REFINITIV

# DELTA REPORT

## 10-Q

ARCH - ARCH RESOURCES, INC.

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

| TOTAL DELTAS | 764 |
|---|---|
| CHANGES | 202 |
| DELETIONS | 184 |
| ADDITIONS | 378 |

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# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**WASHINGTON, DC 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 September 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: 1-13105**

Graphic

# Arch Resources, Inc.

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Delaware** | **43-0921172** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification Number) |

| | |
|---|---|
| **One CityPlace Drive** | |
| **Suite 300** | |
| **St. Louis** | |
| **Missouri** | **63141** |
| (Address of principal executive offices) | (Zip code) |

Registrant's telephone number, including area code: **(314) 994-2700**

(Former name, former address and former fiscal year, if changed since last report)

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

| Title of each class | Trading symbol | Name of each exchange on which registered |
|---|---|---|
| Common stock, $.01 par value | ARCH | 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 | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| | | Emerging growth company | ☐ |

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

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

At July 18, 2023 October 23, 2023 there were 18,127,302 18,369,460 shares of the registrant's common stock outstanding.

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**Part I**

**FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**Arch Resources, Inc. and Subsidiaries**
**Condensed Consolidated Income Statements**
**(in thousands, except per share data)**

| | Three Months Ended June 30, 2023 | Three Months Ended June 30, 2022 | Six Months Ended June 30, 2023 | Six Months Ended June 30, 2022 | Three Months Ended September 30, 2023 | Three Months Ended September 30, 2022 | Nine Months Ended September 30, 2023 | Nine Months Ended September 30, 2022 |
|---|---|---|---|---|---|---|---|---|
| | (Unaudited) | | (Unaudited) | | (Unaudited) | | (Unaudited) | |
| **Revenues** | $ 757,294 | $ 1,133,358 | $ 1,627,225 | $ 2,001,294 | $ 744,601 | $ 863,835 | $ 2,371,826 | $ 2,865,129 |
| **Costs, expenses and other operating** | | | | | | | | |
| Cost of sales (exclusive of items shown separately below) | 606,127 | 639,760 | 1,177,864 | 1,147,985 | 596,889 | 610,027 | 1,774,753 | 1,758,012 |
| Depreciation, depletion and amortization | 36,077 | 32,780 | 71,556 | 64,990 | 36,717 | 33,958 | 108,273 | 98,948 |
| Accretion on asset retirement obligations | 5,293 | 4,430 | 10,585 | 8,860 | 5,292 | 4,430 | 15,877 | 13,290 |
| Change in fair value of coal derivatives, net | 2,869 | 1,877 | 1,407 | 17,396 | (46) | (12,252) | 1,361 | 5,144 |
| Selling, general and administrative expenses | 22,791 | 26,516 | 48,813 | 53,164 | 24,279 | 26,107 | 73,092 | 79,271 |
| Other operating (income) expense, net | (4,879) | 5,238 | (8,586) | 1,799 | (2,812) | 16,997 | (11,398) | 18,796 |
| | 668,278 | 710,601 | 1,301,639 | 1,294,194 | 660,319 | 679,267 | 1,961,958 | 1,973,461 |
| Income from operations | 89,016 | 422,757 | 325,586 | 707,100 | 84,282 | 184,568 | 409,868 | 891,668 |
| **Interest income (expense), net** | | | | | | | | |
| Interest expense | (3,537) | (5,138) | (7,663) | (12,185) | (3,120) | (4,060) | (10,783) | (16,245) |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Interest and investment income | 4,201 | 528 | 7,537 | 552 | 4,803 | 2,224 | 12,340 | 2,776 |
| | 664 | (4,610) | (126) | (11,633) | 1,683 | (1,836) | 1,557 | (13,469) |
| | | | | | | | | |
| Income before nonoperating expenses | 89,680 | 418,147 | 325,460 | 695,467 | 85,965 | 182,732 | 411,425 | 878,199 |
| | | | | | | | | |
| **Nonoperating expense** | | | | | | | | |
| Non-service related pension and postretirement benefit credits (costs) | 593 | (459) | 1,185 | (1,332) | 4,507 | (857) | 5,692 | (2,189) |
| Net loss resulting from early retirement of debt | — | (9,629) | (1,126) | (13,749) | — | (394) | (1,126) | (14,143) |
| | 593 | (10,088) | 59 | (15,081) | 4,507 | (1,251) | 4,566 | (16,332) |
| | | | | | | | | |
| **Income before income taxes** | 90,273 | 408,059 | 325,519 | 680,386 | 90,472 | 181,481 | 415,991 | 861,867 |
| Provision for income taxes | 12,920 | 496 | 50,058 | 951 | 16,781 | 474 | 66,839 | 1,424 |
| **Net income** | $ 77,353 | $ 407,563 | $ 275,461 | $ 679,435 | $ 73,691 | $ 181,007 | $ 349,152 | $ 860,443 |
| | | | | | | | | |
| **Net income per common share** | | | | | | | | |
| Basic earnings per share | $ 4.20 | $ 24.26 | $ 15.16 | $ 42.14 | $ 4.05 | $ 9.84 | $ 19.20 | $ 50.97 |
| Diluted earnings per share | $ 4.04 | $ 19.30 | $ 14.16 | $ 32.21 | $ 3.91 | $ 8.68 | $ 18.12 | $ 41.00 |
| **Weighted average shares outstanding** | | | | | | | | |
| Basic weighted average shares outstanding | 18,406 | 16,801 | 18,165 | 16,124 | 18,187 | 18,396 | 18,189 | 16,881 |
| Diluted weighted average shares outstanding | 19,135 | 21,452 | 19,459 | 21,362 | 18,840 | 20,908 | 19,270 | 21,210 |
| Dividends declared per common share | $ 2.45 | $ 8.11 | $ 5.56 | $ 8.36 | $ 3.97 | $ 6.00 | $ 9.53 | $ 14.36 |

The accompanying notes are an integral part of the condensed consolidated financial statements.

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**Arch Resources, Inc. and Subsidiaries**
**Condensed Consolidated Statements of Comprehensive Income**
**(in thousands)**

| | Three Months Ended June 30, | | Six Months Ended June 30, | | Three Months Ended September 30, | | Nine Months Ended September 3 | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | (Unaudited) | | (Unaudited) | | (Unaudited) | | (Unaudited) | |
| **Net income** | $ 77,353 | $ 407,563 | $ 275,461 | $ 679,435 | $ 73,691 | $ 181,007 | $ 349,152 | $ 860,44 |
| **Derivative instruments** | | | | | | | | |
| Comprehensive income before tax | — | — | — | 1,763 | — | — | — | 1,76 |
| Provision for income taxes | — | — | — | — | — | — | — | - |
| | — | — | — | 1,763 | — | — | — | 1,76 |
| **Pension, postretirement and other post-employment benefits** | | | | | | | | |
| Comprehensive loss before tax | (2,895) | (8,901) | (5,790) | (9,423) | (9,770) | (1,473) | (15,560) | (10,89 |
| Provision for income taxes | 636 | — | 1,272 | — | 2,147 | — | 3,419 | - |
| | (2,259) | (8,901) | (4,518) | (9,423) | (7,623) | (1,473) | (12,141) | (10,89 |
| **Available-for-sale securities** | | | | | | | | |
| Comprehensive (loss) income before tax | (24) | — | (39) | 182 | | | | |
| Comprehensive income (loss) before tax | | | | | 54 | (4) | 15 | 17 |
| Provision for income taxes | 5 | — | 8 | — | (12) | — | (4) | - |
| | (19) | — | (31) | 182 | 42 | (4) | 11 | 17 |
| Total other comprehensive loss | (2,278) | (8,901) | (4,549) | (7,478) | (7,581) | (1,477) | (12,130) | (8,95 |
| Total comprehensive income | $ 75,075 | $ 398,662 | $ 270,912 | $ 671,957 | $ 66,110 | $ 179,530 | $ 337,022 | $ 851,48 |

The accompanying notes are an integral part of the condensed consolidated financial statements.



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**Arch Resources, Inc. and Subsidiaries**
**Condensed Consolidated Balance Sheets**
**(in thousands, except per share data)**

| | June 30, 2023 | December 31, 2022 | September 30, 2023 | December 31, 2022 |
|---|---|---|---|---|
| **Assets** | (Unaudited) | | (Unaudited) | |
| **Current assets** | | | | |
| Cash and cash equivalents | $ 201,492 | $ 236,059 | $ 183,097 | $ 236,059 |
| Short-term investments | 33,607 | 36,993 | 30,447 | 36,993 |
| Restricted cash | 1,100 | 1,100 | 1,100 | 1,100 |
| Trade accounts receivable (net of $0 allowance at June 30, 2023 and December 31, 2022) | 250,479 | 236,999 | | |
| Trade accounts receivable (net of $0 allowance at September 30, 2023 and December 31, 2022) | | | 289,994 | 236,999 |
| Other receivables | 18,440 | 18,301 | 16,439 | 18,301 |
| Inventories | 263,310 | 223,015 | 233,213 | 223,015 |
| Other current assets | 49,547 | 71,384 | 51,854 | 71,384 |
| Total current assets | 817,975 | 823,851 | 806,144 | 823,851 |
| **Property, plant and equipment, net** | 1,192,681 | 1,187,028 | 1,200,109 | 1,187,028 |
| Other assets | | | | |
| Deferred income taxes | 160,927 | 209,470 | 146,324 | 209,470 |
| Equity investments | 22,348 | 17,267 | 21,273 | 17,267 |
| Fund for asset retirement obligations | 138,657 | 135,993 | 140,413 | 135,993 |
| Other noncurrent assets | 54,313 | 59,499 | 51,595 | 59,499 |
| Total other assets | 376,245 | 422,229 | 359,605 | 422,229 |
| Total assets | $ 2,386,901 | $ 2,433,108 | $ 2,365,858 | $ 2,433,108 |
| | | | | |
| **Liabilities and Stockholders' Equity** | | | | |
| **Current Liabilities** | | | | |
| Accounts payable | $ 188,494 | $ 211,848 | $ 198,374 | $ 211,848 |
| Accrued expenses and other current liabilities | 121,043 | 157,043 | 135,163 | 157,043 |
| Current maturities of debt | 26,414 | 57,988 | 21,926 | 57,988 |
| Total current liabilities | 335,951 | 426,879 | 355,463 | 426,879 |
| Long-term debt | 109,216 | 116,288 | 107,515 | 116,288 |
| Asset retirement obligations | 234,842 | 235,736 | 234,386 | 235,736 |
| Accrued pension benefits | 1,076 | 1,101 | 1,057 | 1,101 |
| Accrued postretirement benefits other than pension | 50,802 | 49,674 | 50,360 | 49,674 |
| Accrued workers' compensation | 152,942 | 155,756 | 144,714 | 155,756 |
| Other noncurrent liabilities | 76,508 | 82,094 | 76,213 | 82,094 |
| Total liabilities | 961,337 | 1,067,528 | 969,708 | 1,067,528 |
| **Stockholders' equity** | | | | |

| | | | | |
|---|---|---|---|---|
| Common stock, $0.01 par value, authorized 300,000 shares, issued 30,104 and 28,761 shares at June 30, 2023 and December 31, 2022, respectively | 301 | 288 | | |
| Common stock, $0.01 par value, authorized 300,000 shares, issued 30,501 and 28,761 shares at September 30, 2023 and December 31, 2022, respectively | | | 305 | 288 |
| Paid-in capital | 710,118 | 724,660 | 716,956 | 724,660 |
| Retained earnings | 1,737,661 | 1,565,374 | 1,737,468 | 1,565,374 |
| Treasury stock, 11,905 and 11,207 shares at June 30, 2023 and December 31, 2022, respectively, at cost | (1,079,396) | (986,171) | | |
| Treasury stock, 12,168 and 11,207 shares at September 30, 2023 and December 31, 2022, respectively, at cost | | | (1,107,878) | (986,171) |
| Accumulated other comprehensive income | 56,880 | 61,429 | 49,299 | 61,429 |
| Total stockholders' equity | 1,425,564 | 1,365,580 | 1,396,150 | 1,365,580 |
| Total liabilities and stockholders' equity | $ 2,386,901 | $ 2,433,108 | $ 2,365,858 | $ 2,433,108 |

The accompanying notes are an integral part of the condensed consolidated financial statements.



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**Arch Resources, Inc. and Subsidiaries**
**Condensed Consolidated Statements of Cash Flows**
**(in thousands)**

| | Six Months Ended June 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| **Operating activities** | **(Unaudited)** | | **(Unaudited)** | |
| Net income | $ 275,461 | $ 679,435 | $ 349,152 | $ 860,443 |
| Adjustments to reconcile to cash from operating activities: | | | | |
| Depreciation, depletion and amortization | 71,556 | 64,990 | 108,273 | 98,948 |
| Accretion on asset retirement obligations | 10,585 | 8,860 | 15,877 | 13,290 |
| Deferred income taxes | 49,824 | — | 66,561 | — |
| Employee stock-based compensation expense | 13,206 | 14,552 | 19,699 | 20,837 |
| Amortization relating to financing activities | 884 | 1,130 | 1,317 | 1,958 |
| Gain on disposals and divestitures, net | (393) | (697) | (714) | (1,012) |
| Reclamation work completed | (11,757) | (8,204) | (17,642) | (11,229) |
| Contribution to fund for asset retirement obligations | (2,664) | (80,000) | (4,421) | (110,000) |
| Changes in: | | | | |
| Receivables | (13,057) | (138,155) | (49,950) | 108,635 |
| Inventories | (40,295) | (56,018) | (10,199) | (58,438) |
| Accounts payable, accrued expenses and other current liabilities | (53,729) | 37,083 | (31,241) | 58,791 |
| Income taxes, net | (828) | 427 | (999) | 826 |
| Coal derivative assets and liabilities, including margin account | 1,407 | 17,710 | 1,361 | 5,144 |
| Other | 22,686 | 20,054 | 6,744 | 27,038 |
| Cash provided by operating activities | 322,886 | 561,167 | 453,818 | 1,015,231 |

| | | | | |
|---|---|---|---|---|
| **Investing activities** | | | | |
| Capital expenditures | (76,606) | (53,157) | (121,030) | (94,517) |
| Minimum royalty payments | (1,113) | (1,000) | (1,113) | (1,069) |
| Proceeds from disposals and divestitures | 439 | 1,547 | 1,363 | 1,963 |
| Purchases of short-term investments | (13,772) | — | (23,386) | (10,675) |
| Proceeds from sales of short-term investments | 17,488 | 14,450 | 30,417 | 14,450 |
| Investments in and advances to affiliates, net | (9,927) | (4,027) | (12,210) | (6,692) |
| Cash used in investing activities | (83,491) | (42,187) | (125,959) | (96,540) |
| **Financing activities** | | | | |
| Payments on term loan due 2024 | (1,500) | (272,288) | (2,250) | (273,038) |
| Payments on convertible debt | (58,430) | (129,941) | (58,430) | (149,273) |
| Net payments on other debt | (24,849) | (19,939) | (30,568) | (23,942) |
| Debt financing costs | | | — | (690) |
| Purchases of treasury stock | (93,803) | — | (122,502) | (56,498) |
| Dividends paid | (111,913) | (154,567) | (183,790) | (264,638) |
| Payments for taxes related to net share settlement of equity awards | (27,217) | (4,908) | (27,230) | (4,908) |
| Proceeds from warrants exercised | 43,750 | 19,412 | 43,949 | 19,422 |
| Cash used in financing activities | (273,962) | (562,231) | (380,821) | (753,565) |
| Decrease in cash and cash equivalents, including restricted cash | (34,567) | (43,251) | | |
| (Decrease) increase in cash and cash equivalents, including restricted cash | | | (52,962) | 165,126 |
| Cash and cash equivalents, including restricted cash, beginning of period | $ 237,159 | $ 326,295 | $ 237,159 | $ 326,295 |
| Cash and cash equivalents, including restricted cash, end of period | $ 202,592 | $ 283,044 | $ 184,197 | $ 491,421 |
| **Cash and cash equivalents, including restricted cash, end of period** | | | | |
| Cash and cash equivalents | $ 201,492 | $ 281,944 | $ 183,097 | $ 490,321 |
| Restricted Cash | 1,100 | 1,100 | 1,100 | 1,100 |
| | $ 202,592 | $ 283,044 | $ 184,197 | $ 491,421 |

The accompanying notes are an integral part of the condensed consolidated financial statements.



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**Arch Resources, Inc. and Subsidiaries**

**Condensed Consolidated Statements of Stockholders' Equity**

**(Unaudited)**

| | Common Stock | Paid-In Capital | Retained Earnings | Treasury Stock at Cost | Accumulated Other Comprehensive Income | Total |
|---|---|---|---|---|---|---|
| | | | (In thousands, except per share data) | | | |
| Balances at January 1, 2023 | $ 288 | $ 724,660 | $ 1,565,374 | $ (986,171) | $ 61,429 | $ 1,365,580 |
| Dividends on common shares | — | — | (55,140) | — | — | (55,140) |
| Dividend Equivalents earned on RSU grants | — | 120 | (2,354) | — | — | (2,234) |
| Purchase of 131,156 shares of common stock under share repurchase program | — | (13) | — | (18,994) | — | (19,007) |
| Employee stock-based compensation | — | 6,767 | — | — | — | 6,767 |
| Cash paid for convertible debt repurchased | — | (44,486) | — | — | — | (44,486) |

| | | | | | | |
|---|---|---|---|---|---|---|
| Issuance of 275,053 shares of common stock under long-term incentive plan | 3 | — | — | — | — | 3 |
| Common stock withheld related to net share settlement of equity awards | — | (27,055) | — | — | — | (27,055) |
| Issuance of 1,037,679 shares of common stock for warrants exercised | 10 | 43,719 | — | — | — | 43,729 |
| Total comprehensive income (loss) | — | — | 198,108 | — | (2,271) | 195,837 |
| Balances at March 31, 2023 | $ 301 | $ 703,712 | $ 1,705,988 | $ (1,005,165) | $ 59,158 | $ 1,463,994 |
| Dividends on common shares | — | — | (45,011) | — | — | (45,011) |
| Dividend equivalents earned on RSU grants | — | 98 | (669) | — | — | (571) |
| Purchase of 623,304 shares of common stock under share repurchase program | — | — | — | (74,231) | — | (74,231) |
| Employee stock-based compensation | — | 6,439 | — | — | — | 6,439 |
| Common stock withheld related to net share settlement of equity awards | — | (162) | — | — | — | (162) |
| Issuance of 29,487 shares of common stock for warrants exercised | — | 31 | — | — | — | 31 |
| Total comprehensive income (loss) | — | — | 77,353 | — | (2,278) | 75,075 |
| Balances at June 30, 2023 | $ 301 | $ 710,118 | $ 1,737,661 | $ (1,079,396) | $ 56,880 | $ 1,425,564 |

| | Common Stock | Paid-In Capital | Retained Earnings | Treasury Stock at Cost | Accumulated Other Comprehensive Income | Total |
|---|---|---|---|---|---|---|
| | | | (In thousands, except per share data) | | | |
| Balances at January 1, 2023 | $ 288 | $ 724,660 | $ 1,565,374 | $ (986,171) | $ 61,429 | $ 1,365,580 |
| Dividends on common shares | — | — | (55,140) | — | — | (55,140) |
| Dividend Equivalents earned on RSU grants | — | 120 | (2,354) | — | — | (2,234) |
| Purchase of 131,156 shares of common stock under share repurchase program | — | (13) | — | (18,994) | — | (19,007) |
| Employee stock-based compensation | — | 6,767 | — | — | — | 6,767 |
| Cash paid for convertible debt repurchased | — | (44,486) | — | — | — | (44,486) |
| Issuance of 275,053 shares of common stock under long-term incentive plan | 3 | — | — | — | — | 3 |
| Common stock withheld related to net share settlement of equity awards | — | (27,055) | — | — | — | (27,055) |
| Issuance of 1,037,679 shares of common stock for warrants exercised | 10 | 43,719 | — | — | — | 43,729 |
| Total comprehensive income (loss) | — | — | 198,108 | — | (2,271) | 195,837 |
| Balances at March 31, 2023 | $ 301 | $ 703,712 | $ 1,705,988 | $ (1,005,165) | $ 59,158 | $ 1,463,994 |
| Dividends on common shares | — | — | (45,011) | — | — | (45,011) |
| Dividend equivalents earned on RSU grants | — | 98 | (669) | — | — | (571) |
| Purchase of 623,304 shares of common stock under share repurchase program | — | — | — | (74,231) | — | (74,231) |
| Employee stock-based compensation | — | 6,439 | — | — | — | 6,439 |
| Common stock withheld related to net share settlement of equity awards | — | (162) | — | — | — | (162) |
| Issuance of 29,487 shares of common stock for warrants exercised | — | 31 | — | — | — | 31 |
| Total comprehensive income (loss) | — | — | 77,353 | — | (2,278) | 75,075 |
| Balances at June 30, 2023 | $ 301 | $ 710,118 | $ 1,737,661 | $ (1,079,396) | $ 56,880 | $ 1,425,564 |
| Dividends on common shares | — | — | (71,573) | — | — | (71,573) |

| | | | | | | |
|---|---|---|---|---|---|---|
| Dividend equivalents earned on RSU grants | — | 159 | (2,311) | — | — | (2,152) |
| Purchase of 215,551 shares of common stock under share repurchase program | — | — | — | (28,482) | | (28,482) |
| Employee stock-based compensation | — | 6,493 | — | — | — | 6,493 |
| Common stock withheld related to net share settlement of equity awards | — | (13) | — | — | — | (13) |
| Issuance of 386,782 shares of common stock for warrants exercised | 4 | 199 | — | — | — | 203 |
| Total comprehensive income (loss) | — | — | 73,691 | — | (7,581) | 66,110 |
| Balances at September 30, 2023 | $ 305 | $ 716,956 | $ 1,737,468 | $ (1,107,878) | $ 49,299 | $ 1,396,150 |

The accompanying notes are an integral part of the condensed consolidated financial statements.



