

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

FORM 10-Q

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

For the quarterly period ended June 30, 2022

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: 1-36313



TIMKENSTEEL CORPORATION

(Exact name of registrant as specified in its charter)

Ohio

(State or other jurisdiction of
incorporation or organization)

1835 Dueber Avenue SW, Canton, OH

(Address of principal executive offices)

46-4024951

(I.R.S. Employer
Identification No.)

44706

(Zip Code)

330.471.7000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading symbol	Name of exchange in which registered
Common shares	TMST	New York Stock Exchange

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 reporting 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at July 31, 2022
Common Shares, without par value	46,224,853

TimkenSteel Corporation
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Part I. Financial Information**Item 1. Financial Statements**

TimkenSteel Corporation
Consolidated Statements of Operations (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
<i>(Dollars in millions, except per share data)</i>				
Net sales	\$ 415.7	\$ 327.3	\$ 767.7	\$ 600.9
Cost of products sold	334.3	260.1	626.3	503.0
Gross Profit	81.4	67.2	141.4	97.9
Selling, general and administrative expenses	21.7	21.0	40.2	40.5
Restructuring charges	0.4	1.0	0.8	1.6
Loss (gain) on sale or disposal of assets, net	0.5	0.4	0.6	0.4
Impairment charges	—	—	—	8.2
Interest expense, net	0.6	1.7	1.8	3.5
Loss on extinguishment of debt	26.0	—	43.0	—
Other (income) expense, net	(43.8)	(12.3)	(59.0)	(21.7)
Income (Loss) Before Income Taxes	76.0	55.4	114.0	65.4
Provision (benefit) for income taxes	1.5	1.4	2.4	1.6
Net Income (Loss)	\$ 74.5	\$ 54.0	\$ 111.6	\$ 63.8
Per Share Data:				
Basic earnings (loss) per share	\$ 1.60	\$ 1.18	\$ 2.40	\$ 1.40
Diluted earnings (loss) per share	\$ 1.42	\$ 0.98	\$ 2.12	\$ 1.19

See accompanying Notes to the unaudited Consolidated Financial Statements.

TimkenSteel Corporation
Consolidated Statement of Comprehensive Income (Loss) (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
<i>(Dollars in millions)</i>				
Net income (loss)	\$ 74.5	\$ 54.0	\$ 111.6	\$ 63.8
Other comprehensive income (loss), net of tax of \$0.3 million for the three months ended June 30, 2022 and \$0.4 million for the six months ended June 30, 2022				
Foreign currency translation adjustments	(2.3)	0.3	(3.1)	0.4
Pension and postretirement liability adjustments	(0.8)	(1.4)	(1.9)	(2.9)
Other comprehensive income (loss), net of tax	(3.1)	(1.1)	(5.0)	(2.5)
Comprehensive Income (Loss), net of tax	\$ 71.4	\$ 52.9	\$ 106.6	\$ 61.3

See accompanying Notes to the unaudited Consolidated Financial Statements.

TimkenSteel Corporation
Consolidated Balance Sheets (Unaudited)

<i>(Dollars in millions)</i>	June 30, 2022	December 31, 2021
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 238.5	\$ 259.6
Accounts receivable, net of allowances (2022 - \$2.4 million; 2021 - \$1.9 million)	159.9	100.5
Inventories, net	261.8	210.9
Deferred charges and prepaid expenses	3.4	3.9
Assets held for sale	4.3	4.3
Other current assets	1.7	3.1
Total Current Assets	669.6	582.3
Property, plant and equipment, net	489.7	510.2
Operating lease right-of-use assets	13.2	14.5
Pension assets	37.2	43.1
Intangible assets, net	5.8	6.7
Other non-current assets	1.8	2.1
Total Assets	\$ 1,217.3	\$ 1,158.9
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 187.5	\$ 141.9
Salaries, wages and benefits	30.5	37.9
Accrued pension and postretirement costs	2.6	4.3
Current operating lease liabilities	5.8	5.7
Current convertible notes, net	20.4	44.9
Other current liabilities	13.2	16.1
Total Current Liabilities	260.0	250.8
Credit Agreement	—	—
Non-current operating lease liabilities	7.4	8.8
Accrued pension and postretirement costs	169.8	223.0
Deferred income taxes	2.0	2.2
Other non-current liabilities	9.2	9.5
Total Liabilities	448.4	494.3
Shareholders' Equity		
Preferred shares, without par value; authorized 10.0 million shares, none issued	—	—
Common shares, without par value; authorized 200.0 million shares; issued 2022 - 47.1 million shares and 2021 - 46.3 million shares	—	—
Additional paid-in capital	843.9	832.1
Retained deficit	(76.6)	(188.2)
Treasury shares - 2022 - 0.7 million; 2021 - None	(14.1)	—
Accumulated other comprehensive income (loss)	15.7	20.7
Total Shareholders' Equity	768.9	664.6
Total Liabilities and Shareholders' Equity	\$ 1,217.3	\$ 1,158.9

See accompanying Notes to the unaudited Consolidated Financial Statements.

TimkenSteel Corporation
Consolidated Statements of Shareholders' Equity (Unaudited)

(Dollars in millions)

	Common Shares Outstanding	Additional Paid-in Capital	Retained Deficit	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2021	46,268,855	\$ 832.1	\$ (188.2)	\$ —	\$ 20.7	\$ 664.6
Net income (loss)	—	—	37.1	—	—	37.1
Other comprehensive income (loss)	—	—	—	—	(1.9)	(1.9)
Stock-based compensation expense	298,648	2.1	—	—	—	2.1
Stock option activity	406,750	6.3	—	—	—	6.3
Purchase of treasury shares	(169,816)	—	—	(3.4)	—	(3.4)
Shares surrendered for taxes	(91,853)	(0.2)	—	(1.4)	—	(1.6)
Balance at March 31, 2022	46,712,584	\$ 840.3	\$ (151.1)	\$ (4.8)	\$ 18.8	\$ 703.2
Net income (loss)	—	—	74.5	—	—	74.5
Other comprehensive income (loss)	—	—	—	—	(3.1)	(3.1)
Stock-based compensation expense	44,157	2.2	—	—	—	2.2
Stock option activity	92,290	1.5	—	—	—	1.5
Purchase of treasury shares	(437,638)	—	—	(9.3)	—	(9.3)
Issuance of treasury shares	2,285	(0.1)	—	0.1	—	—
Shares surrendered for taxes	(2,285)	—	—	(0.1)	—	(0.1)
Balance at June 30, 2022	46,411,393	\$ 843.9	\$ (76.6)	\$ (14.1)	\$ 15.7	\$ 768.9

	Common Shares Outstanding	Additional Paid-in Capital	Retained Deficit	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2020	45,164,308	\$ 843.4	\$ (363.4)	\$ (12.9)	\$ 40.4	\$ 507.5
Net income (loss)	—	—	9.8	—	—	9.8
Other comprehensive income (loss)	—	—	—	—	(1.4)	(1.4)
Adoption of new accounting standard	—	(10.6)	4.2	—	—	(6.4)
Stock-based compensation expense	—	1.8	—	—	—	1.8
Stock option activity	—	2.5	—	—	—	2.5
Issuance of treasury shares	580,248	(12.4)	—	12.4	—	—
Shares surrendered for taxes	(72,174)	—	—	(0.5)	—	(0.5)
Balance at March 31, 2021	45,672,382	\$ 824.7	\$ (349.4)	\$ (1.0)	\$ 39.0	\$ 513.3
Net income (loss)	—	—	54.0	—	—	54.0
Other comprehensive income (loss)	—	—	—	—	(1.1)	(1.1)
Stock-based compensation expense	178,886	1.8	—	—	—	1.8
Stock option activity	66,615	0.7	—	—	—	0.7
Issuance of treasury shares	57,845	(1.0)	—	1.0	—	—
Convertible notes settlement	113,226	1.3	—	—	—	1.3
Balance at June 30, 2021	46,088,954	\$ 827.5	\$ (295.4)	\$ —	\$ 37.9	\$ 570.0

See accompanying Notes to the unaudited Consolidated Financial Statements.

TimkenSteel Corporation
Consolidated Statements of Cash Flows (Unaudited)

Six Months Ended June 30,
2022 **2021**

<i>(Dollars in millions)</i>			
CASH PROVIDED (USED)			
Operating Activities			
Net income (loss)	\$	111.6	\$ 63.8
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization		29.3	33.0
Amortization of deferred financing fees		0.4	0.5
Loss on extinguishment of debt		43.0	—
Loss (gain) on sale or disposal of assets, net		0.6	0.4
Impairment charges		—	8.2
Deferred income taxes		(0.2)	(0.1)
Stock-based compensation expense		4.3	3.6
Pension and postretirement (benefit) expense, net		(49.8)	(9.9)
Changes in operating assets and liabilities:			
Accounts receivable, net		(59.4)	(58.0)
Inventories, net		(50.8)	(35.7)
Accounts payable		47.0	40.0
Other accrued expenses		(10.5)	5.3
Pension and postretirement contributions and payments		(4.0)	(2.0)
Deferred charges and prepaid expenses		0.5	1.9
Other, net		2.0	1.4
Net Cash Provided (Used) by Operating Activities		64.0	52.4
Investing Activities			
Capital expenditures		(10.0)	(3.8)
Proceeds from disposals of property, plant and equipment		0.1	—
Net Cash Provided (Used) by Investing Activities		(9.9)	(3.8)
Financing Activities			
Purchase of treasury shares		(12.7)	—
Proceeds from exercise of stock options		7.8	3.2
Shares surrendered for employee taxes on stock compensation		(1.7)	(0.5)
Repayments on convertible notes		(67.6)	(38.9)
Net Cash Provided (Used) by Financing Activities		(74.2)	(36.2)
Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash		(20.1)	12.4
Cash, cash equivalents, and restricted cash at beginning of period		259.6	102.8
Cash, Cash Equivalents, and Restricted Cash at End of Period	\$	239.5	\$ 115.2

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Consolidated Balance Sheets that sum to the total of the same such amounts shown in the Consolidated Statements of Cash Flows:

Cash and cash equivalents	\$	238.5	\$ 115.2
Restricted cash reported in other current assets		1.0	—
Total cash, cash equivalents, and restricted cash shown in the Consolidated Statements of Cash Flows	\$	239.5	\$ 115.2

See accompanying Notes to the unaudited Consolidated Financial Statements.

TimkenSteel Corporation
Notes to Unaudited Consolidated Financial Statements
(dollars in millions, except per share data)

Note 1 - Basis of Presentation

The accompanying unaudited Consolidated Financial Statements have been prepared by TimkenSteel Corporation (the "Company" or "TimkenSteel") in accordance with generally accepted accounting principles in the United States ("U.S. GAAP") for interim financial information. 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 recurring accruals) and disclosures considered necessary for a fair presentation have been included. For further information, refer to TimkenSteel's audited Consolidated Financial Statements and Notes included in its Annual Report on Form 10-K for the year ended December 31, 2021.

Certain items previously reported in specific financial statement captions have been reclassified to conform with current year presentation.

The Company's restricted cash balance represents an imprest cash account used for the funding of employee healthcare costs. Funding of this account began during the first quarter of 2022 when the Company changed its healthcare plan administrator. The balance of restricted cash as of June 30, 2022 was \$1.0 million, which is included in other current assets on the Consolidated Balance Sheets.

Note 2 - Recent Accounting Pronouncements

Adoption of New Accounting Standards

The Company did not adopt any Accounting Standard Updates ("ASU") in the second quarter of 2022. Additionally, there are no current ASUs issued, but not adopted, that are expected to have an impact on the Company.

As of January 1, 2021, the Company early adopted ASU 2020-06, Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40), using the modified retrospective method of transition. The standard simplifies the accounting for convertible instruments, as well as the diluted net income per share calculation. The standard also removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception.

Upon adoption of ASU 2020-06 as of January 1, 2021, all outstanding Convertible Notes were fully classified as a liability, there was no longer a separate equity component and the Convertible Notes no longer have a debt discount that is amortized. This resulted in a decrease of \$10.6 million to additional paid-in capital and an increase of \$1.1 million and \$5.3 million to current convertible notes, net and non-current convertible notes, net, respectively, on the Consolidated Balance Sheets as of January 1, 2021. Additionally, retained deficit was reduced by \$4.2 million in the Consolidated Balance Sheets as of January 1, 2021 to remove amortization expense recognized in prior periods. The adoption of this standard did not have an effect on the Company's cash flows, liquidity, or the methodology used for the earnings per share calculation. Refer to "Note 10 – Financing Arrangements" for additional information on the Convertible Notes.

