

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

SCHEDULE TO

**Tender Offer Statement under Section 14(d)(1) or 13(e)(1)
of the Securities Exchange Act of 1934**

Commission file number 001-40924

ALGOMA STEEL GROUP INC.

(Name of Subject Company (Issuer) and Filing Person (Offeror))

Common Shares, No Par Value
(Title of Class of Securities)

015658107
(CUSIP Number of Class of Securities)

John Naccarato
Algoma Steel Group Inc.
105 West Street
Sault Ste. Marie, Ontario
P6A 7B4, Canada
Tel: (705) 945-2351

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications on Behalf of the Filing Persons)

With a copy to:

Adam M. Givertz
Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
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CALCULATION OF FILING FEE

Transaction valuation*	Amount of filing fee*
N/A*	N/A*

* A filing fee is not required in connection with this filing as it relates solely to preliminary communications made before the commencement of the tender offer.

Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: N/A
Form or Registration No.: N/A

Filing Party: N/A
Date Filed: N/A

Check box if the filing relates solely to preliminary communications made before the commencement of a tender offer. Check the appropriate boxes below to designate any transactions to which the statement relates:

- third-party tender offer subject to Rule 14d-1.
- issuer tender offer subject to Rule 13e-4.
- going-private transaction subject to Rule 13e-3.
- Amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

If applicable, check the appropriate box(es) below to designate the appropriate rule provision(s) relied upon:

- Rule 13e-4(i) (Cross-Border Issuer Tender Offer)
- Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

On June 14, 2022, Algoma Steel Group Inc. (the “Corporation”) issued a news release and made available a presentation including an announcement of its intention to commence a substantial issuer bid (“SIB”) in June 2022. Copies of the news release and the presentation are attached as Exhibit 99.1 and Exhibit 99.2, respectively to this Schedule TO.

The communications are for informational purposes only and are not intended to and do not constitute an offer to purchase nor a solicitation of an offer to sell the Corporation’s common shares. The SIB has not yet commenced. On the commencement date of the SIB, a tender offer statement on Schedule TO, including an offer to purchase, a letter of transmittal and related documents, will be filed by the Corporation with the United States Securities and Exchange Commission (the “SEC”). The solicitation and the offer to purchase the common shares will only be made pursuant to the offer to purchase, the letter of transmittal and related documents filed with such Schedule TO. SHAREHOLDERS ARE URGED TO READ THE TENDER OFFER STATEMENT REGARDING THE OFFER, AS IT MAY BE AMENDED FROM TIME TO TIME, WHEN IT BECOMES AVAILABLE BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION. Shareholders may obtain a free copy of the tender offer statement and related documents filed with the SEC (in each case, when available) at the website maintained by the SEC at www.sec.gov or by requesting those materials from the depository for the SIB, which will be named in the tender offer statement. Shareholders are urged to read those materials carefully prior to making any decisions with respect to the tender offer.

Item 12. Exhibits

<u>Exhibit No.</u>	<u>Exhibit Description</u>
99.1	News Release dated June 14, 2022
99.2	Presentation dated June 15, 2022



MEDIA RELEASE
June 14, 2022

Algoma Steel Group Reports Fiscal Fourth Quarter and Full Year 2022

Financial Results

Record Full-Year Revenue, Adjusted EBITDA and Free Cash Flow Performance

Electric Arc Furnace Construction Advancing as Planned

Announces Intention to Launch US\$400 Million Substantial Issuer Bid in June as Part of Its Capital Allocation Strategy

SAULT STE. MARIE, ONTARIO (June 14, 2022) – Algoma Steel Group Inc. (NASDAQ: ASTL; TSX: ASTL) (“Algoma” or “the Company”), a leading Canadian producer of hot and cold rolled steel sheet and plate products, today announced results for its fiscal fourth quarter and full year ended March 31, 2022.

Unless otherwise specified, all amounts are in Canadian dollars.

Business Highlights and Fiscal 2022 to Fiscal 2021 Fourth Quarter Comparisons

- Consolidated revenue of \$941.8 million, up 47.5% from \$638.5 million in the prior-year quarter.
- Consolidated income from operations of \$310.6 million, compared to \$130.0 million in the prior-year quarter.
- Net income of \$242.9 million, compared to \$100.1 million in the prior-year quarter.
- Adjusted EBITDA of \$334.4 million and Adjusted EBITDA margin of 35.5%, compared to \$166.9 million and 26.1% in the prior-year quarter (See “Non-IFRS Measures” below).
- Cash flows generated from operations of \$443.8 million, compared to \$133.9 million in the prior-year quarter.
- Shipments of 547,217 tons, down from 621,843 tons in the prior-year quarter.
- Paid first quarterly dividend of US\$0.05/share.
- Launched Normal Course Issuer Bid in March.

Fiscal 2022 to Fiscal 2021 Full Year Comparisons

- Consolidated revenue of \$3,806.0 million, up 112.0% from \$1,794.9 million the prior-year.
- Consolidated income from operations of \$1,411.0 million, up from \$84.8 million the prior-year.
- Net income of \$857.7 million, compared to a net loss of \$76.1 million the prior-year.
- Adjusted EBITDA of \$1,503.2 million and Adjusted EBITDA margin of 39.5%, compared to \$199.2 million and 11.1% the prior-year (See “Non-IFRS Measures” below).
- Cash flows generated from operations of \$1,263.4 million, compared to \$8.1 million the prior-year.

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- Shipments of 2,297,159 tons, compare to 2,102,086 tons the prior-year.

Michael Garcia, the Company's Chief Executive Officer, commented, "Our strong results for the fiscal fourth quarter capped off an incredible year at Algoma, one that produced record revenues, profitability and cash flows. Relentless execution by the entire team delivered these strong results across what was truly a tumultuous year for both steel and raw material markets. It is through this hard work and dedication that we have positioned ourselves to drive additional value creation for our shareholders on two fronts simultaneously. Our transformational electric arc furnace project is advancing as planned towards a 2024 startup, and today we are announcing the next phase of our capital allocation program with a US\$400 million substantial issuer bid which would represent roughly a third of today's market capitalization."

Mr. Garcia continued, "I would like to personally thank Mike McQuade for his outstanding leadership over the critically important last three years at Algoma, and look forward to his continued mentorship and guidance in his continuing role as a member of the board. The future for Algoma has never looked brighter, and I am honored to have been chosen to be at the helm during these exciting times."

Fourth Quarter Fiscal 2022 Financial Results

Fourth quarter revenue totaled \$941.8 million, up 47.5% from \$638.5 million in the prior-year quarter. As compared with the prior-year quarter, steel revenue was \$879.9 million, up 50.2% from \$585.6 million, and revenue per ton of steel sold was \$1,721, up 67.6% from \$1,027.

