



# ALGOMA

## — STEEL INC. —

**Earnings Call Presentation**  
*For the Quarter ended September 30, 2023*

**November 3<sup>rd</sup>, 2023**

NASDAQ:ASTL  
TSX: ASTL

*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”, “budget”, “continue” or similar expressions suggesting future outcomes or events. Forward-looking statements and information include, but are not limited to, statements regarding the operations, business, financial condition, expected financial results, performance, opportunities, strategies, outlook and guidance of Algoma Steel Group Inc. (the “Company” or “Algoma”), Algoma’s strategic objectives, its implementation of an ISO 45001 Safety Management System, its expectation to continue to pay a quarterly dividend, potential purchases under its normal course issuer bid, and Algoma’s transformation to electric arc furnace steelmaking (the “EAF Transformation”), including the expected timing of the EAF Transformation and the resulting effects on the Company, expectations regarding future economic conditions, including the price of steel, potential recession and fluctuations in interest rates.*

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

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

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

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

## PRESENTATION OF FINANCIAL INFORMATION

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

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

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

*This presentation should be read in conjunction with, the Company’s September 30, 2023 interim unaudited consolidated financial statements and the accompanying notes.*

## NON-IFRS MEASURES

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



**Today's Presenters:**



**Michael Garcia**  
*Chief Executive Officer*



**Rajat Marwah**  
*Chief Financial Officer*

Safety Performance

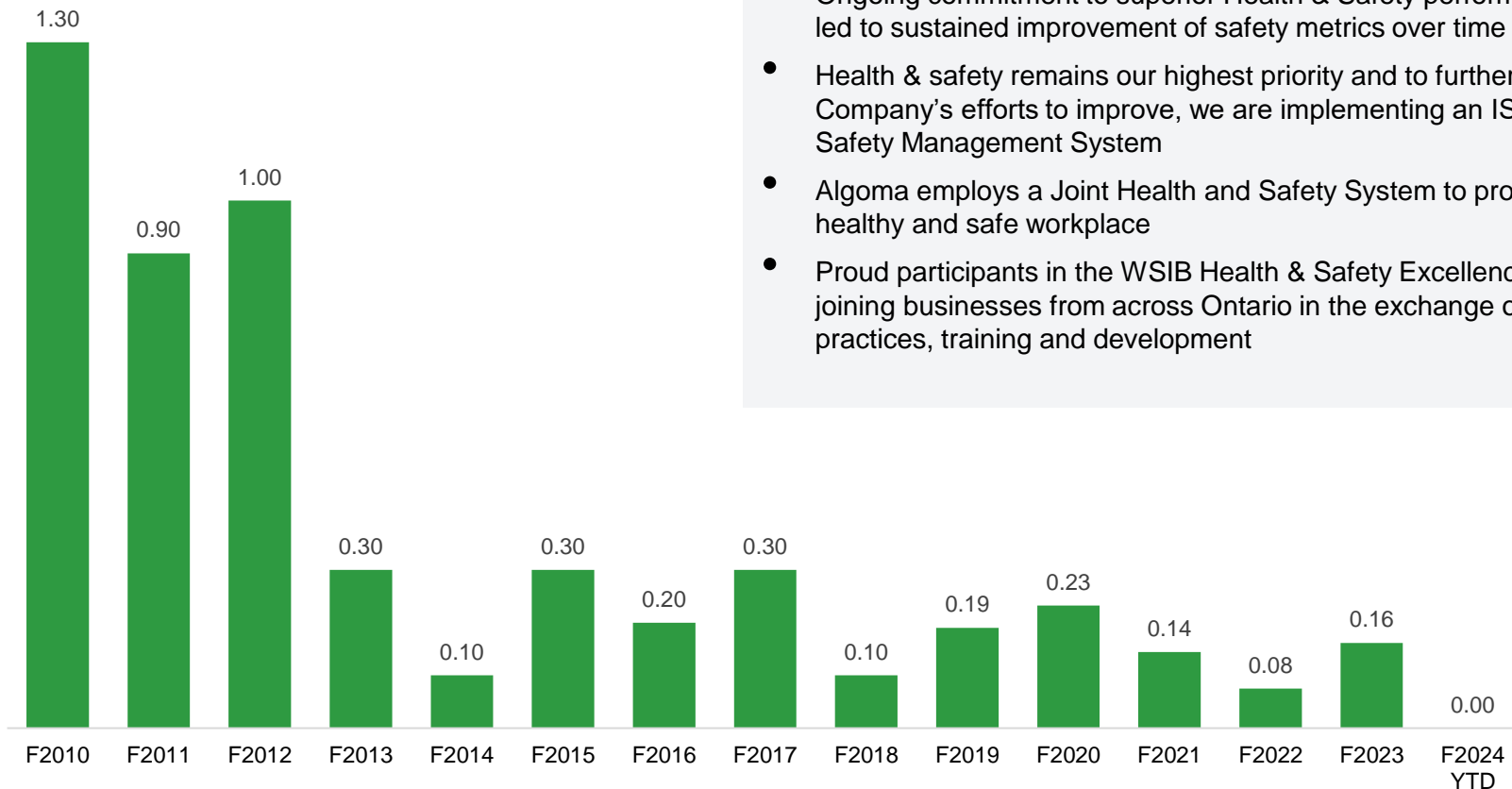
Financial Performance

Market Update

Strategic Update

Questions & Answers