Legislation related to the COVID-19 Pandemic

Due to a provision in the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, the Company was able to defer the employer share of Social Security payroll taxes for a specified time during 2020. During the year ended December 31, 2020, the Company deferred \$6.4 million in cash payments and recorded reserves for such deferred payroll taxes in salaries, wages and benefits on the Consolidated Balance Sheets, to be paid in two equal installments. The first installment in the amount of \$3.2 million was paid during the fourth quarter of 2021. The second installment is due on December 31, 2022.

The CARES Act also provided for an employee retention credit ("Employee Retention Credit"), which is a refundable tax credit against certain employment taxes. The Company qualified for the tax credit in the second and third quarters of 2020 and accrued a benefit of \$2.3 million in the fourth quarter of 2020 related to the Employee Retention Credit in other (income) expense, net on the Consolidated Statements of Operations. The Company filed for this credit in the second quarter of 2021 and received a portion of the proceeds from the Internal Revenue Service ("IRS") in the amount of \$0.5 million during the fourth quarter of 2021. The Company received the remaining \$1.8 million of cash proceeds in the first quarter of 2022.

Note 3 - Revenue Recognition

The following table provides the major sources of revenue by end-market sector for the three and six months ended June 30, 2022 and 2021:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Mobile	\$ 152.9	\$ 132.9	\$ 297.0	\$ 266.5
Industrial	208.2	173.6	383.2	298.3
Energy	46.3	13.2	71.3	21.0
Other ⁽¹⁾	8.3	7.6	16.2	15.1
Total Net Sales	\$ 415.7	\$ 327.3	\$ 767.7	\$ 600.9

⁽¹⁾ "Other" sales by end-market sector relates to the Company's scrap sales.

The following table provides the major sources of revenue by product type for the three and six months ended June 30, 2022 and 2021:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Bar	\$ 295.2	\$ 225.3	\$ 531.6	\$ 398.5
Tube	52.8	40.9	99.3	77.0
Manufactured components	59.4	53.5	120.6	110.2
Other ⁽²⁾	8.3	7.6	16.2	15.2
Total Net Sales	\$ 415.7	\$ 327.3	\$ 767.7	\$ 600.9

⁽²⁾ "Other" sales by product type relates to the Company's scrap sales.

Contract liabilities are recognized when the Company has received consideration from a customer to transfer goods at a future point in time. Contract liabilities are primarily related to deferred revenue resulting from any cash payments received in advance from customers. As of June 30, 2022, contract liabilities totaled \$1.7 million and were less than \$0.1 million as of December 31, 2021. These are included in other current liabilities on the Consolidated Balance Sheets.

Note 4 - Restructuring Charges

Over the past several years, TimkenSteel has made numerous organizational changes to enhance profitable and sustainable growth. These company-wide actions included the restructuring of its business support functions, the reduction of management layers throughout the organization and other domestic and international actions to further improve the Company's overall cost structure.

Restructuring charges totaled \$0.4 million and \$0.8 million for the three and six months ended June 30, 2022, respectively. These charges related to severance and employee-related benefits as a result of continued organizational changes.

Restructuring charges totaled \$1.0 million and \$1.6 million for the three and six months ended June 30, 2021, respectively. During the first half of 2021, approximately \$1.3 million of restructuring charges related to severance and employee-related benefits as a result of organizational changes. The remaining \$0.3 million of charges were incurred during the first quarter of 2021 and related to the transition of customers to other TimkenSteel manufacturing equipment due to the discontinuation of specific small-diameter seamless mechanical tube manufacturing and the indefinite idling of our Harrison melt and casting activities. Refer to "Note 5 – Disposition of Non-Core Assets" for additional information.

TimkenSteel recorded reserves for such restructuring charges as other current liabilities on the Consolidated Balance Sheets. The reserve balance at June 30, 2022 is expected to be substantially used in the next twelve months.

The following is a summary of the restructuring reserve for the six months ended June 30, 2022 and 2021:

Balance at December 31, 2021	\$	4.7
Expenses		0.8
Payments		(3.6)
Balance at June 30, 2022	\$	1.9
<hr/>		
Balance at December 31, 2020	\$	1.5
Expenses		1.6
Payments		(2.7)
Balance at June 30, 2021	\$	0.4

Note 5 - Disposition of Non-Core Assets

TimkenSteel Material Services Facility

During the first quarter of 2020, management completed its previously announced plan to close the Company's TimkenSteel Material Services ("TMS") facility in Houston and began selling the assets at the facility.

During the first quarter of 2021, the remaining associated machinery and equipment that was classified as held for sale was fully impaired as there was no longer an expected market value for these assets. This resulted in impairment charges of \$0.3 million.

The remaining \$4.3 million of land and buildings associated with TMS are classified as assets held for sale on the Consolidated Balance Sheets as of June 30, 2022 and December 31, 2021, as it is probable that these assets will be sold within the next 12 months.

Small-Diameter Seamless Mechanical Tubing Machinery and Equipment

In the third quarter of 2020, TimkenSteel informed customers that as of December 31, 2020 the Company would discontinue the commercial offering of specific small-diameter seamless mechanical tubing products. As a result, accelerated depreciation of \$1.5 million was recognized in the first quarter of 2021 in alignment with the ramp down of this machinery and equipment. Spare parts related to this machinery and equipment of \$0.5 million were also written down in the first quarter of 2021, as management determined there was no alternative use.

Harrison Melt and Casting Assets

On February 16, 2021, management announced a plan to indefinitely idle its Harrison melt and casting assets, which was completed in the first quarter of 2021. All of the Company's melt and casting activities now take place at the Faircrest location. The Company worked collaboratively with employees, suppliers and a number of customers to ensure a well-organized and efficient transition. The Company's rolling and finishing operations at Harrison were not impacted by this action.

The Company recognized non-cash charges of \$9.5 million related to the write-down of the associated Harrison melt and casting assets in the first quarter of 2021. These charges include \$7.9 million related to the impairment of the associated machinery and equipment, which is classified as impairment charges on the Consolidated Statements of Operations, as well as a write-down of spare parts of \$1.6 million, which is included in cost of products sold in the Consolidated Statements of Operations, as management determined there was no alternative use. The Company did not incur any cash expenditures related to these charges.

TimkenSteel (Shanghai) Corporation Limited

On March 31, 2021, the Company entered into an agreement pursuant to which Daido Steel (Shanghai) Co., Ltd. agreed to acquire all of the Company's ownership interest in TimkenSteel (Shanghai) Corporation Limited in an all-cash transaction. The sale closed on July 30, 2021 and net cash proceeds of \$6.2 million were received in the third quarter of 2021. As a result of this transaction, a loss on sale of consolidated subsidiary of \$1.1 million was recognized on the Consolidated Statements of Operations during the third quarter of 2021. TimkenSteel's consolidated financial statements include activity for TimkenSteel (Shanghai) Corporation Limited through July 30, 2021.

Note 6 – Other (Income) Expense, net

The following table provides the components of other (income) expense, net for the three and six months ended June 30, 2022 and 2021:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Pension and postretirement non-service benefit (income) loss	\$ (8.1)	\$ (9.2)	\$ (16.8)	\$ (18.8)
Loss (gain) from remeasurement of benefit plans	(35.5)	(0.7)	(42.0)	(0.5)
Sales and use tax refund	—	(2.5)	—	(2.5)
Foreign currency exchange (gain) loss	(0.1)	—	(0.1)	—
Miscellaneous (income) expense	(0.1)	0.1	(0.1)	0.1
Total other (income) expense, net	\$ (43.8)	\$ (12.3)	\$ (59.0)	\$ (21.7)

Non-service related pension and other postretirement benefit income, for all years, consists primarily of the interest cost, expected return on plan assets and amortization components of net periodic cost.

The gain from remeasurement of benefit plans is due to all lump sum payments exceeding or expected to exceed the sum of the service cost and interest cost components of the net periodic pension cost for certain plans. These payments constitute a partial settlement, which is a significant event requiring remeasurement of both plan assets and benefit obligations. A total gain of \$35.5 million and \$42.0 million from the remeasurement of these benefit plans was recognized for the three and six months ended June 30, 2022, respectively. This gain was primarily due to a \$205.5 million and \$231.1 million decrease in the liability due to the increase in discount rates during the three and six months ended June 30, 2022, respectively. This is partially offset by losses of \$170.0 million and \$189.1 million for the three and six months ended June 30, 2022, respectively, primarily driven by investment losses on plan assets.

A total gain of \$0.7 million and \$0.5 million from the remeasurement of these benefit plans was recognized for the three and six months ended June 30, 2021, respectively. For the three months ended June 30, 2021, this gain was due to \$9.5 million of favorable investment returns on plan assets, partially offset by losses of \$8.8 million primarily driven by an increase in the pension liability due to a reduction in discount rate. For the six months ended June 30, 2021, this gain was driven by a \$10.0 million decrease in the liability due to the increase in discount rate during the first half of 2021, partially offset by losses of \$9.5 million primarily driven by investment losses on plan assets.

For more details on the aforementioned remeasurements, refer to “Note 11 - Retirement and Postretirement Plans.”

During the second quarter of 2021, TimkenSteel received a refund from the State of Ohio related to an overpayment of sales and use taxes for the period of October 1, 2016 through September 30, 2019. This resulted in a gain recognized of \$2.5 million, net of related professional fees, during the second quarter of 2021.

Note 7 - Income Tax Provision

TimkenSteel’s provision for income taxes in interim periods is computed by applying the appropriate estimated annual effective tax rates to income or loss before income taxes for the period. In addition, non-recurring or discrete items, including interest on prior-year tax liabilities, are recorded during the periods in which they occur.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Provision (benefit) for incomes taxes	\$ 1.5	\$ 1.4	\$ 2.4	\$ 1.6
Effective tax rate	2.0%	2.5%	2.1%	2.4%

Income tax expense for the three and six months ended June 30, 2022 was calculated using forecasted multi-jurisdictional annual effective tax rates to determine a blended annual effective tax rate. The effective tax rate is lower than the U.S. federal statutory rate of 21%, due to the reversal of valuation allowance the Company has on deferred tax assets in the U.S., as a result of current year forecasted income. This is partially offset by state, local, and foreign taxes.

Each reporting period we assess available positive and negative evidence and estimate if sufficient future taxable income will be generated to utilize the Company’s deferred tax assets. Due to TimkenSteel’s historical operating performance in the U.S., we have been limited in our ability to rely on other subjective evidence such as projections of our future profitability.

As a result, the Company maintains a full valuation allowance against its deferred tax assets in the U.S. and applicable foreign countries until sufficient positive evidence exists to conclude that a valuation allowance is not necessary. We will continue to assess available positive and negative evidence in future periods. The need to maintain valuation allowances against deferred tax assets in the U.S. and other affected countries may cause variability in the Company's effective tax rate. The majority of TimkenSteel's income taxes are derived from domestic state and local taxes.

The effective tax rate of 2.0% and 2.1% for the three and six months ended June 30, 2022 was lower than the rate of 2.5% and 2.4% for the three and six months ended June 30, 2021, primarily driven by decreased permanent adjustments.

For the six months ended June 30, 2022, TimkenSteel made \$1.5 million in state and local tax payments, \$1.0 million in U.S. federal payments, and \$0.1 million in foreign tax payments. For the six months ended June 30, 2021, TimkenSteel made \$0.3 million in state and local tax payments, no U.S. federal payments, and \$0.5 million in foreign tax payments.

Note 8 - Earnings (Loss) Per Share

Basic earnings (loss) per share is computed based upon the weighted average number of common shares outstanding. Diluted earnings (loss) per share is computed based upon the weighted average number of common shares outstanding plus the dilutive effect of common share equivalents calculated using the treasury stock method or if-converted method. For the Convertible Notes, the Company utilizes the if-converted method to calculate diluted earnings (loss) per share. Under the if-converted method, the Company adjusts net earnings to add back interest expense (including amortization of debt issuance costs) recognized on the Convertible Notes and includes the number of shares potentially issuable related to the Convertible Notes in the weighted average shares outstanding. Treasury shares are excluded from the denominator in calculating both basic and diluted earnings (loss) per share.

Equity-based Awards

Common share equivalents for shares issuable for equity-based awards amounted to 4.0 million shares and 4.1 million shares for the three and six months ended June 30, 2022, respectively. For the three and six months ended June 30, 2022, 0.8 million shares and 1.0 million shares, respectively, were excluded from the computation of diluted earnings (loss) per share, primarily related to options with exercise prices above the average market price of our common shares (i.e., "underwater" options), because the effect of their inclusion would have been anti-dilutive. The difference between the remaining 3.2 million shares and 3.1 million shares assumed issued and the 1.0 million shares and 0.9 million shares assumed purchased with potential proceeds for the three and six months ended June 30, 2022, respectively, were included in the denominator of the diluted earnings (loss) per share calculation.

