

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2023

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: 1-13888



GRAFTECH INTERNATIONAL LTD.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

27-2496053
(I.R.S. Employer
Identification Number)

982 Keynote Circle
Brooklyn Heights, OH
(Address of principal executive offices)

44131
(Zip code)

Registrant's telephone number, including area code: (216) 676-2000

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$0.01 par value per share	EAF	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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large Accelerated Filer ☒ Accelerated Filer ☐ Emerging Growth Company ☐
Non-Accelerated Filer ☐ Smaller Reporting Company ☐

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

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

As of July 28, 2023, 256,807,900 shares of common stock outstanding.

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Presentation of Financial, Market and Industry Data

We present our financial information on a consolidated basis. Unless otherwise noted, when we refer to dollars, we mean U.S. dollars.

Certain market and industry data included in this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023 (the "Report") has been obtained or derived from third-party sources that we believe to be reliable. Market estimates are calculated by using independent industry publications, government publications and third-party forecasts in conjunction with our assumptions about our markets. We cannot guarantee the accuracy or completeness of this market and market share data and have not independently verified it. None of the sources consented to the disclosure or use of data in this Report. While we are not aware of any misstatements regarding any market, industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the headings "Cautionary Note Regarding Forward-Looking Statements" in this Report and "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022 ("Annual Report on Form 10-K") filed on February 14, 2023.

Cautionary Note Regarding Forward-Looking Statements

This Report may contain forward-looking statements within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements reflect our current views with respect to, among other things, financial projections, plans and objectives of management for future operations, and future economic performance. Examples of forward-looking statements include, among others, statements we make regarding future estimated volume, pricing and revenue, anticipated levels of capital expenditures, the suspension of our dividend, including the frequency and amount of any dividend we may pay, and guidance relating to earnings per share and adjusted EBITDA. You can identify these forward-looking statements by the use of forward-looking words such as "will," "may," "plan," "estimate," "project," "believe," "anticipate," "expect," "foresee," "intend," "should," "would," "could," "target," "goal," "continue to," "positioned to," "are confident," or the negative versions of those words or other comparable words. Any forward-looking statements contained in this Report are based upon our historical performance and on our current plans, estimates and expectations considering information currently available to us. The inclusion of this forward-looking information should not be regarded as a representation by us that the future plans, estimates, or expectations contemplated by us will be achieved. Our expectations and targets are not predictions of actual performance and historically our performance has deviated, often significantly, from our expectations and targets. These forward-looking statements are subject to various risks and uncertainties and assumptions relating to our operations, financial results, financial condition, business, prospects, growth strategy and liquidity. Accordingly,

there are or will be important factors that could cause our actual results to differ materially from those indicated in these statements. We believe that these factors include, but are not limited to:

- our dependence on the global steel industry generally and the electric arc furnace (“EAF”) steel industry in particular;
- the cyclical nature of our business and the selling prices of our products, which may decline in the future, may lead to periods of reduced profitability and net losses;
- the sensitivity of our business and operating results to economic conditions, including any recession, and the possibility others may not be able to fulfill their obligations to us in a timely fashion or at all;
- the possibility that we may be unable to implement our business strategies in an effective manner;
- the possibility that global graphite electrode overcapacity may adversely affect graphite electrode prices;
- the competitiveness of the graphite electrode industry;
- our dependence on the supply of raw materials, including decant oil and petroleum needle coke, and disruptions in supply chains for these materials;
- our reliance on one facility in Monterrey, Mexico for the manufacturing of connecting pins;
- the availability and cost of electric power and natural gas, particularly in Europe;
- our manufacturing operations are subject to hazards;
- the legal, compliance, economic, social and political risks associated with our substantial operations in multiple countries;
- the possibility that fluctuation of foreign currency exchange rates could materially harm our financial results;
- the possibility that our results of operations could deteriorate if our manufacturing operations were substantially disrupted for an extended period, including as a result of equipment failure, climate change, regulatory issues, natural disasters, public health crises, such as the COVID-19 pandemic, political crises or other catastrophic events;
- the risks and uncertainties associated with litigation, arbitration, and like disputes, including disputes related to contractual commitments;
- our dependence on third parties for certain construction, maintenance, engineering, transportation, warehousing and logistics services;
- the possibility that we are subject to information technology systems failures, cybersecurity attacks, network disruptions and breaches of data security;
- the possibility that we are unable to recruit or retain key management and plant operating personnel or successfully negotiate with the representatives of our employees, including labor unions;
- the sensitivity of goodwill on our balance sheet to changes in the market;
- our dependence on protecting our intellectual property and the possibility that third parties may claim that our products or processes infringe their intellectual property rights;
- the impact of inflation and our ability to mitigate the effect on our costs;
- the impact of macroeconomic and geopolitical events, including developments arising from the COVID-19 pandemic and the conflict between Russia and Ukraine, on our business, results of operations, financial condition and cash flows, and the disruptions and inefficiencies in our supply chain that may occur as a result of such events;
- the possibility that our indebtedness could limit our financial and operating activities or that our cash flows may not be sufficient to service our indebtedness;
- recent increases in benchmark interest rates and the fact that borrowings under certain of our existing financing agreements subject us to interest rate risk;
- the possibility that disruptions in the capital and credit markets could adversely affect our results of operations, cash flows and financial condition, or those of our customers and suppliers;

- the possibility that restrictive covenants in our financing agreements could restrict or limit our operations;
- changes in, or more stringent enforcement of, health, safety and environmental regulations applicable to our manufacturing operations and facilities;
- the possibility that the market price of our common stock could be negatively affected by sales of substantial amounts of our common stock, including by Brookfield Corporation and its affiliates (together, “Brookfield”);
- the fact that our stockholders have the right to engage or invest in the same or similar businesses as us; and
- the possibility that the cash dividends on our common stock, which are currently suspended, will remain suspended and we may not pay cash dividends on our common stock in the future.

These factors should not be construed as exhaustive and should be read in conjunction with the Risk Factors and other cautionary statements that are included in our most recent Annual Report on Form 10-K and other filings with the Securities and Exchange Commission (“SEC”). The forward-looking statements made in this Report relate only to events as of the date on which the statements are made. Except as required by law, we do not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, our actual results may vary materially from what we may have expressed or implied by these forward-looking statements. We caution that you should not place undue reliance on any of our forward-looking statements. You should specifically consider the factors identified in this Report that could cause actual results to differ before making an investment decision to purchase our common stock. Furthermore, new risks and uncertainties arise from time to time, and it is impossible for us to predict those events or how they may affect us.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except per share data)

(Unaudited)

	June 30, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 132,160	\$ 134,641
Accounts and notes receivable, net of allowance for doubtful accounts of \$8,517 as of June 30, 2023 and \$8,019 as of December 31, 2022	111,339	145,574
Inventories	433,107	447,741
Prepaid expenses and other current assets	62,950	87,272
Total current assets	739,556	815,228
Property, plant and equipment	899,724	869,168
Less: accumulated depreciation	375,110	350,022
Net property, plant and equipment	524,614	519,146
Deferred income taxes	20,977	11,960
Goodwill	171,117	171,117
Other assets	69,410	86,727
Total assets	\$ 1,525,674	\$ 1,604,178
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 77,691	\$ 103,156
Long-term debt, current maturities	130	124
Accrued income and other taxes	19,158	40,592
Other accrued liabilities	78,186	89,349
Related party payable - Tax Receivable Agreement	5,137	4,631
Total current liabilities	180,302	237,852
Long-term debt	923,394	921,803
Other long-term obligations	49,289	50,822
Deferred income taxes	46,093	45,065
Related party payable - Tax Receivable Agreement long-term	5,784	10,921
Commitments and contingencies - Note 7		
Stockholders' equity:		
Preferred stock, par value \$0.01, 300,000,000 shares authorized, none issued	—	—
Common stock, par value \$0.01, 3,000,000,000 shares authorized, 256,795,420 and 256,597,342 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively	2,568	2,566
Additional paid-in capital	747,275	745,164
Accumulated other comprehensive loss	(6,671)	(8,070)
Accumulated deficit	(422,360)	(401,945)
Total stockholders' equity	320,812	337,715
Total liabilities and stockholders' equity	\$ 1,525,674	\$ 1,604,178

See accompanying Notes to the Condensed Consolidated Financial Statements

GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME
(Dollars in thousands, except per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<u>CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS</u>				
Net sales	\$ 185,561	\$ 363,646	\$ 324,363	\$ 729,891
Cost of goods sold	157,216	201,496	269,861	392,710
Gross profit	28,345	162,150	54,502	337,181
Research and development	1,196	723	2,388	1,603
Selling and administrative expenses	18,551	18,030	40,702	39,284
Operating income	8,598	143,397	11,412	296,294
Other expense (income), net	455	(563)	1,108	(760)
Interest expense	13,907	9,399	26,713	18,611
Interest income	(242)	(1,858)	(614)	(1,956)
(Loss) income before provision (benefit) for income taxes	(5,522)	136,419	(15,795)	280,399
Provision (benefit) for income taxes	2,329	21,422	(575)	41,219
Net (loss) income	<u>\$ (7,851)</u>	<u>\$ 114,997</u>	<u>\$ (15,220)</u>	<u>\$ 239,180</u>
Basic (loss) income per common share:				
Net (loss) income per share	\$ (0.03)	\$ 0.44	\$ (0.06)	\$ 0.92
Weighted average common shares outstanding	257,003,691	258,845,588	256,935,763	260,719,446
Diluted (loss) income per common share:				
Net (loss) income per share	\$ (0.03)	\$ 0.44	\$ (0.06)	\$ 0.92
Weighted average common shares outstanding	257,003,691	258,845,588	256,935,763	260,734,273
<u>CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME</u>				
Net (loss) income	\$ (7,851)	\$ 114,997	\$ (15,220)	\$ 239,180
Other comprehensive income (loss):				
Foreign currency translation adjustments, net of tax of \$0, \$1, \$0 and \$2, respectively	2,949	(18,622)	7,572	(11,600)
Commodities, interest rate and foreign currency derivatives, net of tax benefit (expense) of \$952, \$634, \$1,905 and \$(3,028), respectively	(3,596)	(4,557)	(6,173)	8,406
Other comprehensive (loss) income, net of tax	(647)	(23,179)	1,399	(3,194)
Comprehensive (loss) income	<u>\$ (8,498)</u>	<u>\$ 91,818</u>	<u>\$ (13,821)</u>	<u>\$ 235,986</u>

See accompanying Notes to the Condensed Consolidated Financial Statements

GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	Six Months Ended June 30,	
	2023	2022
Cash flow from operating activities:		
Net (loss) income	\$ (15,220)	\$ 239,180
Adjustments to reconcile net (loss) income to cash provided by operations:		
Depreciation and amortization	26,099	28,446
Deferred income tax (benefit) provision	(6,424)	6,557
Non-cash stock-based compensation expense	2,181	1,038
Non-cash interest expense	11,684	(3,674)
Other adjustments	(6,416)	3,411
Net change in working capital*	6,400	(61,989)
Change in related party Tax Receivable Agreement	(4,631)	(3,828)
Change in long-term assets and liabilities	2,101	(2,702)
Net cash provided by operating activities	15,774	206,439
Cash flow from investing activities:		
Capital expenditures	(39,789)	(29,348)
Proceeds from the sale of fixed assets	214	139
Net cash used in investing activities	(39,575)	(29,209)
Cash flow from financing activities:		
Interest rate swap settlements	27,453	(1,433)
Debt issuance and modification costs	(6,324)	(2,232)
Proceeds from the issuance of long-term debt, net of original issuance discount	438,552	—
Principal payments on long-term debt	(433,708)	(110,000)
Repurchase of common stock	—	(60,000)
Payments for taxes related to net share settlement of equity awards	(129)	(230)
Proceeds from exercise of stock options	—	225
Dividends paid to non-related party	(3,854)	(3,917)
Dividends paid to related party	(1,280)	(1,279)
Principal payments under finance lease obligations	(10)	—
Net cash provided by (used in) financing activities	20,700	(178,866)
Net change in cash and cash equivalents	(3,101)	(1,636)
Effect of exchange rate changes on cash and cash equivalents	620	(43)
Cash and cash equivalents at beginning of period	134,641	57,514
Cash and cash equivalents at end of period	\$ 132,160	\$ 55,835
* Net change in working capital due to changes in the following components:		
Accounts and notes receivable, net	\$ 34,720	\$ (1,119)
Inventories	18,732	(104,717)
Prepaid expenses and other current assets	4,133	(14,028)
Income taxes payable	(22,396)	(16,436)
Accounts payable and accruals	(29,141)	74,386
Interest payable	352	(75)
Net change in working capital	\$ 6,400	\$ (61,989)
Net cash paid during the periods for:		
Interest ⁽¹⁾	\$ 1,176	\$ 22,360
Income taxes	\$ 30,534	\$ 49,934
Non-cash investing activities:		
Capital expenditures in accounts payable	\$ (15,129)	\$ (1,555)

(1) Includes cash received from the monthly settlements and the termination of our interest rate swaps in the first six months of 2023.

See accompanying Notes to the Condensed Consolidated Financial Statements

GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Dollars in thousands, except per share data)
(Unaudited)

	Issued Shares of Common Stock	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total Stockholders' Equity
Balance as of December 31, 2022	<u>256,597,342</u>	<u>\$ 2,566</u>	<u>\$ 745,164</u>	<u>\$ (8,070)</u>	<u>\$ (401,945)</u>	<u>\$ 337,715</u>
Comprehensive income (loss):						
Net loss	—	—	—	—	(7,369)	(7,369)
Other comprehensive (loss) income:						
Commodity, interest rate and foreign currency derivatives income, net of tax of \$67	—	—	—	(241)	—	(241)
Commodity, interest rate and foreign currency derivatives reclassification adjustments, net of tax of \$886	—	—	—	(2,336)	—	(2,336)
Foreign currency translation adjustments, net of tax of \$0	—	—	—	4,623	—	4,623
Total other comprehensive income	—	—	—	2,046	—	2,046
Stock-based compensation	104,533	1	795	—	—	796
Payments for taxes related to net share settlement of equity awards	(23,577)	—	(68)	—	(61)	(129)
Dividends paid to related party (\$0.01 per share)	—	—	—	—	(640)	(640)
Dividends paid to non-related party (\$0.01 per share)	—	—	—	—	(1,926)	(1,926)
Balance as of March 31, 2023	<u>256,678,298</u>	<u>\$ 2,567</u>	<u>\$ 745,891</u>	<u>\$ (6,024)</u>	<u>\$ (411,941)</u>	<u>\$ 330,493</u>
Net income	—	—	—	—	(7,851)	(7,851)
Other comprehensive loss:						
Commodity, interest rate and foreign currency derivatives loss, net of tax of \$(146)	—	—	—	2,513	—	2,513
Commodity, interest rate and foreign currency derivatives reclassification adjustments, net of tax of \$1,098	—	—	—	(6,109)	—	(6,109)
Foreign currency translation adjustments, net of tax of \$0	—	—	—	2,949	—	2,949
Total other comprehensive loss	—	—	—	(647)	—	(647)
Stock-based compensation	117,170	1	1,384	—	—	1,385
Payments for taxes related to net share settlement of equity awards	(48)	—	—	—	—	—
Dividends paid to related party stockholder (\$0.01 per share)	—	—	—	—	(640)	(640)
Dividends paid to non-related party stockholders (\$0.01 per share)	—	—	—	—	(1,928)	(1,928)
Balance as of June 30, 2023	<u>256,795,420</u>	<u>\$ 2,568</u>	<u>\$ 747,275</u>	<u>\$ (6,671)</u>	<u>\$ (422,360)</u>	<u>\$ 320,812</u>

GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Dollars in thousands, except per share data)
(Unaudited)

	Issued Shares of Common Stock	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total Stockholders' Equity
Balance as of December 31, 2021	<u>263,255,708</u>	<u>\$ 2,633</u>	<u>\$ 761,412</u>	<u>\$ (7,444)</u>	<u>\$ (733,199)</u>	<u>\$ 23,402</u>
Net income	—	—	—	—	124,183	124,183
Other comprehensive income (loss):						
Commodity, interest rate and foreign currency derivatives income, net of tax of \$(4,181)	—	—	—	14,800	—	14,800
Commodity, interest rate and foreign currency derivatives reclassification adjustments, net of tax of \$519	—	—	—	(1,837)	—	(1,837)
Foreign currency translation adjustments, net of tax \$1	—	—	—	7,022	—	7,022
Total other comprehensive income	—	—	—	19,985	—	19,985
Repurchase of common stock	(3,035,830)	(31)	(8,530)	—	(21,439)	(30,000)
Stock-based compensation	—	—	465	—	—	465
Options exercised	25,000	—	225	—	—	225
Payments for taxes related to net share settlement of equity awards	(22,293)	—	(63)	—	(167)	(230)
Dividends paid to related party (\$0.01 per share)	—	—	—	—	(640)	(640)
Dividends paid to non-related party (\$0.01 per share)	—	—	—	—	(1,985)	(1,985)
Balance as of March 31, 2022	<u>260,222,585</u>	<u>\$ 2,602</u>	<u>\$ 753,509</u>	<u>\$ 12,541</u>	<u>\$ (633,247)</u>	<u>\$ 135,405</u>
Net income	—	—	—	—	114,997	114,997
Other comprehensive income:						
Commodity, interest rate and foreign currency derivatives income, net of tax of \$347	—	—	—	(2,498)	—	(2,498)
Commodity, interest rate and foreign currency derivatives reclassification adjustments, net of tax of \$287	—	—	—	(2,059)	—	(2,059)
Foreign currency translation adjustments, net of tax of \$1	—	—	—	(18,622)	—	(18,622)
Total other comprehensive income	—	—	—	(23,179)	—	(23,179)
Repurchase of common stock	(3,626,591)	(36)	(10,191)	—	(19,773)	(30,000)
Stock-based compensation	1,348	—	573	—	—	573
Dividends paid to related party stockholder (\$0.01 per share)	—	—	—	—	(639)	(639)
Dividends paid to non-related party stockholders (\$0.01 per share)	—	—	—	—	(1,932)	(1,932)
Balance as of June 30, 2022	<u>256,597,342</u>	<u>\$ 2,566</u>	<u>\$ 743,891</u>	<u>\$ (10,638)</u>	<u>\$ (540,594)</u>	<u>\$ 195,225</u>

See accompanying Notes to the Condensed Consolidated Financial Statements

PART I (CONT'D)
GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(1) Organization and Summary of Significant Accounting Policies

A. Organization

GrafTech International Ltd. (the “Company” or “GrafTech”) is a leading manufacturer of high-quality graphite electrode products essential to the production of electric arc furnace (“EAF”) steel and other ferrous and non-ferrous metals. References herein to “GTI,” “we,” “our,” or “us” refer collectively to the Company and its subsidiaries. On August 15, 2015, GTI became an indirect wholly owned subsidiary of Brookfield. In April 2018, the Company completed its initial public offering (“IPO”) of 38,097,525 shares of its common stock held by Brookfield at a price of \$15.00 per share. The Company did not receive any proceeds related to the IPO. The Company’s common stock is listed on the New York Stock Exchange under the symbol “EAF.” Brookfield has since distributed a portion of its GrafTech common stock to the owners in the Brookfield consortium and sold shares of GrafTech common stock in public and private transactions, resulting in a reduction of Brookfield's ownership of outstanding shares of GrafTech common stock to 24.9% as of June 30, 2023 and December 31, 2022.

The Company’s only reportable segment, Industrial Materials, is comprised of its two major product categories: graphite electrodes and petroleum needle coke products. Petroleum needle coke is our key raw material used in the production of graphite electrodes. The Company's vision is to provide highly engineered graphite electrode products, services and solutions to EAF operators.

B. Basis of Presentation

The interim condensed consolidated financial statements are unaudited; however, in the opinion of management, they have been prepared in accordance with Rule 10-01 of Regulation S-X and in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The December 31, 2022 Consolidated Balance Sheet data included herein was derived from the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, filed on February 14, 2023, but does not include all disclosures required by GAAP in audited financial statements. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements, including the accompanying notes, contained in the Company's Annual Report on Form 10-K.

The unaudited condensed consolidated financial statements reflect all adjustments (all of which are of a normal, recurring nature) which management considers necessary for a fair presentation of our financial statements for the interim periods presented. The results for the interim periods are not necessarily indicative of results which may be expected for any other interim period or for the full year.