## Continued Focus and Improvement in Lost Time Injury Frequency Rate (LTIFR)<sup>1</sup>



### Health & Safety Performance

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

## Safety is Top Priority for Algoma

Source: Company information.

<sup>1</sup> 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).

## Q2 FY2024 - Ended September 30<sup>th</sup>, 2023

- **Shipping volume** was 549K NT in Q2 FY2024, down 4% from 569K NT in Q1 FY2024 and up 26% from 435K NT in Q2 FY2023.
- **Steel Revenue** was \$666 million in Q2 FY2024, down 12% from \$755 million in Q1 FY2024 and up 21% from \$552 million in Q2 FY2023.
- **Adjusted EBITDA** was \$81 million in Q2 FY2024, down 58% from \$191 million in Q1 FY2024 and down 2% from \$83 million in Q2 FY2023.
- **Net Income** was \$31 million in Q2 FY2024, down 76% from \$131 million in Q1 FY2024 and down 64% from \$87 million in Q2 FY2023.
- **Cash position** was \$214 million at the end of Q2 FY2024 with availability of \$347 million under the Revolving Credit Facility

Q2 FY2024 YTD

1,118 kNT  
Shipments

\$1,420 million  
Steel Revenue

\$272 million  
Adjusted EBITDA

Adjusted EBITDA margin fiscal YTD was 17.5%



# First Quarter Financial Highlights

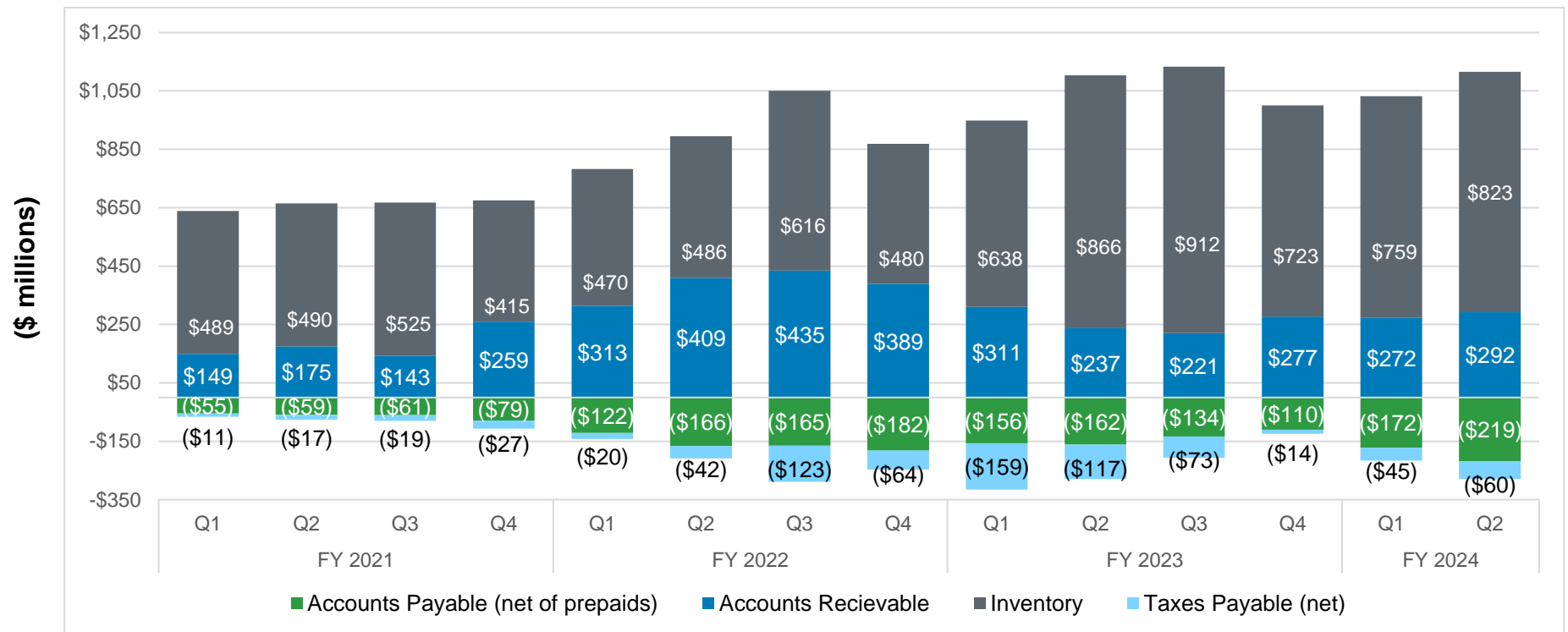
|                                        | Q2 FY2024    | Q2 FY2023 | Change |      | Q1 FY2024 | Change |      |
|----------------------------------------|--------------|-----------|--------|------|-----------|--------|------|
| Shipping volume ('000s tons)           | <b>549</b>   | 435       | ↑      | 26%  | 569       | ↓      | -4%  |
| Net Sales Realization per ton (\$/ton) | <b>1,213</b> | 1,266     | ↓      | -4%  | 1,323     | ↓      | -8%  |
| Steel Revenue(\$ million)              | <b>666</b>   | 552       | ↑      | 21%  | 755       | ↓      | -12% |
| Cost of Steel Products Sold (\$/NT)    | <b>1,021</b> | 1,037     | ↓      | -2%  | 950       | ↑      | 7%   |
| Adjusted EBITDA (\$ million)           | <b>81</b>    | 83        | ↓      | -2%  | 191       | ↓      | -58% |
| Net Income (\$ million)                | <b>31</b>    | 87        | ↓      | -64% | 131       | ↓      | -76% |

