Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2026

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 1-5828

CARPENTER TECHNOLOGY CORPORATION
(Exact name of Registrant as specified in its Charter)

Delaware	**23-0458500**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1735 Market Street, 15th Floor **Philadelphia, Pennsylvania**	**19103**
(Address of principal executive offices)	(Zip Code)

610-208-2000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, $5 Par Value	**CRS**	**New York Stock Exchange**
Title of each class	Trading Symbol	Name of each exchange on which registered

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Table of Contents

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the issuer's common stock as of October 16, 2026, was 49,540,733.

CARPENTER TECHNOLOGY CORPORATION
FORM 10-Q
INDEX

			Page
PART I	**FINANCIAL INFORMATION**		
	Item 1	Financial Statements	
		Consolidated Balance Sheets (unaudited) as of September 30, 2026 and June 30, 2026	2
		Consolidated Statements of Operations (unaudited) for the Three Months Ended September 30, 2026 and 2025	3
		Consolidated Statements of Comprehensive Income (unaudited) for the Three Months Ended September 30, 2026 and 2025	4
		Consolidated Statements of Cash Flows (unaudited) for the Three Months Ended September 30, 2026 and 2025	5
		Consolidated Statements of Changes in Equity (unaudited) for the Three Months Ended September 30, 2026 and 2025	6
		Notes to Consolidated Financial Statements (unaudited)	7
	Item 2	Management's Discussion and Analysis of Financial Condition and Results of Operations	26
	Item 3	Quantitative and Qualitative Disclosures About Market Risk	40
	Item 4	Controls and Procedures	41
PART II	**OTHER INFORMATION**		
	Item 1	Legal Proceedings	41
	Item 1A	Risk Factors	41
	Item 2	Unregistered Sales of Equity Securities and Use of Proceeds	41
	Item 5	Other Information	42
	Item 6	Exhibits	42
SIGNATURE			43

PART I - FINANCIAL INFORMATION
Item 1. Financial Statements

CARPENTER TECHNOLOGY CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(in millions, except share data)	September 30, 2026	June 30, 2026
ASSETS		
Current assets:		
Cash and cash equivalents	$ 159.5	$ 393.3
Accounts receivable, net	722.2	701.9
Inventories	884.4	822.9
Other current assets	76.0	63.1
Total current assets	1,842.1	1,981.2
Property, plant, equipment and software, net	1,538.0	1,487.9
Goodwill	227.3	227.3
Other intangibles, net	2.4	3.9
Deferred income taxes	5.5	5.5
Other assets	129.4	132.5
Total assets	$ 3,744.7	$ 3,838.3
LIABILITIES		
Current liabilities:		
Accounts payable	$ 345.3	$ 313.4
Accrued liabilities	122.2	206.6
Total current liabilities	467.5	520.0
Long-term debt	691.0	690.7
Accrued pension liabilities	82.4	89.6
Accrued postretirement benefits	21.7	22.2
Deferred income taxes	207.4	196.9
Other liabilities	91.9	91.3
Total liabilities	1,561.9	1,610.7
Contingencies and commitments (see Note 9)		
STOCKHOLDERS' EQUITY		
Common stock — authorized 100,000,000 shares; issued 57,365,948 shares at September 30, 2026 and 57,359,343 shares at June 30, 2026; outstanding 49,530,926 shares at September 30, 2026 and 49,606,583 shares at June 30, 2026	286.8	286.8
Capital in excess of par value	341.8	357.1
Reinvested earnings	2,352.3	2,199.7
Common stock in treasury (7,835,022 shares and 7,752,760 shares at September 30, 2026 and June 30, 2026, respectively), at cost	(772.5)	(595.6)
Accumulated other comprehensive loss	(25.6)	(20.4)
Total stockholders' equity	2,182.8	2,227.6
Total liabilities and stockholders' equity	$ 3,744.7	$ 3,838.3

See accompanying notes to consolidated financial statements.

CARPENTER TECHNOLOGY CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(in millions, except per share data)	Three Months Ended September 30, 2026	2025
Net sales	$ 798.2	$ 733.7
Cost of sales	541.9	517.3
Gross profit	256.3	216.4
Selling, general and administrative expenses	59.9	63.1
Operating income	196.4	153.3
Interest expense, net	7.1	11.5
Other income, net	(3.1)	(3.0)
Income before income taxes	192.4	144.8
Income tax expense	29.9	22.3
Net income	$ 162.5	$ 122.5
EARNINGS PER COMMON SHARE:		
Basic	$ 3.26	$ 2.45
Diluted	$ 3.25	$ 2.43
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
Basic	49.8	50.1
Diluted	50.0	50.4

See accompanying notes to consolidated financial statements.

CARPENTER TECHNOLOGY CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

($ in millions)	Three Months Ended September 30, 2026	2025
Net income	$ 162.5	$ 122.5
Other comprehensive (loss) income, net of tax:		
Net (loss) gain on derivative instruments, net of tax of $1.0 and $(0.1) respectively	(3.1)	0.3
Pension and postretirement benefits, net of tax of $0.2 and $(0.1) respectively	(0.7)	0.4
Foreign currency translation	(1.4)	(0.5)
Total other comprehensive (loss) income, net of tax	(5.2)	0.2
Comprehensive income, net of tax	$ 157.3	$ 122.7

See accompanying notes to consolidated financial statements.

CARPENTER TECHNOLOGY CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

($ in millions)	Three Months Ended September 30, 2026	2025
OPERATING ACTIVITIES		
Net income	$ 162.5	$ 122.5
Adjustments to reconcile net income to net cash provided from operating activities:		
Depreciation and amortization	36.6	36.0
Deferred income taxes	11.6	5.8
Net pension expense	1.5	3.6
Share-based compensation expense	6.4	5.6
Net loss on disposals of property, plant and equipment	0.3	0.3
Changes in working capital and other:		
Accounts receivable	(18.7)	(36.2)
Inventories	(61.6)	15.6
Other current assets	(13.3)	7.7
Accounts payable	24.1	(27.0)
Accrued liabilities	(88.5)	(85.9)
Pension plan contributions	(8.6)	(5.9)
Other postretirement plan contributions	(0.7)	(0.9)
Other, net	1.2	(2.0)
Net cash provided from operating activities	52.8	39.2
INVESTING ACTIVITIES		
Purchases of property, plant, equipment and software	(77.7)	(42.6)
Proceeds from disposals of property, plant and equipment	0.1	—
Net cash used for investing activities	(77.6)	(42.6)
FINANCING ACTIVITIES		
Dividends paid	(9.9)	(10.1)
Purchases of treasury stock	(133.9)	(49.1)
Proceeds from stock options exercised	0.4	0.5
Withholding tax payments on share-based compensation awards	(65.2)	(45.5)
Net cash used for financing activities	(208.6)	(104.2)
Effect of exchange rate changes on cash and cash equivalents	(0.4)	0.1
DECREASE IN CASH AND CASH EQUIVALENTS	(233.8)	(107.5)
Cash and cash equivalents at beginning of year	393.3	315.5
Cash and cash equivalents at end of period	$ 159.5	$ 208.0
SUPPLEMENTAL CASH FLOW INFORMATION:		
Noncash investing activities: Accrued purchases of property, plant, equipment and software	$ 52.1	$ 21.1

See accompanying notes to consolidated financial statements.

CARPENTER TECHNOLOGY CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2026 AND 2025
(Unaudited)

	Common Stock					
($ in millions, except per share data)	**Par Value of $5**	**Capital in Excess of Par Value**	**Reinvested Earnings**	**Common Stock in Treasury**	**Accumulated Other Comprehensive (Loss) Income**	**Total Equity**
Balances at June 30, 2026	$ 286.8	$ 357.1	$ 2,199.7	$ (595.6)	$ (20.4)	$ 2,227.6
Net income			162.5			162.5
Net loss on derivative instruments, net of tax					(3.1)	(3.1)
Pension and postretirement benefits, net of tax					(0.7)	(0.7)
Foreign currency translation					(1.4)	(1.4)
Cash dividends:						
Common @ $0.20 per share			(9.9)			(9.9)
Purchases of treasury stock				(133.9)		(133.9)
Share-based compensation plans		(15.6)		(43.0)		(58.6)
Stock options exercised	—	0.3				0.3
Balances at September 30, 2026	$ 286.8	$ 341.8	$ 2,352.3	$ (772.5)	$ (25.6)	$ 2,182.8

	Common Stock					
($ in millions, except per share data)	**Par Value of $5**	**Capital in Excess of Par Value**	**Reinvested Earnings**	**Common Stock in Treasury**	**Accumulated Other Comprehensive (Loss) Income**	**Total Equity**
Balances at June 30, 2025	$ 286.2	$ 354.3	$ 1,710.2	$ (395.8)	$ (67.9)	$ 1,887.0
Net income			122.5			122.5
Net gain on derivative instruments, net of tax					0.3	0.3
Pension and postretirement benefits, net of tax					0.4	0.4
Foreign currency translation					(0.5)	(0.5)
Cash dividends:						
Common @ $0.20 per share			(10.1)			(10.1)
Purchases of treasury stock				(49.1)		(49.1)
Share-based compensation plans		(15.3)		(23.7)		(39.0)
Stock options exercised	—	(0.3)				(0.3)
Balances at September 30, 2025	$ 286.2	$ 338.7	$ 1,822.6	$ (468.6)	$ (67.7)	$ 1,911.2

See accompanying notes to consolidated financial statements.

CARPENTER TECHNOLOGY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments, consisting of normal and recurring adjustments, considered necessary for a fair statement of the results are reflected in the interim periods presented. The June 30, 2026 consolidated balance sheet data was derived from audited financial statements but does not include all of the disclosures required by U.S. GAAP. These unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and footnotes thereto included in Carpenter Technology's Annual Report on Form 10-K for the fiscal year ended June 30, 2026 (the "2026 Form 10-K"). Operating results for the three months ended September 30, 2026, are not necessarily indicative of the operating results for any future period.

As used throughout this report, unless the context requires otherwise, the terms "Carpenter," "Carpenter Technology," the "Company," "Registrant," "Issuer," "we" and "our" refer to Carpenter Technology Corporation.

2. Recent Accounting Pronouncements

Recently Issued Accounting Pronouncements - Pending Adoption

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2024-03 Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. The guidance in this ASU improves the disclosures about a public business entity's expenses by requiring more detailed information about the types of expenses included within the income statement expense captions, such as: inventory purchases, employee compensation, depreciation and intangible asset amortization. This ASU does not change or remove current expense disclosure requirements, however, it does affect where this information appears in the notes to financial statements, as entities are required to include certain current disclosures in the same tabular format disclosure as the other disaggregation requirements in the amendments. For public business entities, the amendments in this ASU are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. ASU 2024-03 is a requirement for additional disclosure and is not expected to materially impact the consolidated financial statements. Additionally, in January 2025 the FASB issued ASU 2025-01 Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date, which clarifies the effective date for non-calendar year-end entities. This guidance is applicable for the Company's annual period ending June 30, 2028 and interim periods thereafter.

In September 2025, the FASB issued ASU 2025-06, Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. The amendments in this update make targeted improvements to increase the operability of the recognition guidance considering different methods of software development. The ASU is effective for annual reporting periods beginning after December 15, 2027, and interim periods within those annual reporting periods, with early adoption permitted. The Company is currently evaluating the potential impact of the adoption of ASU 2025-06 on its consolidated financial statements and related disclosures. This guidance is applicable for the Company's annual period ending June 30, 2029 and interim periods within that reporting period.

In November 2025, the FASB issued ASU 2025-09, Derivatives and Hedging (Topic 815) Hedge Accounting Improvements. The update provides targeted improvements intended to enhance the application of hedge accounting, including expanded eligibility of forecasted transactions, additional flexibility in measuring hedge effectiveness and clarifications related to hedging non-financial items. The guidance is effective for annual reporting periods beginning after December 15, 2026, including interim periods within those annual reporting periods. Early adoption is permitted. The Company is currently evaluating the potential impact of the adoption of ASU 2025-09 on its consolidated financial statements and related disclosures. This guidance is applicable for the Company's annual period ending June 30, 2028 and interim periods within that reporting period.

In December 2025, the FASB issued ASU 2025-12 Codification Improvements to address suggestions received from stakeholders on the Accounting Standards Codification and to make other incremental improvements to U.S. GAAP. The update represents changes to the Codification that (1) clarify, (2) correct errors or (3) make minor improvements. The amendments make the Codification easier to understand and apply. The guidance is effective for annual reporting periods beginning after December 15, 2026, including interim periods within those annual reporting periods. Early adoption is permitted. ASU 2025-12 is an update to correct, clarify and otherwise improve U.S. GAAP and is not expected to materially impact the consolidated financial statements and related disclosures. This guidance is applicable for the Company's annual period ending June 30, 2028 and interim periods within that reporting period.

Recently Issued Accounting Pronouncements - Adopted

In December 2023, the FASB issued ASU 2023-09 Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The guidance in this ASU enhances the transparency and decision functionality of income tax disclosures to provide investors information to better assess how an entity's operations and related tax risks, tax planning and operational opportunities affect its tax rate and prospects for future cash flow. The amendments in this ASU require public entities to disclose the following specific categories in the rate reconciliation by both percentages and reporting currency amounts: the effect of state and local income tax, net of federal (national) income tax, foreign tax effects, effects of changes in tax laws or rates enacted in the current period, effects of cross-border tax laws, tax credits, changes in valuation allowances, non-taxable or non-deductible items and changes in unrecognized tax benefits. The amendments in ASU 2023-09 also require public entities to provide additional information for reconciling items that meet the qualitative threshold (if the effect of those reconciling items is equal to or greater than 5 percent of the amount computed by multiplying pre-tax income (loss) by the applicable statutory income tax rate). The ASU requires reporting entities to annually disclose the year-to-date amount of income taxes paid (net of refunds received) disaggregated by federal, state and foreign localities. The Company adopted the provisions of ASU 2023-09 in the fourth quarter of fiscal year 2026. ASU 2023-09 is a requirement for additional disclosure; as such, it did not impact the consolidated financial statements other than the disclosure requirements in Note 18 of the 2026 Form 10-K.

In November 2023, the FASB issued ASU 2023-07 Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The guidance in ASU 2023-07 seeks to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The amendments in this ASU require a public entity to disclose the following: significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss; an amount for other segment items by reportable segment and a description of its composition; and the title and position of the CODM and how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources. This ASU requires public entities to provide all annual disclosures about a reportable segment's profit or loss and assets currently required by Topic 280 in interim periods. ASU 2023-07 clarifies that if the CODM uses more than one measure of a segment's profit or loss in assessing segment performance and deciding how to allocate resources, a public entity may report one or more of those additional measures of segment profit. The Company adopted the provisions of ASU 2023-07 in the fourth quarter of fiscal year 2025 and adopted the provisions for interim disclosures in the first quarter of fiscal year 2026. ASU 2023-07 is a requirement for additional disclosure; as such, it did not impact the consolidated financial statements other than the disclosure requirements in Note 15.

3. Revenue

The Company recognizes revenue in accordance with Topic 606, Revenue from Contracts. The Company applies the five-step model in the FASB's guidance, which requires the Company to: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when, or as, the Company satisfies a performance obligation.

The Company recognizes revenue when performance obligations under the terms of a customer purchase order or contract are satisfied. This occurs when control of the goods and services has transferred to the customer, which is generally determined when title, ownership and risk of loss pass to the customer, all of which occurs upon shipment or delivery of the product or the service is performed. Consignment transactions are arrangements where the Company transfers product to a customer location but retains ownership and control of such product until it is used by the customer. Revenue for consignment arrangements is recognized upon usage by the customer. Service revenue is recognized as the services are performed.

CARPENTER TECHNOLOGY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The customer purchase order or contract for goods transferred has a single performance obligation for which revenue is recognized at a point in time. The standard terms and conditions of a customer purchase order include general rights of return and product warranty provisions related to nonconforming product. Depending on the circumstances, the product is either replaced or a quality adjustment is issued. Such warranties do not represent a separate performance obligation.