Income from operations was \$310.6 million, compared to \$130.0 million in the prior-year quarter. The year over year increase was primarily due to an increase in the selling price of steel, partially offset by an increase in the purchase price of inputs, including iron ore, scrap and alloys.

Net income in the fourth quarter was \$242.9 million, compared to \$100.1 million in the prior-year quarter. The improvement was driven primarily by the factors described above under income from operations.

Adjusted EBITDA in the fourth quarter was \$334.4 million, compared with \$166.9 million for the prior-year quarter. This resulted in an Adjusted EBITDA margin of 35.5%. Average realized price of steel net of freight and non-steel revenue was \$1,608 per ton, up 70.7% from \$942 per ton in the prior-year quarter. Cost per ton of steel products sold was \$947, up 47.4% from \$643 in the prior-year quarter. Shipments for the fourth quarter decreased by 12.0% to 547,217 tons, compared to 621,843 tons in the prior-year quarter. See "Non-IFRS Measures" below for an explanation of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income.

Full Year Fiscal 2022 Financial Results

Full year revenue totaled \$3,806.0 million, up 112.0% from \$1,794.9 million the prior-year. As compared with 2021, steel revenue was \$3,548.8 million, up 119.7% from \$1,615.1 million, and revenue per ton of steel sold was \$1,657, up 94.0% from \$854.

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Income from operations was \$1,411.0 million, compared to \$84.8 million the prior-year. The year over year increase was primarily due to an increase in the selling price of steel, partially offset by an increase in the purchase price of inputs, including iron ore, scrap and alloys, as well as increases in employee profit sharing.

Net income for the year was \$857.7 million, compared to a net loss of \$76.1 million in 2021. The improvement was driven primarily by the factors described above under income from operations offset by listing expenses and transaction costs associated with the merger with Legato Merger Corp. and higher income taxes.

Adjusted EBITDA for the full year was \$1,503.2 million, compared with \$199.2 million for the prior-year. This resulted in an Adjusted EBITDA margin of 39.5%. Average realized price of steel net of freight and non-steel revenue was \$1,545 per ton, up 101.2% from \$768 per ton in the prior-year. Cost per ton of steel products sold was \$857, up 32.7% from \$646 in the prior-year. Shipments for the year increased by 9.3% to 2,297,159 tons, compared to 2,102,086 tons in the prior-year. See “Non-IFRS Measures” below for an explanation of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income.

Normal Course Issuer Bid

On March 3, 2022 the Company announced the commencement of a normal course issuer bid (“NCIB”) after receiving approval from the Toronto Stock Exchange (“TSX”), authorizing the Company to acquire up to a maximum of 7,397,889 shares, or 5% of its issued and outstanding shares as of February 18, 2022, subject to a maximum of 16,586 shares per day on the TSX and 300,000 on NASDAQ. The NCIB expires on March 2, 2023 if not fully exercised. No shares were repurchased under the NCIB during the fiscal year ended March 31, 2022. Subsequent to March 31, 2022, as at May 31 2022, the company has acquired and cancelled 1,089,691 shares under the NCIB. The Company will be suspending share repurchases under the NCIB until after the expiration of the proposed substantial issuer bid.

Substantial Issuer Bid

The Company announced today that it intends to commence a US\$400 million substantial issuer bid (“SIB”), as part of its overall capital allocation strategy, under which the Company plans to offer to purchase for cancellation from shareholders up to US\$400 million of the Company’s outstanding common shares by way of a “modified Dutch auction” which will permit shareholders to choose, within the pricing range determined by the Company, the number of shares and the price at which they wish to tender such shares, with the purchase price for all tendering shareholders being the lowest purchase price per share that will enable the Company to purchase the maximum number of shares properly tendered to the offer, up to US\$400 million. The Company believes that the SIB represents an equitable and efficient means of providing value to its shareholders. The pricing range of the SIB and further details will be announced separately, prior to the commencement of the SIB, which is anticipated to occur prior to the end of June.

Electric Arc Furnace

In November 2021, the Board of Directors authorized the Company to construct two new state-of-the-art electric arc furnaces (“EAF”) to replace its existing blast furnace and basic oxygen steelmaking operations.

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The \$700 million project is expected to take two years to complete and is advancing as expected. Following the transformation to EAF steelmaking, Algoma's facility is anticipated to have an annual raw steel production capacity of approximately 3.7 million tons, which would match its downstream finishing capacity, and would be expected to reduce the Company's annual carbon emissions by approximately 70%.

Quarterly Dividend

The Company's board of directors has declared a regular quarterly dividend in the amount of US\$0.05 on each common share outstanding, payable on July 15, 2022 to holders of record of common shares of the Corporation as of the close of business on June 27, 2022. This dividend is designated as an "eligible dividend" for Canadian income tax purposes.

Outlook

The outlook that follows constitutes forward-looking statements (as defined below) and is based on a number of assumptions and subject to a number of risks. Actual results could vary materially as a result of numerous factors, including certain risk factors, many of which are beyond our control. Please see "Cautionary Statement Regarding Forward-Looking Statements" below.

In addition to the other assumptions and factors described in this news release, our outlook assumes continued high prices of steel, ongoing inflationary pressures on raw material inputs, labor, and logistics costs, and the absence of material changes in our industry or the global economy. The following statements supersede all prior statements made by us and are based on current expectations.

Based on our current information regarding our operations and end markets, we currently expect the following for the first quarter of fiscal 2023:

- Adjusted EBITDA*: \$335 million to \$355 million

* See Non-IFRS Financial Measures.

Conference Call and Webcast Details

A webcast and conference call will be held on Wednesday, June 15, 2022 at 11:00 a.m. Eastern time to review the Company's fiscal fourth quarter and full year results, discuss recent events, and conduct a question-and-answer session.

The live webcast and archived replay of the conference call can be accessed on the Investors section of the Company's website at www.algoma.com. For those unable to access the webcast, the conference call will be accessible domestically or internationally by dialing 877-425-9470 or 201-389-0878, respectively. Upon dialing in, please request to join the Algoma Steel Fourth Quarter Conference Call. To access the replay of the call, dial 844-512-2921 (domestic) or 412-317-6671 (international) with passcode 13730393.

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Consolidated Financial Statements and Management’s Discussion and Analysis

The Company’s audited condensed interim consolidated financial statements for the three and twelve months ended March 31, 2022, and Management’s Discussion & Analysis thereon are available under the Company’s profile on EDGAR at www.sec.gov and under the Company’s profile on SEDAR at www.sedar.com.