**Algoma Q2 FY2024 Quarterly Adjusted EBITDA Margin was 11.1%**

# Overview of Net Working Capital Seasonality



|                                      |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Net Working Capital \$M <sup>1</sup> | \$ 573 | \$ 589 | \$ 588 | \$ 568 | \$ 641 | \$ 687 | \$ 762 | \$ 623 | \$ 633 | \$ 825 | \$ 926 | \$ 875 | \$ 815 | \$ 836 |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|



Source Q2 FY2024 Notes to the Financial Statements:

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



## Rendering becoming Reality

### Project Statistics<sup>2</sup>:

Concrete  
16,778 cu/m

Dust Hoods  
10% complete

Fume Treatment  
Plant Foundations  
85% complete

Structural Steel  
9,500 tons

9 Q-One  
Transformers  
Installed

No.2 Baghouse  
Installation  
Started Oct 23

Shell Reline  
Foundations  
55% complete

Charging Crane  
Assembly  
Started Oct 23

Water Treatment  
Plant Excavation  
95% complete

### By the numbers:

Cumulative  
Spending **\$456M**

Remaining  
SIF Loan **\$92.5M**

Project  
Commitments **\$700M**

Project  
Budget **\$828-878M**

(1) Photo taken Oct 12, 2023  
(2) Project Estimates at Oct 30, 2023  
(3) Revised project budget from Q4F2023 release



## Algoma's Path to Higher Plate Production



## First Plate Trial at the Inline Shear

### Phase I - Quality Focus

- 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)

Complete

### Phase 2- Productivity Focus

- In-Line Plate Cutting with Heavy Gauge Inline Shear
- New cooling beds coupling the plate mill and shear line, dividing shear and new plate piler
- Automated Marking Machine