Each customer purchase order or contract sets forth the transaction price for the products and services purchased under that arrangement. Some customer arrangements include variable consideration, such as volume rebates, which generally depend upon the Company's customers meeting specified performance criteria, such as a purchasing level over a period of time. The Company exercises judgment to estimate the most likely amount of variable consideration at each reporting date.

Revenue is measured as the amount of consideration the Company expects to receive in exchange for its product. The normal payment terms are 30 days. The Company has elected to use the practical expedient that permits the Company to not adjust for the effects of a significant financing component if it expects that at the contract inception, the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Amounts billed to customers for shipping and handling activities to fulfill the Company's promise to transfer the goods are included in revenues and costs incurred by the Company for the delivery of goods are classified as cost of sales in the consolidated statements of operations. Shipping terms may vary for products shipped outside the United States depending on the mode of transportation, the country where the material is shipped and any agreements made with the customers.

Contract liabilities are recognized when the Company has received consideration from a customer to transfer goods or services at a future point in time when the Company performs under the purchase order or contract. Contract liabilities were $5.1 million and $7.2 million at September 30, 2026 and June 30, 2026, respectively, and are included in accrued liabilities on the consolidated balance sheets. Revenue recognized for the three months ended September 30, 2026 and 2025 from amounts included in contract liabilities at the beginning of the period was not significant and substantially all of our contract liabilities are recognized within a twelve-month period.

The Company elected the practical expedient that permits the omission of disclosure for remaining performance obligations which are expected to be satisfied in one year or less.

Disaggregation of Revenue

The Company operates in two business segments, Specialty Alloys Operations ("SAO") and Performance Engineered Products ("PEP"). Revenue is disaggregated within these two business segments by diversified end-use markets and by geographical locations based on the location of the customer.

Comparative information of the Company's overall revenue by end-use markets for the three months ended September 30, 2026 and 2025 was as follows:

End-Use Market	Three Months Ended September 30, 2026				Three Months Ended September 30, 2025			
($ in millions)	SAO	PEP	Intersegment	Total	SAO	PEP	Intersegment	Total
Aerospace and Defense	$ 509.2	$ 26.9	$ (1.5)	$ 534.6	$ 447.0	$ 26.1	$ (2.2)	$ 470.9
Medical	56.3	24.5	(15.3)	65.5	52.9	36.2	(14.6)	74.5
Energy	43.1	3.4	—	46.5	53.9	0.8	—	54.7
Transportation	24.3	2.6	(0.1)	26.8	20.7	2.1	—	22.8
Industrial and Consumer	97.5	11.5	(6.3)	102.7	85.1	10.5	(2.7)	92.9
Distribution	—	22.2	(0.1)	22.1	—	17.9	—	17.9
Total net sales	$ 730.4	$ 91.1	$ (23.3)	$ 798.2	$ 659.6	$ 93.6	$ (19.5)	$ 733.7

CARPENTER TECHNOLOGY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Comparative information of the Company's overall revenue by geographic locations for the three months ended September 30, 2026 and 2025 was as follows:

Geographic Location (a)	Three Months Ended September 30, 2026				Three Months Ended September 30, 2025			
($ in millions)	SAO	PEP	Intersegment	Total	SAO	PEP	Intersegment	Total
United States	$ 412.9	$ 63.4	$ (11.7)	$ 464.6	$ 380.7	$ 57.8	$ (6.1)	$ 432.4
Europe	149.2	10.2	(3.9)	155.5	154.6	15.4	(3.8)	166.2
Asia Pacific	100.5	8.5	(7.7)	101.3	82.1	10.6	(9.6)	83.1
Mexico	42.2	6.6	—	48.8	19.5	5.2	0.1	24.8
Canada	16.2	1.2	—	17.4	12.9	1.5	—	14.4
Other	9.4	1.2	—	10.6	9.8	3.1	(0.1)	12.8
Total net sales	$ 730.4	$ 91.1	$ (23.3)	$ 798.2	$ 659.6	$ 93.6	$ (19.5)	$ 733.7

(a) Net sales are attributed to geographic region based on the location of the customer.

CARPENTER TECHNOLOGY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

4. Earnings per Common Share

The Company calculates basic and diluted earnings per share using the two-class method. Under the two-class method, earnings are allocated to common stock and participating securities (non-vested restricted shares and units that receive non-forfeitable dividends) according to their participation rights in dividends and undistributed earnings. The earnings available to each class of stock are divided by the weighted average number of outstanding shares for the period in each class. Diluted earnings per share assumes the issuance of common stock for all potentially dilutive share equivalents outstanding. No awards issued under share-based compensation plans were excluded from the calculations of diluted earnings per share because their effects were anti-dilutive for the three months ended September 30, 2026 and 2025.

The calculations of basic and diluted earnings per common share for the three months ended September 30, 2026 and 2025 were as follows:

	Three Months Ended September 30,	
(in millions, except per share data)	**2026**	**2025**
Net income	$ 162.5	$ 122.5
Dividends allocated to participating securities	(0.1)	—
Earnings available for common stockholders used in calculation of basic earnings per common share	$ 162.4	$ 122.5
Weighted average number of common shares outstanding, basic	49.8	50.1
Basic earnings per common share	$ 3.26	$ 2.45
Net income	$ 162.5	$ 122.5
Dividends allocated to participating securities	(0.1)	—
Earnings available for common stockholders used in calculation of diluted earnings per common share	$ 162.4	$ 122.5
Weighted average number of common shares outstanding, basic	49.8	50.1
Effect of shares issuable under share-based compensation plans	0.2	0.3
Weighted average number of common shares outstanding, diluted	50.0	50.4
Diluted earnings per common share	$ 3.25	$ 2.43

CARPENTER TECHNOLOGY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

5. Inventories

Inventories consisted of the following components as of September 30, 2026 and June 30, 2026:

($ in millions)	September 30, 2026	June 30, 2026
Raw materials and supplies	$ 201.9	$ 177.8
Work in process	538.4	493.8
Finished and purchased products	144.1	151.3
Total inventories	$ 884.4	$ 822.9

Inventories are valued at the lower of cost or market. Cost for inventories is principally determined using the last-in, first-out ("LIFO") inventory costing method. The Company values other inventory at the lower of cost or net realizable value, determined by the first-in, first-out and average cost methods. As of September 30, 2026 and June 30, 2026, $165.7 million and $162.6 million of inventory, respectively, was accounted for using a method other than the LIFO inventory costing method.

6. Accrued Liabilities

Accrued liabilities consisted of the following as of September 30, 2026 and June 30, 2026:

($ in millions)	September 30, 2026	June 30, 2026
Accrued compensation and benefits	$ 68.1	$ 148.3
Accrued taxes	9.0	7.2
Current portion of lease liabilities	8.3	8.8
Accrued income taxes	5.7	2.5
Derivative financial instruments	5.4	1.2
Contract liabilities	5.1	7.2
Accrued interest expense	3.3	13.1
Accrued pension liabilities	3.2	3.2
Accrued postretirement benefits	2.1	2.1
Other	12.0	13.0
Total accrued liabilities	$ 122.2	$ 206.6

CARPENTER TECHNOLOGY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

7. Pension and Other Postretirement Benefits

The components of the net periodic pension expense (income) related to the Company's pension and other postretirement benefits for the three months ended September 30, 2026 and 2025 were as follows:

	Three Months Ended September 30,			
	2026	2025	2026	2025
($ in millions)	Pension Plans		Other Postretirement Plans	
Service cost	$ 1.9	$ 1.7	$ 0.3	$ 0.5
Interest cost	9.3	9.3	2.4	2.4
Expected return on plan assets	(9.0)	(8.6)	(2.5)	(2.2)
Amortization of net loss (gain)	1.2	1.6	(2.1)	(1.5)
Amortization of prior service cost	—	0.4	—	—
Net pension expense (income)	$ 3.4	$ 4.4	$ (1.9)	$ (0.8)

During the three months ended September 30, 2026 and 2025, the Company made $8.6 million and $5.9 million, respectively, of cash contributions to its qualified defined benefit pension plans. The Company currently expects to make $16.9 million of required cash pension contributions to its domestic qualified defined benefit pension plans during the remainder of fiscal year 2027.

8. Debt

On November 20, 2025, the Company completed its offering and sale of $700.0 million in aggregate principal amount of 5.625% Senior Notes due 2034 (the "2034 Notes"). The 2034 Notes accrue interest at the rate of 5.625% per annum, with interest payable in cash semi-annually in arrears on March 1 and September 1, commencing March 1, 2026. The 2034 Notes will mature on March 1, 2034. The 2034 Notes are senior indebtedness of the Company, ranking equally in right of payment with all its existing and future senior indebtedness and senior to any future subordinated indebtedness. The Company used the net proceeds from the issuance of the 2034 Notes to repay, in November 2025, $400.0 million and $300.0 million in aggregate principal amount of its senior unsecured Notes due July 2028 and March 2030, respectively, including any interest and premium due thereon, thereby redeeming such notes in full.

On November 20, 2025, the Company entered into a Third Amended and Restated Credit Agreement with Bank of America, N.A., as administrative agent, swing line lender and letter of credit issuer and the other lenders, agents and arrangers party thereto (the "Credit Facility"). The Credit Facility amended and restated the Company's then existing Second Amended and Restated Credit Agreement dated as of April 14, 2023, which had been set to expire on April 12, 2028. The third amendment and restatement of the Credit Facility extended the maturity to November 20, 2030.

The Credit Facility is an unsecured revolving credit facility with a commitment of $500.0 million subject to the right, from time to time, to request an increase of the commitment not in excess of $650.0 million and provides for the issuance of letters of credit subject to a $40.0 million sub-limit. The Company has the right to voluntarily prepay and re-borrow loans, to terminate or reduce the commitments under the Credit Facility, and, subject to certain lender approvals, to join subsidiaries as subsidiary borrowers. As of September 30, 2026, the Company had $0.9 million of issued letters of credit under the Credit Facility and no short-term borrowings. The balance of $499.1 million remains available to the Company.

Interest on the borrowings under the Credit Facility accrues at variable rates which are determined based upon the Company's consolidated total leverage ratio. The applicable margin to be added to Alternative Currency Daily Rate, Alternative Currency Term Rate and Term SOFR determined loans ranges from 1.375% to 2.150% (1.625% as of September 30, 2026), and for Base Rate-determined loans, from 0.500% to 1.250% (0.750% as of September 30, 2026). The Company also pays a quarterly commitment fee ranging from 0.200% to 0.300% (0.225% as of September 30, 2026), determined based upon the consolidated total leverage ratio, of the unused portion of the commitment under the Credit Facility. In addition, the Company must pay certain letter of credit fees, ranging from 1.375% to 2.150% (1.625% as of September 30, 2026), with respect to letters of credit issued under the Credit Facility. As of September 30, 2026, the borrowing rate for the Credit Facility was 5.638%, however, the Company had no short-term borrowings.

The Company is subject to certain financial and restrictive covenants under the Credit Facility, which require the maintenance of a minimum interest coverage ratio of 3.00 to 1.00 and a consolidated net leverage ratio of no more than 3.50 to 1.00. The restrictions of these covenants (other than the financial ratio covenants) are subject to certain exceptions or threshold triggering amounts or events specified in the Credit Facility, and in some cases the restrictions may be waived by the lenders. As of September 30, 2026, the Company was in compliance with all of the covenants of the Credit Facility.

Long-term debt outstanding as of September 30, 2026 and June 30, 2026 consisted of the following:

($ in millions)	September 30, 2026	June 30, 2026
Senior unsecured notes, 5.625% due March 2034 (face value of $700.0 million at September 30, 2026)	691.0	690.7
Total debt	691.0	690.7
Less: amounts due within one year	—	—
Long-term debt, net of current portion	$ 691.0	$ 690.7

For the three months ended September 30, 2026 and 2025, interest costs totaled $10.6 million and $12.7 million, respectively, of which $3.5 million and $1.2 million, respectively, were capitalized as part of the cost of property, plant, equipment and software. The decrease in interest expense, net in the three months ended September 30, 2026, as compared to the three months ended September 30, 2025, is due to higher capitalized interest and a lower interest rate on the 2034 Notes as compared to the notes that were prepaid and redeemed in full in November 2025.

9. Contingencies and Commitments

Environmental

The Company is subject to various federal, state, local and international environmental laws and regulations relating to pollution, protection of public health and the environment, natural resource damages and occupational safety and health. Although compliance with these laws and regulations may affect the costs of the Company's operations, compliance costs to date have not been material. The Company has environmental remediation liabilities at some of its owned operating facilities and has been designated as a potentially responsible party ("PRP") with respect to certain third party Superfund waste-disposal sites and other third party-owned sites. The Company accrues amounts for environmental remediation costs that represent management's best estimate of the probable and reasonably estimable future costs related to environmental remediation.

During the three months ended September 30, 2026, the Company did not adjust the liability for environmental remediation costs. The liabilities recorded for environmental remediation costs at Superfund sites, other third party-owned sites and Carpenter-owned current or former operating facilities remaining at September 30, 2026 and June 30, 2026 were $17.3 million and $17.3 million, respectively. Additionally, the Company has been notified that it may be a PRP with respect to other Superfund sites as to which no proceedings have been instituted against the Company. Neither the exact amount of remediation costs nor the final method of their allocation among all designated PRPs at these Superfund sites have been determined. Accordingly, at this time the Company cannot reasonably estimate expected costs for such matters. The liability for future environmental remediation costs that can be reasonably estimated is evaluated by management on a quarterly basis. The Company accrues amounts for environmental remediation costs that represent management's best estimate of the probable and reasonably estimable future costs related to environmental remediation.

Estimates of the amount and timing of future costs of environmental remediation requirements are inherently imprecise because of the continuing evolution of environmental laws and regulatory requirements, the availability and application of technology, the identification of currently unknown remediation sites and the allocation of costs among the PRPs. Based upon information currently available, such future costs are not expected to have a material effect on the Company's financial position, results of operations or cash flows over the long-term. However, such costs could be material to the Company's financial position, results of operations or cash flows in a particular future quarter or year.

CARPENTER TECHNOLOGY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Other

The Company is defending various routine claims and legal actions that are incidental to its business and common to its operations, including those pertaining to product claims, commercial disputes, patent infringement, employment actions, employee benefits, compliance with domestic and foreign laws and regulations, personal injury claims and tax issues. Like many other manufacturing companies in recent years, the Company, from time to time, has been named as a defendant in lawsuits alleging personal injury as a result of exposure to chemicals and substances in the workplace such as asbestos. The Company provides for costs relating to these matters when a loss is probable and the amount of the loss is reasonably estimable. The effect of the outcome of these matters on the Company's future results of operations and liquidity cannot be predicted because any such effect depends on future results of operations and the amount and timing (both as to recording future charges to operations and cash expenditures) of the resolution of such matters. While it is not feasible to determine the outcome of these matters, management believes that the total liability from these matters will not have a material effect on the Company's financial position, results of operations or cash flows over the long-term. However, there can be no assurance that an increase in the scope of pending matters or that any future lawsuits, claims, proceedings or investigations will not be material to the Company's financial position, results of operations or cash flows in a particular future quarter or year.

10. Share Repurchase Program

In August 2026, the Company's Board of Directors authorized a share repurchase program. The program authorizes the purchase of up to $1.0 billion of the Company's outstanding common stock. The shares may be repurchased in the open market or in privately negotiated transactions. Under the terms of the share repurchase program, the Company may repurchase shares from time to time, in amounts, at prices, and at such times as the Company deems appropriate, subject to market conditions, legal requirements and other considerations. There is no stated expiration for the share repurchase program. The Company is not obligated to repurchase any specific number of shares or to do so at any particular time, and the share repurchase program may be suspended, modified or terminated at any time without prior notice. In July 2024, the Company's Board of Directors authorized a share repurchase program of up to $400.0 million of the Company's outstanding common stock. Purchases under this program were fully completed during the three months ended September 30, 2026.

During the three months ended September 30, 2026, the Company purchased 241,924 shares of its common stock on the open market for an aggregate of $133.9 million. Purchases of $118.9 million were made under the $400.0 million program. Purchases of $15.0 million were made under the $1.0 billion program, leaving $985.0 million available for future purchases as of September 30, 2026. During the three months ended September 30, 2025, the Company purchased 200,000 shares of its common stock on the open market for an aggregate of $49.1 million.