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**Arch Resources, Inc. and Subsidiaries**
**Condensed Consolidated Statements of Stockholders' Equity**
**(Unaudited)**

| | Common Stock | Paid-In Capital | Retained Earnings | Treasury Stock at Cost | Accumulated Other Comprehensive Income | Total |
|---|---|---|---|---|---|---|
| | (In thousands, except per share data) | | | | | |
| Balances at January 1, 2022 | $ 255 | $ 784,356 | $ 712,478 | $ (827,381) | $ 14,158 | $ 683,866 |
| Cumulative effect of accounting change on convertible debt | — | (39,239) | 6,718 | — | — | (32,521) |
| Dividends on common shares | — | — | (4,271) | — | — | (4,271) |
| Total comprehensive income | — | — | 271,872 | — | 1,423 | 273,295 |
| Employee stock-based compensation | — | 8,203 | — | — | — | 8,203 |
| Issuance of 71,338 shares of common stock under long-term incentive plan | 1 | — | — | — | — | 1 |
| Common stock withheld related to net share settlement of equity awards | — | (4,827) | — | — | — | (4,827) |
| Issuance of 13,239 shares of common stock for warrants exercised | — | 506 | — | — | — | 506 |
| Balances at March 31, 2022 | $ 256 | $ 748,999 | $ 986,797 | $ (827,381) | $ 15,581 | $ 924,252 |
| Dividends on common shares | — | — | (150,716) | — | — | (150,716) |
| Dividend equivalents earned on RSU grants | — | — | (8,665) | — | — | (8,665) |
| Employee stock-based compensation | — | 6,349 | — | — | — | 6,349 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Common stock withheld related to net share settlement of equity awards | — | (81) | — | — | — | (81) |
| Total comprehensive income (loss) | — | — | 407,563 | — | (8,901) | 398,662 |
| Issuance of 2,630,272 shares of common stock for convertible debt exchanged | 26 | (29) | — | — | — | (3) |
| Issuance of 445,497 shares of common stock for warrants exercised | 4 | 18,906 | — | — | — | 18,910 |
| Balances at June 30, 2022 | $ 286 | $ 774,144 | $ 1,234,979 | $ (827,381) | $ 6,680 | $ 1,188,708 |

| | Common Stock | Paid-In Capital | Retained Earnings | Treasury Stock at Cost | Accumulated Other Comprehensive Income | Total |
|---|---|---|---|---|---|---|
| | | | (In thousands, except per share data) | | | |
| Balances at January 1, 2022 | $ 255 | $ 784,356 | $ 712,478 | $ (827,381) | $ 14,158 | $ 683,866 |
| Cumulative effect of accounting change on convertible debt | — | (39,239) | 6,718 | — | — | (32,521) |
| Dividends on common shares | — | — | (4,271) | — | — | (4,271) |
| Total comprehensive income | — | — | 271,872 | — | 1,423 | 273,295 |
| Employee stock-based compensation | — | 8,203 | — | — | — | 8,203 |
| Issuance of 71,338 shares of common stock under long-term incentive plan | 1 | — | — | — | — | 1 |
| Common stock withheld related to net share settlement of equity awards | — | (4,827) | — | — | — | (4,827) |
| Issuance of 13,239 shares of common stock for warrants exercised | — | 506 | — | — | — | 506 |
| Balances at March 31, 2022 | $ 256 | $ 748,999 | $ 986,797 | $ (827,381) | $ 15,581 | $ 924,252 |
| Dividends on common shares | — | — | (150,716) | — | — | (150,716) |
| Dividend equivalents earned on RSU grants | — | — | (8,665) | — | — | (8,665) |
| Employee stock-based compensation | — | 6,349 | — | — | — | 6,349 |
| Common stock withheld related to net share settlement of equity awards | — | (81) | — | — | — | (81) |
| Total comprehensive income (loss) | — | — | 407,563 | — | (8,901) | 398,662 |
| Issuance of 2,630,272 shares of common stock for convertible debt exchanged | 26 | (29) | — | — | — | (3) |
| Issuance of 445,497 shares of common stock for warrants exercised | 4 | 18,906 | — | — | — | 18,910 |
| Balances at June 30, 2022 | $ 286 | $ 774,144 | $ 1,234,979 | $ (827,381) | $ 6,680 | $ 1,188,708 |
| Dividends on common shares | — | — | (110,071) | — | — | (110,071) |
| Dividend equivalents earned on RSU grants | — | 464 | (6,891) | — | — | (6,427) |
| Purchase of 428,864 shares of common stock under share repurchase program | — | — | — | (57,498) | | (57,498) |
| Employee stock-based compensation | — | 6,285 | — | — | — | 6,285 |
| Cash paid for convertible debt repurchased | — | (14,466) | — | — | — | (14,466) |
| Issuance of 273 shares of common stock for warrants exercised | — | — | — | — | — | — |
| Total comprehensive income (loss) | — | — | 181,007 | — | (1,477) | 179,530 |
| Balances at September 30, 2022 | $ 286 | $ 766,427 | $ 1,299,024 | $ (884,879) | $ 5,203 | $ 1,186,061 |

The accompanying notes are an integral part of the condensed consolidated financial statements.



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**Arch Resources, Inc. and Subsidiaries**
**Notes to Condensed Consolidated Financial Statements**
**(unaudited)**

**1. Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements include the accounts of Arch Resources, Inc. ("Arch Resources") and its subsidiaries and controlled entities ("Arch" or the "Company"). Unless the context indicates otherwise, the terms "Arch" and the "Company" are used interchangeably in this Quarterly Report on Form 10-Q. The Company's primary business is the production of metallurgical and thermal coal from underground and surface mines located throughout the United States, for sale to steel producers, utility companies, and industrial accounts both in the United States and around the world. The Company currently operates mining complexes in West Virginia, Wyoming and Colorado. All subsidiaries are wholly owned. Intercompany transactions and accounts have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial reporting and U.S. Securities and Exchange Commission regulations. In the opinion of management, all adjustments, consisting of normal, recurring accruals considered necessary for a fair presentation, have been included. Results of operations for the three and six nine months ended June 30, 2023 September 30, 2023 are not necessarily indicative of results to be expected for the year ending December 31, 2023. These financial statements should be read in conjunction with the audited financial statements and related notes as of and for the year ended December 31, 2022 included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 filed with the U.S. Securities and Exchange Commission.

**2. Accounting Policies**

***Recently Adopted Accounting Guidance***

There is no recently issued accounting guidance effective that is expected to have a material impact on the Company's financial position, results of operations, or liquidity.

***Recent Accounting Guidance Issued Not Yet Effective***

There are no new pronouncements issued but not yet effective that is are expected to have a material impact on the Company's financial position, results of operations, or liquidity.



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### 3. Accumulated Other Comprehensive Income (Loss)

The following items are included in accumulated other comprehensive income (loss) (“AOCI”), net of tax:

| | Derivative Instruments | Pension, Postretirement and Other Post-Employment Benefits | Available-for-Sale Securities | Accumulated Other Comprehensive Income (loss) | Derivative Instruments | Pension, Postretirement and Other Post-Employment Benefits | Available-for-Sale Securities | Accumulated Other Comprehensive Income (loss) |
|---|---|---|---|---|---|---|---|---|
| | | (In thousands) | | | | (In thousands) | | |
| Balances at December 31, 2022 | $ — | $ 61,485 | $ (56) | $ 61,429 | $ — | $ 61,485 | $ (56) | $ 61,429 |
| Unrealized (losses) | — | — | (60) | (60) | — | — | (46) | (46) |
| Amounts reclassified from accumulated other comprehensive income (loss) | — | (5,790) | 21 | (5,769) | — | (15,560) | 61 | (15,499) |
| Tax effect | — | 1,272 | 8 | 1,280 | — | 3,419 | (4) | 3,415 |
| Balances at June 30, 2023 | $ — | $ 56,967 | $ (87) | $ 56,880 | | | | |
| Balances at September 30, 2023 | | | | | $ — | $ 49,344 | $ (45) | $ 49,299 |

The following amounts were reclassified out of AOCI:

| Details About AOCI Components | Three Months Ended June 30, 2023 | Three Months Ended June 30, 2022 | Six Months Ended June 30, 2023 | Six Months Ended June 30, 2022 | Line Item in the Condensed Consolidated Income Statements | Three Months Ended September 30, 2023 | Three Months Ended September 30, 2022 | Nine Months Ended September 30, 2023 | Nine Months Ended September 30, 2022 | Lin C Incor |
|---|---|---|---|---|---|---|---|---|---|---|
| | (In thousands) | | | | | (In thousands) | | | | |
| Interest rate hedges | — | — | — | (112) | Interest expense | — | — | — | (112) | Intere |
| Interest rate hedges (ineffective portion) | — | — | — | (1,428) | Net loss resulting from early retirement of debt | — | — | — | (1,428) | Net from of de |
| | — | — | — | — | Provision for income taxes | — | — | — | — | Provi taxes |
| | $ — | $ — | $ — | $ (1,540) | Net of tax | $ — | $ — | $ — | $ (1,540) | Net o |
| Pension, postretirement and other post-employment benefits | | | | | | | | | | |
| Amortization of actuarial gains, net [1] | $ 2,859 | $ 346 | $ 5,717 | $ 973 | Non-service related pension and postretirement benefit credits (costs) | $ 2,792 | $ 571 | $ 8,509 | $ 1,544 | Non- pensi postr bene |
| Amortization of prior service credits | 36 | 177 | 73 | 73 | Non-service related pension and postretirement benefit credits | 25 | 38 | 98 | 111 | Non- pensi postr bene |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Pension settlement | — | 414 | — | 414 | Non-service related pension and postretirement benefit credits (costs) | 6,953 | 201 | 6,953 | 615 | Non- pensi postr bene |
| | 2,895 | 937 | 5,790 | 1,460 | Total before tax | 9,770 | 810 | 15,560 | 2,270 | Total |
| | (636) | — | (1,272) | — | Provision for income taxes | (2,147) | — | (3,419) | — | Provi taxes |
| | $ 2,259 | $ 937 | $ 4,518 | $ 1,460 | Net of tax | $ 7,623 | $ 810 | $ 12,141 | $ 2,270 | Net o |
| | | | | | | | | | | |
| Available-for-sale securities 2 | $ 1 | $ — | $ (21) | $ (182) | Interest and investment income | $ (40) | $ — | $ (61) | $ (182) | Intere inves |
| | 3 | — | 8 | — | Provision for income taxes | 12 | — | 4 | — | Provi taxes |
| | $ 4 | $ — | $ (13) | $ (182) | Net of tax | $ (28) | $ — | $ (57) | $ (182) | Net o |

1 Production-related benefits and workers' compensation costs are included in costs of sales.

2 The gains and losses on sales of available-for-sale-securities are determined on a specific identification basis.



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**4. Inventories**

Inventories consist of the following:

| | June 30, 2023 | December 31, 2022 | September 30, 2023 | December 31, 2022 |
|---|---|---|---|---|
| | (In thousands) | | (In thousands) | |
| Coal | $ 107,429 | $ 96,954 | $ 80,074 | $ 96,954 |
| Repair parts and supplies | 155,881 | 126,061 | 153,139 | 126,061 |
| | $ 263,310 | $ 223,015 | $ 233,213 | $ 223,015 |

The repair parts and supplies are stated net of an allowance for slow-moving and obsolete inventories of $2.7 million $2.8 million at June 30, 2023 September 30, 2023 and $2.4 million at December 31, 2022.

**5. Investments in Available-for-Sale Securities**

The Company has invested in marketable debt securities, primarily highly liquid U.S. Treasury securities and investment grade corporate bonds. These investments are held in the custody of a major financial institution. These securities are classified as available-for-sale securities and, accordingly, the unrealized gains and losses are recorded through other comprehensive income.

The Company's investments in available-for-sale marketable securities are as follows:

| | June 30, 2023 | | | | | September 30, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Gross Unrealized | | Allowance for - Credit | Fair | | Gross Unrealized | | Allowance for - Credit | Fair |
| | Cost Basis | Gains | Losses | Losses | Value | Cost Basis | Gains | Losses | Losses | Value |
| | (In thousands) | | | | | (In thousands) | | | | |
| Available-for-sale: | | | | | | | | | | |
| U.S. government and agency securities | $ 28,700 | $ 1 | $ (56) | $ — | $ 28,645 | $ 26,506 | $ 1 | $ (38) | $ — | $26,469 |
| Corporate notes and bonds | 4,967 | 15 | (20) | — | 4,962 | 3,987 | 4 | (13) | — | 3,978 |
| Total Investments | $ 33,667 | $ 16 | $ (76) | $ — | $ 33,607 | $ 30,493 | $ 5 | $ (51) | $ — | $30,447 |

| | December 31, 2022 | | | | |
|---|---|---|---|---|---|
| | | Gross Unrealized | | Allowance for - Credit | Fair |
| | Cost Basis | Gains | Losses | Losses | Value |
| | (In thousands) | | | | |
| Available-for-sale: | | | | | |
| U.S. government and agency securities | $ 28,325 | $ 1 | $ (25) | $ — | $ 28,301 |
| Corporate notes and bonds | 8,689 | 20 | (17) | — | 8,692 |
| Total Investments | $ 37,014 | $ 21 | $ (42) | $ — | $ 36,993 |

The aggregate fair value of investments with unrealized losses that had been owned for less than a year was $20.5 million $7.4 million and $22.6 million at June 30, 2023 September 30, 2023 and December 31, 2022, respectively. The aggregate fair value of investments with unrealized losses that were owned for over a year was $0.0 million at both June 30, 2023 September 30, 2023 and December 31, 2022. The unrealized losses in the Company's portfolio at June 30, 2023 September 30, 2023 are the result of normal market fluctuations. The Company does not intend to sell these investments before recovery of their amortized cost base.

The debt securities outstanding at June 30, 2023 September 30, 2023 have maturity dates ranging from the third fourth quarter of 2023 through the third quarter of 2024. The Company classifies its investments as current based on the nature of the investments and their availability to provide cash for use in current operations, if needed.



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### 6. Derivatives

*Diesel fuel price risk management*

The Company is exposed to price risk with respect to diesel fuel purchased for use in its operations. The Company anticipates purchasing approximately 30 to 35 million gallons of diesel fuel for use in its operations during 2023. To protect the Company's cash flows from increases in the price of diesel fuel for its operations, the Company has purchased heating oil call options. At June 30, 2023 September 30, 2023, the Company had protected the price of expected diesel fuel purchases for the remainder of 2023 with approximately 12 6 million gallons of heating oil call options remaining with an average strike price of $2.97 $3.06 per gallon. These positions are not designated as hedges for accounting purposes, and therefore, changes in the fair value are recorded immediately to earnings.

*Coal price risk management positions*

The Company may sell or purchase forward contracts, swaps and options in the over-the-counter coal market or on an exchange in order to manage its exposure to coal prices. The Company has exposure to the risk of fluctuating coal prices related to forecasted, index-priced sales or purchases of coal or to the risk of changes in the fair value of a fixed price physical sales contract. Certain derivative contracts may be designated as hedges of these risks.

At June 30, 2023 September 30, 2023, the Company had no outstanding held derivatives for risk management derivatives. purposes that are expected to settle in the following years.

| (Tons in thousands) | 2023 | 2024 | Total |
|---|---|---|---|
| Coal sales | — | — | — |
| Coal purchases | — | 7 | 7 |

*Tabular derivatives disclosures*

The Company has master netting agreements with all of its counterparties which allow for the settlement of contracts in an asset position with contracts in a liability position in the event of default or termination. Such netting arrangements reduce the Company's credit exposure related to these counterparties. For classification purposes, the Company records the net fair value of all the positions with a given counterparty as a net asset or liability in the Condensed Consolidated Balance Sheets. The amounts shown in the table below represent the fair value position of individual contracts, and not the net position presented in the accompanying Condensed Consolidated Balance Sheets. The fair value and location of derivatives reflected in the accompanying Condensed Consolidated Balance Sheets are as follows:

| | June 30, 2023 | | | December 31, 2022 | | | September 30, 2023 | | | December 31, 2022 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fair Value of Derivatives (In thousands) | Asset Derivative | Liability Derivative | | Asset Derivative | Liability Derivative | | Asset Derivative | Liability Derivative | | Asset Derivative | Liability Derivative | |
| **Derivatives Not Designated as Hedging Instruments** | | | | | | | | | | | | |
| Heating oil -- diesel purchases | 230 | — | | 1,300 | — | | 1,235 | — | | 1,300 | — | |
| Coal -- risk management | — | — | | 1,407 | — | | 46 | — | | 1,407 | — | |
| Total | $ 230 | $ — | | $ 2,707 | $ — | | $ 1,281 | $ — | | $ 2,707 | $ — | |
| Total derivatives | $ 230 | $ — | | $ 2,707 | $ — | | $ 1,281 | $ — | | $ 2,707 | $ — | |
| Effect of counterparty netting | — | — | | — | — | | — | — | | — | — | |
| **Net derivatives as classified in the balance sheets** | $ 230 | $ — | $ 230 | $ 2,707 | $ — | $ 2,707 | $ 1,281 | $ — | $ 1,281 | $ 2,707 | $ — | $ 2,707 |



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| Fair Value of Derivatives (In thousands) | | June 30, 2023 | December 31, 2022 | | September 30, 2023 | December 31, 2022 |
|---|---|---|---|---|---|---|
| **Net derivatives as reflected on the balance sheets (in thousands)** | | | | | | |
| **Heating Oil and coal** | Other current assets | $ 230 | $ 2,707 | Other current assets | $ 1,281 | $ 2,707 |
| **Coal** | Accrued expenses and other current liabilities | — | — | Accrued expenses and other current liabilities | — | — |
| | | $ 230 | $ 2,707 | | $ 1,281 | $ 2,707 |

At June 30, 2023, the The Company had a current open asset representing cash collateral posted to a margin account for derivative positions primarily related to coal derivatives of $0.6 million and $0.0 million at September 30, 2023 and December 31, 2022, respectively. These amounts are non-margined. not included with the derivatives presented in the table above and are included in "other current assets" in the accompanying Condensed Consolidated Balance Sheets.

The effects of derivatives on measures of financial performance are as follows:

**Derivatives Not Designated as Hedging Instruments (in thousands)**

**Three and Six Nine Months Ended June September 30,**

| Gain (Loss) Recognized | | Three Months Ended June 30, 2023 | Three Months Ended June 30, 2022 | Six Months Ended June 30, 2023 | Six Months Ended June 30, 2022 | | Three Months Ended September 30, 2023 | Three Months Ended September 30, 2022 | Nine Months Ended September 30, 2023 | Nine Months Ended September 30, 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Coal risk management — unrealized | (1) | $ (2,869) | $ (1,877) | $ (1,407) | $ (17,396) | (1) | $ 46 | $ 12,252 | $ (1,361) | $ (5,144) |
| Coal risk management— realized | (2) | $ 3,587 | $ (17,385) | $ 6,254 | $ (26,459) | | | | | |
| Coal risk management — realized | | | | | | (2) | $ — | $ (14,700) | $ 6,254 | $ (41,159) |
| Heating oil — diesel purchases | (2) | $ (1,096) | $ 6,704 | $ (2,378) | $ 13,532 | (2) | $ 1,341 | $ (4,146) | $ (1,037) | $ 9,386 |

**Location in Condensed Consolidated Income Statements:**

**(1)** — Change in fair value of coal derivatives, net
**(2)** — Other operating expense (income), net

At June 30, 2023 September 30, 2023 and December 31, 2022, the Company did not have any derivative contracts designated as hedging instruments.