C. New Accounting Standards

Recently Adopted Accounting Standards

In September 2022, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2022-04, *Liabilities - Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations*, which requires disclosures intended to enhance the transparency of supplier finance programs. The amendments in this ASU require buyers in a supplier finance program to disclose sufficient information about the program to allow a user of financial statements to understand the program's nature, activity during the period, changes from period to period, and potential magnitude. The amendments are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the disclosure of rollforward information, which is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted. The amendments should be applied retrospectively to each period in which a balance sheet is presented, except for disclosure of rollforward information, which should be applied prospectively. The Company adopted this guidance on January 1, 2023 and the adoption did not have a material impact on its financial position, results of operations, cash flows or disclosures.

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(2) Revenue from Contracts with Customers

Disaggregation of Revenue

The following table provides information about disaggregated revenue by type of product and contract, including our take or pay contracts with initial terms of three to five years (“LTA”) and short-term agreements and spot sales (“non-LTA”):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	<i>(Dollars in thousands)</i>			
Graphite Electrodes - LTAs	\$ 76,369	\$ 229,290	\$ 146,235	\$ 471,771
Graphite Electrodes - Non-LTAs	101,137	109,194	158,097	217,244
By-products and other	8,055	25,162	20,031	40,876
Total Revenues	\$ 185,561	\$ 363,646	\$ 324,363	\$ 729,891

Contract Balances

Substantially all of the Company’s receivables relate to contracts with customers. Accounts receivables are recorded when the right to consideration becomes unconditional. Payment terms on invoices range from 30 to 120 days depending on the customary business practices of the jurisdictions in which we do business.

Certain short-term and longer-term sales contracts require up-front payments prior to the Company’s fulfillment of any performance obligation. These contract liabilities are recorded as current or long-term deferred revenue, depending on the lag between the pre-payment and the expected delivery of the related products. Additionally, deferred revenue or contract assets originate from contracts where the allocation of the transaction price to the performance obligations based on their relative stand-alone selling prices results in the timing of revenue recognition being different from the timing of the invoicing. In this case, deferred revenue is amortized into revenue based on the transaction price allocated to the remaining performance obligations and contract assets are realized through the contract invoicing.

Contract assets are included in “Prepaid expenses and other current assets,” on the Condensed Consolidated Balance Sheets. We did not have any contract asset balances as of June 30, 2023 or December 31, 2022.

Current deferred revenue is included in “Other accrued liabilities” on the Condensed Consolidated Balance Sheets. The following table provides our contract liability balances as of June 30, 2023 and December 31, 2022:

	June 30, 2023	December 31, 2022
	<i>(Dollars in thousands)</i>	
Current deferred revenue	\$ 24,835	\$ 27,878

The amount of revenue recognized in 2023 that was included in the December 31, 2022 current deferred revenue balance was \$7.0 million. The decrease in the current deferred revenue balance since December 31, 2022 is due to revenue

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recognized in the current year. The current deferred revenue balance includes cashed bank guarantees related to outstanding arbitration proceedings the outcome of which will determine the timing of revenue recognition.

Transaction Price Allocated to the Remaining Performance Obligations

The following table presents estimated revenues expected to be recognized in the corresponding period below related to performance obligations that are unsatisfied (or partially unsatisfied) at the end of reporting period. The revenue associated with our LTAs is expected to be approximately as follows for the full years of 2023 and 2024:

	2023	2024
	<i>(Dollars in millions)</i>	
Estimated LTA revenue	\$235-\$265	\$100-\$135 ⁽¹⁾

⁽¹⁾ Includes expected termination fees from a few customers that have failed to meet certain obligations under their LTAs.

We recorded \$146.2 million of LTA revenue in the six months ended June 30, 2023, and we expect to record approximately \$89.0 million to \$119.0 million of LTA revenue for the remainder of 2023.

The majority of the LTAs are defined as pre-determined fixed annual volume contracts while a small portion are defined with a specified volume range. For the years 2023 and 2024, the contractual revenue amounts above are based upon the minimum volume for those contracts with specified ranges. The actual revenue realized from these contracted volumes may vary in timing and total due to contract non-performance, force majeure notices, arbitrations, credit risk associated with certain customers facing financial challenges and customer demand related to contracted volume ranges.

(3) Goodwill and Other Intangible Assets

The goodwill balance was \$171.1 million as of June 30, 2023 and December 31, 2022.

The following table summarizes intangible assets with determinable useful lives by major category, which are included in "Other assets" on our Condensed Consolidated Balance Sheets:

	June 30, 2023			December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	<i>(Dollars in thousands)</i>					
Trade names	\$ 22,500	\$ (16,815)	\$ 5,685	\$ 22,500	\$ (15,869)	\$ 6,631
Technology and know-how	55,300	(44,154)	11,146	55,300	(42,371)	12,929
Customer-related intangibles	64,500	(34,662)	29,838	64,500	(32,513)	31,987
Total finite-lived intangible assets	<u>\$ 142,300</u>	<u>\$ (95,631)</u>	<u>\$ 46,669</u>	<u>\$ 142,300</u>	<u>\$ (90,753)</u>	<u>\$ 51,547</u>

Amortization expense for intangible assets was \$2.5 million and \$2.6 million in the three months ended June 30, 2023 and 2022, respectively, and \$4.9 million and \$5.2 million in the six months ended June 30, 2023 and 2022, respectively. Estimated amortization expense will be approximately \$4.3 million for the remainder of 2023, \$8.0 million in 2024, \$7.3 million in 2025, \$6.7 million in 2026, \$6.1 million in 2027 and \$5.5 million in 2028. Amortization expense is included in "Cost of goods sold" on the Condensed Consolidated Statement of Operations.

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(4) Debt and Liquidity

The following table presents our long-term debt:

	June 30, 2023	December 31, 2022
	<i>(Dollars in thousands)</i>	
2018 Term Loan Facility	\$ —	\$ 433,708
2020 Senior Secured Notes	500,000	500,000
2023 Senior Secured Notes	450,000	—
Other debt	274	268
Unamortized debt discount and issuance costs	(26,750)	(12,049)
Total debt	923,524	921,927
Less: Long-term debt, current portion	(130)	(124)
Long-term debt	\$ 923,394	\$ 921,803

The fair value of our debt was approximately \$851.5 million and \$843.2 million as of June 30, 2023 and December 31, 2022, respectively. The fair values were determined using Level 2 quoted market prices for the same or similar debt instruments.

2018 Term Loan and 2018 Revolving Credit Facility

In February 2018, the Company entered into a credit agreement (as amended, the “2018 Credit Agreement”), which provided for (i) a \$2,250 million senior secured term facility (the “2018 Term Loan Facility”) after giving effect to the June 2018 amendment (the “First Amendment”) that increased the aggregate principal amount of the 2018 Term Loan Facility from \$1,500 million to \$2,250 million and (ii) a \$330 million senior secured revolving credit facility after giving effect to the May 2022 amendment that increased the revolving commitments under the 2018 Credit Agreement by \$80 million from \$250 million (the “2018 Revolving Credit Facility”). GrafTech Finance Inc. (“GrafTech Finance”) was the sole borrower under the 2018 Term Loan Facility while GrafTech Finance, GrafTech Switzerland SA (“Swissco”) and GrafTech Luxembourg II S.à r.l. (“Luxembourg Holdco”) and, together with GrafTech Finance and Swissco, the “Co-Borrowers”) are co-borrowers under the 2018 Revolving Credit Facility. The 2018 Revolving Credit Facility matures on May 31, 2027. The net proceeds from the 2023 Senior Secured Notes (as defined below) were used to repay outstanding borrowings under our 2018 Term Loan Facility. Accordingly, as of June 30, 2023, there were no term loans outstanding under the 2018 Term Loan Facility. As of June 30, 2023 and December 31, 2022, the availability under our 2018 Revolving Credit Facility was \$204.5 million and \$327.0 million, respectively. As of June 30, 2023 and December 31, 2022, there were no borrowings outstanding on the 2018 Revolving Credit Facility and there was \$3.0 million of letters of credit drawn against the 2018 Revolving Credit Facility as of each date.

The 2018 Revolving Credit Facility bears interest, at our option, at a rate equal to either (i) the Adjusted Term SOFR Rate and Adjusted EURIBOR Rate (each, as defined in the 2018 Credit Agreement), plus an applicable margin initially equal to 3.00% per annum or (ii) the ABR Rate, plus an applicable margin initially equal to 2.00% per annum, in each case with two 25 basis point step downs based on achievement of certain senior secured first lien net leverage ratios. In addition, we are required to pay a quarterly commitment fee on the unused commitments under the 2018 Revolving Credit Facility in an amount equal to 0.25% per annum.

The 2018 Revolving Credit Facility is guaranteed by each of our domestic subsidiaries, subject to certain customary exceptions, and by GrafTech Luxembourg I S.à r.l., a Luxembourg *société à responsabilité limitée* and an indirect wholly owned subsidiary of GrafTech, Luxembourg HoldCo, and Swissco (collectively, the “Guarantors”) with respect to all obligations under the 2018 Revolving Credit Facility of each of our foreign subsidiaries that is a Controlled Foreign Corporation (within the meaning of Section 956 of the Internal Revenue Code of 1986, as amended from time to time (the “Code”)).

Any obligations under the 2018 Revolving Credit Facility are secured, subject to certain exceptions, by: (i) a pledge of no more than 65% of the equity securities of each domestic Guarantor and of each other direct, wholly owned domestic subsidiary of GrafTech and any Guarantor, (ii) a pledge on no more than 65% of the equity interests of each subsidiary that is a Controlled Foreign Corporation (within the meaning of Section 956 of the Code), and (iii) security interests in, and mortgages on, personal property and material real property of each domestic Guarantor, subject to permitted liens and certain exceptions specified in the 2018 Revolving Credit Facility. The obligations of each foreign subsidiary of GrafTech that is a Controlled

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Foreign Corporation under the 2018 Revolving Credit Facility are secured by (i) a pledge of all of the equity securities of each Guarantor that is a Controlled Foreign Corporation and of each direct, wholly owned subsidiary of any Guarantor that is a Controlled Foreign Corporation, and (ii) security interests in certain receivables and personal property of each Guarantor that is a Controlled Foreign Corporation, subject to permitted liens and certain exceptions specified in the 2018 Revolving Credit Facility.

The 2018 Revolving Credit Facility contains customary representations and warranties and customary affirmative and negative covenants applicable to GrafTech and restricted subsidiaries, including, among other things, restrictions on indebtedness, liens, investments, fundamental changes, dispositions, and dividends and other distributions. The 2018 Revolving Credit Facility contains a financial covenant that requires GrafTech to maintain a senior secured first lien net leverage ratio not greater than 4.00 to 1.00 when the aggregate principal amount of borrowings under the 2018 Revolving Credit Facility and outstanding letters of credit issued under the 2018 Revolving Credit Facility (except for undrawn letters of credit in an aggregate amount equal to or less than \$35.0 million), taken together, exceed 35% of the total amount of commitments under the 2018 Revolving Credit Facility. The 2018 Revolving Credit Facility also contains customary events of default. We were in compliance with all of our debt covenants as of June 30, 2023 and December 31, 2022.

2020 Senior Secured Notes

In December 2020, GrafTech Finance issued \$500 million aggregate principal amount of 4.625% senior secured notes due 2028 (the “2020 Senior Secured Notes”) in a private offering. The 2020 Senior Secured Notes and related guarantees are secured on a pari passu basis by the collateral securing the 2018 Revolving Credit Facility and the 2023 Senior Secured Notes. All of the net proceeds from the 2020 Senior Secured Notes were used to partially repay borrowings under our 2018 Term Loan Facility.

The 2020 Senior Secured Notes pay interest in arrears on June 15 and December 15 of each year, with the principal due in full on December 15, 2028. Prior to December 15, 2023, up to 40% of the 2020 Senior Secured Notes may be redeemed with the net cash proceeds of certain equity offerings at a price equal to 104.625% of the principal amount thereof, together with accrued and unpaid interest, if any. The 2020 Senior Secured Notes may be redeemed, in whole or in part, at any time prior to December 15, 2023 at a price equal to 100% of the principal amount of the notes redeemed plus a premium together with accrued and unpaid interest, if any, to, but not including, the redemption date. Thereafter, the 2020 Senior Secured Notes may be redeemed, in whole or in part, at various prices depending on the date redeemed.

The indenture governing the 2020 Senior Secured Notes (the “Indenture”) contains certain covenants that, among other things, limit the Company’s ability, and the ability of certain of its subsidiaries, to incur or guarantee additional indebtedness or issue preferred stock, pay distributions on, redeem or repurchase capital stock or redeem or repurchase subordinated debt, incur or suffer to exist liens securing indebtedness, make certain investments, engage in certain transactions with affiliates, consummate certain asset sales and effect a consolidation or merger, or sell, transfer, lease or otherwise dispose of all or substantially all assets. Pursuant to the Indenture, if our pro forma consolidated first lien net leverage ratio is no greater than 2.00 to 1.00, we can make restricted payments so long as no default or event of default has occurred and is continuing. If our pro forma consolidated first lien net leverage ratio is greater than 2.00 to 1.00, we can make restricted payments pursuant to certain baskets.

The Indenture contains events of default customary for agreements of its type (with customary grace periods, as applicable) and provides that, upon the occurrence of an event of default arising from certain events of bankruptcy or insolvency with respect to the Company or GrafTech Finance, all outstanding 2020 Senior Secured Notes will become due and payable immediately without further action or notice. If any other type of event of default occurs and is continuing, then the trustee or the holders of at least 30% in principal amount of the then outstanding 2020 Senior Secured Notes may declare all of the 2020 Senior Secured Notes to be due and payable immediately.

2023 Senior Secured Notes

In June 2023, GrafTech Global Enterprises Inc. issued \$450 million aggregate principal amount of 9.875% senior secured notes due 2028 (the “2023 Senior Secured Notes”), including \$11.4 million of original issue discount. The 2023 Senior Secured Notes were issued at an issue price of 97.456% of the principal amount thereof in a private offering. The 2023 Senior Secured Notes and related guarantees are secured on a pari passu basis by the collateral securing the 2018 Revolving Credit Facility and the 2020 Senior Secured Notes. The net proceeds from the 2023 Senior Secured Notes were used to repay borrowings under our 2018 Term Loan Facility.

The 2023 Senior Secured Notes pay interest in arrears on June 15 and December 15 of each year, with the principal due in full on December 15, 2028. Prior to December 15, 2025, up to 40% of the 2023 Senior Secured Notes may be redeemed with the net cash proceeds of certain equity offerings at a price equal to 109.875% of the principal amount thereof, together

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with accrued and unpaid interest, if any. The 2023 Senior Secured Notes may be redeemed, in whole or in part, at any time prior to December 15, 2025 at a price equal to 100% of the principal amount of the notes redeemed plus a premium together with accrued and unpaid interest, if any, to, but not including, the redemption date. Thereafter, the 2023 Senior Secured Notes may be redeemed, in whole or in part, at various prices depending on the date redeemed.

The indenture governing the 2023 Senior Secured Notes (the "2023 Indenture") contains certain covenants that, among other things, limit the Company's ability, and the ability of certain of its subsidiaries, to incur or guarantee additional indebtedness or issue preferred stock, pay distributions on, redeem or repurchase capital stock or redeem or repurchase subordinated debt, incur or suffer to exist liens securing indebtedness, make certain investments, engage in certain transactions with affiliates, consummate certain asset sales and effect a consolidation or merger, or sell, transfer, lease or otherwise dispose of all or substantially all assets. Pursuant to the 2023 Indenture, if our pro forma consolidated first lien net leverage ratio is no greater than 2.00 to 1.00, we can make restricted payments so long as no default or event of default has occurred and is continuing. If our pro forma consolidated first lien net leverage ratio is greater than 2.00 to 1.00, we can make restricted payments pursuant to certain baskets.

The 2023 Indenture contains events of default customary for agreements of its type (with customary grace periods, as applicable) and provides that, upon the occurrence of an event of default arising from certain events of bankruptcy or insolvency with respect to the Company or GrafTech Global Enterprises Inc., all outstanding 2023 Senior Secured Notes will become due and payable immediately without further action or notice. If any other type of event of default occurs and is continuing, then the trustee or the holders of at least 30% in principal amount of the then outstanding 2023 Senior Secured Notes may declare all of the 2023 Senior Secured Notes to be due and payable immediately.

(5) Inventories

Inventories are comprised of the following:

	June 30, 2023	December 31, 2022
	<i>(Dollars in thousands)</i>	
Inventories:		
Raw materials and supplies	\$ 185,706	\$ 216,761
Work in process	204,771	192,821
Finished goods	42,630	38,159
Total	<u>\$ 433,107</u>	<u>\$ 447,741</u>

(6) Interest Expense

The following table presents the components of interest expense:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	<i>(Dollars in thousands)</i>			
Interest incurred on debt	\$ 11,325	\$ 10,927	\$ 21,947	\$ 22,285
Accretion of original issue discount	1,308	338	1,476	865
Amortization of debt issuance costs	2,488	932	3,143	2,176
Amortization of interest rate swap deferred (gains) losses	(45)	—	(45)	—
Realized gain on termination of de-designated interest rate swap	(6,918)	—	(6,918)	—
Unrealized loss (gain) on de-designated interest rate swap	5,749	(2,798)	7,110	(6,715)
Total interest expense	<u>\$ 13,907</u>	<u>\$ 9,399</u>	<u>\$ 26,713</u>	<u>\$ 18,611</u>

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In June 2023, the net proceeds from the issuance of the 2023 Senior Secured Notes were used to repay the \$433.7 million of principal outstanding on the 2018 Term Loan Facility. The repayment of the 2018 Term Loan Facility was accounted for as a debt extinguishment and triggered \$1.2 million of accelerated accretion of the original issue discount and \$1.9 million of accelerated amortization of debt issuance costs. The 2023 Senior Secured Notes were accounted for as new debt and the related discount and debt issuance costs were deferred.

In connection with the repayment of the 2018 Term Loan Facility in June 2023, we terminated the outstanding interest rate swap contracts that were in place to fix the cash flows associated with the risk in variability in the one-month USD London Interbank Offered Rate ("USD LIBOR") for the 2018 Term Loan Facility. As a result of the swaps termination, we recorded in interest expense realized gains of \$6.9 million relative to our de-designated swap and we deferred realized gains of \$13.5 million in accumulated other comprehensive income ("AOCI") in connection with our designated swap. The gains deferred into AOCI for the designated swap will amortize into interest expense until August 2024, consistent with the term of the discontinued cash-flow hedging relationship.

The 2023 Senior Secured Notes and the 2020 Senior Secured Notes carry fixed interest rates of 9.875% and 4.625%, respectively. The 2018 Term Loan Facility, which was paid off in its entirety in June 2023, had an effective interest rate of 7.38% as of December 31, 2022.

During the three and six months ended June 30, 2022, we made voluntary prepayments of \$40.0 million and \$110.0 million, respectively, under our 2018 Term Loan Facility. In connection with this, we recorded \$0.2 million and \$0.5 million, respectively, of accelerated accretion of the original issue discount and \$0.3 million and \$0.8 million, respectively, of accelerated amortization of the debt issuance cost.

See Note 4, "Debt and Liquidity" for details of our debt and Note 9, "Fair Value Measurements and Derivative Instruments" for additional details on our interest rate swaps and embedded derivative.

(7) Commitments and Contingencies

Legal Proceedings

We are involved in various investigations, lawsuits, claims, demands, labor disputes and other legal proceedings, including with respect to environmental and human exposure or other personal injury matters, arising out of or incidental to the conduct of our business. While it is not possible to determine the ultimate disposition of each of these matters and proceedings, we do not believe that their ultimate disposition will have a material adverse effect on our financial position, results of operations or cash flows. Additionally, we are involved in the following legal proceedings.

We are involved in certain arbitrations as respondents/counterclaimants, pending before the International Chamber of Commerce with a few customers who, among other things, have failed to perform under their LTAs and in certain instances are seeking to modify or frustrate their contractual commitments to us. In particular, Aperam South America LTDA, Aperam Sourcing S.C.A., ArcelorMittal Sourcing S.C.A., and ArcelorMittal Brasil S.A. (collectively, the "Claimants") initiated a single arbitration proceeding against two of the Company's subsidiaries in the International Chamber of Commerce in June 2020. The Claimants argue, among other things, that they should no longer be required to comply with the terms of the LTAs that they signed due to an alleged drop in market prices for graphite electrodes in January 2020. Alternatively, the Claimants argue that they should not be required to comply with the LTAs that they signed due to alleged market circumstances at the time of execution. In June 2021, the Claimants filed their statement of claim, seeking approximately \$61.0 million plus interest in monetary relief and/or reimbursement in respect of several fixed price LTAs that were executed between such subsidiaries and the Claimants in 2017 and 2018. On December 16, 2022, the Claimants revised their calculation of alleged damages to approximately \$178.9 million including interest, with damages covering the period from the first quarter of 2020 through the end of the third quarter of 2022 and interest covering the period from June 2020 through December 16, 2022. In March 2023, an International Chamber of Commerce hearing was held before the party-appointed sole arbitrator with the Claimants, the Company, and witnesses in attendance. On March 31, 2023, the Claimants further revised their calculation of alleged damages to approximately \$171.7 million including interest, for the period covering the first quarter of 2020 through 2022. In June 2023, the Claimants again revised their calculation of alleged damages to approximately \$188.2 million, including interest, for the period covering the first quarter of 2020 through the first quarter of 2023. We believe we have valid defenses to these claims. We intend to vigorously defend them and enforce our rights under the LTAs.

