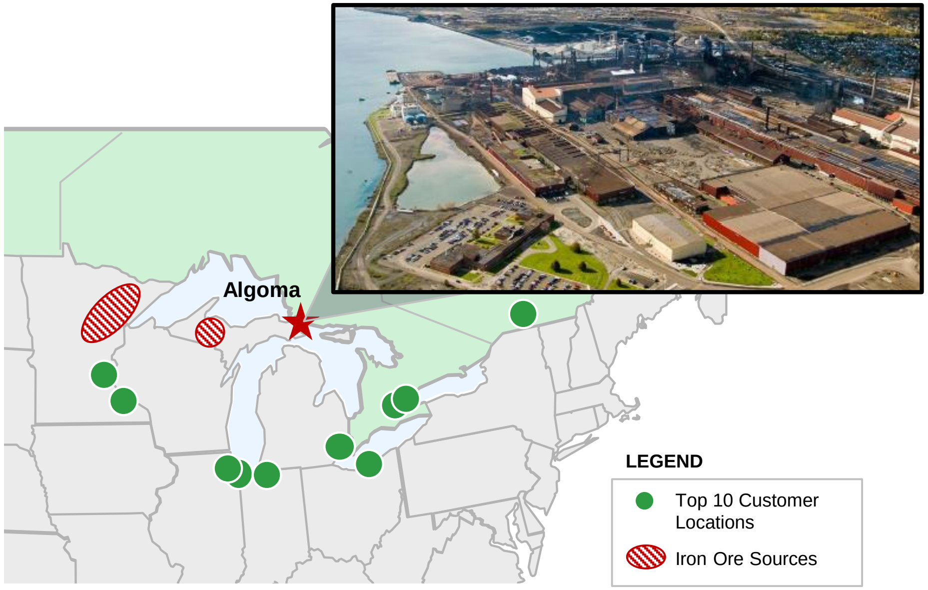
1. Premier Canadian Steel Producer and one of the Leading Flat Steel Producers in North America
2. Continuing to build on a track record of success
3. Record Earnings Performance
4. Transitioning to Low Carbon Electric Arc Technology
5. Generating Long-term value for Shareholders

Premier Canadian Steel Producer…

ALGOMA STEEL INC.

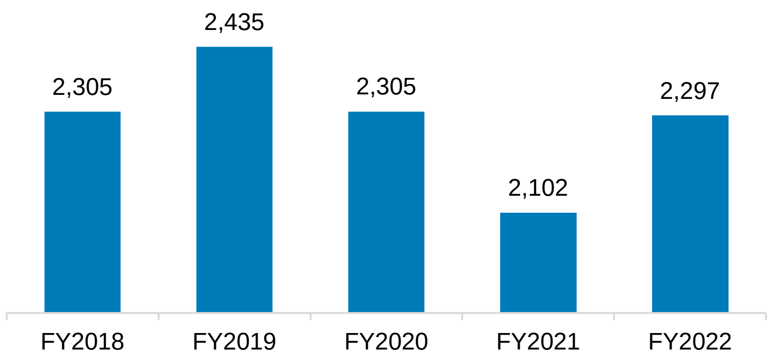
Leading North American Flat-Rolled Producer Located in the Great Lakes Region in Sault Ste. Marie, Ontario

- 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

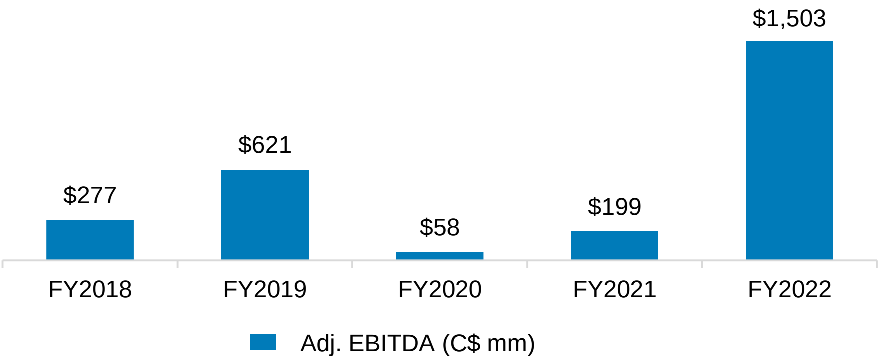


Historical Performance (FY end March 31)

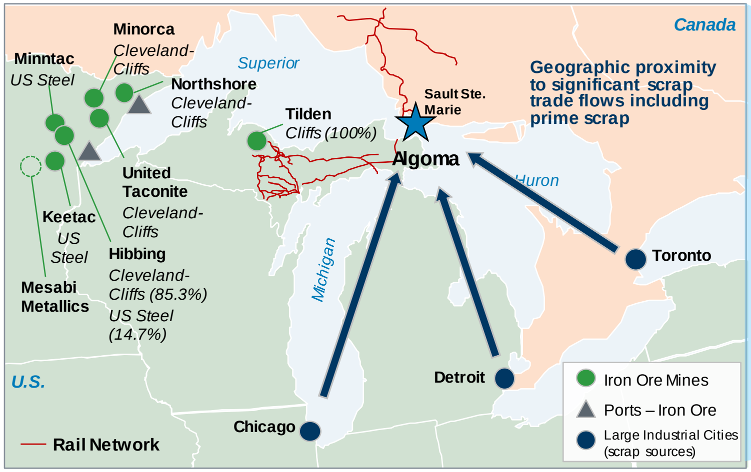
Shipments (kt)



Adjusted EBITDA Performance (C$ mm)



Attractive Access to Key Suppliers and Customers Across The Great Lakes



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

- 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

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

ALGOMA STEEL INC.