CARPENTER TECHNOLOGY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

11. Fair Value Measurements

The fair value hierarchy has three levels based on the inputs used to determine fair value. Level 1 refers to quoted prices in active markets for identical assets or liabilities. Level 2 refers to observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active or trade infrequently; or other inputs that are observable or can be corroborated by observable market data. Level 3 refers to unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs. Currently, the Company does not use Level 1 or 3 inputs.

The following tables present the Company's assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy:

September 30, 2026 ($ in millions)	Fair Value Measurements Using Input Type Level 2
Assets:	
Derivative financial instruments	$ 0.1
Liabilities:	
Derivative financial instruments	$ 5.6

June 30, 2026 ($ in millions)	Fair Value Measurements Using Input Type Level 2
Assets:	
Derivative financial instruments	$ 0.3
Liabilities:	
Derivative financial instruments	$ 1.2

The Company's derivative financial instruments have historically consisted of commodity forward contracts and foreign currency forward contracts. These instruments are measured at fair value using the market method valuation technique. The inputs to this technique utilize information related to commodity prices and foreign exchange rates published by third party leading financial news and data providers. This is observable data; however, the valuation of these instruments is not based on actual transactions for the same instruments and, as such, they are classified as Level 2. The Company's use of derivatives and hedging policies are more fully discussed in Note 12 Derivatives and Hedging Activities.

The Company has currently chosen not to elect the fair value option for any items that are not already required to be measured at fair value in accordance with U.S. GAAP.

The carrying amounts of other financial instruments not listed in the table below approximate fair value due to the short-term nature of these items. The carrying amounts and estimated fair values of the Company's financial instruments not recorded at fair value in the financial statements were as follows:

	September 30, 2026		June 30, 2026	
($ in millions)	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt	$ 691.0	$ 661.5	$ 690.7	$ 700.6
Company-owned life insurance	$ 37.8	$ 37.8	$ 38.0	$ 38.0

The fair values of long-term debt as of September 30, 2026 and June 30, 2026 were determined by using current quoted prices for the Company's existing debt arrangements that are traded infrequently and accordingly would be classified as Level 2 inputs in the fair value hierarchy.

The carrying amount of Company-owned life insurance as of September 30, 2026 and June 30, 2026 reflects cash surrender values based upon the market values of underlying securities, using Level 2 inputs, net of any outstanding policy loans. The carrying value associated with the cash surrender value of these policies is recorded in other assets in the accompanying consolidated balance sheets.

12. Derivatives and Hedging Activities

The Company, from time to time, uses commodity forwards and foreign currency forwards to manage risks generally associated with commodity price and foreign currency rate fluctuations. The following explains the various types of derivatives utilized during the three months ended September 30, 2026 and 2025, and includes a summary of the impact the derivative instruments had on the Company's financial position, results of operations and cash flows.

Cash Flow Hedging — Commodity forward contracts: The Company enters into commodity forward contracts to fix the price of a portion of anticipated future purchases of certain critical raw materials and energy to manage the risk of cash flow variability associated with volatile commodity prices. The commodity forward contracts have been designated as cash flow hedges. The qualifying hedge contracts are marked-to-market at each reporting date and any unrealized gains or losses are included in accumulated other comprehensive income (loss) ("AOCI") to the extent effective, and reclassified to cost of sales in the period during which the hedged transaction affects earnings or it becomes probable that the forecasted transaction will not occur. As of September 30, 2026, the Company had forward contracts to purchase 1.7 million pounds of certain raw materials with settlement dates through February 2028.

Cash Flow Hedging — Foreign currency forward contracts: The Company, from time to time, uses foreign currency forward contracts to hedge a portion of anticipated future purchase commitments for property, plant and equipment denominated in foreign currencies, principally the Euro, in order to offset the effect of changes in exchange rates. The qualifying hedge contracts are marked-to-market at each reporting date and any unrealized gains or losses are included in AOCI and reclassified to the cost of property, plant and equipment in the period during which the purchase transaction is completed or expensed if it becomes probable that the forecasted transaction will not occur. As of September 30, 2026 and June 30, 2026, the fair value of the outstanding foreign currency forwards designated as hedging instruments were not material.

Fair Value Hedging — Foreign currency forward contracts: The Company uses foreign currency forward contracts to protect certain short-term asset positions denominated in foreign currencies against the effect of changes in exchange rates. These positions do not qualify for hedge accounting and accordingly are marked-to-market at each reporting date through charges to other income, net. As of September 30, 2026 and June 30, 2026, the fair value of the outstanding foreign currency forwards not designated as hedging instruments and the charges to income for changes in fair value for these contracts were not material.

CARPENTER TECHNOLOGY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The fair value and location of outstanding derivative contracts recorded in the accompanying consolidated balance sheets were as follows as of September 30, 2026 and June 30, 2026:

September 30, 2026 **($ in millions)**	**Foreign Currency Contracts**	**Commodity Contracts**	**Total Derivatives**
Asset Derivatives:			
Other current assets	$ —	$ —	$ —
Other assets	—	0.1	0.1
Total asset derivatives	$ —	$ 0.1	$ 0.1
Liability Derivatives:			
Accrued liabilities	$ 0.4	$ 5.0	$ 5.4
Other liabilities	—	0.2	0.2
Total liability derivatives	$ 0.4	$ 5.2	$ 5.6

June 30, 2026 **($ in millions)**	**Foreign Currency Contracts**	**Commodity Contracts**	**Total Derivatives**
Asset Derivatives:			
Other current assets	$ 0.1	$ 0.2	$ 0.3
Other assets	—	—	—
Total asset derivatives	$ 0.1	$ 0.2	$ 0.3
Liability Derivatives:			
Accrued liabilities	$ —	$ 1.2	$ 1.2
Other liabilities	—	—	—
Total liability derivatives	$ —	$ 1.2	$ 1.2

Substantially all of the Company's derivative contracts are subject to master netting arrangements, or similar agreements with each counterparty, which provide for the option to settle contracts on a net basis when they settle on the same day and in the same currency. In addition, these arrangements provide for a net settlement of all contracts with a given counterparty in the event that the arrangement is terminated due to the occurrence of default or a termination event. The Company presents the outstanding derivative contracts on a net basis by counterparty in the consolidated balance sheets. If the Company had chosen to present the derivative contracts on a gross basis, the total asset derivatives and total liability derivatives would have remained unchanged as of September 30, 2026. If the Company had chosen to present the derivative contracts on a gross basis as of June 30, 2026, the total asset derivatives and total liability derivatives would have been $0.5 million and $1.4 million.

According to the provisions of the Company's derivative arrangements, in the event that the fair value of outstanding derivative positions with certain counterparties exceeds certain thresholds, the Company may be required to issue cash collateral to the counterparties. As of September 30, 2026 and June 30, 2026, the Company had no cash collateral held by counterparties.

The Company is exposed to credit loss in the event of nonperformance by counterparties on its derivative instruments as well as credit or performance risk with respect to its customer commitments to perform. Although nonperformance is possible, the Company does not anticipate nonperformance by any of the parties. In addition, various master netting arrangements are in place with counterparties to facilitate settlements of gains and losses on these contracts.

CARPENTER TECHNOLOGY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Cash Flow Hedges

For derivative instruments that are designated and qualify as cash flow hedges, the gain or loss on the derivative is reported as a component of AOCI and reclassified into earnings in the same period or periods during which the hedged transactions affect earnings or it becomes probable the forecasted transactions will not occur. The following is a summary of the losses related to cash flow hedges recognized during the three months ended September 30, 2026 and 2025:

	Amount of Loss Recognized in AOCI on Derivatives	
	Three Months Ended September 30,	
($ in millions)	**2026**	**2025**
Derivatives in Cash Flow Hedging Relationship:		
Commodity contracts	$ (4.8)	$ (1.1)
Foreign exchange contracts	—	(0.1)
Total	$ (4.8)	$ (1.2)

		Amount of Loss Reclassified from AOCI into Income	
		Three Months Ended September 30,	
($ in millions)	**Location of Loss Reclassified from AOCI into Income**	**2026**	**2025**
Derivatives in Cash Flow Hedging Relationship:			
Commodity contracts	Cost of Sales	$ (0.7)	$ (1.5)
Total		$ (0.7)	$ (1.5)

The following is a summary of total amounts presented in the consolidated statements of operations in which the effects of cash flow hedges are recorded during the three months ended September 30, 2026 and 2025:

	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025
($ in millions)	**Cost of Sales**	**Cost of Sales**
Total amounts presented in the consolidated statements of operations in which the effects of cash flow hedges are recorded	$ 541.9	$ 517.3
Loss on Derivatives in Cash Flow Hedging Relationship:		
Commodity contracts		
Amount of loss reclassified from AOCI to income	$ (0.7)	$ (1.5)
Total loss	$ (0.7)	$ (1.5)

The Company estimates that $3.8 million of net derivative losses included in AOCI as of September 30, 2026, will be reclassified into earnings within the next twelve months. No significant cash flow hedges were discontinued during the three months ended September 30, 2026.

CARPENTER TECHNOLOGY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

13. Other Income, Net

Other income, net consisted of the following:

($ in millions)	Three Months Ended September 30, 2026	2025
Interest income	$ (2.0)	$ (2.2)
Unrealized gains on company-owned life insurance contracts and investments held in rabbi trusts	(1.0)	(2.5)
Pension earnings, interest and deferrals	(0.7)	1.4
Foreign exchange losses	0.6	0.3
Total other income, net	$ (3.1)	$ (3.0)

14. Income Taxes

The effective tax rate used for interim periods is the estimated annual effective consolidated tax rate, based on the current estimate of full year results, except that taxes related to specific events, if any, are recorded in the interim period in which they occur. The annual effective tax rate is based upon a number of significant estimates and judgments, including the estimated annual pre-tax income, or loss, of the Company in each tax jurisdiction in which it operates, and the development of tax planning strategies during the year. In addition, the Company's tax expense or benefit can be impacted by changes in tax rates or laws, the finalization of tax audits, and other factors that cannot be predicted with certainty. As such, there can be significant volatility in interim tax provisions.

Income tax expense was $29.9 million, or 15.5 percent of income before income taxes for the three months ended September 30, 2026, as compared with income tax expense of $22.3 million, or 15.4 percent of income before income taxes for the three months ended September 30, 2025.

Income tax expense for the three months ended September 30, 2026, includes discrete tax benefits of $12.1 million attributable to employee share-based compensation. Income tax expense for the three months ended September 30, 2025, included discrete tax benefits of $10.8 million attributable to employee share-based compensation.

15. Business Segments

The Company has two reportable segments, Specialty Alloys Operations ("SAO") and Performance Engineered Products ("PEP").

The SAO segment is comprised of the Company's major premium alloy and stainless steel manufacturing operations. This includes operations performed at mills primarily in Reading and Latrobe, Pennsylvania and surrounding areas as well as South Carolina and Alabama. The combined assets of the SAO segment are managed in an integrated manner to optimize efficiency and profitability across the total system.

The PEP segment is comprised of the Company's differentiated operations. This segment includes the Dynamet titanium business, the Carpenter Additive business and the Latrobe and Mexico distribution businesses. The businesses in the PEP segment are managed with an entrepreneurial structure to promote flexibility and agility to quickly respond to market dynamics.

CARPENTER TECHNOLOGY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The Company's chief operating decision maker ("CODM") is the Chief Executive Officer. The measure of profit and loss that is used by the CODM to evaluate the performance of these operating segments is operating income. The CODM uses operating income when making decisions about allocating capital and personnel to the segments in the annual operating plan and monthly performance review processes. The CODM considers variances of actual results compared to the annual operating plan and subsequent forecasts for each segment. Operating income for each of the Company's reportable segments is comprised of the segment's net sales less directly related product costs and other operating expenses. Segment operating results exclude general corporate costs, which include executive and director compensation, and other corporate facilities and administrative expenses not allocated to the segments. Also excluded from segment operating results are items that management considers not representative of ongoing operations, such as restructuring charges and other specifically identified income or expense items. Total net sales and operating earnings by segment include intersegment sales which are generally recorded at cost-plus a specified fee for a negotiated fixed price. All significant intersegment transactions have been eliminated from each reportable segment's net sales and earnings for all periods presented.

The service cost component of the Company's net pension expense, which represents the estimated cost of future pension liabilities earned associated with active employees, is included in the operating income of the business segments. The residual net pension expense, which is comprised of the expected return on plan assets, interest costs on the projected benefit obligations of the plans and amortization of actuarial gains and losses and prior service costs is included within other income, net, excluded from the business segments.

On a consolidated basis, no single customer accounted for 10 percent or more of net sales for the three months ended September 30, 2026 or September 30, 2025. No single customer accounted for 10 percent or more of the accounts receivable outstanding as of September 30, 2026 or June 30, 2026.

CARPENTER TECHNOLOGY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

See Note 3 Revenue for comparative information of the Company's overall revenue by segment, end-use market and geographical location. The Company believes further disaggregation of revenue is impracticable. Net sales and operating income by segment for the three months ended September 30, 2026 and 2025 were as follows:

	Three Months Ended September 30, 2026			Three Months Ended September 30, 2025		
($ in millions)	**SAO**	**PEP**	**Total**	**SAO**	**PEP**	**Total**
Sales to external customers	$ 724.1	$ 74.1	$ 798.2	$ 656.1	$ 77.6	$ 733.7
Intersegment sales	6.3	17.0	23.3	3.5	16.0	19.5
Total sales	730.4	91.1	821.5	659.6	93.6	753.2
Reconciliation of sales						
Elimination of intersegment			(23.3)			(19.5)
Consolidated net sales			$ 798.2			$ 733.7
Less: (a)						
Cost of sales	485.5	78.6	564.1	458.0	78.8	536.8
Other segment items (b)	28.6	5.2	33.8	30.9	5.4	36.3
Segment operating income	216.3	7.3	223.6	170.7	9.4	180.1
Reconciliation of operating income						
Corporate costs (c)			(26.1)			(26.6)
Elimination of intersegment			(1.1)			(0.2)
Consolidated operating income			$ 196.4			$ 153.3
Other items:						
Interest expense, net			7.1			11.5
Other income, net			(3.1)			(3.0)
Income before income taxes			$ 192.4			$ 144.8

(a) The significant expense categories and amounts align with the segment-level information that is regularly provided to the CODM. Intersegment expenses are included within the amounts shown.
(b) Other segment items for each reportable segment primarily includes selling, general and administrative expenses.
(c) Corporate costs include executive and director compensation, and other corporate facilities and administrative expenses not allocated to the segments. Corporate costs also include other items that management considers not representative of ongoing operations, such as restructuring charges and other specifically identified income or expense items.

CARPENTER TECHNOLOGY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Additional data by segment for the three months ended September 30, 2026 and 2025 is as follows:

Depreciation and Amortization ($ in millions)	Three Months Ended September 30, 2026	2025
Specialty Alloys Operations	$ 30.7	$ 30.4
Performance Engineered Products	4.7	4.4
Corporate	1.2	1.2
Consolidated depreciation and amortization	$ 36.6	$ 36.0

Capital Expenditures ($ in millions)	Three Months Ended September 30, 2026	2025
Specialty Alloys Operations	$ 74.4	$ 38.9
Performance Engineered Products	2.5	3.0
Corporate	0.8	0.7
Consolidated capital expenditures	$ 77.7	$ 42.6

Total Assets ($ in millions)	September 30, 2026	June 30, 2026
Specialty Alloys Operations	$ 3,095.5	$ 2,962.0
Performance Engineered Products	398.3	400.3
Total segment assets	3,493.8	3,362.3
Corporate	261.5	491.0
Intersegment	(10.6)	(15.0)
Consolidated total assets	$ 3,744.7	$ 3,838.3

Long-lived Assets (a) ($ in millions)	September 30, 2026	June 30, 2026
United States	$ 1,534.2	$ 1,483.8
Europe	2.2	2.3
Mexico	0.9	1.0
Asia Pacific	0.4	0.4
Canada	0.3	0.4
Consolidated long-lived assets	$ 1,538.0	$ 1,487.9

(a) Long-lived assets consist primarily of property, plant, equipment and software, net.