Pending litigation in Brazil has been brought by employees seeking to recover additional amounts and interest thereon under certain wage increase provisions applicable in 1989 and 1990 under collective bargaining agreements to which employers

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in the Bahia region of Brazil were a party (including our subsidiary in Brazil). Companies in Brazil have settled claims arising out of these provisions and, in May 2015, the litigation was remanded by the Brazilian Supreme Court in favor of the employees union. After denying an interim appeal by the Bahia region employers on June 26, 2019, the Brazilian Supreme Court finally ruled in favor of the employees union on September 26, 2019. The employers union has determined not to seek annulment of such decision. Separately, on October 1, 2015, a related action was filed by current and former employees against our subsidiary in Brazil to recover amounts under such provisions, plus interest thereon, which amounts together with interest could be material to us. If the Brazilian Supreme Court proceeding above had been determined in favor of the employers union, it would also have resolved this proceeding in our favor. In the first quarter of 2017, the state court initially ruled in favor of the employees. We appealed this state court ruling, and the appellate court issued a decision in our favor on May 19, 2020. The employees have further appealed and, on December 16, 2020, the court upheld the decision in favor of GrafTech Brazil. On February 22, 2021, the employees filed a further appeal and, on April 28, 2021, the court rejected the employees' appeal in favor of GrafTech Brazil. The employees filed a further appeal and on September 12, 2022, we filed our response in opposition. We intend to vigorously defend our position. As of June 30, 2023, we are unable to assess the potential loss associated with these proceedings as the claims do not currently specify the number of employees seeking damages or the amount of damages being sought.

Product Warranties

We generally sell products with a limited warranty. We accrue for known warranty claims if a loss is probable and can be reasonably estimated. We also accrue for estimated warranty claims incurred based on a historical claims charge analysis. Claims accrued but not yet paid and the related activity within the accrual for the six months ended June 30, 2023, are presented below:

	<i>(Dollars in thousands)</i>	
Balance as of December 31, 2022	\$	820
Product warranty charges/adjustments		69
Payments and settlements		(456)
Balance as of June 30, 2023	\$	433

Related Party Tax Receivable Agreement

On April 23, 2018, the Company entered into the tax receivable agreement ("Tax Receivable Agreement") that provides Brookfield, as the sole pre-IPO stockholder, the right to receive future payments from us for 85% of the amount of cash savings, if any, in U.S. federal income tax and Swiss tax that we and our subsidiaries realize as a result of the utilization of the pre-IPO tax assets. In addition, we will pay interest on the payments we will make to Brookfield with respect to the amount of these cash savings from the due date (without extensions) of our tax return where we realize these savings to the payment date. On April 10, 2023, the Tax Receivable Agreement was amended and restated to change the applicable interest rate from LIBOR plus 1.00% per year to the one-month period secured overnight financing rate administered by the Federal Reserve Bank of New York plus 1.10%. The term of the Tax Receivable Agreement commenced on April 23, 2018 and will continue until there is no potential for any future tax benefit payments.

As of June 30, 2023, the total Tax Receivable Agreement liability was \$10.9 million, of which \$5.1 million was classified as current liability "Related party payable - Tax Receivable Agreement" on the Condensed Consolidated Balance Sheets and \$5.8 million of the liability was classified as a long-term liability in "Related party payable - Tax Receivable Agreement long-term" on the Condensed Consolidated Balance Sheets. As of December 31, 2022, the total Tax Receivable Agreement liability was \$15.5 million, of which \$4.6 million was classified as a current liability "Related party payable - Tax Receivable Agreement" on the Condensed Consolidated Balance Sheets, and \$10.9 million of the liability was classified as a long-term liability in "Related party payable - Tax Receivable Agreement long-term" on the Condensed Consolidated Balance Sheets.

Mexico Value-Added Tax ("VAT")

In July 2019, the Mexican Tax Authority ("MTA") opened an audit of the VAT filings of GrafTech Comercial de Mexico S. de R.L. de C.V. ("GrafTech Commercial Mexico") for the period of January 1 to April 30, 2019. In September 2021, the MTA issued a tax assessment, claiming improper use of a certain VAT exemption rule for purchases from a foreign affiliate. GrafTech Commercial Mexico filed an administrative appeal against the tax assessment with the MTA's appeals office. In November 2022, the MTA's appeals office concluded its review and confirmed the tax assessment. GrafTech Commercial Mexico believes that the purchases from a foreign affiliate are exempt from VAT back-up withholding and in

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December 2022, GrafTech Commercial Mexico filed a Claim for Nullity with the Chamber Specialized in exclusive resolution of substance of the Federal Court of Administrative Justice. On May 31, 2023, the court held a hearing to determine the scope of the issues to be decided in the proceedings. At the court's request GrafTech Commercial Mexico submitted formal pleadings on August 1, 2023. As of June 30, 2023, the tax assessment for the four month period under audit amounted to approximately \$26.8 million, including penalties, inflation and interest. Interest will continue to accrue up to five years from the date the corresponding VAT returns were filed and inflation will continue to accrue with the passage of time.

In March 2022, the MTA opened another audit of the VAT filings of GrafTech Commercial Mexico for the period January 1 to December 31, 2018. In the proposed assessment received in January 2023, the MTA is alleging the same improper use of certain VAT exemption rules on purchases from a foreign affiliate and has provided notice of its intent to assess approximately \$51.0 million, including penalties, inflation and interest. In Mexico, each tax assessment requires a separate claim. In the first quarter of 2023, GrafTech Commercial Mexico requested a conclusive agreement with the Mexican ombudsman (PRODECON) to reach a settlement with the MTA. The MTA responded to GrafTech Commercial Mexico's request on May 30, 2023. On August 2, 2023, GrafTech Commercial Mexico filed a motion exhibiting additional information and reaffirming its position. If the mediation process does not result in a satisfactory outcome, GrafTech Commercial Mexico intends to pursue administrative appeal procedures with the MTA to attempt to satisfactorily resolve this matter. The \$51.0 million includes interest and inflation. Interest will continue to accrue up to five years from the date the corresponding VAT returns were filed and inflation will continue to accrue with the passage of time.

GrafTech Commercial Mexico believes that its application of the VAT exemption rules is appropriate and, accordingly, does not believe that it is probable that it will incur a loss related to this matter for either of the two periods under the MTA's audit. GrafTech Commercial Mexico intends to vigorously defend its position in these proceedings.

(8) Income Taxes

We compute and apply to ordinary income an estimated annual effective tax rate on a quarterly basis based on current and forecasted business levels and activities, including the mix of domestic and foreign results and enacted tax laws. The estimated annual effective tax rate is updated quarterly based on actual results and updated operating forecasts. Ordinary income refers to income before the provision for income taxes excluding significant, unusual or infrequently occurring items. The tax effect of an unusual or infrequently occurring item is recorded in the interim period in which it occurs as a discrete item of tax.

The following table summarizes the provision (benefit) for income taxes:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	<i>(Dollars in thousands)</i>			
Provision (benefit) for income taxes	\$ 2,329	\$ 21,422	\$ (575)	\$ 41,219
Pre-tax (loss) income	(5,522)	136,419	(15,795)	280,399
Effective tax rate	(42.2)%	15.7 %	3.6 %	14.7 %

The effective tax rate for the second quarter and first six months of 2023 was lower than the U.S. statutory tax rate of 21% primarily due to worldwide earnings from various countries taxed at different rates. The effective tax rate for the second quarter and first six months of 2022 was lower than the U.S. statutory tax rate of 21% primarily due to worldwide earnings from various countries taxed at different rates, which was partially offset by the net combined impact related to the U.S. taxation of global intangible low taxed income ("GILTI") and Foreign Tax Credits ("FTCs").

On August 16, 2022, the U.S. enacted the Inflation Reduction Act of 2022, which includes a 15% minimum tax on book income of certain large corporations, a 1% excise tax on net stock repurchases after December 31, 2022, and several tax incentives to promote clean energy. The Company does not believe this legislation will have a material impact on its consolidated financial statements and will continue to assess the implications.

We file income tax returns in the U.S. federal jurisdiction, and various state and foreign jurisdictions. All U.S. federal tax years prior to 2019 are generally closed by statute or have been audited and settled with the applicable domestic tax authorities. Other jurisdictions are generally closed for years prior to 2017.

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We continue to assess the realization of our deferred tax assets based on determinations of whether it is more likely than not that deferred tax benefits will be realized through the generation of future taxable income. Appropriate consideration is given to all available evidence, both positive and negative, in assessing the need for a valuation allowance. Examples of positive evidence would include a strong earnings history, an event or events that would increase our taxable income through a continued reduction of expenses, and tax planning strategies that would indicate an ability to realize deferred tax assets. In circumstances where the significant positive evidence does not outweigh the negative evidence in regards to whether or not a valuation allowance is required, we have established and maintained valuation allowances on those net deferred tax assets. There were no material changes to our valuation allowances in the second quarter of 2023.

(9) Fair Value Measurements and Derivative Instruments

In the normal course of business, we are exposed to certain risks related to fluctuations in currency exchange rates, commodity prices and interest rates. We use various derivative financial instruments, primarily foreign currency derivatives, commodity derivative contracts, and interest rate swaps as part of our overall strategy to manage risks from these market fluctuations.

Certain of our derivative contracts contain provisions that require us to provide collateral. Since the counterparties to these financial instruments are large commercial banks and similar financial institutions, we do not believe that we are exposed to material counterparty credit risk. We do not anticipate nonperformance by any of the counterparties to our instruments.

Foreign currency derivatives

We enter into foreign currency derivatives from time to time to attempt to manage exposure to changes in currency exchange rates. These foreign currency instruments, which include, but are not limited to, forward exchange contracts and purchased currency options, are used to hedge global currency exposures such as foreign currency denominated debt, receivables, payables, sales and purchases.

Foreign currency forward and swap contracts are used to mitigate the foreign exchange risk of balance sheet items. These derivatives are fair value hedges. Gains and losses from these derivatives are recorded in cost of goods sold and they are largely offset by the financial impact of translating foreign currency-denominated payables and receivables.

In the first quarter of 2022 and the second quarter of 2023, we entered into foreign currency derivatives with maturities of one month to 12 months in order to protect against the risk that cash flows associated with certain sales and purchases denominated in a currency other than the U.S. dollar will be adversely affected by future changes in foreign exchange rates. These derivatives are designated as cash flow hedges. The resulting unrealized gains or losses from these derivatives are recorded in AOCI and subsequently, when realized, are reclassified to net sales or cost of goods sold in the Condensed Consolidated Statements of Operations when the hedged exposures affect earnings.

Commodity derivative contracts

From time to time, we enter into commodity derivative contracts for refined oil products. These contracts are entered into to protect against the risk that eventual cash flows related to these products will be adversely affected by future changes in prices. The unrealized gains or losses related to commodity derivative contracts designated as cash flow hedges are recorded in AOCI and subsequently, when realized, are reclassified to the Condensed Consolidated Statement of Operations when the hedged item impacts earnings, which is when the finished product is sold. The last of our commodity derivative contracts matured as of June 30, 2022 and we have not entered into any new contracts as of June 30, 2023.

Interest rate swap contracts

We have utilized interest rate swaps in the past to limit exposure to market fluctuations on our variable-rate debt. For each derivative agreement that is designated as a cash-flow hedge, the unrealized gain or loss is recorded in AOCI and, when realized, is recorded to interest expense. Upon discontinuance of a designated cash-flow hedging relationship, when interest payments are still probable of occurring, the fair value at the date of discontinuance is deferred into AOCI and amortized into interest expense based upon the term of the cash-flow hedging relationship.

We entered into interest rate swap contracts that were "pay fixed, receive variable." Our risk management objective was to fix our cash flows associated with the risk of variability in the one-month USD LIBOR for a portion of our outstanding debt. It was expected that the swaps would fix the cash flows associated with the forecasted interest payments on our debt to an

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effective fixed interest rate of 4.2%, which could be lowered to 3.95% depending on credit ratings. Since their modification concurrent with the 2018 Term Loan Facility modification in the first quarter of 2021, the swaps contained an other-than-insignificant financing element. As such, they were considered hybrid instruments composed of a debt host and an embedded derivative and the associated cash (outflows)/inflows are classified as financing (use)/source of cash. The embedded derivative is treated as a cash-flow hedge.

In the first quarter of 2022, in connection with the partial repayment of principal on our 2018 Term Loan Facility discussed in Note 4, "Debt and Liquidity," and our probability assessment of the variable-rate debt remaining outstanding through the term of the swaps, we de-designated one interest rate swap contract with a \$250.0 million notional amount, maturing in the third quarter of 2024. The fair value of the embedded derivative at the de-designation date was a gain of \$6.6 million and was recorded in AOCI and is being amortized into interest expense over the remaining life of the swap.

In the third quarter of 2022, we redeemed \$67.0 million of our \$250.0 million notional amount de-designated interest rate swap. The change in fair value of the de-designated embedded derivative in the second quarter and first six months of 2023 resulted in losses of \$5.7 million and \$7.1 million, respectively, compared to gains of \$2.8 million and \$6.7 million in the second quarter and first six months of 2022, respectively, recorded in interest expense in the Condensed Consolidated Statements of Operations.

In the second quarter of 2023, in connection with the repayment of the \$433.7 million outstanding balance on our 2018 Term Loan Facility, we terminated our \$183.0 million notional de-designated interest rate swap and our \$250.0 million notional designated interest rate swap and received net cash of \$20.4 million. The net cash received included a \$23.1 million gain on the embedded derivatives, partially offset by a \$2.8 million loss on the settlement of our debt host liability as of the termination date. As of December 31, 2022, the debt host liability was \$3.8 million, with \$2.3 million included in "Other accrued liabilities" and \$1.5 million included in "Other long-term obligations" on the Condensed Consolidated Balance Sheets. As of June 30, 2023, a cumulative loss of \$3.2 million related to the debt host liability was recorded in AOCI and will be amortized into interest expense using the effective interest method through August 2024.

Out of the \$23.1 million gain on the embedded derivatives, \$6.9 million for the de-designated swap was recorded in interest expense and \$16.2 million for the designated swap was recorded in AOCI and will be amortized into interest expense using the effective interest method through August 2024.

All derivatives are recorded on the balance sheet at fair value. If the derivative is designated and effective as a cash flow hedge, changes in the fair value of the derivative are recognized in AOCI until the hedged item is recognized in earnings. The ineffective portion of a derivative's fair value, if any, is recognized in earnings immediately. If a derivative is not a hedge, changes in the fair value are adjusted through earnings. The fair values of the outstanding derivatives are recorded on the balance sheet as assets (if the derivatives are in a gain position) or liabilities (if the derivatives are in a loss position). The fair values will also be classified as short-term or long-term depending upon their maturity dates. The fair value of all of our derivatives was determined using Level 2 inputs.

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The notional amounts of our outstanding derivative instruments as of June 30, 2023 and December 31, 2022 were as follows:

	June 30, 2023		December 31, 2022
	Notional Amount		Notional Amount
	<i>(Dollars in thousands)</i>		
Derivative instruments designated as hedges:			
Foreign currency derivatives	\$ 12,964	\$	—
Interest rate swap contracts	—		250,000
Derivative instruments not designated as hedges:			
Foreign currency derivatives	\$ 33,633	\$	70,420
Interest rate swap contracts	—		183,000

The following table summarizes the fair value of our outstanding derivatives designated as hedges (on a gross basis) and balance sheet classification as of June 30, 2023 and December 31, 2022:

	June 30, 2023		December 31, 2022
	Fair Value		Fair Value
	<i>(Dollars in thousands)</i>		
Prepaid and other current assets			
Foreign currency derivatives	\$ 194	\$	—
Interest rate swap contracts	—		10,246
Total	\$ 194	\$	10,246
Other assets			
Interest rate swap contracts	\$ —	\$	5,575
Total	\$ —	\$	5,575
Net asset	\$ 194	\$	15,821

As a result of the settlement of commodity derivative contracts and interest rate swaps, as of June 30, 2023, net realized pre-tax gains of \$10.3 million and \$13.6 million, respectively, were reported in AOCI and will be released to earnings within the next 12 months. As of June 30, 2023, net realized pre-tax losses of \$3.5 million related to our foreign currency derivatives were reported in AOCI and will be released to earnings within the next 12 months. No ineffectiveness expense was recorded in the second quarter or first six months of 2023. In the second quarter and first six months of 2022, we recorded \$0.8 million of ineffectiveness income to cost of goods sold in the Condensed Consolidated Statements of Operations related to the settlement of commodity derivative contracts. See the table below for amounts recognized on the effective portion of our commodity derivative contracts in the Condensed Consolidated Statement of Operations.

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The pre-tax realized (gains) losses on designated cash flow hedges are recognized in the Statements of Operations when the hedged item impacts earnings and were as follows for the periods ended June 30, 2023 and 2022:

		Amount of (Gain)/Loss Recognized	
		Three Months Ended June 30,	
		2023	2022
Location of Realized (Gain)/Loss Recognized in the Condensed Consolidated Statement of Operations		<i>(Dollars in thousands)</i>	
Derivatives designated as cash flow hedges:			
Foreign currency derivatives	Cost of goods sold	\$ —	\$ —
Commodity derivative contracts	Cost of goods sold	(4,470)	(2,977)
Interest rate swap contracts	Interest expense	(2,737)	581

		Amount of (Gain)/Loss Recognized	
		Six Months Ended June 30,	
		2023	2022
Location of Realized (Gain)/Loss Recognized in the Condensed Consolidated Statement of Operations		<i>(Dollars in thousands)</i>	
Derivatives designated as cash flow hedges:			
Foreign currency derivatives	Cost of goods sold	\$ 2,040	\$ —
Commodity derivative contracts	Cost of goods sold	(7,287)	(5,955)
Interest rate swap contracts	Interest expense	(5,182)	1,002

Pretax gains and losses on non-designated derivatives recognized in earnings were as follows:

		Amount of (Gain)/Loss Recognized	
		Three Months Ended June 30,	
		2023	2022
Location of (Gain)/Loss Recognized in the Condensed Consolidated Statement of Operations		<i>(Dollars in thousands)</i>	
Derivatives not designated as hedges:			
Foreign currency derivatives	Cost of goods sold, other expense (income), net	\$ (116)	\$ (31)
Interest rate swap contracts	Interest expense	(4,318)	(2,798)

		Amount of (Gain)/Loss Recognized	
		Six Months Ended June 30,	
		2023	2022
Location of (Gain)/Loss Recognized in the Condensed Consolidated Statement of Operations		<i>(Dollars in thousands)</i>	
Derivatives not designated as hedges:			
Foreign currency derivatives	Cost of goods sold, other expense (income), net	\$ 320	\$ 443
Interest rate swap contracts	Interest expense	(2,957)	(6,715)

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The following table summarizes the fair value of our outstanding derivatives not designated as hedges (on a gross basis) and balance sheet classification as of June 30, 2023 and December 31, 2022:

	<u>June 30, 2023</u>		<u>December 31, 2022</u>
	<u>Fair Value</u>		<u>Fair Value</u>
	<i>(Dollars in thousands)</i>		
Prepaid and other current assets			
Interest rate swap contracts	\$ —	\$	7,492
Foreign currency derivatives	592		92
Other assets			
Interest rate swap contracts	—		4,071
Other accrued liabilities			
Foreign currency derivatives	(19)		(282)
Net asset	<u>\$ 573</u>	<u>\$</u>	<u>11,373</u>

(10) Accumulated Other Comprehensive Loss

The balance in our Accumulated other comprehensive loss is set forth in the following table:

	<u>June 30, 2023</u>		<u>December 31, 2022</u>
	<i>(Dollars in thousands)</i>		
Foreign currency translation adjustments, net of tax	\$ (21,782)	\$	(29,354)
Commodity, interest rate, and foreign currency derivatives, net of tax	15,111		21,284
Total accumulated other comprehensive loss	<u>\$ (6,671)</u>	<u>\$</u>	<u>(8,070)</u>

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(11) (Loss) Earnings per Share

During the six months ended June 30, 2023, we did not repurchase any shares of our common stock. In the three months and six months ended June 30, 2022, we repurchased and subsequently retired 3,626,591 shares and 6,662,421 shares, respectively, of our common stock for \$30.0 million and \$60.0 million, respectively, under our common stock repurchase program.