Strategic Direction

1 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 – **Ongoing**
- **Plate Mill Modernization** – Enhancing capability and production on Canada's only discrete plate mill – **2021-2022**
- **EAF Approval** – Received board approval to begin construction of Electric Arc Furnace – **Nov 2021**
- **EAF Project** – Construction started; Vendors selected : **Danieli** – EAF equip; **GE** – Power upgrade; **PTI** -Transformers – **Dec / Jan**

2 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**
- **Normal Course Issuer Bid** – Algoma launched NCIB for share repurchases – **2022/23**
- **Substantial Issuer Bid** – Algoma completed NCIB, repurchased 41M shares – **Jul 2022**

3 Strategic Partnerships
Algoma continues to develop partnerships focused on de-risking the organization and creating long term value for stakeholders

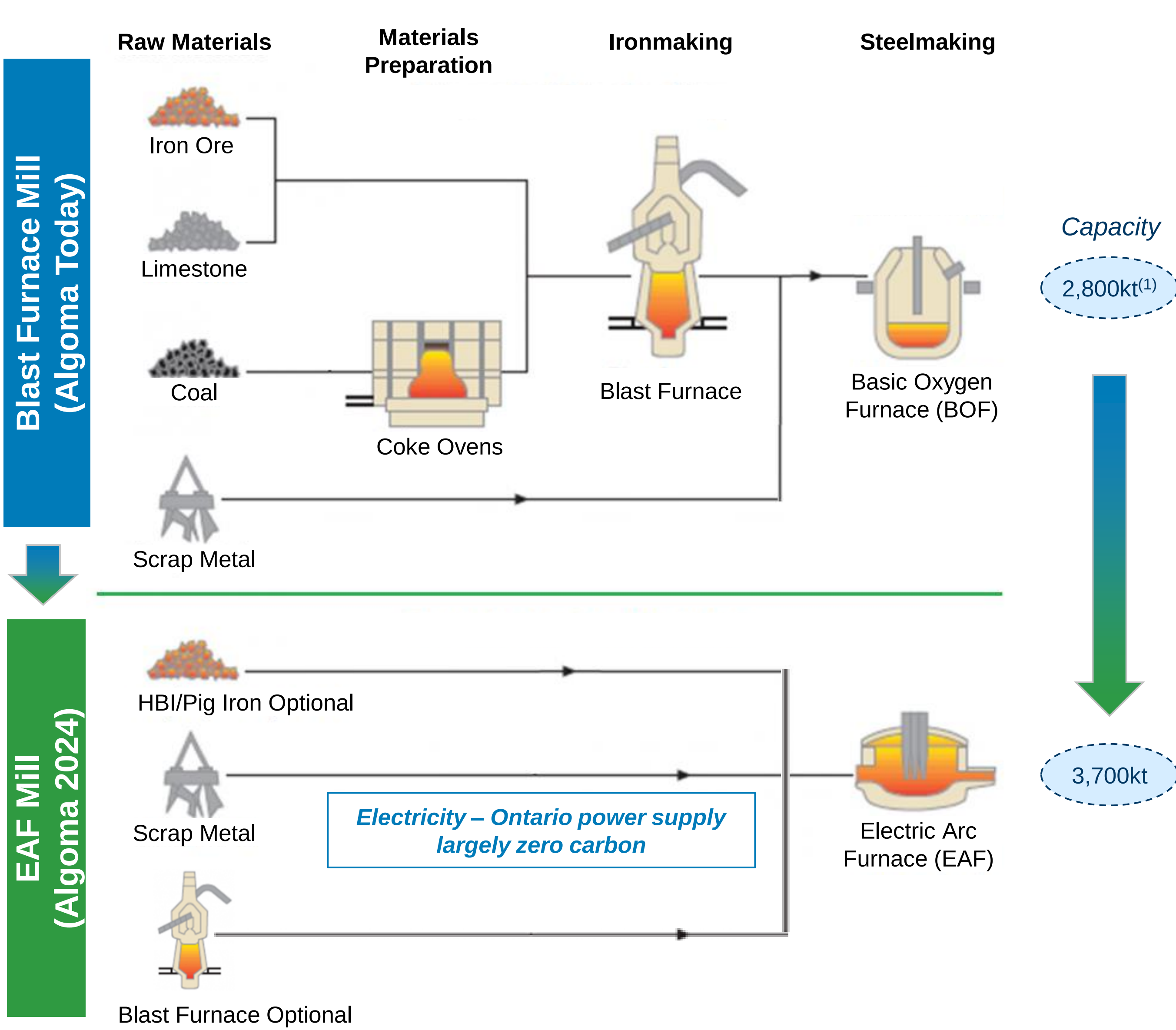
- **New Iron Ore Supply contract with USS** – De-risking supply of largest input – **May 2020**
- **New Joint Venture** – JV with Triple M Metals for supply of scrap and metallic units to meet needs – **Nov 2021**
- **PUC Transmission** – PUC to construct local 230KV power line to support Algoma's EAF transformation. – **2022-2025**
- **Suncoke Coke Contract** – 5 Year contract to facilitate the migration to EAF operations – **2022-2026**