Cautionary Statement Regarding Forward-Looking Statements

This news release 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”), including statements regarding Algoma’s strategic objectives, Algoma’s expectation to pay a quarterly dividend, value creation for Algoma’s shareholders, the launch of the SIB, the expected timing of the EAF transformation and the resulting increase in raw steel production capacity and reduction in carbon emissions and Adjusted EBITDA guidance for the first quarter of fiscal 2023. These forward-looking statements generally are identified by the words “believe,” “project,” “expect,” “anticipate,” “estimate,” “intend,” “strategy,” “future,” “opportunity,” “plan,” “pipeline,” “may,” “should,” “will,” “would,” “will be,” “will continue,” “will likely result,” and similar expressions. Forward-looking statements are predictions, projections and other statements about future events that are based on current expectations and assumptions. Many factors could cause actual future events to differ materially from the forward-looking statements in this document, including but not limited to, the risks that Algoma will be unable to realize its business plans and strategic objectives, including its investment in EAF steelmaking and the retirement of certain secured long term debt; the risks associated with the steel industry generally; Algoma’s ability to continue to pay a quarterly dividend; the impact of share price volatility on the SIB; receipt of regulatory approvals for the offer documents; risk that the SIB will not be completed on the terms described in this press release (including the price range and number of shares Algoma may purchase under the SIB) or at all; and changes in general economic conditions, including as a result of the COVID-19 pandemic, inflation and the ongoing 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 Statements” in Algoma’s public filings, including the registration statement on Form F-1 filed by Algoma with the Securities and Exchange Commission (“SEC”) and the prospectus filed by Algoma with the SEC and the Ontario Securities Commission (“OSC”), and, once available, in Algoma’s annual report on Form 20-F. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements, and Algoma assumes no obligation and does not intend to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise.

IMPORTANT INFORMATION FOR SHAREHOLDERS

The SIB referred to in this press release has not yet commenced. The information relating to the SIB contained in this press release is for informational purposes only and is not intended to and does not constitute an offer to purchase or the solicitation of an offer to sell shares. On the commencement date of the SIB, a tender offer statement on Schedule TO, including an offer to purchase, a letter of transmittal and related documents, will

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be filed by Algoma with the SEC, and a separate issuer bid circular and related documents will be filed by Algoma with the OSC. The SIB will not be made to, nor will tenders be accepted from or on behalf of, holders of shares in any jurisdiction in which the making or acceptance of offers to sell shares would not be in compliance with the laws of that jurisdiction. Although the board of directors of the Company has determined to proceed towards commencement of an SIB on the terms described in this press release, market, legal, tax or other business considerations between the date hereof and the commencement of the SIB may cause the Board of Directors to determine not to proceed with the SIB on the terms described in this press release, or at all. The Company will be under no legal obligation in respect of the offer under the SIB until the SIB is formally launched. None of the Company, its board of directors, or its advisors makes any recommendation to shareholders as to whether to tender or refrain from tendering any or all of their shares pursuant to the SIB or the purchase price or prices at which shareholders may choose to tender shares. **SHAREHOLDERS ARE URGED TO READ THE TENDER OFFER STATEMENT REGARDING THE OFFER, AS IT MAY BE AMENDED FROM TIME TO TIME, WHEN IT BECOMES AVAILABLE BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION.** Shareholders may obtain a free copy of the tender offer statement and related documents filed with the SEC (in each case, when available) at the website maintained by the SEC at www.sec.gov or with the OSC at the website maintained by the Canadian Securities Administrators at www.sedar.com. Shareholders may also obtain those materials from the depositary for the SIB, which will be named in the tender offer statement. Shareholders are urged to evaluate carefully all information related to the SIB, consult their own financial, legal, investment and tax advisors and make their own decisions as to whether to deposit shares pursuant to the SIB and, if so, how many shares to deposit and at what price.

Non-IFRS Financial Measures

To supplement our financial statements, which are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”), 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. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS.

Adjusted EBITDA, as we define it, refers to net (loss) income before amortization of property, plant, equipment and amortization of intangible assets, finance costs, interest on pension and other post-employment benefit obligations, income taxes, restructuring costs, impairment reserve, foreign exchange loss (gain), finance income, carbon tax, share based compensation related to performance share units and business combination adjustments. Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by revenue for the corresponding period. Adjusted EBITDA is not intended to represent cash flow from operations, as defined by IFRS, and should not be considered as alternatives to net earnings, cash flow from operations, or any other measure of performance prescribed by IFRS. Adjusted EBITDA, as we define and use it, may not be comparable to Adjusted EBITDA as defined and used by other companies. We consider Adjusted EBITDA to be a meaningful measure to assess our operating performance in addition to IFRS measures. It is included because we believe it can be useful in measuring our operating performance and our ability to expand our business and provide management and investors with additional information for comparison of our operating results across different time periods and to the operating results of other companies. Adjusted EBITDA is also

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used by analysts and our lenders as a measure of our financial performance. In addition, we consider Adjusted EBITDA margin to be a useful measure of our operating performance and profitability across different time periods that enhance the comparability of our results. However, these measures have limitations as analytical tools and should not be considered in isolation from, or as alternatives to, net income, cash flow from operations or other data prepared in accordance with IFRS. Because of these limitations, such measures should not be considered as measures of discretionary cash available to invest in business growth or to reduce indebtedness. We compensate for these limitations by relying primarily on our IFRS results using such measures only as supplements to such results. See the financial tables below for a reconciliation of the non-IFRS financial measures reported herein.

About Algoma Steel Group Inc.

Based in Sault Ste. Marie, Ontario, Canada, Algoma is a fully integrated producer of hot and cold rolled steel products including sheet and plate. With a current raw steel production capacity of an estimated 2.8 million tons per year, Algoma's size and diverse capabilities enable it to deliver responsive, customer-driven product solutions straight from the ladle to direct applications in the automotive, construction, energy, defense, and manufacturing sectors. Algoma is a key supplier of steel products to customers in Canada and Midwest USA and is the only producer of plate steel products in Canada. The Company's mill is one of the lowest cost producers of hot rolled sheet steel (HRC) in North America owing in part to its state-of-the-art Direct Strip Production Complex ("DSPC"), which is the newest thin slab caster in North America with direct coupling to a basic oxygen furnace (BOF) melt shop.

Algoma has achieved several meaningful improvements over the last several years that are expected to result in enhanced long-term profitability for the business. Algoma has upgraded its DSPC facility and recently installed its No. 2 Ladle Metallurgy Furnace. Additionally, the Company has cost cutting initiatives underway and is in the process of modernizing its plate mill facilities.