The following table presents a reconciliation of the numerator and denominator of basic and diluted (loss) earnings per share for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<i>(Dollars in thousands, except per share amounts)</i>				
Numerator for basic and diluted (loss) earnings per share:				
Net (loss) income	\$ (7,851)	\$ 114,997	\$ (15,220)	\$ 239,180
Denominator:				
Weighted average common shares outstanding for basic calculation	257,003,691	258,845,588	256,935,763	260,719,446
Add: Effect of equity awards	—	—	—	14,827
Weighted average common shares outstanding for diluted calculation	257,003,691	258,845,588	256,935,763	260,734,273
Basic (loss) earnings per share	\$ (0.03)	\$ 0.44	\$ (0.06)	\$ 0.92
Diluted (loss) earnings per share	\$ (0.03)	\$ 0.44	\$ (0.06)	\$ 0.92

Basic (loss) earnings per share is calculated by dividing net (loss) income by the weighted average number of common shares outstanding, which included 256,682 and 245,277 shares of participating securities in the three and six months ended June 30, 2023, respectively, and 219,622 and 206,934 shares of participating securities in the three and six months ended June 30, 2022, respectively. Diluted (loss) earnings per share is calculated by dividing net (loss) income by the sum of the weighted average number of common shares outstanding plus the additional common shares that would have been outstanding if potentially dilutive securities had been issued.

The weighted average common shares outstanding for the diluted (loss) earnings per share calculation for the three and six months ended June 30, 2023 excludes the dilutive effect of approximately 15,461 and 11,211 shares, respectively, primarily related to restricted stock units, as their inclusion would have been anti-dilutive due to the Company's net loss.

Additionally, the weighted average common shares outstanding for the diluted (loss) earnings per share calculation excludes consideration of 3,905,182 and 3,423,368 equivalent shares for the three and six months ended June 30, 2023, respectively, and 2,385,187 and 1,903,300 equivalent shares for the three and six months ended June 30, 2022, respectively, as their effect would have been anti-dilutive.

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(12) Stock-Based Compensation

The Human Resources and Compensation Committee of our Board of Directors granted 519,482 stock options, 665,417 restricted stock units ("RSUs") and 542,743 performance stock units ("PSUs") to our employees during the first six months of 2023 under our Omnibus Equity Incentive Plan. Our electing non-employee directors received 56,650 deferred share units ("DSUs") and 154,609 RSUs and deferred RSUs during the six months ended June 30, 2023 under our Omnibus Equity Incentive Plan. The weighted average exercise price per share and weighted average fair value per share of the stock options granted in the six months ended June 30, 2023 was \$5.51 and \$3.01, respectively. We estimated the fair value of the stock options using the following assumptions in our Black-Scholes model:

Dividend yield	0.73%
Expected volatility	58.16%
Risk-free interest rate	4.04%
Expected term (in years)	6.0 years

We measure the fair value of grants of RSUs and DSUs based on the closing market price of a share of our common stock on the date of the grant. The weighted average fair value per share was \$5.58 for RSUs granted to employees, \$4.24 for RSUs and deferred RSUs granted to non-employee directors and \$4.94 for DSUs granted during the six months ended June 30, 2023.

We measure the fair value of grants of PSUs using a monte carlo valuation. The weighted average fair value of the PSUs granted in the six months ended June 30, 2023 was \$7.30 per share and will be expensed over a vesting period of three years. The final payout to holders of PSUs will be based upon the Company's total shareholder return relative to a peer group's performance measured at the end of each performance period.

In the three months ended June 30, 2023 and 2022, we recognized \$1.4 million and \$0.6 million, respectively, of stock-based compensation expense. The majority of the expense, \$1.3 million and \$0.6 million, respectively, was recorded in selling and administrative expense in the Condensed Consolidated Statements of Operations, with the remaining expense recorded in cost of goods sold.

In the six months ended June 30, 2023 and 2022, we recognized \$2.2 million and \$1.0 million, respectively, of stock-based compensation expense. The majority of the expense, \$2.0 million and \$1.0 million, respectively, was recorded in selling and administrative expense in the Condensed Consolidated Statements of Operations, with the remaining expense recorded in cost of goods sold.

As of June 30, 2023, the unrecognized compensation cost related to the unvested portion of all stock-based awards was approximately \$13.4 million and is expected to be recognized over the remaining vesting period of the respective grants.

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(13) Supplementary Balance Sheet Detail

Supplier Finance Program (“SFP”) Obligations

GrafTech Mexico S.A. De C.V. (“GrafTech Mexico”) participates in an electronic vendor voucher payment program supported by the Mexican Government through one of its national banks, whereby suppliers can factor their invoices through a financial intermediary. This program gives GrafTech Mexico’s suppliers the option to settle trade receivables by obtaining payment from the financial intermediary prior to the invoice due date for a discounted amount. GrafTech Mexico’s responsibility is limited to making payment on the terms originally negotiated with its supplier, regardless of whether the supplier elects to receive early payment. The range of payment terms GrafTech Mexico negotiates with its suppliers is consistent, irrespective of whether a supplier participates in the program.

As of June 30, 2023, \$8.2 million of SFP obligations were included in accounts payable on the Condensed Consolidated Balance Sheets and upon settlement, are reflected as cash flow from operating activities in the Condensed Consolidated Statements of Cash Flows. GrafTech Mexico did not have a SFP obligation as of December 31, 2022.

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GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES

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

The Company

We are a leading manufacturer of high-quality graphite electrode products essential to the production of EAF steel and other ferrous and non-ferrous metals. We believe that we have the most competitive portfolio of low cost ultra-high power graphite electrode manufacturing facilities in the industry, including three of the highest capacity facilities in the world. We are the only large scale graphite electrode producer that is substantially vertically integrated into petroleum needle coke, our key raw material for graphite electrode manufacturing.

The environmental and economic advantages of EAF steel production position both that industry and the graphite electrode industry for continued long-term growth.

We believe GrafTech's leadership position and vertical integration are sustainable competitive advantages. The services and solutions we provide will position our customers and us for a better future.

Operational and Commercial Update

Sales volume for the second quarter of 2023 was 26.4 thousand metric tons ("MT"), consisting of 8.5 thousand MT of LTA volume and 17.9 thousand MT of non-LTA volume, and decreased 38% compared to the second quarter of 2022, primarily reflecting the residual impact of the suspension of our operations in Monterrey, Mexico that began near the end of the third quarter of 2022. Although the facility resumed production during the fourth quarter of 2022, the suspension coincided with a key commitment window for customer purchases primarily covering the first six months of 2023. The resulting uncertainty during this period limited our ability to enter into new customer commitments for the first half of 2023. In addition, the lower sales volume was also attributable to softness in graphite electrode demand.

For the second quarter of 2023, the weighted-average realized price for our LTA volume was \$9,000 per MT, a reduction of 6% compared to \$9,600 per MT in the second quarter of 2022. For our non-LTA volume, the weighted-average realized price for graphite electrodes delivered and recognized in revenue in the second quarter of 2023 was \$5,600 per MT, a decrease of 6% compared to the second quarter of 2022 reflecting the softer commercial environment.

Production volume was 25.2 thousand MT in the second quarter of 2023, a decrease of 43% compared to the second quarter of 2022, as we proactively reduced production volume to align with our evolving demand outlook and to manage our working capital levels.

Outlook

As we proceed through the second half of 2023, while we continue to move past the Monterrey suspension-driven impact on our sales volume, we expect demand for graphite electrodes will be tempered by ongoing softness in the commercial environment. As a result, we estimate our sales volume for the full year of 2023 will be in the range of 95 thousand MT to 105 thousand MT, as compared to our previous estimate of 100 thousand MT to 115 thousand MT. We estimate sales volume in the third quarter of 2023 will be broadly in line with sales volume for the second quarter of 2023.

We expect our cash cost of goods sold per MT in the second half of 2023 will be below the level recognized for the first half of the year. However, for the full year of 2023, we expect a significant year-over-year increase in our cash cost of goods sold per MT as (1) fixed costs are recognized over a smaller volume base, (2) excess fixed costs that would have otherwise been inventoried are recognized when incurred due to reduced production levels and (3) reflecting the full-year impact of higher raw material costs that increased throughout 2022. We continue to closely manage our operating costs and capital expenditures, as well as our working capital levels.

Looking ahead, we remain confident in our ability to overcome near-term challenges and are optimistic about the longer-term outlook for our business. We anticipate the steel industry's accelerating efforts to decarbonize will lead to increased adoption of the EAF method of steelmaking, driving long-term demand growth for graphite electrodes. We also anticipate the demand for petroleum needle coke, the key raw material we use to produce graphite electrodes, to accelerate driven by its utilization in producing synthetic graphite for use in lithium-ion batteries for the growing electric vehicle market. We believe that the actions we are taking, supported by a distinct set of capabilities, including our substantial vertical integration into petroleum needle coke via our Seadrift facility, will optimally position GrafTech to benefit from these sustainable industry tailwinds.

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GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES

Steel market capacity utilization rates have been as follows:

	Q2 2023	Q1 2023	Q2 2022
Global (ex-China) capacity utilization rate ⁽¹⁾	66%	66%	70%
U.S. steel market capacity utilization rate ⁽²⁾	77%	75%	81%

(1) Source: World Steel Association, Metal Expert and GrafTech analysis, as of July 2023

(2) Source: American Iron and Steel Institute, as of July 2023

The table of estimated shipments of graphite electrodes under existing LTAs remains as follows, reflecting our current expectations for the full years of 2023 and 2024:

	2023 Outlook	2024 Outlook
Estimated LTA volume ⁽¹⁾	27-31	13-16
Estimated LTA revenue ⁽²⁾	\$235-\$265	\$100-\$135 ⁽³⁾

(1) In thousands of MT

(2) In millions

(3) Includes expected termination fees from a few customers that have failed to meet certain obligations under their LTAs

We recorded 15.8 thousand MT of LTA volume and \$146.2 million of LTA revenue in the six months ended June 30, 2023, and we expect to record 11 thousand to 15 thousand MT of LTA volume and approximately \$89.0 million to \$119.0 million of LTA revenue for the remainder of 2023.

The majority of the LTAs are defined as pre-determined fixed annual volume contracts while a small portion are defined with a specified volume range. For the years 2023 and through 2024, the contractual revenue amounts above are based upon the minimum volume for those contracts with specified ranges. The actual revenue realized from these contracted volumes may vary in timing and total due to contract non-performance, force majeure notices, arbitrations, credit risk associated with certain customers facing financial challenges and customer demand related to contracted volume ranges.

Capital Structure and Capital Allocation

During the second quarter of 2023, we completed a \$450.0 million private offering of 2023 Senior Secured Notes. This transaction extended our debt maturities to 2028 as the net proceeds from this offering were used to repay the debt outstanding under the 2018 Term Loan Facility that was scheduled to mature in 2025.

As of June 30, 2023, GrafTech had cash and cash equivalents of \$132.2 million and gross debt of approximately \$950.3 million. The Company's current capital allocation approach is focused on maintaining sufficient liquidity as we recover from the impact of the temporary suspension of our operations in Monterrey, Mexico, while making targeted investments to support long-term growth. On August 2, 2023, the Company's Board of Directors elected to suspend the quarterly cash dividend of \$0.01 per share.

We continue to expect full year capital expenditures to be in the range of \$55.0 million to \$60.0 million for 2023.

Key metrics used by management to measure performance

In addition to measures of financial performance presented in our Condensed Consolidated Financial Statements in accordance with generally accepted accounting principles in the United States ("GAAP"), we use certain other financial measures and operating metrics to analyze the performance of our Company. Our "non-GAAP" financial measures consist of EBITDA, adjusted EBITDA, adjusted net (loss) income and adjusted (loss) earnings per share, which help us evaluate growth trends, establish budgets, assess operational efficiencies and evaluate our overall financial performance. Our key operating metrics consist of sales volume, production volume, production capacity and capacity utilization.

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GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES

Key financial measures

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<i>(in thousands, except per share data)</i>				
Net sales	\$ 185,561	\$ 363,646	\$ 324,363	\$ 729,891
Net (loss) income	(7,851)	114,997	(15,220)	239,180
(Loss) earnings per share ⁽¹⁾	(0.03)	0.44	(0.06)	0.92
EBITDA ⁽²⁾	23,465	157,972	36,403	325,500
Adjusted net (loss) income ⁽²⁾	(5,768)	115,102	(11,317)	241,022
Adjusted (loss) earnings per share ⁽¹⁾⁽²⁾	(0.02)	0.44	(0.04)	0.92
Adjusted EBITDA ⁽²⁾	26,022	158,196	41,137	327,796

⁽¹⁾ (Loss) earnings per share represents diluted (loss) earnings per share. Adjusted (loss) earnings per share represents adjusted diluted (loss) earnings per share.

⁽²⁾ Non-GAAP financial measure; see below for information and reconciliations of EBITDA, adjusted EBITDA and adjusted net (loss) income to net (loss) income and adjusted (loss) earnings per share to (loss) earnings per share, the most directly comparable financial measures calculated and presented in accordance with GAAP.

Key operating measures

In addition to measures of financial performance presented in accordance with GAAP, we use certain operating metrics to analyze the performance of our Company. These metrics align with management's assessment of our revenue performance and profit margin, and will help investors understand the factors that drive our profitability.

Sales volume reflects the total volume of graphite electrodes sold for which revenue has been recognized during the period. For a discussion of our revenue recognition policy, see “—Critical accounting policies—Revenue recognition” in our Annual Report on Form 10-K. Sales volume helps investors understand the factors that drive our net sales.

Production volume, production capacity and capacity utilization help us understand the efficiency of our production, evaluate cost of goods sold and consider how to approach our sales contract initiative.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<i>(in thousands, except utilization)</i>				
Sales volume (MT)	26.4	42.3	43.3	85.6
Production volume (MT) ⁽¹⁾	25.2	43.9	41.0	90.0
Total production capacity (MT) ⁽²⁾⁽³⁾	58.0	58.0	116.0	116.0
Total capacity utilization ⁽³⁾⁽⁴⁾	43 %	76 %	35 %	78 %
Production capacity excluding St. Marys (MT) ⁽²⁾⁽⁵⁾	51.0	51.0	102.0	102.0
Capacity utilization excluding St. Marys ⁽⁴⁾⁽⁵⁾	49 %	86 %	40 %	88 %

⁽¹⁾ Production volume reflects graphite electrodes we produced during the period.

⁽²⁾ Production capacity reflects expected maximum production volume during the period depending on product mix and expected maintenance outage. Actual production may vary.

⁽³⁾ Includes graphite electrode facilities in Calais, France; Monterrey, Mexico; Pamplona, Spain; and St. Marys, Pennsylvania.

⁽⁴⁾ Capacity utilization reflects production volume as a percentage of production capacity.

⁽⁵⁾ Our St. Marys, Pennsylvania facility graphitizes a limited number of electrodes and pins sourced from our Monterrey, Mexico facility. The remaining production processes at St. Marys were restarted in the second quarter of 2023, with activities expected to ramp up over time to support future demand.

PART I (CONT'D)
GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES

Results of Operations

The Three Months Ended June 30, 2023 Compared to the Three Months Ended June 30, 2022

The table presented in our period-over-period comparisons summarizes our Condensed Consolidated Statements of Operations and illustrates key financial indicators used to assess the consolidated financial results. Throughout this "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Report ("MD&A"), insignificant changes may be deemed not meaningful and are generally excluded from the discussion.

	Three Months Ended June 30,		Increase/ Decrease	% Change
	2023	2022		
	<i>(Dollars in thousands)</i>			
Net sales	\$ 185,561	\$ 363,646	\$ (178,085)	(49)%
Cost of goods sold	157,216	201,496	(44,280)	(22)%
Gross profit	28,345	162,150	(133,805)	(83)%
Research and development	1,196	723	473	65 %
Selling and administrative expenses	18,551	18,030	521	3 %
Operating income	8,598	143,397	(134,799)	(94)%
Other expense (income), net	455	(563)	1,018	(181)%
Interest expense	13,907	9,399	4,508	48 %
Interest income	(242)	(1,858)	1,616	(87)%
(Loss) income before provision for income taxes	(5,522)	136,419	(141,941)	(104)%
Provision for income taxes	2,329	21,422	(19,093)	(89)%
Net (loss) income	\$ (7,851)	\$ 114,997	\$ (122,848)	(107)%

Net sales decreased \$178.1 million, or 49%, compared to the second quarter of 2022, primarily reflecting lower sales volume driven by the residual impact of the suspension of our operations in Monterrey, Mexico that began near the end of the third quarter of 2022. In addition, the lower sales volume was also attributable to softness in graphite electrode demand. A shift in the mix of our business from volume derived from LTAs to volume derived from non-LTAs further contributed to the decline in net sales.

Cost of goods sold decreased \$44.3 million, or 22%, compared to the second quarter of 2022, primarily reflecting lower sales volume, partially offset by an increase in our costs as higher priced inventory was sold during the second quarter of 2023, reflecting the full-year impact of raw material, energy and freight cost increases that occurred throughout 2022. In addition, due to the reduced production levels in the second quarter of 2023, we recorded excess fixed manufacturing costs of approximately \$12.8 million, including \$2.5 million of depreciation, that would have otherwise been inventoried.

Selling and administrative expenses increased \$0.5 million, or 3%, compared to the second quarter of 2022, primarily reflecting increased administrative spending, partially offset by reduced selling expenses driven by reduced sales volume.

Interest expense increased \$4.5 million, or 48%, compared to the second quarter of 2022 primarily due to the recognition of a \$3.1 million loss on debt extinguishment related to the repayment of the 2018 Term Loan Facility, as well as a \$1.6 million reduction of gains recognized related to interest rate swap activity. See Note 6, "Interest Expense" in the Notes to the Condensed Consolidated Financial Statements for further discussion.

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GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES

The following table summarizes the provision for income taxes:

	Three Months Ended June 30,	
	2023	2022
	<i>(Dollars in thousands)</i>	
Provision for income taxes	\$ 2,329	\$ 21,422
Pre-tax (loss) income	(5,522)	136,419
Effective tax rate	(42.2)%	15.7 %

The provision for income taxes decreased in the second quarter of 2023 compared to the second quarter of 2022 primarily due to a decrease in pre-tax income as well as a shift in the jurisdictional mix of earnings.

The effective tax rate for the second quarter of 2023 was lower than the U.S. statutory rate of 21% primarily due to worldwide earnings from various countries taxed at different rates. The effective tax rate for the second quarter of 2022 was lower than the U.S. statutory rate of 21% primarily due to worldwide earnings from various countries taxed at different rates, which was partially offset by the net combined impact related to the U.S. taxation of GILTI and FTCs.

The Six Months Ended June 30, 2023 Compared to the Six Months Ended June 30, 2022

The table presented in our period-over-period comparisons summarize our Consolidated Statements of Operations and illustrate key financial indicators used to assess the consolidated financial results. Throughout this MD&A, insignificant changes may be deemed not meaningful and are generally excluded from the discussion.

	Six Months Ended June 30,			
	2023	2022	Increase/ Decrease	% Change
	<i>(Dollars in thousands)</i>			
Net sales	\$ 324,363	\$ 729,891	\$ (405,528)	(56)%
Cost of goods sold	269,861	392,710	(122,849)	(31)%
Gross profit	54,502	337,181	(282,679)	(84)%
Research and development	2,388	1,603	785	49 %
Selling and administrative expenses	40,702	39,284	1,418	4 %
Operating income	11,412	296,294	(284,882)	(96)%
Other expense (income), net	1,108	(760)	1,868	246 %
Interest expense	26,713	18,611	8,102	44 %
Interest income	(614)	(1,956)	(1,342)	69 %
(Loss) Income before (benefit) provision for income taxes	(15,795)	280,399	(296,194)	(106)%
(Benefit) provision for income taxes	(575)	41,219	(41,794)	(101)%
Net (loss) income	\$ (15,220)	\$ 239,180	\$ (254,400)	(106)%

Net sales decreased \$405.5 million, or 56%, compared to the first six months of 2022, primarily reflecting lower sales volume driven by the residual impact of the suspension of our operations in Monterrey, Mexico that began near the end of the third quarter of 2022. In addition, the lower sales volume was also attributable to softness in graphite electrode demand. A shift in the mix of our business from volume derived from LTAs to volume derived from non-LTAs further contributed to the decline in net sales.