Common share equivalents for shares issuable for equity-based awards amounted to 4.9 million shares and 5.0 million shares for the three and six months ended June 30, 2021, respectively. For the three and six months ended June 30, 2021, 1.6 million shares and 1.9 million shares, respectively, were excluded from the computation of diluted earnings (loss) per share, primarily related to options with exercise prices above the average market price of our common shares (i.e., "underwater" options), because the effect of their inclusion would have been anti-dilutive. The difference between the remaining 3.3 million shares and 3.1 million shares assumed issued and the 1.4 million shares and 1.5 million shares assumed purchased with potential proceeds for the three and six months ended June 30, 2021, respectively, were included in the denominator of the diluted earnings (loss) per share calculation.

Convertible Notes

Common share equivalents for shares issuable upon the conversion of outstanding Convertible Notes were included in the computation of diluted earnings (loss) per share for the three and six months ended June 30, 2022 and 2021 as these shares would be dilutive.

For the three and six months ended June 30, 2022, TimkenSteel repurchased \$15.2 million and \$25.2 million, respectively, of outstanding principal related to the Convertible Notes. These repurchases of Convertible Notes reduced weighted average diluted shares outstanding by approximately 1.9 million shares and 1.3 million shares for the three and six months ended June 30, 2022. Refer to "Note 10 – Financing Arrangements" for additional information on the Convertible Notes.

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The following table sets forth the reconciliation of the numerator and the denominator of basic and diluted earnings (loss) per share for the three and six months ended June 30, 2022 and 2021:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Numerator:				
Net income (loss), basic	\$ 74.5	\$ 54.0	\$ 111.6	\$ 63.8
Add convertible notes interest	0.5	1.2	1.2	2.5
Net income (loss), diluted	\$ 75.0	\$ 55.2	\$ 112.8	\$ 66.3
Denominator:				
Weighted average shares outstanding, basic	46.6	45.9	46.5	45.6
Dilutive effect of stock-based awards	2.2	1.9	2.2	1.6
Dilutive effect of convertible notes	4.0	8.3	4.6	8.6
Weighted average shares outstanding, diluted	52.8	56.1	53.3	55.8
Basic earnings (loss) per share	\$ 1.60	\$ 1.18	\$ 2.40	\$ 1.40
Diluted earnings (loss) per share	\$ 1.42	\$ 0.98	\$ 2.12	\$ 1.19

Note 9 - Inventories

The components of inventories, net of reserves as of June 30, 2022 and December 31, 2021 were as follows:

	June 30, 2022	December 31, 2021
Manufacturing supplies	\$ 31.2	\$ 29.3
Raw materials	41.0	37.3
Work in process	138.5	89.3
Finished products	51.6	55.8
Gross inventory	262.3	211.7
Allowance for inventory reserves	(0.5)	(0.8)
Total inventories, net	\$ 261.8	\$ 210.9

Note 10 - Financing Arrangements

For a detailed discussion of the Company's long-term debt and credit arrangements, refer to "Note 14 - Financing Arrangements" in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

The following table summarizes the current and non-current debt as of June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
Credit Agreement	\$ —	\$ —
Convertible Senior Notes due 2025	20.4	44.9
Total debt	\$ 20.4	\$ 44.9
Less current portion of debt	20.4	44.9
Total non-current portion of debt	\$ —	\$ —

Amended Credit Agreement

On October 15, 2019, the Company, as borrower, and certain domestic subsidiaries of the Company, as subsidiary guarantors, entered into a Third Amended and Restated Credit Agreement (the "Amended Credit Agreement"), with JP Morgan Chase Bank, N.A., as administrative agent (the "Administrative Agent"), Bank of America, N.A., as syndication agent, and the other lenders party thereto (collectively, the "Lenders"), which further amended and restated the Company's Second Amended and Restated Credit Agreement dated as of January 26,

2018. As of June 30, 2022, the amount available under the Amended Credit Agreement was \$320.2 million, reflective of the Company's asset borrowing base with no outstanding borrowings. Additionally, the Company is in compliance with all covenants outlined in the Amended Credit Agreement.

Convertible Senior Notes due 2021

The Convertible Senior Notes due 2021 were settled on June 1, 2021 with cash payment of \$38.9 million and issuance of shares of 0.1 million, as most noteholders exercised the conversion option prior to the date of maturity. For details regarding method of settlement for noteholders who exercised their conversion option prior to maturity, refer to the Indenture for the Convertible Senior Notes due 2021 filed as an exhibit to a Form 8-K on May 31, 2016 and incorporated by reference in our most recent 10-K filing. The final cash payment for interest was also made to noteholders on June 1, 2021 in the amount of \$1.2 million.

Convertible Senior Notes due 2025

The principal amount of the Convertible Senior Notes due 2025 upon issuance was \$46.0 million. Transaction costs related to the Convertible Senior Notes due 2025 incurred upon issuance were \$1.5 million. These costs are amortized to interest expense over the term of the notes. The Convertible Senior Notes due 2025 mature on December 1, 2025. The Convertible Senior Notes due 2025 are convertible at the option of holders in certain circumstances and during certain periods into the Company's common shares, cash, or a combination thereof, at the Company's election.

The Indenture for the Convertible Senior Notes due 2025 provides that notes will become convertible during a quarter when the share price for 20 trading days during the final 30 trading days of the immediately preceding quarter was greater than 130% of the conversion price. This criterion was met during the second quarter of 2022 and as such the notes can be converted at the option of the holders beginning July 1 through September 30, 2022. Whether the notes will be convertible following such period will depend on if this criterion, or another conversion condition, is met in the future. As such, the Convertible Senior Notes due 2025 are classified as a current liability in the Consolidated Balance Sheets as of June 30, 2022. This criterion was also met as of December 31, 2021.

For details regarding all conversion mechanics and methods of settlement, refer to the Indenture for the Convertible Senior Notes due 2025 filed as an exhibit to a Form 8-K on December 15, 2020 and incorporated by reference in our most recent 10-K filing.

In the first half of 2022, TimkenSteel repurchased a total of \$25.2 million aggregate principal amount of its Convertible Senior Notes Due 2025. Total cash paid to noteholders was \$67.6 million. In the three and six months ended June 30, 2022, a loss on extinguishment of debt was recognized of \$26.0 million and \$43.0 million, including a charge of \$0.4 million and \$0.6 million, respectively, for unamortized debt issuance costs related to the portion of debt extinguished, as well as the related transaction costs.

The components of the Convertible Senior Notes due 2025 as of June 30, 2022 and December 31, 2021 were as follows:

	June 30, 2022	December 31, 2021
Principal	\$ 20.8	\$ 46.0
Less: Debt issuance costs, net of amortization	(0.4)	(1.1)
Convertible Senior Notes due 2025, net	\$ 20.4	\$ 44.9

Fair Value Measurement

The fair value of the Convertible Senior Notes due 2025 was approximately \$54.7 million and \$107.0 million as of June 30, 2022 and December 31, 2021, respectively. The fair value of the Convertible Senior Notes due 2025, which falls within Level 2 of the fair value hierarchy as defined by applicable accounting guidance, is based on a valuation model primarily using observable market inputs and requires a recurring fair value measurement on a quarterly basis.

TimkenSteel's Credit Facility is variable-rate debt. As such, any outstanding carrying value is a reasonable estimate of fair value as interest rates on these borrowings approximate current market rates. This valuation falls within Level 2 of the fair value hierarchy and is based on quoted prices for similar assets and liabilities in active markets that are observable either directly or indirectly. There were no outstanding borrowings on the Credit Facility as of June 30, 2022 and December 31, 2021.

Interest expense, net

The following table provides the components of interest expense, net for the three and six months ended June 30, 2022 and 2021:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Interest expense	\$ 0.9	\$ 1.7	\$ 2.1	\$ 3.5
Interest income	(0.3)	—	(0.3)	—
Interest expense, net	\$ 0.6	\$ 1.7	\$ 1.8	\$ 3.5

Interest income relates to interest earned on cash invested in a money market fund. As of June 30, 2022, the carrying value of the Company's money market investment was \$200.1 million, which approximates the fair value. The Company had no cash invested in a money market fund as of December 31, 2021. The money market fund is a cash equivalent and is included in cash and cash equivalents on the Consolidated Balance Sheets. The fund consists of highly liquid investments with an average maturity of three months or less and falls within Level 1 of the fair value hierarchy as defined by applicable accounting guidance.

The following table sets forth interest expense recognized specifically related to the Convertible Notes:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Contractual interest expense	\$ 0.5	\$ 1.1	\$ 1.1	\$ 2.3
Amortization of debt issuance costs	—	0.1	0.1	0.2
Total	\$ 0.5	\$ 1.2	\$ 1.2	\$ 2.5

The total cash interest paid for the six months ended June 30, 2022 and 2021 was \$1.9 million and \$3.1 million, respectively.

Treasury Shares

On December 20, 2021, TimkenSteel announced that its Board of Directors authorized a share repurchase program under which the Company may repurchase up to \$50.0 million of its outstanding common shares. The share repurchase program is intended to return capital to shareholders while also offsetting dilution from annual equity compensation awards. The share repurchase program does not require the Company to acquire any dollar amount or number of shares and may be modified, suspended, extended or terminated by the Company at any time without prior notice. For the three months ended June 30, 2022, the Company repurchased approximately 0.4 million common shares in the open market at an aggregate cost of \$9.3 million, which equates to an average repurchase price of \$21.20 per share. For the six months ended June 30, 2022, the Company repurchased approximately 0.6 million common shares in the open market at an aggregate cost of \$12.7 million, which equates to an average repurchase price of \$20.94 per share. As of June 30, 2022, the Company had a balance of \$37.3 million remaining on its previously approved \$50.0 million share repurchase program.

In July 2022, the Company repurchased approximately 0.2 million common shares in the open market at an aggregate cost of \$3.3 million, which equates to an average repurchase price of \$17.72 per share. As of July 31, 2022, the Company had \$34.0 million remaining under its previously approved \$50.0 million share repurchase program.

Note 11 - Retirement and Postretirement Plans**Plan Amendments and Updates***TimkenSteel Corporation Bargaining Unit Pension Plan ("Bargaining Plan")*

On October 29, 2021, the United Steelworkers ("USW") Local 1123 voted to ratify a new four-year contract (the "Contract"). The Contract is in effect until September 27, 2025 and resulted in several changes to the Bargaining Plan which increased the pension liability by \$14.2 million in 2021. These plan amendments were recognized in other comprehensive income (loss) in 2021 and have begun to be amortized as part of the pension net periodic benefit cost in the first quarter of 2022. The primary change that drove the increase in the pension liability was the addition of a full lump sum form of payment for participants commencing benefits on or after January 1, 2022. In addition, the plan is now closed to new entrants effective January 1, 2022.

On July 7, 2022, the Company entered into an agreement with The Prudential Insurance Company of America ("Prudential") to purchase an irrevocable group annuity contract and transfer approximately \$256.2 million of the Bargaining Plan's obligations. In connection with the agreement, Prudential will pay future benefits under the group annuity contract starting October 1, 2022, for a specified group of approximately 1,900 participants and beneficiaries who are currently receiving payments from the Bargaining Plan. Benefits payable to these participants and beneficiaries will not be reduced as a result of this transaction. Plan participants and beneficiaries not included in the transaction remain in the Bargaining Plan. The Company will record a settlement gain of approximately \$2.7 million in the third quarter of 2022 related to this partial plan annuitization. This settlement is a significant event which requires remeasurement of the Bargaining Plan. This remeasurement will be performed during the third quarter. The transaction is funded directly by the assets of the Bargaining Plan and requires no cash contribution from the Company.

The timing and amount of future required pension contributions is significantly affected by asset returns and actuarial assumptions. Plan asset losses in the first half of 2022, combined with current actuarial assumptions, have resulted in potentially accelerated timing of future required pension contributions to as early as 2024. Required future pension contribution timing and amounts are subject to significant change based on future investment performance, Company estimates and actuarial assumptions, as well as current funding laws.

TimkenSteel Corporation Retirement Plan ("Salaried Plan")

During the fourth quarter of 2021, termination of the Salaried Plan was approved by the TimkenSteel Board of Directors. Participants were notified in January 2022 and the plan was terminated effective March 31, 2022, subject to regulatory approval. The purchase of an annuity from an insurance company is expected to occur in 2023, after which time the insurance company selected will be responsible for all participant benefit payments.