**7. Accrued Expenses and Other Current Liabilities**

Accrued expenses and other current liabilities consist of the following:

| | June 30, 2023 | December 31, 2022 | September 30, 2023 | December 31, 2022 |
|---|---|---|---|---|
| | (In thousands) | | (In thousands) | |

| | | | | |
|---|---|---|---|---|
| Payroll and employee benefits | $ 33,864 | $ 61,836 | $ 39,838 | $ 61,836 |
| Taxes other than income taxes | 44,680 | 53,105 | 50,683 | 53,105 |
| Interest | 2,367 | 2,511 | 1,260 | 2,511 |
| Workers' compensation | 19,777 | 17,584 | 19,256 | 17,584 |
| Asset retirement obligations | 8,355 | 8,632 | 8,217 | 8,632 |
| Other | 12,000 | 13,375 | 15,909 | 13,375 |
| | $ 121,043 | $ 157,043 | $ 135,163 | $ 157,043 |

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**8. Debt and Financing Arrangements**

| | June 30, 2023 | December 31, 2022 | September 30, 2023 | December 31, 2022 |
|---|---|---|---|---|
| | (In thousands) | | (In thousands) | |
| Term loan due 2024 ($5.0 million face value) | $ 5,002 | $ 6,502 | | |
| Term loan due 2024 ($4.3 million face value) | | | $ 4,252 | $ 6,502 |
| Tax Exempt Bonds ($98.1 million face value) | 98,075 | 98,075 | 98,075 | 98,075 |
| Convertible Debt | — | 13,156 | — | 13,156 |
| Other | 34,622 | 59,472 | 28,904 | 59,472 |
| Debt issuance costs | (2,069) | (2,929) | (1,790) | (2,929) |
| | 135,630 | 174,276 | 129,441 | 174,276 |
| Less: current maturities of debt | 26,414 | 57,988 | 21,926 | 57,988 |
| Long-term debt | $ 109,216 | $ 116,288 | $ 107,515 | $ 116,288 |

**Term Loan Facility**

In 2017, the Company entered into a senior secured term loan credit agreement in an aggregate principal amount of $300 million (the "Term Loan Debt Facility") with Credit Suisse AG, Cayman Islands Branch, as administrative agent and collateral agent, and the other financial institutions from time to time party thereto. The Term Loan Debt Facility was issued at 99.50% of the face amount and will mature on March 7, 2024. The term loan provided under the Term Loan Debt Facility (the "Term Loan") is subject to quarterly principal amortization payments in an amount equal to $750,000. The interest rate on the Term Loan Debt Facility is, at the option of Arch Resources, either (i) LIBOR plus an applicable margin of 2.75%, subject to a 1.00% LIBOR floor, or (ii) a base rate plus an applicable margin of 1.75%.

The Term Loan Debt Facility is guaranteed by all existing and future wholly owned domestic subsidiaries of the Company (collectively, the "Subsidiary Guarantors" and, together with Arch Resources, the "Loan Parties"), subject to customary exceptions, and is secured by first priority security interests on substantially all assets of the Loan Parties, including 100% of the voting equity interests of directly owned domestic subsidiaries and 65% of the voting equity interests of directly owned foreign subsidiaries, subject to customary exceptions.

During the year ended December 31, 2022, the Company repaid $273.8 million of the Term Loan. The remaining balance of $5.0 $4.3 million, as of June 30, 2023 September 30, 2023, remains outstanding as certain terms and conditions governing the Term Loan are incorporated into the Company's outstanding indebtedness.

**Accounts Receivable Securitization Facility**

On August 3, 2022, the Company amended and extended its existing trade accounts receivable securitization facility provided to Arch Receivable Company, LLC, a special-purpose entity that is a wholly owned subsidiary of Arch Resources ("Arch Receivable") (the "Securitization Facility"), which supports the issuance of letters of credit and requests for cash advances. The amendment to the Securitization Facility increased the size of the facility from $110 million to $150 million of borrowing capacity and extended the maturity date to August 1, 2025.

Under the Securitization Facility, Arch Receivable, Arch Resources and certain of Arch Resources' subsidiaries party to the Securitization Facility have granted to the administrator of the Securitization Facility a first priority security interest in eligible trade accounts receivable generated by such parties from the sale of coal and all proceeds thereof. As of June 30, 2023 September 30, 2023, letters of credit totaling $48.2 50.6 million were outstanding under the facility with $101.8 million $99.4 million available for borrowings.

**Inventory-Based Revolving Credit Facility**

On August 3, 2022, Arch Resources amended the senior secured inventory-based revolving credit facility in an aggregate principal amount of $50 million (the "Inventory Facility"). Availability under the Inventory Facility is subject to a borrowing base consisting of (i) 85% of the net orderly liquidation value of eligible coal inventory, plus (ii) the lesser of (x) 85% of the net orderly liquidation value of eligible parts and supplies inventory and (y) 35% of the amount



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determined pursuant to clause (i), plus (iii) 100% of Arch Resources' Eligible Cash (defined in the Inventory Facility), subject to reduction for reserves imposed by Regions.

The amendment of the Inventory Facility extended the maturity of the facility to August 3, 2025; maintained the minimum Liquidity liquidity requirement of $100 million and included provisions that reduce the advance rates for coal inventory and parts and supplies, depending on liquidity, as defined in the agreement.

The Inventory Facility contains certain customary affirmative and negative covenants; events of default, subject to customary thresholds and exceptions; and representations, including certain cash management and reporting requirements that are customary for asset-based credit facilities. The Inventory Facility also includes a requirement to maintain liquidity equal to or exceeding $100 million at all times. As of June 30, 2023 September 30, 2023, letters of credit totaling $26.2 million were outstanding under the facility with $23.8 million available for borrowings.

**Equipment Financing**

On March 4, 2020, the Company entered into an equipment financing arrangement accounted for as debt. The Company received $53.6 million in exchange for conveying an interest in certain equipment in operation at its Leer mine and entered into a master lease arrangement for that equipment. The financing arrangement contains customary terms and events of default and provides for 48 monthly payments with an average interest rate of 6.34% maturing on March 4, 2024. Upon maturity, all interests in the subject equipment will revert back to the Company.

On July 29, 2021, the Company entered into an additional equipment financing arrangement accounted for as debt. The Company received $23.5 million in exchange for conveying an interest in certain equipment in operation at its Powder River Basin operations and entered into a master lease arrangement for that equipment. The financing arrangement contains customary terms and events of default and provides for 42 monthly payments with an average implied interest rate of 7.35% maturing on February 1, 2025. Upon maturity, the Company will have the option to purchase the equipment.

**Tax Exempt Bonds**

On July 2, 2020, the West Virginia Economic Development Authority (the "Issuer") issued $53.1 million aggregate principal amount of Solid Waste Disposal Facility Revenue Bonds (Arch Resources Project), Series 2020 (the "Tax Exempt Bonds") pursuant to an Indenture of Trust dated as of June 1, 2020 (the "Indenture of Trust") between the Issuer and Citibank, N.A., as trustee (the "Trustee"). On March 4, 2021, the Issuer issued an additional $45.0 million of Series 2021 Tax Exempt Bonds. The proceeds of the Tax Exempt Bonds were loaned to the Company pursuant to a Loan Agreement dated as of June 1, as supplemented by a First Amendment to Loan Agreement dated as of March 1, 2021 (collectively, the "Loan Agreement"), each between the Issuer and the Company. The Tax Exempt Bonds are payable solely from payments to be made by the Company under the Loan Agreement as evidenced by a Note from the Company to the Trustee. The proceeds of the Tax Exempt Bonds have been used to finance certain costs of the acquisition, construction, reconstruction, and equipping of solid waste disposal facilities at the Company's Leer South development, and for capitalized interest and certain costs related to issuance of the Tax Exempt Bonds.

The Tax Exempt Bonds bear interest payable each January 1 and July 1, commencing January 1, 2021 for the Series 2020 and July 1, 2021 for the Series 2021, and have a final maturity of July 1, 2045; however, the Tax Exempt Bonds are subject to mandatory tender on July 1, 2025 at a purchase price equal to 100% of the principal amount of the Tax Exempt Bonds, plus accrued interest to July 1, 2025. The Series 2020 and Series 2021 Tax Exempt Bonds bear interest of 5% and 4.125%, respectively.

**Convertible Debt**

On November 3, 2020, the Company issued $155.3 million in aggregate principal amount of 5.25% convertible senior notes due 2025 ("Convertible Notes " or "Convertible Debt"). The net proceeds from the issuance of the Convertible Notes, after deducting offering related costs of $5.1 million and cost of a "Capped Call Transaction" as defined below of $17.5 million, were approximately $132.7 million.



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During the first half of 2023, the Company repurchased the remaining Convertible Notes with a principal amount of $13.2 million for aggregate consideration consisting of $58.4 million in cash. In connection with the repurchase for the six nine months ended June 30, 2023 September 30, 2023, the Company recognized a loss of $1.1 million. This amount is included as "Net loss resulting from early retirement of debt" in the accompanying Condensed Consolidated Income Statements.

***Capped Call Transactions***

In connection with the offering of the Convertible Notes, the Company entered into privately negotiated convertible note hedge transactions (collectively, the "Capped Call Transactions"). The Capped Call Transactions cover, subject to customary anti-dilution adjustments, the number of shares of the Company's common stock that initially underlie the Convertible Notes.

The Capped Call Transactions are expected generally to reduce the potential dilution and/or offset any cash payments the Company is required to make in excess of the principal amount due upon conversion of the Convertible Notes in the event that the market price of the Company's common stock is greater than the strike price of the Capped Call Transactions, which was initially $37.325 per share and the initial cap price was $52.255 per share. The initial call and cap prices are subject to adjustments under the terms of the underlying capped call agreements, including for various transactions such as the payment of dividends. The initial number of shares underlying the Capped Call Transactions is 4.2 million.

As of June 30, 2023 September 30, 2023, the Capped Call Transactions remain outstanding and have an intrinsic value of $62.1 million.

The Capped Call Transactions are separate transactions, in each case entered into between the Company and the respective Option Counterparty, and are not part of the terms of the Convertible Notes. As the Capped Call Transactions meet certain accounting criteria, they were classified as equity and are not accounted for as derivatives.

**9. Income Taxes**

The Company's effective tax rate for six the three and nine months ended June 30, 2023 September 30, 2023 is based on its estimated full year effective tax rate, adjusted for the discrete items. The effective tax rate for the three and six nine months ended June 30, 2023 September 30, 2023 was 14.3% 18.6% and 15.4% 16.1%, respectively. The effective tax rate for the three and six nine months ended June 30, 2023 September 30, 2023 differ from the U.S. federal statutory rate of 21%, primarily due to the income tax benefit for excess percentage depletion. The effective tax rate for the six nine months ended June 30, 2023 September 30, 2023 also includes the impact of discrete tax benefits related to equity compensation.

For the three and six nine months ended June 30, 2022 September 30, 2022, the Company's effective tax rate was 0.1% and 0.2%., respectively. The effective tax rate for the three and six nine months ended June 30, 2022 September 30, 2022 was impacted by the valuation allowance the Company maintained against its deferred tax assets until the fourth quarter of 2022.

**10. Fair Value Measurements**

The hierarchy of fair value measurements assigns a level to fair value measurements based on the inputs used in the respective valuation techniques. The levels of the hierarchy, as defined below, give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

- Level 1 is defined as observable inputs such as quoted prices in active markets for identical assets. Level 1 assets include U.S. Treasury securities, and coal swaps and futures that are submitted for clearing on the New York Mercantile Exchange.
- Level 2 is defined as observable inputs other than Level 1 prices. These include quoted prices for similar assets or liabilities in an active market, quoted prices for identical assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. The Company's Level 2 assets and liabilities include U.S. government agency securities, coal commodity contracts, and interest rate swaps with fair values derived from quoted prices in over-the-counter markets or from prices received from direct broker quotes.



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U.S. government agency securities, coal commodity contracts, and interest rate swaps with fair values derived from quoted prices in over-the-counter markets or from prices received from direct broker quotes.

- Level 3 is defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. These include the Company's commodity option contracts (heating oil) valued using modeling techniques, such as Black-Scholes, that require the use of inputs, particularly volatility, that are rarely observable.

The table below sets forth, by level, the Company's financial assets and liabilities that are recorded at fair value in the accompanying Condensed Consolidated Balance Sheet:

| | June 30, 2023 | | | | September 30, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Total | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 |
| | (In thousands) | | | | (In thousands) | | | |
| Assets: | | | | | | | | |
| Investments in marketable securities | $ 33,607 | $ 28,645 | $ 4,962 | $ — | $ 30,447 | $ 26,469 | $3,978 | $ — |
| Derivatives | 230 | — | — | 230 | 1,281 | — | 46 | 1,235 |
| Fund for asset retirement obligations | 138,657 | 138,657 | — | — | 140,413 | 140,413 | — | — |
| Total assets | $ 172,494 | $ 167,302 | $ 4,962 | $ 230 | $172,141 | $166,882 | $4,024 | $1,235 |
| Liabilities: | | | | | | | | |
| Derivatives | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |

The Company's contracts with its counterparties allow for the settlement of contracts in an asset position with contracts in a liability position in the event of default or termination. For classification purposes, the Company records the net fair value of all the positions with these counterparties as a net asset or liability. Each level in the table above displays the underlying contracts according to their classification in the accompanying Condensed Consolidated Balance Sheet, based on this counterparty netting.

The Company has contributed $138.7 million $140.4 million to a fund that will serve to defease the long-term asset retirement obligation for its thermal asset base; this amount is recorded as "Fund for asset retirement obligations" on the Condensed Consolidated Balance Sheets.

The funds are invested in highly rated securities, such as U.S. Treasuries, which fall within Level 1 of the fair value hierarchy. The funds will only be utilized for final mine closure reclamation activities.



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The following table summarizes the change in fair values of financial instruments categorized as Level 3.

| (In thousands) | Three Months Ended June 30, 2023 | Six Months Ended June 30, 2023 | Three Months Ended September 30, 2023 | Nine Months Ended September 30, 2023 |
|---|---|---|---|---|
| Balance, beginning of period | $ 1,101 | $ 1,300 | $ 230 | $ 1,300 |
| Realized and unrealized (losses) recognized in earnings, net | (1,096) | (2,378) | | |
| Realized and unrealized gains (losses) recognized in earnings, net | | | 1,341 | (1,037) |
| Purchases | 225 | 1,800 | — | 1,800 |
| Settlements | — | (492) | (336) | (828) |
| Ending balance | $ 230 | $ 230 | $ 1,235 | $ 1,235 |

*Fair Value of Long-Term Debt*

At June 30, 2023 September 30, 2023 and December 31, 2022, the fair value of the Company's debt, including amounts classified as current, was $137.7 million $131.2 million and $223.0 million, respectively. Fair values are based upon observed prices in an active market, when available, or from valuation models using market information, which fall into Level 2 in the fair value hierarchy.

**11. Earnings per Common Share**

The Company computes basic net income per share using the weighted average number of common shares outstanding during the period. Diluted net income per share is computed using the weighted average number of common shares and the effect of potentially dilutive securities outstanding during the period. Potentially dilutive securities may consist of warrants, restricted stock units, and convertible debt. The dilutive effect of outstanding warrants and restricted stock units is reflected in diluted earnings per share by application of the treasury stock method whereas the Convertible Debt uses the if converted method.

The following table provides the basic and diluted earnings per share by reconciling the numerators and denominators of the computations:

| | Three Months Ended June 30, | | Six Months Ended June 30, | | Three Months Ended September 30, | | Nine Months Ended Septer | |
|---|---|---|---|---|---|---|---|---|
| (In Thousands) | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2( |
| Net income attributable to common shares | $ 77,353 | $ 407,563 | $ 275,461 | $ 679,435 | $ 73,691 | $ 181,007 | $ 349,152 | $ 8 |
| Adjustment of interest expense attributable to Convertible Notes | — | 1,691 | 108 | 3,999 | — | 346 | 108 | |
| Adjustment for inducement payments | — | 4,697 | — | 4,697 | — | 217 | — | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Diluted net income attributable to common stockholders | 77,353 | 413,951 | 275,569 | 688,131 | 73,691 | 181,570 | 349,260 | 8 |
| | | | | | | | | |
| Basic weighted average shares outstanding | 18,406 | 16,801 | 18,165 | 16,124 | 18,187 | 18,396 | 18,189 | |
| Effect of dilutive securities | 729 | 1,799 | 1,126 | 1,725 | 653 | 1,698 | 969 | |
| Convertible Notes (a) | — | 2,852 | 168 | 3,513 | — | 814 | 112 | |
| Diluted weighted average shares outstanding | 19,135 | 21,452 | 19,459 | 21,362 | 18,840 | 20,908 | 19,270 | |

(a) Diluted weighted average common shares outstanding includes the dilutive effect had the Company's Convertible Notes been converted at the beginning of the year ended December 31, 2023. If converted by the holder, the Company may settle in cash, shares of the Company's common stock or a combination thereof, at the Company's election. The Capped Call Transaction is anti-dilutive and is excluded from the calculation of diluted earnings per share.



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**12. Workers' Compensation Expense**

The Company is liable under the Federal Mine Safety and Health Act of 1969, as subsequently amended, to provide for pneumoconiosis (occupational disease) benefits to eligible employees, former employees and dependents. The Company currently provides for federal claims principally through a self-insurance program. The Company is also liable under various state workers' compensation statutes for occupational disease benefits. The occupational disease benefit obligation represents the present value of the actuarially computed present and future liabilities for such benefits over the employees' applicable years of service.

In October 2019, the Company filed an application with the Office of Workers' Compensation Programs ("OWCP") within the Department of Labor for reauthorization to self-insure federal black lung benefits. In February 2020, the Company received a reply from the OWCP confirming its status to remain self-insured contingent upon posting additional collateral of $71.1 million within 30 days of receipt of the letter. The Company is currently appealing the ruling from the OWCP and has received an extension to self-insure during the appeal process.

On January 18, 2023, the OWCP proposed revisions to regulations under the Black Lung Benefits Act governing authorization of self-insurers. The revisions seek to codify the practice of basing a self-insured operator's security requirement on an actuarial assessment of its total present and future black lung liability. A material change to the regulations is the requirement that all self-insured operators must post security equal to 120% of their projected black lung liabilities.

The proposed regulations were posted to the Federal Register on January 19, 2023 with written comments to be accepted within 60 days of this date. Subsequently, the A subsequent extended comment period was extended an additional 30 days. expired on April 19, 2023; however, the final regulations have not yet been published.

If the above regulation is codified into law, the Company will be required to post additional collateral to maintain its self-insured status. The Company is evaluating alternatives to self-insurance, including the purchase of commercial insurance to cover these claims. Additionally, the Company is assessing the availability of surety bond capacity within the markets, additional sources of liquidity, and other items to satisfy the proposed regulations.

In addition, the Company is liable for workers' compensation benefits for traumatic injuries which are calculated using actuarially-based loss rates, loss development factors and discounted based on a risk free rate. Traumatic workers' compensation claims are insured with varying retentions/deductibles, or through state-sponsored workers' compensation programs.

Workers' compensation expense consists of the following components:

| | Three Months Ended June 30, 2023 | Three Months Ended June 30, 2022 | Six Months Ended June 30, 2023 | Six Months Ended June 30, 2022 | Three Months Ended September 30, 2023 | Three Months Ended September 30, 2022 | Nine Months Ended September 30, 2023 | Nine Months Ended September 30, 2022 |
|---|---|---|---|---|---|---|---|---|
| | (In thousands) | | | | (In thousands) | | | |
| Self-insured occupational disease benefits: | | | | | | | | |
| Service cost | $ 994 | $ 1,497 | $ 1,987 | $ 2,995 | $ 993 | $ 1,498 | $ 2,980 | $ 4,493 |
| Interest cost(1) | 1,510 | 1,152 | 3,020 | 2,304 | 1,511 | 1,153 | 4,531 | 3,458 |
| Net amortization(1) | (241) | 157 | (482) | 314 | (241) | 157 | (723) | 471 |
| Total occupational disease | $ 2,263 | $ 2,806 | $ 4,525 | $ 5,613 | $ 2,263 | $ 2,808 | $ 6,788 | $ 8,422 |
| Traumatic injury claims and assessments | 2,741 | 2,150 | 4,431 | 4,206 | (6,834) | 2,218 | (2,403) | 6,424 |
| Total workers' compensation expense | $ 5,004 | $ 4,956 | $ 8,956 | $ 9,819 | | | | |
| Total workers' compensation (credit) expense | | | | | $ (4,571) | $ 5,026 | $ 4,385 | $ 14,846 |

(1) In accordance with the adoption of ASU 2017-07, "Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost," these costs are recorded within Nonoperating expenses in the Condensed Consolidated Income Statements on the line item "Non-service related pension and postretirement benefit (credits) costs."



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**13. Employee Benefit Plans**

The following table details the components of pension benefit credit:

| | Three Months Ended June 30, 2023 | Three Months Ended June 30, 2022 | Six Months Ended June 30, 2023 | Six Months Ended June 30, 2022 | Three Months Ended September 30, 2023 | Three Months Ended September 30, 2022 | Nine Months Ended September 30, 2023 | Nine Months Ended September 30, 2022 |
|---|---|---|---|---|---|---|---|---|
| | (In thousands) | | | | (In thousands) | | | |
| Interest cost(1) | $ 1,533 | $ 1,094 | $ 3,067 | $ 2,187 | $ 1,023 | $ 1,486 | $ 4,090 | $ 3,673 |
| Expected return on plan assets(1) | (1,518) | (1,433) | (3,036) | (2,865) | (1,012) | (1,557) | (4,048) | (4,422) |
| Pension settlement(1) | — | (414) | — | (414) | (3,986) | (201) | (3,986) | (615) |
| Amortization of prior service credits (1) | (36) | (177) | (73) | (73) | (25) | (38) | (98) | (111) |

| | Three Months Ended June 30, 2023 | Three Months Ended June 30, 2022 | Six Months Ended June 30, 2023 | Six Months Ended June 30, 2022 | Three Months Ended September 30, 2023 | Three Months Ended September 30, 2022 | Nine Months Ended September 30, 2023 | Nine Months Ended September 30, 2022 |
|---|---|---|---|---|---|---|---|---|
| Amortization of other actuarial losses (gains) (1) | (195) | — | (390) | — | | | | |
| Amortization of other actuarial (gains) (1) | | | | | (129) | (101) | (519) | (134) |
| Net benefit credit | $ (216) | $ (930) | $ (432) | $ (1,165) | $ (4,129) | $ (411) | $ (4,561) | $ (1,609) |

The following table details the components of other postretirement benefit credit:

| | Three Months Ended June 30, | | Six Months Ended June 30, | | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | (In thousands) | | | | (In thousands) | | | |
| Service cost | $ 57 | $ 70 | $ 115 | $ 141 | $ 58 | $ 71 | $ 173 | $ 212 |
| Interest cost(1) | 673 | 502 | 1,347 | 1,003 | 674 | 501 | 2,021 | 1,504 |
| Amortization of other actuarial gains (1) | (2,423) | (627) | (4,845) | (1,254) | (2,422) | (627) | (7,267) | (1,881) |
| Net benefit credit | $ (1,693) | $ (55) | $ (3,383) | $ (110) | $ (1,690) | $ (55) | $ (5,073) | $ (165) |

(1) In accordance with the adoption of ASU 2017-07, "Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost," these costs are recorded within Nonoperating expenses in the Condensed Consolidated Income Statements on the line item "Non-service related pension and postretirement benefit costs. credits (costs)."