Today Algoma is on a transformation journey, investing in its people and processes, optimizing and modernizing to secure a sustainable future. Our customer focus, growing capability and courage to meet the industry's challenges head-on position us firmly as your partner in steel.

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Algoma Steel Group Inc.
Consolidated Statements of Financial Position

<u>As at,</u> expressed in millions of Canadian dollars	<u>March 31,</u> <u>2022</u>	<u>March 31,</u> <u>2021</u>
Assets		
Current		
Cash	\$ 915.3	\$ 21.2
Restricted cash	3.9	3.9
Accounts receivable, net	402.3	274.6
Inventories, net	480.0	415.3
Prepaid expenses and deposits	79.9	74.6
Margin payments	29.5	49.4
Other assets	5.6	3.8
Total current assets	\$1,916.5	\$ 842.8
Non-current		
Property, plant and equipment, net	\$ 773.7	\$ 699.9
Intangible assets, net	1.1	1.5
Related party receivable	—	2.2
Other assets	2.3	7.5
Total non-current assets	\$ 777.1	\$ 711.1
Total assets	\$2,693.6	\$1,553.9
Liabilities and Shareholder's Equity		
Current		
Bank indebtedness	\$ 0.1	\$ 90.1
Accounts payable and accrued liabilities	261.9	153.8
Taxes payable and accrued taxes	64.3	27.2
Current portion of other long-term liabilities	0.4	—
Current portion of long-term debt	—	13.6
Current portion of governmental loans	10.0	—
Current portion of environmental liabilities	4.5	4.5
Derivative financial instruments	28.8	49.4
Warrant liability	99.4	—
Earnout liability	22.7	—
Share-based payment compensation liability	45.4	10.0
Total current liabilities	\$ 537.5	\$ 348.6
Non-current		
Long-term debt	\$ —	\$ 439.3
Long-term governmental loans	85.2	86.4
Accrued pension liability	118.1	170.1
Accrued other post-employment benefit obligation	239.8	297.8
Other long-term liabilities	4.0	2.5
Environmental liabilities	33.5	35.4
Deferred income tax liabilities	92.9	—
Total non-current liabilities	\$ 573.5	\$1,031.5
Total liabilities	\$1,111.0	\$1,380.1
Shareholder's equity		
Capital stock		\$ 409.5
Accumulated other comprehensive income	152.0	9.5
Deficit	77.8	(249.3)
Contributed surplus	(25.2)	4.1
Total shareholder's equity	\$1,582.6	\$ 173.8
Total liabilities and shareholder's equity	\$2,693.6	\$1,553.9

Algoma Steel Group Inc.
Consolidated Statements of Net Income (Loss)
(Unaudited)

	Three months ended March 31, 2022	Three months ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2021
<i>expressed in millions of Canadian dollars</i>				
Revenue	\$ 941.8	\$ 638.5	\$ 3,806.0	\$ 1,794.9
Operating expenses				
Cost of sales	\$ 603.2	\$ 476.0	\$ 2,292.0	\$ 1,637.7
Administrative and selling expenses	28.0	32.5	103.0	72.4
Income from operations	\$ 310.6	\$ 130.0	\$ 1,411.0	\$ 84.8
Other (income) and expenses				
Finance income	(\$ 0.4)	\$ 0.0	(\$ 0.5)	(\$ 1.1)
Finance costs	4.3	15.9	48.6	68.5
Interest on pension and other post-employment benefit obligations	2.9	4.1	11.6	17.0
Foreign exchange loss	6.3	9.9	4.3	76.5
Transaction costs	5.0	—	26.5	—
Listing expense	—	—	235.6	—
Change in fair value of warrant liability	13.2	—	6.4	—
Change in fair value of earnout liability	(44.5)	—	(78.1)	—
Change in fair value of share-based compensation liability	2.9	—	—	—
	(\$ 10.3)	\$ 29.9	\$ 254.4	\$ 160.9
Income (loss) before income taxes	\$ 320.9	\$ 100.1	\$ 1,156.6	(\$ 76.1)
Income tax expense	78.0	—	298.9	—
Net income (loss)	\$ 242.9	\$ 100.1	\$ 857.7	(\$ 76.1)
Net income (loss) per common share				
Basic	\$ 1.59	\$ 1.40	\$ 8.53	(\$ 1.06)
Diluted	\$ 1.45	\$ 1.40	\$ 7.75	(\$ 1.06)

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Algoma Steel Group Inc.
Consolidated Statements of Cash Flows
(Unaudited)

	Three months ended March 31, 2022	Three months ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2021
<i>expressed in millions of Canadian dollars</i>				
Operating activities				
Net Income (loss)	\$ 242.9	\$ 100.1	\$ 857.7	(\$ 76.1)
Items not affecting cash:				
Amortization of property, plant and equipment and intangible assets	22.7	21.7	87.0	87.2
Deferred income tax expense	(3.3)	—	101.7	—
Pension expense in excess of funding (pension funding in excess of expense)	1.7	(7.5)	2.4	(30.5)
Post-employment benefit funding in excess of expense	(1.0)	(1.6)	(6.1)	(7.8)
Unrealized foreign exchange loss (gain) on:				
accrued pension liability	1.8	3.5	1.5	32.1
post-employment benefit obligations	3.7	4.1	0.9	34.3
Finance costs	4.3	15.9	48.6	68.5
Loss on disposal of property, plant and equipment	0.3	2.5	0.3	2.5
Interest on pension and other post-employment benefit obligations	2.9	4.1	11.6	17.0
Accretion of governmental loans and environmental liabilities	3.1	2.5	12.2	10.3
Unrealized foreign exchange loss (gain) on government loan facilities	1.4	1.1	0.6	9.0
Increase in fair value of warrant liability	13.2	—	6.4	—
Decrease in fair value of earnout liability	(44.5)	—	(78.1)	—
Increase in fair value of share-based compensation liability	2.9	—	—	—
Listing expense	—	—	235.6	—
Other	1.0	(3.1)	5.5	0.9
	<u>\$ 253.1</u>	<u>\$ 143.3</u>	<u>\$ 1,287.8</u>	<u>\$ 147.4</u>
Net change in non-cash operating working capital	191.1	(9.6)	(21.1)	(137.7)
Environmental liabilities paid	(0.4)	0.2	(3.3)	(1.6)
Cash generated by operating activities	<u>\$ 443.8</u>	<u>\$ 133.9</u>	<u>\$ 1,263.4</u>	<u>\$ 8.1</u>
Investing activities				
Acquisition of property, plant and equipment	(\$ 93.4)	(\$ 22.0)	(\$ 166.2)	(\$ 71.7)
Disposition (acquisition) of intangible asset	0.4	(0.1)	—	(0.1)
Acquisition of right-of-use assets	(0.9)	—	(1.7)	—
Recovery (issuance) of related party receivable	—	—	2.2	(1.1)
Cash used in investing activities	<u>(\$ 93.9)</u>	<u>(\$ 22.1)</u>	<u>(\$ 165.7)</u>	<u>(\$ 72.9)</u>
Financing activities				
Bank indebtedness (repaid) advanced, net	\$ 0.1	(\$ 95.3)	(\$ 86.8)	(\$ 145.2)
Repayment of term loans	(0.1)	(3.5)	(457.8)	(12.6)
Governmental loans issued, net of benefit	1.1	(0.1)	1.1	6.5
Repayment of governmental loans	(0.8)	—	(0.8)	—
Interest paid	(0.1)	(11.4)	(36.3)	(15.6)
Proceeds from issuance of shares	—	—	393.5	—
Dividends paid	(9.3)	—	(9.3)	—
Other	(0.4)	0.2	(2.3)	(0.5)
Cash used in financing activities	<u>(\$ 9.5)</u>	<u>(\$ 110.1)</u>	<u>(\$ 198.7)</u>	<u>(\$ 167.4)</u>
Effect of exchange rate changes on cash	<u>(\$ 12.6)</u>	<u>(\$ 0.2)</u>	<u>(\$ 4.9)</u>	<u>(\$ 11.6)</u>
Cash				
Increase (decrease) in cash	327.8	1.5	894.1	(243.8)
Opening balance	587.5	19.7	21.2	265.0
Ending balance	<u>\$ 915.3</u>	<u>\$ 21.2</u>	<u>\$ 915.3</u>	<u>\$ 21.2</u>