Cost of goods sold decreased \$122.8 million, or 31%, compared to the first six months of 2022, primarily reflecting lower sales volume, partially offset by an increase in our costs as higher priced inventory was sold during the first half of 2023, reflecting the full-year impact of raw material, energy and freight cost increases that occurred throughout 2022. In addition, due to the reduced production levels in the first half of 2023, we recorded excess fixed manufacturing costs of approximately \$25.4 million, including \$5.3 million of depreciation, that would have otherwise been inventoried.

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GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES

Selling and administrative expenses increased \$1.4 million, or 4%, compared to the first half of 2022, primarily due to increased administrative expenses.

Interest expense increased \$8.1 million, or 44%, compared to the first half of 2022 primarily due to the recognition of \$0.1 million of net losses in the first half of 2023, compared to \$6.7 million of net gains in the first half of 2022 related to interest rate swap activity and \$1.6 million of incremental write-offs of debt issuance costs and original issuance discounts related to the 2018 Term Loan Facility. See Note 6, "Interest Expense" in the Notes to the Condensed Consolidated Financial Statements for further discussion.

Provision for income taxes. The following table summarizes the provision for income taxes:

	Six Months Ended June 30,	
	2023	2022
	<i>(Dollars in thousands)</i>	
(Benefit) provision for income taxes	\$ (575)	\$ 41,219
Pre-tax (loss) income	(15,795)	280,399
Effective tax rate	3.6 %	14.7 %

The provision for income taxes decreased from \$41.2 million for the six months ended June 30, 2022 to a benefit of \$0.6 million for the six months ended June 30, 2023. This change is primarily related to a decrease in pre-tax income and a shift in the jurisdictional mix of earnings.

The effective tax rate for the first six months of 2023 was lower than the U.S. statutory rate of 21% primarily due to worldwide earnings from various countries taxed at different rates. The effective tax rate for the first six months of 2022 was lower than the U.S. statutory rate of 21% primarily due to worldwide earnings from various countries taxed at different rates, which was partially offset by the net combined impact related to the U.S. taxation of GILTI and FTCs.

Effects of Changes in Currency Exchange Rates

When the currencies of non-U.S. countries in which we have a manufacturing facility decline (or increase) in value relative to the U.S. dollar, this has the effect of reducing (or increasing) the U.S. dollar equivalent cost of goods sold and other expenses with respect to those facilities. In certain countries in which we have manufacturing facilities, and in certain export markets, we sell in currencies other than the U.S. dollar. Accordingly, when these currencies increase (or decline) in value relative to the U.S. dollar, this has the effect of increasing (or reducing) net sales. The result of these effects is to increase (or decrease) operating and net (loss) income.

Many of the non-U.S. countries in which we have a manufacturing facility have been subject to significant economic and political changes, which have significantly impacted currency exchange rates. We cannot predict changes in currency exchange rates in the future or whether those changes will have net positive or negative impacts on our net sales, cost of goods sold or net (loss) income.

The impact of these changes in the average exchange rates of other currencies against the U.S. dollar on our net sales was an increase of \$0.5 million and a decrease of \$0.7 million for the second quarter and six months ended June 30, 2023, respectively, compared to the same periods of 2022. The impact of these changes on our cost of goods sold were increases of \$2.9 million and \$5.5 million for the three and six months ended June 30, 2023, respectively, compared to the same periods in 2022.

We have in the past and may in the future use various financial instruments to manage certain exposures to risks caused by currency exchange rate changes, as described under "Part I, Item 3—Quantitative and Qualitative Disclosures about Market Risk."

Liquidity and Capital Resources

Our sources of funds have consisted principally of cash flow from operations and debt, including our credit facilities (subject to continued compliance with the financial covenants and representations). Our uses of those funds (other than for operations) have consisted principally of dividends, capital expenditures, scheduled debt repayments, optional debt repayments,

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GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES

stock repurchases and other obligations. Disruptions in the U.S. and international financial markets could adversely affect our liquidity and the cost and availability of financing to us in the future.

We believe that we have adequate liquidity to meet our needs for at least the next twelve months and for the foreseeable future thereafter. As of June 30, 2023, we had liquidity of \$336.7 million, consisting of \$204.5 million of availability under our 2018 Revolving Credit Facility and cash and cash equivalents of \$132.2 million. As any borrowings under the 2018 Revolving Credit Facility remain subject to compliance with the financial covenant in our 2018 Revolving Credit Facility (see below and Note 4, "Debt and Liquidity"), our operating performance resulted in a reduction of the availability under our 2018 Revolving Credit Facility. Our future operating performance could result in further reductions in availability under the 2018 Revolving Credit Facility. We expect our operating cash flow and our adjusted free cash flow to be positive for 2023 and do not anticipate the need to borrow against our 2018 Revolving Credit Facility. We had gross long-term debt of \$950.2 million and gross short-term debt of \$0.1 million as of June 30, 2023. As of December 31, 2022, we had liquidity of \$461.6 million consisting of \$327.0 million available under our 2018 Revolving Credit Facility and cash and cash equivalents of \$134.6 million. We had gross long-term debt of \$933.9 million and gross short-term debt of \$0.1 million as of December 31, 2022.

As of June 30, 2023 and December 31, 2022, \$80.2 million and \$92.3 million, respectively, of our cash and cash equivalents were located outside of the U.S. We repatriate funds from our foreign subsidiaries through dividends. All of our subsidiaries face the customary statutory limitation that distributed dividends cannot exceed the amount of retained and current earnings. Upon repatriation to the U.S., the foreign source portion of dividends we receive from our foreign subsidiaries are not subject to U.S. federal income tax because the amounts were either previously taxed or are exempted from tax by Section 245A of the Internal Revenue Service Code (the "Code").

Cash flow and plans to manage liquidity. Our cash flow typically fluctuates significantly between quarters due to various factors. These factors include customer order patterns, fluctuations in working capital requirements, timing of tax and interest payments and other factors.

Debt Structure

2018 Term Loan and 2018 Revolving Credit Facility

In February 2018, the Company entered into the 2018 Credit Agreement, which provided for (i) the \$2.3 billion 2018 Term Loan Facility after giving effect to the First Amendment that increased the aggregate principal amount of the 2018 Term Loan Facility from \$1.5 billion to \$2.3 billion and (ii) the \$330 million 2018 Revolving Credit Facility after giving effect to the May 2022 amendment that increased the revolving commitments under the 2018 Credit Agreement by \$80.0 million from \$250.0 million. GrafTech Finance is the sole borrower under the 2018 Term Loan Facility while GrafTech Finance, Swissco and GrafTech Luxembourg II S.à r.l. ("Luxembourg Holdco" and, together with GrafTech Finance and Swissco, the "Co-Borrowers") are co-borrowers under the 2018 Revolving Credit Facility. The 2018 Revolving Credit Facility matures on May 31, 2027. The net proceeds from the 2023 Senior Secured Notes were used to repay outstanding borrowings under our 2018 Term Loan Facility. Accordingly, as of June 30, 2023, there were no term loans outstanding under the 2018 Term Loan Facility. As of June 30, 2023 and December 31, 2022, there were no borrowings outstanding on the 2018 Revolving Credit Facility and there was \$3.0 million of letters of credit drawn against the 2018 Revolving Credit Facility as of each date.

The 2018 Revolving Credit Facility bears interest, at our option, at a rate equal to either (i) the Adjusted Term SOFR Rate and Adjusted EURIBOR Rate (each, as defined in the 2018 Credit Agreement), plus an applicable margin initially equal to 3.00% per annum or (ii) the ABR Rate, plus an applicable margin initially equal to 2.00% per annum, in each case with two 25 basis point step downs based on achievement of certain senior secured first lien net leverage ratios. In addition, we are required to pay a quarterly commitment fee on the unused commitments under the 2018 Revolving Credit Facility in an amount equal to 0.25% per annum.

The 2018 Revolving Credit Facility is guaranteed by each of our domestic subsidiaries, subject to certain customary exceptions, and by GrafTech Luxembourg I S.à r.l., a Luxembourg *société à responsabilité limitée* and an indirect wholly owned subsidiary of GrafTech, Luxembourg HoldCo, and Swissco (collectively, the "Guarantors") with respect to all obligations under the 2018 Revolving Credit Facility of each of our foreign subsidiaries that is a Controlled Foreign Corporation (within the meaning of Section 956 of the Code).

Any obligations under the 2018 Revolving Credit Facility are secured, subject to certain exceptions, by: (i) a pledge of all of the equity securities of each domestic Guarantor and of each other direct, wholly owned domestic subsidiary of GrafTech and any Guarantor, (ii) a pledge on no more than 65% of the equity interests of each subsidiary that is a Controlled Foreign

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Corporation (within the meaning of Section 956 of the Code), and (iii) security interests in, and mortgages on, personal property and material real property of each domestic Guarantor, subject to permitted liens and certain exceptions specified in the 2018 Revolving Credit Facility. The obligations of each foreign subsidiary of GrafTech that is a Controlled Foreign Corporation under the 2018 Revolving Credit Facility are secured by (i) a pledge of no more than 65% of the equity securities of each Guarantor that is a Controlled Foreign Corporation and of each direct, wholly owned subsidiary of any Guarantor that is a Controlled Foreign Corporation, and (ii) security interests in certain receivables and personal property of each Guarantor that is a Controlled Foreign Corporation, subject to permitted liens and certain exceptions specified in the 2018 Revolving Credit Facility.

The 2018 Revolving Credit Facility contains customary representations and warranties and customary affirmative and negative covenants applicable to GrafTech and restricted subsidiaries, including, among other things, restrictions on indebtedness, liens, investments, fundamental changes, dispositions, and dividends and other distributions. The 2018 Revolving Credit Facility contains a financial covenant that requires GrafTech to maintain a senior secured first lien net leverage ratio not greater than 4.00 to 1.00 when the aggregate principal amount of borrowings under the 2018 Revolving Credit Facility and outstanding letters of credit issued under the 2018 Revolving Credit Facility (except for undrawn letters of credit in an aggregate amount equal to or less than \$35.0 million), taken together, exceed 35% of the total amount of commitments under the 2018 Revolving Credit Facility. The 2018 Revolving Credit Facility also contains customary events of default. We were in compliance with all of our debt covenants as of June 30, 2023 and December 31, 2022.

2020 Senior Secured Notes

In December 2020, GrafTech Finance issued \$500 million aggregate principal amount of the 2020 Senior Secured Notes at an issue price of 100% of the principal amount thereof in a private offering to qualified institutional buyers in accordance with Rule 144A under the Securities Act of 1933 (the "Securities Act") and to non-U.S. persons outside the United States under Regulation S under the Securities Act.

The 2020 Senior Secured Notes are guaranteed on a senior secured basis by the Company and all of its existing and future direct and indirect U.S. subsidiaries that guarantee, or borrow under, the 2018 Revolving Credit Facility, other than GrafTech Finance. The 2020 Senior Secured Notes are secured on a pari passu basis by the collateral securing the term loans under the 2018 Credit Agreement and the 2023 Senior Secured Notes. GrafTech Finance, the Company and the other guarantors granted a security interest in such collateral, consisting of substantially all of their respective assets, as security for the obligations of GrafTech Finance, the Company and the other guarantors under the 2020 Senior Secured Notes and the Indenture pursuant to a collateral agreement, dated as of December 22, 2020 (the "Collateral Agreement"), among GrafTech Finance, the Company, the other subsidiaries of the Company named therein as grantors and U.S. Bank National Association, as collateral agent.

The 2020 Senior Secured Notes bear interest at the rate of 4.625% per annum, which accrued from December 22, 2020 and is payable in arrears on June 15 and December 15 of each year, commencing on June 15, 2021. The 2020 Senior Secured Notes will mature on December 15, 2028, unless earlier redeemed or repurchased, and are subject to the terms and conditions set forth in the Indenture.

GrafTech Finance may redeem some or all of the 2020 Senior Secured Notes at the redemption prices and on the terms specified in the Indenture. If the Company or GrafTech Finance experiences specific kinds of changes in control or the Company or any of its restricted subsidiaries sells certain of its assets, then GrafTech Finance must offer to repurchase the 2020 Senior Secured Notes on the terms set forth in the Indenture.

The Indenture contains certain covenants that, among other things, limit the Company's ability, and the ability of certain of its subsidiaries, to incur or guarantee additional indebtedness or issue preferred stock, pay distributions on, redeem or repurchase capital stock or redeem or repurchase subordinated debt, incur or suffer to exist liens securing indebtedness, make certain investments, engage in certain transactions with affiliates, consummate certain asset sales and effect a consolidation or merger, or sell, transfer, lease or otherwise dispose of all or substantially all assets. The Indenture contains events of default customary for agreements of its type (with customary grace periods, as applicable) and provides that, upon the occurrence of an event of default arising from certain events of bankruptcy or insolvency with respect to the Company or GrafTech Finance, all outstanding 2020 Senior Secured Notes will become due and payable immediately without further action or notice. If any other type of event of default occurs and is continuing, then the trustee or the holders of at least 30% in principal amount of the then outstanding 2020 Senior Secured Notes may declare all of the 2020 Senior Secured Notes to be due and payable immediately.

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GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES

2023 Senior Secured Notes

In June 2023, GrafTech Global Enterprises Inc. issued \$450 million aggregate principal amount of 2023 Senior Secured Notes, including \$11.4 million of original issue discount. The 2023 Senior Secured Notes were issued at an issue price of 97.456% of the principal amount thereof in a private offering to qualified institutional buyers in accordance with Rule 144A under the Securities Act and to non-U.S. persons outside the United States under Regulation S under the Securities Act.

The 2023 Senior Secured Notes are or will be, as applicable, guaranteed on a senior secured basis by (i) GrafTech Finance, (ii) the Company and all of its direct and indirect U.S. subsidiaries that, as of the date of the 2023 Senior Secured Notes, guarantee (or are borrowers of) the debt under the 2018 Term Loan Facility and the 2018 Revolving Credit Facility, other than GrafTech Global Enterprises Inc., and (iii) all of the Company's future direct and indirect subsidiaries that guarantee (or are borrowers of) debt under the 2018 Term Loan Facility and the 2018 Revolving Credit Facility, the 2020 Senior Secured Notes and certain other future indebtedness, in each case, other than certain excluded foreign subsidiaries and GrafTech Global Enterprises Inc. The 2023 Senior Secured Notes and the note guarantees are secured on a first-priority basis by liens on the collateral of GrafTech Global Enterprises Inc. and the guarantors securing the debt under the 2018 Revolving Credit Facility and the 2020 Senior Secured Notes, on an equal and ratable basis with the debt under the 2018 Revolving Credit Facility and 2020 Senior Secured Notes, in each case subject to permitted liens and certain exceptions, pursuant to a collateral agreement, dated as of June 26, 2023 among GrafTech Global Enterprises Inc., the Company, the other subsidiaries of the Company named therein as grantors and U.S. Bank Trust Company, National Association, as collateral agent.

The 2023 Senior Secured Notes bear interest at a rate of 9.875% per annum which accrued from June, 26, 2023 and is payable in arrears on June 15 and December 15 of each year, commencing on December 15, 2023. The 2023 Senior Secured Notes will mature on December 15, 2028, unless earlier redeemed or repurchased, and are subject to the terms of the indenture governing the 2023 Senior Secured Notes (the "2023 Indenture").

GrafTech Global Enterprises Inc. may redeem some or all of the 2023 Senior Secured Notes at the redemption prices and on the terms specified in the 2023 Indenture. If the Company or GrafTech Global Enterprises experiences specific kinds of changes in control or the Company or any of its restricted subsidiaries sells certain of its assets, then GrafTech Global Enterprises Inc. must offer to repurchase the 2023 Senior Secured Notes on the terms set forth in the 2023 Indenture.

The 2023 Indenture contains certain covenants that, among other things, limit the Company's ability, and the ability of certain of its subsidiaries, to incur or guarantee additional indebtedness or issue preferred stock, pay distributions on, redeem or repurchase capital stock or redeem or repurchase subordinated debt, incur or suffer to exist liens securing indebtedness, make certain investments, engage in certain transactions with affiliates, consummate certain asset sales and effect a consolidation or merger, or sell, transfer, lease or otherwise dispose of all or substantially all assets. The 2023 Indenture contains events of default customary for agreements of its type (with customary grace periods, as applicable) and provides that, upon the occurrence of an event of default arising from certain events of bankruptcy or insolvency with respect to the Company or GrafTech Global Enterprises Inc., all outstanding 2023 Senior Secured Notes will become due and payable immediately without further action or notice. If any other type of event of default occurs and is continuing, then the trustee or the holders of at least 30% in principal amount of the then outstanding 2023 Senior Secured Notes may declare all of the 2023 Senior Secured Notes to be due and payable immediately.

Uses of Liquidity

In July 2019, our Board of Directors authorized a program to repurchase up to \$100.0 million of our outstanding common stock. In November 2021, our Board of Directors authorized the repurchase of an additional \$150.0 million of stock repurchases under this program. We may purchase shares from time to time on the open market, including under Rule 10b5-1 and/or Rule 10b-18 plans. The amount and timing of repurchases are subject to a variety of factors including liquidity, stock price, applicable legal requirements, other business objectives and market conditions. In the first six months of 2023, we did not repurchase any shares of our common stock. As of June 30, 2023, we had \$99.0 million remaining under our stock repurchase authorization.

Throughout 2022 and through the second quarter of 2023, we paid a quarterly dividend of \$0.01 per share. On August 2, 2023, the Company's Board of Directors elected to suspend the quarterly cash dividend of \$0.01 per share. There can be no assurance that we will resume paying dividends in the future in these amounts or at all. Our Board of Directors may change the timing and amount of any future dividend payments, if reinstated, or eliminate the payment of future dividends in its sole discretion, without any prior notice to our stockholders. Our ability to pay dividends will depend upon many factors, including our financial position and liquidity, results of operations, legal requirements, restrictions that may be imposed by the terms of our current and future credit facilities and other debt obligations and other factors deemed relevant by our Board of Directors.

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In June 2023, GrafTech Global Enterprises Inc. issued \$450 million aggregate principal amount of 2023 Senior Secured Notes. The net proceeds from the 2023 Senior Secured Notes were used to repay borrowings under our 2018 Term Loan Facility.

Potential uses of our liquidity (other than operations) include capital expenditures, debt repayments, dividends, share repurchases, and other general purposes. Any such potential uses of our liquidity may be funded by existing available liquidity, the incurrence of new secured or unsecured loans or capital market issuances. An improving economy, while resulting in improved results of operations, could increase our cash requirements to purchase inventories, make capital expenditures and fund payables and other obligations until increased accounts receivable are converted into cash. A downturn, including any recession or potential resurgence of the COVID-19 pandemic, could significantly and negatively impact our results of operations and cash flows, which, coupled with increased borrowings, could negatively impact our credit ratings, our ability to comply with debt covenants, our ability to secure additional financing and the cost of such financing, if available.

In order to seek to minimize our credit risks, we may reduce our sales of, or refuse to sell (except for prepayment, cash on delivery or under letters of credit or parent guarantees), our products to some customers and potential customers. Our unrecovered trade receivables worldwide have not been material during the last two years individually or in the aggregate.

We manage our capital expenditures by taking into account quality, plant reliability, safety, environmental and regulatory requirements, prudent or essential maintenance requirements, global economic conditions, available capital resources, liquidity, long-term business strategy and return on invested capital for the relevant expenditures, cost of capital and return on invested capital of the Company as a whole and other factors. Capital expenditures totaled \$39.8 million in the six months ended June 30, 2023. We continue to expect full-year capital expenditures to be in the range of \$55.0 million to \$60.0 million for 2023.

In the event that operating cash flows fail to provide sufficient liquidity to meet our business needs, including capital expenditures, any such shortfall would need to be made up by increased borrowings under our 2018 Revolving Credit Facility, to the extent available. The Company also maintains access to capital markets and may issue debt or equity securities from time to time, which may provide an additional source of liquidity.