4 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** – FY2022 – Algoma's safest year
- **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**
- **Emission Reduction** – EAF project expects to reduce emissions 70% and improve GHG performance – **2024**

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

Algoma's EAF Conversion Project: a generational opportunity



Expected Benefits of EAF

- ✓ ~Adds ~700kt of finished steel capacity aligning steelmaking capacity to rolling capacity
- ✓ Reduced conversion cost vs integrated
- ✓ ~70% fewer total CO_2 emissions (annual reduction of 3 million tonnes of CO_2)
- ✓ 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.

Construction update

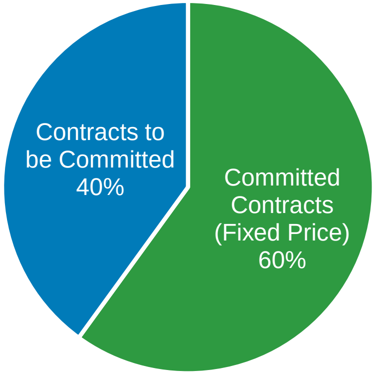
Future home of Algoma's new EAF facility:

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)

Construction Milestones:

- Long lead time equipment ordered by OEM supplier (Danieli)
- EAF Melt Shop Piling installation in progress.
- Foundation contractor selected and underway
- Rail and service relocations underway
- Detailed engineering in progress
- EAF building contract awarded (Walters)
- Air and noise models under development for permitting process
- PUC proceeding with new 230KV line local transmission line
- GE Canada contracted for upgrades to internal power generation facility

Project Spending:



By the numbers:

- Project Budget: **$703M**
- Project Spent as at June 30 - **$103M**

Estimated Spending Breakdown:

- F2022 - **8%**
- F2023 - **60%**
- F2024 onwards - **32%**

Key Partnerships:

- **Danieli & C. Officine Meccaniche S.p.A**
  - EAF Equipment
  - Q-One Digimelter technology
- **GE Gas Power**
  - Two Gas Turbines for Algoma's 110MW combined cycle power plant
  - Generator Rewind & Control upgrade
- **PTI Transformers**
  - 2- 200MVA Transformers
- **Walters**
  - Building fabrication and construction

Proposed Operational Transition to EAF

ALGOMA STEEL INC.

Production Method

NOV 2021-2024	Mid 2024	2025	2026	LONG-TERM
CONSTRUCTION PERIOD	**COMMISSION RAMP**	**PRODUCT CERTIFICATION**	**ALTERNATIG HYBRID MODE** (“EAF PHASE I”)	**INDEPENDENT MODE (“EAF PHASE II”)**
Coke Ovens 7,8,9	Coke Ovens 7,8,9	Coke Ovens 8,9	Coke Ovens 8,9	EAF 1 | EAF 2
Blast Furnace #7	Blast Furnace #7	Blast Furnace #7	Blast Furnace #7	(With full power upgrades; no internal power generation required)
Oxygen Steelmaking	Oxygen Steelmaking			• *Obsolete Scrap* • *Prime Scrap* • *HBI, DRI, Pig Iron*
	EAF 1 | EAF 2	EAF 1 | EAF 2	EAF 1 | EAF 2 *(Alternating Mode with 30% hot metal from BF)*	

A phased approach reduces implementation risk:

Phase I
Operations would alternate arcing on one furnace at a time with approximate 30% 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 alternate iron units, such as HBI or pig iron as required. Fully powered by the Ontario grid.

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

Fiscal Year 2022 Financial Highlights

ALGOMA STEEL INC.

	FY 2022	FY 2021	% YoY
Shipping volume ('000s tons)	**2,297**	2,102	9%
Net Sales Realization per ton ($/ton)	**1,545**	768	101%
Steel Revenue($ million)	**3,549**	1,615	120%
Cost of Steel Revenue($/NT)	**894**	694	29%
Adjusted EBITDA ($ million)	**1,503**	199	654%
Net Income ($ million)	**858**	-76	+

(1) Source: Company F2022 Management's Discussion and Analysis

Key Performance Highlights

ALGOMA STEEL INC.