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Algoma Steel Group Inc.
Reconciliation of Net Income (Loss) to Adjusted EBITDA

<i>millions of dollars</i>	Three months ended March 31, 2022	Three months ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2021
Net income (loss)	\$ 242.9	\$ 100.1	\$ 857.7	(\$ 76.1)
Amortization of property, plant and equipment and amortization of intangible assets	22.8	21.0	87.1	86.9
Finance costs	4.3	15.9	48.6	68.5
Interest on pension and other post-employment benefit obligations	2.9	4.1	11.6	17.0
Income taxes	78.0	—	298.9	—
Foreign exchange loss	6.3	9.9	4.4	76.5
Finance income	(0.4)	—	(0.5)	(1.1)
Carbon tax	0.4	1.8	(0.6)	13.4
Increase in fair value of warrant liability	13.2	—	6.4	—
Decrease in fair value of earnout liability	(44.5)	—	(78.1)	—
Increase in fair value of share-based payment compensation liability	2.9	—	—	—
Transaction costs	5.0	—	26.5	—
Listing expense	—	—	235.6	—
Share-based compensation	0.7	14.1	5.7	14.1
Adjusted EBITDA (i)	\$ 334.4	\$ 166.9	\$ 1,503.2	\$ 199.2
Net income (loss) Margin	25.8%	15.7%	22.5%	-4.2%
Net income (loss) / ton	\$ 443.84	\$ 161.01	\$ 373.36	(\$ 36.19)
Adjusted EBITDA Margin (ii)	35.5%	26.1%	39.5%	11.1%
Adjusted EBITDA / ton	\$ 611.09	\$ 268.40	\$ 654.37	\$ 94.76

- (i) See “Non-IFRS Financial Measures” in this Press Release for information regarding the limitations of using Adjusted EBITDA.
(ii) Adjusted EBITDA is Adjusted EBITDA as a percentage of revenue.

For more information, please contact:

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Algoma Steel Group Inc.

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ALGOMA

— STEEL INC. —

Earnings Call Presentation

For the Quarter and Fiscal Year ending March 31st, 2022

June 15th, 2022

in Canadian dollars unless otherwise noted

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 expectation to pay a quarterly dividend, value creation for Algoma’s shareholders, launch a substantial issuer bid (the “SIB”) and maintain 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; our production levels and capacity utilization; the risks associated with the steel industry generally; the ability of the Company to implement and realize its business plans, including the EAF Transformation and the retirement of certain secured long term debt; Algoma’s ability to continue to pay a quarterly dividend; the impact of share price volatility on the SIB; receipt of regulatory approvals for the offer documents of the SIB; risk that the SIB will not be completed on the terms described herein or at all; 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, including an increase in the value of the Canadian dollar against the United States dollar; 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.

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 registration statement on Form F-1 filed by Algoma with the Securities and Exchange Commission (“SEC”) and the prospectus filed by Algoma with the SEC and the Ontario Securities Commission (“OSC”), and, once available, in Algoma’s annual report on Form 20-F.

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.

IMPORTANT INFORMATION FOR SHAREHOLDERS

The SIB referred to in this presentation has not yet commenced. The information relating to the SIB contained in this presentation is for informational purposes only and is not intended to and does not constitute an offer to purchase or the solicitation of an offer to sell shares. On the commencement date of the SIB, a tender offer statement on Schedule TO, including an offer to purchase, a letter of transmittal and related documents, will be filed by Algoma with the SEC, and a separate issuer bid circular and related documents will be filed by Algoma with the OSC. The SIB will not be made to, nor will tenders be accepted from or on behalf of, holders of shares in any jurisdiction in which the making or acceptance of offers to sell shares would not be in compliance with the laws of that jurisdiction. Although the board of directors of the Company has determined to proceed towards commencement of an SIB on the terms described in this presentation, market, legal, tax or other business considerations between the date hereof and the commencement of the SIB may cause the Board of Directors to determine not to proceed with the SIB on the terms described in this presentation, or at all. The Company will be under no legal obligation in respect of the offer under the SIB until the SIB is formally launched. None of the Company, its board of directors, or its advisors makes any recommendation to shareholders as to whether to tender or refrain from tendering any or all of their shares pursuant to the SIB or the purchase price or prices at which shareholders may choose to tender shares. **SHAREHOLDERS ARE URGED TO READ THE TENDER OFFER STATEMENT REGARDING THE OFFER, AS IT MAY BE AMENDED FROM TIME TO TIME, WHEN IT BECOMES AVAILABLE BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION.** Shareholders may obtain a free copy of the tender offer statement and related documents filed with the SEC (in each case, when available) at the website maintained by the SEC at www.sec.gov or with the OSC at the website maintained by the Canadian Securities Administrators at www.sedar.com. Shareholders may also obtain those materials from the depositary for the SIB, which will be named in the tender offer statement. Shareholders are urged to evaluate carefully all information related to the SIB, consult their own financial, legal, investment and tax advisors and make their own decisions as to whether to deposit shares pursuant to the SIB and, if so, how many shares to deposit and at what price.