Currently Commissioning

### Phase 2- Outage Elements

#### April Outage:

- 4Hi DC Drive Upgrade
- Onboard Descaling System Upgrade for 2Hi

#### Calendar Q3 (Planned):

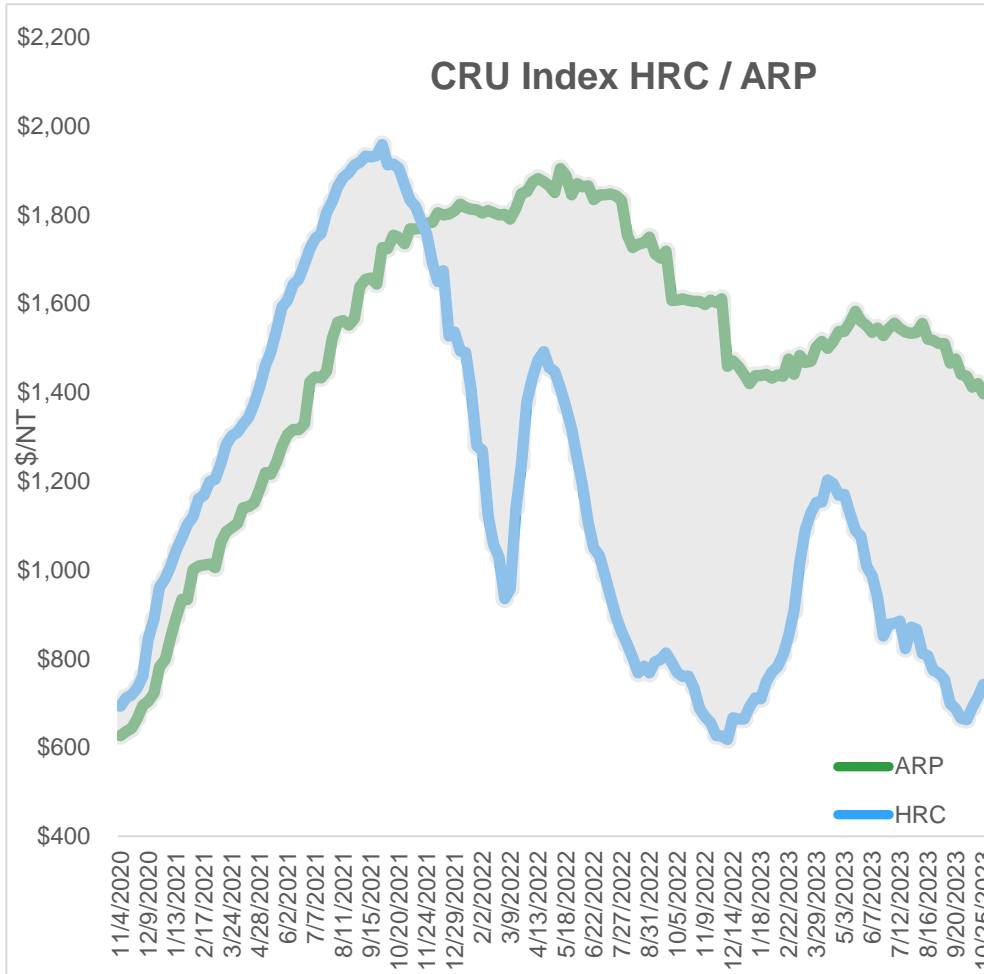
- Onboard Descaling System Upgrade for 4Hi
- Mill Alignment and Work Roll Offset at the 4Hi

Planned

North American HRC price rebounding/ Plate pricing remains strong

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

### [Key Market Drivers](#)



- Index HRC pricing fell approx. 25% over Q2 F2024, exacerbated by market uncertainty surrounding protracted labor negotiations and rolling strikes between the United Auto Workers (UAW) and the major three automotive manufacturers.
- Index HRC pricing reached a floor bottoming at US\$663 in early October.
- Prices have begun to rise rapidly on pent up demand and low inventory levels resulting in HRC forward prices closing in on US\$1,000/NT

### [Macro Economic Drivers](#)

- UAW reached tentative agreements with the big 3 Automakers in October.
- US Federal Reserve held its key interest rate in November signaling possible future hikes as the economy remains resilient.