Pension Net Periodic Benefit Cost (Income)

The components of net periodic benefit cost (income) for the three months ended June 30, 2022 were as follows:

	Pension							Total Pension	Postretirement Plans
	United States of America			United Kingdom	Mexico	Total Pension	Postretirement Plans		
	Bargaining Plan	Salaried Plan	Supplemental Plan	Pension Scheme	Pension Plan				
Service cost	\$ 4.1	\$ 0.1	\$ —	\$ —	\$ —	\$ —	\$ 4.2	\$ 0.3	
Interest cost	7.5	1.6	0.2	0.4	—	—	9.7	0.9	
Expected return on plan assets	(14.4)	(1.3)	—	(0.9)	—	—	(16.6)	(0.9)	
Amortization of prior service cost	0.3	—	—	—	—	—	0.3	(1.5)	
Net remeasurement losses (gains)	(44.8)	9.3	—	—	—	—	(35.5)	—	
Net Periodic Benefit Cost (Income)	\$ (47.3)	\$ 9.7	\$ 0.2	\$ (0.5)	\$ —	\$ —	\$ (37.9)	\$ (1.2)	

The components of net periodic benefit cost (income) for the three months ended June 30, 2021 were as follows:

	Pension							Total Pension	Postretirement Plans
	United States of America			United Kingdom	Mexico	Total Pension	Postretirement Plans		
	Bargaining Plan	Salaried Plan	Supplemental Plan	Pension Scheme	Pension Plan				
Service cost	\$ 4.2	\$ 0.1	\$ —	\$ —	\$ —	\$ —	\$ 4.3	\$ 0.3	
Interest cost	7.1	1.6	0.2	0.3	—	—	9.2	0.8	
Expected return on plan assets	(12.9)	(3.0)	—	(0.8)	—	—	(16.7)	(0.9)	
Amortization of prior service cost	—	—	—	—	—	—	—	(1.5)	
Net remeasurement losses (gains)	—	(0.7)	—	—	—	—	(0.7)	—	
Net Periodic Benefit Cost (Income)	\$ (1.6)	\$ (2.0)	\$ 0.2	\$ (0.5)	\$ —	\$ —	\$ (3.9)	\$ (1.3)	

The components of net periodic benefit cost (income) for the six months ended June 30, 2022 were as follows:

	Pension							Total Pension	Postretirement Plans
	United States of America			United Kingdom	Mexico				
	Bargaining Plan	Salaried Plan	Supplemental Plan	Pension Scheme	Pension Plan				
Service cost	\$ 8.2	\$ 0.2	\$ —	\$ —	\$ —	\$ —	\$ 8.4	\$ 0.6	
Interest cost	15.0	3.0	0.3	0.8	—	—	19.1	1.7	
Expected return on plan assets	(28.8)	(2.8)	—	(1.8)	—	—	(33.4)	(1.8)	
Amortization of prior service cost	0.6	—	—	—	—	—	0.6	(3.0)	
Net remeasurement losses (gains)	(44.8)	5.3	(2.5)	—	—	—	(42.0)	—	
Net Periodic Benefit Cost (Income)	\$ (49.8)	\$ 5.7	\$ (2.2)	\$ (1.0)	\$ —	\$ —	\$ (47.3)	\$ (2.5)	

The components of net periodic benefit cost (income) for the six months ended June 30, 2021 were as follows:

	Pension							Total Pension	Postretirement Plans
	United States of America			United Kingdom	Mexico				
	Bargaining Plan	Salaried Plan	Supplemental Plan	Pension Scheme	Pension Plan				
Service cost	\$ 8.5	\$ 0.2	\$ —	\$ —	\$ —	\$ —	\$ 8.7	\$ 0.6	
Interest cost	14.2	3.1	0.4	0.6	—	—	18.3	1.6	
Expected return on plan assets	(25.8)	(6.5)	—	(1.6)	—	—	(33.9)	(1.8)	
Amortization of prior service cost	0.1	—	—	—	—	—	0.1	(3.0)	
Net remeasurement losses (gains)	—	(0.5)	—	—	—	—	(0.5)	—	
Net Periodic Benefit Cost (Income)	\$ (3.0)	\$ (3.7)	\$ 0.4	\$ (1.0)	\$ —	\$ —	\$ (7.3)	\$ (2.6)	

The Bargaining Plan, Salaried Plan, and Supplemental Plan have a provision that permits employees to elect to receive their pension benefits in a lump sum upon retirement. The Company's accounting policy is to recognize settlements during the quarter in which it is projected that the costs of all settlements during the year will be greater than the sum of the service cost and interest cost components.

In the first quarter of 2022, the cumulative cost of all lump sum payments exceeded this threshold for the Supplemental Plan. Additionally, in the first quarter of 2022, the cumulative costs of all lump sum payments were projected to exceed this threshold during 2022 for the Salaried Plan. These costs did ultimately exceed this threshold for the Salaried Plan during the second quarter of 2022. Also, during the second quarter of 2022, the cumulative costs of all lump sum payments were projected to exceed this threshold in 2022 for the Bargaining Plan.

These payments constitute a partial settlement, which is a significant event requiring remeasurement of both plan assets and benefit obligations. As a result, the Company completed a full remeasurement of its pension obligations and plan assets associated with the Supplemental Plan during the first quarter of 2022. No further remeasurement was required in the second quarter of 2022 or is expected for the remainder of 2022 related to the Supplemental Plan, as no further lump sum payments have been made or are expected to be made during the year. The Salaried Plan's pension obligations and plan assets were remeasured during the first and second quarters of 2022, as lump sum payments are ongoing throughout the year. We also completed a full remeasurement of the Bargaining Plan's pension obligations and plan assets during the second quarter of 2022. The Company expects to complete a full remeasurement of the Bargaining and Salaried plans for the remainder of the year.

A full remeasurement of the pension obligations and plan assets associated with the Salaried Plan was also completed throughout each quarter of 2021.

Note 12 – Stock-Based Compensation

During the six months ended June 30, 2022 the Board of Directors granted 339,453 time-based restricted stock units and 178,467 performance-based restricted stock units, which relates to the annual grant to our employees and Board of Directors.

Time-based restricted stock units are issued with the fair value equal to the closing market price of TimkenSteel common shares on the date of grant. These restricted stock units do not have any performance conditions for vesting. Expense is recognized over the service period, adjusted for any forfeitures that should occur during the vesting period. The weighted average fair value of the restricted stock units granted during the six months ended June 30, 2022 was \$18.13 per share.

Performance-based restricted stock units issued in 2022 vest based on achievement of a total shareholder return (“TSR”) metric. The TSR metric is considered a market condition, which requires TimkenSteel to reflect it in the fair value on grant date using an advanced option-pricing model. The fair value of each performance share was therefore determined using a Monte Carlo valuation model, a generally accepted lattice pricing model under ASC 718 – Stock-based Compensation. The Monte Carlo valuation model, among other factors, uses commonly-accepted economic theory underlying all valuation models, estimates fair value using simulations of future share prices based on stock price behavior and considers the correlation of peer company returns in determining fair value. The fair value of the performance-based restricted stock units granted during the six months ended June 30, 2022 was \$25.04 per share.

TimkenSteel recognized stock-based compensation expense of \$2.2 million and \$4.3 million for the three and six months ended June 30, 2022, compared to \$1.8 million and \$3.6 million for the three and six months ended June 30, 2021. Future stock-based compensation expense related to the unvested portion of all awards is approximately \$15.9 million. The future expense is expected to be recognized over the remaining vesting periods through 2025.

Note 13 - Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) for the six months ended June 30, 2022 and 2021 by component were as follows:

	Foreign Currency Translation Adjustments		Pension and Postretirement Liability Adjustments		Total
Balance as of December 31, 2021	\$	(5.1)	\$	25.8	\$ 20.7
Other comprehensive income (loss) before reclassifications, before income tax		(3.1)		—	(3.1)
Amounts reclassified from accumulated other comprehensive income (loss), before income tax		—		(2.3)	(2.3)
Tax effect		—		0.4	0.4
Net current period other comprehensive income (loss), net of income taxes		(3.1)		(1.9)	(5.0)
Balance as of June 30, 2022	\$	(8.2)	\$	23.9	\$ 15.7

	Foreign Currency Translation Adjustments		Pension and Postretirement Liability Adjustments		Total
Balance at December 31, 2020	\$	(5.4)	\$	45.8	\$ 40.4
Other comprehensive income (loss) before reclassifications, before income tax		0.4		—	0.4
Amounts reclassified from accumulated other comprehensive income (loss), before income tax		—		(2.9)	(2.9)
Tax effect		—		—	—
Net current period other comprehensive income (loss), net of income taxes		0.4		(2.9)	(2.5)
Balance as of June 30, 2021	\$	(5.0)	\$	42.9	\$ 37.9

The amount reclassified from accumulated other comprehensive income (loss) in the six months ended June 30, 2022 and 2021 for the pension and postretirement liability adjustment was included in other (income) expense, net in the unaudited Consolidated Statements of Operations.

Note 14 – Contingencies

TimkenSteel has a number of loss exposures incurred in the ordinary course of business, such as environmental claims, product warranty claims, employee-related matters, and other litigation. Establishing loss reserves for these matters requires management’s estimate and judgment regarding risk exposure and ultimate liability or realization. These loss reserves are reviewed periodically and adjustments are made to reflect the most recent facts and circumstances. Accruals related to environmental claims represent management’s best estimate of the fees and costs associated with these claims. Although it is not possible to predict with certainty the outcome of such claims, management believes that their ultimate dispositions should not have a material adverse effect on our financial position, cash flows or results of operations. As of June 30, 2022 and December 31, 2021, TimkenSteel had a \$0.8 million and a \$0.3 million contingency reserve, respectively, related to loss exposures incurred in the ordinary course of business.

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

(dollars in millions, except per share data)

Business Overview

We manufacture alloy steel, as well as carbon and micro-alloy steel, with an annual melt capacity of approximately 1.2 million tons and shipment capacity of approximately 0.9 million tons. Our portfolio includes special bar quality ("SBQ") bars, seamless mechanical tubing ("tubes"), manufactured components such as precision steel components, and billets. Additionally, we manage raw material recycling programs, which are used internally as a feeder system for our melt operations and allow us to sell scrap not used in our operations to third parties. Our products and solutions are used in a diverse range of demanding applications in the following market sectors: automotive; oil and gas; industrial equipment; mining; construction; rail; defense; heavy truck; agriculture; power generation; and oil country tubular goods ("OCTG").

SBQ steel is made to restrictive chemical compositions and high internal purity levels and is used in critical mechanical applications. We make these products from nearly 100% recycled steel, using our expertise in raw materials to create high-quality steel products. We focus on creating tailored products for our respective end-market sectors. Our engineers are experts in both materials and applications, so we can work closely with each customer to deliver flexible solutions related to our products as well as to their applications and supply chains.

The SBQ bar, tube, and billet production processes take place at our Canton, Ohio manufacturing location. This location accounts for all of the SBQ bars, seamless mechanical tubes and billets we produce and includes three manufacturing facilities: the Faircrest, Harrison, and Gambrinus facilities. Our production of manufactured components takes place at two downstream manufacturing facilities: Tryon Peak (Columbus, North Carolina) and St. Clair (Eaton, Ohio). Many of the production processes are integrated, and the manufacturing facilities produce products that are sold in all of our market sectors. As a result, investments in our facilities and resource allocation decisions affecting our operations are designed to benefit the overall business, not any specific aspect of the business.

The lead time for our products varies based on product type and specifications. As of the date of this filing, lead times for SBQ bars and tubes are through the end of the year.

On July 26, 2022, we had an incident at our Faircrest facility, which has resulted in unexpected downtime for our melt activities at this location. We do not expect a significant shipment impact in the near term given inventories on hand. We are targeting mid-August to complete the necessary repairs and expect to resume melt activities shortly thereafter. As of the date of this filing, we are unable to estimate the full impact this incident will have on our business or results of operations, including but not limited to, incremental capital expenditures, manufacturing costs, and expenses related to employee matters.

We conduct our business activities and report financial results as one business segment. The presentation of financial results as one reportable segment is consistent with the way we operate our business and is consistent with the manner in which the Chief Operating Decision Maker ("CODM") evaluates performance and makes resource and operating decisions for the business as described above. Furthermore, the Company notes that monitoring financial results as one reportable segment helps the CODM manage costs on a consolidated basis, consistent with the integrated nature of our operations.