In February 2022, the Board of Directors approved the termination of the Company's Cash Balance Pension Plan. The Company has executed plan amendments regarding the termination and filed an Application for Determination for Terminating Pension Plan with the Internal Revenue Service ("IRS" ("IRS"), which was approved by the IRS during the first quarter of 2023. The Company also prepared and filed appropriate notices and documents related to the Pension Plan's termination and wind-down with the Pension Benefit Guaranty Corporation ("PBGC" ("PBGC"). Anticipated distributions to participants are expected during the second half of 2023. In order to To complete the termination of the plan, the Company anticipates making made a final $3.2 million cash contribution to into the plan in order to complete lump sum payments and to purchase annuity contracts for plan participants. A gain of approximately $6.0 - $10 million during $4.0 million was recognized on the third quarter. plan termination, which is reflected in the Condensed Consolidated Incomes Statements line item "Non-service related pension and postretirement benefits credits (costs)". The Company no longer administers or pays the retirement benefits of the Company's Cash Balance Pension Plan going forward.

**14. Commitments and Contingencies**

The Company accrues for costs related to contingencies when a loss is probable and the amount is reasonably determinable. Disclosure of contingencies is included in the financial statements when it is at least reasonably possible that a material loss or an additional material loss in excess of amounts already accrued may be incurred.

The Company is a party to numerous claims and lawsuits with respect to various matters. The ultimate resolution of any such legal matter could result in outcomes that may be materially different from amounts the Company has accrued for such matters. The Company believes it has recorded adequate reserves for these matters.

In the normal course of business, the Company is a party to certain financial instruments with off-balance sheet risk, such as bank letters of credit, performance or surety bonds, and other guarantees and indemnities related to the obligations of affiliated entities which are not reflected in the Company's Condensed Consolidated Balance Sheets. However, the underlying liabilities that they secure, such as asset retirement obligations, workers' compensation liabilities, and other obligations, are reflected in the Company's Condensed Consolidated Balance Sheets.

As of June 30, 2023 September 30, 2023, the Company had outstanding surety bonds with a face amount of $553.0 million to secure various obligations and commitments and $74.4 $76.8 million of letters of credit under its Securitization and Inventory Facilities used to collateralize certain obligations. The Company had posted $5.6 million in cash collateral related to various obligations; this amount is recorded within "Other noncurrent assets" on the Condensed Consolidated Balance Sheets.

As of June 30, 2023 September 30, 2023, the Company's reclamation-related obligations of $243.2 million $242.6 million were supported by surety bonds of $456.1 million. The Company has posted $0.6 million in cash collateral related to reclamation surety bonds. This amount is recorded within "Other noncurrent assets" on the Condensed Consolidated Balance Sheets. Additionally, in the second third quarter of 2023, the Company contributed an additional $1.6 1.8 million representing interest earned to a fund that will serve to defease the long-term asset retirement obligation for its thermal asset base bringing the total to $138.7 $140.4 million as of June 30, 2023 September 30, 2023. This amount is recorded as "Fund for asset retirement obligations" on the Condensed Consolidated Balance Sheets.

**15. Segment Information**

The Company's reportable business segments are based on two distinct lines of business, metallurgical and thermal, and may include a number of mine complexes. The Company manages its coal sales by market and coal quality, not by individual mining complex. Geology, coal transportation routes to customers, and regulatory environments also have a significant impact on the Company's marketing and operations management. Mining operations are evaluated based on Adjusted EBITDA, per-ton cash operating costs (defined as including all mining costs except depreciation, depletion, amortization, accretion on asset retirement obligations, and pass-through transportation expenses, divided by segment tons sold), and on other non-financial measures, such as safety and environmental performance. Adjusted EBITDA is not a measure of financial performance in accordance with generally accepted accounting principles, and items excluded from Adjusted EBITDA are significant in understanding and assessing the Company's financial condition. Therefore, Adjusted EBITDA should not be considered in isolation, nor as an alternative to net income, income from operations, cash flows from operations or as a measure of our profitability, liquidity or performance under generally accepted accounting principles. The Company uses Adjusted EBITDA to measure the operating performance of its segments and allocate resources to the segments. Furthermore, analogous measures are used by industry analysts and investors to evaluate the Company's operating performance. Investors should be aware that the Company's presentation of Adjusted EBITDA may not be comparable to similarly titled measures used by other companies. The Company reports its results of operations primarily through the following reportable segments: Metallurgical (MET) segment, containing the Company's metallurgical operations in West Virginia, and the Thermal segment containing the Company's thermal operations in Wyoming and Colorado.

Reporting segment results for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022 are presented below. The Corporate, Other, and Eliminations grouping includes these charges: idle operations; change in fair value of coal derivatives, net; corporate overhead; land management activities; other support functions; and the elimination of intercompany transactions.





| (In thousands) | MET | Thermal | Corporate, Other and Eliminations | Consolidated | MET | Thermal | Corporate, Other and Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|---|
| **Three Months Ended June 30, 2023** | | | | | | | | |
| **Three Months Ended September 30, 2023** | | | | | | | | |
| Revenues | $ 451,752 | $ 305,542 | $ — | $ 757,294 | $ 432,835 | $ 311,766 | $ — | $ 744,601 |
| Adjusted EBITDA | 132,839 | 29,179 | (31,632) | 130,386 | 128,322 | 23,373 | (25,404) | 126,291 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Depreciation, depletion and amortization | 28,228 | 7,648 | 201 | 36,077 | 29,494 | 7,001 | 222 | 36,717 |
| Accretion on asset retirement obligation | 615 | 4,314 | 364 | 5,293 | 651 | 4,314 | 327 | 5,292 |
| Total assets | 1,074,408 | 408,516 | 903,977 | 2,386,901 | 1,046,404 | 415,373 | 904,081 | 2,365,858 |
| Capital expenditures | 35,639 | 10,042 | 325 | 46,006 | 33,806 | 10,369 | 249 | 44,424 |
| **Three Months Ended June 30, 2022** | | | | | | | | |
| **Three Months Ended September 30, 2022** | | | | | | | | |
| Revenues | $ 724,492 | $ 408,866 | $ — | $ 1,133,358 | $ 444,306 | $ 419,529 | $ — | $ 863,835 |
| Adjusted EBITDA | 396,426 | 93,336 | (29,795) | 459,967 | 155,185 | 96,812 | (29,041) | 222,956 |
| Depreciation, depletion and amortization | 27,432 | 5,134 | 214 | 32,780 | 28,354 | 5,388 | 216 | 33,958 |
| Accretion on asset retirement obligation | 553 | 3,444 | 433 | 4,430 | 553 | 3,444 | 433 | 4,430 |
| Total assets | 1,019,408 | 287,039 | 1,007,200 | 2,313,647 | 1,020,849 | 325,580 | 973,433 | 2,319,862 |
| Capital expenditures | 25,927 | 4,594 | 348 | 30,869 | 36,389 | 4,604 | 367 | 41,360 |
| **Six Months Ended June 30, 2023** | | | | | | | | |
| **Nine Months Ended September 30, 2023** | | | | | | | | |
| Revenues | $ 987,923 | $ 639,302 | $ — | $ 1,627,225 | $1,420,758 | $ 951,068 | $ — | $ 2,371,826 |
| Adjusted EBITDA | 395,896 | 75,434 | (63,603) | 407,727 | 524,218 | 98,807 | (89,007) | 534,018 |
| Depreciation, depletion and amortization | 56,082 | 15,056 | 418 | 71,556 | 85,575 | 22,057 | 641 | 108,273 |
| Accretion on asset retirement obligation | 1,229 | 8,628 | 728 | 10,585 | 1,880 | 12,941 | 1,056 | 15,877 |
| Total assets | 1,074,408 | 408,516 | 903,977 | 2,386,901 | 1,046,404 | 415,373 | 904,081 | 2,365,858 |
| Capital expenditures | 60,459 | 15,535 | 612 | 76,606 | 94,205 | 25,904 | 921 | 121,030 |
| **Six Months Ended June 30, 2022** | | | | | | | | |
| **Nine Months Ended September 30, 2022** | | | | | | | | |
| Revenues | $ 1,196,664 | $ 804,630 | $ — | $ 2,001,294 | $1,640,970 | $1,224,159 | $ — | $ 2,865,129 |
| Adjusted EBITDA | 655,429 | 193,836 | (68,315) | 780,950 | 810,615 | 290,648 | (97,357) | 1,003,906 |
| Depreciation, depletion and amortization | 54,384 | 10,166 | 440 | 64,990 | 82,738 | 15,554 | 656 | 98,948 |
| Accretion on asset retirement obligation | 1,106 | 6,888 | 866 | 8,860 | 1,660 | 10,331 | 1,299 | 13,290 |
| Total assets | 1,019,408 | 287,039 | 1,007,200 | 2,313,647 | 1,020,849 | 325,580 | 973,433 | 2,319,862 |
| Capital expenditures | 43,508 | 8,596 | 1,053 | 53,157 | 79,896 | 13,200 | 1,421 | 94,517 |

A reconciliation of net income to Adjusted EBITDA and segment Adjusted EBITDA from coal operations follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|---|---|---|---|
| (In thousands) | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Net income | $ 77,353 | $ 407,563 | $ 275,461 | $ 679,435 | $ 73,691 | $ 181,007 | $ 349,152 | $ 860,443 |
| Provision for income taxes | 12,920 | 496 | 50,058 | 951 | 16,781 | 474 | 66,839 | 1,424 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Interest (income) expense, net | (664) | 4,610 | 126 | 11,633 | (1,683) | 1,836 | (1,557) | 13,469 |
| Depreciation, depletion and amortization | 36,077 | 32,780 | 71,556 | 64,990 | 36,717 | 33,958 | 108,273 | 98,948 |
| Accretion on asset retirement obligations | 5,293 | 4,430 | 10,585 | 8,860 | 5,292 | 4,430 | 15,877 | 13,290 |
| Non-service related pension and postretirement benefit (credits) costs | (593) | 459 | (1,185) | 1,332 | (4,507) | 857 | (5,692) | 2,189 |
| Net loss resulting from early retirement of debt | — | 9,629 | 1,126 | 13,749 | — | 394 | 1,126 | 14,143 |
| Adjusted EBITDA | $ 130,386 | $ 459,967 | $ 407,727 | $ 780,950 | $ 126,291 | $ 222,956 | $ 534,018 | $ 1,003,906 |
| EBITDA from idled or otherwise disposed operations | 4,664 | 3,957 | 8,696 | 6,348 | 30 | 3,624 | 8,726 | 9,972 |
| Selling, general and administrative expenses | 22,791 | 26,516 | 48,813 | 53,164 | 24,279 | 26,107 | 73,092 | 79,271 |
| Other | 4,177 | (678) | 6,094 | 8,804 | 1,095 | (690) | 7,189 | 8,114 |
| Segment Adjusted EBITDA from coal operations | $ 162,018 | $ 489,762 | $ 471,330 | $ 849,266 | $ 151,695 | $ 251,997 | $ 623,025 | $ 1,101,263 |



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**16. Revenue Recognition**

ASC 606-10-50-5 requires that entities disclose disaggregated revenue information in categories (such as type of goods or services, geography, market, type of contract, etc.) that depict how the nature, amount, timing, and uncertainty of revenue and cash flow are affected by economic factors. ASC 606-10-55-89 explains that the extent to which an entity's revenue is disaggregated depends on the facts and circumstances that pertain to the entity's contracts with customers and that some entities may need to use more than one type of category to meet the objective for disaggregating revenue.

In general, the Company's business segmentation is aligned according to the nature and economic characteristics of its coal and customer relationships and provides meaningful disaggregation of each segment's results. The Company has further disaggregated revenue between North America and Seaborne revenues which depicts the pricing and contract differences between the two. North America revenue is characterized by contracts with a term of one year or longer and typically the pricing is fixed; whereas Seaborne revenue generally is derived by spot or short term contracts with an index-based pricing mechanism.

| | MET | Thermal | Corporate, Other and Eliminations | Consolidated | MET | Thermal | Corporate, Other and Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|---|
| | | (in thousands) | | | | (in thousands) | | |
| **Three Months Ended June 30, 2023** | | | | | | | | |
| **Three Months Ended September 30, 2023** | | | | | | | | |
| North America revenues | $ 93,715 | $ 247,092 | $ — | $ 340,807 | $ 108,895 | $ 251,759 | $ — | $ 360,654 |
| Seaborne revenues | 358,037 | 58,450 | — | 416,487 | 323,940 | 60,007 | — | 383,947 |
| Total revenues | $ 451,752 | $ 305,542 | $ — | $ 757,294 | $ 432,835 | $ 311,766 | $ — | $ 744,601 |
| **Three Months Ended June 30, 2022** | | | | | | | | |
| **Three Months Ended September 30, 2022** | | | | | | | | |
| North America revenues | $ 51,764 | $ 293,205 | $ — | $ 344,969 | $ 70,491 | $ 307,060 | $ — | $ 377,551 |
| Seaborne revenues | 672,728 | 115,661 | — | 788,389 | 373,815 | 112,469 | — | 486,284 |
| Total revenues | $ 724,492 | $ 408,866 | $ — | $ 1,133,358 | $ 444,306 | $ 419,529 | $ — | $ 863,835 |
| **Six Months Ended June 30, 2023** | | | | | | | | |
| **Nine Months Ended September 30, 2023** | | | | | | | | |
| North America revenues | $ 165,122 | $ 534,352 | $ — | $ 699,474 | $ 274,017 | $ 786,111 | $ — | $ 1,060,128 |
| Seaborne revenues | 822,801 | 104,950 | — | 927,751 | 1,146,741 | 164,957 | — | 1,311,698 |
| Total revenues | $ 987,923 | $ 639,302 | $ — | $ 1,627,225 | $1,420,758 | $ 951,068 | $ — | $ 2,371,826 |
| **Six Months Ended June 30, 2022** | | | | | | | | |
| **Nine Months Ended September 30, 2022** | | | | | | | | |
| North America revenues | $ 55,415 | $ 598,768 | $ — | $ 654,183 | $ 125,906 | $ 905,829 | $ — | $ 1,031,735 |
| Seaborne revenues | 1,141,249 | 205,862 | — | 1,347,111 | 1,515,064 | 318,330 | — | 1,833,394 |
| Total revenues | $ 1,196,664 | $ 804,630 | $ — | $ 2,001,294 | $1,640,970 | $1,224,159 | $ — | $ 2,865,129 |

As of June 30, 2023 September 30, 2023, the Company has outstanding performance obligations for the remainder of 2023 of 39.6 million 18.5 million tons of fixed price contracts and 4.3 million 2.2 million tons of variable price contracts. Additionally, the Company has outstanding performance obligations beyond 2023 of approximately 88.7 million 95.2 million tons of fixed price contracts and 3.4 million 3.7 million tons of variable price contracts.





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**17. Leases**

The Company has operating and financing leases for mining equipment, office equipment, office space and transloading terminals with remaining lease terms ranging from less than one year to approximately four years. Some of these leases include both lease and non-lease components which are accounted for as a single lease component as the Company has elected the practical expedient to combine these components for all leases. As most of the leases do not provide an implicit rate, the Company calculated the "right-of-use" ("ROU") assets and lease liabilities using its secured incremental borrowing rate at the lease commencement date.

As of June 30, 2023 September 30, 2023 and December 31, 2022, the Company had the following ROU assets and lease liabilities within its Condensed Consolidated Balance Sheets:

| | | June 30, 2023 | December 31, 2022 | | September 30, 2023 | December 31, 2022 |
|---|---|---|---|---|---|---|
| **Assets** | **Balance Sheet Classification** | | | **Balance Sheet Classification** | | |
| Operating lease right-of-use assets | Other noncurrent assets | $10,781 | $ 12,106 | Other noncurrent assets | $ 10,134 | $ 12,106 |
| Financing lease right-of-use assets | Other noncurrent assets | 2,270 | 2,918 | Other noncurrent assets | 1,945 | 2,918 |
| Total Lease Assets | | $13,051 | $ 15,024 | | $ 12,079 | $ 15,024 |
| | | | | | | |
| **Liabilities** | **Balance Sheet Classification** | | | **Balance Sheet Classification** | | |
| Financing lease liabilities - current | Accrued expenses and other current liabilities | $ 1,009 | $ 977 | Accrued expenses and other current liabilities | $ 1,025 | $ 977 |
| Operating lease liabilities - current | Accrued expenses and other current liabilities | 2,708 | 2,722 | Accrued expenses and other current liabilities | 2,719 | 2,722 |
| Financing lease liabilities - long-term | Other noncurrent liabilities | 2,608 | 3,121 | Other noncurrent liabilities | 2,346 | 3,121 |
| Operating lease liabilities - long-term | Other noncurrent liabilities | 8,638 | 9,993 | Other noncurrent liabilities | 7,929 | 9,993 |
| | | $14,963 | $ 16,813 | | $ 14,019 | $ 16,813 |
| | | | | | | |
| Weighted average remaining lease term in years | | | | | | |
| Operating leases | | 3.64 | 4.14 | | 3.53 | 4.14 |
| Finance leases | | 1.75 | 2.25 | | 1.50 | 2.25 |
| | | | | | | |
| Weighted average discount rate | | | | | | |
| Operating leases | | 5.5% | 5.5% | | 5.5% | 5.5% |
| Finance leases | | 6.4% | 6.4% | | 6.4% | 6.4% |

Information related to leases was as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | (In thousands) | | (In thousands) | | (In thousands) | | (In thousands) | |
| **Operating lease information:** | | | | | | | | |

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Operating lease cost | $ | 831 | $ | 831 | $ | 1,661 | $ | 1,661 | $ | 801 | $ | 831 | $ | 2,462 | $ | 2,492 |
| Operating cash flows from operating leases | | 828 | | 820 | | 1,704 | | 1,686 | | 851 | | 876 | | 2,555 | | 2,562 |
| | | | | | | | | | | | | | | | | |
| **Financing lease information:** | | | | | | | | | | | | | | | | |
| Financing lease cost | $ | 393 | $ | 393 | $ | 786 | $ | 786 | $ | 393 | $ | 393 | $ | 1,179 | $ | 1,179 |
| Operating cash flows from financing leases | | 303 | | 303 | | 605 | | 605 | | 303 | | 303 | | 908 | | 908 |



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Future minimum lease payments under non-cancellable leases as of June 30, 2023 September 30, 2023 were as follows:

| Year | Operating Leases | Finance Leases | Operating Leases | Finance Leases |
|---|---|---|---|---|
| | (In thousands) | | (In thousands) | |
| 2023 | $ 1,652 | $ 605 | $ 801 | $ 303 |
| 2024 | 3,200 | 1,210 | 3,200 | 1,210 |
| 2025 | 3,186 | 2,112 | 3,185 | 2,111 |
| 2026 | 3,080 | — | 3,080 | — |
| 2027 | 1,533 | — | 1,533 | — |
| Thereafter | — | — | — | — |
| Total minimum lease payments | $ 12,651 | $ 3,927 | $ 11,799 | $3,624 |
| Less imputed interest | (1,305) | (310) | (1,151) | (253) |
| | | | | |
| Total lease liabilities | $ 11,346 | $ 3,617 | $ 10,648 | $3,371 |

**18. Subsequent Event**

On July 27, 2023 October 26, 2023, the Company announced the board approval of a quarterly dividend of $3.97 $1.13 per share for stockholders of record on August 31, 2023 November 30, 2023, with a payment date of September 15, 2023 December 15, 2023. The dividend consists of a fixed component of $0.25 per share and a variable component of $3.72 $0.88 per share.

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

Unless the context otherwise requires, all references in this report to "Arch," the "Company," "we," "us," or "our" are to Arch Resources, Inc. and its subsidiaries.