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

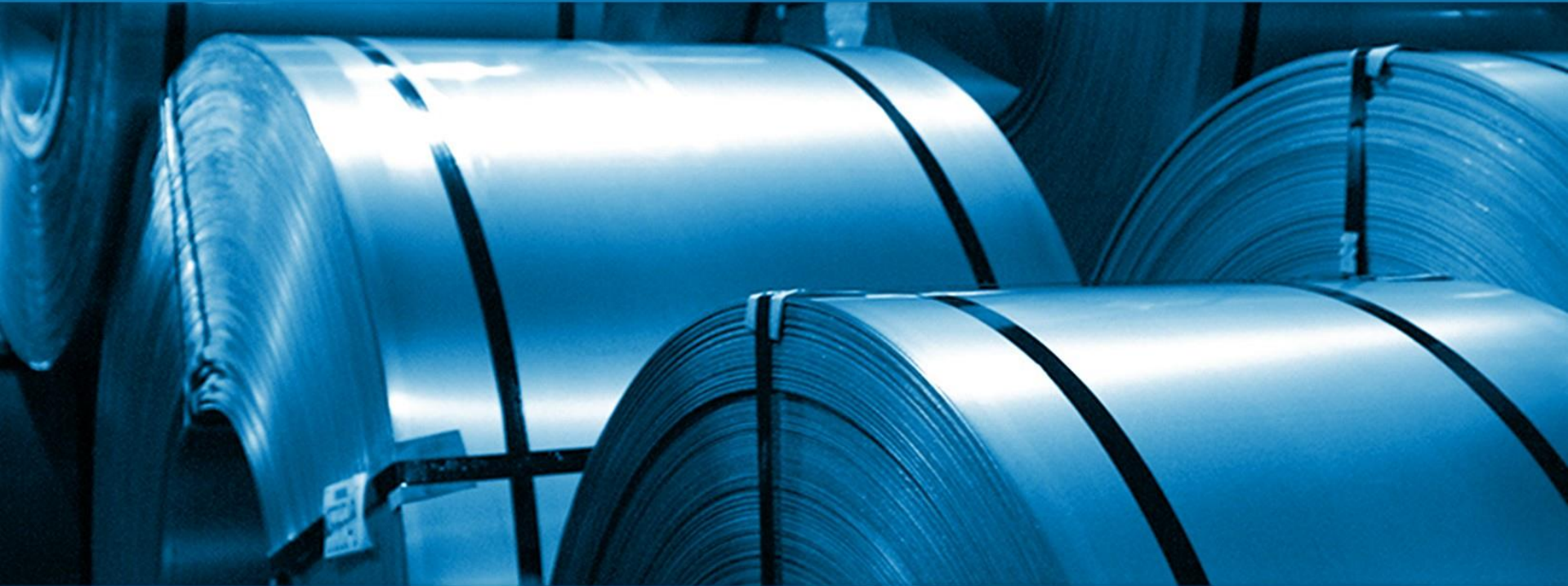
## Strategic Direction

|                                                                                                                                                                                                                         |                                                                                                                                     |                                                                                                                                |                                                                                                                               |                                                                                                                                       |                                                                                                                          |                                                                                                                                 |                                                                                                                                                                                          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Operational &amp; Capital Improvements</b></p> <p>Algoma has developed and executed numerous operational and capital projects that add long term value to the business</p>                                        | <p><b><u>Ladle Met Furnace #2</u></b></p> <p>debottlenecks operations and increases capacity</p> <p>Feb 2021</p>                    | <p><b><u>EAF Approval</u></b></p> <p>Received board approval to begin construction of Electric Arc Furnace</p> <p>Nov 2021</p> | <p><b><u>PMM Phase 1</u></b></p> <p>Enhancing quality and expanding grade range on Canada's only discrete plate mill 2022</p> | <p><b><u>LSP Power Plant</u></b></p> <p>Installation of new turbines to support power generation for EAF project</p> <p>June 2023</p> | <p><b><u>EAF Project</u></b></p> <p>Construction progresses on transformative electric arc furnace</p> <p>2021-2024E</p> | <p><b><u>PMM Phase 2</u></b></p> <p>Commissioning Heavy Gauge Inline Shear</p> <p>Oct 2023</p>                                  | <p><b><u>PMM Phase 2</u></b></p> <p>Final installation of key elements to complete project</p> <p>2024E</p>                                                                              |
| <p><b>Financial Discipline</b></p> <p>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><b><u>Return to Public Markets</u></b></p> <p>including Equity injection of \$306M USD</p> <p>Oct 2021</p>                       | <p><b><u>Debt pay down</u></b></p> <p>Algoma extinguished all of its \$358M USD Sr. Secured debt</p> <p>Nov 2021</p>           | <p><b><u>Regular Dividend</u></b></p> <p>Algoma commenced quarterly dividend of \$.05 / share</p> <p>Mar 2022</p>             | <p><b><u>Substantial Issuer Bid</u></b></p> <p>Algoma buys back approx. 1/3 of outstanding shares</p> <p>Aug 2022</p>                 | <p><b><u>Normal Course Issuer Bid</u></b></p> <p>Algoma renewed its NCIB for share repurchases</p> <p>2023/24</p>        | <p><b><u>ABL Renewal</u></b></p> <p>Amend and extend Algoma's now upsized US\$300M asset-based loan</p> <p>May 2023</p>         | <p><b><u>Low Leverage Profile</u></b></p> <p>Algoma maintains a robust balance sheet with liquidity to support market fluctuations and its capital initiatives</p> <p><b>Ongoing</b></p> |