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 audited consolidated financial statements are measured using the US dollar.

For reporting purposes, the audited 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 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.



Today's Presenters:



Michael McQuade
*Retired Chief Executive
Officer, Board Member*



Michael Garcia
Chief Executive Officer



Rajat Marwah
Chief Financial Officer

Safety Performance

EAF Conversion

Financial Performance

Market Update

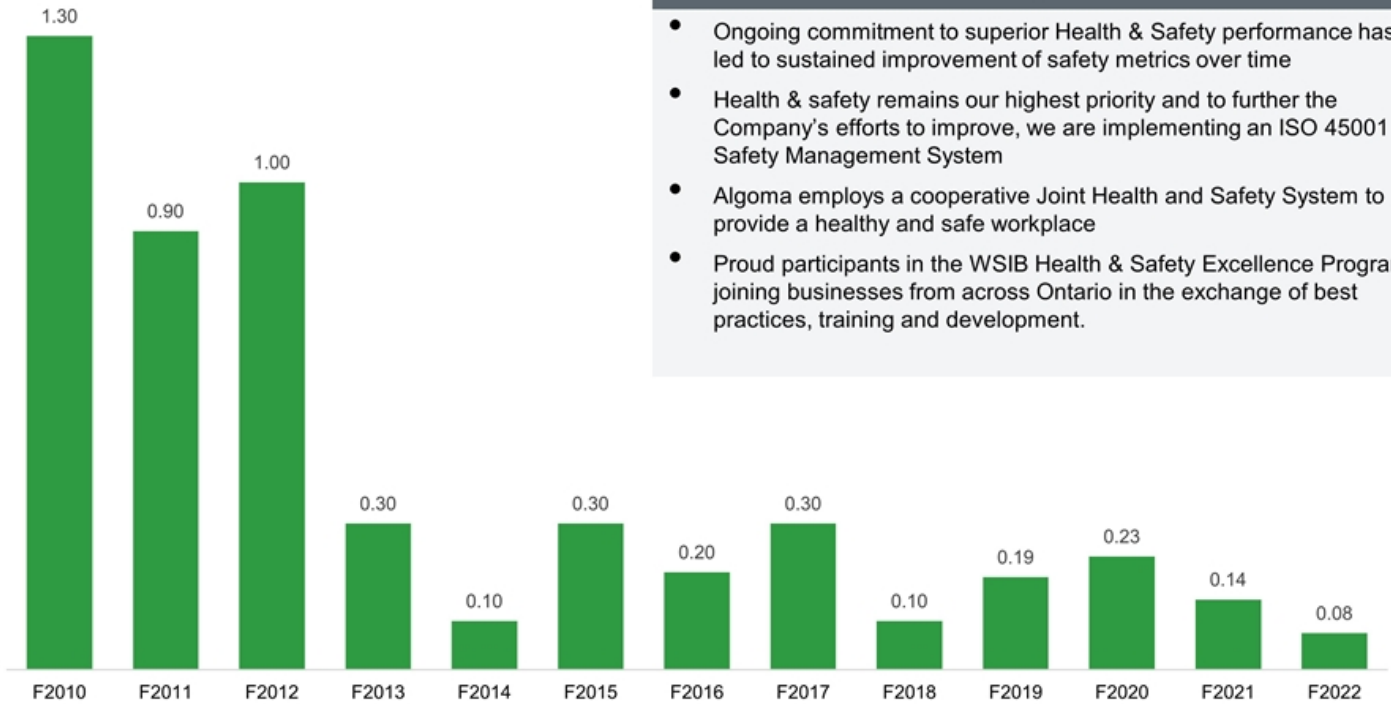
Strategic Update / Capital Allocation

Questions & Answers

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

Health & Safety Performance

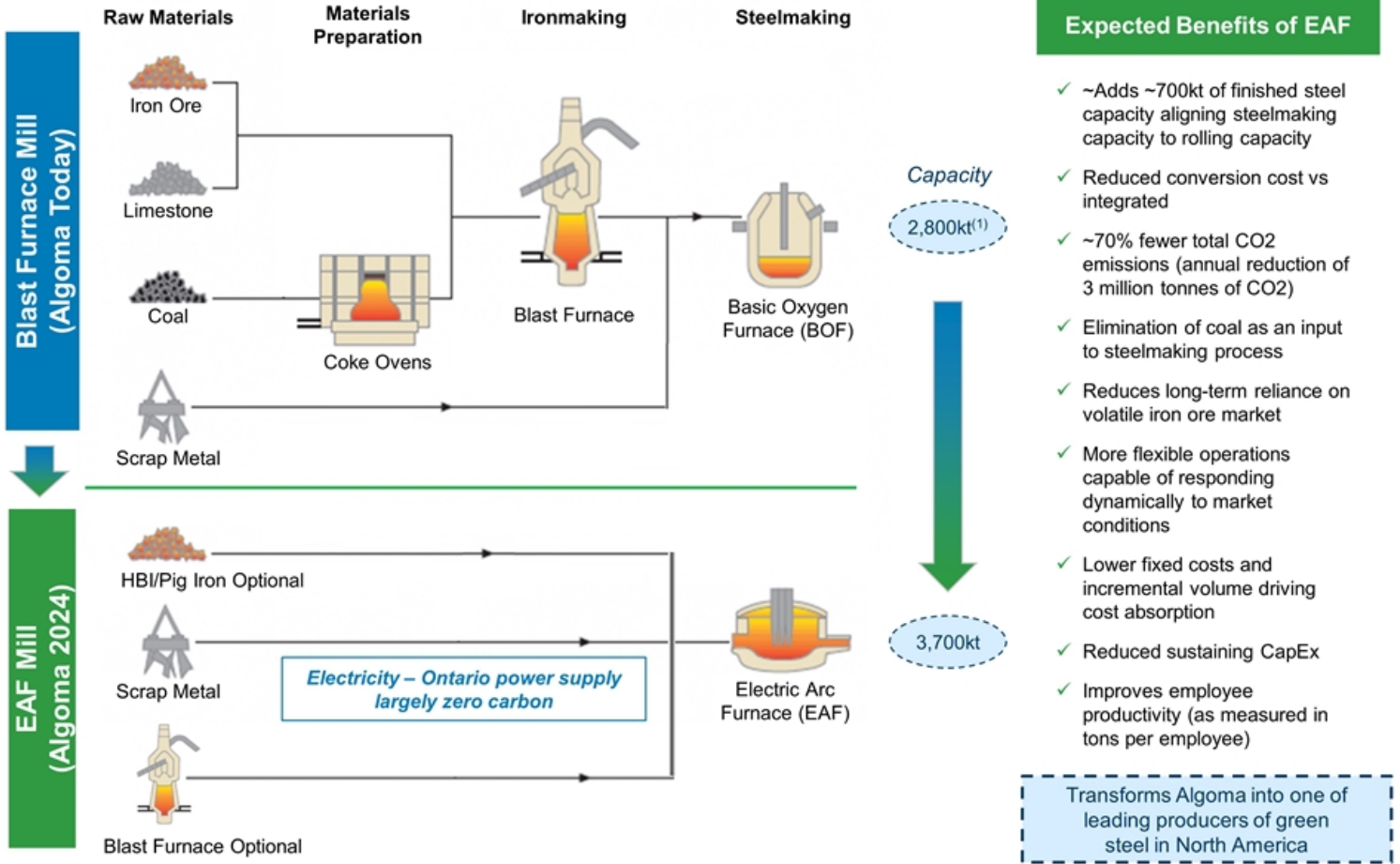
- Ongoing commitment to superior Health & Safety performance has led to sustained improvement of safety metrics over time
- Health & safety remains our highest priority and to further the Company's efforts to improve, we are implementing an ISO 45001 Safety Management System
- Algoma employs a cooperative 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's EAF Conversion Project: a generational opportunity