Q1 FY2023 - Ended June 30, 2022

- **Shipment volume** was 538K NT in Q1 FY2023, down 1.7% from 547K NT in Q4 FY2022 and down 11.9% from 610K NT in Q1 FY2022
- **Steel Revenue:** was $877.4 million in Q1 FY2023, down 0.3% from $879.9 million in Q4 FY2022 and up 21.4% from $722.9 million in Q1 FY2022
- **Adjusted EBITDA** was $357.7 million in Q1 FY2023, up 7.0% from $334.4 million in Q4 FY2022 and up from $280.8 million in Q1 FY2022
- **Net Income** was $301.4 million in Q1 FY2023, up from $242.9 million in Q4 FY 2022 and up from $203.6 million in Q1 FY2022
- **Cash position** was $1.1 billion[1] at the end of Q1 FY2023 with full availability of $278 million under the Revolving Credit Facility

Q1 FY 2022	538 kNT Shipments	$877 million Steel Revenue	$358 million Adjusted EBITDA

Adjusted EBITDA margin for quarter ended June 30th, 2022 was 38.3%

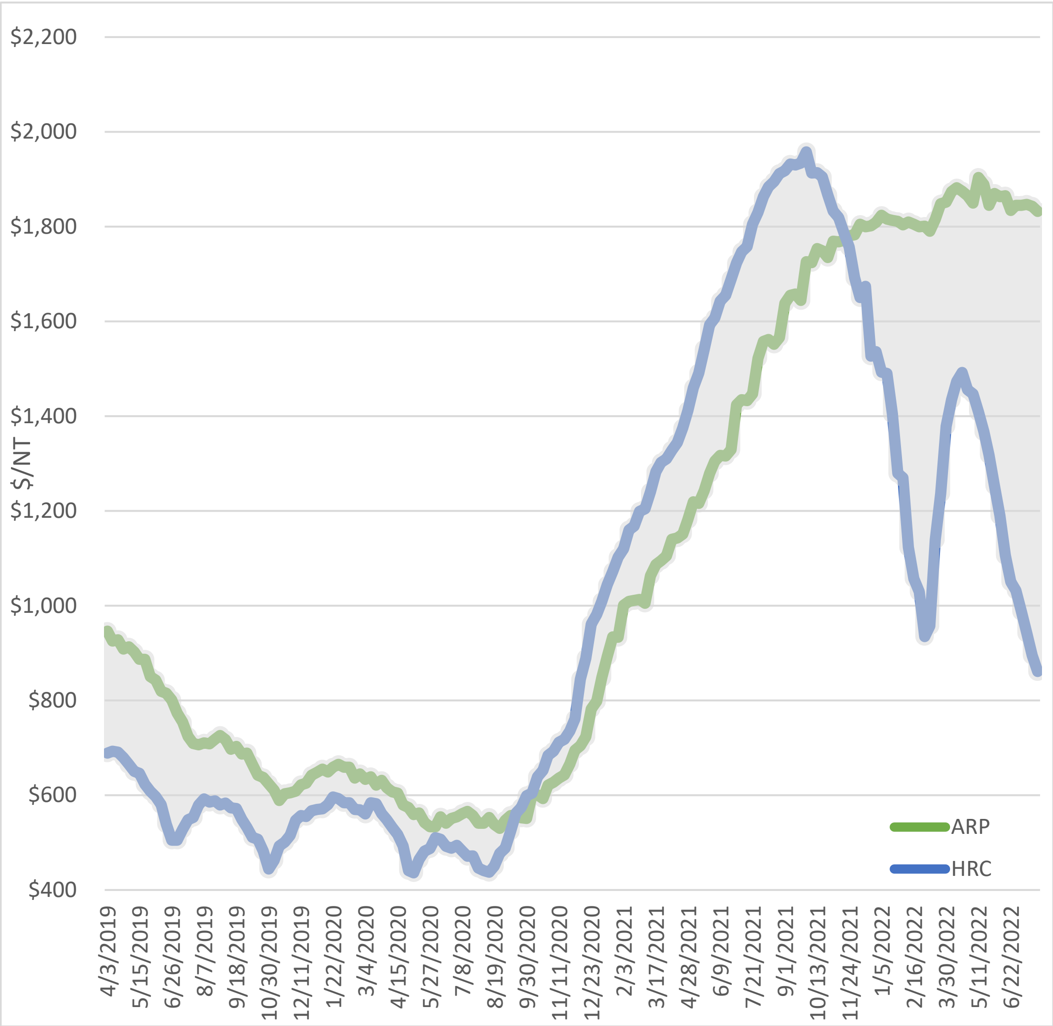
Source: Company Q1 FY2023 Management's Discussion and Analysis
1. Does not give effect to the US$400M outlay under the substantial issuer bid

Market Update

ALGOMA STEEL INC.

North American HRC and Plate prices peaked but remain strong

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



Key Market Drivers

- HRC steel prices have experienced price declines and shorter mill lead times, however ARP spread over HRC continue to be at record levels
- Shifting buyer sentiment on HRC steel prices with expectation of price equalization at or near current levels
- Forward curve showing higher prices in coming months
- Consistent demand in the automotive, construction, oil and gas and other steel-intensive industries
- s232 tariffs on European and Japanese producers introduce tariff rate quota system, deemed a positive measure for import control in N.A

Source: Market data as of July 27th, 2022

Capital Allocation Update

ALGOMA STEEL INC.