| <p><b>Strategic Partnerships</b></p> <p>Algoma continues to develop partnerships focused on de-risking the organization and creating long term value for stakeholders</p>                                               | <p><b><u>Walters</u></b></p> <p>Selected to fabricate and construct EAF Meltshop Building and other EAF equipment 2023-2025E</p>    | <p><b><u>EllisDon</u></b></p> <p>Construction mgmt support contract for EAF construction</p> <p>2023-2025E</p>                 | <p><b><u>DSV</u></b></p> <p>Global logistics support for delivery of EAF equipment</p> <p>2023-2025E</p>                      | <p><b><u>United States Steel</u></b></p> <p>2-year extension ore contract de-risking transformation to EAF</p> <p>Sep 2023</p>        | <p><b><u>IESO</u></b></p> <p>Provides Conditional Approval of Phase 1 &amp; 2 System Impact Assessment</p> <p>2023</p>   | <p><b><u>Ontario Government</u></b></p> <p>Issued Order in Council to expedite transmission lines construction</p> <p>2029E</p> | <p><b><u>EAF Contractors</u></b></p> <p>Remaining contract awards partnering with select contractors for equipment and infrastructure installation</p> <p>2024E</p>                      |
| <p><b>ESG Focus</b></p> <p>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><b><u>Focus on Safety</u></b></p> <p>Including zero lost time incidents for the past 2 Fiscal Quarters</p> <p>Apr – Sep 2021</p> | <p><b><u>Newly Constituted Board</u></b></p> <p>diversity of experience, thought and perspective</p> <p>Oct 2021</p>           | <p><b><u>Performance Management</u></b></p> <p>Implemented a robust performance management system</p> <p>May 2019</p>         | <p><b><u>Enterprise Risk Management</u></b></p> <p>Develop a culture of risk management</p> <p>Nov 2019</p>                           | <p><b><u>ESG Position Paper</u></b></p> <p>Published Algoma's approach to ESG</p> <p>April 2023</p>                      | <p><b><u>ESG Sustainability Report</u></b></p> <p>Algoma publishes its inaugural ESG report</p> <p>2023</p>                     | <p><b><u>Emission Reduction</u></b></p> <p>EAF project expects to reduce emissions 70% and improve GHG performance</p>                                                                   |
|                                                                                                                                                                                                                         | Upcoming                                                                                                                            | Ongoing / Completed                                                                                                            | Recently Announced                                                                                                            |                                                                                                                                       |                                                                                                                          |                                                                                                                                 |                                                                                                                                                                                          |