Impact of Raw Material Prices

In the ordinary course of business, we are exposed to the volatility of the costs of our raw materials. For example, the current Russia-Ukraine conflict could exacerbate inflationary pressures throughout the global economy and lead to potential market disruptions, such as significant volatility in commodity prices and supply chain disruptions. Although our business has not been materially impacted by this conflict to date, it is difficult to predict the extent to which our operations, or those of our suppliers, will be impacted in the future.

Whenever possible, we manage our exposure to commodity risks primarily through the use of supplier pricing agreements that enable us to establish the purchase prices for certain inputs that are used in our manufacturing process. We also utilize a raw material and natural gas surcharge mechanism when pricing products to our customers.

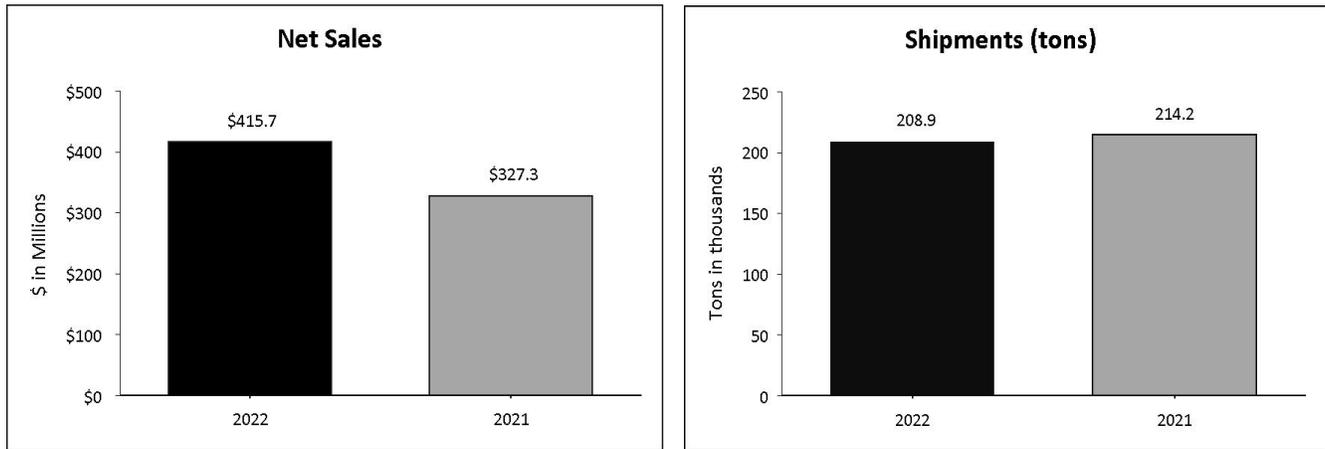
There are two components of our raw material surcharge. One component is related to the scrap metal content in our finished product and is based on the published No. 1 busheling scrap index. The other component is related to alloy material content in our finished product and is based on published prices for nickel, molybdenum, vanadium, chromium, and manganese. The natural gas surcharge is only applicable when the price of natural gas exceeds a certain dollar amount per MMBtu.

Our surcharge mechanisms are designed to mitigate the impact of increases or decreases in raw material costs, although generally with a lag effect. This timing effect can result in raw material spread whereby costs can be over- or under-recovered in certain periods. While the surcharge generally protects gross profit, it has the effect of diluting gross margin as a percent of sales. We present the raw material spread impact on gross profit for the three and six months ended June 30, 2022 compared to the three and six months ended June 30, 2021 in the gross profit charts included within the results of operations section below.

Results of Operations

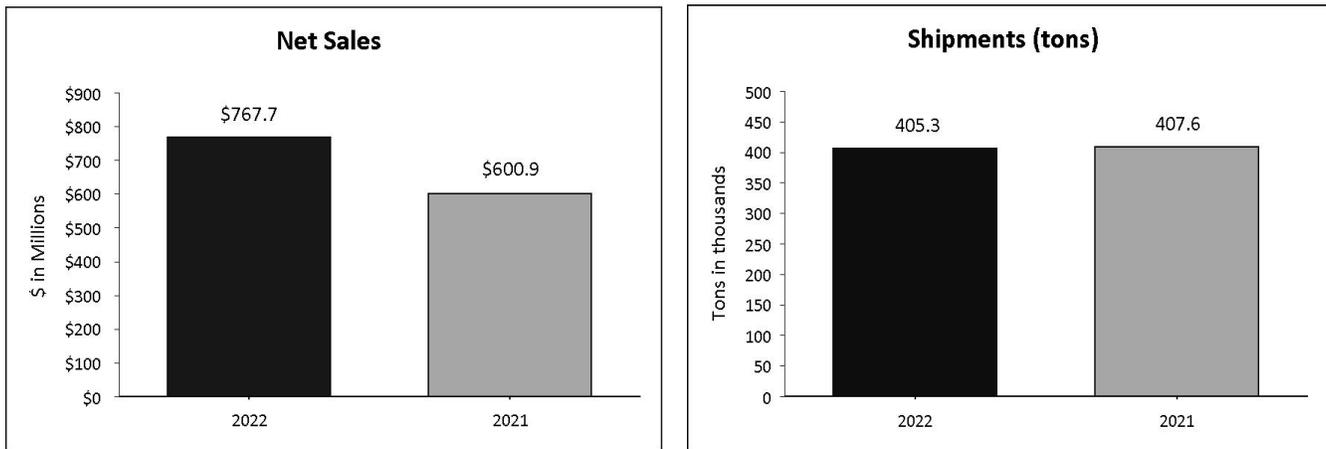
Net Sales

The charts below present net sales and shipments for the three months ended June 30, 2022 and 2021.



Net sales for the three months ended June 30, 2022 were \$415.7 million, an increase of \$88.4 million, or 27.0% compared with the three months ended June 30, 2021. The increase in net sales was primarily driven by an increase in surcharges and favorable price/mix. The increase in surcharges of \$48.3 million was primarily due to higher market prices for scrap and alloys. Favorable price/mix of \$42.4 million was primarily due to higher base prices across all end-market sectors, as well as an improvement of sales mix within the mobile and energy end-market sectors. Excluding surcharges, net sales increased \$40.1 million or 17.9%.

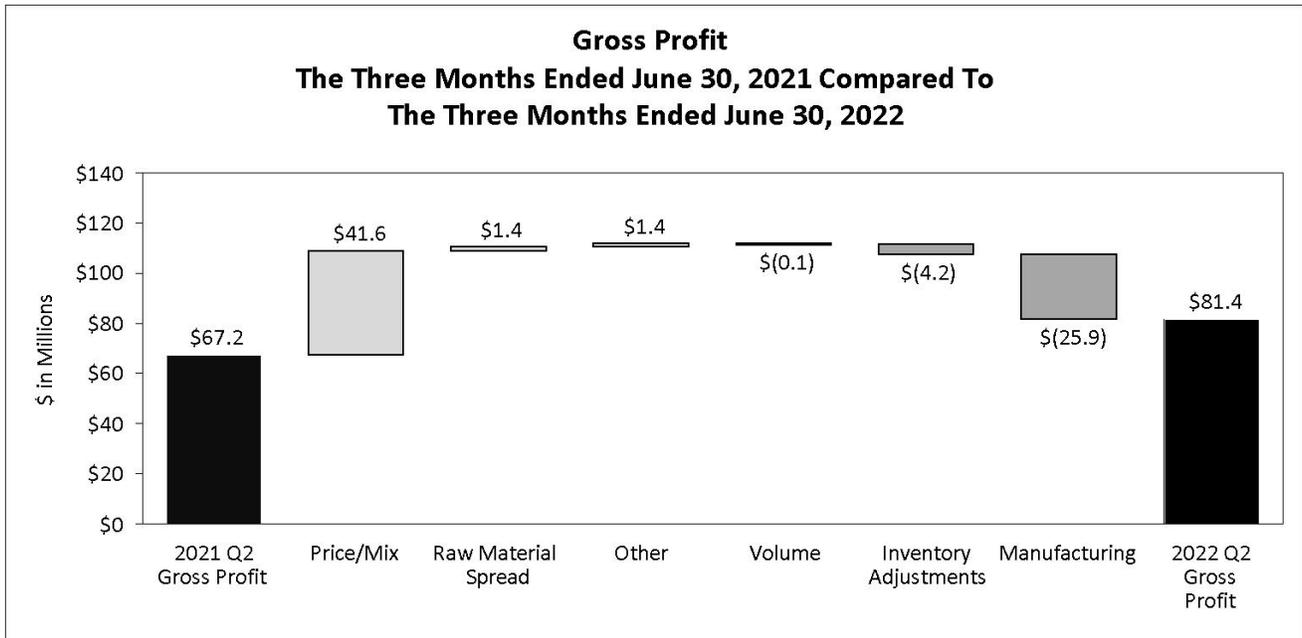
The charts below present net sales and shipments for the six months ended June 30, 2022 and 2021.



Net sales for the six months ended June 30, 2022 were \$767.7 million, an increase of \$166.8 million, or 27.8% compared with the three months ended June 30, 2021. The increase in net sales was primarily driven by an increase in surcharges and favorable price/mix. The increase in surcharges of \$89.3 million was primarily due to higher market prices for scrap and alloys. Favorable price/mix of \$74.6 million was primarily due to higher base prices across all end-market sectors, as well as an improvement of sales mix within the mobile and energy end-market sectors. Excluding surcharges, net sales increased \$77.5 million or 18.0%.

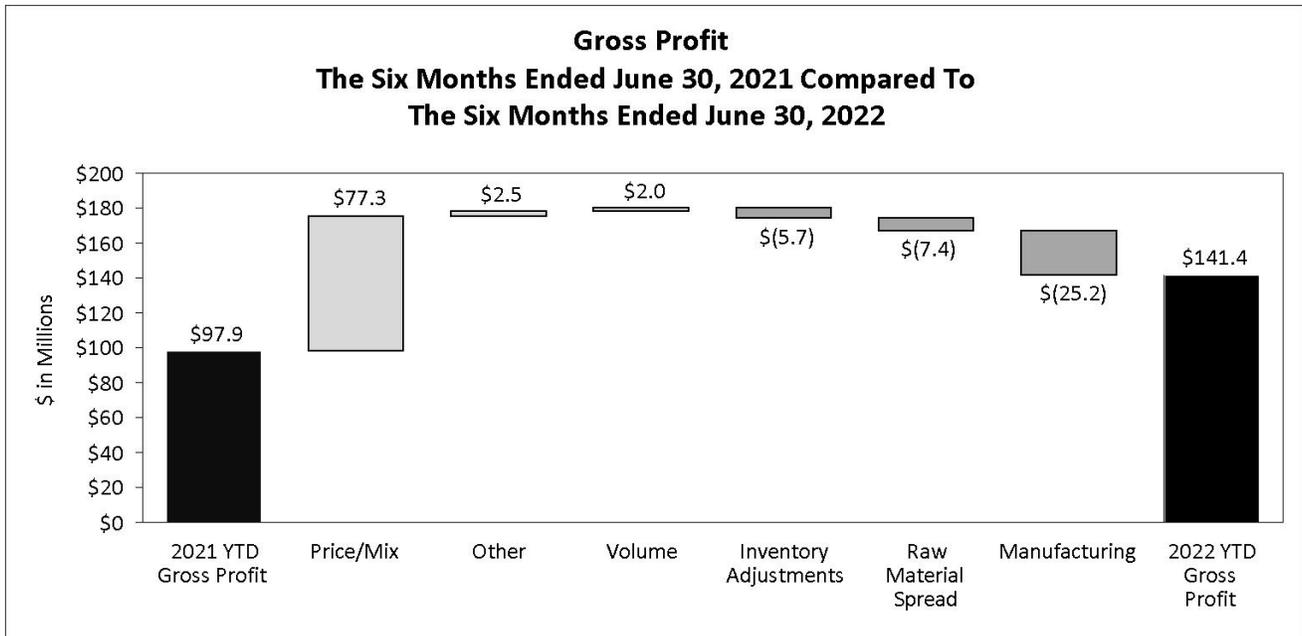
Gross Profit

The chart below presents the drivers of the gross profit variance from the three months ended June 30, 2021 to June 30, 2022.