CARPENTER TECHNOLOGY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

16. Reclassifications from Accumulated Other Comprehensive Loss

The changes in AOCI by component, net of tax, for the three months ended September 30, 2026 and 2025 were as follows:

Three Months Ended September 30, 2026 ($ in millions) (a)	Cash flow hedging items	Pension and other postretirement benefit plan items	Foreign currency items	Total
Balances at June 30, 2026	$ (3.8)	$ 21.3	$ (37.9)	$ (20.4)
Other comprehensive loss before reclassifications	(3.6)	—	(1.4)	(5.0)
Amounts reclassified from AOCI (b)	0.5	(0.7)	—	(0.2)
Total other comprehensive loss, net of tax	(3.1)	(0.7)	(1.4)	(5.2)
Balances at September 30, 2026	$ (6.9)	$ 20.6	$ (39.3)	$ (25.6)

Three Months Ended September 30, 2025 ($ in millions) (a)	Cash flow hedging items	Pension and other postretirement benefit plan items	Foreign currency items	Total
Balances at June 30, 2025	$ (4.2)	$ (27.4)	$ (36.3)	$ (67.9)
Other comprehensive loss before reclassifications	(0.9)	—	(0.5)	(1.4)
Amounts reclassified from AOCI (b)	1.2	0.4	—	1.6
Total other comprehensive income (loss), net of tax	0.3	0.4	(0.5)	0.2
Balances at September 30, 2025	$ (3.9)	$ (27.0)	$ (36.8)	$ (67.7)

(a) All amounts are net of tax. Amounts in parentheses indicate debits.
(b) See separate table below for further details.

CARPENTER TECHNOLOGY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The following is a summary of amounts reclassified from AOCI for the three months ended September 30, 2026 and 2025:

Details about AOCI Components ($ in millions) (a)	Location of loss	Amount Reclassified from AOCI Three Months Ended September 30, 2026	2025
Cash flow hedging items:			
Commodity contracts	Cost of sales	$ (0.7)	$ (1.5)
Total before tax		(0.7)	(1.5)
Tax benefit		0.2	0.3
Net of tax		$ (0.5)	$ (1.2)

Details about AOCI Components ($ in millions) (a)	Location of gain (loss)	Amount Reclassified from AOCI Three Months Ended September 30, 2026	2025
Amortization of pension and other postretirement benefit plan items:			
Net actuarial gain (loss)	(b)	$ 0.9	$ (0.1)
Prior service cost	(b)	—	(0.4)
Total before tax		0.9	(0.5)
Tax (expense) benefit		(0.2)	0.1
Net of tax		$ 0.7	$ (0.4)

(a) Amounts in parentheses indicate debits to income/loss.
(b) These AOCI components are included in the computation of net periodic pension expense (income) (see Note 7 Pension and Other Postretirement Benefits for additional details).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Background and General

We are a producer and distributor of premium specialty alloys, including titanium alloys, powder metals, stainless steels, alloy steels and tool steels. We are a recognized leader in high-performance specialty alloy materials and process solutions for critical applications in the aerospace and defense, medical, energy, transportation and industrial and consumer markets. Founded in 1889, we have evolved to become a pioneer in premium specialty alloys including nickel, cobalt, and titanium and material process capabilities that solve our customers' current and future material challenges. We primarily process basic raw materials such as nickel, cobalt, titanium, manganese, chromium, molybdenum, iron scrap and other metal alloying elements through various melting, hot forming and cold working facilities to produce finished products in the form of billet, bar, rod, wire and narrow strip in many sizes and finishes. We also produce certain metal powders and parts. Our sales are distributed directly from our production plants and distribution network as well as through independent distributors. Unlike many other specialty steel producers, we operate our own worldwide network of service and distribution centers. These service centers, located in the United States, Canada, Mexico, Europe and Asia allow us to work more closely with customers and to offer various just-in-time stocking programs.

As part of our overall business strategy, we have sought out and considered opportunities related to strategic acquisitions and joint collaborations as well as possible business unit dispositions aimed at broadening our offering to the marketplace. We have participated with other companies to explore potential terms and structures of such opportunities and expect that we will continue to evaluate these opportunities.

Our discussions below in this Item 2 are based upon the more detailed discussions about our business, operations and financial condition included in Item 7 of our 2026 Form 10-K. Our discussions here focus on our results during or as of the three month period ended September 30, 2026, and the comparable period of fiscal year 2026, and to the extent applicable, on material changes from information discussed in the 2026 Form 10-K and other important intervening developments or information that we have reported on Form 8-K. These discussions should be read in conjunction with the 2026 Form 10-K for detailed background information and with any such intervening Form 8-K.

Impact of Raw Material Prices and Product Mix

We value most of our inventory utilizing the LIFO inventory costing methodology. Under the LIFO inventory costing method, changes in the cost of raw materials and production activities are recognized in cost of sales in the current period even though these materials may have been acquired at potentially significantly different values due to the length of time from the acquisition of the raw materials to the sale of the processed finished goods to the customers. In a period of rising raw material costs, the LIFO inventory valuation normally results in higher cost of sales. Conversely, in a period of decreasing raw material costs, the LIFO inventory valuation normally results in lower cost of sales.

The volatility of the costs of raw materials has impacted our operations over the past several years. We, and others in our industry, generally have been able to pass cost increases on major raw materials through to our customers using surcharges that are structured to recover increases in raw material costs including the impact of tariffs. Generally, the formula used to calculate a surcharge is based on published prices of the respective raw materials for the previous month which correlates to the prices we pay for our raw material purchases. However, a portion of our surcharges to customers may be calculated using a different surcharge formula or may be based on the raw material prices at the time of order, which creates a lag between surcharge revenue and corresponding raw material costs recognized in cost of sales. The surcharge mechanism protects our net income on such sales except for the lag effect discussed above. However, surcharges have had a dilutive effect on our gross margin and operating margin percentages as described later in this report.

During the three months ended September 30, 2026, approximately 43 percent of our net sales were sales to customers under firm price sales arrangements. Firm price sales arrangements involve a risk of profit margin fluctuations, particularly when raw material prices are volatile. In order to reduce the risk of fluctuating profit margins on these sales, we may enter into commodity forward contracts to purchase certain critical raw materials necessary to produce the related products sold. Firm price sales arrangements generally include certain annual purchasing commitments and consumption schedules agreed to by the customers at selling prices based on raw material prices at the time the arrangements are established. If a customer fails to meet the volume commitments (or the consumption schedule deviates from the agreed-upon terms of the firm price sales arrangements), we may need to absorb the gains or losses associated with the commodity forward contracts on a temporary basis. Gains or losses associated with commodity forward contracts are reclassified to earnings (loss) when earnings are impacted by the hedged transaction. Because we value most of our inventory under the LIFO costing methodology, changes in the cost of raw materials and production activities are recognized in cost of sales in the current period attempting to match the most recently incurred costs with revenues. Gains and/or losses on the commodity forward contracts are reclassified from accumulated other comprehensive income (loss) together with the actual purchase price of the underlying commodities when the underlying commodities are purchased and recorded in inventory. To the extent that the total purchase price of the commodities, inclusive of the gains or losses on the commodity forward contracts, are higher or lower relative to the beginning of year costs, our cost of goods sold reflects such amounts. Accordingly, the gains and/or losses associated with commodity forward contracts may not impact the same period that the firm price sales arrangements revenue is recognized, and comparisons of gross profit from period to period may be impacted. These firm price sales arrangements are expected to continue as we look to strengthen our long-term customer relationships by expanding, renewing and, in certain cases, extending to a longer term, our customer arrangements.

We produce hundreds of grades of materials, with a wide range of pricing and profit levels depending on the grade. In addition, our product mix within a period is subject to the fluctuating order patterns of our customers as well as decisions we may make on participation in certain products based on available capacity, including the impacts of capacity commitments we may have under existing customer agreements. While we expect to see positive contribution from a more favorable product mix in our margin performance over time, the impact by period may fluctuate and period-to-period comparisons may vary.

Net Pension Expense

Net pension expense, as we define it below, includes the net periodic benefit costs related to both our pension and other postretirement plans. The net periodic benefit costs are determined annually based on beginning of year balances and are recorded ratably throughout the fiscal year, unless a significant re-measurement event occurs. We currently expect the total net pension expense for fiscal year 2027 will be $5.9 million as compared with total net pension expense of $14.6 million in fiscal year 2026. The lower expected expense for fiscal year 2027 reflects higher plan assets and a higher expected return on plan assets compared to fiscal year 2026.

The following is the net pension expense for the three months ended September 30, 2026 and September 30, 2025:

	Three Months Ended September 30,	
($ in millions)	**2026**	**2025**
Pension plans	$ 3.4	$ 4.4
Other postretirement plans	(1.9)	(0.8)
Net pension expense	$ 1.5	$ 3.6

The service cost component of net pension expense represents the estimated cost of future pension liabilities earned associated with active employees. The pension earnings, interest and deferrals is comprised of the expected return on plan assets, interest costs on the projected benefit obligations of the plans and amortization of actuarial gains and losses and prior service costs and benefits.

Net pension expense is recorded in accounts that are included in cost of sales, selling, general and administrative expenses and other income, net, based on the function of the associated employees and nature of expense. The following is a summary of the classification of net pension expense for the three months ended September 30, 2026 and 2025:

	Three Months Ended September 30,	
($ in millions)	**2026**	**2025**
Service cost included in Cost of sales	$ 1.9	$ 1.9
Service cost included in Selling, general and administrative expenses	0.3	0.3
Pension earnings, interest and deferrals included in Other income, net	(0.7)	1.4
Net pension expense	$ 1.5	$ 3.6

As of September 30, 2026 and June 30, 2026, service cost amounts related to the net pension expense capitalized in gross inventory were $1.1 million and $1.0 million, respectively.

Operating Performance Overview and Outlook

In the quarter ended September 30, 2026, we reported operating income of $196.4 million compared to $153.3 million in the quarter ended September 30, 2025. The results for the quarter ended September 30, 2026, represent an increase of 28 percent over the quarter ended September 30, 2025, establishing a strong foundation for the rest of the fiscal year. The SAO segment realized $216.3 million of operating income with an operating margin of 29.6 percent, or adjusted operating margin of 37.7 percent. This compares to $170.7 million of operating income with an operating margin of 25.9 percent, or adjusted operating margin of 32.0 percent, during the quarter ended September 30, 2025. The SAO margin expansion was driven by productivity improvements, mix management and the benefits of pricing actions. These factors enabled SAO to deliver its strongest first quarter operating performance to date.

The strong operating performance was accompanied by an increase in operating cash flow, reflecting higher earnings partially offset by changes in working capital, primarily inventory in the three months ended September 30, 2026. We generated $52.8 million of cash from operating activities in the three months ended September 30, 2026, as compared to $39.2 million in the three months ended September 30, 2025. Free cash flow was negative $24.8 million in the three months ended September 30, 2026, as compared with negative $3.4 million in the three months ended September 30, 2025. The unfavorable change in free cash flow reflects increased capital expenditures, namely from the brownfield expansion compared to the three months ended September 30, 2025. With a strong balance sheet and meaningful cash generation from operations, we will continue to take a balanced approach to capital allocation: sustaining our current asset base to achieve our targets, returning cash to stockholders through our stock buyback and dividend programs and investing in incremental growth initiatives, including the brownfield expansion project. During the three months ended September 30, 2026, we repurchased 241,924 shares of our common stock on the open market for an aggregate of $133.9 million. Additionally, we funded dividend payments of $9.9 million.

We continue to closely monitor the evolving conflict among the United States, Israel and Iran and its impact to the end-use markets we serve. We also continue to monitor the ongoing tariff changes and engage with our customers and suppliers to analyze how these items could impact our business. We, as well as others in our industry, have established long-standing surcharge mechanisms to pass through changes in raw material prices to our customers. We have in the past used and plan to continue using these surcharge mechanisms to pass through the impact of any incremental tariffs on our raw material costs to our customers. As such, at this time and based on current information, we believe these items will not have a material impact on the Company.

Results of Operations — Three Months Ended September 30, 2026 vs. Three Months Ended September 30, 2025

For the three months ended September 30, 2026, we reported net income of $162.5 million, or $3.25 earnings per diluted share. This compares with net income for the three months ended September 30, 2025, of $122.5 million, or $2.43 earnings per diluted share. The results for the three months ended September 30, 2026, reflect strengthening demand, productivity improvements, mix management and the benefits of pricing actions compared to the three months ended September 30, 2025.

Net Sales

Net sales for the three months ended September 30, 2026, were $798.2 million, which is a 9 percent increase over the three months ended September 30, 2025. Excluding surcharge revenue, sales increased 5 percent from the three months ended September 30, 2025. The results excluding surcharge revenue primarily reflect the impact of price increases and stronger product demand for materials used in the end-use markets of Aerospace and Defense and Industrial and Consumer during the three months ended September 30, 2026, compared to the three months ended September 30, 2025. Excluding surcharge revenue, sales in the Aerospace and Defense end-use market increased 10 percent compared to the three months ended September 30, 2025.

Geographically, domestic net sales increased 7 percent from the three months ended September 30, 2025, to $464.6 million. Excluding surcharge revenue, domestic sales increased 4 percent from the three months ended September 30, 2025, driven by higher sales in the Aerospace and Defense and Industrial and Consumer end-use markets. Sales outside the United States increased 11 percent from the three months ended September 30, 2025, to $333.6 million for the three months ended September 30, 2026. Excluding surcharge revenue, sales outside the United States increased 7 percent from the three months ended September 30, 2025. This reflects higher sales in the Aerospace and Defense end-use market in all regions partially offset by lower sales in the Energy end-use market in the European region and lower sales in the Medical end-use market in all regions compared to the three months ended September 30, 2025. A portion of our sales outside the United States are denominated in foreign currencies. Fluctuations in foreign currency exchange rates had minimal impact on net sales during the three months ended September 30, 2026, compared to the three months ended September 30, 2025. Net sales outside the United States represented 42 percent and 41 percent of net sales for the three months ended September 30, 2026 and 2025, respectively.

Sales by End-Use Markets

We sell to customers across diversified end-use markets. We believe that disclosing net sales by end-use markets is helpful supplemental information in analyzing the performance of the business from period to period. The following table includes comparative information for our net sales, which includes surcharge revenue, by principal end-use markets:

($ in millions)	Three Months Ended September 30, 2026	2025	$ Increase (Decrease)	% Increase (Decrease)
Aerospace and Defense	$ 534.6	$ 470.9	$ 63.7	14 %
Medical	65.5	74.5	(9.0)	(12)%
Energy	46.5	54.7	(8.2)	(15)%
Transportation	26.8	22.8	4.0	18 %
Industrial and Consumer	102.7	92.9	9.8	11 %
Distribution	22.1	17.9	4.2	23 %
Total net sales	$ 798.2	$ 733.7	$ 64.5	9 %

The following table includes comparative information for our net sales by the same principal end-use markets, but excluding surcharge revenue:

($ in millions)	Three Months Ended September 30, 2026	2025	$ Increase (Decrease)	% Increase (Decrease)
Aerospace and Defense	$ 425.4	$ 388.3	$ 37.1	10 %
Medical	51.7	61.6	(9.9)	(16)%
Energy	32.9	42.5	(9.6)	(23)%
Transportation	19.8	17.9	1.9	11 %
Industrial and Consumer	83.2	75.0	8.2	11 %
Distribution	21.8	17.8	4.0	22 %
Total net sales excluding surcharge revenue	$ 634.8	$ 603.1	$ 31.7	5 %

Aerospace and Defense end-use market sales increased 14 percent from the three months ended September 30, 2025, to $534.6 million. Excluding surcharge revenue, sales increased 10 percent from the three months ended September 30, 2025. The results for the three months ended September 30, 2026, reflect double-digit increases in the Aerospace engine, fastener and structural sub-markets driven by increasing build rates and the need to maintain aging fleets.

Medical end-use market sales decreased 12 percent from the three months ended September 30, 2025, to $65.5 million. Excluding surcharge revenue, sales decreased 16 percent from the three months ended September 30, 2025. For the three months ended September 30, 2026, results reflect lower shipments as a result of the medical supply chain managing inventory levels closely, partially offset by share gains in the orthopedic sub-market compared to the three months ended September 30, 2025.