Cash Flow

The following table summarizes our cash flow activities:

	Six Months Ended June 30,	
	2023	2022
	<i>(in thousands)</i>	
Net cash provided by (used in):		
Operating activities	\$ 15,774	\$ 206,439
Investing activities	(39,575)	(29,209)
Financing activities	20,700	(178,866)
Net change in cash and cash equivalents	<u>\$ (3,101)</u>	<u>\$ (1,636)</u>

Net cash provided by operating activities totaled \$15.8 million in the first six months of 2023 compared to \$206.4 million in the prior-year period. The decrease in operating cash flow was primarily due to the \$254.4 million reduction in net income in the first six months of 2023 versus the first six months of 2022. Partially offsetting reduced net income was an increase in cash provided by working capital of \$68.4 million. Cash flow provided by inventories increased \$123.4 million, compared to the first six months of 2022, primarily driven by reduced quantities on hand. Cash flow provided by accounts receivable increased \$35.8 million, compared to the first six months of 2022, primarily due to reduced sales volume. Cash flow provided by prepaid expenses and other current assets increased \$18.2 million, compared to the first six months of 2022, primarily due to timing of payments. Cash flow used for accounts payable and accruals was \$29.1 million in the first six months of 2023 compared to a source of cash of \$74.4 million in the first six months of 2022 primarily due to a reduced amount of customer pre-payments in the first half of 2023 versus the first half of 2022.

Net cash used in investing activities was \$39.6 million in the six months ended June 30, 2023 compared to \$29.2 million in the six months ended June 30, 2022. The increase is primarily due to increased capital expenditures.

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GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES

Net cash provided by financing activities was \$20.7 million for the six months ended June 30, 2023 compared to \$178.9 million of net cash used in financing activities in the first six months of 2022. The change was primarily due to the issuance of \$450.0 million of 2023 Senior Secured Notes net of an \$11.4 million original issue discount, the absence of \$60.0 million of stock repurchases in the first six months of 2023 compared to the first six months of 2022 and \$28.9 million of increased cash received from the settlement of interest rate swaps, partially offset by a \$323.7 million increase in cash used to repay the 2018 Term Loan Facility.

Related Party Transactions

We have engaged in transactions with affiliates or related parties in the three months ended June 30, 2023 and we expect to continue to do so in the future. These transactions include ongoing obligations under the Tax Receivable Agreement, Stockholders Rights Agreement and Registration Rights Agreement, each with Brookfield.

Description of Our Financing Structure

We discuss our financing structure in more detail in Note 4, "Debt and Liquidity" in the Notes to the Condensed Consolidated Financial Statements.

Non-GAAP financial measures

In addition to providing results that are determined in accordance with GAAP, we have provided certain financial measures that are not in accordance with GAAP. EBITDA, adjusted EBITDA, adjusted net (loss) income, adjusted (loss) earnings per share, free cash flow, adjusted free cash flow and cash cost of goods sold per MT are non-GAAP financial measures.

We define EBITDA, a non-GAAP financial measure, as net income or loss plus interest expense, minus interest income, plus income taxes and depreciation and amortization. We define adjusted EBITDA, a non-GAAP financial measure, as EBITDA adjusted by any pension and other post-employment benefit ("OPEB") plan expenses or benefits, adjustments for public offerings and related expenses, non-cash gains or losses from foreign currency remeasurement of non-operating assets and liabilities in our foreign subsidiaries where the functional currency is the U.S. dollar, stock-based compensation expense and related party payable - Tax Receivable Agreement adjustments. Adjusted EBITDA is the primary metric used by our management and our Board of Directors to establish budgets and operational goals for managing our business and evaluating our performance.

We monitor adjusted EBITDA as a supplement to our GAAP measures, and believe it is useful to present to investors, because we believe that it facilitates evaluation of our period-to-period operating performance by eliminating items that are not operational in nature, allowing comparison of our recurring core business operating results over multiple periods unaffected by differences in capital structure, capital investment cycles and fixed asset base. In addition, we believe adjusted EBITDA and similar measures are widely used by investors, securities analysts, ratings agencies, and other parties in evaluating companies in our industry as a measure of financial performance and debt-service capabilities.

Our use of adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- adjusted EBITDA does not reflect our cash expenditures for capital equipment or other contractual commitments, including any capital expenditure requirements to augment or replace our capital assets;
- adjusted EBITDA does not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our indebtedness;
- adjusted EBITDA does not reflect tax payments that may represent a reduction in cash available to us;
- adjusted EBITDA does not reflect expenses or benefits relating to our pension and OPEB plans;
- adjusted EBITDA does not reflect public offerings and related expenses;
- adjusted EBITDA does not reflect the non-cash gains or losses from foreign currency remeasurement of non-operating assets and liabilities in our foreign subsidiaries where the functional currency is the U.S. dollar;

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GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES

- adjusted EBITDA does not reflect stock-based compensation expense;
- adjusted EBITDA does not reflect related party payable - Tax Receivable Agreement adjustments; and
- other companies, including companies in our industry, may calculate EBITDA and adjusted EBITDA differently, which reduces its usefulness as a comparative measure.

We define adjusted net (loss) income, a non-GAAP financial measure, as net (loss) income and exclude the items used to calculate adjusted EBITDA, less the tax effect of those adjustments. We define adjusted (loss) earnings per share, a non-GAAP financial measure, as adjusted net (loss) income divided by the weighted average diluted common shares outstanding during the period. We believe adjusted net (loss) income and adjusted (loss) earnings per share are useful to present to investors because we believe that they assist investors' understanding of the underlying operational profitability of the Company.

We define free cash flow, a non-GAAP financial measure, as net cash provided by operating activities less capital expenditures. We define adjusted free cash flow, a non-GAAP financial measure, as free cash flow adjusted by payments made or received from the settlement of interest rate swap contracts and payments of the Change in Control charges that were triggered as a result of the ownership of our largest stockholder falling below 30% of our total outstanding shares. We use free cash flow and adjusted free cash flow as critical measures in the evaluation of liquidity in conjunction with related GAAP amounts. We also use these measures when considering available cash, including for decision-making purposes related to dividends and discretionary investments. Further, these measures help management, the audit committee, and investors evaluate a company's ability to generate liquidity from operating activities. For the purpose of this measure, a Change in Control occurred when Brookfield and any affiliates thereof ceased to own stock of the Company that constitutes at least thirty percent (30%) or thirty-five percent (35%), as applicable, of the total fair market value or total voting power of the stock of the Company (the "Change in Control").

We define cash cost of goods sold per MT as cost of goods sold less depreciation and amortization and less cost of goods sold associated with the portion of our sales that consists of deliveries of by-products of the manufacturing processes, with this total divided by our sales volume measured in MT. We believe this is an important measure as it is used by our management and Board of Directors to evaluate our costs on a per MT basis.

In evaluating EBITDA, adjusted EBITDA, adjusted net (loss) income, adjusted (loss) earnings per share, free cash flow and adjusted free cash flow, you should be aware that in the future, we will incur expenses similar to the adjustments in the reconciliations presented below. Our presentations of EBITDA, adjusted EBITDA, adjusted net (loss) income and adjusted (loss) earnings per share, should not be construed as suggesting that our future results will be unaffected by these expenses or any unusual or non-recurring items. When evaluating our performance, you should consider EBITDA, adjusted EBITDA, adjusted net (loss) income, adjusted (loss) earnings per share, free cash flow and adjusted free cash flow alongside other measures of financial performance and liquidity, including our net (loss) income, (loss) earnings per share and cash from operating activities, respectively, and other GAAP measures.

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GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES

The following tables reconcile our non-GAAP key financial measures to the most directly comparable GAAP measures:

Reconciliation of Net (Loss) Income to Adjusted Net (Loss) Income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<i>(Dollars in thousands, except per share data)</i>				
Net (loss) income	\$ (7,851)	\$ 114,997	\$ (15,220)	\$ 239,180
<u>Diluted (loss) income per common share:</u>				
Net (loss) income per share	\$ (0.03)	\$ 0.44	\$ (0.06)	\$ 0.92
Weighted average shares outstanding	257,003,691	258,845,588	256,935,763	260,734,273
Adjustments, pre-tax:				
Pension and OPEB plan expenses ⁽¹⁾	899	553	1,817	1,104
Public offerings and related expenses ⁽²⁾	—	100	—	100
Non-cash losses (gains) on foreign currency remeasurement ⁽³⁾	273	(1,002)	720	234
Stock-based compensation expense ⁽⁴⁾	1,385	573	2,181	1,038
Related party payable - Tax Receivable Agreement adjustment ⁽⁵⁾	—	—	16	(180)
Total non-GAAP adjustments pre-tax	2,557	224	4,734	2,296
Income tax impact on non-GAAP adjustments ⁽⁶⁾	474	119	831	454
Adjusted net (loss) income	\$ (5,768)	\$ 115,102	\$ (11,317)	\$ 241,022

(1) Net periodic benefit cost for our pension and OPEB plans.

(2) Legal, accounting, printing and registration fees associated with public offerings and related expenses.

(3) Non-cash losses (gains) from foreign currency remeasurement of non-operating assets and liabilities of our non-U.S. subsidiaries where the functional currency is the U.S. dollar.

(4) Non-cash expense for stock-based compensation grants.

(5) Non-cash expense adjustment for future payment to our sole pre-IPO stockholder for tax assets that are expected to be utilized.

(6) The tax impact on the non-GAAP adjustments is affected by their tax deductibility and the applicable jurisdictional tax rates.

Reconciliation of (Loss) Earnings per share to Adjusted (Loss) Earnings per share

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
(Loss) Earnings per share	\$ (0.03)	\$ 0.44	\$ (0.06)	\$ 0.92
Adjustments per share:				
Pension and OPEB plan expenses ⁽¹⁾	—	—	0.01	—
Public offerings and related expenses ⁽²⁾	—	—	—	—
Non-cash losses (gains) on foreign currency remeasurement ⁽³⁾	—	—	—	—
Stock-based compensation expense ⁽⁴⁾	0.01	—	0.01	—
Related party payable - Tax Receivable Agreement adjustment ⁽⁵⁾	—	—	—	—
Total non-GAAP adjustments pre-tax per share	0.01	—	0.02	—
Income tax impact on non-GAAP adjustments per share ⁽⁶⁾	—	—	—	—
Adjusted (loss) earnings per share	\$ (0.02)	\$ 0.44	\$ (0.04)	\$ 0.92

(1) Net periodic benefit cost for our pension and OPEB plans.

(2) Legal, accounting, printing and registration fees associated with public offerings and related expenses.

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GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES

- (3) Non-cash losses (gains) from foreign currency remeasurement of non-operating assets and liabilities of our non-U.S. subsidiaries where the functional currency is the U.S. dollar.
(4) Non-cash expense for stock-based compensation grants.
(5) Non-cash expense adjustment for future payment to our sole pre-IPO stockholder for tax assets that are expected to be utilized.
(6) The tax impact on the non-GAAP adjustments is affected by their tax deductibility and the applicable jurisdictional tax rates.

Reconciliation of Net (Loss) Income to Adjusted EBITDA	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	<i>(Dollars in thousands)</i>			
Net (loss) income	\$ (7,851)	\$ 114,997	\$ (15,220)	\$ 239,180
Add:				
Depreciation and amortization	15,322	14,012	26,099	28,446
Interest expense	13,907	9,399	26,713	18,611
Interest income	(242)	(1,858)	(614)	(1,956)
Income taxes	2,329	21,422	(575)	41,219
EBITDA	23,465	157,972	36,403	325,500
Adjustments:				
Pension and OPEB plan expenses ⁽¹⁾	899	553	1,817	1,104
Public offerings and related expenses ⁽²⁾	—	100	—	100
Non-cash losses (gains) on foreign currency remeasurement ⁽³⁾	273	(1,002)	720	234
Stock-based compensation expense ⁽⁴⁾	1,385	573	2,181	1,038
Related party payable - Tax Receivable Agreement adjustment ⁽⁵⁾	—	—	16	(180)
Adjusted EBITDA	\$ 26,022	\$ 158,196	\$ 41,137	\$ 327,796

- (1) Net periodic benefit cost for our pension and OPEB plans.
(2) Legal, accounting, printing and registration fees associated with public offerings and related expenses.
(3) Non-cash losses (gains) from foreign currency remeasurement of non-operating assets and liabilities of our non-U.S. subsidiaries where the functional currency is the U.S. dollar.
(4) Non-cash expense for stock-based compensation grants.
(5) Non-cash expense adjustment for future payment to our sole pre-IPO stockholder for tax assets that are expected to be utilized.

Reconciliation of Net Cash (Used in) Provided by Operating Activities to Free Cash Flow and Adjusted Free Cash Flow

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	<i>(Dollars in thousands)</i>			
Net cash (used in) provided by operating activities	\$ (9,024)	\$ 60,123	\$ 15,774	\$ 206,439
Capital expenditures	(14,518)	(12,493)	(39,789)	(29,348)
Free cash flow	(23,542)	47,630	(24,015)	177,091
Interest rate swap settlements ⁽⁷⁾⁽⁸⁾	23,823	(546)	27,453	(1,433)
Change in Control payment ⁽⁹⁾	—	—	—	443
Adjusted free cash flow	\$ 281	\$ 47,084	\$ 3,438	\$ 176,101

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GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES

Reconciliation of Cost of Goods Sold to Cash Cost of Goods Sold per MT

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	<i>(Dollars in thousands, except per MT amounts)</i>			
Cost of goods sold	\$ 157,216	\$ 201,496	\$ 269,861	\$ 392,710
Less:				
Depreciation and amortization ⁽¹⁾	13,605	12,303	22,670	25,036
Cost of goods sold - by-products and other ⁽²⁾	4,958	15,974	13,290	28,443
Cash cost of goods sold	138,653	173,219	233,901	339,231
Sales volume (in thousands of MT)	26.4	42.3	43.3	85.6
Cash cost of goods sold per MT	\$ 5,252	\$ 4,095	\$ 5,402	\$ 3,963

(1) Reflects the portion of depreciation and amortization that is recognized in cost of goods sold.

(2) Primarily reflects cost of goods sold associated with the portion of our sales that consists of deliveries of by-products of the manufacturing processes.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks, primarily from changes in interest rates, currency exchange rates, energy commodity prices and commercial energy rates. From time to time, we enter into transactions that have been authorized according to documented policies and procedures in order to manage these risks. These transactions primarily relate to financial instruments described below. Since the counterparties to these financial instruments are large commercial banks and similar financial institutions, we do not believe that we are exposed to material counterparty credit risk. We do not use financial instruments for trading purposes.

If we utilized our 2018 Revolving Credit Facility, we would be exposed to changes in interest rates. Our 2018 Revolving Credit Facility bears interest, at our option, at a rate to either (i) the Adjusted Term SOFR Rate and Adjusted EURIBOR Rate (each, as defined in the 2018 Credit Agreement), plus an applicable margin initially equal to 3.00% per annum or (ii) the ABR Rate, plus an applicable margin initially equal to 2.00% per annum, in each case with two 25 basis point step downs based on achievement of certain senior secured first lien net leverage ratios.

Our exposure to changes in currency exchange rates results primarily from:

- sales made by our subsidiaries in currencies other than local currencies;
- raw material purchases made by our foreign subsidiaries in currencies other than local currencies; and
- investments in and intercompany loans to our foreign subsidiaries and our share of the earnings of those subsidiaries, to the extent denominated in currencies other than the U.S. dollar.

Our exposure to changes in energy commodity prices and commercial energy rates results primarily from the purchase or sale of refined oil products and the purchase of natural gas and electricity for use in our manufacturing operations.

Interest rate risk management. We have previously entered into agreements with financial institutions that are intended to limit our exposure to additional interest expense due to increases in variable interest rates. These instruments effectively cap our interest rate exposure. As of December 31, 2022, we recorded unrealized pre-tax gains of \$27.4 million on our interest rate swaps. As of June 30, 2023, we did not have any outstanding interest rate swaps. As of June 30, 2023, we no longer had any variable rate debt outstanding and therefore no exposure to variability in interest rates. See Note 9, "Fair Value Measurements and Derivative Instruments" in the Notes to the Condensed Consolidated Financial Statements for further discussion.

Currency rate management. We enter into foreign currency derivatives from time to time to attempt to manage exposure to changes in currency exchange rates. These foreign currency derivatives, which include, but are not limited to,

PART I (CONT'D)
GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES

forward exchange contracts and purchased currency options, attempt to hedge global currency exposures. Forward exchange contracts are agreements to exchange different currencies at a specified future date and at a specified rate. Purchased currency options are instruments which give the holder the right, but not the obligation, to exchange different currencies at a specified rate at a specified date or over a range of specified dates. Forward exchange contracts and purchased currency options are carried at fair value.

The outstanding foreign currency derivatives represented a \$0.8 million unrealized pre-tax net gain as of June 30, 2023 and a net unrealized pre-tax loss of \$0.2 million as of December 31, 2022.

Energy commodity management. We have previously entered into commodity derivative contracts to effectively fix some or all of our exposure to refined oil products. As of June 30, 2023 and December 31, 2022, there were no commodity derivative contracts outstanding.

Sensitivity analysis. We use sensitivity analysis to quantify potential impacts that market rate changes may have on the underlying exposures as well as on the fair values of our derivatives. The sensitivity analysis for the derivatives represents the hypothetical changes in value of the hedge position and does not reflect the related gain or loss on the forecasted underlying transaction.

As of June 30, 2023, a 10% appreciation or depreciation in the value of the U.S. dollar against foreign currencies from the prevailing market rates would have resulted in a corresponding decrease of \$2.1 million or a corresponding increase of \$2.1 million, respectively, in the fair value of the foreign currency hedge portfolio.

For further information related to the financial instruments described above, see Note 9, "Fair Value Measurements and Derivative Instruments" in the Notes to the Condensed Consolidated Financial Statements.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. Management is responsible for establishing and maintaining adequate disclosure controls and procedures. Disclosure controls and procedures are designed to ensure that information required to be disclosed by a reporting company in the reports that it files or submits under Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by it in the reports that it files under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2023. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that these controls and procedures were effective as of June 30, 2023.

Changes in Internal Control over Financial Reporting. There have been no changes in our internal control over financial reporting that occurred during the three months ended June 30, 2023 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION
GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES

Item 1. Legal Proceedings

We are involved in various investigations, lawsuits, claims, demands, labor disputes and other legal proceedings, including with respect to environmental and human exposure or other personal injury matters, arising out of or incidental to the conduct of our business. While it is not possible to determine the ultimate disposition of each of these matters and proceedings, we do not believe that their ultimate disposition will have a material adverse effect on our financial position, results of operations or cash flows. Additionally, we are involved in the following legal proceedings.

Arbitrations

We are involved in certain arbitrations as respondents/counterclaimants, pending before the International Chamber of Commerce with a few customers who, among other things, have failed to perform under their LTAs and in certain instances are seeking to modify or frustrate their contractual commitments to us. In particular, Aperam South America LTDA, Aperam Sourcing S.C.A., ArcelorMittal Sourcing S.C.A., and ArcelorMittal Brasil S.A. (collectively, the “Claimants”) initiated a single arbitration proceeding against two of the Company’s subsidiaries in the International Chamber of Commerce in June 2020. The Claimants argue, among other things, that they should no longer be required to comply with the terms of the LTAs that they signed due to an alleged drop in market prices for graphite electrodes in January 2020. Alternatively, the Claimants argue that they should not be required to comply with the LTAs that they signed due to alleged market circumstances at the time of execution. In June 2021, the Claimants filed their statement of claim, seeking approximately \$61.0 million plus interest in monetary relief and/or reimbursement in respect of several fixed price LTAs that were executed between such subsidiaries and the Claimants in 2017 and 2018. On December 16, 2022, the Claimants revised their calculation of alleged damages to approximately \$178.9 million including interest, with damages covering the period from the first quarter of 2020 through the end of the third quarter of 2022 and interest covering the period from June 2020 through December 16, 2022. In March 2023, an International Chamber of Commerce hearing was held before the party-appointed sole arbitrator with the Claimants, the Company, and witnesses in attendance. On March 31, 2023, the Claimants further revised their calculation of alleged damages to approximately \$171.7 million, including interest, for the period covering the first quarter of 2020 through 2022. In June of 2023, the Claimants again revised their calculation of alleged damages to approximately \$188.2 million, including interest, for the period covering the first quarter of 2020 through the first quarter of 2023. We believe we have valid defenses to these claims. We intend to vigorously defend them and enforce our rights under the LTAs.