**Cautionary Notice Regarding Forward-Looking Statements**

This report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended - that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as "should," "could," "appears," "estimates," "expects," "anticipates," "intends," "may," "plans," "predicts," "projects," "believes," "seeks," or "will." Actual results may vary significantly from those anticipated due to many factors, including: loss of availability, reliability and cost-effectiveness of transportation facilities and fluctuations in transportation costs; inflationary pressures and availability and price of mining and other industrial supplies; changes in coal prices, which may be caused by numerous factors beyond our control, including changes in the domestic and foreign supply of and demand for coal and the domestic and foreign demand for steel and electricity; volatile economic and market conditions; operating risks beyond our control, including risks related to mining conditions, mining, processing and plant equipment failures or maintenance problems, weather and natural disasters, the unavailability of raw materials, equipment or other critical supplies, mining accidents, and other inherent risks of coal mining that are beyond our control; the effects of foreign and domestic trade policies, actions or disputes on the level of trade among the countries and regions in which we operate, the competitiveness of our exports, or our ability to export; competition, both within our industry and with producers of competing energy sources, including the effects from any current or future legislation or regulations designed to support, promote or mandate renewable energy sources; alternative steel production technologies that may reduce demand for our coal; our ability to secure new coal supply arrangements or to renew existing coal supply arrangements; the loss of, or significant reduction in, purchases by our largest customers; disruptions in the supply of coal from third parties; risks related to our international growth; our relationships with, and other conditions affecting our customers and our ability to collect payments from our customers; the availability and cost of surety bonds; including potential collateral requirements; we may not have adequate insurance coverage for some business risks; additional demands for credit support by third parties and decisions by banks, surety bond providers, or other counterparties to reduce or eliminate their exposure to the coal industry; inaccuracies in our estimates of our coal reserves; defects in title or the loss of a leasehold interest; losses as a result of certain marketing and asset optimization strategies; cyber-attacks or other security breaches that disrupt our operations, or that result in the unauthorized release of proprietary, confidential or personally identifiable information; our ability to acquire or develop coal reserves in an economically feasible manner; our ability to pay dividends or repurchase shares of our common stock according to our announced intent or at all; the loss of key personnel or the failure to attract additional qualified personnel and the availability of skilled employees and other workforce factors; existing and future legislation and regulations affecting both our coal mining operations and our customers' coal usage, governmental policies and taxes, including those aimed at reducing emissions of elements such as mercury, sulfur dioxides, nitrogen oxides, particulate matter or greenhouse gases; increased pressure from political and regulatory authorities, along with environmental and climate change activist groups, and lending and investment policies adopted by financial institutions and insurance companies to address concerns about the environmental impacts of coal combustion; increased attention to environmental, social or governance matters ("ESG"); our ability to obtain and renew various permits necessary for our mining operations; risks related to regulatory agencies ordering certain of our mines to be temporarily or permanently closed under certain circumstances; risks related to extensive environmental regulations that impose significant costs on our mining operations and could result in litigation or material liabilities; the accuracy of our estimates of reclamation and other mine closure obligations; the existence of hazardous substances or other environmental contamination on property owned or used by us; and risks related to tax legislation and our ability to use net operating losses and certain tax credits. All forward-looking statements in this report, as well as all other written and oral forward-looking statements attributable to us or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements contained in this section and elsewhere in this report. These factors are not necessarily all of the important factors that could affect us. These risks and uncertainties, as well as other risks of which we are not aware or which we currently do not believe to be material, may cause our actual future results to be materially different than those expressed in our forward-looking statements. These forward-looking statements speak only as of the date on which such statements were made, and we do not undertake to update our forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by the federal securities laws. For a





description of some of the risks and uncertainties that may affect our future results, you should see the "Risk Factors" in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022 and subsequent Form 10-Q filings.

**Overview**

Our results for the three months ended June 30, 2023 September 30, 2023 were pressured by softening of global metallurgical and thermal coal markets. Despite the current softness, coal markets, particularly coking coal markets, have remained above previous long-term average levels. levels, and high-quality coking coal markets began to strengthen late in the third quarter. The Russian invasion of Ukraine continues to distort previously established trading patterns in the global energy markets. However, slow global economic growth, and the generally mild winter heating season in Europe and much of North America has have limited overall energy demand and moderated both metallurgical and thermal coal markets. In the Pacific, while China has lifted the suspension of purchases of Australian coal, traditional trade flows in coal markets are far from being reestablished. General global inflationary pressure has moderated, following tighter monetary policies from many nations' central banks. However, inflation may not be completely contained, and the timing and magnitude of further tightening of monetary policy remains uncertain. On a macro level, the outlook for global economic growth is uncertain, but supply constraints continue to support global metallurgical and thermal coal markets to varying degrees.

The February 2022 Russian invasion of Ukraine continues to significantly disrupt previously established global coal and energy trading patterns, driving Russian products into Asian markets at discounted prices. Ongoing bans on the import of Russian coal by the European Union, the United Kingdom, Japan, and other nations continues continue to pressure availability of supply to these markets. In particular, the European Union's ban on importation of Russian coal, which became effective on August 10, 2022, and the related restriction of Russian natural gas supplies into Europe, contributed to historically high thermal coal prices in the international markets during 2022. The mild winter heating season in Europe prevented anticipated natural gas and electricity shortages, allowing European energy markets to moderate. This moderation of European energy prices has led to the reopening of several Basic Oxygen Furnace ("BOF") steel plants in Europe that had been idled during 2022. While However, during the outlook for steel production and coking coal demand three months ended September 30, 2023, continued economic weakness in Europe, has improved, currently broad and the related decline in prices for finished steel products, led to new announcements of idlings of BOF steel plants for maintenance activities. Current economic weakness constrains demand for finished steel products. products in Europe.

Since In the fourth quarter of 2020, China had effectively banned the import of coking coal and thermal coal, among other products, from Australia, the largest global exporter of coking coal. In the fourth quarter of 2022 China has since lifted began lifting this ban on Australian coal. The lifting of this ban is slowly impacting trade patterns, as Australian coal begins to flow into China once again. We expect international coking and thermal coal markets to remain volatile while a new equilibrium is sought in global trading patterns. Russian coking coal, offered at discounts to published indices, remains a larger share of Chinese and Indian imports compared to historical levels, but logistical, financial, and quality constraints exist as potential barriers to further increase in Russian supplies to these markets. Chinese domestic coking coal production, and overland imports from Mongolia, have also increased significantly. However, Australian coking coal supply has continued to decline, and North American coking coal supply has only increased incrementally, despite coking coal prices staying persistently above long-term historical averages. There are also some early signs that the current relative softness in international The consistent supply constraints have supported high-quality coking coal markets, may be putting financial pressure on some high cost producers. and by the end of the three months ended September 30, 2023, scarcity of high-quality coking coal has driven indices for these products higher.

Some new coking coal supply has been added to the market, and more is planned. However, production and logistical disruptions, continue to constrain supply. The duration of specific supply disruptions is unknown. We believe that underinvestment in the sector in recent years underlies longer-term market dynamics. Overall, underinvestment in the sector appears likely to persist, despite favorable markets, as government policies and diminished access to traditional capital markets limits investment in the sector. In the current macroeconomic environment, we expect coking coal prices to remain volatile. Longer term, we believe continued limited global capital investment in new coking coal production capacity, normal reserve depletion, and an eventual return to economic growth will provide support to coking coal markets.



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On October 2, 2023, we announced a reduction in our full year 2023 coking coal sales volume guidance from between 8.9 and 9.7 million tons to between 8.6 and 8.9 million tons, and an increase in full year Metallurgical Segment cash cost per ton sold guidance from between $79 and $89 to between $88 and $91. This volume reduction of approximately 0.5 to 0.6 million tons at the midpoint, and cost increase of approximately $5.50 per ton sold at the midpoint, primarily reflects ongoing challenges mining in the first longwall district at our Leer South mine.

During the first six nine months of 2023, domestic thermal coal consumption was pressured by falling natural gas prices, and a mild winter heating season in most of the heavily populated areas of the United States, and falling States. Low natural gas prices. prices persisted through the summer cooling season. Currently, natural gas prices are at levels such that allow it to economically the economic dispatch ahead of gas versus thermal coal. coal is dependent on region and plant specific parameters. We have firm sales commitments for the current year for our thermal segment at volume levels that provide for economic operation, even if though some volume is has been deferred. Longer term, we continue to believe thermal coal demand in the United States will remain pressured by continuing increases in subsidized renewable generation sources, particularly wind and solar, competition from natural gas, and planned retirements of coal



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fueled generating facilities, and competition from natural gas. facilities. Despite some moderation, international thermal coal markets remain above long term long-term historical averages, supporting continued export opportunities for our thermal operations.

During the first three months of 2023, we initially encountered adverse geologic conditions at our West Elk thermal coal operation. These conditions continue to impact impacted both our expected volumes and coal quality. Due to this situation, we have issued force majeure notices to our West Elk customers and logistics providers with shipments affected by that event. On September 1, 2023, we lifted the force majeure, and believe geologic conditions at West Elk will allow more normal operations going forward. We continue to communicate with these customers and logistics providers, and to manage through the adverse area transition back to mitigate impacts to the extent possible. more normal operations.

We continue to pursue strategic alternatives for our thermal assets, including, among other things, potential divestiture. We are concurrently shrinking our operational footprint at our Powder River Basin operations. During the first six nine months of 2023, we contributed $2.7 million $4.4 million to our fund for asset retirement obligations, representing interest earned, bringing our total to $138.7 million $140.4 million. Additionally, we performed approximately $8.5 million $13.1 million of reclamation work at our thermal operations in the first six nine months of 2023. We plan to continue to grow the thermal mine reclamation fund through both interest earnings and contributions from cash flow of $10 to $20 million over the next several quarters. earnings. We continue to exercise our operational flexibility to maximize cash generation from our thermal operations. Currently, our planned production levels correspond with existing commitments. Longer term, we will maintain our focus on aligning our thermal production rates with the expected secular decline in domestic thermal coal demand coal-fired power generation, while maximizing sales into export and viable export opportunities, while adjusting our thermal operating plans to minimize future cash requirements industrial markets, and maintain maintaining flexibility to react to short-term market fluctuations. We continue to streamline our entire organizational structure to reflect our long-term strategic direction as a leading producer of metallurgical products for the steelmaking industry.



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**Results of Operations**

***Three Months Ended June 30, 2023 September 30, 2023 and 2022***

*Revenues*. Our revenues include sales to customers of coal produced at our operations and coal purchased from third parties. Transportation costs are included in cost of coal sales and amounts billed by us to our customers for transportation are included in revenues.

*Coal sales*. The following table summarizes information about our coal sales during the three months ended June 30, 2023 September 30, 2023 and 2022:

| | Three Months Ended June 30, | | | Three Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | (Decrease) / Increase | 2023 | 2022 | (Decrease) / Increase |
| | | (In thousands) | | | (In thousands) | |
| Coal sales | $ 757,294 | $ 1,133,358 | $ (376,064) | $744,601 | $863,835 | $ (119,234) |
| Tons sold | 18,713 | 19,906 | (1,193) | 19,177 | 20,273 | (1,096) |

On a consolidated basis, coal sales in the second third quarter of 2023 were approximately $376.1 million $119.2 million, or 33.2% 13.8%, less than in the second third quarter of 2022, while tons sold decreased approximately 1.2 million 1.1 million tons, or 6.0% 5.4%. Coal sales from Metallurgical operations decreased approximately $272.7 million $11.5 million, primarily due to decreased pricing, and partially offset partially by increased volume. Thermal coal sales decreased approximately $103.3 million $107.8 million due to decreased pricing and volume. See the discussion in “Operational Performance” for further information about segment results.

*Costs, expenses and other.* The following table summarizes costs, expenses and other components of operating income during the three months ended June 30, 2023 September 30, 2023 and 2022:

| | Three Months Ended June 30, | | | Three Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | Increase (Decrease) in Net Income | 2023 | 2022 | Increase (Decrease) in Net Income |
| | | (In thousands) | | | (In thousands) | |
| Cost of sales (exclusive of items shown separately below) | $ 606,127 | $ 639,760 | $ 33,633 | $596,889 | $610,027 | $ 13,138 |
| Depreciation, depletion and amortization | 36,077 | 32,780 | (3,297) | 36,717 | 33,958 | (2,759) |
| Accretion on asset retirement obligations | 5,293 | 4,430 | (863) | 5,292 | 4,430 | (862) |
| Change in fair value of coal derivatives, net | 2,869 | 1,877 | (992) | (46) | (12,252) | (12,206) |
| Selling, general and administrative expenses | 22,791 | 26,516 | 3,725 | 24,279 | 26,107 | 1,828 |
| Other operating (income) expense, net | (4,879) | 5,238 | 10,117 | (2,812) | 16,997 | 19,809 |
| Total costs, expenses and other | $ 668,278 | $ 710,601 | $ 42,323 | $660,319 | $679,267 | $ 18,948 |

*Cost of sales.* Our cost of sales for the second third quarter of 2023 decreased approximately $33.6 million $13.1 million, or 5.3% 2.2%, versus the second third quarter of 2022. The decrease in cost of sales is directly primarily attributable to decreased transportation costs of approximately $27.3 million $29.0 million, and decreased sales sensitive costs of approximately $14.9 million $9.3 million partially offset partially by a reduction in coal inventory of $18.5 million compared to the prior period and increased compensation and related benefit costs contract services of approximately $6.0 million $4.3 million. See discussion in "Operational Performance" for further information about segment results.

*Depreciation, depletion and amortization.* The increase in depreciation, depletion, and amortization in the second third quarter of 2023 versus the second third quarter of 2022 primarily related to increased amortization within the Thermal segment related to the annual re-costing exercise on asset retirement obiligations obligations completed during the fourth quarter of 2022.

*Accretion on asset retirement obligations.* The increase in accretion expense in the second third quarter of 2023 versus the second third quarter of 2022 is primarily related to the results of our annual recosting exercise completed during the fourth quarter of 2022.





*Change in fair value of coal derivatives, net.* The costs in the second third quarter of 2023 versus the second third quarter of 2022 are primarily related to mark-to-market losses on coal derivatives that are used to hedge our price risk for international thermal coal shipments.





*Selling, general and administrative expenses.* The decrease in selling, general and administrative expenses in the second third quarter of 2023 versus the second third quarter of 2022 was due to a decrease in compensation related expenses.

*Other operating (income) expense, net*. The increase in other operating income, net in the second third quarter of 2023 versus the expense in the second third quarter of 2022, consists primarily of the net favorable impact of certain coal derivative settlements of approximately $21.0 million, partially offset by $14.7 million in the unfavorable impact of prior year, and mark to market movements on heating oil positions of approximately $7.8 million $5.5 million.

*Nonoperating expenses*. The following table summarizes our nonoperating expenses during the three months ended June 30, 2023 September 30, 2023 and 2022:

| | Three Months Ended June 30, | | | Three Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | Increase (Decrease) in Net Income | 2023 | 2022 | Increase (Decrease) in Net Income |
| | | (In thousands) | | | (In thousands) | |
| Non-service related pension and postretirement benefit credits (costs) | $ 593 | $ (459) | $ 1,052 | $ 4,507 | $ (857) | $ 5,364 |
| Net loss resulting from early retirement of debt | — | (9,629) | 9,629 | — | (394) | 394 |
| Total nonoperating expenses | $ 593 | $ (10,088) | $ 10,681 | $ 4,507 | $ (1,251) | $ 5,758 |

*Net loss resulting from early retirement of debt*Non-service related pension and postretirement benefit credits (costs). In the prior year quarter, we incurred a $9.6 million loss from the exchange of approximately $125.2 million principal amount of our Convertible Notes. For further information, see See Note 8, "Debt and Financing Arrangements" 13, "Employee Benefit Plans" to the Condensed Consolidated Financial Statements. Statements for additional information regarding the termination of the Company's Cash Balance Pension.

*Provision for income taxes*. The following table summarizes our provision for income taxes for the three months ended June 30, 2023 September 30, 2023 and 2022:

| | Three Months Ended June 30, | | | Three Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | Increase (Decrease) in Net Income | 2023 | 2022 | Increase (Decrease) in Net Income |
| | | (In thousands) | | | (In thousands) | |
| Provision for income taxes | $ 12,920 | $ 496 | $ (12,424) | $ 16,781 | $ 474 | $ (16,307) |

See Note 9, "Income Taxes," to the Condensed Consolidated Financial Statements for additional information regarding the comparison of the income tax provision at the statutory rate to the actual provision for taxes.

***Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022***

*Revenues*. Our revenues include sales to customers of coal produced at our operations and coal purchased from third parties. Transportation costs are included in cost of coal sales and amounts billed by us to our customers for transportation are included in revenues.

*Coal sales*. The following table summarizes information about our coal sales during the six nine months ended June 30, 2023 September 30, 2023 and 2022:

| | Six Months Ended June 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | (Decrease) / Increase | 2023 | 2022 | (Decrease) / Increase |
| | | (In thousands) | | | (In thousands) | |
| Coal sales | $ 1,627,225 | $ 2,001,294 | $ (374,069) | $2,371,826 | $2,865,129 | $ (493,303) |
| Tons sold | 37,890 | 39,644 | (1,754) | 57,066 | 59,916 | (2,850) |

On a consolidated basis, coal sales in the first half nine months of 2023 were approximately $374.1 million $493.3 million, or 18.7% 17.2%, less than in the first half nine months of 2022, while tons sold decreased approximately 1.8 million 2.8 million tons, or 4.4% all of which was in the

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thermal segment. 4.8%. Coal sales from Metallurgical operations decreased approximately $208.7 million $220.2 million primarily due to lower realized pricing, partially offset by increased volume. Thermal coal sales decreased approximately $165.3 million $273.1 million due to decreased pricing and volume. See the discussion in “Operational Performance” for further information about segment results.



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*Costs, expenses and other.* The following table summarizes costs, expenses and other components of operating income during the six nine months ended June 30, 2023 September 30, 2023 and 2022:

| | Six Months Ended June 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | Increase (Decrease) in Net Income | 2023 | 2022 | Increase (Decrease) in Net Income |
| | | (In thousands) | | | (In thousands) | |
| Cost of sales (exclusive of items shown separately below) | $ 1,177,864 | $ 1,147,985 | $ (29,879) | $1,774,753 | $1,758,012 | $ (16,741) |
| Depreciation, depletion and amortization | 71,556 | 64,990 | (6,566) | 108,273 | 98,948 | (9,325) |
| Accretion on asset retirement obligations | 10,585 | 8,860 | (1,725) | 15,877 | 13,290 | (2,587) |
| Change in fair value of coal derivatives, net | 1,407 | 17,396 | 15,989 | 1,361 | 5,144 | 3,783 |
| Selling, general and administrative expenses | 48,813 | 53,164 | 4,351 | 73,092 | 79,271 | 6,179 |
| Other operating (income) expense, net | (8,586) | 1,799 | 10,385 | (11,398) | 18,796 | 30,194 |
| Total costs, expenses and other | $ 1,301,639 | $ 1,294,194 | $ (7,445) | $1,961,958 | $1,973,461 | $ 11,503 |

*Cost of sales*. Our cost of sales for the first half nine months of 2023 increased approximately $29.9 million $16.7 million, or 2.6% 1.0%, versus the first half nine months of 2022. The increase in cost of sales is directly primarily attributable to general inflationary pressure on most goods and services, which consists of increased repairs and supplies costs of approximately $36.9 million and $34.8 million, a $30.5 million reduction of coal inventory compared to the prior period, increased compensation costs of approximately $22.2 million $23.9 million, increased contract services of approximately $4.5 million, and increased insurance and taxes of approximately $6.6 million partially offset by decreased transportation costs of approximately $31.1 million $60.1 million and decreased sales sensitive costs of approximately $21.9 million. See discussion in “Operational Performance” for further information about segment results.

*Depreciation, depletion, and amortization*. The increase in depreciation, depletion, and amortization in the first half nine months of 2023 versus the first half nine months of 2022 primarily related relates to increased amortization within the Thermal segment related to the annual re-costing exercise on asset retirement obligations obligations completed during the fourth quarter of 2022.

*Accretion on asset retirement obligations.* The increase in accretion expense in the first half nine months of 2023 versus the first half nine months of 2022 is primarily related to the results of our annual recosting exercise completed during the fourth quarter of 2022.

*Change in fair value of coal derivatives and coal trading activities, derivative, net.* The costs in both the first half nine months of 2023 and 2022 are primarily related to mark-to-market losses on coal derivatives that are used to hedge our price risk for international thermal coal shipments.

*Selling, general and administrative expenses.* Selling, general and administrative expenses in the first half nine months of 2023 decreased versus the first half nine months of 2022, primarily due to decreased compensation costs of approximately $5.5 million $7.2 million, primarily related to higher incentive compensation accruals recorded in the first half of 2022, partially offset by an increase in professional services of approximately $1.4 million $1.7 million.

*Other operating (income) expense, net*. The income change in other operating (income) expense, net in the first half nine months of 2023 versus the expense in first half nine months of 2022 is primarily due to the net favorable impact of certain coal derivative settlements of approximately $32.7 million, $47.4 million when compared to prior year, partially offset by the unfavorable impact of mark to market movements on heating oil positions of approximately $15.9 million, $10.4 million and an approximate $2.2 million reduction $3.1 million increase in our equity investment and $1.8 million in liquidated damages on unused port capacity relating to our thermal operations. expense.

*Nonoperating expenses.* The following table summarizes our nonoperating expenses during the six nine months ended June 30, 2023 September 30, 2023 and 2022:



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| | Six Months Ended June 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | Increase (Decrease) in Net Income | 2023 | 2022 | Increase (Decrease) in Net Income |
| | (In thousands) | | | (In thousands) | | |
| Non-service related pension and postretirement benefit credits (costs) | $ 1,185 | $ (1,332) | $ 2,517 | $ 5,692 | $ (2,189) | $ 7,881 |
| Net loss resulting from early retirement of debt | (1,126) | (13,749) | 12,623 | (1,126) | (14,143) | 13,017 |
| Total non-operating expenses | $ 59 | $ (15,081) | $ 15,140 | $ 4,566 | $ (16,332) | $ 20,898 |

*Non-service related pension and postretirement benefit credits (costs).* See Note 13, "Employee Benefit Plans" to the Condensed Consolidated Financial Statements for additional information regarding the termination of the Company's Cash Balance Pension.