Source: Company information.
(1) Excludes BF#6 which is currently idled.

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)

3D Rendering:



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
- 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

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

Q4 FY 2022 - Ended March 31, 2022

- **Shipment volume** was 547K NT in Q4 FY 2022, down 1% from 553K NT in Q3 FY 2022 and down 12% from 622K NT in Q4 FY 2021
- **Steel Revenue:** was \$880 million in Q4 FY 2022, down 13% from \$1,010 million in Q3 FY 2022 and up 50% from \$586 million in Q4 FY 2021
- **Adjusted EBITDA** was \$334 million in Q4 FY 2022, down 27% from \$457 million in Q3 FY 2022 and up from \$167 million in Q4 FY 2021
- **Net Income** was \$243 million in Q4 FY 2022, up from \$123 million in Q3 FY 2022 and up from \$100 million in Q4 FY 2021
- **Cash position** was \$915 million at the end of Q4 FY 2022 with full availability of \$278 million under the Revolving Credit Facility

FY 2022

2,297 kNT
Shipments

\$3,549 million
Steel Revenue

\$1,503 million
Adjusted EBITDA

Adjusted EBITDA margin for quarter ended March 31stth, 2022 was 36%



Fourth Quarter Financial Highlights

	Q4 FY 2022	Q4 FY 2021		Q3 FY 2022	
Shipping volume ('000s tons)	547	622	-12%	553	-1%
Net Sales Realization per ton (\$/ton)	1,608	942	71%	1,827	-12%
Steel Revenue(\$ million)	880	586	50%	1,010	-13%
Cost of Steel Revenue (\$/NT)	989	680	45%	985	0%
Adjusted EBITDA (\$ million)	334	167	100%	457	-27%
Net Income (\$ million)	243	100	113%	123	97%

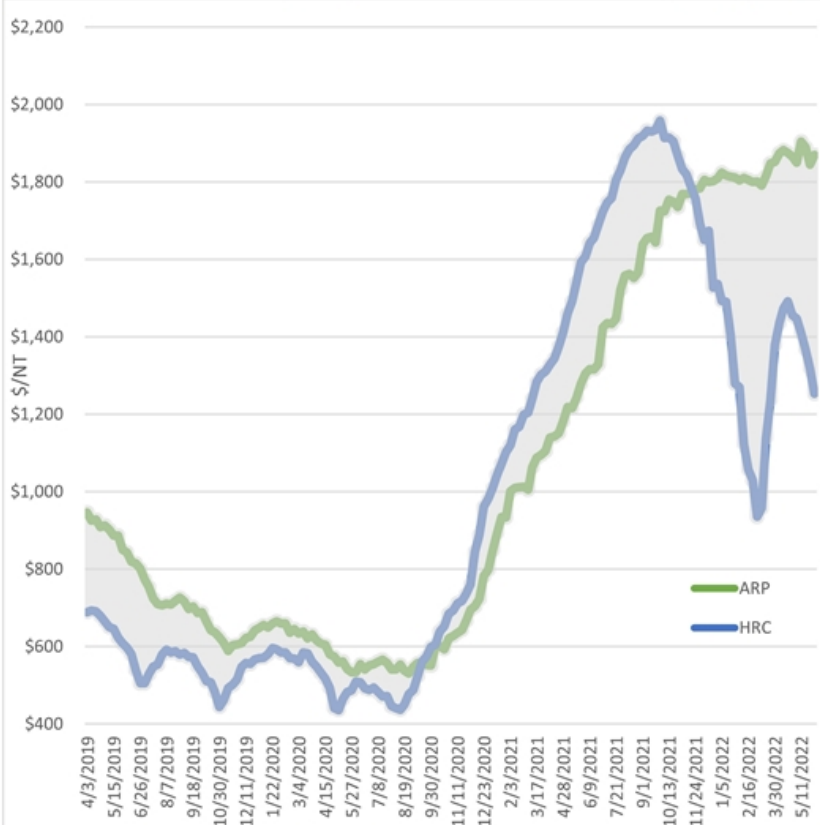
Algoma Q4 FY 2022 Quarterly Adjusted EBITDA \$334M

	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	+

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 have continued to grow since late 2021
- North American steel capacity utilization has remained largely steady over the course of 2021 into 2022, signaling supply control
- Underlying strong 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
- Further sentiment for a Carbon Border adjustment for imported steel products seen as a replacement to s232 tariffs

Source: Market data as of June 8, 2022

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 capacity and a roughly 70% reduction in annual CO2 emissions
- **Substantial Issuer Bid (SIB):** expect to launch by end of June 2022, a US \$400M SIB, representing ~1/3 of market cap as of today's date
- **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/share