Monterrey, Mexico Suspension of Operations

Background

On September 15, 2022, inspectors from the State Attorney’s Office for the Secretary of Environment of the State of Nuevo León, Mexico visited GrafTech México graphite electrode manufacturing facility located in Monterrey, Mexico to inspect GrafTech Mexico’s facility and certain of the facility’s environmental and operating permits. At the conclusion of the inspection, the inspectors issued a Record of Inspection providing for the results of the inspection, their observations, and the imposition of a temporary suspension of GrafTech Mexico’s facilities within seven days. In parallel, the Director of Comprehensive Atmospheric Management of the Undersecretary of Climate Change and Air Quality of the Ministry of the Environment of the State of Nuevo León formally denied GrafTech Mexico’s previously requested modification to its operating license stating that such license was no longer valid. On September 22, 2022, GrafTech Mexico submitted observations and responses to the Record of Inspection, requested an extension of the shutdown of the facility until October 7, 2022, and requested a clarification of the scope of the shutdown. On September 23, 2022, inspectors from the State Attorney’s Office for the Secretary of Environment visited GrafTech Mexico’s manufacturing facility to verify the information presented in GrafTech Mexico’s observations and responses submitted on September 22, 2022. On October 4, 2022, the State Attorney’s Office for the Secretary of Environment granted an extension of the shutdown of the facility until October 7, 2022 and clarified the suspension permitting GrafTech Mexico to perform several activities, including extracting or withdrawing finished or unfinished product. On November 17, 2022, the State Attorney’s Office for the Secretary of Environment lifted the suspension notice, subject to the completion of certain agreed-upon activities, including the submission of an environmental impact study with respect to the facility’s operations, allowing the Monterrey facility to resume operations. Notwithstanding that the suspension notice has been conditionally lifted and that the Monterrey facility has resumed operations, GrafTech Mexico believes it is prudent to continue to pursue the related legal proceedings set forth below, particularly the nullity proceeding.

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GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES

Amparo Proceeding

On September 20, 2022, GrafTech Mexico filed an amparo proceeding before the First District Court for Administrative Matters of the State of Nuevo León arguing that the measure imposed by the Ministry of the Environment of the State of Nuevo León ordering a complete temporary suspension of operations violated GrafTech Mexico's constitutional rights and requested a provisional injunction, and a definitive injunction that would last through the decision on the merits. The provisional injunction was denied by the court on September 26, 2022. On October 3, 2022, GrafTech Mexico appealed this decision before the Third Collegiate Court in Administrative Matters of the Fourth Circuit (Nuevo León), which appeal was also denied on October 24, 2022. On November 8, 2022, the judge denied the definitive injunction, and on November 23, 2022, GrafTech Mexico appealed this decision. With respect to the decision on the merits, on December 20, 2022, the judge reviewed all filings submitted during the proceeding. On May 4, 2023, GrafTech Mexico was informed that the case was transferred to the Second District Court of the Auxiliary Center in the Tenth Region (Saltillo, Coahuila). On July 6, 2023, the court ruled that the amparo proceeding was dismissed in part and denied in part. GrafTech Mexico did not appeal the court's ruling.

Nullity Proceeding

Separately, on September 28, 2022, GrafTech Mexico filed a nullity proceeding with the Court of Administrative Justice of the State of Nuevo León requesting the court to set aside the determination of the Ministry of the Environment of the State of Nuevo León that the previously requested modification to the operating license was denied because GrafTech Mexico no longer had a valid operating license. On October 13, 2022, the court admitted the nullity proceeding and granted GrafTech Mexico's request for a preliminary injunction effectively deeming GrafTech Mexico's operating license valid pending the conclusion of the nullity proceeding. On October 27, 2022, the Ministry of the Environment of the State of Nuevo León challenged the court's decision granting GrafTech Mexico a preliminary injunction. GrafTech Mexico received notice of such challenge on October 28, 2022 and filed its response on November 17, 2022. On December 2, 2022, the Ministry of the Environment of the State of Nuevo León responded to GrafTech's petition, arguing that the Ministry's actions were legally permissible. GrafTech Mexico filed final pleadings on January 17, 2023. On February 27, 2023, the court upheld the injunction in favor of GrafTech Mexico. On April 25, 2023, the court issued a ruling effectively re-affirming the validity of GrafTech Mexico's operating license and rejected the Ministry of the Environment of the State of Nuevo León's determination that GrafTech Mexico no longer had a valid operating license. On May 30, 2023, GrafTech Mexico received confirmation from the court that the Ministry of the Environment of the State of Nuevo León did not appeal the ruling on the merits. The authority is now required to take action on GrafTech Mexico's pending request to modify its operating license.

Administrative Proceeding

On November 17, 2022, the State Attorney's Office for the Secretary of Environment issued a summons opening an administrative proceeding against GrafTech Mexico, citing the lack of an environmental impact authorization and environmental risk study with respect to the facility's operations. The summons ordered GrafTech Mexico to submit an environmental impact authorization and risk study within 30 business days. GrafTech Mexico submitted its environmental impact authorization and risk study for the full site on November 25, 2022, and filed its response to the summons on December 2, 2022. Once the State Attorney's Office for the Secretary of Environment initiates the summary argument period, GrafTech Mexico will have three business days to provide its summary arguments. A final resolution is expected to be issued within fifteen business days from submission of the summary arguments, but can be extended up to an additional three months and is subject to appeal.

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Brazil Clause IV

Pending litigation in Brazil has been brought by employees seeking to recover additional amounts and interest thereon under certain wage increase provisions applicable in 1989 and 1990 under collective bargaining agreements to which employers in the Bahia region of Brazil were a party (including our subsidiary in Brazil). Companies in Brazil have settled claims arising out of these provisions and, in May 2015, the litigation was remanded by the Brazilian Supreme Court in favor of the employees union. After denying an interim appeal by the Bahia region employers on June 26, 2019, the Brazilian Supreme Court finally ruled in favor of the employees union on September 26, 2019. The employers union has determined not to seek annulment of such decision. Separately, on October 1, 2015, a related action was filed by current and former employees against our subsidiary in Brazil to recover amounts under such provisions, plus interest thereon, which amounts together with interest could be material to us. If the Brazilian Supreme Court proceeding above had been determined in favor of the employers union, it would also have resolved this proceeding in our favor. In the first quarter of 2017, the state court initially ruled in favor of the employees. We appealed this state court ruling, and the appellate court issued a decision in our favor on May 19, 2020. The employees have further appealed and, on December 16, 2020, the court upheld the decision in favor of GrafTech Brazil. On February 22, 2021, the employees filed a further appeal and, on April 28, 2021, the court rejected the employees' appeal in favor of GrafTech Brazil. The employees filed a further appeal and on September 12, 2022, we filed our response in opposition. We intend to vigorously defend our position. As of June 30, 2023, we are unable to assess the potential loss associated with these proceedings as the claims do not currently specify the number of employees seeking damages or the amount of damages being sought.

Mexico VAT

In July 2019, the MTA opened an audit of the VAT filings of GrafTech Commercial Mexico for the period of January 1 to April 30, 2019. In September 2021, the MTA issued a tax assessment, claiming improper use of a certain VAT exemption rule for purchases from a foreign affiliate. GrafTech Commercial Mexico filed an administrative appeal against the tax assessment with the MTA's appeals office. In November 2022, the MTA's appeals office concluded its review and confirmed the tax assessment. GrafTech Commercial Mexico believes that the purchases from a foreign affiliate are exempt from VAT back-up withholding and in December 2022, GrafTech Commercial Mexico filed a Claim for Nullity with the Chamber Specialized in exclusive resolution of substance of the Federal Court of Administrative Justice. On May 31, 2023, the court held a hearing to determine the scope of the issues to be decided in the proceedings. At the court's request, GrafTech Commercial Mexico submitted formal pleadings on August 1, 2023. As of June 30, 2023, the tax assessment for the four month period under audit amounted to approximately \$26.8 million, including penalties, inflation and interest. Interest will continue to accrue up to five years from the date the corresponding VAT returns were filed and inflation will continue to accrue with the passage of time.

In March 2022, the MTA opened another audit of the VAT filings of GrafTech Commercial Mexico for the period January 1 to December 31, 2018. In the proposed assessment received in January 2023, the MTA is alleging the same improper use of certain VAT exemption rules on purchases from a foreign affiliate and has provided notice of its intent to assess approximately \$51.0 million, including penalties, inflation and interest. In Mexico, each tax assessment requires a separate claim. In the first quarter of 2023, the GrafTech Commercial Mexico requested a conclusive agreement with the Mexican ombudsman (PRODECON) to reach a settlement with the MTA. The MTA responded to GrafTech Commercial Mexico's request on May 30, 2023. On August 2, 2023, GrafTech Commercial Mexico filed a motion exhibiting additional information and reaffirming its position. If the mediation process does not result in a satisfactory outcome, GrafTech Commercial Mexico intends to pursue administrative appeal procedures with the MTA to attempt to satisfactorily resolve this matter. The \$51.0 million includes interest and inflation. Interest will continue to accrue up to five years from the date the corresponding VAT returns were filed and inflation will continue to accrue with the passage of time.

GrafTech Commercial Mexico intends to vigorously defend its position in these proceedings.

Item 1A. Risk Factors

The information set forth in this quarterly report on Form 10-Q, including, without limitation, the risk factors presented below, updates and should be read in conjunction with, the risk factors and information disclosed in Part 1 - Item 1A., "Risk

PART II. OTHER INFORMATION (CONT'D)
GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES

Factors,” in our 2022 Annual Report on Form 10-K filed February 14, 2023. You should not interpret the disclosure of any risk factor to imply that the risk has not already materialized.

Our indebtedness could limit our financial and operating activities and adversely affect our ability to incur additional debt to fund future needs and our ability to fulfill our obligations under our existing and future indebtedness.

Our 2018 Credit Agreement currently provides for the 2018 Revolving Credit Facility in the amount of \$330 million after giving effect to the May 2022 amendment that increased the revolving commitments under the 2018 Credit Agreement by \$80 million from \$250 million.

As of June 30, 2023, we had approximately \$923.7 million of secured indebtedness outstanding including borrowings under our 2020 Senior Secured Notes and 2023 Senior Secured Notes. As of June 30, 2023, we had \$204.5 million available for borrowing under the 2018 Revolving Credit Facility.

Interest expense for the first six months ended June 30, 2023 and June 30, 2022 was \$26.9 million and \$18.6 million, respectively.

Our indebtedness could:

- require us to dedicate a substantial portion of our cash flow to the payment of principal and interest, thereby reducing the funds available for operations and future business opportunities;
- make it more difficult for us to satisfy our obligations;
- limit our ability to borrow additional money if needed for other purposes, including working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes, on satisfactory terms or at all;
- limit our ability to adjust to changing economic, business and competitive conditions;
- place us at a competitive disadvantage with competitors who may have less indebtedness or greater access to financing;
- require us to reduce or delay capital expenditures or sell assets or operations to meet our scheduled debt service obligations;
- make us more vulnerable to a downturn in our operating performance or a decline in general economic conditions; and
- make us more susceptible to changes in credit ratings, which could impact our ability to obtain financing in the future and increase the cost of such financing.

Compliance with our debt obligations under the 2018 Revolving Credit Facility, 2020 Senior Secured Notes and 2023 Senior Secured Notes could materially limit our financial or operating activities, or hinder our ability to adapt to changing industry conditions, which could result in our losing market share, a decline in our revenue or a negative impact on our operating results.

The 2018 Revolving Credit Facility and the indentures governing the 2020 Senior Secured Notes and 2023 Senior Secured Notes include covenants that could restrict or limit our financial and business operations.

The 2018 Revolving Credit Facility and the indentures governing the 2020 Senior Secured Notes and the 2023 Senior Secured Notes contain a number of restrictive covenants that, subject to certain exceptions and qualifications, restrict or limit our ability and the ability of our subsidiaries to, among other things:

- incur, repay or refinance indebtedness;
- create liens on or sell our assets;
- engage in certain fundamental corporate changes or changes to our business activities;

PART II. OTHER INFORMATION (CONT'D)
GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES

- make investments or engage in mergers or acquisitions;
- pay dividends or repurchase stock;
- engage in certain affiliate transactions;
- enter into agreements or otherwise restrict our subsidiaries from making distributions or paying dividends to the borrowers under the 2018 Revolving Credit Facility or to us or certain of our subsidiaries, as applicable; and
- repay intercompany indebtedness or make intercompany distributions or pay intercompany dividends.

The 2018 Revolving Credit Facility also contains certain affirmative covenants and contains a financial covenant that requires us to maintain a senior secured first lien net leverage ratio not greater than 4.00:1.00 when the aggregate principal amount of borrowings under the 2018 Revolving Credit Facility and outstanding letters of credit issued under the 2018 Revolving Credit Facility (except for undrawn letters of credit in an aggregate amount equal to or less than \$35 million), taken together, exceed 35% of the total amount of commitments under the 2018 Revolving Credit Facility.

These covenants and restrictions could affect our ability to operate our business and may limit our ability to react to market conditions or take advantage of potential business opportunities as they arise. Additionally, our ability to comply with these covenants may be affected by events beyond our control, including general economic and credit conditions and industry downturns.

If we fail to comply with the covenants in the 2018 Revolving Credit Facility and the indentures governing the 2020 Senior Secured Notes and the 2023 Senior Secured Notes, and are unable to obtain a waiver or amendment, an event of default would result, and the lenders and noteholders could, among other things, declare outstanding amounts due and payable or, with respect to the 2018 Revolving Credit Facility, refuse to lend additional amounts to us or require deposit of cash collateral in respect of outstanding letters of credit. If we were unable to repay or pay the amounts due, the lenders under the 2018 Revolving Credit Facility and the noteholders could, among other things, proceed against the collateral granted to them to secure the indebtedness, which includes substantially all of our and our U.S. subsidiaries' assets and, with respect to the 2018 Revolving Credit Facility, certain assets of certain of our non-U.S. subsidiaries.

Item 5. Other Information

None of the Company's directors or officers (as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934) adopted, modified, or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (as each term is defined in Item 408 of Regulation S-K) during the Company's fiscal quarter ended June 30, 2023.

PART II. OTHER INFORMATION (CONT'D)
GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES

Item 6. Exhibits

Exhibit Number	Description of Exhibit
3.1	Amended and Restated Certificate of Incorporation of GrafTech International Ltd. (incorporated by reference to Exhibit 3.1 to GrafTech International Ltd.'s Quarterly Report on Form 10-Q filed May 1, 2019).
3.2	Amended and Restated By-Laws of GrafTech International Ltd. (incorporated by reference to Exhibit 3.2 to GrafTech International Ltd.'s Registration Statement on Form S 1/A (Registration No. 333-223791) filed April 13, 2018).
4.1	Indenture, dated as of June 26, 2023, among GrafTech Global Enterprises Inc., as issuer, GrafTech International Ltd., as a guarantor, each subsidiary guarantor from time to time party thereto, and U.S. Bank Trust Company, National Association, as trustee and collateral agent, relating to GrafTech Global Enterprises Inc.'s 9.875% Senior Secured Notes due 2028 (incorporated by reference to Exhibit 4.1 to GrafTech International Ltd.'s Current Report on Form 8-K filed June 26, 2023).
4.2	Form of 9.875% Senior Secured Notes due 2028 of GrafTech Global Enterprises Inc. (included in Exhibit 4.1) (incorporated by reference to Exhibit 4.2 to GrafTech International Ltd.'s Current Report on Form 8-K filed June 26, 2023).
10.1+	Collateral Agreement, dated as of June 26, 2023, among GrafTech Global Enterprises Inc., GrafTech International Ltd., the other subsidiary guarantors party thereto, and U.S. Bank Trust Company, National Association, as collateral agent (incorporated by reference to Exhibit 10.1 to GrafTech International Ltd.'s Current Report on Form 8-K filed June 26, 2023).
10.2	Amended and Restated Employment Agreement, dated June 13, 2023, by and between GrafTech International Holdings Inc. and Marcel Kessler (incorporated by reference to Exhibit 10.1 to GrafTech International Ltd.'s Current Report on Form 8-K filed June 13, 2023).
10.3*	GrafTech International Ltd. Short-Term Incentive Plan (Amended and Restated effective January 1, 2023).
31.1*	Certification pursuant to Rule 13a-14(a) under the Exchange Act by Marcel Kessler, Chief Executive Officer and President (Principal Executive Officer).
31.2*	Certification pursuant to Rule 13a-14(a) under the Exchange Act by Timothy K. Flanagan, Chief Financial Officer, Senior Vice President Finance and Treasurer (Principal Financial Officer).
32.1**	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Marcel Kessler, Chief Executive Officer and President (Principal Executive Officer).
32.2**	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Timothy K. Flanagan, Chief Financial Officer, Senior Vice President Finance and Treasurer (Principal Financial Officer).
101	The following financial information from GrafTech International Ltd.'s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023 formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income, (iii) the Condensed Consolidated Statements of Cash Flows, (iv) the Condensed Consolidated Statements of Stockholders' Equity, and (v) Notes to the Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data file (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith

** Furnished herewith

+ Schedules and similar attachments to this agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementally a copy of all omitted schedules and similar attachments to the SEC upon its request.

SIGNATURE

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

Date: August 4, 2023

By:

GRAFTECH INTERNATIONAL LTD.

/s/ Timothy K. Flanagan

Timothy K. Flanagan

Chief Financial Officer, Senior Vice President Finance and Treasurer (Principal Financial and Accounting Officer)

GRAFTECH INTERNATIONAL LTD.

SHORT-TERM INCENTIVE PLAN

(Amended and Restated Effective January 1, 2023)

Effective January 1, 2022 (the “Effective Date”), the GrafTech International Ltd. Incentive Compensation Plan was revised and renamed the GrafTech International Ltd. Short-Term Incentive Plan (the “Plan”), as set forth herein. The Plan shall commence on the Effective Date and shall remain in effect until terminated by the Compensation Committee. The Plan was last amended and restated effective January 1, 2023.

ARTICLE I

PURPOSE OF PLAN

The purpose of the Plan is to: (i) provide incentives and rewards to all Participants by having a portion of their compensation dependent upon the financial success of GrafTech International Ltd. (“GrafTech”) and its Subsidiaries (collectively, the “Company”); (ii) assist the Company in attracting, retaining, and motivating employees of high ability and experience; and (iii) make the Company’s compensation program competitive with those of other major employers.

ARTICLE II

DEFINITIONS

2.1 “Award” shall mean the amount of the annual payment under the Plan payable to a Participant for a Plan Year.

2.2 “Base Pay” shall mean (i) for a salaried exempt employee, the annual salary rate of such employee for the applicable Plan Year adjusted for any change of position during the Plan Year pursuant to Section 5.3 and, for a salaried non-exempt or hourly employee, their annual eligible pensionable earnings (including shift premium and overtime earnings) earned for the applicable Plan Year, excluding any payment made during the applicable Plan Year pursuant to this Plan for an award earned for the Plan Year immediately prior to the applicable Plan Year, or (ii) compensation reasonably equivalent thereto as determined by the Department in its sole judgment.

2.3 “Beneficiary” shall mean a Participant’s deemed beneficiary pursuant to Article IX.

2.4 “Board” shall mean the Board of Directors of GrafTech.

2.5 “CEO” and “CFO” shall mean the Chief Executive Officer and the Chief Financial Officer, respectively, of GrafTech.

2.6 “Change in Control” will be deemed to have occurred with respect to an Award upon the occurrence (during the Plan Year for such Award or otherwise prior to the payment of such Award) of any of the following events:

(i) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) (such individual, entity or group, a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of voting securities of GrafTech where such acquisition causes such Person to own 35% or more of the combined voting power of the then outstanding voting securities of GrafTech entitled to vote generally in the election of members of the Board of Directors (the “Outstanding Company Voting Securities”); provided, however, that for purposes of this subsection (i), the following acquisitions shall not be deemed to result in a Change in Control: (a) any acquisition directly from GrafTech that is approved by the Incumbent Board (as defined in subsection (ii) below); (b) any acquisition by GrafTech; (c) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by GrafTech or any corporation controlled by GrafTech; or (d) any acquisition by any corporation pursuant to a transaction that complies with clauses (a), (b) and (c) of subsection (iii) below; provided, further, that if any Person’s beneficial ownership of the Outstanding Company Voting Securities reaches or exceeds 35% as a result of a transaction described in clause (a) or (b) above, and such Person subsequently acquires beneficial ownership of additional voting securities of GrafTech, such subsequent acquisition shall be treated as an acquisition that causes such Person to own 35% or more of the Outstanding Company Voting Securities; and provided, further, that if at least a majority of the members of the Incumbent Board determines in good faith that a Person has acquired beneficial ownership of 35% or more of the Outstanding Company Voting Securities inadvertently, and such Person divests as promptly as practicable a sufficient number of shares so that such Person beneficially owns less than 35% of the Outstanding Company Voting Securities, then no Change in Control shall have occurred as a result of such Person’s acquisition;

(ii) individuals who, as of January 1, 2023, constitute the Board (as modified by the remainder of this subsection (ii), the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a member of the Board subsequent to January 1, 2023 whose election, or nomination for election by GrafTech’s stockholders, was approved by a vote of at least a majority of the members of the Board then comprising the Incumbent Board (either by specific vote or by approval of the proxy statement of GrafTech in which such person is named as a nominee as a member of the Board, without objection to such nomination) shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of members of the Board or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(iii) the consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of GrafTech or the acquisition of assets of another corporation or other transaction (“Business Combination”) excluding, however, such a Business Combination pursuant to which (a) the individuals and entities who were the beneficial owners of the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of members of the board of directors, as the case may be, of the entity resulting from such Business Combination (including, without

limitation, an entity that as a result of such transaction owns GrafTech or all or substantially all of GrafTech's assets either directly or through one or more subsidiaries), (b) no Person (excluding any employee benefit plan (or related trust) of GrafTech, GrafTech or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 35% or more of the combined voting power of the then outstanding securities entitled to vote generally in the election of members of the board of directors of the entity resulting from such Business Combination and (c) at least a majority of the members of the board of directors of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board of Directors, providing for such Business Combination; or

(iv) approval by GrafTech's stockholders of a complete liquidation or dissolution of GrafTech except pursuant to a Business Combination that complies with clauses (a), (b) and (c) of subsection (iii) above.