*Net loss resulting from early retirement of debt*. In the first half nine months of 2022, we repaid $272.3 million $273.0 million of our Term Loan and entered into privately negotiated exchanges for approximately $125.2 million $129.9 million principal amount of our Convertible Notes. As a result of these transactions, we recorded losses of $13.7 million $14.1 million resulting from early debt extinguishment expenses. For further information, see Note 8, "Debt and Financing Arrangements" to the Condensed Consolidated Financial Statements.

*Provision for income taxes*. The following table summarizes our provision for income taxes during the six nine months ended June 30, 2023 September 30, 2023 and 2022:

| | Six Months Ended June 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | Increase (Decrease) in Net Income | 2023 | 2022 | Increase (Decrease) in Net Income |
| | (In thousands) | | | (In thousands) | | |
| Provision for income taxes | $ 50,058 | $ 951 | $ (49,107) | $ 66,839 | $ 1,424 | $ (65,415) |

See Note 9, “Income Taxes” to the Condensed Consolidated Financial Statements for a reconciliation of the federal income tax provision at the statutory rate to the actual provision for income taxes.



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**Operational Performance**

***Three and Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022***

Our mining operations are evaluated based on Adjusted EBITDA, per-ton cash operating costs (defined as including all mining costs except depreciation, depletion, amortization, accretion on asset retirements obligations, and pass-through transportation expenses, divided by segment tons sold), and on other non-financial measures, such as safety and environmental performance. Adjusted EBITDA is defined as net income attributable to us before the effect of net interest expense, income taxes, depreciation, depletion and amortization, the amortization of sales contracts, the accretion on asset retirement obligations and nonoperating income (expenses). Adjusted EBITDA may also be adjusted for items that may not reflect the trend of future results by excluding transactions that are not indicative of our core operating performance. Adjusted EBITDA is not a measure of financial performance in accordance with generally accepted accounting principles, and items excluded from Adjusted EBITDA are significant in understanding and assessing our financial condition. Therefore, Adjusted EBITDA should not be considered in isolation, nor as an alternative to net income, income from operations, cash flows from operations or as a measure of our profitability, liquidity or performance under generally accepted accounting principles. Furthermore, analogous measures are used by industry analysts and investors to evaluate our operating performance. Investors should be aware that our presentation of Adjusted EBITDA may not be comparable to similarly titled measures used by other companies.

The following table shows results by operating segment for the three and six nine months ended June 30, 2023 September 30, 2023 and June 30, 2022 September 30, 2022.

| | Three Months Ended June 30, | | | Six Months Ended June 30, | | | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | Variance | 2023 | 2022 | Variance | 2023 | 2022 | Variance | 2023 | 2022 | Variance |
| ***Metallurgical*** | | | | | | | | | | | | |
| Tons sold (in thousands) | 2,461 | 2,114 | 347 | 4,616 | 3,657 | 959 | 2,346 | 1,908 | 438 | 6,962 | 5,565 | 1,397 |
| Coal sales per ton sold | $ 143.67 | $ 286.40 | $ (142.73) | $ 171.95 | $ 273.36 | $ (101.41) | $ 151.33 | $ 181.34 | $ (30.01) | $ 165.00 | $ 241.81 | $ (76.81) |
| Cash cost per ton sold | $ 89.94 | $ 98.95 | $ 9.01 | $ 86.54 | $ 94.35 | $ 7.81 | $ 96.63 | $ 100.27 | $ 3.64 | $ 89.94 | $ 96.38 | $ 6.44 |
| Cash margin per ton sold | $ 53.73 | $ 187.45 | $ (133.72) | $ 85.41 | $ 179.02 | $ (93.61) | $ 54.70 | $ 81.07 | $ (26.37) | $ 75.06 | $ 145.43 | $ (70.37) |
| Adjusted EBITDA (in thousands) | $132,839 | $396,426 | $(263,587) | $395,896 | $655,429 | $(259,533) | $128,322 | $155,185 | $ (26,863) | $524,218 | $810,615 | $(286,397) |
| ***Thermal*** | | | | | | | | | | | | |
| Tons sold (in thousands) | 16,252 | 17,792 | (1,539) | 33,274 | 35,987 | (2,713) | 16,831 | 18,365 | (1,534) | 50,104 | 54,351 | (4,247) |
| Coal sales per ton sold | $ 16.81 | $ 19.62 | $ (2.81) | $ 17.67 | $ 19.23 | $ (1.56) | $ 16.73 | $ 19.94 | $ (3.21) | $ 17.35 | $ 19.47 | $ (2.12) |
| Cash cost per ton sold | $ 15.04 | $ 14.48 | $ (0.56) | $ 15.42 | $ 13.95 | $ (1.47) | $ 15.39 | $ 14.76 | $ (0.63) | $ 15.41 | $ 14.22 | $ (1.19) |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cash margin per ton sold | $ 1.77 | $ 5.14 | $ (3.37) | $ 2.24 | $ 5.28 | $ (3.04) | $ 1.34 | $ 5.18 | $ (3.84) | $ 1.94 | $ 5.25 | $ (3.31) |
| Adjusted EBITDA (in thousands) | $ 29,179 | $ 93,336 | $ (64,157) | $ 75,434 | $193,836 | $(118,402) | $ 23,373 | $ 96,812 | $ (73,439) | $ 98,807 | $290,648 | $(191,841) |

This table reflects numbers reported under a basis that differs from U.S. GAAP. See “Reconciliation of Non-GAAP measures” below for explanation and reconciliation of these amounts to the nearest GAAP measures. Other companies may calculate these per ton amounts differently, and our calculation may not be comparable to other similarly titled measures.

*Metallurgical* — Adjusted EBITDA for the three and six nine months ended June 30, 2023 September 30, 2023 decreased from the three and six nine months ended June 30, 2022 September 30, 2022 due to decreased coal sales per ton sold, partially offset by increased tons sold and lower cash cost per ton sold. As discussed previously in the “Overview,” coal sales per ton sold declined from the historically high levels of the prior year periods as weak global economic growth muted demand for finished steel products, which exerted downward pressure on international coking coal prices. Tons sold increased and cash cost per ton sold decreased as each of our metallurgical mines increased production volume over the prior year periods. In particular, our Leer South mine productivity improved significantly, as the prior year periods were impacted by adverse geologic conditions. Cash cost per ton sold decreased versus the prior year periods despite continued inflationary pressure on most goods and services, due to the increase in production volume and decreased taxes and royalties that are based on a percentage of coal sales per ton sold.



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Our Metallurgical segment sold 2.3 million tons of coking coal and 0.2 million tons of associated thermal coal in the three months ended June 30, 2023, compared to 2.1 million 2.2 million tons of coking coal and 0.1 million tons of associated thermal coal in the three months ended June 30, 2022. For the six months ended June 30, 2023 September 30, 2023, we sold 4.3 million compared to 1.8 million tons of coking coal and 0.3 million 0.1 million tons of associated thermal coal in the three months ended September 30, 2022. For the nine months ended September 30, 2023, we sold 6.5 million tons of coking coal and 0.4 million tons of associated thermal coal, compared to 3.5 million 5.3 million tons of coking coal and 0.2 million tons of associated thermal coal in the six nine months ended June 30, 2022 September 30, 2022. Longwall operations accounted for approximately 72% 79% of our shipment volume in the three months ended June 30, 2023 September 30, 2023 and approximately 77% of our shipment volume in the nine months ended September 30, 2023, compared to approximately 78% of our shipment volume in the three months ended September 30, 2022 and approximately 76% of our shipment volume in the six nine months ended June 30, 2023, compared to approximately 76% of our shipment volume in the three months ended June 30, 2022 and approximately 75% of our shipment volume in the six months ended June 30, 2022 September 30, 2022.

*Thermal* — Adjusted EBITDA for the three and six nine months ended June 30, 2023 September 30, 2023 decreased versus the three and six nine months ended June 30, 2022 September 30, 2022, due to decreased coal sales per ton sold, decreased tons sold, and increased cash cost per ton sold. All of these metrics were adversely impacted in the current three three- and six month nine-month periods by the generally mild heating and cooling seasons, low natural gas prices, and the adverse geologic conditions encountered at our West Elk operation, as discussed in the Overview section above. Additionally, the decline in coal Coal sales per ton sold was further impacted in the current year periods is related to by the roll off and replacement of some high-priced domestic business that was contracted for the prior year periods during the second half of 2021, which was a period of very strong domestic thermal coal markets. The tons sold decrease in the current year periods is related to rail service constraints early in the year, and the generally mild winter heating season and the related significant drop in natural gas prices versus Additionally, the prior year periods. periods had historically high international thermal coal indices upon which most of our export thermal sales are priced. Cash cost per ton sold increased primarily due to the decrease in tons sold.

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***Reconciliation of Non-GAAP measures***

*Segment coal sales per ton sold*

Non-GAAP Segment coal sales per ton sold is calculated as segment coal sales revenues divided by segment tons sold. Segment coal sales revenues are adjusted for transportation costs, and may be adjusted for other items that, due to generally accepted accounting principles, are classified in “other income” on the Income Statements, but relate to price protection on the sale of coal. Segment coal sales per ton sold is not a measure of financial performance in accordance with generally accepted accounting principles. We believe segment coal sales per ton sold provides useful information to investors as it better reflects our revenue for the quality of coal sold and our operating results by including all income from coal sales. The adjustments made to arrive at these measures are significant in understanding and assessing our financial condition. Therefore, segment coal sales revenues should not be considered in isolation, nor as an alternative to coal sales revenues under generally accepted accounting principles.

| **Three Months Ended June 30, 2023** | **Metallurgical** | **Thermal** | **Idle and Other** | **Consolidated** | | | | |
|---|---|---|---|---|---|---|---|---|
| **Three Months Ended September 30, 2023** | | | | | **Metallurgical** | **Thermal** | **Idle and Other** | **Consolidated** |
| **(In thousands)** | | | | | | | | |
| GAAP Revenues in the Consolidated Income Statements | $ 451,752 | $ 305,542 | $ — | $ 757,294 | | | | |
| GAAP Revenues in the Condensed Consolidated Income Statements | | | | | $ 432,835 | $311,766 | $ — | $ 744,601 |
| **Less: Adjustments to reconcile to Non-GAAP Segment coal sales revenue** | | | | | | | | |
| Coal risk management derivative settlements classified in "other income" | — | (3,587) | — | (3,587) | — | — | — | — |
| Transportation costs | 98,221 | 36,004 | — | 134,225 | 77,806 | 30,128 | — | 107,934 |
| Non-GAAP Segment coal sales revenues | $ 353,531 | $ 273,125 | $ — | $ 626,656 | $ 355,029 | $281,638 | $ — | $ 636,667 |
| Tons sold | 2,461 | 16,252 | | | 2,346 | 16,831 | | |
| Coal sales per ton sold | $ 143.67 | $ 16.81 | | | $ 151.33 | $ 16.73 | | |

| **Three Months Ended June 30, 2022** | **Metallurgical** | **Thermal** | **Idle and Other** | **Consolidated** | | | | |
|---|---|---|---|---|---|---|---|---|
| **Three Months Ended September 30, 2022** | | | | | **Metallurgical** | **Thermal** | **Idle and Other** | **Consolidated** |
| **(In thousands)** | | | | | | | | |
| GAAP Revenues in the Consolidated Income Statements | $ 724,492 | $ 408,866 | $ — | $ 1,133,358 | | | | |
| GAAP Revenues in the Condensed Consolidated Income Statements | | | | | $ 444,306 | $419,529 | $ — | $ 863,835 |
| **Less: Adjustments to reconcile to Non-GAAP Segment coal sales revenue** | | | | | | | | |
| Coal risk management derivative settlements classified in "other income" | — | 17,385 | — | 17,385 | — | 14,701 | — | 14,701 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Coal sales revenues from idled or otherwise disposed operations not included in segments | — | — | — | — | — | — | — | — |
| Transportation costs | 119,157 | 42,349 | — | 161,506 | 98,292 | 38,595 | — | 136,887 |
| Non-GAAP Segment coal sales revenues | $ 605,335 | $ 349,132 | $ — | $ 954,467 | $ 346,014 | $366,233 | $ — | $ 712,247 |
| Tons sold | 2,114 | 17,792 | | | 1,908 | 18,365 | | |
| Coal sales per ton sold | $ 286.40 | $ 19.62 | | | $ 181.34 | $ 19.94 | | |



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| Six Months Ended June 30, 2023 / Nine Months Ended September 30, 2023 (In thousands) | Metallurgical | Thermal | Idle and Other | Consolidated | Metallurgical | Thermal | Idle and Other | Consolidated |
|---|---|---|---|---|---|---|---|---|
| GAAP Revenues in the Consolidated Income Statements | $ 987,923 | $ 639,302 | $ — | $ 1,627,225 | | | | |
| GAAP Revenues in the Condensed Consolidated Income Statements | | | | | $ 1,420,758 | $951,068 | $ — | $ 2,371,826 |
| **Less: Adjustments to reconcile to Non-GAAP Segment coal sales revenue** | | | | | | | | |
| Coal risk management derivative settlements classified in "other income" | — | (6,254) | — | (6,254) | — | (6,255) | — | (6,255) |
| Coal sales revenues from idled or otherwise disposed operations not included in segments | — | — | — | — | — | — | — | — |
| Transportation costs | 194,275 | 57,725 | — | 252,000 | 272,080 | 87,853 | — | 359,933 |
| Non-GAAP Segment coal sales revenues | $ 793,648 | $ 587,831 | $ — | $ 1,381,479 | $ 1,148,678 | $869,470 | $ — | $ 2,018,148 |
| Tons sold | 4,616 | 33,274 | | | 6,962 | 50,104 | | |
| Coal sales per ton sold | $ 171.95 | $ 17.67 | | | $ 165.00 | $ 17.35 | | |

| Six Months Ended June 30, 2022 / Nine Months Ended September 30, 2022 (In thousands) | Metallurgical | Thermal | Idle and Other | Consolidated | Metallurgical | Thermal | Idle and Other | Consolidated |
|---|---|---|---|---|---|---|---|---|
| GAAP Revenues in the Consolidated Income Statements | $ 1,196,664 | $ 804,630 | $ — | $ 2,001,294 | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| GAAP Revenues in the Condensed Consolidated Income Statements | | | | | $ 1,640,970 | $1,224,159 | $ — | $ 2,865,129 |
| **Less: Adjustments to reconcile to Non-GAAP Segment coal sales revenue** | | | | | | | | |
| Coal risk management derivative settlements classified in "other income" | — | 26,458 | — | 26,458 | — | 41,159 | — | 41,159 |
| Coal sales revenues from idled or otherwise disposed operations not included in segments | — | — | — | — | — | — | — | — |
| Transportation costs | 197,021 | 86,093 | — | 283,114 | 295,313 | 124,688 | — | 420,001 |
| Non-GAAP Segment coal sales revenues | $ 999,643 | $ 692,079 | $ — | $ 1,691,722 | $ 1,345,657 | $1,058,312 | $ — | $ 2,403,969 |
| Tons sold | 3,657 | 35,987 | | | 5,565 | 54,351 | | |
| Coal sales per ton sold | $ 273.36 | $ 19.23 | | | $ 241.81 | $ 19.47 | | |



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*Segment cash cost per ton sold*

Non-GAAP Segment cash cost per ton sold is calculated as segment cash cost of coal sales divided by segment tons sold. Segment cash cost of coal sales is adjusted for transportation costs, and may be adjusted for other items that, due to generally accepted accounting principles, are classified in “other income” on the statements of operations, but relate directly to the costs incurred to produce coal. Segment cash cost per ton sold is not a measure of financial performance in accordance with generally accepted accounting principles. We believe segment cash cost per ton sold better reflects our controllable costs and our operating results by including all costs incurred to produce coal. The adjustments made to arrive at these measures are significant in understanding and assessing our financial condition. Therefore, segment cash cost of coal sales should not be considered in isolation, nor as an alternative to cost of sales under generally accepted accounting principles.

| | | | Idle and | | | | Idle and | |
|---|---|---|---|---|---|---|---|---|
| **Three Months Ended June 30, 2023** | **Metallurgical** | **Thermal** | **Other** | **Consolidated** | | | | |
| **Three Months Ended September 30, 2023** | | | | | **Metallurgical** | **Thermal** | **Other** | **Consolidated** |
| **(In thousands)** | | | | | | | | |
| GAAP Cost of sales in the Consolidated Income Statements | $ 319,549 | $ 279,028 | $ 7,550 | $ 606,127 | | | | |
| GAAP Cost of sales in the Condensed Consolidated Income Statements | | | | | $ 304,511 | $288,518 | $ 3,860 | $ 596,889 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Less: Adjustments to reconcile to Non-GAAP Segment cash cost of coal sales** | | | | | | | | |
| Diesel fuel risk management derivative settlements classified in "other income" | — | (1,425) | — | (1,425) | — | (564) | — | (564) |
| Transportation costs | 98,221 | 36,004 | — | 134,225 | 77,806 | 30,128 | — | 107,934 |
| Cost of coal sales from idled or otherwise disposed operations not included in segments | — | — | 5,157 | 5,157 | — | — | 1,184 | 1,184 |
| Other (operating overhead, certain actuarial, etc.) | — | — | 2,393 | 2,393 | — | — | 2,676 | 2,676 |
| Non-GAAP Segment cash cost of coal sales | $ 221,328 | $ 244,449 | $ — | $ 465,777 | $ 226,705 | $258,954 | $ — | $ 485,659 |
| Tons sold | 2,461 | 16,252 | | | 2,346 | 16,831 | | |
| Cash Cost Per Ton Sold | $ 89.94 | $ 15.04 | | | $ 96.63 | $ 15.39 | | |

| | | | Idle and | | | | Idle and | |
|---|---|---|---|---|---|---|---|---|
| **Three Months Ended June 30, 2022** | **Metallurgical** | **Thermal** | **Other** | **Consolidated** | | | | |
| **Three Months Ended September 30, 2022** | | | | | **Metallurgical** | **Thermal** | **Other** | **Consolidated** |
| **(In thousands)** | | | | | | | | |
| GAAP Cost of sales in the Consolidated Income Statements | $ 328,302 | $ 303,970 | $ 7,488 | $ 639,760 | | | | |
| GAAP Cost of sales in the Condensed Consolidated Income Statements | | | | | $ 289,610 | $313,430 | $ 6,987 | $ 610,027 |
| **Less: Adjustments to reconcile to Non-GAAP Segment cash cost of coal sales** | | | | | | | | |
| Diesel fuel risk management derivative settlements classified in "other income" | — | 3,939 | — | 3,939 | — | 3,825 | — | 3,825 |
| Transportation costs | 119,157 | 42,349 | — | 161,506 | 98,292 | 38,595 | — | 136,887 |
| Cost of coal sales from idled or otherwise disposed operations not included in segments | — | — | 4,331 | 4,331 | — | — | 4,277 | 4,277 |
| Other (operating overhead, certain actuarial, etc.) | — | — | 3,157 | 3,157 | — | — | 2,710 | 2,710 |
| Non-GAAP Segment cash cost of coal sales | $ 209,145 | $ 257,682 | $ — | $ 466,827 | $ 191,318 | $271,010 | $ — | $ 462,328 |
| Tons sold | 2,114 | 17,792 | | | 1,908 | 18,365 | | |
| Cash Cost Per Ton Sold | $ 98.95 | $ 14.48 | | | $ 100.27 | $ 14.76 | | |



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| | | | Idle and | | | | Idle and | |
|---|---|---|---|---|---|---|---|---|
| **Six Months Ended June 30, 2023** | **Metallurgical** | **Thermal** | **Other** | **Consolidated** | | | | |
| **Nine Months Ended September 30, 2023** | | | | | **Metallurgical** | **Thermal** | **Other** | **Consolidated** |
| **(In thousands)** | | | | | | | | |
| GAAP Cost of sales in the Consolidated Income Statements | $ 593,722 | $ 568,534 | $ 15,608 | $ 1,177,864 | | | | |
| GAAP Cost of sales in the Condensed Consolidated Income Statements | | | | | $ 898,232 | $857,052 | $19,469 | $ 1,774,753 |
| **Less: Adjustments to reconcile to Non-GAAP Segment cash cost of coal sales** | | | | | | | | |
| Diesel fuel risk management derivative settlements classified in "other income" | | (2,433) | — | (2,433) | | (2,997) | — | (2,997) |
| Transportation costs | 194,275 | 57,725 | (2) | 251,998 | 272,080 | 87,853 | — | 359,933 |
| Cost of coal sales from idled or otherwise disposed operations not included in segments | — | — | 10,335 | 10,335 | — | — | 11,518 | 11,518 |
| Other (operating overhead, certain actuarial, etc.) | — | — | 5,275 | 5,275 | — | — | 7,951 | 7,951 |
| Non-GAAP Segment cash cost of coal sales | $ 399,447 | $ 513,242 | $ — | $ 912,689 | $ 626,152 | $772,196 | $ — | $ 1,398,348 |
| Tons sold | 4,616 | 33,274 | | | 6,962 | 50,104 | | |
| Cash Cost Per Ton Sold | $ 86.54 | $ 15.42 | | | $ 89.94 | $ 15.41 | | |

| | | | Idle and | | | | Idle and | |
|---|---|---|---|---|---|---|---|---|
| **Six Months Ended June 30, 2022** | **Metallurgical** | **Thermal** | **Other** | **Consolidated** | | | | |
| **Nine Months Ended September 30, 2022** | | | | | **Metallurgical** | **Thermal** | **Other** | **Consolidated** |
| **(In thousands)** | | | | | | | | |
| GAAP Cost of sales in the Consolidated Income Statements | $ 542,032 | $ 592,054 | $ 13,899 | $ 1,147,985 | | | | |
| GAAP Cost of sales in the Condensed Consolidated Income Statements | | | | | $ 831,642 | $905,485 | $20,885 | $ 1,758,012 |
| **Less: Adjustments to reconcile to Non-GAAP Segment cash cost of coal sales** | | | | | | | | |
| Diesel fuel risk management derivative settlements classified in "other income" | — | 3,966 | — | 3,966 | — | 7,791 | — | 7,791 |
| Transportation costs | 197,021 | 86,093 | — | 283,114 | 295,313 | 124,688 | — | 420,001 |
| Cost of coal sales from idled or otherwise disposed operations not included in segments | — | — | 8,035 | 8,035 | — | — | 12,313 | 12,313 |
| Other (operating overhead, certain actuarial, etc.) | — | — | 5,864 | 5,864 | — | — | 8,572 | 8,572 |
| Non-GAAP Segment cash cost of coal sales | $ 345,011 | $ 501,995 | $ — | $ 847,006 | $ 536,329 | $773,006 | $ — | $ 1,309,335 |

| | | | | |
|---|---|---|---|---|
| Tons sold | 3,657 | 35,987 | 5,565 | 54,351 |
| Cash Cost Per Ton Sold | $ 94.35 | $ 13.95 | $ 96.38 | $ 14.22 |