**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**

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# Appendices



**Algoma Steel Inc.**  
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It has been an exciting couple of weeks at Algoma Steel as we mark yet another significant milestone in the construction of our electric arc furnaces (EAF).  
...see more



The last crane girder (orange steel) has been installed, officially connecting our EAF building.



**Algoma Steel Inc.**  
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1w • 🌐

Exciting News that will support the production of green steel at Algoma Steel! Ontario is set to accelerate the development of three transmission projects, designating **Hydro One** as the primary transmitter. This expansion will a ...see more



Todd Smith  
Minister of Energy

**Algoma Steel Inc.**  
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3w • 🌐

We were thrilled to have had the opportunity to speak at yesterday's presentation with **Harvest Algoma** to discuss the great work they do to address poverty and food insecurity here in Sault Ste. Marie. They implement innovative solu ...see more



**Algoma Steel Inc.**  
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Last night, Algoma Steel attended **Algoma University's** Annual John R. Rhodes Scholarship Dinner.

...see more



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Algoma Steel Inc

# Annex: Revenue and Cost of Sales

|                                                         |         | Three months ended<br>September 30, |                  |         | Six months ended<br>September 30, |                    |
|---------------------------------------------------------|---------|-------------------------------------|------------------|---------|-----------------------------------|--------------------|
|                                                         |         | 2023                                | 2022             |         | 2023                              | 2022               |
| <i>tons</i>                                             |         |                                     |                  |         |                                   |                    |
| <b>Steel Shipments</b>                                  | ↑ 26.1% | 548,998                             | 435,202          | ↑ 15.0% | 1,118,431                         | 972,727            |
| <i>millions of dollars</i>                              |         |                                     |                  |         |                                   |                    |
| <b>Revenue</b>                                          | ↑ 22.3% | C\$ 732.6                           | C\$ 599.2        | ↑ 1.7%  | C\$ 1,559.8                       | C\$ 1,533.3        |
| Less:                                                   |         |                                     |                  |         |                                   |                    |
| Freight included in revenue                             |         | (50.4)                              | (39.5)           |         | (102.6)                           | (84.6)             |
| Non-steel revenue                                       |         | (16.4)                              | (8.2)            |         | (36.9)                            | (19.8)             |
| <b>Steel revenue</b>                                    | ↑ 20.7% | \$ <u>665.8</u>                     | \$ <u>551.5</u>  | ↓ 0.6%  | C\$ <u>1,420.3</u>                | C\$ <u>1,428.9</u> |
| <b>Cost of steel revenue</b>                            | ↑ 14.6% | C\$ 598.0                           | C\$ 521.7        | ↑ 11.8% | C\$ 1,164.8                       | C\$ 1,041.8        |
| Depreciation included in cost of steel revenue          |         | (25.2)                              | (22.3)           |         | (48.4)                            | (44.8)             |
| Carbon tax included in cost of steel revenue            |         | (12.2)                              | (0.1)            |         | (14.7)                            | (3.1)              |
| Past service costs - pension benefits                   |         | -                                   | (44.5)           |         | -                                 | (44.5)             |
| Past service costs - post-employment benefits           |         | -                                   | (3.4)            |         | -                                 | (3.4)              |
| <b>Cost of steel products sold</b>                      | ↑ 24.2% | C\$ <u>560.6</u>                    | C\$ <u>451.4</u> | ↑ 16.5% | C\$ <u>1,101.7</u>                | C\$ <u>946.0</u>   |
| <i>dollars per ton</i>                                  |         |                                     |                  |         |                                   |                    |
| <b>Revenue per ton of steel sold</b>                    | ↓ 3.1%  | C\$ 1,334                           | C\$ 1,377        | ↓ 11.5% | C\$ 1,395                         | C\$ 1,576          |
| <b>Cost of steel revenue per ton of steel sold</b>      | ↓ 9.1%  | C\$ 1,089                           | C\$ 1,199        | ↓ 2.8%  | C\$ 1,041                         | C\$ 1,071          |
| <b>Average net sales realization on steel sales (i)</b> | ↓ 4.3%  | C\$ 1,213                           | C\$ 1,267        | ↓ 13.6% | C\$ 1,270                         | C\$ 1,469          |
| <b>Cost per ton of steel products sold</b>              | ↓ 1.6%  | C\$ 1,021                           | C\$ 1,037        | ↑ 1.3%  | C\$ 985                           | C\$ 973            |

(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>                                                                      | Three months ended<br>September 30, |                 | Six months ended<br>September 30, |                  |
|-------------------------------------------------------------------------------------------------|-------------------------------------|-----------------|-----------------------------------|------------------|
|                                                                                                 | 2023                                | 2022            | 2023                              | 2022             |
| Net income                                                                                      | C\$ 31.1                            | C\$ 87.2        | C\$ 162.0                         | C\$ 388.7        |
| Depreciation of property, plant and equipment<br>and amortization of intangible assets          | 25.3                                | 22.4            | 48.6                              | 45.0             |
| Finance costs                                                                                   | 5.4                                 | 4.3             | 10.5                              | 9.0              |
| Interest on pension and other post-employment<br>benefit obligations                            | 4.8                                 | 4.0             | 9.6                               | 7.4              |
| Income taxes                                                                                    | 11.9                                | 4.9             | 51.2                              | 89.8             |
| Foreign exchange gain                                                                           | (11.6)                              | (40.1)          | (0.6)                             | (51.8)           |
| Finance income                                                                                  | (3.1)                               | (4.6)           | (6.4)                             | (6.5)            |
| Inventory write-downs ( <i>depreciation on property,<br/>plant and equipment in inventory</i> ) | 4.3                                 | 1.5             | 4.7                               | 1.8              |
| Carbon tax                                                                                      | 12.2                                | 0.1             | 14.7                              | 3.1              |
| Increase (decrease) in fair value of warrant liability                                          | 0.3                                 | (35.1)          | (17.2)                            | (73.5)           |
| Decrease in fair value of earnout liability                                                     | (0.7)                               | (5.0)           | (2.7)                             | (9.2)            |
| Decrease in fair value of share-based<br>payment compensation liability                         | (1.3)                               | (10.0)          | (5.3)                             | (19.4)           |
| Share-based compensation                                                                        | 2.4                                 | (0.2)           | 3.0                               | 2.7              |
| Past service costs - pension benefits                                                           | -                                   | 49.5            | -                                 | 49.5             |
| Past service costs - post-employment benefits                                                   | -                                   | 3.8             | -                                 | 3.8              |
| <b>Adjusted EBITDA (i)</b>                                                                      | <b>C\$ 81.0</b>                     | <b>C\$ 82.7</b> | <b>C\$ 272.1</b>                  | <b>C\$ 440.4</b> |
| <b>Net Income Margin</b>                                                                        | <b>4.2%</b>                         | 14.6%           | <b>10.4%</b>                      | 25.3%            |
| <b>Net Income / ton</b>                                                                         | <b>C\$ 56.6</b>                     | C\$ 200.4       | <b>C\$ 144.8</b>                  | C\$ 399.6        |
| <b>Adjusted EBITDA Margin (ii)</b>                                                              | <b>11.1%</b>                        | 13.8%           | <b>17.4%</b>                      | 28.7%            |
| <b>Adjusted EBITDA / ton</b>                                                                    | <b>C\$ 147.5</b>                    | C\$ 189.9       | <b>C\$ 243.3</b>                  | C\$ 452.8        |