Value Enhancing Uses of Capital:

- **Strong Balance Sheet:** Low leverage / solid cash position
- **Electric Arc Furnace (EAF) Project:** $700 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

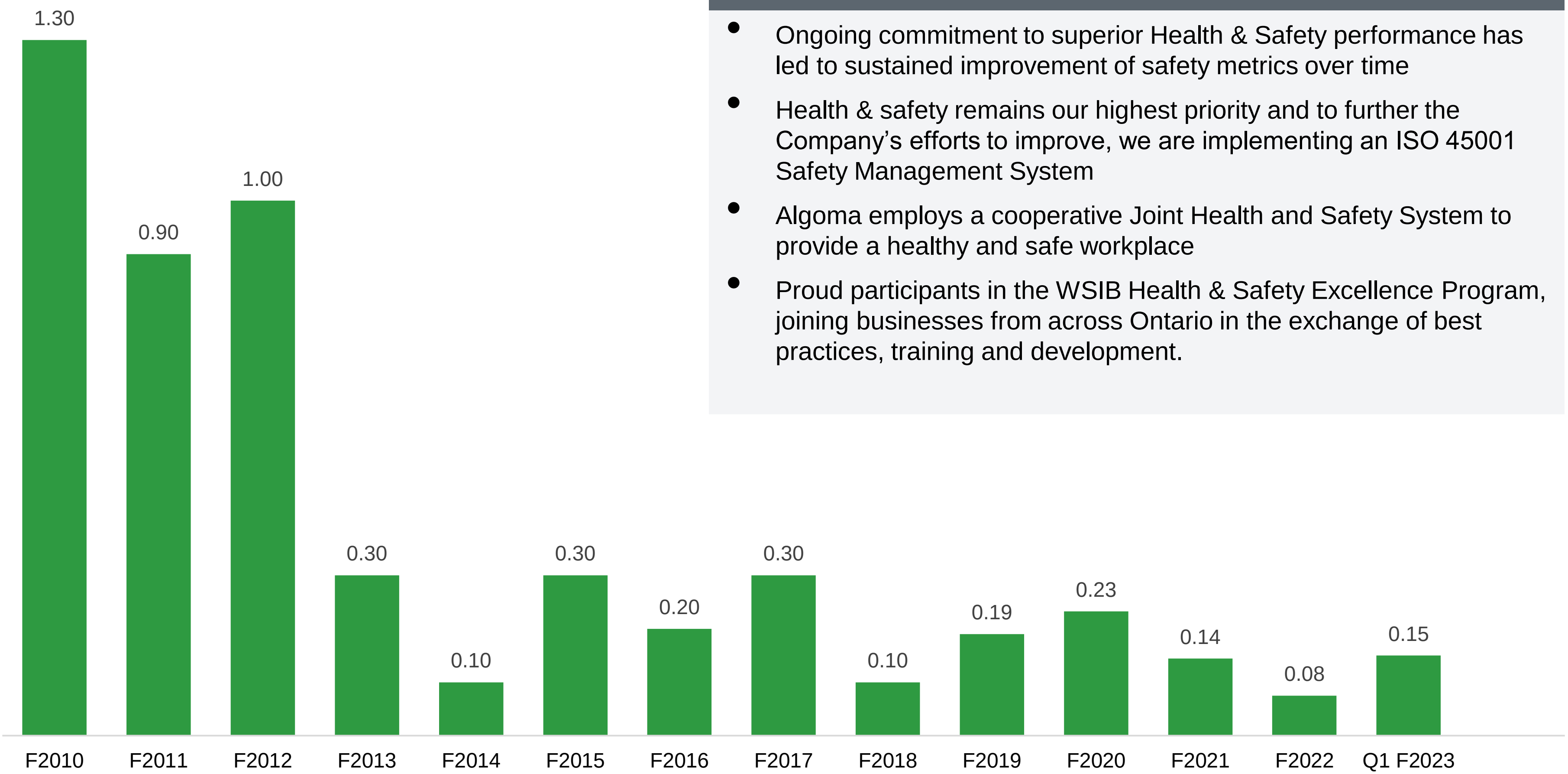
Supplemental Information

ALGOMA STEEL INC.

Safety Without Compromise

ALGOMA STEEL INC.

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



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 cooperative 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. Note: 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).

Algoma Remains Committed to Sustainable Corporate Citizenship

ALGOMA STEEL INC.

Environment

- Algoma has a demonstrated commitment to environmental stewardship and is ISO 14401 certified
- Published a Health, Safety and Environment Policy with a focus on continuous improvement

5 Key Areas of Commitment to the Environment	
Air	• Algoma has achieved a 65% reduction in particulate emissions since 2002 • Currently focus on cokemaking emissions
Energy	• Demonstrated partner in Canada's commitment to the global reduction of CO_2 emissions with an overall reduction of 54% in energy intensity per ton of steel since 1993
Waste	• Steel is the most recycled material in the world and doesn't lose quality through the recycling process • Every steelmaking heat at Algoma contains scrap steel which is recycled through manufacturing for new end-use applications • Algoma recycles or reuses 80%+ of waste materials from operations
Water	• Treated process water meets or exceeds requirements set out by the Ontario Ministry of Environment • 45% of water is recycled
Noise	• Algoma has developed a plan to reduce noise emissions from 11 sources throughout the steelworks