2.7 "Compensation Committee" shall mean the Human Resources and Compensation Committee of the Board or any other committee appointed by the Board to administer the Plan and Awards to Participants hereunder. Any action that may be taken by the Human Resources and Compensation Committee may be taken by the Board.

2.8 "Department" shall mean GrafTech's Corporate Human Resources Department.

2.9 "Detrimental Conduct" shall mean activities which have been, are or would reasonably be expected to be detrimental to interests of the Company, as determined in the sole and good faith judgment of the Compensation Committee. Such activities include, but are not limited to, gross neglect or willful and continuing refusal by the Participant to substantially perform his or her duties or responsibilities for or owed to the Company, unlawful conduct under securities, antitrust, tax or other laws, improper disclosure or use of Company confidential or proprietary information or trade secrets, competition with or improper taking of a corporate opportunity of any business of the Company, failure to cooperate in any investigation or legal proceeding regarding the Company, or misappropriation of Company property.

2.10 "Disability" shall mean circumstances under which (i) the Participant is unable to engage in any substantial gainful activity due to medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months, or (ii) due to any medically determinable physical or mental impairment expected to result in death or last for a continuous period not less than 12 months, the Participant has received income replacement benefits for a period of not less than three months under an accident and health plan sponsored by the Company.

2.11 "Eligible Employees" shall mean all regular, full-time salaried or hourly employees (who actually worked during the Plan Year) of the Company, excluding: (i) those union-represented employees in the United States where no agreement has been reached with their bargaining representative for their participation in the Plan; and (ii) those employees of any Subsidiary formed or incorporated outside the United States covered by contractual and regulatory obligations where no agreement has been reached or required approval obtained for their participation in the Plan.

2.12 “Executive Officers” shall mean any Eligible Employee who, at the relevant time, is required to file beneficial ownership reports pursuant to Section 16(a) of the Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder.

2.13 “Participant” shall mean an Eligible Employee who has satisfied the requirements for participation in the Plan as set forth in Article IV.

2.14 “Performance Measures” shall mean such measures of performance of the Company or individual Participants as shall be determined for a Plan Year pursuant to Section 3.3.

2.15 “Plan Year” shall mean the calendar year.

2.16 “Retirement” shall mean a Participant’s voluntary termination of employment or service to the Company and its Subsidiaries (i) upon or after attaining age 62, and (ii) only if the Compensation Committee in its sole and exclusive discretion (and first considering the recommendation of the Company’s Chief Executive Officer) consents to such voluntary termination of employment constituting a “Retirement” for purposes of prorated Award treatment under this Plan; provided, however, that any prorated Award received by a Participant under the Plan due to Retirement will be subject to recoupment by the Company in its discretion if the Participant obtains reasonably material subsequent employment with any other for-profit company or similar entity.

2.17 “Subsidiary” shall mean a corporation, partnership, joint venture, or other entity in which the Company has an ownership interest of at least fifty percent (50%).

ARTICLE III

ADMINISTRATION

3.1 Administration. Except as otherwise provided herein, the Plan shall be administered by the Compensation Committee. The Compensation Committee shall have full power and discretionary authority to construe and interpret the Plan, establish and amend regulations to further the purposes of the Plan, and take any other action necessary to administer and implement the Plan.

3.2 Human Resources Department. The Department shall: (i) in consultation with the CEO, formulate, review and make recommendations to the Compensation Committee regarding such changes in the Plan as it deems appropriate or the Compensation Committee may request; (ii) maintain records regarding Awards; (iii) prepare reports and provide data as required by the Compensation Committee and government agencies; (iv) obtain consents and approvals relating to the Plan as required by government agencies; and (v) take such other actions as may be necessary or appropriate or as may be requested by the Compensation Committee for the effective implementation and administration of the Plan.

3.3 Performance Measures. The general parameters (such as milestones and related awards) of the Performance Measures shall be determined by the Compensation Committee in consultation with the CEO. The specific Performance Measures and the related target Awards for the CEO and other Executive Officers shall be determined by the Compensation Committee. The

specific Performance Measures and the related target Awards for other Participants shall be determined by the CEO, in consultation with the Department and management, consistent with the general parameters approved by the Compensation Committee.

3.4 Binding Effect. Decisions, actions and interpretations by the Compensation Committee, the Department or management of the Company, regarding the Plan, pursuant to this Article III or as otherwise provided for herein, shall be final and binding upon all Participants and Beneficiaries.

ARTICLE IV

PARTICIPATION

All Eligible Employees who have completed a minimum of three months of service during a Plan Year shall be eligible for an Award for that Plan Year. Except as otherwise provided in Article VII, Awards to Participants who have completed more than three months but less than 12 months of service during a Plan Year (including due to Retirement) will be prorated based upon the Participant's length of service during the Plan Year.

ARTICLE V

AWARDS

5.1 Individual Targets. For any Plan Year, the target Award for each Participant shall be a specified percentage of the Participant's Base Pay as determined pursuant to Section 3.3.

5.2 Determination of Awards. For each Plan Year, the Department, in consultation with the CEO and CFO, shall report to the Compensation Committee its evaluation as to whether and to the extent to which Performance Measures have been met. The general determination as to whether and the extent to which Performance Measures have been met shall be made by the Compensation Committee in consultation with the CEO. The specific determination as to whether and the extent to which Performance Measures applicable to the CEO and the other Executive Officers have been met shall be made by the Compensation Committee. The specific determination as to whether and the extent to which Performance Measures applicable to other Participants have been met shall be made by the CEO, in consultation with the Department and management, consistent with the general determination made by the Compensation Committee. The Compensation Committee, in its sole discretion, may increase or decrease the aggregate amount awarded to any Participant for any Plan Year irrespective of whether the relevant Performance Measures have been met.

5.3 Change of Position During a Plan Year. If a Participant is reassigned to a different position during a Plan Year, the total Award will be determined proportionally based on the relative performance and time in each position as the case may be.

ARTICLE VI

PAYMENT OF AWARD

6.1 Payment. The Awards for any Plan Year shall normally be authorized during the first quarter in the year immediately following the end of such Plan Year or as soon thereafter as is practicable under the circumstances. The Awards will be paid to the qualified Participants promptly after authorization (and in any event, during the calendar year immediately following the Plan Year with respect to which such Awards are earned) in cash.

6.2 Deferral of Payment. The Compensation Committee reserves the right to defer and to allow Participants to defer payment of some or all Awards, in whole or in part, upon such terms and conditions as the Compensation Committee in its sole discretion may determine. The Compensation Committee's decision regarding the deferral of Awards shall be final and binding on all Participants and Beneficiaries. Notwithstanding the foregoing, any terms and conditions of any deferral of payment of an Award shall be in writing and comply with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder ("Section 409A").

6.3 Subsidiaries' Liability for Awards. Each Subsidiary shall be liable for paying Awards with respect to Participants who are employed by such Subsidiary.

6.4 Detrimental Conduct; Clawback. Notwithstanding anything contained herein to the contrary, if a Participant has engaged or engages in Detrimental Conduct, then the Compensation Committee or the Board shall have the right, in its sole and good faith judgment, to suspend (temporarily or permanently) the payment of an Award to such Participant, increase the Performance Measures applicable to an Award to such Participant, cancel an Award to such Participant, require the forfeiture of an Award to such Participant, or take any other actions in respect of an Award to such Participant. For purposes of clarification, all Awards shall be subject to any clawback or recoupment policy of the Company, upon such terms and conditions as may be determined by the Board or the Compensation Committee from time to time, including as required by applicable law or any applicable rules or regulations promulgated by the Securities and Exchange Commission or any national securities exchange or national securities association on which the shares of GrafTech stock may be traded.

6.5 Withholding or Offset. The Company retains the right to deduct and withhold from any payments due hereunder all sums that it may be required or permitted to deduct or withhold pursuant to any applicable contract or benefit plan, statute, law, regulation, order or otherwise. Except for the Company's right to withhold taxes, the Company will have no obligation relating to any tax or penalty applicable to any Participant as a result of participation in the Plan. The Company may also offset the payment of an Award based on payments under a local country contract or benefit plan as determined by the Compensation Committee or the Department in its sole discretion; however, no such offset will occur unless such local payments are paid at a time consistent with the payment timing described in Section 6.1 of the Plan.

ARTICLE VII

TERMINATION OF EMPLOYMENT

Notwithstanding any other provision of the Plan to the contrary (but specifically subject to Section 8.3 of the Plan), if, prior to the date the Award is payable, a Participant's

employment with the Company is terminated voluntarily (other than due to Retirement) or is terminated involuntarily due to Detrimental Conduct, then such Participant shall not be entitled to any Award for the applicable Plan Year. In the event of death or Disability, whether long-term or short-term, or involuntary termination by the Company not as a result of Detrimental Conduct, a Participant who is on the payroll as an active employee as of the last day of a Plan Year shall be eligible to receive an Award for such Plan Year. A Participant who experiences a Retirement during the Plan Year (or after but before the date the Award is payable) shall continue to be eligible to receive an Award for such Plan Year.

ARTICLE VIII

CHANGE IN CONTROL

8.1 General Provisions. Except to the extent that a Replacement Award is provided to the Participant in accordance with this Article VIII to continue, replace or assume the Award (the “Replaced Award”), (i) in the event of a Change in Control during the Plan Year, then, immediately prior to the Change in Control, the Participants’ Awards shall be deemed to have been earned and shall be authorized at the target Award level for the Plan Year (notwithstanding actual performance for the Plan Year with respect to the Performance Measures) and will be payable to the Participants in accordance with Article VI hereof, or (ii) in the event of a Change in Control after the Plan Year but before payment of the Award, then, immediately prior to the Change in Control, the Participants’ Awards shall be deemed to have been earned and shall be authorized at the greater of (a) the target Award level for the Plan Year (notwithstanding actual performance for the Plan Year with respect to the Performance Measures) or (b) the level determined in accordance with Section 5.2 of the Plan, and in each case will be payable to the Participants in accordance with Article VI hereof.

8.2 Definition of “Replacement Award”. A “Replacement Award” means an award (i) of the same type as the Replaced Award (e.g., annual cash-based performance award), (ii) that has a value at least equal to the value of the Replaced Award, (iii) if the Participant holding the Replaced Award is subject to U.S. federal income tax under the Internal Revenue Code of 1986, as amended, the tax consequences of which to such Participant under such code are not less favorable to such Participant than the tax consequences of the Replaced Award, and (iv) the other terms and conditions of which are not less favorable to the Participant holding the Replaced Award than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent Change in Control). A Replacement Award may be granted or considered to exist only to the extent it does not result in the Replaced Award or Replacement Award failing to comply with or be exempt from Section 409A. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the two preceding sentences are satisfied. The determination of whether the conditions of this Section 8.2 are satisfied will be made by the Compensation Committee, as constituted immediately before the Change in Control, in its sole discretion.

8.3 Replacement Award Treatment. If, after receiving a Replacement Award, a Participant experiences a termination of employment with the Company (or any of its successors) (as applicable, the “Successor”) by reason of a termination by the Successor without Cause or by

the Participant for Good Reason, in each case prior to the payment of the Replacement Award, the Replacement Award shall be deemed to have been earned and shall be authorized at the greater of (i) the target Award level for the Plan Year (notwithstanding actual performance for the Plan Year with respect to the Performance Measures) or (ii) the level determined in accordance with Section 5.2 of the Plan.

8.4 Definition of "Cause". "Cause" means (i) gross negligence or willful failure by the Participant to perform the Participant's duties and responsibilities to the Successor after written notice thereof and a failure to remedy such failure within twenty (20) days of such notice; (ii) commission of any act of fraud, embezzlement, dishonesty or any other willful misconduct by the Participant, at the Participant's direction, or with the Participant's prior personal knowledge that has caused or is reasonably expected to cause injury to the Successor; (iii) the Participant's conviction of, or pleading guilty or nolo contendere to, (a) a felony or (b) a crime that has, or could reasonably be expected to result in, an adverse impact on the performance of the Participant's duties and responsibilities to the Successor, or otherwise has, or could reasonably be expected to result in, an adverse impact on the business, business reputation or business relationships of the Successor; (iv) material unauthorized use or disclosure by the Participant of any confidential information of the Successor or any other party to whom the Participant owes an obligation of nonuse and nondisclosure as a result of the Participant's relationship with the Successor unless otherwise permitted; (v) breach by the Participant of any of the Participant's material obligations under any written agreement with the Successor or of the Successor's code of conduct, code of ethics or any other material written policy or of a fiduciary duty or responsibility to the Successor after written notice thereof and a failure to remedy such breach within twenty (20) days of such notice; or (vi) the Participant's misappropriation of the assets or business opportunities of the Successor.

8.5 Definition of "Good Reason". "Good Reason" means any of the following events has occurred without the Participant's express prior written consent (provided that (x) within ninety (90) days after the Participant learns of the occurrence of such event, the Participant gives written notice to the Successor describing such event and demanding cure, (y) such event is not fully cured within thirty (30) days after such notice is given, and (z) the Participant terminates the Participant's employment with the Successor within thirty (30) days thereafter): (i) the Successor materially breaches any of its obligations to the Successor; (ii) the Successor materially diminishes the Participant's base salary (provided, however, that any across-the-board reduction in base salaries of 30% or less that is part of a reduction applicable to all similarly situated employees of the Successor will not (by itself) be deemed to constitute a "Good Reason" event hereunder); (iii) the Successor materially diminishes the Participant's job title and/or the nature and/or scope of the Participant's job responsibilities and duties; or (iv) the Successor relocates the facility that is the Participant's principal place of business with the Successor to a location more than fifty (50) miles from the immediately preceding location (excluding travel in the ordinary course of business), unless the Successor maintains or provides an alternate business location within fifty (50) miles of the immediately preceding location that includes a reasonably suitable office for the Participant to continue to perform the Participant's duties, or permits the Participant to perform the Participant's duties from a home office. The Participant may not invoke termination for Good Reason if Cause exists at the time of such termination.

ARTICLE IX

BENEFICIARY DESIGNATION

For Eligible Employees who participate in the GrafTech Savings Plan (the “Savings Plan”), the beneficiary or beneficiaries designated by a Participant or deemed to have been designated by a Participant under the Savings Plan shall be deemed to be a Participant’s Beneficiary. For Eligible Employees who do not participate in the Savings Plan, the beneficiary or beneficiaries designated by a Participant or deemed to have been designated by a Participant under a Company sponsored life insurance program shall be deemed to be a Participant’s Beneficiary. A deceased Participant’s unpaid Award shall be paid to his or her Beneficiary at the same time the Award would otherwise be paid to the Participant. If a Participant does not participate in the Savings Plan or such life insurance program, or if a Participant participates in the Savings Plan or such life insurance program and has not designated or been deemed to have designated a beneficiary thereunder, then a deceased Participant’s unpaid Award shall be paid to the Participant’s estate. If a Beneficiary does not survive a Participant, then the deceased Participant’s unpaid Award shall be paid to the Participant’s estate. If the Beneficiary of a deceased Participant survives a Participant and dies before such Participant’s Award is paid, then such unpaid Award shall be paid to the Beneficiary’s estate.

ARTICLE X

GENERAL PROVISIONS

10.1 Awards Not Assignable. Nothing in this Plan shall be construed to give a Participant, Beneficiary, Participant’s estate or Beneficiary’s estate any right, title or interest in any specific asset, fund or property of any kind whatsoever owned by the Company or in which it may have any interest now or in the future, but each Participant, Beneficiary, Participant’s estate and Beneficiary’s estate shall have the right to enforce his, her or its claims against the relevant Subsidiary in the same manner as any unsecured creditor of the relevant Subsidiary. No Participant, Beneficiary, Participant’s estate or Beneficiary’s estate shall have the power to transfer, assign, anticipate, mortgage or otherwise encumber any right to receive a payment in advance of any such payment and any attempted transfer, assignment, anticipation, mortgage or encumbrance shall be void.

10.2 Unfunded Compensation. The Plan is intended to constitute an unfunded incentive compensation arrangement. Nothing contained in the Plan, and no action taken pursuant to the Plan, shall create or be construed to create a trust of any kind. A Participant’s right to receive an Award shall be no greater than the right of an unsecured general creditor of the relevant Subsidiary. Pursuant to Section 6.3, all Awards shall be paid from the general funds of the respective employer, and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such Awards.

10.3 No Right to Employment. Nothing contained in the Plan shall give any Participant the right to continue in the employment of the Company or affect the right of the Company to discharge a Participant.

10.4 Adjustment of Awards. In the event of any significant, material, unusual, extraordinary, unforeseen or unusual event, or a change in applicable law, regulation or accounting principle or other circumstance, affecting the Company, the Compensation Committee, in consultation with the CEO, may make equitable adjustments in the amount of the Awards, in the time of payment of the Awards or in the criteria for calculating the Awards.

10.5 Non-Exclusivity of Plan. Nothing in the Plan shall limit or be deemed to limit the authority of the Board or the Compensation Committee to grant awards or authorize any other compensation under any other plan or authority.

10.6 Severability. If any provision of the Plan shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

10.7 Interpretation Regarding Providing Information. Nothing in this Plan or any ancillary document shall prohibit a Participant from reporting possible violations of law or regulation to any governmental agency or entity, otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation, and, for the avoidance of doubt, a Participant is not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Securities Exchange Act of 1934, as amended.

10.8 Applicable Law. The Plan shall be construed and governed in accordance with the laws of the State of Delaware. The Plan shall be administered and interpreted so that it shall comply with the laws of any country in which Eligible Employees are located. The Plan is intended to comply with Section 409A and any ambiguities should be interpreted in such a way as to comply with Section 409A.

ARTICLE XI

AMENDMENT, SUSPENSION OR TERMINATION

The Compensation Committee shall have the right to amend, suspend or terminate the Plan at any time.

CERTIFICATION

I, Marcel Kessler, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of GrafTech International Ltd. (the "Registrant");
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

By: /s/ Marcel Kessler
Marcel Kessler
Chief Executive Officer and President
(Principal Executive Officer)
August 4, 2023

CERTIFICATION

I, Timothy K. Flanagan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of GrafTech International Ltd. (the "Registrant");
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

By: /s/ Timothy K. Flanagan
Timothy K. Flanagan
Chief Financial Officer, Senior Vice President Finance and Treasurer
(Principal Financial and Accounting Officer)
August 4, 2023

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

In accordance with the rules and regulations of the Securities and Exchange Commission (the "Commission"), the following Certification shall not be deemed to be filed with the Commission under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of Section 18 of the Exchange Act and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, notwithstanding any general incorporation by reference of the Quarterly Report of GrafTech International Ltd. (the "Corporation") on Form 10-Q for the period ended June 30, 2023, as filed with the Commission on the date hereof (the "Report"), into any other document filed with the Commission.

In connection with the Report, I, Marcel Kessler, Chief Executive Officer and President of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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

By: /s/ Marcel Kessler
Marcel Kessler
Chief Executive Officer and President
(Principal Executive Officer)
August 4, 2023

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

In accordance with the rules and regulations of the Securities and Exchange Commission (the "Commission"), the following Certification shall not be deemed to be filed with the Commission under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of Section 18 of the Exchange Act and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, notwithstanding any general incorporation by reference of the Quarterly Report of GrafTech International Ltd. (the "Corporation") on Form 10-Q for the period ended June 30, 2023, as filed with the Commission on the date hereof (the "Report"), into any other document filed with the Commission.

In connection with the Report, I, Timothy K. Flanagan, Chief Financial Officer, Vice President Finance and Treasurer certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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

By: /s/ Timothy K. Flanagan

Timothy K. Flanagan
Chief Financial Officer, Senior Vice President Finance and Treasurer
(Principal Financial and Accounting Officer)
August 4, 2023