(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

(in millions of dollars, except where otherwise noted)

As at and for the three months ended<sup>1</sup>

|                                               | 2024        |             | 2023        |             |             |             | 2022        |             |             |
|-----------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                               | Q2          | Q1          | Q4          | Q3          | Q2          | Q1          | Q4          | Q3          | Q2          |
| <b>Financial results</b>                      |             |             |             |             |             |             |             |             |             |
| Total revenue                                 | C\$ 732.6   | C\$ 827.2   | C\$ 877.4   | C\$ 867.8   | C\$ 859.2   | C\$ 934.1   | C\$ 941.8   | C\$ 1,084.9 | C\$ 1,010.2 |
| Steel products                                | 665.8       | 754.5       | 809.2       | 512.0       | 551.5       | 877.4       | 879.9       | 1,009.5     | 936.5       |
| Non-steel products                            | 16.4        | 20.5        | 14.1        | 12.1        | 8.2         | 11.6        | 13.9        | 14.2        | 31.8        |
| Freight                                       | 50.4        | 52.2        | 54.1        | 43.7        | 39.5        | 45.1        | 48.0        | 41.2        | 41.9        |
| Cost of sales                                 | 664.8       | 839.5       | 830.7       | 811.8       | 569.4       | 576.8       | 803.2       | 599.9       | 578.7       |
| Administrative and selling expenses           | 31.0        | 23.4        | 25.0        | 21.7        | 24.2        | 28.4        | 28.0        | 18.9        | 29.4        |
| Income (loss) from operations                 | 36.8        | 164.3       | 21.7        | (65.7)      | 5.6         | 328.9       | 310.6       | 446.1       | 402.1       |
| Net income (loss)                             | 31.1        | 130.9       | (20.4)      | (69.8)      | 87.2        | 301.4       | 242.9       | 123.0       | 288.2       |
| Adjusted EBITDA                               | C\$ 81.0    | C\$ 191.2   | C\$ 47.9    | C\$ (35.9)  | C\$ 82.7    | C\$ 357.7   | C\$ 334.4   | C\$ 457.3   | C\$ 430.6   |
| <b>Per common share (diluted)<sup>2</sup></b> |             |             |             |             |             |             |             |             |             |
| Net income (loss)                             | C\$ 0.24    | C\$ 0.85    | C\$ (0.2)   | C\$ (0.6)   | C\$ 0.36    | C\$ 1.49    | C\$ 1.45    | C\$ 0.92    | C\$ 4.02    |
| <b>Financial position</b>                     |             |             |             |             |             |             |             |             |             |
| Total assets                                  | C\$ 2,713.1 | C\$ 2,627.8 | C\$ 2,455.6 | C\$ 2,549.0 | C\$ 2,716.0 | C\$ 3,070.5 | C\$ 2,693.6 | C\$ 2,520.7 | C\$ 2,185.7 |
| Total non-current liabilities                 | 660.1       | 665.0       | 650.0       | 663.4       | 693.3       | 618.0       | 573.5       | 640.1       | 1,038.8     |
| <b>Operating results</b>                      |             |             |             |             |             |             |             |             |             |
| Average NSR per nt <sup>2</sup>               | C\$ 1,213   | C\$ 1,323   | C\$ 1,066   | C\$ 1,116   | C\$ 1,266   | C\$ 1,632   | C\$ 1,608   | C\$ 1,827   | C\$ 1,594   |
| Adjusted EBITDA per nt <sup>2</sup>           | 147.5       | 335.8       | 83.8        | (78.3)      | 189.9       | 665.4       | 611.1       | 827.6       | 733.1       |
| <b>Shipping volume (in thousands of nt)</b>   |             |             |             |             |             |             |             |             |             |
| Sheet                                         | 485         | 498         | 505         | 421         | 411         | 485         | 488         | 481         | 514         |
| Plate                                         | 64          | 70          | 66          | 37          | 23          | 52          | 61          | 72          | 73          |
| Slab                                          | -           | 2           | 1           | 1           | -           | -           | -           | -           | -           |

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

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

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

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

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

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

On June 26, 2023, the Company converted 35,379 DSUs to common shares. At September 30, 2023, 103,603,263 common shares are outstanding.





# ALGOMA

— STEEL INC. —

NASDAQ:ASTL  
TSX: ASTL