Energy end-use market sales of $46.5 million in the three months ended September 30, 2026, reflect a 15 percent decrease from the three months ended September 30, 2025. Excluding surcharge revenue, sales decreased 23 percent from the three months ended September 30, 2025. The results reflect lower sales in both the power generation and oil and gas sub-markets compared to the three months ended September 30, 2025.

Transportation end-use market sales increased 18 percent from the three months ended September 30, 2025, to $26.8 million. Excluding surcharge revenue, sales increased 11 percent from the three months ended September 30, 2025. The results reflect stronger production rates for light, medium and heavy-duty vehicles compared to the three months ended September 30, 2025.

Industrial and Consumer end-use market sales increased 11 percent from the three months ended September 30, 2025, to $102.7 million. Excluding surcharge revenue, sales increased 11 percent from the three months ended September 30, 2025. The results reflect higher demand across many Industrial sub-markets, including semiconductor and fluid control materials, partially offset by lower demand for consumer electronics materials compared to the three months ended September 30, 2025.

Gross Profit

Our gross profit in the three months ended September 30, 2026, increased to $256.3 million, or 32.1 percent of net sales, as compared with $216.4 million, or 29.5 percent of net sales in the three months ended September 30, 2025. Excluding the impact of surcharge revenue, our adjusted gross margin in the three months ended September 30, 2026, was 40.4 percent as compared to 35.9 percent in the three months ended September 30, 2025. The increased gross profit for the three months ended September 30, 2026, reflects a combination of higher demand in the Aerospace and Defense and Industrial and Consumer end-use markets, productivity improvements, mix management and the benefits of pricing actions compared to the three months ended September 30, 2025.

Our surcharge mechanism is structured to recover increases in raw material costs, although in certain cases with a lag effect as discussed above. While the surcharge generally protects the absolute gross profit dollars, it does have a dilutive effect on gross margin as a percent of sales. We present and discuss these financial measures because management believes removing the impact of this item provides a more consistent and meaningful basis for comparing results of operations from period to period. See the section "Non-GAAP Financial Measures" below for further discussion of these financial measures. The following represents a summary of the dilutive impact of the surcharge on gross margin.

	Three Months Ended September 30,	
($ in millions)	**2026**	**2025**
Net sales	$ 798.2	$ 733.7
Less: surcharge revenue	163.4	130.6
Net sales excluding surcharge revenue	$ 634.8	$ 603.1
Gross profit	$ 256.3	$ 216.4
Gross margin	32.1 %	29.5 %
Gross margin excluding surcharge revenue	40.4 %	35.9 %

Selling, General and Administrative Expenses

Selling, general and administrative expenses in the three months ended September 30, 2026, were $59.9 million or 7.5 percent of net sales (9.4 percent of net sales excluding surcharge) as compared with $63.1 million or 8.6 percent of net sales (10.5 percent of net sales excluding surcharge) in the three months ended September 30, 2025. The selling, general and administrative expenses for the three months ended September 30, 2026, reflect lower variable compensation costs compared to the three months ended September 30, 2025.

Operating Income

Our operating income in the three months ended September 30, 2026, was $196.4 million, or 24.6 percent of net sales, as compared with operating income of $153.3 million, or 20.9 percent of net sales, in the three months ended September 30, 2025. Excluding surcharge revenue, adjusted operating margin was 30.9 percent for the three months ended September 30, 2026, as compared with 25.4 percent for the three months ended September 30, 2025. The operating results for the three months ended September 30, 2026, reflect a combination of higher demand in the Aerospace and Defense and Industrial and Consumer end-use markets, productivity improvements, mix management and the benefits of pricing actions compared to the three months ended September 30, 2025.

The following presents our operating income and operating margin, in each case excluding the impact of surcharge revenue on net sales. We present and discuss these financial measures because management believes removing the impact of these items provides a more consistent and meaningful basis for comparing ongoing results of operations from period to period. See the section "Non-GAAP Financial Measures" below for further discussion of these financial measures.

	Three Months Ended September 30,	
($ in millions)	**2026**	**2025**
Net sales	$ 798.2	$ 733.7
Less: surcharge revenue	163.4	130.6
Net sales excluding surcharge revenue	$ 634.8	$ 603.1
Operating income	$ 196.4	$ 153.3
Operating margin	24.6 %	20.9 %
Adjusted operating margin excluding surcharge revenue	30.9 %	25.4 %

Interest Expense, Net

Interest expense, net for the three months ended September 30, 2026, was $7.1 million compared with $11.5 million in the three months ended September 30, 2025. Capitalized interest reduced interest expense by $3.5 million for the three months ended September 30, 2026, and $1.2 million for the three months ended September 30, 2025. The decrease in interest expense, net in the three months ended September 30, 2026, is due to higher capitalized interest and a lower interest rate on the 2034 Notes as compared to the notes that were prepaid and redeemed in full in November 2025.

Other Income, Net

Other income, net for the three months ended September 30, 2026, was $3.1 million as compared with $3.0 million of other income, net for the three months ended September 30, 2025. The three months ended September 30, 2026, reflect $0.7 million of income from pension earnings, interest and deferrals compared to $1.4 million of expense in the three months ended September 30, 2025, driven primarily by greater expected returns on plan assets during fiscal year 2027.

Income Taxes

Income tax expense was $29.9 million, or 15.5 percent of income before income taxes for the three months ended September 30, 2026, as compared with income tax expense of $22.3 million, or 15.4 percent of income before income taxes for the three months ended September 30, 2025.

Income tax expense for the three months ended September 30, 2026, includes discrete tax benefits of $12.1 million attributable to employee share-based compensation. Income tax expense for the three months ended September 30, 2025 included discrete tax benefits of $10.8 million attributable to employee share-based compensation.

The One Big Beautiful Bill Act ("OBBBA") was signed into law on July 4, 2025. The provisions of the OBBBA have varying effective dates. The OBBBA allows an elective deduction for domestic research and development expenses, a reinstatement of elective 100 percent first-year bonus depreciation and modifies the tax rates on Foreign-Derived Deduction Eligible Income and income from non-U.S. subsidiaries (Net CFC Tested Income), among other provisions. The impact of the provisions in the OBBBA are dependent on our facts in each fiscal year and guidance from the Internal Revenue Service; however, they have not had a material impact on our effective tax rate.

On October 8, 2021, the Organization for Economic Co-operation and Development ("OECD") released a statement on the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting, which agreed to a two-pillar solution to address tax challenges of the digital economy. On December 20, 2021, the OECD released Pillar Two model rules defining a 15 percent global minimum tax rate for large multinational corporations. The OECD continues to release additional guidance and countries are implementing legislation with widespread adoption of the Pillar Two Framework. In June 2025, the U.S. and the G-7 countries announced the intention to reach an agreement that would exempt U.S. parented multinationals from certain of the Pillar Two rules. In January 2026 additional guidance, the "Side-by-Side Package," was released. We are currently evaluating the guidance. The Pillar Two Framework as it exists today does not have a significant impact on our financial position, results of operations or cash flows.

Business Segment Results

Summary information about our operating results on a segment basis is set forth below. We have two reportable business segments: SAO and PEP. For more detailed segment information, see Note 15 of the Notes to Consolidated Financial Statements included in Item 1.

The following table includes comparative information for our net sales by business segment:

Net sales ($ in millions)	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025	$ Increase (Decrease)	% Increase (Decrease)
Specialty Alloys Operations	$ 730.4	$ 659.6	$ 70.8	11 %
Performance Engineered Products	91.1	93.6	(2.5)	(3)%
Intersegment	(23.3)	(19.5)	(3.8)	(19)%
Total net sales	$ 798.2	$ 733.7	$ 64.5	9 %

The following table includes comparative information for our net sales by business segment, but excluding surcharge revenue:

Net sales excluding surcharge revenue ($ in millions)	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025	$ Increase (Decrease)	% Increase (Decrease)
Specialty Alloys Operations	$ 573.5	$ 533.9	$ 39.6	7 %
Performance Engineered Products	83.0	87.2	(4.2)	(5)%
Intersegment	(21.7)	(18.0)	(3.7)	(21)%
Total net sales excluding surcharge revenue	$ 634.8	$ 603.1	$ 31.7	5 %

The following presents our operating margin excluding the impact of surcharge revenue on net sales for our SAO segment:

Specialty Alloys Operations ($ in millions)	Three Months Ended September 30, 2026	2025
Net sales	$ 730.4	$ 659.6
Less: surcharge revenue	156.9	125.7
Net sales excluding surcharge revenue	$ 573.5	$ 533.9
Operating income	$ 216.3	$ 170.7
Operating margin	29.6 %	25.9 %
Adjusted operating margin excluding surcharge revenue	37.7 %	32.0 %

The following presents our operating margin excluding the impact of surcharge revenue on net sales for our PEP segment:

Performance Engineered Products ($ in millions)	Three Months Ended September 30, 2026	2025
Net sales	$ 91.1	$ 93.6
Less: surcharge revenue	8.1	6.4
Net sales excluding surcharge revenue	$ 83.0	$ 87.2
Operating income	$ 7.3	$ 9.4
Operating margin	8.0 %	10.0 %
Adjusted operating margin excluding surcharge revenue	8.8 %	10.8 %

Specialty Alloys Operations Segment

Net sales for the three months ended September 30, 2026, for the SAO segment increased 11 percent to $730.4 million, as compared with $659.6 million in the three months ended September 30, 2025. Excluding surcharge revenue, net sales for the three months ended September 30, 2026 increased 7 percent compared to the three months ended September 30, 2025. The higher sales are driven by increased demand in the Aerospace and Defense and Industrial and Consumer end-use markets compared to the three months ended September 30, 2025.

Operating income for the SAO segment was $216.3 million or 29.6 percent of net sales (37.7 percent of net sales excluding surcharge revenue) in the three months ended September 30, 2026, as compared with operating income of $170.7 million or 25.9 percent of net sales (32.0 percent of net sales excluding surcharge revenue) in the three months ended September 30, 2025. The operating income for the three months ended September 30, 2026, reflects a combination of productivity improvements, mix management and the benefits of pricing actions compared to the three months ended September 30, 2025.

Performance Engineered Products Segment

Net sales for the three months ended September 30, 2026, for the PEP segment decreased 3 percent to $91.1 million, as compared with $93.6 million in the three months ended September 30, 2025. Excluding surcharge revenue, net sales for the three months ended September 30, 2026, decreased 5 percent compared to the three months ended September 30, 2025. The current quarter results reflect lower sales in the Medical end-use market partially offset by growth in the Energy and Distribution end-use markets.

Operating income for the PEP segment was $7.3 million or 8.0 percent of net sales (8.8 percent of net sales excluding surcharge revenue) in the three months ended September 30, 2026, compared with operating income of $9.4 million or 10.0 percent of net sales (10.8 percent of net sales excluding surcharge revenue) in the three months ended September 30, 2025. The results for the three months ended September 30, 2026, reflect a reduction in Medical end-use market sales in Titanium partially offset by improving profitability in Additive compared to the three months ended September 30, 2025.

Liquidity and Financial Resources

During the three months ended September 30, 2026, we generated cash from operating activities of $52.8 million as compared to $39.2 million in the three months ended September 30, 2025. Our free cash flow, which we define under "Non-GAAP Financial Measures" below, was negative $24.8 million in the three months ended September 30, 2026, as compared to negative $3.4 million for the three months ended September 30, 2025. The improvement in cash from operating activities for the three months ended September 30, 2026, reflects higher earnings partially offset by changes in working capital, primarily inventory, compared to the three months ended September 30, 2025. Cash used to build inventory was $61.6 million in the three months ended September 30, 2026, compared to $15.6 million of cash generated from inventory in the three months ended September 30, 2025. The unfavorable change in free cash flow reflects increased capital expenditures compared to the prior year period, namely from the brownfield expansion in Athens, Alabama.

Capital expenditures for property, plant, equipment and software were $77.7 million for the three months ended September 30, 2026, as compared to $42.6 million for the three months ended September 30, 2025. In fiscal year 2027, we expect capital expenditures, including the brownfield expansion, to be in the range of $355.0 million to $375.0 million.

We evaluate liquidity needs for alternative uses including funding external growth opportunities, share repurchases as well as funding consistent dividend payments to stockholders. Dividends for the three months ended September 30, 2026, were $9.9 million as compared to $10.1 million in the three months ended September 30, 2025. In the three months ended September 30, 2026 and 2025 we declared and paid quarterly dividends of $0.20 per share. Additionally, we will discretionarily use excess cash for a share repurchase program up to $1.0 billion of our outstanding common stock. During the three months ended September 30, 2026, we repurchased 241,924 shares of our common stock on the open market for an aggregate of $133.9 million. During the three months ended September 30, 2025, we repurchased 200,000 shares for an aggregate of $49.1 million. As of September 30, 2026, $985.0 million remains available for future purchases under the $1.0 billion share repurchase program.

During the three months ended September 30, 2026, we made pension contributions of $8.6 million to our qualified defined benefit pension plans. We currently expect to make required contributions of $16.9 million to our domestic qualified defined benefit pension plans during the remainder of fiscal year 2027.

We have demonstrated the ability to generate cash to meet our needs through cash flows from operations, management of working capital and the ability to access capital markets to supplement internally generated funds. We anticipate that we will continue to do so for the next twelve months and thereafter for the foreseeable future. We target minimum liquidity of $150.0 million, consisting of cash and cash equivalents added to available borrowing capacity under our Credit Facility.

On November 20, 2025, we entered into the Credit Facility with Bank of America, N.A., as administrative agent, swing line lender and letter of credit issuer and the other lenders, agents and arrangers party thereto. The Credit Facility amended and restated our then existing Second Amended and Restated Credit Agreement dated as of April 14, 2023, which had been set to expire on April 12, 2028. The third amendment and restatement of the Credit Facility extended the maturity to November 20, 2030.

The Credit Facility is an unsecured revolving credit facility with a commitment of $500.0 million subject to the right, from time to time, to request an increase of the commitment not in excess of $650.0 million and provides for the issuance of letters of credit subject to a $40.0 million sub-limit. We have the right to voluntarily prepay and re-borrow loans, to terminate or reduce the commitments under the Credit Facility, and, subject to certain lender approvals, to join subsidiaries as subsidiary borrowers. As of September 30, 2026, the borrowing rate for the Credit Facility was 5.638%, however, we had no short-term borrowings. As of September 30, 2026, we had $0.9 million of issued letters of credit under the Credit Facility and the balance of the Credit Facility, $499.1 million, remains available to us.

We believe that our total liquidity of $658.6 million as of September 30, 2026, which includes total cash and cash equivalents of $159.5 million and available borrowing capacity of $499.1 million under the Credit Facility, will be sufficient to fund our cash needs over the foreseeable future.

As of September 30, 2026, we had cash and cash equivalents of $55.4 million held at various foreign subsidiaries. Our global cash deployment considers, among other things, the geographic and institutional location of our subsidiaries' cash balances, the locations of our anticipated liquidity needs and the cost to access international cash balances, as necessary. During the three months ended September 30, 2026, we repatriated no cash from foreign jurisdictions. From time to time, we may make short-term intercompany borrowings against our cash held outside the United States in order to reduce or eliminate any required borrowing under our Credit Facility.

We are subject to certain financial and restrictive covenants under the Credit Facility which require the maintenance of a minimum interest coverage ratio of 3.00 to 1.00 and a consolidated net leverage ratio of no more than 3.50 to 1.00. The restrictions of these covenants (other than the financial ratio covenants) are subject to certain exceptions or threshold triggering amounts or events specified in the Credit Facility, and in some cases the restrictions may be waived by the lenders. As of September 30, 2026, we were in compliance with all of the covenants of the Credit Facility.

The following table shows our actual ratio performance with respect to the financial covenants as of September 30, 2026:

Covenant	Covenant Requirement	Actual Ratio
Consolidated interest coverage ratio	3.00 to 1.00 (minimum)	27.79 to 1.00
Consolidated net leverage ratio	3.50 to 1.00 (maximum)	0.59 to 1.00

To the extent that we do not comply with the current or modified covenants under the Credit Facility, this could reduce our liquidity and flexibility due to potential restrictions on borrowings available to us unless we are able to obtain waivers or modifications of the covenants.

