



Algoma Steel Provides Fiscal Second Quarter 2023 Guidance

SAULT STE. MARIE, Ontario, Sept. 27, 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 provided guidance for its fiscal second quarter 2023.

Fiscal second quarter 2023 Adjusted EBITDA is expected to be in a range of \$75 million to \$80 million.

Michael Garcia, the Company's Chief Executive Officer, commented, "Our projected fiscal second-quarter results largely reflect previously disclosed operational challenges, as well as the continued decline in prices for our finished products, both of which had a negative impact on overall profitability."

Mr. Garcia continued, "In the quarter we experienced a production shortfall due to various operational challenges, resulting in a decline in shipments to an estimated 415,000 to 425,000 tons for the quarter. The most significant of these challenges was the previously disclosed plate mill modernization commissioning delay. Additionally, volume through our direct strip production complex (DSPC) was negatively affected by production shortfalls mainly due to temporary workforce availability events. We are implementing various measures to address these issues. We believe most plate mill issues are behind us and we are now operating above 80% capacity. We continue to work with our vendor on mill automation software to reach our full product lineup and capacity. With respect to the coal conveyor that was damaged by fire in the quarter resulting in higher costs, repair work is expected to be completed in early October, allowing internal coke production to return to 100% capacity."

"Amid the challenges faced in the quarter, we continue to see steady demand for our products and are advancing the development and construction of our transformative Electric Arc Furnace project, which remains on time and on budget for a mid-year 2024 start-up. Additionally, we are pleased to have reached a labour agreement with our unionized workforce that provides labour security for the next five years. With a robust balance sheet, a continued strong cash generating outlook, and a prudent capital return program, we believe we are well positioned to address these near-term obstacles and deliver long-term value creation for all of our stakeholders," Mr. Garcia concluded.

About Algoma Steel 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.

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 Adjusted EBITDA guidance, estimated shipments for the second quarter of fiscal 2023, expectations regarding the timing to return the facility hosting the coal conveyor to full production and expectations of enhanced long-term profitability for the business, Algoma's ability to deliver long-term value creation for all of its stakeholders and the timeline for completion of the transformation to Electric Arc Furnace steelmaking. 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 and transition to electric arc steelmaking; risks relating to short-term absenteeism affecting production due to reduced available operations workforce, as well as challenges of commissioning new technology in an operating mill which, through delays and other challenges, may impact volumes; the risks associated with the steel industry generally; 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 Annual Report on Form 20-F filed with the SEC (available at www.sec.gov), and the Ontario Securities Commission (“OSC”) (available under Algoma’s SEDAR profile at www.sedar.com), and in Algoma’s other public filings with the SEC and the OSC. 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.

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, foreign exchange loss (gain), finance income, carbon tax, changes in fair value of warrant, earnout and share-based compensation liabilities, transaction costs and share based compensation related to performance share units. 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 used by analysts and our lenders as a measure of our financial performance. However, Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation from, or as an alternative to, net income, cash flow from operations or other data prepared in accordance with IFRS. Because of these limitations, Adjusted EBITDA should not be considered as a measure 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 Adjusted EBITDA only as a supplement to such results.

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