*Reconciliation of Net Income to Segment Adjusted EBITDA*

The discussion in "Results of Operations" above includes references to our Adjusted EBITDA for each of our reportable segments. Adjusted EBITDA is defined as net income attributable to us before the effect of net interest expense, income taxes, depreciation, depletion and amortization, the accretion on asset retirement obligations and nonoperating (income) expenses. Adjusted EBITDA may also be adjusted for items that may not reflect the trend of future results by excluding transactions that are not indicative of our core operating performance. We use Adjusted EBITDA to measure the operating performance of our segments and allocate resources to our segments. Adjusted EBITDA is not a measure of financial performance in accordance with generally accepted accounting principles, and items excluded from Adjusted EBITDA are significant in understanding and assessing our financial condition. Therefore, Adjusted EBITDA should not be considered in isolation, nor as an alternative to net income, income from operations, cash flows from operations or as a measure of our profitability, liquidity or performance under generally accepted accounting principles. Investors should be aware that our presentation of Adjusted EBITDA may not be comparable to similarly titled measures used by other companies. The table below shows how we calculate Adjusted EBITDA.

| | Three Months Ended June 30, | | Six Months Ended June 30, | | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Net income | $ 77,353 | $ 407,563 | $ 275,461 | $ 679,435 | $ 73,691 | $ 181,007 | $ 349,152 | $ 860,443 |
| Provision for income taxes | 12,920 | 496 | 50,058 | 951 | 16,781 | 474 | 66,839 | 1,424 |
| Interest (income) expense, net | (664) | 4,610 | 126 | 11,633 | (1,683) | 1,836 | (1,557) | 13,469 |
| Depreciation, depletion and amortization | 36,077 | 32,780 | 71,556 | 64,990 | 36,717 | 33,958 | 108,273 | 98,948 |
| Accretion on asset retirement obligations | 5,293 | 4,430 | 10,585 | 8,860 | 5,292 | 4,430 | 15,877 | 13,290 |
| Non-service related pension and postretirement benefit (credits) costs | (593) | 459 | (1,185) | 1,332 | (4,507) | 857 | (5,692) | 2,189 |
| Net loss resulting from early retirement of debt | — | 9,629 | 1,126 | 13,749 | — | 394 | 1,126 | 14,143 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Adjusted EBITDA | 130,386 | 459,967 | 407,727 | 780,950 | 126,291 | 222,956 | 534,018 | 1,003,906 |
| EBITDA from idled or otherwise disposed operations | 4,664 | 3,957 | 8,696 | 6,348 | 30 | 3,624 | 8,726 | 9,972 |
| Selling, general and administrative expenses | 22,791 | 26,516 | 48,813 | 53,164 | 24,279 | 26,107 | 73,092 | 79,271 |
| Other | 4,177 | (678) | 6,094 | 8,804 | 1,095 | (690) | 7,189 | 8,114 |
| Segment Adjusted EBITDA from coal operations | $ 162,018 | $ 489,762 | $ 471,330 | $ 849,266 | $ 151,695 | $ 251,997 | $ 623,025 | $ 1,101,263 |

Other includes primarily income or loss from our equity investment, changes in fair value of derivatives we use to manage our exposure to diesel fuel pricing, changes in the fair value of coal derivatives, EBITDA provided by our land company, and certain miscellaneous revenue.



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**Liquidity and Capital Resources**

Our primary sources of liquidity are proceeds from coal sales to customers and certain financing arrangements. Excluding significant investing activity, we intend to satisfy our working capital requirements and fund capital expenditures and debt-service obligations with cash generated from operations and cash on hand. We remain focused on prudently managing costs, including capital expenditures, maintaining a strong balance sheet, and ensuring adequate liquidity.

Given the volatile nature of coal markets, we believe it remains important to take a prudent approach to managing our balance sheet and liquidity. Additionally, banks and other lenders have become increasingly unwilling hesitant to provide financing to coal producers, especially those with significant thermal coal exposure. Due to the nature of our business, we may be limited in accessing debt capital markets or obtaining additional bank financing, or the cost of accessing this financing could become more expensive.

Our priority is to improve our financial position through enhancing liquidity and reducing our debt and other liabilities, while returning significant value to our stockholders. During the first half nine months of 2023, capital expenditures were approximately $76.6 million $121.0 million, and we expect our capital spending to remain at maintenance levels for the foreseeable future. During the first half nine months of 2023, we repurchased $13.2 million in principal amount of our Convertible Notes with consideration of $58.4 $58.4 million and received approximately $43.8 million $43.9 million for warrants that were exercised. We ended the second third quarter of 2023 with cash, cash equivalents and short-term investments of $235.1 million $213.5 million and total liquidity of $361.2 million $337.2 million. We believe our current liquidity level is sufficient to fund our business and meet both our short-term (the next twelve months) and reasonably foreseeable long-term requirements and obligations including our recently enacted variable rate dividend policy. capital return policy We expect to maintain minimum liquidity levels of approximately $250 million to $300 million, with a substantial portion of that held in cash. In addition, we expect to hold additional cash at the end of each quarter in an amount that represents a substantial portion of the following quarter's dividend payment.

We believe we have significantly increased our future cash-generating capabilities, and as a result, in the second quarter of 2022, we launched a comprehensive capital return program that returns 50% of the prior quarter discretionary cash flow to stockholders via includes both a variable rate cash dividend and reserves share buybacks. Additionally, the remaining 50% for potential share buybacks, special dividends, Board has the repurchase of potentially dilutive securities, and flexibility to consider other alternatives, including capital preservation. For the six nine months ended June 30, 2023 September 30, 2023, we paid approximately $111.9 million $183.8 million to our stockholders in the form of dividends and spent approximately $93.8 million $122.5 million to repurchase our common stock. Any future dividends and all of these other potential uses of capital are subject to board approval and declaration.

On January 18, 2023, the Office of Workers' Compensation Programs ("OWCP") proposed revisions to regulations under the Black Lung Benefits Act governing authorization of self-insurers. The revisions seek to codify the practice of basing a self-insured operator's security requirement on an actuarial assessment of its total present and future black lung liability. A material change to the regulations is the requirement that all self-insured operators must post security equal to 120% of their projected black lung liabilities. The proposed regulations were posted to the Federal Register on January 19, 2023 with written comments to be accepted within 60 days of this date. Subsequently, the A subsequent extended comment period was extended an additional 30 days. expired on April 19, 2023; however, the final regulations have not yet been published. The revisions proposed by the OWCP were a material deviation from their bulletin issued in December 2020 that would have required the majority of coal operators to post security equal to 70% of their projected black lung liabilities, which, at the time, equated to the Company posting additional collateral of $71.1 million. If the above regulation is codified into law, the Company will be required to post additional collateral to maintain its self-insured status. The Company is evaluating alternatives to self-insurance, including the purchase of commercial insurance to cover these claims. Additionally, the Company is assessing additional sources of liquidity and other items to satisfy the proposed regulations. Any of these outcomes will require additional collateral and would reduce our available liquidity.

Based on the second third quarter discretionary cash flow, a combined fixed and variable dividend payment of $3.97 $1.13 per share will be made to stockholders of record as of Augst 31, 2023, November 30, 2023, payable on September 15, 2023 December 15, 2023.

The table below summarizes our second third quarter discretionary cash flow and total dividend payout:



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| | Three Months Ended June 30, 2023 | Three Months Ended September 30, 2023 |
|---|---|---|
| Cash flow from operating activities | $ 196,765 | $ 130,932 |
| Less: Capital expenditures | (46,065) | (44,424) |
| Discretionary cash flow | $ 150,700 | $ 86,508 |
| Variable dividend percentage | 50% | 25% |
| Total dividend to be paid | $ 75,350 | $ 21,627 |
| Total dividend per share (variable and fixed) | $ 3.97 | $ 1.13 |

During the second quarter of 2022, the Board of Directors increased the remaining outstanding authorization for share repurchases to $500 million. During the quarter ended June 30, 2023 September 30, 2023, we repurchased shares of our common stock for approximately $73.0 million $28.7 million bringing total repurchases to 11,961,295 12,176,846 shares for approximately $1.1 billion since the inception of the program in 2017. As of September 30, 2023 there is $221 million of remaining authorization under the program. The timing of any future share purchases, and the ultimate number of shares to be purchased, will depend on a number of factors, including business and market conditions, our future financial performance, and other capital priorities. The shares will be acquired in the open market or through private transactions in accordance with Securities and Exchange Commission requirements. Our share repurchase program may be amended, suspended or discontinued at any time and does not commit us to repurchase shares of our common stock.

The table below summarizes our availability under our credit facilities as of June 30, 2023 September 30, 2023:

| | Face Amount | Borrowing Base | Letters of Credit Outstanding | Availability | Contractual Expiration | Face Amount | Borrowing Base | Letters of Credit Outstanding | Availability | Contractual Expiration |
|---|---|---|---|---|---|---|---|---|---|---|
| | (Dollars in thousands) | | | | | (Dollars in thousands) | | | | |
| Securitization Facility | $ 150,000 | $150,000 | $ 48,243 | $ 101,757 | August 1, 2025 | $ 150,000 | $150,000 | $ 50,606 | $ 99,394 | August 1, 2025 |
| Inventory Facility | 50,000 | 50,000 | 26,200 | 23,800 | August 3, 2025 | 50,000 | 50,000 | 26,200 | 23,800 | August 3, 2025 |
| Total | $ 200,000 | $200,000 | $ 74,443 | $ 125,557 | | $ 200,000 | $200,000 | $ 76,806 | $ 123,194 | |

The above standby letters of credit outstanding have primarily been issued to satisfy certain insurance-related collateral requirements. The amount of collateral required by counterparties is based on their assessment of our ability to satisfy our obligations and may change at the time of policy renewal or based on a change in their assessment. Future increases in the amount of collateral required by counterparties would reduce our available liquidity.

*Contractual Obligations*

Our contractual obligations include long-term debt and related interest, leases, coal lease rights, coal purchase obligations, and unconditional purchase obligations. As discussed above, we have reduced our long-term debt by repurchasing approximately $13.2 million principal amount of our Convertible Notes during the first six nine months of 2023. There have been no other material changes to our contractual obligations from our Annual Report on Form 10-K for the year ended December 31, 2022.

*Off-Balance Sheet Arrangements*

In the normal course of business, we are a party to certain off-balance sheet arrangements. These arrangements include guarantees, indemnifications and financial instruments with off-balance sheet risk, such as bank letters of credit and performance or surety bonds. Liabilities related to these arrangements are not reflected in our condensed consolidated balance sheets, and we do not expect any material adverse effects on our financial condition, results of operations or cash flows to result from these off-balance sheet arrangements. We use a combination of surety bonds and letters of credit to secure our financial obligations for reclamation, workers' compensation, coal lease obligations and other obligations. There have been no material changes to our off-balance sheet arrangements from our Annual Report



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on Form 10-K for the year ended December 31, 2022. For further information regarding off-balance sheet arrangements, see Note 14, "Commitments and Contingencies" to the Condensed Consolidated Financial Statements.

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**Cash Flow**

The following is a summary of cash provided by or used in each of the indicated types of activities during the six nine months ended June 30, 2023 September 30, 2023 and 2022:

| | Six Months Ended June 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| (In thousands) | | | | |
| Cash provided by (used in): | | | | |
| Operating activities | $ 322,886 | $ 561,167 | $ 453,818 | $ 1,015,231 |
| Investing activities | (83,491) | (42,187) | (125,959) | (96,540) |
| Financing activities | (273,962) | (562,231) | (380,821) | (753,565) |

Cash provided by operating activities decreased approximately $238 million $561 million compared to the prior year, primarily due to a decrease in results from operations discussed in the "Overview" and "Operational Performance" sections above offset by an increase and a usage in working capital in excess of prior year's of approximately $50 million. $200 million when compared to prior year offset partially by approximately $106 million reduction in funding to our thermal mine reclamation fund.

Cash used in investing activities increased in the six nine months ended June 30, 2023 September 30, 2023 versus the six nine months ended June 30, 2022 September 30, 2022, primarily due to increased capital expenditures of approximately $23.4 million $26.5 million for maintenance capital, and an increase partially offset by a decrease in net short-term investment activity of approximately $10.7 million $3.3 million.

Cash used in financing activities declined $288.3 million $372.7 million compared to the prior period due to a decrease of approximately $337.4 million $355 million in overall debt payments compared to prior year and a reduction in dividends paid of approximately $42.7 million $80.8 million, partially offset by an increase in share repurchases of $93.8 million $66 million.

**Critical Accounting Estimates**

We prepare our financial statements in accordance with accounting principles that are generally accepted in the United States. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses as well as the disclosure of contingent assets and liabilities. Management bases our estimates and judgments on historical experience and other factors that are believed to be reasonable under the circumstances. There have been no material changes to our critical accounting estimates from our Annual Report on Form 10-K for the year ended December 31, 2022.



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**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

We manage our commodity price risk for our non-trading, thermal coal sales through the use of long-term coal supply agreements, and to a limited extent, through the use of derivative instruments. Sales commitments in the metallurgical coal market are typically not long term in nature, and we are therefore subject to fluctuations in market pricing.

Our sales commitments for 2023 were as follows as of June 30, 2023 September 30, 2023:

| | 2023 | | 2023 | |
|---|---|---|---|---|
| | Tons | $ per ton | Tons | $ per ton |
| **Metallurgical** | (in millions) | | (in millions) | |
| Committed, North America Priced Coking | 1.7 | $ 183.57 | 1.8 | $182.50 |
| Committed, North America Unpriced Coking | 0.1 | | 0.1 | |
| Committed, Seaborne Priced Coking | 3.5 | 179.01 | 5.3 | 170.06 |

| | | | | |
|---|---|---|---|---|
| Committed, Seaborne Unpriced Coking | 2.8 | | 1.1 | |
| | | | | |
| Committed, Priced Thermal | 0.4 | 43.43 | 0.7 | 39.46 |
| Committed, Unpriced Thermal | — | | — | |
| | | | | |
| **Thermal** | | | | |
| Committed, Priced | 67.9 | $ 17.40 | 68.2 | $ 17.26 |
| Committed, Unpriced | 1.0 | | 0.6 | |

We have exposure to price risk for supplies that are used directly or indirectly in the normal course of production, such as diesel fuel, steel, explosives and other items. We manage our risk for these items through strategic sourcing contracts in normal quantities with our suppliers. We may sell or purchase forward contracts, swaps and options in the over-the-counter market in order to manage its exposure to price risk related to these items.

We are exposed to price risk with respect to diesel fuel purchased for use in our operations. We anticipate purchasing approximately 30 to 35 million gallons of diesel fuel for use in our operations annually. To protect our cash flows from increases in the price of diesel fuel for our operations, we use forward physical diesel purchase contracts, purchased heating oil call options and New York Mercantile Exchange ("NYMEX") gulf coast diesel swaps and options. At June 30, 2023 September 30, 2023, the Company had protected the price of expected diesel fuel purchases for the remainder of 2023 with approximately 12 million 6 million gallons of heating oil call options with an average strike price of $2.97 $3.06 per gallon. These positions are not designated as hedges for accounting purposes, and therefore, changes in the fair value are recorded immediately to earnings.

**Item 4. Controls and Procedures**

We performed an evaluation under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2023 September 30, 2023. Based on that evaluation, our management, including our chief executive officer and chief financial officer, concluded that the disclosure controls and procedures were effective as of such date. There were no changes in our internal control over financial reporting during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.



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**PART II**

**OTHER INFORMATION**

**Item 1. Legal Proceedings**

We are involved in various claims and legal actions arising in the ordinary course of business, including commercial and employee injury claims. After conferring with counsel, it is the opinion of management that the ultimate resolution of these claims, to the extent not previously provided for, will not have a material adverse effect on our consolidated financial condition, results of operations or liquidity.

**Item 1A. Risk Factors**

There have been no material changes to the "Risk Factors" disclosed in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022.

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

During the second quarter of 2022, the Board of Directors increased the remaining outstanding authorization for share repurchases to $500 million. The timing of any future share purchases, and the ultimate number of shares of our common stock to be purchased, will depend on a number of factors, including business and market conditions, our future financial performance, and other capital priorities. The shares will be acquired in the open market or through private transactions in accordance with Securities and Exchange Commission requirements. The share repurchase program has no termination date, but may be amended, suspended or discontinued at any time and does not commit us to repurchase shares of our common stock. The actual number and value of the shares to be purchased will depend on the performance of our stock price and other market conditions.

A summary of our common stock repurchases during the three months ended June 30, 2023 September 30, 2023 is set forth in the table below:

| Date | Total Number Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan (in thousands) | Total Number Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan (in thousands) |
|---|---|---|---|---|---|---|---|---|
| April 1 through April 30, 2023 | 110,638 | $ 128.79 | 110,638 | $ 308,156 | | | | |
| May 1 through May 31, 2023 | 315,809 | $ 118.74 | 315,809 | $ 270,657 | | | | |
| June 1 through June 30, 2023 | 196,857 | $ 110.48 | 196,857 | $ 248,908 | | | | |
| July 1 through July 31, 2023 | | | | | 46,957 | $ 117.10 | 46,957 | $ 243,410 |
| August 1 through August 31, 2023 | | | | | 130,296 | $ 132.38 | 130,296 | $ 226,162 |
| September 1 through September 30, 2023 | | | | | 38,298 | $ 142.38 | 38,298 | $ 220,709 |
| Total | 623,304 | $ 117.91 | 623,304 | | 215,551 | $ 130.83 | 215,551 | |

In the first nine months of 2023, we repurchased 754,460 970,011 shares at an average price of $122.34 $124.23 per share for an aggregate purchase price of approximately $92.3 million $120.5 million. As of June 30, 2023 September 30, 2023, we had repurchased 11,961,295 12,176,846 shares at an average share price of $90.16 $90.88 per share for an aggregate purchase price of approximately $1.1 billion since inception of the stock repurchase program in 2017, and the remaining authorized amount for stock repurchases under this program is approximately $249 million $221 million.

**Item 4. Mine Safety Disclosures**

The statement concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95 to this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023 September 30, 2023.

**Item 5. Other Information**

During the three months ended June 30, 2023 September 30, 2023, the following officers of the Company adopted "Rule 10b5-1 trading arrangements" as defined in Item 408 of Regulation S-K, as described in the table below:

| Name and Title | Type of Trading Agreement | Date Adopted | Expiration Date | Duration[1] | Total Shares To be Sold[2] |
|---|---|---|---|---|---|
| Paul T. Demzik, Senior Vice President and Chief Commercial Officer | Rule 10b5-1 Trading Arrangement | 9/11/2023 | 1/31/2025 | 509 days | Up to 38,675 |
| Matthew C. Giljum, Senior Vice President and Chief Financial Officer | Rule 10b5-1 Trading Arrangement | 9/7/2023 | 10/17/2024 | 407 days | Up to 3,097 |
| John W. Lorson, Vice President and Chief Accounting Officer | Rule 10b5-1 Trading Arrangement | 9/11/2023 | 1/31/2025 | 509 days | Up to 1,355 |
| Deck S. Slone, Senior Vice President, Strategy and Public Policy | Rule 10b5-1 Trading Arrangement | 9/7/2023 | 10/17/2024 | 407 days | Up to 6,024 |
| John A. Ziegler, Senior Vice President and Chief Administrative Officer | Rule 10b5-1 Trading Arrangement | 9/7/2023 | 2/28/2024 | 174 days | Up to 4,041 |

1. Each Rule 10b5-1 trading arrangement permits transactions through and including the earlier to occur of (a) the completion of all sales or (b) the expiration date listed in the table.

2. Represents the maximum number of shares that could potentially be sold pursuant to the Rule 10b5-1 trading arrangement, including sales made in connection with the vesting of future equity awards. Accordingly, in calculating this amount, we have not considered any potential reductions in shares available to be sold due to tax withholdings at the time such equity awards vest, and, for performance-based awards, we have assumed such awards will vest at maximum value.