Gross profit for the three months ended June 30, 2022 increased \$14.2 million, or 21.1% compared with the three months ended June 30, 2021. The increase was driven by favorable price/mix, raw material spread, and other items. This was partially offset by higher manufacturing costs and unfavorable inventory adjustments. Favorable price/mix was due to higher base prices across all end-market sectors, as well as an improvement of product mix within the energy and industrial end-market sectors. Raw material spread was favorable due to higher scrap spread, partially offset by lower alloy spread. Other items were favorable primarily due to an increase in natural gas surcharges. Higher manufacturing costs were driven by inflation and increased spend on plant maintenance. Inventory adjustments were unfavorable when comparing the three months ended June 30, 2021 to the three months ended June 30, 2022. During the second quarter of 2021, there were favorable inventory adjustments due to the reversal of reserves, as inventory was sold or scrapped. There were no similar adjustments in the second of quarter of 2022.

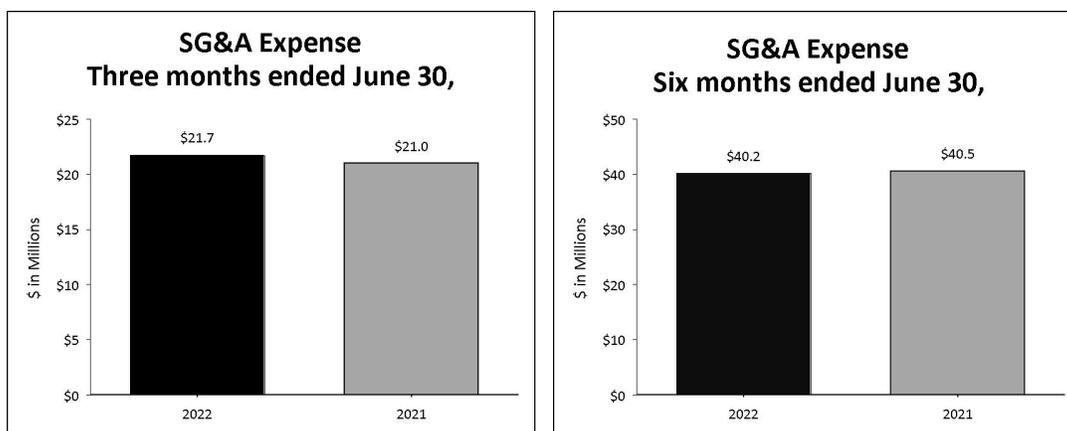
The chart below presents the drivers of the gross profit variance from the six months ended June 30, 2021 to June 30, 2022.



Gross profit for the six months ended June 30, 2022 increased \$43.5 million, or 44.4% compared with the six months ended June 30, 2021. The increase was driven by favorable price/mix and other items. This was partially offset by higher manufacturing costs, unfavorable raw material spread, and unfavorable inventory adjustments. Favorable price/mix was due to higher base prices across all end-market sectors, as well as an improvement of product mix within all end-market sectors. Other items were favorable primarily due to an increase in natural gas surcharges. Higher manufacturing costs were driven by inflation and increased spend on plant maintenance. Unfavorable raw material spread was due to lower scrap and alloy spreads. Inventory adjustments were unfavorable when comparing the six months ended June 30, 2021 to the six months ended June 30, 2022. During the first half of 2021, there were favorable inventory adjustments due to the reversal of reserves, as inventory was sold or scrapped. There were no similar adjustments in the first half of 2022.

Selling, General and Administrative Expenses

The charts below present selling, general and administrative (“SG&A”) expense for the three and six months ended June 30, 2022 and 2021.



SG&A expense for the three months ended June 30, 2022 increased by \$0.7 million, or 3.3% compared with the three months ended June 30, 2021. This increase was primarily due to higher spend on professional services, driven by the ongoing information technology transformation project. This was partially offset by lower employee expense as a result of prior restructuring actions.

SG&A expense for the six months ended June 30, 2022 decreased by \$0.3 million, or 0.7% compared with the six months ended June 30, 2021. This decrease was primarily due to lower employee expense as a result of prior restructuring actions. This was partially offset by higher spend on professional services, driven by the ongoing information technology transformation project.

Restructuring Charges

Over the past several years, TimkenSteel has made numerous organizational changes to enhance profitable and sustainable growth. These company-wide actions included the restructuring of its business support functions, the reduction of management layers throughout the organization and other domestic and international actions to further improve the Company’s overall cost structure. Restructuring charges totaled \$0.4 million and \$0.8 million for the three and six months ended June 30, 2022 compared with restructuring charges of \$1.0 million and \$1.6 million for the three and six months ended June 30, 2021. Refer to “Note 4 - Restructuring Charges” in the Notes to the unaudited Consolidated Financial Statements for additional information.

Impairment Charges & Loss (Gain) on Sale or Disposal of Assets, net

TimkenSteel recorded no impairment charges for the three and six months ended June 30, 2022. There were also no impairment charges for the three months ended June 30, 2021. For the six months ended June 30, 2021, the Company recorded \$8.2 million of impairment charges driven by \$7.9 million related to the indefinite idling of our Harrison melt and casting assets in the first quarter of 2021. Other impairment charges in the prior year included \$0.3 million related to the disposition of assets at our former TMS facility in the first quarter of 2021. Refer to “Note 5 - Disposition of Non-Core Assets” in the Notes to the unaudited Consolidated Financial Statements for additional information.

Additionally, the Company recorded a net loss on the sale or disposal of assets for the three and six months ended June 30, 2022 of \$0.5 million and \$0.6 million, respectively. This compares with a net loss on the sale or disposal of assets of \$0.4 million and \$0.4 million for the three and six months ended June 30, 2021, respectively. The net loss on the sale or disposal of assets for these periods primarily consisted of write-offs of aged assets removed from service.

Interest Expense, net

Interest expense, net for the three and six months ended June 30, 2022 was \$0.6 million and \$1.8 million, a decrease of \$1.1 million and \$1.7 million, respectively, compared with the three and six months ended June 30, 2021. The decrease in net interest expense for both periods was due to a reduction in average outstanding borrowings, as well as interest earned on cash invested in a money market fund during the second quarter of 2022. Refer to “Note 10 - Financing Arrangements” in the Notes to the unaudited Consolidated Financial Statements for additional information.

Other (Income) Expense, net

	Three Months Ended June 30,		
	2022	2021	\$ Change
Pension and postretirement non-service benefit (income) loss	\$ (8.1)	\$ (9.2)	\$ 1.1
Loss (gain) from remeasurement benefit plans	(35.5)	(0.7)	(34.8)
Sales and use tax refund	—	(2.5)	2.5
Foreign currency exchange (gain) loss	(0.1)	—	(0.1)
Miscellaneous (income) expense	(0.1)	0.1	(0.2)
Total other (income) expense, net	\$ (43.8)	\$ (12.3)	\$ (31.5)

	Six Months Ended June 30,		
	2022	2021	\$ Change
Pension and postretirement non-service benefit (income) loss	\$ (16.8)	\$ (18.8)	\$ 2.0
Loss (gain) from remeasurement of benefit plans	(42.0)	(0.5)	(41.5)
Sales and use tax refund	—	(2.5)	2.5
Foreign currency exchange (gain) loss	(0.1)	—	(0.1)
Miscellaneous (income) expense	(0.1)	0.1	(0.2)
Total other (income) expense, net	\$ (59.0)	\$ (21.7)	\$ (37.3)

Non-service related pension and other postretirement benefit income, for all years, consists primarily of the interest cost, expected return on plan assets and amortization components of net periodic cost.

The gain from remeasurement of benefit plans is due to all lump sum payments exceeding or expected to exceed the sum of the service cost and interest cost components of the net periodic pension cost for certain plans. These payments constitute a partial settlement, which is a significant event requiring remeasurement of both plan assets and benefit obligations. A total gain of \$35.5 million and \$42.0 million from the remeasurement of these benefit plans was recognized for the three and six months ended June 30, 2022, respectively. This gain was primarily due to a \$205.5 million and \$231.1 million decrease in the liability due to the increase in discount rates during the three and six months ended June 30, 2022, respectively. This is partially offset by losses of \$170.0 million and \$189.1 million for the three and six months ended June 30, 2022, respectively, primarily driven by investment losses on plan assets.

A total gain of \$0.7 million and \$0.5 million from the remeasurement of these benefit plans was recognized for the three and six months ended June 30, 2021, respectively. For the three months ended June 30, 2021, this gain was due to \$9.5 million of favorable investment returns on plan assets, partially offset by losses of \$8.8 million primarily driven by an increase in the pension liability due to a reduction in discount rate. For the six months ended June 30, 2021, this gain was driven by a \$10.0 million decrease in the liability due to the increase in discount rate during the first half of 2021, partially offset by losses of \$9.5 million primarily driven by investment losses on plan assets.

For more details on the aforementioned remeasurements, refer to “Note 11 - Retirement and Postretirement Plans.”

During the second quarter of 2021, TimkenSteel received a refund from the State of Ohio related to an overpayment of sales and use taxes for the period of October 1, 2016 through September 30, 2019. This resulted in a gain recognized of \$2.5 million, net of related professional fees, during the second quarter of 2021.

Provision for Income Taxes

	Three Months Ended June 30,				
	2022		2021		\$ Change
Provision (benefit) for income taxes	\$	1.5	\$	1.4	\$ 0.1
Effective tax rate		2.0%		2.5%	(0.5)%

	Six Months Ended June 30,				
	2022		2021		\$ Change
Provision (benefit) for income taxes	\$	2.4	\$	1.6	\$ 0.8
Effective tax rate		2.1%		2.4%	(0.3)%

The majority of the Company's income tax expense is derived from domestic state and local taxes. The Company remains in a full valuation for the U.S. jurisdiction for the three and six months ended June 30, 2022 and 2021.

Non-GAAP Financial Measures
Net Sales, Excluding Surcharges

The tables below present net sales by end-market sector, adjusted to exclude surcharges, which represents a financial measure that has not been determined in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). We believe presenting net sales by end-market sector, both on a gross basis and on a per ton basis, adjusted to exclude raw material and natural gas surcharges, provides additional insight into key drivers of net sales such as base price and product mix. Due to the fact that the surcharge mechanism can introduce volatility to our net sales, net sales adjusted to exclude surcharges provides management and investors clarity of our core pricing and results. Presenting net sales by end-market sector, adjusted to exclude surcharges including on a per ton basis, allows management and investors to better analyze key market indicators and trends and allows for enhanced comparison between our end-market sectors.

(dollars in millions, tons in thousands)

	Three Months Ended June 30, 2022				
	Mobile	Industrial	Energy	Other	Total
Tons	85.4	102.1	21.4	—	208.9
Net Sales	\$ 152.9	\$ 208.2	\$ 46.3	\$ 8.3	\$ 415.7
Less: Surcharges	55.2	80.0	17.0	—	152.2
Base Sales	\$ 97.7	\$ 128.2	\$ 29.3	\$ 8.3	\$ 263.5
Net Sales / Ton	\$ 1,790	\$ 2,039	\$ 2,164	\$ —	\$ 1,990
Surcharges / Ton	\$ 646	\$ 783	\$ 795	\$ —	\$ 729
Base Sales / Ton	\$ 1,144	\$ 1,256	\$ 1,369	\$ —	\$ 1,261

	Three Months Ended June 30, 2021				
	Mobile	Industrial	Energy	Other	Total
Tons	93.6	111.9	8.7	—	214.2
Net Sales	\$ 132.9	\$ 173.6	\$ 13.2	\$ 7.6	\$ 327.3
Less: Surcharges	41.7	57.6	4.6	—	103.9
Base Sales	\$ 91.2	\$ 116.0	\$ 8.6	\$ 7.6	\$ 223.4
Net Sales / Ton	\$ 1,420	\$ 1,551	\$ 1,517	\$ —	\$ 1,528
Surcharges / Ton	\$ 446	\$ 514	\$ 528	\$ —	\$ 485
Base Sales / Ton	\$ 974	\$ 1,037	\$ 989	\$ —	\$ 1,043

(dollars in millions, tons in thousands)

	Six Months Ended June 30, 2022					Total
	Mobile	Industrial	Energy	Other		
Tons	174.3	197.0	34.0	—		405.3
Net Sales	\$ 297.0	\$ 383.2	\$ 71.3	\$ 16.2		\$ 767.7
Less: Surcharges	100.9	134.9	25.0	—		260.8
Base Sales	\$ 196.1	\$ 248.3	\$ 46.3	\$ 16.2		\$ 506.9
Net Sales / Ton	\$ 1,704	\$ 1,945	\$ 2,097	\$ —		\$ 1,894
Surcharges / Ton	\$ 579	\$ 685	\$ 735	\$ —		\$ 643
Base Sales / Ton	\$ 1,125	\$ 1,260	\$ 1,362	\$ —		\$ 1,251

	Six Months Ended June 30, 2021					Total
	Mobile	Industrial	Energy	Other		
Tons	197.1	196.3	14.2	—		407.6
Net Sales	\$ 266.5	\$ 298.3	\$ 20.9	\$ 15.2		\$ 600.9
Less: Surcharges	74.5	90.3	6.7	—		171.5
Base Sales	\$ 192.0	\$ 208.0	\$ 14.2	\$ 15.2		\$ 429.4
Net Sales / Ton	\$ 1,352	\$ 1,520	\$ 1,472	\$ —		\$ 1,474
Surcharges / Ton	\$ 378	\$ 460	\$ 472	\$ —		\$ 421
Base Sales / Ton	\$ 974	\$ 1,060	\$ 1,000	\$ —		\$ 1,053

Liquidity and Capital Resources

Amended Credit Agreement

On October 15, 2019, the Company entered into a Third Amended and Restated Credit Agreement (the “Amended Credit Agreement”) with JP Morgan Chase Bank, N.A., as administrative agent, Bank of America, N.A., as syndication agent, and the other lenders party thereto, which further amended and restated the Company’s Second Amended and Restated Credit Agreement dated as of January 26, 2018.