Community Involvement

- As the largest employer in Sault Ste. Marie, Algoma Steel is an active responsible stakeholder and is actively involved in advancing and preserving the quality of life in the community
- Long history of charitable giving and corporate partnerships
  - 50-year partnership with United Way as a founder and leading corporate sponsor
  - Member of Sault Ste Marie Chamber of Commerce
- In addition, Algoma sponsors several scholarships, which are primarily intended for children of Algoma's past and present employees
  - Northern Ontario School of Medicine
  - Sault College: Algoma Award of Excellence
  - Algoma University: Algoma Student Assistance Award

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

ALGOMA STEEL INC.

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.
- Payments 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

ALGOMA STEEL INC.

FY2022 Product Shipment Mix

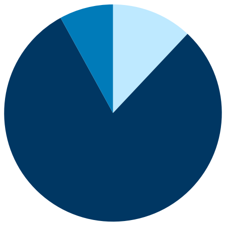
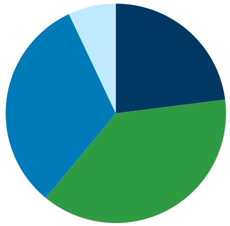


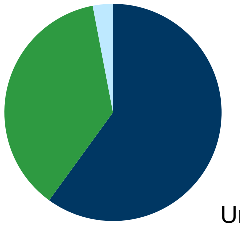
Plate expected to increase to be 20%+ of Algoma's product mix with implementation of Plate Mill Modernization (volume component by late 2022)

FY2022 End Market Exposure (Sales)



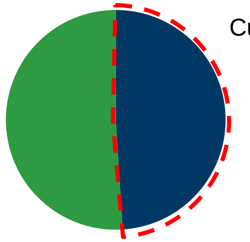
Strategy to expand direct-to-customer sales to Automotive, Construction and Tubular markets by 5-10% each (de-emphasizing service centers)

FY2022 Geographic Sales Mix



Incremental volume from proposed EAF investment would target the Canadian market, with goal of Canada becoming destination for 55-60% of shipments

FY2022 Key Customers (Sales)



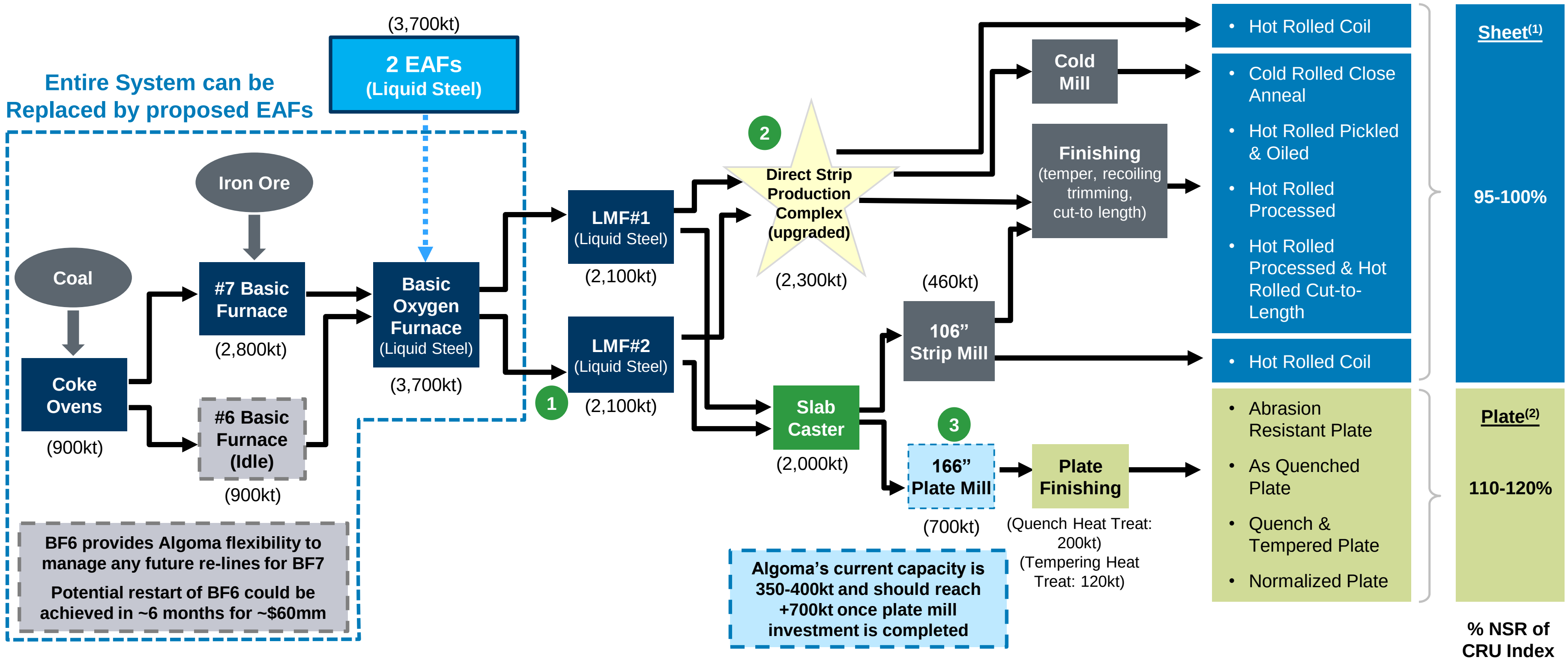
Diverse customer base with 200+ customers across multiple sectors; average customer tenure among top ten is 20-25 years

(1) Source: Algoma Steel Group Inc Form 20F

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

ALGOMA STEEL INC.