Non-GAAP Financial Measures

The following provides additional information regarding certain non-GAAP financial measures that we use in this report. Our definitions and calculations of these items may not necessarily be the same as those used by other companies.

Net Sales and Gross Margin Excluding Surcharge Revenue

This report includes discussions of net sales as adjusted to exclude the impact of raw material surcharge and the resulting impact on gross margin, which represent financial measures that have not been determined in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). We present and discuss these financial measures because management believes removing the impact of raw material surcharge from net sales provides a more consistent basis for comparing results of operations from period to period for the reasons discussed earlier in this report. Management uses its results excluding these amounts to evaluate its operating performance and to discuss its business with investment institutions, our Board of Directors and others. See our earlier discussion of "Gross Profit" for a reconciliation of net sales and gross margin, excluding surcharge revenue, to net sales as determined in accordance with U.S. GAAP. Net sales and gross margin excluding surcharge revenue are not U.S. GAAP financial measures and should not be considered in isolation of, or as a substitute for, net sales and gross margin calculated in accordance with U.S. GAAP.

Adjusted Operating Margin Excluding Surcharge Revenue

This report includes discussions of operating margin as adjusted to exclude the impact of raw material surcharge revenue. We present and discuss this financial measure because management believes removing the impact of raw material surcharge from net sales provides a more consistent and meaningful basis for comparing results of operations from period to period for the reasons discussed earlier in this report. Management uses its results excluding these amounts to evaluate its operating performance and to discuss its business with investment institutions, our Board of Directors and others. See our earlier discussion of operating income for a reconciliation of operating income and operating margin excluding surcharge revenue to operating income and operating margin determined in accordance with U.S. GAAP. Operating margin excluding surcharge revenue is not a U.S. GAAP financial measure and should not be considered in isolation of, or as a substitute for, operating margin calculated in accordance with U.S. GAAP.

Free Cash Flow

This report includes discussions of free cash flow, which is a non-GAAP financial measure and may not be comparable to free cash flow reported by other companies. The following provides a reconciliation of free cash flow, as used in this report, to its most directly comparable U.S. GAAP financial measure:

	Three Months Ended September 30,	
($ in millions)	**2026**	**2025**
Net cash provided from operating activities	$ 52.8	$ 39.2
Purchases of property, plant, equipment and software	(77.7)	(42.6)
Proceeds from disposals of property, plant and equipment	0.1	—
Free cash flow	$ (24.8)	$ (3.4)

Management believes that the presentation of free cash flow provides useful information to investors regarding our financial condition because it is a measure of cash generated which management evaluates for alternative uses. It is management's current intention to use excess cash to fund investments in capital equipment, acquisition opportunities and consistent dividend payments. Additionally, we will discretionarily use excess cash for an approved share repurchase program up to $1.0 billion of our outstanding common stock. Free cash flow is not a U.S. GAAP financial measure and should not be considered in isolation of, or as a substitute for, cash flows calculated in accordance with U.S. GAAP.

Contingencies

Environmental

We are subject to various federal, state, local and international environmental laws and regulations relating to pollution, protection of public health and the environment, natural resource damages and occupational safety and health. Although compliance with these laws and regulations may affect the costs of our operations, compliance costs to date have not been material. We have environmental remediation liabilities at some of our owned operating facilities and have been designated as a PRP with respect to certain third party Superfund waste-disposal sites and other third party-owned sites. We accrue amounts for environmental remediation costs that represent our best estimate of the probable and reasonably estimable future costs related to environmental remediation.

During the three months ended September 30, 2026, we did not adjust the liability for environmental remediation costs. The liabilities recorded for environmental remediation costs at Superfund sites, other third party-owned sites and Carpenter-owned current or former operating facilities remaining at September 30, 2026 and June 30, 2026 were $17.3 million and $17.3 million, respectively. Additionally, we have been notified that we may be a PRP with respect to other Superfund sites as to which no proceedings have been instituted against us. Neither the exact amount of remediation costs nor the final method of their allocation among all designated PRPs at these Superfund sites have been determined. Accordingly, at this time, we cannot reasonably estimate expected costs for such matters. The liability for future environmental remediation costs that can be reasonably estimated is evaluated on a quarterly basis.

Estimates of the amount and timing of future costs of environmental remediation requirements are inherently imprecise because of the continuing evolution of environmental laws and regulatory requirements, the availability and application of technology, the identification of currently unknown remediation sites and the allocation of costs among the PRPs. Based upon information currently available, such future costs are not expected to have a material effect on our financial position, results of operations or cash flows over the long-term. However, such costs could be material to our financial position, results of operations or cash flows in a particular future quarter or year.

Other

We are defending various routine claims and legal actions that are incidental to our business, and that are common to our operations, including those pertaining to product claims, commercial disputes, patent infringement, employment actions, employee benefits, compliance with domestic and foreign laws and regulations, personal injury claims and tax issues. Like many other manufacturing companies in recent years we, from time to time, have been named as a defendant in lawsuits alleging personal injury as a result of exposure to chemicals and substances in the workplace such as asbestos. We provide for costs relating to these matters when a loss is probable and the amount of the loss is reasonably estimable. The effect of the outcome of these matters on our future results of operations and liquidity cannot be predicted because any such effect depends on future results of operations and the amount and timing (both as to recording future charges to operations and cash expenditures) of the resolution of such matters. While it is not feasible to determine the outcome of these matters, we believe that the total liability from these matters will not have a material effect on our financial position, results of operations or cash flows over the long-term. However, there can be no assurance that an increase in the scope of pending matters or that any future lawsuits, claims, proceedings or investigations will not be material to our financial position, results of operations or cash flows in a particular future quarter or year.

Critical Accounting Policies and Estimates

A summary of other significant accounting policies is discussed in our 2026 Form 10-K Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations," and in Note 1, Summary of Significant Accounting Policies, of the Notes to Consolidated Financial Statements included in Part II, Item 8 thereto.

Long-Lived Assets

Long-lived assets are reviewed for impairment and written down to fair value whenever events or changes in circumstances indicate that the carrying value may not be recoverable through estimated future undiscounted cash flows. The amount of the impairment loss is the excess of the carrying amount of the impaired assets over the fair value of the assets based upon estimated future discounted cash flows. We evaluate long-lived assets for impairment by individual business unit. Changes in estimated cash flows could have a significant impact on whether or not an asset is impaired and the amount of the impairment.

Goodwill

Goodwill is not amortized but instead is tested at least annually for impairment as of June 1, or more frequently if events or circumstances indicate that the carrying amount of goodwill may be impaired. Goodwill may first be assessed based on qualitative factors (Step 0) to determine whether a quantitative goodwill impairment test is necessary. In fiscal year 2025, we performed the Step 0 qualitative assessment rather than immediately performing the Step 1 quantitative valuation as has been done historically. The qualitative assessment includes, but is not limited to, reviewing factors such as macroeconomic conditions, industry and market considerations, cost factors, reporting unit-specific financial performance and other events, such as strategy and primary customer base.

As of September 30, 2026, we have two reporting units with goodwill recorded. Goodwill associated with the SAO reporting unit as of September 30, 2026, was $195.5 million and represents 86 percent of total goodwill. The remaining goodwill recorded as of September 30, 2026, of $31.8 million is associated with the Dynamet reporting unit in the PEP segment.

For fiscal year 2026, we concluded that the qualitative assessment for each of the reporting units as of June 1, 2026 was appropriate given (a) just two years have passed since we performed a full valuation of the reporting units, (b) the June 1, 2024 valuations of our reporting units yielded significant cushions between the fair value and carrying value, and (c) there have been no significant adverse changes to the Company since the prior year. Based on the results of the qualitative analysis, and consideration of the totality of the positive and mitigating events and circumstances with adverse factors, we concluded there was no indication that it was more likely than not that any of our reporting units' carrying values (with allocated goodwill) exceeded their respective fair values as of June 30, 2026.

When preparing the quantitative impairment test, if applicable, potential impairment is identified by comparing the fair value of a reporting unit to its carrying value. If the carrying value of the reporting unit exceeds its fair value, any impairment loss is measured by the difference between the carrying value of the reporting unit and its fair value, not to exceed the carrying amount of goodwill. The discounted cash flow analysis for each reporting unit tested requires significant estimates and assumptions related to cash flow forecasts, discount rates, terminal values and income tax rates. The cash flow forecasts include significant judgments and assumptions related to revenue growth rates, which include perpetual growth rates, gross margin and weighted average cost of capital. The cash flow forecasts are developed based on assumptions about each reporting unit's markets, product offerings, pricing, capital expenditure and working capital requirements as well as cost performance.

The discount rates used in the discounted cash flow are estimated based on a market participant's perspective of each reporting unit's weighted average cost of capital. The terminal value, which represents the value attributed to the reporting unit beyond the forecast period, is estimated using a perpetuity growth rate assumption. The income tax rates used in the discounted cash flow analysis represent estimates of the long-term statutory income tax rates for each reporting unit based on the jurisdictions in which the reporting units operate.

The estimate of fair value requires significant judgment. We based our fair value estimates on assumptions that we believe to be reasonable but that are unpredictable and inherently uncertain, including estimates of future growth rates and operating margins and assumptions about the overall economic climate and the competitive environment for our business units. There can be no assurance that our estimates and assumptions made for purposes of our goodwill and identifiable intangible asset testing as of the time of testing will prove to be accurate predictions of the future. If our assumptions regarding business projections, competitive environments or anticipated growth rates are not correct, we may be required to record goodwill and/or intangible asset impairment charges in future periods, whether in connection with our next annual impairment testing or earlier, if an indicator of an impairment is present before our next annual evaluation. We continuously monitor for events and circumstances that could negatively impact the key assumptions in determining fair value of the reporting units.

Recent Accounting Pronouncements

For information with respect to recent accounting pronouncements and the impact of these pronouncements on our consolidated financial statements, see Note 2 to Notes to Consolidated Financial Statements included in Item 1.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, among other things, statements regarding guidance, outlook, targets, objectives, future operating performance, cash generation, capital allocation, market conditions and strategic initiatives. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ from those projected, anticipated, expected or implied. The most significant of these uncertainties are described in Carpenter Technology's filings with the Securities and Exchange Commission, including its report on Form 10-K for the fiscal year ended June 30, 2026, and the exhibits attached to that filing. They include but are not limited to: (1) the cyclical nature of the specialty materials business and certain end-use markets, including aerospace, defense, medical, energy, transportation, industrial and consumer, or other influences on Carpenter Technology's business such as new competitors, the consolidation of competitors, customers, and suppliers or the transfer of manufacturing capacity from the United States to foreign countries; (2) the ability of Carpenter Technology to achieve cash generation, growth, earnings, profitability, operating income, cost savings and reductions, qualifications, productivity improvements or process changes; (3) the ability to recoup increases in the cost of energy, raw materials, freight or other factors; (4) domestic and foreign excess manufacturing capacity for certain metals; (5) fluctuations in currency exchange and interest rates; (6) the effect of government trade actions, including tariffs; (7) the valuation of the assets and liabilities in Carpenter Technology's pension trusts and the accounting for pension plans; (8) possible labor disputes or work stoppages; (9) the potential that our customers may substitute alternate materials or adopt different manufacturing practices that replace or limit the suitability of our products; (10) the ability to successfully acquire and integrate acquisitions; (11) the availability of credit facilities to Carpenter Technology, its customers or other members of the supply chain; (12) the ability to obtain energy or raw materials, especially from suppliers located in countries that may be subject to unstable political or economic conditions; (13) Carpenter Technology's manufacturing processes are dependent upon highly specialized equipment located primarily in facilities in Reading and Latrobe, Pennsylvania and Athens, Alabama for which there may be limited alternatives if there are significant equipment failures or a catastrophic event; (14) the ability to hire and retain a qualified workforce and key personnel, including members of the executive management team, management, metallurgists and other skilled personnel; (15) fluctuations in oil and gas prices and production; (16) the impact of potential cybersecurity incidents, ransomware attacks, malicious AI usage, operational technology disruptions, information technology failures, data security breaches and failures of third-party technology service providers; (17) the ability of suppliers, logistics providers and other supply-chain participants to meet obligations due to capacity constraints, transportation disruptions, energy shortages, geopolitical events, labor shortages or other factors; (18) the ability to meet increased demand, production targets or commitments; (19) the ability to manage the impacts of natural disasters, climate change, pandemics and outbreaks of contagious diseases and other adverse public health developments; (20) geopolitical, economic, regulatory and security risks relating to our global business, including international conflicts, military actions, diplomatic tensions, trade restrictions, sanctions, disruptions to transportation corridors and shipping routes and changes in U.S. and foreign trade, tax and regulatory requirements; (21) challenges affecting the commercial aviation industry or key participants; (22) the consequences of the announcement, maintenance or use of Carpenter Technology’s share repurchase program; and (23) the ability to successfully execute major capital projects and brownfield expansion initiatives, including achieving expected costs, schedules, capacity additions, productivity improvements and returns on investment. Any of these factors could have an adverse and/or fluctuating effect on Carpenter Technology's results of operations. The forward-looking statements in this document are intended to be subject to the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended. We caution you not to place undue reliance on forward-looking statements, which speak only as of the date of this Form 10-Q or as of the dates otherwise indicated in such forward-looking statements. Carpenter Technology undertakes no obligation to update or revise any forward-looking statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We use derivative financial instruments to reduce certain types of financial risk. Firm price sales arrangements involve a risk of profit margin fluctuations particularly as raw material prices have been volatile. Firm price sales arrangements generally include certain annual purchasing commitments and consumption schedules agreed to by the customers at selling prices based on raw material prices at the time the arrangements are established. As discussed in Note 12 to the consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, "Financial Statements," in order to reduce the risk of fluctuating profit margins on these sales, we enter into commodity forward contracts to purchase certain critical raw materials necessary to produce the products sold under the firm price sales arrangements. If a customer fails to perform its obligations under the firm price sales arrangements, we may realize losses as a result of the related commodity forward contracts. As of September 30, 2026, we had approximately $3.7 million of net deferred losses related to commodity forward contracts to purchase certain raw materials. A large portion of this balance is related to commodity forward contracts to support firm price sales arrangements associated with many customers in addition to credit already extended to these customers in connection with outstanding trade receivables. Our customers have historically performed under these arrangements, and we believe that they will honor such obligations in the future.

We are actively involved in managing risks associated with energy resources. Risk containment strategies include interaction with primary and secondary energy suppliers as well as obtaining adequate insurance coverage to compensate us for potential business interruption related to lack of availability of energy resources. In addition, we have used forwards to fix the price of a portion of our anticipated future purchases of certain energy requirements to protect against the impact of significant increases in energy costs. We also use surcharge mechanisms to offset a portion of these charges where appropriate.

Fluctuations in foreign currency exchange rates could subject us to risk of losses on anticipated future cash flows from our international operations or customers. Foreign currency forward contracts are used to hedge certain foreign exchange risk.

All hedging strategies are reviewed and approved by senior financial management before being implemented. Senior financial management has established policies regarding the use of derivative instruments that prohibit the use of speculative or leveraged derivatives.

Based on the current funding level, the benchmark allocation policy for the Company's largest pension plan assets is to have approximately 75 percent in return seeking assets and 25 percent in liability-hedging assets. Return seeking assets include global equities, diversified credit and real assets. Liability-hedging assets include bond funds and cash. When the funding level of the plan reaches 95 percent and improves to fully or over-funded status in increments of 5 percent, assets will be shifted from return seeking to liability-hedging assets in accordance with the glidepath policy outlined in the pension plan's Investment Policy Statement.

The status of our financial instruments as of September 30, 2026, is provided in Note 12 to the consolidated financial statements included in Part I, Item 1, "Financial Statements" of this Quarterly Report on Form 10-Q. Assuming either of the following occurred on September 30, 2026, (a) an instantaneous 10 percent decrease in the price of raw materials and energy for which we have commodity forward contracts, or (b) a 10 percent strengthening of the U.S. dollar versus foreign currencies for which foreign exchange forward contracts existed, our results of operations would not have been materially affected in either scenario.