For additional details regarding the Amended Credit Agreement please refer to “Note 14 - Financing Arrangements” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021.

Convertible Notes

In May 2016, the Company issued \$75.0 million aggregate principal amount of Convertible Senior Notes due 2021, plus an additional \$11.3 million principal amount to cover over-allotments.

In December 2020, the Company entered into separate, privately negotiated exchange agreements with a limited number of holders of the Company’s then outstanding Convertible Senior Notes due 2021. Pursuant to the exchange agreements, the Company exchanged \$46.0 million aggregate principal amount of Convertible Senior Notes due 2021 for \$46.0 million aggregate principal amount of its new Convertible Senior Notes due 2025. The Company did not receive any cash proceeds from the issuance of the Convertible Senior Notes due 2025.

The remaining Convertible Senior Notes due 2021 matured on June 1, 2021 and were settled with a combination of cash of \$38.9 million and 0.1 million shares, as most noteholders exercised their conversion option prior to maturity. The final cash payment for interest was also made to noteholders on June 1, 2021 in the amount of \$1.2 million.

The Convertible Senior Notes due 2025 bear cash interest at a rate of 6.0% per year, payable semiannually on June 1 and December 1, beginning on June 1, 2021. The Convertible Senior Notes due 2025 will mature on December 1, 2025, unless earlier repurchased or converted. The net amount of this exchange was \$44.5 million, after deducting the initial underwriters’ fees and paying other transaction costs.

The Convertible Senior Notes due 2025 are convertible at the option of holders in certain circumstances and during certain periods into the Company’s common shares, cash, or a combination thereof, at the Company’s election. The Indenture for the Convertible Senior Notes due 2025 provides that notes will become convertible during a quarter when the share price for 20 trading days during the final 30 trading days of the immediately preceding quarter was greater than 130% of the conversion price. This criterion was met during the second quarter of 2022 and as such the notes can be converted at the option of the holders beginning July 1 through September 30, 2022. Whether the notes will be convertible following such period will depend on if this criterion, or another conversion condition, is met in the future. To date, no holders have elected to convert their notes during any optional conversion periods.

In the first half of 2022, TimkenSteel repurchased a total of \$25.2 million aggregate principal amount of its Convertible Senior Notes Due 2025. Total cash paid to noteholders was \$67.6 million. In the three and six months ended June 30, 2022, a loss on extinguishment of debt was recognized of \$26.0 million and \$43.0 million, respectively, including a charge of \$0.4 million and \$0.6 million, respectively, for unamortized debt issuance costs related to the portion of debt extinguished, as well as the related transaction costs.

For additional details regarding the Convertible Notes please refer to “Note 14 - Financing Arrangements” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021.

Additional Liquidity Considerations

The following represents a summary of key liquidity measures under the Amended Credit Agreement as of June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
Cash and cash equivalents	\$ 238.5	\$ 259.6
Credit Agreement:		
Maximum availability	\$ 400.0	\$ 400.0
Suppressed availability ⁽¹⁾	(74.3)	(143.5)
Availability	325.7	256.5
Amount borrowed	—	—
Letter of credit obligations	(5.5)	(5.4)
Availability not borrowed	\$ 320.2	\$ 251.1
Total liquidity	\$ 558.7	\$ 510.7

⁽¹⁾ As of June 30, 2022, and December 31, 2021, TimkenSteel had less than \$400 million in collateral assets to borrow against.

Our principal sources of liquidity are cash and cash equivalents, cash flows from operations and available borrowing capacity under our Amended Credit Agreement. As of June 30, 2022, taking into account our view of mobile, industrial, and energy market demand for our products, and our 2022 operating and long-range plan, we believe that our cash balance as of June 30, 2022, projected cash generated from operations, and borrowings available under the Amended Credit Agreement, will be sufficient to satisfy our working capital needs, capital expenditures and other liquidity requirements associated with our operations, including servicing our debt and pension and postretirement benefit obligations, for at least the next twelve months.

To the extent our liquidity needs prove to be greater than expected or cash generated from operations is less than anticipated, and cash on hand or credit availability is insufficient, we would seek additional financing to provide additional liquidity. We regularly evaluate our potential access to the equity and debt capital markets as sources of liquidity and we believe additional financing would likely be available if necessary, although we can make no assurance as to the form or terms of any such financing.

We continue to evaluate the best use of our liquidity which would allow us to invest in profitable growth, maintain a strong balance sheet, and return capital to shareholders. We are currently anticipating capital expenditures to be approximately \$35 million in 2022.

During the first half of 2022, we privately negotiated the early repurchase of \$25.2 million aggregate principal amount of our Convertible Senior Notes Due 2025. In addition to reducing outstanding debt and generating \$1.5 million of annual interest savings, the convertible notes repurchase will have the effect of reducing diluted shares outstanding by a total of approximately 3.2 million shares beginning in the third quarter of 2022.

On December 20, 2021, TimkenSteel announced that its Board of Directors authorized a share repurchase program under which the Company may repurchase up to \$50.0 million of its outstanding common shares. Our share repurchase program is intended to return capital to shareholders while also offsetting dilution from annual equity compensation awards. The Company may utilize various methods to repurchase shares, which could include open market repurchases, including repurchases through Rule 10b5-1 plans, privately-negotiated transactions or by other means. The actual timing, number and value of shares repurchased under the program will depend on a number of factors, including the price of the Company's shares, general market and economic conditions, capital needs and other factors. The share repurchase program does not require the Company to acquire any dollar amount or number of shares and may be modified, suspended, extended or terminated by the Company at any time without prior notice. For the three months ended June 30, 2022, the Company repurchased approximately 0.4 million common shares in the open market at an aggregate cost of \$9.3 million, which equates to an average repurchase price of \$21.20 per share. For the six months ended June 30, 2022, the Company repurchased approximately 0.6 million common shares in the open market at an aggregate cost of \$12.7 million, which equates to an average repurchase price of \$20.94 per share. As of June 30, 2022, the Company had a balance of \$37.3 million remaining on its previously approved \$50.0 million share repurchase program.

In July 2022, the Company repurchased approximately 0.2 million common shares in the open market at an aggregate cost of \$3.3 million, which equates to an average repurchase price of \$17.72 per share. As of July 31, 2022, the Company had \$34.0 million remaining under its previously approved \$50.0 million share repurchase program.

Coronavirus Aid, Relief, and Economic Security Act

Due to a provision in the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, the Company was able to defer the employer share of Social Security payroll taxes for a specified time during 2020. During the year ended December 31, 2020, the Company deferred \$6.4 million in cash payments and recorded reserves for such deferred payroll taxes in salaries, wages and benefits on the Consolidated Balance Sheets, to be paid in two equal installments. The first installment in the amount of \$3.2 million was paid during the fourth quarter of 2021. The second installment is due on December 31, 2022.

The CARES Act also provided for an employee retention credit ("Employee Retention Credit"), which is a refundable tax credit against certain employment taxes. The Company qualified for the tax credit in the second and third quarters of 2020 and accrued a benefit of \$2.3 million in the fourth quarter of 2020 related to the Employee Retention Credit in other (income) expense, net on the Consolidated Statements of Operations. The Company filed for this credit in the second quarter of 2021 and received a portion of the proceeds from the Internal Revenue Service ("IRS") in the amount of \$0.5 million during the fourth quarter of 2021. The Company received the remaining \$1.8 million of cash proceeds in the first quarter of 2022.

Cash Flows

The following table reflects the major categories of cash flows for the six months ended June 30, 2022 and 2021. For additional details, please refer to the unaudited Consolidated Statements of Cash Flows included in this quarterly report.

	Six Months Ended June 30,			
	2022		2021	
Net cash provided (used) by operating activities	\$	64.0	\$	52.4
Net cash provided (used) by investing activities		(9.9)		(3.8)
Net cash provided (used) by financing activities		(74.2)		(36.2)
Increase (Decrease) in Cash and Cash Equivalents	\$	(20.1)	\$	12.4

Operating activities

Net cash provided by operating activities for the six months ended June 30, 2022 was \$64.0 million compared to net cash provided of \$52.4 million for the six months ended June 30, 2021. The increase in net cash provided by operating activities is due to an increase in profitability during the first half of 2022 compared to the first half of 2021. This is partially offset by an increased use of cash for working capital purposes and an increase in the cash payment related to variable compensation earned in 2021 compared to 2020, which is paid out in the first quarter of the subsequent year.

Investing activities

Net cash used by investing activities for the six months ended June 30, 2022 was \$9.9 million compared to net cash used of \$3.8 million for the six months ended June 30, 2021. The change was due to higher capital expenditures in the first half of 2022 compared to the first half of 2021.

Financing activities

Net cash used by financing activities for the six months ended June 30, 2022 was \$74.2 million compared to net cash used of \$36.2 million for the six months ended June 30, 2021. The change was primarily due to the increased repayments on convertible notes in the first half of 2022 compared to the first half of 2021, due to early repurchases of a portion of the Convertible Senior Notes due 2025 in the first half of 2022. Also contributing to this increased use of cash was the repurchase of common shares in the first half of 2022 under the share repurchase program, which is discussed in more detail in "Note 10 - Financing Arrangements". This is partially offset by increased proceeds from the exercise of stock options in the first half of 2022 compared to the first half of 2021.

Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with U.S. GAAP. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. We review our critical accounting policies throughout the year.

For a detailed discussion of the Company's critical accounting policies and estimates, refer to the section "Critical Accounting Policies and Estimates" within "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

New Accounting Guidance

See "Note 2 - Recent Accounting Pronouncements" in the Notes to the unaudited Consolidated Financial Statements.

Revenue Recognition

TimkenSteel recognizes revenue from contracts at a point in time when it has satisfied its performance obligation and the customer obtains control of the goods, at the amount that reflects the consideration the Company expects to receive for those goods.

Substantially all performance obligations arise from the sale of manufactured steel products. The Company receives and acknowledges purchase orders from its customers, which define the quantity, pricing, payment and other applicable terms and conditions. In some cases, the Company receives a blanket purchase order from its customer, which includes pricing, payment and other terms and conditions, with quantities defined at the time the customer issues periodic releases from the blanket purchase order.

Transfer of control and revenue recognition for substantially all the Company's sales occur upon shipment or delivery of the product, which is when title, ownership, and risk of loss pass to the customer and is based on the applicable customer shipping terms.

The Company invoices its customers at the time of title transfer. Payment terms are generally 30 days from the invoice date. Invoiced amounts are usually inclusive of shipping and handling activities incurred. Shipping and handling activities billed are included in net sales in the Consolidated Statements of Operations. The related costs incurred by the Company for the delivery of goods are classified as cost of products sold in the Consolidated Statements of Operations.

Certain contracts contain variable consideration, which primarily consists of rebates that are accounted for in net sales and accrued based on the estimated probability of the requirements being met.

Sales returns and allowances are treated as a reduction to net sales and are provided for primarily based on historical experience. These reserves also capture any potential warranty claims, which normally result in returned or replaced product.

Benefit Plans

TimkenSteel recognizes an overfunded status or underfunded status (e.g., the difference between the fair value of plan assets and the benefit obligations) as either an asset or a liability for its defined benefit pension and other postretirement benefit plans on the Consolidated Balance Sheets. The Company recognizes actuarial gains and losses immediately through net periodic benefit cost in the Consolidated Statements of Operations upon the annual remeasurement at December 31, or on an interim basis as triggering events warrant remeasurement. An example of a potential triggering event would be settlements. The Company's accounting policy is to recognize settlements during the quarter in which it is projected that the costs of all settlements during the year will be greater than the sum of the service cost and interest cost components. In addition, the Company uses fair value to account for the value of plan assets.