- ✓ 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



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)**

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

ALGOMA STEEL INC.

- 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	<u>106" Strip Mill</u> 30"–96" <u>DSPC</u> 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]

DSPC Line Offers ~C$30-$40/NT Structural Conversion Cost Advantage Over BOF Peers

ALGOMA STEEL INC.

Key Highlights

- Algoma is the only integrated steel producer to operate a DSPC line, which converts liquid steel directly into coil – Algoma believes the DSPC would facilitate a seamless transition to the proposed EAFs
- Industry leading technology
  - The DSPC line is among the newest, continuous thin slab casters in North America
  - Process provides the Company with a cost advantage over competitors due to reduced manpower, heating costs and reduced yield loss

DSPC Complex

- Annualized production capability: 2.3mm tons
- Facility
  - Thin slab caster
  - Tunnel furnaces & shuttles
  - Rougher
  - Heated Transfer Table
  - Finishing mill
  - Down coilers
- First coil: October 7, 1997

Recent Enhancements

- Upgraded automation to incorporate most recent OEM technology
- Software enhancements
  - Casting controls – better throughput
  - Defect detection – better quality
- Mechanical Upgrades
  - Upgraded segments – better quality and throughput
  - Spindles – more efficient
  - Stand Entry Tables, Coiler Mandrel – more reliable

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

ALGOMA STEEL INC.

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

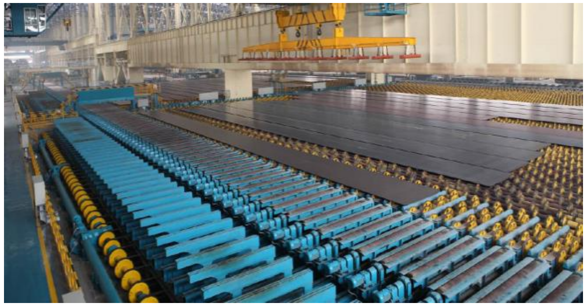
- Overall ~$90 million (C$120 million) is committed for modernizing the Algoma Plate Mill through 2023(
- Plate Modernization Project's key areas of focus:
  - Achieving product quality requirements with respect to surface and flatness
  - Increase high strength capability with availability of new grades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



Algoma's Manufacturing Capabilities

ALGOMA STEEL INC.

	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

Annex: Revenue and Cost of Sales

	Change (FY2022 to FY2021)	FY2022	Change (FY2021 to FY2020)	FY2021
tons				
Steel Shipments	↑ **9.3%**	**2,297,159**	↓ 8.8%	2,102,086
millions of dollars				
Revenue		**C$ 3,806.0**		C$ 1,794.9
Less:				
Freight included in revenue		**(172.9)**		(150.4)
Non-steel revenue		**(84.3)**		(29.4)
Steel revenue	↑ **119.7%**	**C$ 3,548.8**	↓ 7.3%	C$ 1,615.1
Cost of steel revenue		**C$ 2,054.6**		C$ 1,457.9
Amortization included in cost of steel revenue		**(86.7)**		(86.8)
Carbon tax included in cost of steel revenue		**0.6**		(13.4)
Business combination adjustments		**-**		-
Cost of steel products sold	↑ **45.0%**	**C$ 1,968.5**	↓ 19.5%	C$ 1,357.7
dollars per ton				
Revenue per ton of steel sold	↑ **94.0%**	**C$ 1,657**	↑ 0.6%	C$ 854
Cost of steel revenue per ton of steel sold	↑ **28.8%**	**C$ 894**	↑ 12.3%	C$ 694
Average net sales realization on steel sales (i)	↑ **101.2%**	**C$ 1,545**	↑ 1.6%	C$ 768
Cost per ton of steel products sold	↑ **32.7%**	**C$ 857**	↓ 11.7%	C$ 646

(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 Q4 FY2022 Management's Discussion and Analysis

Annex: Revenue and Cost of Sales

ALGOMA STEEL INC.