Item 4. Controls and Procedures

(a) Evaluation of Effectiveness of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chairman, President and Chief Executive Officer and Senior Vice President and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of September 30, 2026. Based on that evaluation, the Chairman, President and Chief Executive Officer and Senior Vice President and Chief Financial Officer, concluded that the Company's disclosure controls and procedures as of September 30, 2026, were effective in providing a reasonable level of assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods required under the Securities and Exchange Commission's rules and forms, including a reasonable level of assurance that information required to be disclosed by us in such reports is accumulated and communicated to the Company's management, including the Company's Chairman, President and Chief Executive Officer and Senior Vice President and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended September 30, 2026, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

Pending legal proceedings involve ordinary routine litigation incidental to our business, which we do not believe would have a material adverse effect on our business regardless of their outcome. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Contingencies."

Item 1A. Risk Factors

We have evaluated the risks associated with our business and operations and determined that those risk factors included in Part I, Item 1A of our 2026 Annual Report on Form 10-K adequately disclose the material risks that we face.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table contains information about purchases by us of our common stock during the quarter ended September 30, 2026:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs ($ in millions) (a)
July 1-31, 2026	—	$ —	—	$ 119.0
August 1-31, 2026	241,924	553.58	241,924	985.0
September 1-30, 2026	—	—	—	985.0
Quarter ended September 30, 2026	241,924	$ 553.58	241,924	$ 985.0

(a) In July 2024, the Company's Board of Directors authorized a share repurchase program of up to $400.0 million of the Company's outstanding common stock. The Company repurchased the remaining $119.0 million of shares available in August 2026. On August 12, 2026, the Company announced that its Board of Directors authorized an additional share repurchase program of up to $1.0 billion of the Company's outstanding common stock. There is no stated expiration for the share repurchase program. Additional information is provided in Note 10 of the Notes to Consolidated Financial Statements included in Part I, Item 1.

In addition to the share repurchase program, for the three months ended September 30, 2026, 114,636 shares, at an average purchase price of $567.84, were surrendered by employees to the Company for the payment of the minimum tax liability withholding obligations upon the vesting of shares of restricted stock. We do not consider this a share repurchase program.

Item 5. Other Information

During the three months ended September 30, 2026, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K promulgated under the of the Securities Act).

Item 6. Exhibits

Exhibit No.	Description
† 10(A)	Form of Stock-Based Compensation Plan for Non-Employee Directors, (pursuant to Carpenter's Stock Based Compensation Plan for Non-Employee Directors) (filed herewith).
31(A)	Certification of Chairman, President and Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended (filed herewith).
31(B)	Certification of Senior Vice President and Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended (filed herewith).
32	Certification of Chairman, President and Chief Executive Officer and Senior Vice President and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
101	The following financial information from this Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2026, formatted in XBRL (Extensible Business Reporting Language) and furnished electronically herewith: (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Operations; (iii) the Consolidated Statements of Comprehensive Income; (iv) the Consolidated Statements of Cash Flows; (v) the Consolidated Statements of Changes in Equity; and (vi) the Notes to Consolidated Financial Statements (filed herewith).
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

† Denotes employment or compensation related agreement, document or plan.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized officer.

Carpenter Technology Corporation
(Registrant)

Date: October 22, 2026

/s/ Timothy Lain
Timothy Lain
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

CARPENTER TECHNOLOGY CORPORATION
STOCK-BASED COMPENSATION PLAN FOR
NON-EMPLOYEE DIRECTORS
Originally Effective August 9, 1990
As Amended and Restated on August 11, 2026

1. Purpose:

The purposes of the Plan are to attract and retain the services of experienced and knowledgeable non-employee directors, to encourage Eligible Directors of Carpenter Technology Corporation (the "Company") to acquire a proprietary and vested interest in the growth and performance of the Company, and to generate an increased incentive for Eligible Directors to contribute to the Company's future success and prosperity, thus enhancing the value of the Company for the benefit of its stockholders.

This Plan is an amendment and restatement of the Carpenter Technology Corporation Non-Qualified Stock Option Plan for Non-Employee Directors as adopted effective August 9, 1990, and subsequently amended and/or restated as set out in Section 14 below. The rights of any Eligible Director whose service as an Eligible Director ended on or before August 11, 2026, shall be governed by the terms of the Plan as in effect when that Eligible Director's Award was granted. This amendment and restatement of the Plan does not increase the number of Shares theretofore otherwise available under the Plan.

2. Definitions:

As used in the Plan, the following terms shall have the meanings set forth below:

a) *"Annual Retainer"* shall mean base compensation for services as an Eligible Director. Annual Retainer shall not include meeting fees, committee service fees, if any, expense allowances or reimbursements or any other additional compensation for services as an Eligible Director.

b) *"Award"* shall mean the Options and Stock Units granted under the Plan.

c) *"Award Agreement"* shall mean a written agreement, instrument or document evidencing an Award.

d) *"Beneficiary"* shall mean the person who the Eligible Director designates to receive any unpaid portion of the Eligible Director's account should the Eligible Director's death occur before the Eligible Director receives the entire balance to the credit of such Eligible Director's account. If the Eligible Director does not designate a Beneficiary, the Beneficiary shall be the person's spouse if the person is married at the time of death, or the Eligible Director's estate if unmarried at the time of the person's death.

e) *"Board"* shall mean the Board of Directors of the Company (including any Committee designated by the Board).

f) *"Cause"* shall mean the Eligible Director's: (i) willful misconduct or gross negligence in connection with the performance of the Eligible Director's duties for the Company or any affiliated company; (ii) conviction of, or a plea of guilty or *nolo contendere* to, a felony or a crime involving fraud or moral turpitude; (iii) engagement in any business that directly or indirectly competes with the Company or any affiliated company; or (iv) disclosure of trade secrets, customer lists or confidential information of the Company or any affiliated company to a competitor or unauthorized person.

g) *"Chair Retainer"* shall mean compensation for services as Chair of a committee of the Board of Directors of the Company.

h) *"Code"* shall mean the Internal Revenue Code of 1986, as amended from time to time.

i) *"Common Stock"* shall mean the Common Stock, $5.00 par value, of the Company.

j) *"Company"* shall mean Carpenter Technology Corporation, a Delaware corporation, or any successor corporation.

k) *"Disability"* shall mean that a qualified physician designated by the Company has reviewed and approved the determination that an Eligible Director is either:

(i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or

(ii) by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees or directors of the Company or any subsidiary.

l) *"Election Date"* shall mean with respect to an Option hereunder the date of the appointment, election, or re-election of the Eligible Director that prompted the grant of such Option.

m) *"Eligible Director"* shall mean each director of the Company who is not an employee of the Company or any of the Company's subsidiaries (as defined in Section 424(f) of the Code), or who is not otherwise excluded from participation by agreement.

n) *"Exchange Act"* shall mean the Securities Exchange Act of 1934, as amended.

o) *"Fair Market Value"* shall mean the fair market value of the Company's Common Stock, determined in accordance with Section 409A of the Code, and based upon (i) the last sale price of the Common Stock on the date on which such value is determined, as reported on the consolidated tape of New York Stock Exchange issues or, if there shall be no

trades on such date, on the date nearest preceding such date; (ii) if the Common Stock is not then listed for trading on the New York Stock Exchange, the last sale price of the Common Stock on the date on which such value is determined, as reported on another recognized securities exchange or on the NASDAQ National Market System if the Common Stock shall then be listed and traded upon such exchange or system or, if there shall be no trades on such date, on the date nearest preceding such date; or (iii) the mean between the bid and asked quotations for such stock on such date (as reported by a recognized stock quotation services) or, in the event that there shall be no bid or asked quotations on such date, then upon the basis of the mean between the bid and asked quotations on the date nearest preceding such date.

p) *"Grant Date"* shall mean, with respect to an Option hereunder, the date upon which such Option is granted; and with respect to Stock Units, the date upon which such Stock Units are awarded.

q) *"Option"* shall mean any right granted to an Eligible Director allowing such Eligible Director to purchase Shares at such price or prices and during such period or periods as set forth under the Plan. All Options shall be non-qualified options not entitled to special tax treatment under Section 422 of the Code.

r) *"Plan Year"* shall mean the 12-month period beginning January 1 and ending December 31.

s) "*Separation from Service*" shall mean a "separation from service" within the meaning of Section 409A of the Code and the Treasury regulations and other guidance issued thereunder.

t) *"Shares"* shall mean shares of Common Stock.

u) *"Stock Unit"* shall mean the right to receive, upon satisfaction or lapse of any applicable vesting requirement or forfeiture condition specified in this Plan or as otherwise specified in an Award Agreement, one share of Common Stock. For purposes of this Plan, fractional Stock Units, measured to the nearest four decimal places, may be credited.

v) *"Unit"* shall mean a Stock Unit.

w) *"Lead Retainer"* shall mean compensation for services as a Lead Director of the Board.

3. Administration:

a) The Plan shall be administered by the Company. Subject to the terms of the Plan, the Board shall have the power to interpret the provisions and supervise the administration of the Plan. Any action of the Board in administering the Plan shall be final, conclusive and binding on all persons, including the Company, Eligible Directors, persons claiming rights from or through Eligible Directors and stockholders of the Company.

b) Subject to the provisions of the Plan, the Board shall have full and final authority in its discretion (i) to determine the terms and conditions of any Award granted under the Plan (including, but not limited to, restrictions as to vesting, transferability or forfeiture, exercisability or settlement of an Award and waivers or accelerations thereof, based in each case on such considerations as the Board shall determine) and all other matters to be determined in connection with an Award; (ii) to determine whether, to what extent, and under what circumstances an Award may be canceled, forfeited, or surrendered; (iii) to correct any defect or supply any omission or reconcile any inconsistency in the Plan, and to adopt, amend and rescind such rules and regulations as, in its opinion, may be advisable in the administration of the Plan; and (iv) to make all other determinations as it may deem necessary or advisable for the administration of the Plan. Notwithstanding the foregoing, an Eligible Director must be recused and abstain from participating in any action of the Board that affects his or her outstanding Award.

c) Notwithstanding anything to the contrary herein, discretionary Awards to any Eligible Director under the Plan shall be made by the Board or an independent committee of the Board without the vote of any directors who are also employees of the Company.

4. Shares Subject to the Plan:

a) Total Number. Subject to future adjustment as provided in this Section, the total number of Shares available for Awards under the Plan as of the August 11, 2026, date of the amendment and restatement is 138,031. Any Shares issued hereunder may consist, in whole or in part, of authorized and unissued Shares or treasury Shares.

b) Reduction of Shares Available.

(i) The grant of an Option will reduce the number of Shares available for further grants by the number of Shares subject to such Option.

(ii) Any shares issued by the Company through the assumption or substitution of outstanding grants from an acquired company shall not reduce the Shares available for grants under the Plan.

(iii) The grant of Stock Units will reduce the number of Shares available for further grants by the number of Units granted.

c) Increase of Shares Available. The lapse, cancellation or other termination of an Option or Unit that has not been fully exercised or paid shall increase the available Shares for such Options or Units by the number of Shares that have not been issued upon exercise of such Option or payment of such Unit.

d) Other Adjustments. The total number and kind of Shares available for Options or Units under the Plan or which may be allocated to any one Eligible Director, the number and kind of Shares subject to outstanding Options or Units, and the exercise price for such Options or the value of Units shall be appropriately adjusted by the Board for any increase or decrease in the number of outstanding Shares resulting from a stock dividend, subdivision, combination of

Shares, reclassification, or other change in corporate structure affecting the Shares or for any conversion of the Shares into or exchange of the Shares for other Shares as a result of any merger or consolidation (including a sale of assets) or other recapitalization as may be necessary to maintain the proportionate interest of the Option or Unit holder.

5. Retainer Stock Units:

a) Required Annual Grant of Stock Units. On the date of the annual meeting of stockholders or on such other date as the Board may determine from time to time in light of the Company's prevailing practices for the grant of equity-based awards to other personnel, each Eligible Director shall be granted each year, in place of equivalent cash compensation, a number of Stock Units determined by dividing 50% of the Eligible Director's Annual Retainer by the Fair Market Value on that date.

b) Election as to Annual Stock Units. By written election filed with the Board prior to the end of the preceding Plan Year, an Eligible Director may elect to increase the percentage in Section 5(a) above up to 100% and thereby have up to the entire amount of the Eligible Director's Annual Retainer for the following Plan Year granted in Stock Units. An Eligible Director may also elect, by written election filed with the Board prior to the end of the preceding Plan Year, to have a portion or all of his or her Chair Retainer or Lead Retainer for the following Plan Year granted in Stock Units. An election under this Section 5(b) shall expire at the end of each Plan Year for which the election was made.

c) Other Stock Units. In addition to and not in lieu of the provisions of this Section 5, other Stock Units may be awarded to Eligible Directors pursuant to Section 6 of this Plan.

6. Other Awards of Options or Stock Units:

In addition to an award of Stock Units pursuant to Section 5, other Options or Stock Units may be granted to Eligible Directors as follows:

a) Annual Grant. Each Eligible Director on or after the Effective Date of the Plan may be granted, immediately after the annual meeting of the Company's stockholders or on such other regularly scheduled date as the Board may determine from time to time in light of the Company's prevailing practices for the grant of equity-based awards to other personnel, Options, Stock Units, or a combination of Options and Stock Units with respect to that number of Shares having a Fair Market Value on the Grant Date of up to Ninety Thousand Dollars ($90,000) (or such different dollar amount as the Board may determine by duly adopted resolution, consistent with any applicable requirements under securities laws or continued listing standards of the principal stock exchange for trading of the Common Stock), either in lieu of or in addition to such Eligible Director's Annual Retainer.

b) Other Grants or Awards. In addition to an annual Option grant or Stock Units award pursuant to Section 6(a) above, each Eligible Director may be granted or awarded, at any time and from time to time as may be determined by the Board, Options or Stock Units with respect to such number of Shares as the Board may determine by duly adopted resolution,

consistent with any applicable requirements under this Plan, securities laws or continued listing standards of the principal stock exchange for trading of the Common Stock.

7. General Terms of Options:

The following provisions shall apply to any Option:

a) Option Price. The purchase price per Share purchasable under an Option shall be 100% of the Fair Market Value of a Share on the Grant Date.

b) Option Period. Each Option shall expire ten years from its Grant Date, subject to earlier termination as hereinafter provided.

c) Exercisability. Unless otherwise provided by the Board and set forth in an Award Agreement, each Option granted under this Plan shall become exercisable by the Eligible Director only after completion of one year of Board service immediately following the Grant Date; provided, however, that one quarter of the Options granted within the one year period preceding the Eligible Director's Separation from Service (for any reason other than death or Disability) shall become exercisable in whole or in part for every three months of service completed following the Grant Date, and, if the Separation from Service occurs before the end of any such three-month period, the applicable quarter of the Options will vest on a pro rata basis based on the number of days during such three-month period that the Eligible Director performed services. For clarity, if the Eligible Director provides services for forty-five (45) days during a three-month period that has ninety (90) days, fifty percent (50%) of the applicable quarter of the Options will become vested during that three-month period. In the event of Separation from Service due to death or Disability, all Options granted to such Eligible Director shall become immediately exercisable. Exercise of any or all prior existing Options shall not be required. In the event of the Separation from Service as an Eligible Director other than for Cause, an exercisable Option may be exercised at any time prior to the expiration of the original ten-year term. In the event of the Eligible Director's removal for Cause, all outstanding Options shall be of no force and effect.

d) Nontransferability of Options. No Option under this Plan may be transferable by the Eligible Director except by will or the laws of descent and distribution. If an option is exercisable under Section 7(c) as of the date of an Eligible Director's death, the Option may be transferred to the Eligible Director's personal representative, heirs or legatees ("Transferee") and may be exercised by the Transferee for the remainder of the exercise period then available to the Eligible Director.

e) Method of Exercise. Any Option may be exercised by the Eligible Director in whole or in part at such time or times and by such methods as the Board may specify. An applicable Award Agreement may provide that the Eligible Director may make payment of the Option price in cash, Shares held by the Director, or such other consideration as the Board may specify, including but not limited to "cashless exercise" arrangements such as through a broker or by net exercise, to the extent permitted by applicable law, or any combination thereof, having a Fair Market Value on the exercise date equal to the total Option price.

f) Automatic Exercise of Options. An Option that is exercisable but unexercised as of the last day of the original ten-year term of the Option shall be automatically exercised on the last day of the Option's original ten-year term if the purchase price of the Option is less than the Fair Market Value of a Share on such date and the automatic exercise will result in the issuance of at least 1 whole share of Common Stock to the Eligible Director after payment of the purchase price and any applicable tax withholding requirements. Payment of the purchase price and any applicable tax withholding requirements shall be made by having a number of Shares withheld, the Fair Market Value of which as of the date of exercise is sufficient to satisfy payment of the exercise price and any applicable tax withholding requirements.