Strong Cash Generation Drives Optionality



Committed to our path forward, creating a track record of success

Strategic Direction

<p>1</p> <p>Operational & Capital Improvements Algoma has developed and executed numerous operational and capital projects that add long term value to the business</p>	<p>DSPC Automation Upgrade Improves grade range and product offering June 2020</p>	<p>Ladle Met Furnace #2 debottlenecks operations and increases capacity Feb 2021</p>	<p>Project Aurora \$50M annualized efficiency Improvement across the steel works Ongoing</p>	<p>Plate Mill Modernization Enhancing capability and production on Canada's only discrete plate mill 2021-2022</p>	<p>EAF Approval Received board approval to begin construction of Electric Arc Furnace Nov 2021</p>	<p>EAF Project Construction started Vendors selected : Danieli – EAF equip GE – Power upgrade PTI -Transformers Dec / Jan</p>
<p>2</p> <p>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</p>	<p>\$420M Federal Financing announcement for EAF Project July 2021</p>	<p>Return to Public Markets including Equity injection of \$306M USD Oct 2021</p>	<p>Debt pay down Algoma extinguished all of its \$358M USD Sr. Secured debt Nov 2021</p>	<p>Regular Dividend Algoma commenced quarterly dividend of \$.05 / share Mar 2022</p>	<p>Normal Course Issuer Bid Algoma launched NCIB for share repurchases 2022/23</p>	<p>Substantial Issuer Bid Algoma intends to launch SIB for \$400M of share repurchases 2022</p>
<p>3</p> <p>Strategic Partnerships Algoma continues to develop partnerships focused on de-risking the organization and creating long term value for stakeholders</p>	<p>New Iron Ore Supply contract with USS De-risking supply of largest input May 2020</p>	<p>New Joint Venture JV with Triple M Metals for supply of scrap and metallic units to meet needs Nov 2021</p>	<p>PUC Transmission PUC to construct local 230KV power line to support Algoma's EAF transformation. 2022-2025</p>	<p>Suncoke Coke Contract 5 Year contract to facilitate the migration to EAF operations 2022-2026</p>		
<p>4</p> <p>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</p>	<p>Secured Algoma's Legacy Environmental Action Plan Nov 2018</p>	<p>Focus on Safety FY2022 – Algoma's safest year</p>	<p>Newly Constituted Board diversity of experience, thought and perspective Oct 2021</p>	<p>Performance Management Implemented a robust performance management system May 2019</p>	<p>Enterprise Risk Management Develop a culture of risk management Nov 2019</p>	<p>Emission Reduction EAF project expects to reduce emissions 70% and improve GHG performance 2024</p>

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

	Change (FY2022 to FY2021)	FY2022	Change (FY2021 to FY2020)	FY2021
<i>tons</i>				
Steel Shipments	↑ 9.3%	2,297,159	↓ 8.8%	2,102,086
<i>millions of dollars</i>				
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\$ <u>3,548.8</u>	↓ 7.3%	C\$ <u>1,615.1</u>
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\$ <u>1,968.5</u>	↓ 19.5%	C\$ <u>1,357.7</u>
<i>dollars per ton</i>				
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.

	January 1 to March 31		
	change	FY 2022	FY 2021
<i>tons</i>			
Steel Shipments	↓ 12.0%	547,217	621,843
<i>millions of dollars</i>			
Revenue		C\$ 941.8	C\$ 638.5
Less:			
Freight included in revenue		(48.0)	(47.3)
Non-steel revenue		(13.9)	(5.6)
Steel revenue	↑ 50.3%	C\$ 879.9	C\$ 585.6
Cost of steel revenue		C\$ 541.3	C\$ 423.1
Amortization included in cost of steel revenue		(22.7)	(21.6)
Carbon tax included in cost of steel revenue		(0.4)	(1.8)
Cost of steel products sold	↑ 29.6%	C\$ 518.2	C\$ 399.7
<i>dollars per ton</i>			
Revenue per ton of steel sold	↑ 67.6%	C\$ 1,721	C\$ 1,027
Cost of steel revenue per ton of steel sold	↑ 45.4%	C\$ 989	C\$ 680
Average net sales realization on steel sales (i)	↑ 70.8%	C\$ 1,608	C\$ 942
Cost per ton of steel products sold	↑ 47.3%	C\$ 947	C\$ 643

(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.

Annex: Adjusted EBITDA Reconciliation

<i>millions of dollars</i>	January 1 to March 31	
	FY 2022	FY 2021
Net income	C\$ 242.9	C\$ 100.1
Amortization of property, plant and equipment and amortization of intangible assets	22.8	21.0
Finance costs	4.3	15.9
Interest on pension and other post-employment benefit obligations	2.9	4.1
Income taxes	78.0	-
Foreign exchange loss	6.3	9.9
Finance income	(0.4)	-
Carbon tax	0.4	1.8
Increase in fair value of warrant liability	13.2	-
Decrease in fair value of earnout liability	(44.5)	-
Increase in fair value of share-based payment compensation liability	2.9	-
Transaction costs	5.0	-
Share-based compensation	0.7	14.1
Adjusted EBITDA	C\$ 334.4	C\$ 166.9
Net Income Margin	25.8%	15.7%
Net Income / ton	C\$ 443.84	C\$ 161.01
Adjusted EBITDA Margin	35.5%	26.1%
Adjusted EBITDA / ton	C\$ 611.09	C\$ 268.40

(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

(millions of dollars, except where otherwise noted)

As at and for the three months ended¹

	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial results								
Total revenue	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	879.9	1,009.5	936.5	722.9	585.6	383.8	335.3	310.4
Non-steel products	13.9	14.2	31.8	24.4	5.6	9.5	6.9	7.4
Freight	48.0	41.2	41.9	41.8	47.3	36.7	34.8	31.6
Cost of sales	603.2	599.9	578.7	510.2	476.0	432.2	389.8	339.7
Administrative and selling expenses	28.0	18.9	29.4	26.7	32.5	15.5	11.9	12.5
Income (loss) from operations	310.6	446.1	402.1	252.2	130.0	(17.7)	(24.7)	(2.8)
Net income (loss)	242.9	123.0	288.2	203.7	100.1	(73.5)	(60.0)	(42.7)
Adjusted EBITDA (loss)	C\$ 334.4	C\$ 457.3	C\$ 430.6	C\$ 280.8	C\$ 166.9	C\$ 11.7	C\$ 0	C\$ 20.5
Per common share (diluted)³								
Net income (loss)	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\$ 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	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\$ 1,608	C\$ 1,827	C\$ 1,594	C\$ 1,185	C\$ 942	C\$ 701	C\$ 649	C\$ 746
Adjusted EBITDA per nt2	611.1	827.6	733.1	460.3	268.4	21.4	0.0	49.2
Shipping volume (in thousands of nt)								
Sheet	486	481	514	541	543	470	444	336
Plate	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 these 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.



ALGOMA
— STEEL INC. —