	change	April 1 to June 30, 2022		April 1 to June 30, 2021	
tons					
Steel Shipments	↓ **11.9%**		**537,524**		610,057
millions of dollars					
Revenue		**C$**	**934.1**	C$	789.1
Less:					
Freight included in revenue			**(45.1)**		(41.8)
Non-steel revenue			**(11.6)**		(24.4)
Steel revenue	↑ **21.4%**	**C$**	**877.4**	C$	722.9
Cost of steel revenue		**C$**	**520.1**	C$	444.0
Amortization included in cost of steel revenue			**(22.5)**		(20.6)
Carbon tax included in cost of steel revenue			**(3.0)**		0.6
Cost of steel products sold	↑ **16.7%**	**C$**	**494.6**	C$	424.0
dollars per ton					
Revenue per ton of steel sold	↑ **34.4%**	**C$**	**1,738**	C$	1,293
Cost of steel revenue per ton of steel sold	↑ **32.9%**	**C$**	**968**	C$	728
Average net sales realization on steel sales (i)	↑ 37.8%	C$	1,632	C$	1,185
Cost per ton of steel products sold	↑ 32.4%	C$	920	C$	695

(i) Average net sales realization on steel sales ("NSR") 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 FY2023 Management's Discussion and Analysis

Annex: Adjusted EBITDA Reconciliation

millions of dollars		**April 1 to June 30, 2022**		April 1 to June 30, 2021
Net income	**C$**	**301.4**	C$	203.6
Amortization of property, plant and equipment and amortization of intangible assets		**22.6**		20.7
Finance costs		**4.7**		15.1
Interest on pension and other post-employment benefit obligations		**3.4**		2.9
Income taxes		**84.9**		17.7
Foreign exchange (gain) loss		**(11.7)**		10.0
Finance income		**(1.9)**		-
Inventory write-downs *(amortization on property, plant and equipment in inventory)*		**0.3**		-
Carbon tax		**3.0**		(0.6)
Decrease in fair value of warrant liability		**(38.4)**		-
Decrease in fair value of earnout liability		**(4.1)**		-
Decrease in fair value of share-based payment compensation liability		**(9.4)**		-
Share-based compensation		**2.9**		8.5
Transaction costs		**-**		2.9
Adjusted EBITDA	**C$**	**357.7**	C$	280.8
Net Income Margin		**32.3%**		25.8%
Net Income / ton	**C$**	**560.69**	C$	333.67
Adjusted EBITDA Margin		**38.3%**		35.6%
Adjusted EBITDA / ton	**C$**	**665.46**	C$	460.34

(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.

Annex: Selected Quarterly Information

ALGOMA STEEL INC.

(millions of dollars, except where otherwise noted) As at and for the three months ended[1]	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1
Financial results									
Total revenue	**C$ 934.1**	C$ 941.8	C$ 1,064.9	C$ 1,010.2	C$ 789.1	C$ 638.5	C$ 430.0	C$ 377.0	C$ 349.4
Steel products	**877.4**	879.9	1,009.5	936.5	722.9	585.6	383.8	335.3	310.4
Non-steel products	**11.6**	13.9	14.2	31.8	24.4	5.6	9.5	6.9	7.4
Freight	**45.1**	48.0	41.2	41.9	41.8	47.3	36.7	34.8	31.6
Cost of sales	**576.8**	603.2	599.9	578.7	510.2	476.0	432.2	389.8	339.7
Administrative and selling expenses	**28.4**	28.0	18.9	29.4	26.7	32.5	15.5	11.9	12.5
Income (loss) from operations	**328.9**	310.6	446.1	402.1	252.2	130.0	(17.7)	(24.7)	(2.8)
Net income (loss)	**301.4**	242.9	123.0	288.2	203.7	100.1	(73.5)	(60.0)	(42.7)
Adjusted EBITDA	**C$ 357.7**	C$ 334.4	C$ 457.3	C$ 430.6	C$ 280.8	C$ 166.9	C$ 11.7	C$ -	C$ 20.5
Per common share (diluted)[3]									
Net income (loss)	**C$ 1.49**	C$ 1.45	C$ 0.92	C$ 4.02	C$ 2.83	C$ 1.40	C$ (1.02)	C$ (0.84)	C$ (0.59)
Financial position									
Total assets	**C$ 3,070.5**	C$ 2,693.6	C$ 2,520.7	C$ 2,185.7	C$ 1,697.2	C$ 1,553.9	C$ 1,541.9	C$ 1,554.4	C$ 1,731.6
Total non-current liabilities	**618.0**	573.5	640.1	1,038.8	1,002.5	1,031.5	1,184.7	1,236.2	1,220.1
Operating results									
Average NSR per nt2	**C$ 1,632**	C$ 1,608	C$ 1,827	C$ 1,594	C$ 1,185	C$ 942	C$ 701	C$ 649	C$ 746
Adjusted EBITDA per nt2	**665.4**	611.1	827.6	733.1	460.3	268.4	21.4	0.0	49.2
Shipping volume (in thousands of nt)									
Sheet	**485**	486	481	514	541	543	470	444	336
Plate	**52**	61	72	73	69	79	78	72	80

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 the non-IFRS measures are included in the "Non-IFRS Financial Measures" section of this MD&A.

3 - Pursuant to the Merger Agreement with Legato as described in the "Merger Transaction" section of this MD&A, on October 19, 2021, the Company effected a reserve 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 1,572,968 common shares as at June 30, 2022.

Source: Company Q1 FY2023 Management's Discussion and Analysis

ALGOMA STEEL INC.

NASDAQ:ASTL
TSX: ASTL