8. General Terms of Stock Units:

a) Vesting or Forfeiture of Stock Units.

(i) Stock Units granted pursuant to an election under Section 5(b) are at all times fully vested and are nonforfeitable.

(ii) Unless otherwise provided by the Board and set forth in an Award Agreement, Stock Units granted pursuant to Section 5(a) or Section 6 shall vest one year after the Grant Date; provided, however, that one quarter of the Stock Units granted within the one year period preceding the Eligible Director's Separation from Service (for any reason other than death or Disability) shall vest for every three (3) months of service completed following the Grant Date and, if the Separation from Service occurs before the end of any such three-month period, the applicable quarter of the Stock Units will vest on a pro rata basis based on the number of days during such three-month period that he Eligible Director performed services. For clarity, if the Eligible Director provides services for forty-five (45) days during a three-month period that has ninety (90) days, fifty percent (50%) of the applicable quarter of the Stock Units will become vested during that three-month period. In the event of an Eligible Director's Separation from Service due to death or Disability, all Stock Units granted pursuant to Section 5(a) and Section 6 to such Eligible Director shall immediately vest. In the event of the Eligible Director's removal for Cause, all Stock Units granted pursuant to Section 5(a) and Section 6 to such Eligible Director shall be forfeited.

b) Nontransferability of Units. Stock Units may not be sold, transferred, pledged, assigned or otherwise alienated, other than by will or by the laws of descent and distribution.

9. Dividend Equivalents:

An Eligible Director who has been granted Stock Units will also be allocated additional Units, determined on a quarterly basis, with respect to the payment of dividends on outstanding Common Stock within thirty (30) days following the date the dividend was paid to the holders of the Common Stock. The number of additional Units to be allocated will be determined by multiplying the quarterly dividend per Share, if any, for the immediately preceding quarter by the number of Units credited to the Eligible Director's account on the first day of that calendar quarter and dividing the result by the Fair Market Value on the last business day of that quarter. Any additional Units credited to the Eligible Director's account pursuant to this Section 9 with

respect to Stock Units will be forfeited if and when such Stock Units are forfeited and will be payable if and when such Stock Units are payable.

10. Payment of Stock Units:

a) Credit to Eligible Director's Account. In connection with each grant of Stock Units to an Eligible Director, the Eligible Director's account shall be credited with such amount of Stock Units, subject to the forfeiture or vesting terms and conditions established as part of the grant or as set forth in an Award Agreement. Separate accounts or subaccounts shall be established for crediting Stock Units granted under Section 5 and for crediting Stock Units granted under Section 6. Stock Units granted under Section 5(a) and Section 6 shall vest and no longer be subject to forfeiture as provided in Section 8(a)(ii) or as otherwise provided in an applicable Award Agreement. Upon forfeiture, Stock Units shall be subtracted from the Eligible Director's account, along with any additional Units that were credited to the account as dividend equivalents.

b) Payment of Stock Units Awarded Under Section 5 and Section 6. The following applies in the event neither an election for deferral of units has been made under Section 10(c) nor an election for installment payments has been made under Section 10(d). All vested Stock Units awarded pursuant to Section 5 and Section 6 shall be settled and payable in Shares only upon the Eligible Director's Separation from Service with the Board. As soon as practicable and no more than thirty (30) days following the Eligible Director's Separation from Service from the Board, the Eligible Director (or, in the event of death, the Eligible Director's Beneficiary) shall receive Shares in payment of the vested Stock Units credited to the Eligible Director's account in a single lump sum distribution, with the number of Shares equal to the number of such whole Stock Units credited to the Eligible Director's account and with cash paid in lieu of any fractional Units based on the Fair Market Value on the date of the Eligible Director's Separation from Service as an Eligible Director.

c) Deferral of Units. Effective for Units granted on or after August 11, 2026, for compensation earned and paid in Plan Years commencing on or after January 1, 2027, and annual elections thereafter, the Company may, but need not, permit an Eligible Director to defer receipt of payment in satisfaction of earned Units, provided that any such deferral shall be administered in compliance with Section 409A of the Code and the Treasury regulations and other guidance thereunder, including the following rules:

(i) An Eligible Director may only elect to defer payment of vested Stock Units by making a valid, irrevocable election prior to the close of the Plan Year preceding the Plan Year for which the award of Stock Units is granted;

(ii) Unless otherwise provided by the Company, during the deferral period, the Eligible Director shall have those rights with respect to Units set forth at Section 9;

(iii) An Eligible Director may elect to have such Units paid upon the later of the Eligible Director's Separation from Service or a date specified by the Eligible Director,

provided that such date shall be no earlier than the first day of the fourth month of the Company's fiscal year following the year during which such Units are vested;

(iv) If the Eligible Director makes an election pursuant to Section 10(c)(iii) above, the Eligible Director may also elect to have the Units subject to such election paid on the earlier of the Eligible Director's Disability or a 409A Change in Control (as defined in Section 11) in the event that the Eligible Director experiences a Separation from Service prior to the specified date elected pursuant to Section 10(c)(iii) above;

(v) Payment of Units deferred pursuant to this Section 10(c) shall be made in a lump sum no more than thirty (30) days following the payment event elected pursuant to this Subsection (c), unless the Eligible Director has elected pursuant to Section 10(d) below to receive payment of such deferred Units in installments, in which event payment shall be made in accordance with Subsection (d) below; and

(vi) The Company is authorized to take such action as it deems necessary and reasonable to avoid the application of the additional tax described in Section 409A(a)(1)(B) of the Code to any Award deferred hereunder.

d) Installment Payments.

(i) Effective for Units granted between June 29, 2010, and June 11, 2019, for compensation earned and paid in Plan Years beginning between October 1, 2010, and December 31, 2019, and annual elections thereafter, the Company may, but need not, permit an Eligible Director to elect to receive Shares in payment of Units credited to the Eligible Director's account and otherwise vested and payable under Section 8 and Section 10(a) in annual installments payable over either ten or fifteen years.

(ii) Effective for Units granted on or after June 12, 2019, for compensation earned and paid in Plan Years beginning on or after January 1, 2020 and annual elections thereafter, the Company may, but need not, permit an Eligible Director to elect to receive Shares in payment of Units credited to the Eligible Director's account and otherwise vested and payable under Section 8 and Section 10(a) in annual installments payable over a number of years not in excess of fifteen, as specified by the Eligible Director.

(iii) Payments with respect to either of Sections 10(d)(i) or 10(d)(ii) above begin (1) with respect to Units for which the Eligible Director has not made a deferral election pursuant to Section 10(c) above, as soon as practicable but in any event no more than thirty (30) days after the Eligible Director's Separation from Service; or (2) with respect to Units for which the Eligible Director has made a deferral election pursuant to Section 10(c) above, upon the permissible payment event under Section 409A of the Code elected by the Eligible Director in the deferral election made pursuant to Section 10(c). Subsequent installment payments shall be made on the same date thereafter annually.

(iv) Any election under this Section 10(d) shall be made in the manner prescribed by the Company, but in no event later than the close of the Plan Year preceding the

Plan Year for which the award of Units is granted. An election made under this Section 10(d) shall be administered in compliance with Section 409A of the Code and the Treasury regulations and other guidance issued thereunder. If an Eligible Director does not make a valid, irrevocable election under this Section 10(d) or Section 10(c), the Eligible Director's Shares in payment of Units credited to the Eligible Director's account shall be paid in accordance with Section 10(b).

(v) The provisions of Sections 10(c) and 10(d) above shall apply to any Units awarded that are subject to the application of Section 409A of the Code.

e) Notwithstanding anything in this Plan to the contrary, an Eligible Director may elect to change the time and form of any payments due such Eligible Director provided that change is made (i) at least twelve (12) consecutive months prior to the date on which such payment would otherwise have been made or commenced, (ii) such election does not become effective until twelve (12) months after the date such election is made, and (iii) the payments with respect to such new election are deferred for a period of not less than 5 years beyond the date such distribution would otherwise have been made.

f) Notwithstanding anything in this Plan or any election made by an Eligible Director to the contrary, as soon as administratively practicable but no later than thirty (30) days following an Eligible Director's death, the Eligible Director's Beneficiary shall receive Shares in payment of the vested Stock Units credited to the Eligible Director's account at the time of such death in a single lump sum distribution, The number of Shares so distributed shall be equal to the number of whole Stock Units credited to the Eligible Director's account as of the date of such Eligible Director's death, with cash paid in lieu of any fractional Units based on the Fair Market Value on the date of such Eligible Director's death.

11. Change in Control:

a) Notwithstanding anything in this Plan to the contrary, in the event of a Change in Control of the Company, the Options granted under Section 6 shall vest and become immediately exercisable and any unvested Stock Units granted under Sections 5 and 6 shall vest.

b) For purposes of this Plan, "Change in Control" means:

(i) the acquisition by any individual, entity or group within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 50% of either (A) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); *provided*, *however*, that, for purposes of this Section 11(b), the following acquisitions shall not constitute a Change in Control: (1) any acquisition directly from the Company, (2) any acquisition by the Company, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any affiliated company or (4) any acquisition by any corporation pursuant to a transaction that complies with Sections 11(b)(iii)(A), 11(b)(iii)(B) and 11(b)(iii)(C);

(ii) individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board during any 12 month period; *provided*, *however*, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(iii) consummation of a reorganization, merger, consolidation or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of the assets or stock of another entity (a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(iv) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

c) For purposes of this Plan, a "409A Change in Control" means a Change in Control that satisfies the definition of a "change in control" under Section 409A of the Code and the Treasury regulations and other guidance issued thereunder.

12. Amendments and Termination:

a) General Authority of the Board. The Board may amend or terminate the Plan at any time, without approval thereof by the stockholders of the Company or any other person,

except that (i) the Board may not amend the Plan without approval of the Company's stockholders if (A) stockholder approval is necessary in order for the Plan to comply with any requirement that confers a material benefit on the Company or its stockholders under the Code or other applicable tax or securities laws or regulations or (B) such amendment would constitute a repricing or exchange of any outstanding Option or Unit, which would require stockholder approval under the rules of any exchange upon which the Company's Common Stock is listed; and (ii) the Board may not amend or terminate the Plan at a time (or in a manner) that would adversely impair or affect any rights or obligations under any outstanding Option or Unit, without the consent of the affected Eligible Director, unless such amendment or termination is required by the Code, applicable securities laws, or the rules of any exchange upon which the Company's Common Stock is listed.

b) Amendment With Approval of Stockholders. The Plan may otherwise be amended or terminated by the Board, at any time and in any manner that is permitted by applicable law, if the effectiveness thereof is subject to approval by the stockholders of the Company, and such stockholder approval is obtained.

13. General Provisions:

a) Compliance Regulations. All certificates for Shares delivered under this Plan pursuant to any Option or Unit shall be subject to such stock-transfer orders and other restrictions as the Board may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Shares are then listed, and any applicable federal or state securities law, and the Board may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions. The Company shall not be required to issue or deliver any Shares under the Plan prior to the completion of any registration or qualification of such Shares under any federal or state law, or under any ruling or regulations of any governmental body or national securities exchange that the Board in its sole discretion shall deem to be necessary or appropriate.

b) Other Plans. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required by applicable law or the rules of any stock exchange on which the Common Stock is then listed; and such arrangements may be either generally applicable or applicable only in specific cases.

c) Governing Law. The validity, construction, and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the laws of the State of Delaware and applicable federal law.

d) Conformity With Law. If any provision of this Plan is or becomes or is deemed invalid, illegal, or unenforceable in any jurisdiction, or would disqualify the Plan or any Option or Unit under any law deemed applicable by the Board, such provision shall be construed or deemed amended in such jurisdiction to conform to applicable laws or if it cannot be construed or deemed amended without, in the determination of the Board, materially altering the intent of the Plan, it shall be stricken and the remainder of the Plan shall remain in full force and effect.

e) Insufficient Shares. In the event there are insufficient Shares remaining to satisfy all of the grants of Options or Units made on the same day, such Options or Units shall be reduced pro-rata.

f) Section 409A of the Code. The Plan is intended to comply in form and operation with the requirements of Section 409A of the Code and applicable Treasury regulations and other guidance of general applicability issued thereunder ("Section 409A"). It is the intention of the Company that the amounts deferred pursuant to this Plan shall not be included in the gross income of the Eligible Directors or their Beneficiaries until such time as the deferred amounts are distributed from the Plan. At all times, this Plan shall be interpreted and operated (i) in accordance with the requirements of Section 409A, unless an exemption from Section 409A is available and applicable, and (ii) to maintain the exemption from Section 409A of awards designed to meet the short-term deferral exception under Section 409A, and (iii) to preserve the status of deferrals made prior to the effective date of Section 409A as exempt from Section 409A (i.e., to preserve the grandfathered status of Awards that were vested as of, and not modified after, December 31, 2004). Notwithstanding any provision to the contrary in this Plan, if, at the time of a director's Separation from Service, such director has an account in this Plan and is determined to be a "specified employee" under Section 409A, any payment due to the director on account of his or her Separation from Service may not be made before the date that is six months after the date of separation from service (or, if earlier, the date of death of the director), except as may be otherwise permitted pursuant to Section 409A.

14. Effective Date, Prior Amendments and Termination:

The effective date of this amendment of the Plan is August 11, 2026. The Plan's original effective date, as approved by the Board and ratified by the stockholders on October 30, 1990, was August 9, 1990. The Plan was thereafter amended (and restated) by the Board on August 10, 1995, with the same ratified by the stockholders on October 23, 1995; was restated under its current title (and ratified by the stockholders) on October 20, 1997; and was thereafter amended effective on April 26, 2001, October 22, 2001, June 29, 2006, and April 24, 2007, with a ratification of the June 29, 2006 amendment (which increased the number of available Shares under the Plan) by the Company's stockholders on October 16, 2006; and was thereafter amended (and restated) by the Board effective on April 21, 2009; and was thereafter amended effective on July 29, 2009; and was thereafter amended and restated effective on June 29, 2010, and August 16, 2011; and was thereafter amended effective on October 8, 2012 and June 12, 2019. The Plan will terminate upon the date on which all outstanding Options have expired or terminated, and all outstanding Units have been paid or otherwise provided for.

Exhibit 31 (A)

CERTIFICATIONS OF PERIODIC REPORTS PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Tony R. Thene, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (the "Report") of Carpenter Technology Corporation (the "Registrant");

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

   (d) Disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: October 22, 2026

/s/ Tony R. Thene

Tony R. Thene

Chairman of the Board, President and Chief Executive Officer

Exhibit 31 (B)

CERTIFICATIONS OF PERIODIC REPORTS PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Timothy Lain, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (the "Report") of Carpenter Technology Corporation (the "Registrant");

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

   (d) Disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: October 22, 2026

/s/ Timothy Lain

Timothy Lain
Senior Vice President and Chief Financial Officer

Exhibit 32

CERTIFICATION OF PERIODIC FINANCIAL REPORTS PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Carpenter Technology Corporation (the "Issuer") on Form 10-Q for the quarter ended September 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Periodic Report"), I, Tony R. Thene, and I, Timothy Lain, each hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Periodic Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and that information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Date: October 22, 2026

/s/ Tony R. Thene
Tony R. Thene
Chairman of the Board, President and Chief Executive Officer

/s/ Timothy Lain
Timothy Lain
Senior Vice President and Chief Financial Officer