After remeasurement of certain pension plans during the first half of 2022, the aggregate net periodic pension expense for the second half of 2022 is currently forecasted to be \$3.0 million, resulting in total 2022 net periodic pension income now estimated at \$2.3 million, compared to the estimated net periodic pension income at December 31, 2021 of \$11.5 million. This estimate is based on an updated weighted average discount rate of 4.63% as of June 30, 2022 for all of the pension benefit plans, which reflects updated discount rates for the plans that have been remeasured during 2022. Actual asset returns have been recognized for the plans that were remeasured throughout the first half of 2022. For more details on the pension plan remeasurements, refer to "Note 6 - Other (Income) Expense, net" and "Note 11 - Retirement and Postretirement Plans" in the Notes to the unaudited Consolidated Financial Statements. As of June 30, 2022, the weighted average expected return on assets remains at 5.96%, consistent with the December 31, 2021 assumption. Actual cost is dependent on various other factors related to the employees covered by these plans, as well as subsequent remeasurement of the Bargaining and Salaried Plans in the second half of 2022, due to lump sum payments and partial annuitization of the Bargaining Plan, as discussed further below.

On July 7, 2022, the Company entered into an agreement with The Prudential Insurance Company of America ("Prudential") to purchase an irrevocable group annuity contract and transfer approximately \$256.2 million of the Bargaining Plan's obligations. In connection with the agreement, Prudential will pay future benefits under the group annuity contract starting October 1, 2022, for a specified group of approximately 1,900 participants and beneficiaries who are currently receiving payments from the Bargaining Plan. Benefits payable to these participants and beneficiaries will not be reduced as a result of this transaction. Plan participants and beneficiaries not included in the transaction remain in the Bargaining Plan. The Company will record a settlement gain of approximately \$2.7 million in the third quarter of 2022 related to this partial plan annuitization. This settlement is a significant event which requires remeasurement of the Bargaining Plan. This remeasurement will be performed during the third quarter. The transaction is funded directly by the assets of the Bargaining Plan and requires no cash contribution from the Company.

The timing and amount of future required pension contributions is significantly affected by asset returns and actuarial assumptions. Plan asset losses in the first half of 2022, combined with current actuarial assumptions, have resulted in potentially accelerated timing of future required pension contributions to as early as 2024. Required future pension contribution timing and amounts are subject to significant change based on future investment performance, Company estimates and actuarial assumptions, as well as current funding laws.

Other postretirement benefit income for 2022 is still forecasted to be \$5.0 million for the full year, which is unchanged from the December 31, 2021 forecast. This estimate is based on an unchanged weighted average discount rate of 3.00%, as well as an unchanged weighted average expected return on assets of 4.75%. Actual cost is dependent on various other factors related to the employees covered by these plans.

Adjustments to our actuarial assumptions for both pension and postretirement plans could have a material adverse impact on our operating results.

Forward-Looking Statements

Certain statements set forth in this Quarterly Report on Form 10-Q (including our forecasts, beliefs and expectations) that are not historical in nature are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. In particular, Management's Discussion and Analysis of Financial Condition and Results of Operations contains numerous forward-looking statements. Forward-looking statements generally will be accompanied by words such as "anticipate," "aspire," "believe," "could," "estimate," "expect," "forecast," "outlook," "intend," "may," "plan," "possible," "potential," "predict," "project," "seek," "should," "strategic direction," "strategy," "target," "will," "would," or other similar words, phrases or expressions that convey the uncertainty of future events or outcomes. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this Form 10-Q. We caution readers that actual results may differ materially from those expressed or implied in forward-looking statements made by or on behalf of us due to a variety of factors, such as:

- deterioration in world economic conditions, or in economic conditions in any of the geographic regions in which we conduct business, including additional adverse effects from global economic slowdown, terrorism or hostilities. This includes: political risks associated with the potential instability of governments and legal systems in countries in which we or our customers conduct business, and changes in currency valuations;
- the impact of the Russia-Ukraine conflict on the global economy, sourcing of raw materials, and commodity prices;
- climate-related risks, including environmental and severe weather caused by climate changes, and legislative and regulatory initiatives addressing global climate change or other environmental concerns;
- the effects of fluctuations in customer demand on sales, product mix and prices in the industries in which we operate. This includes: our ability to respond to rapid changes in customer demand including but not limited to changes in customer operating schedules due to supply chain constraints; the effects of customer bankruptcies or liquidations; the impact of changes in industrial business cycles; and whether conditions of fair trade exist in the U.S. markets;
- the potential impact of the COVID-19 pandemic on our operations and financial results, including cash flows and liquidity;
- whether we are able to successfully implement actions designed to improve profitability on anticipated terms and timetables and whether we are able to fully realize the expected benefits of such actions;

- competitive factors, including changes in market penetration; increasing price competition by existing or new foreign and domestic competitors; the introduction of new products by existing and new competitors; and new technology that may impact the way our products are sold or distributed;
- changes in operating costs, including the effect of changes in our manufacturing processes; changes in costs associated with varying levels of operations and manufacturing capacity; availability of raw materials and energy; our ability to mitigate the impact of fluctuations in raw materials and energy costs and the effectiveness of our surcharge mechanism; changes in the expected costs associated with product warranty claims; changes resulting from inventory management, cost reduction initiatives and different levels of customer demands; the effects of unplanned work stoppages; and changes in the cost of labor and benefits;
- the success of our operating plans, announced programs, initiatives and capital investments; and our ability to maintain appropriate relations with the union that represents our associates in certain locations in order to avoid disruptions of business;
- unanticipated litigation, claims or assessments, including claims or problems related to intellectual property, product liability or warranty, employment matters, and environmental issues and taxes, among other matters;
- cyber-related risks, including information technology system failures, interruptions and security breaches;
- the Company's ability to achieve its environmental, social, and governance ("ESG") goals, including its 2030 ESG goals;
- the availability of financing and interest rates, which affect our cost of funds and/or ability to raise capital, including our ability to refinance and/or repay prior to or at maturity the Convertible Notes due December 1, 2025; our pension obligations and investment performance; and/or customer demand and the ability of customers to obtain financing to purchase our products or equipment that contain our products;
- the overall impact of the pension and postretirement mark-to-market accounting;
- the effects of the conditional conversion feature of the Convertible Senior Notes due 2025, which, if triggered, entitles holders to convert the notes at any time during specified periods at their option and therefore could result in potential dilution if the holder elects to convert and the Company elects to satisfy a portion or all of the conversion obligation by delivering common shares instead of cash;
- the impacts from any repurchases of our common shares, including the timing and amount of any repurchases; and
- those items identified under the caption Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2021.

You are cautioned that it is not possible to predict or identify all of the risks, uncertainties and other factors that may affect future results, and that the above list should not be considered to be a complete list. Except as required by the federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Further, this report includes our current policy and intent and is not intended to create legal rights or obligations. Certain standards of measurement and performance contained in this report are developing and based on assumptions, and no assurance can be given that any plan, objective, initiative, projection, goal, mission, commitment, expectation, or prospect set forth in this report can or will be achieved. Inclusion of information in this report is not an indication that the subject or information is material to our business or operating results.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

Our borrowings include both fixed and variable-rate debt. The variable debt consists principally of borrowings under our Credit Agreement. We are exposed to the risk of rising interest rates to the extent we fund our operations with these variable-rate borrowings. As of June 30, 2022, we have \$20.8 million of aggregate debt outstanding. None of our outstanding debt as of June 30, 2022 has variable interest rates, thus a rise in interest rates would not impact our interest expense at this point in time.

Foreign Currency Exchange Rate Risk

Fluctuations in the value of the U.S. dollar compared to foreign currencies may impact our earnings. Geographically, our sales are primarily made to customers in the United States. Currency fluctuations could impact us to the extent they impact the currency or the price of raw materials in foreign countries in which our competitors operate or have significant sales.

Commodity Price Risk

In the ordinary course of business, we are exposed to market risk with respect to commodity price fluctuations, primarily related to our purchases of raw materials and energy, principally scrap steel, other ferrous and non-ferrous metals, alloys, natural gas and electricity. Additionally, the current Russia-Ukraine conflict could also exacerbate inflationary pressures throughout the global economy and lead to potential market disruptions, such as significant volatility in commodity prices and supply chain disruptions. Although our business has not been materially impacted by this conflict to date, it is difficult to predict the extent to which our operations, or those of our suppliers, will be impacted in the future.

Whenever possible, we manage our exposure to commodity risks primarily through the use of supplier pricing agreements that enable us to establish the purchase prices for certain inputs that are used in our manufacturing business. We utilize a raw material surcharge as a component of pricing steel to pass through the cost increases of scrap, alloys and other raw materials, as well as natural gas. From time to time, we may use financial instruments to hedge a portion of our exposure to commodity price risk. In periods of stable demand for our products, the surcharge mechanism has worked effectively to reduce the normal time lag in passing through higher raw material costs so that we can maintain our gross margins. When demand and cost of raw materials are lower, however, the surcharge impacts sales prices to a lesser extent.

Item 4. Controls and Procedures

(a) Disclosure Controls and Procedures

As of the end of the period covered by this quarterly report, we carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)). Based upon that evaluation, the principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this quarterly report.

(b) Changes in Internal Control Over Financial Reporting

During the Company's most recent fiscal quarter, there have been no changes in the Company's internal control over financial reporting 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**

We are involved in various claims and legal actions arising in the ordinary course of business. In the opinion of our management, the ultimate disposition of these matters will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Item 1A. Risk Factors

We are subject to various risks and uncertainties in the course of our business. The discussion of such risks and uncertainties may be found under Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2021 filed with the SEC.

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

The table below provides information concerning our repurchase of common shares for the three months ended June 30, 2022.

<i>(Dollars in millions, except per share data)</i>	Total number of shares purchased⁽¹⁾	Average price paid per share⁽³⁾	Total number of shares purchased as part of publicly announced plans or programs⁽¹⁾	Maximum dollar value of shares that may yet be purchased under the plans or programs⁽²⁾
Beginning shares available				\$ 46.6
April, 2022	136,785	\$ 21.88	136,785	\$ 43.6
May, 2022	155,907	\$ 20.16	155,907	\$ 40.5
June, 2022	144,946	\$ 21.67	144,946	\$ 37.3
Quarter-to-date	437,638	\$ 21.20	437,638	\$ 37.3

⁽¹⁾ On December 20, 2021, TimkenSteel announced that its Board of Directors authorized a share repurchase program under which the Company may repurchase up to \$50.0 million of its outstanding common shares. All of the shares purchased during the three months ended June 30, 2022 were purchased as of part of this share repurchase program. The share repurchase program does not require the Company to acquire any dollar amount or number of shares and does not have an expiration date.

⁽²⁾ The Company may utilize various methods to repurchase shares, which could include open market repurchases, including repurchases through Rule 10b5-1 plans, privately-negotiated transactions or by other means. The actual timing, number and value of shares repurchased under the program will depend on a number of factors, including the price of the Company's shares, general market and economic conditions, capital needs and other factors.

⁽³⁾ The average price paid per share excludes any broker commissions.

Item 6. Exhibits

Exhibit Number	Exhibit Description
31.1*	Certification of the Chief Executive Officer pursuant to Rule 13a-14 of the Exchange Act, as adopted, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Chief Financial Officer pursuant to Rule 13a-14 of the Exchange Act, as adopted, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

** Furnished herewith.

Signatures

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.

TIMKENSTEEL CORPORATION

Date: August 4, 2022

/s/Kristopher R. Westbrooks

Kristopher R. Westbrooks
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION

I, Michael S. Williams, certify that:

I have reviewed this quarterly report on Form 10-Q of TimkenSteel Corporation;

1. 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;
2. 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;
3. 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
4. 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: August 4, 2022

/s/ Michael S. Williams

Michael S. Williams
Chief Executive Officer and President
(Principal Executive Officer)

CERTIFICATION

I, Kristopher R. Westbrooks, certify that:

I have reviewed this quarterly report on Form 10-Q of TimkenSteel Corporation;

1. 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;
2. 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;
3. 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
4. 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: August 4, 2022

/s/ Kristopher R. Westbrooks

Kristopher R. Westbrooks
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION
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 TimkenSteel Corporation (the "Company") on Form 10-Q for the period ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Date: August 4, 2022

/s/ Michael S. Williams
Michael S. Williams
Chief Executive Officer and President
(Principal Executive Officer)

Date: August 4, 2022

/s/ Kristopher R. Westbrooks
Kristopher R. Westbrooks
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