Other than as discussed above, during the three months ended September 30, 2023, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) 408 of Regulation S-K.

Upon the recommendation of the Personnel and Compensation Committee of our Board of Directors, on October 25, 2023, the Board of Directors approved an amendment and restatement of the October 25, 2021 letter agreement with John W. Eaves to extend Mr. Eaves service as our Executive Chair of the Board until the date of the Company's next annual meeting or such earlier time as determined by the Company or Mr. Eaves.

**Item 6. Exhibits**

| | |
|---|---|
| 2.1 | Debtors' Fourth Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code (incorporated by reference to Exhibit 2.1 of Arch Resources' Current Report on Form 8-K filed on September 15, 2016). |
| 2.2 | Order Confirming Debtors' Fourth Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code on September 13, 2016 (incorporated by reference to Exhibit 2.2 of Arch Resources' Current Report on Form 8-K filed on September 15, 2016). |
| 3.1 | Restated Certificate of Incorporation of Arch Resources, Inc. (incorporated by reference to Exhibit 3.2 of Arch Resources' Current Report on Form 8-K filed on May 15, 2020). |
| 3.2 | Amended and Restated Bylaws of Arch Resources, Inc. (incorporated by reference to Exhibit 3.1 of Arch Resources' Current Report on Form 8-K filed on December 16, 2022). |
| 4.1 | Form of specimen Class A Common Stock certificate (incorporated by reference to Exhibit 4.1 of Arch Resources' Current Report on Form 8-K filed on October 11, 2016). |
| 4.2 | Form of specimen Class B Common Stock certificate (incorporated by reference to Exhibit 4.2 of Arch Resources' Current Report on Form 8-K filed on October 11, 2016). |
| 4.3 | Form of specimen Series A Warrant certificate (incorporated by reference to Exhibit A of Exhibit 10.5 of Arch Resources' Current Report on Form 8-K filed on October 11, 2016). |
| 4.4 | Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (incorporated by reference to Exhibit 4.4 of Arch Resources' Annual Report on Form 10-K for the year ended December 31, 2019). |
| 4.5 | Indenture, dated as of November 3, 2020, between Arch Resources, Inc. and UMB Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 of Arch Resources' Current Report on Form 8-K filed on November 4, 2020). |
| 4.6 | Form of certificate representing the 5.25% Convertible Senior Notes due 2025 (incorporated by reference to Exhibit A of Exhibit 4.1 of Arch Resources' Current Report on Form 8-K filed on November 4, 2020). |
| 10.1 | Credit Agreement, dated as of March 7, 2017, among Arch Resources, Inc. as borrower, the lenders from time to time party thereto and Credit Suisse AG, Cayman Islands Branch, in its capacities as administrative agent and as collateral agent (incorporated by reference to Exhibit 10.1 of Arch Resources' Current Report on Form 8-K filed on March 8, 2017). |
| 10.2 | First Amendment to Credit Agreement, dated as of September 25, 2017, among Arch Resources, Inc. as borrower, the lenders from time to time party thereto and Credit Suisse AG, Cayman Islands Branch, in its capacities as administrative agent and as collateral agent (incorporated by reference to Exhibit 10.1 of Arch Resources' Current Report on Form 8-K filed on September 25, 2017). |
| 10.3 | Second Amendment to Credit Agreement, dated as of April 3, 2018, among Arch Resources, Inc. as borrower, the lenders from time to time party thereto and Credit Suisse AG, Cayman Islands Branch, in its capacities as administrative agent and as collateral agent (incorporated by reference to Exhibit 10.1 of Arch Resources' Current Report on Form 8-K filed on April 3, 2018). |
| 10.4 | Credit Agreement, dated as of April 27, 2017, among Arch Resources, Inc. and certain of its subsidiaries, as borrowers, the lenders from time to time party thereto and Regions Bank, in its capacities as administrative |



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agent and as collateral agent (incorporated by reference to Exhibit 10.1 of Arch Resources' Current Report on Form 8-K filed on May 2, 2017).



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| | |
|---|---|
| 10.5 | First Amendment to Credit Agreement dated November 19, 2018 by and among Arch Resources, Inc. and certain of its subsidiaries, as borrowers, the lenders from time to time party thereto and Regions Bank, in its capacities as administrative agent and as collateral agent (incorporated by reference to Exhibit 10.5 to Arch Resources' Annual Report on Form 10-K for the year ended 2018). |
| 10.6 | Waiver Letter Agreement and Second Amendment to Credit Agreement dated June 17, 2020 by and among Arch Resources, Inc. and certain of its subsidiaries, as borrowers, the lenders from time to time party thereto and Regions Bank, in its capacities as administrative agent and as collateral agent (incorporated by reference to Exhibit 10.6 of Arch Resources' Quarterly Report on Form 10-Q for the period ended September 30, 2020). |
| 10.7 | Third Amendment to Credit Agreement dated September 30, 2020, by and among Arch Resources, Inc. and certain of its subsidiaries, as borrowers, the lenders from time to time party thereto and Regions Bank, in its capacities as administrative agent and as collateral agent (incorporated by reference to Exhibit 10.7 of Arch Resources' Quarterly Report on Form 10-Q for the period ended September 30, 2020). |
| 10.8 | Fourth Amendment to Credit Agreement dated May 27, 2021, by and among Arch Resources, Inc. and certain of its subsidiaries, as borrowers, the lenders from time to time party thereto and Regions Bank, in its capacities as administrative agent and as collateral agent (incorporated by reference to Exhibit 10.08 of Arch Resources' Quarterly Report on Form 10-Q for the period ended June 30, 2021). |
| 10.9 | Fifth Amendment to Credit Agreement dated August 3, 2022, by and among Arch Resources, Inc. and certain of its subsidiaries, as borrowers, the lenders from time to time party thereto and Regions Bank, in its capacities as administrative agent and as collateral agent (incorporated by reference to Exhibit 10.9 of Arch Resources' Quarterly Report on Form 10-Q for the period ended September 30, 2022). |
| 10.10 | Third Amended and Restated Receivables Purchase Agreement, dated October 5, 2016, among Arch Receivable Company, LLC, as seller, Arch Coal Sales Company, Inc., as initial servicer, PNC Bank, National Association as administrator and issuer of letters of credit thereunder and the other parties party thereto, as securitization purchasers (incorporated by reference to Exhibit 10.2 of Arch Resources' Current Report on Form 8-K filed on October 11, 2016). |
| 10.11 | First Amendment to Third Amended and Restated Receivables Purchase Agreement, dated as of April 27, 2017, among Arch Receivable Company, LLC, as seller, Arch Coal Sales Company, Inc., as servicer, PNC Bank, National Association as administrator and issuer of letters of credit thereunder and the other parties party thereto, as securitization purchasers (incorporated by reference to Exhibit 10.2 of Arch Resources' Current Report on Form 8-K filed on May 2, 2017). |
| 10.12 | Second Amendment to Third Amended and Restated Receivables Purchase Agreement, dated as of August 27, 2018, among Arch Receivable Company, LLC, as seller, Arch Coal Sales Company, Inc., as servicer, PNC Bank, National Association as administrator and issuer of letters of credit thereunder and the other parties party thereto, as securitization purchasers (incorporated by reference to Exhibit 10.7 of Arch Resources' Quarterly Report on Form 10-Q for the period ended September 30, 2018). |
| 10.13 | Third Amendment to Third Amended and Restated Receivables Purchase Agreement, dated as of May 14, 2019, among Arch Receivable Company, LLC, as seller, Arch Coal Sales Company, Inc., as servicer, PNC Bank, National Association as administrator and issuer of letters of credit thereunder and the other parties party thereto, as securitization purchasers (incorporated by reference to Exhibit 10.9 of Arch Resources' Quarterly Report on Form 10-Q for the period ended June 30, 2019). |

10.14 Fourth Amendment to Third Amended and Restated Receivables Purchase Agreement, dated September 30, 2020, among Arch Receivable Company, LLC, as seller, Arch Coal Sales Company, Inc., as servicer, PNC Bank, National Association as administrator and issuer of letters of credit thereunder and the other parties party





Bank, National Association as administrator and issuer of letters of credit thereunder and the other parties party thereto, as securitization purchasers (incorporated by reference to Exhibit 10.12 of Arch Resources' Quarterly Report on Form 10-Q for the period ended September 30, 2020).

10.15 Fifth Amendment to Third Amended and Restated Receivables Purchase Agreement dated as of December 4, 2020 among Arch Receivable Company, LLC, as seller, Arch Coal Sales Company, Inc., as servicer, PNC Bank, National Association as administrator and issuer of letters of credit thereunder and the other parties party thereto, as securitization purchasers (incorporated by reference to Exhibit 10.13 of Arch Resources' Quarterly Report on Form 10-Q for the period ended March 31, 2021).

10.16 Sixth Amendment to Third Amended and Restated Receivables Purchase Agreement dated as of October 8, 2021 among Arch Receivable Company, LLC, as seller, Arch Coal Sales Company, Inc., as servicer, PNC Bank, National Association as administrator and issuer of letters of credit thereunder and the other parties party thereto, as securitization purchasers (incorporated by reference to Exhibit 10.15 of Arch Resources Quarterly Report on Form 10-Q for the period ended September 30, 2021).

10.17 Seventh Amendment to Third Amended and Restated Receivables Purchase Agreement dated August 3, 2022 among Arch Receivable Company, LLC, as seller, Arch Coal Sales Company, Inc., as servicer, PNC Bank, National Association as administrator and issuer of letters of credit thereunder and the other parties party thereto, as securitization purchasers (incorporated by reference to Exhibit 10.17 of Arch Resources' Quarterly Report on Form 10-Q for the period ended September 30, 2022).

10.18 Second Amended and Restated Purchase and Sale Agreement among Arch Resources, Inc. and certain subsidiaries of Arch Resources, Inc., as originators (incorporated by reference to Exhibit 10.3 of Arch Resources' Current Report on Form 8-K filed on October 11, 2016).

10.19 First Amendment to the Second Amended and Restated Purchase and Sale Agreement, dated as of December 21, 2016, among Arch Resources, Inc. and certain subsidiaries of Arch Resources, Inc., as originators (incorporated by reference to Exhibit 10.7 of Arch Resources' Quarterly Report on Form 10-Q filed for the period ended September 30, 2017).

10.20 Second Amendment to the Second Amended and Restated Purchase and Sale Agreement, dated as of April 27, 2017, among Arch Resources, Inc. and certain subsidiaries of Arch Resources, Inc., as originators (incorporated by reference to Exhibit 10.3 of Arch Resources' Current Report on Form 8-K filed on May 2, 2017).

10.21 Third Amendment to Second Amended and Restated Purchase and Sale Agreement, dated as of September 14, 2017, among Arch Resources, Inc. and certain subsidiaries of Arch Resources, Inc., as originators (incorporated by reference to Exhibit 10.16 of Arch Resources' Annual Report on Form 10-K for the year ended December 31, 2020).

10.22 Fourth Amendment to Second Amended and Restated Purchase and Sale Agreement, dated as of December 13, 2019, among Arch Resources, Inc. and certain subsidiaries of Arch Resources, Inc., as originators (incorporated by reference to Exhibit 10.17 of Arch Resources' Annual Report on Form 10-K for the year ended December 31, 2020).

10.23 Fifth Amendment and Waiver to Second Amended and Restated Purchase and Sale Agreement dated June 17, 2020, among Arch Resources, Inc. and certain subsidiaries of Arch Resources, Inc., as originators (incorporated by reference to Exhibit 10.18 of Arch Resources' Annual Report on Form 10-K for the year ended December 31, 2020).

10.24 Sixth Amendment to Second Amended and Restated Purchase and Sale Agreement dated December 31, 2020, among Arch Resources, Inc. and certain subsidiaries of Arch Resources, Inc., as originators (incorporated by



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reference to Exhibit 10.19 of Arch Resources' Annual Report on Form 10-K for the year ended December 31, 2020).

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10.25 Seventh Amendment to Second Amended and Restated Purchase and Sale Agreement dated March 31, 2023 March 13, 2023, among Arch Resources, Inc. and certain subsidiaries of Arch Resources, Inc., as originators (incorporated by reference to Exhibit 10.25 of Arch Resources' Quarterly Report on Form 10-Q for the period ended on March 31, 2023).

10.26 Second Amended and Restated Sale and Contribution Agreement between Arch Resources, Inc., as the transferor, and Arch Receivable Company, LLC (incorporated by reference to Exhibit 10.4 of Arch Resources' Current Report on Form 8-K filed on October 11, 2016).

10.27 First Amendment to the Second Amended and Restated Sale and Contribution Agreement, dated as of April 27, 2017, between Arch Resources, Inc., as the transferor, and Arch Receivable Company, LLC (incorporated by reference to Exhibit 10.4 of Arch Resources' Current Report on Form 8-K filed on May 2, 2017).

10.28 Warrant Agreement, dated as of October 5, 2016, between Arch Resources, Inc. and American Stock Transfer & Trust Company, LLC, as Warrant Agent (incorporated by reference to Exhibit 10.5 of Arch Resources' Current Report on Form 8-K filed on October 11, 2016).

10.29 Indemnification Agreement between Arch Resources, Inc. and the directors and officers of Arch Resources, Inc. and its subsidiaries (form incorporated by reference to Exhibit 10.28 of Arch Resources' Annual Report on Form 10-K for the year ended 2022).

10.30 Registration Rights Agreement between Arch Resources, Inc. and Monarch Alternative Capital LP and certain other affiliated funds (incorporated by reference to Exhibit 10.1 of Arch Resources' Current Report on Form 8-K filed on November 21, 2016).

10.31 Coal Lease Agreement dated as of March 31, 1992, among Allegheny Land Company, as lessee, and UAC and Phoenix Coal Corporation, as lessors, and related guarantee (incorporated by reference to the Current Report on Form 8-K filed by Ashland Coal, Inc. on April 6, 1992).

10.32 Federal Coal Lease dated as of January 24, 1996 between the U.S. Department of the Interior and the Thunder Basin Coal Company (incorporated by reference to Exhibit 10.20 to Arch Resources' Annual Report on Form 10-K for the year ended December 31, 1998).

10.33 Federal Coal Lease dated as of November 1, 1967 between the U.S. Department of the Interior and the Thunder Basin Coal Company (incorporated by reference to Exhibit 10.21 to Arch Resources' Annual Report on Form 10-K for the year ended December 31, 1998).

10.34 Federal Coal Lease effective as of May 1, 1995 between the U.S. Department of the Interior and Mountain Coal Company (incorporated by reference to Exhibit 10.22 to Arch Resources' Annual Report on Form 10-K for the year ended December 31, 1998).

10.35 Federal Coal Lease dated as of January 1, 1999 between the Department of the Interior and Ark Land Company (incorporated by reference to Exhibit 10.23 to Arch Resources' Annual Report on Form 10-K for the year ended December 31, 1998).

10.36 Federal Coal Lease effective as of March 1, 2005 by and between the United States of America and Ark Land LT, Inc. covering the tract of land known as "Little Thunder" in Campbell County, Wyoming (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K filed by Arch Resources on February 10, 2005).



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10.37 Modified Coal Lease (WYW71692) executed January 1, 2003 by and between the United States of America, through the Bureau of Land Management, as lessor, and Triton Coal Company, LLC, as lessee, covering a tract of land known as "North Rochelle" in Campbell County, Wyoming (incorporated by reference to Exhibit 10.24 to Arch Resources' Annual Report on Form 10-K for the year ended December 31, 2004).



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10.38 Coal Lease (WYW127221) executed January 1, 1998 by and between the United States of America, through the Bureau of Land Management, as lessor, and Triton Coal Company, LLC, as lessee, covering a tract of land known as "North Roundup" in Campbell County, Wyoming (incorporated by reference to Exhibit 10.25 to Arch Resources' Annual Report on Form 10-K for the year ended December 31, 2004).

10.39* Letter Agreement dated October 25, 2021 October 25, 2023 by and between Arch Resources, Inc. and John W. Eaves (incorporated by reference to Exhibit 10.36 of Arch Resources' Quarterly Report on Form 10-Q for the period ended September 30, 2021). Eaves.

10.40* Form of Employment Agreement for Executive Officers of Arch Resources, Inc. (incorporated by reference to Exhibit 10.4 of Arch Resources' Annual Report on Form 10-K for the year ended December 31, 2011).

10.41* Arch Resources, Inc. Deferred Compensation Plan (incorporated by reference to Exhibit 10.26 to Arch Resources' Annual Report on Form 10-K for the year ended December 31, 2014).

10.42 Arch Resources, Inc. Outside Directors' Deferred Compensation Plan (incorporated by reference to Exhibit 10.4 of Arch Resources' Current Report on Form 8-K filed on December 12, 2008).

10.43* Arch Resources, Inc. Supplemental Retirement Plan (as amended on December 5, 2008) (incorporated by reference to Exhibit 10.2 to Arch Resources' Current Report on Form 8-K filed on December 12, 2008).

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| 10.44* | Arch Resources, Inc. 2016 Omnibus Incentive Plan (incorporated by reference to Exhibit 99.1 to Arch Resources' Registration Statement on Form S-8 filed on November 1, 2016). |
| 10.45* | Form of Restricted Stock Unit Contract (Time-Based Vesting) (incorporated by reference to Exhibit 10.1 to Arch Resources' Current Report on Form 8-K filed on November 30, 2016). |
| 10.46* | Form of Restricted Stock Unit Contract (Performance-Based Vesting) (incorporated by reference to Exhibit 10.2 to Arch Resources' Current Report on Form 8-K filed on November 30, 2016). |
| 10.47 | Stock Repurchase Agreement dated September 13, 2017, among Arch Resources, Inc. and Monarch Alternative Solutions Master Fund Ltd, Monarch Capital Master Partners III LP, MCP Holdings Master LP, Monarch Debt Recovery Master Fund Ltd and P Monarch Recovery Ltd. (incorporated by reference to Exhibit 10.1 of Arch Resources' Current Report on Form 8-K filed on September 19, 2017). |
| 10.48 | Stock Repurchase Agreement dated December 8, 2017, among Arch Resources, Inc. and Monarch Alternative Solutions Master Fund Ltd, Monarch Capital Master Partners III LP, MCP Holdings Master LP, and Monarch Debt Recovery Master Fund Ltd (incorporated by reference to Exhibit 10.1 of Arch Resources' Current Report on Form 8-K filed on December 11, 2017). |
| 10.49 | Form of Confirmation of Base Capped Call Transaction (incorporated by reference to Exhibit 10.1 of Arch Resources' Current Report on Form 8-K filed on November 4, 2020). |
| 10.50 | Form of Exchange Agreement (incorporated by reference to Exhibit 10.1 of Arch Resources' Current Report on Form 8-K filed on May 23, 2022). |
| 31.1** | Rule 13a-14(a)/15d-14(a) Certification of Paul A. Lang. |
| 31.2** | Rule 13a-14(a)/15d-14(a) Certification of Matthew C. Giljum. |
| 32.1 | Section 1350 Certification of Paul A. Lang. |



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| 32.2 | Section 1350 Certification of Matthew C. Giljum. |



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| 95 | Mine Safety Disclosure Exhibit. |

101 The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 September 30, 2023, formatted in Inline XBRL: (1) Condensed Consolidated Income Statements, (2) Condensed Consolidated Statements of Comprehensive Income (Loss), (3) Condensed Consolidated Balance Sheets, (4) Condensed Consolidated Statements of Cash Flows, (5) Condensed Consolidated Statements of Stockholders' Equity and (6) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text and including detailed tags.

104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

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* Denotes a management contract or compensatory plan or arrangement.

**Furnished herein



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**Signatures**

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

Arch Resources, Inc.

By: /s/ Matthew C. Giljum

Matthew C. Giljum

Senior Vice President and Chief Financial Officer (On behalf of the registrant and as Principal Financial Officer)

July 27, October 26, 2023



Graphic

**John A. Ziegler, Jr.**
Senior Vice President & Chief Administrative Officer
(314) 994-2759
jziegler@archrsc.com

October 25, 2023

Dear John:

The purpose of this amended and restated letter agreement is to extend the term of your service as Executive Chairman of the Board of Directors of Arch Resources, Inc. (the "Company") from December 31, 2023 to the date of the Company's annual meeting of stockholders in 2024 (the "Separation Date"). While you serve as Executive Chairman of the Company, the following terms and conditions will apply:

- You are and will remain a full-time employee of the Company and shall have such duties, responsibilities and authorities customarily associated with such position. Your employment with the Company will continue to be "at will," meaning that either you or the Company will be entitled to terminate your employment at any time, with or without cause, subject to the terms of the Letter Agreement (as defined below).
- Your compensation as Executive Chairman will consist of the following components:
  1. <u>Base Salary</u>: You will continue receive an annual base salary of $650,000, pro-rated for any partial year of service as Executive Chairman.
  2. <u>Annual Bonus</u>: You will continue to be eligible to participate in the Company's Annual Incentive Compensation Plan with a target bonus opportunity of 115% of your annual base salary.
  3. <u>LTIP</u>: You will be eligible to receive Long-Term Incentive Plan (LTIP) awards with an annual target award amount of 200% of your annual base salary. You will continue to vest in your outstanding LTIP awards while serving as Executive Chairman, subject to the terms and conditions of the 2016 Plan and the applicable award agreements, including pro-rated retirement vesting under and pursuant to the terms of the applicable LTIP awards should you retire prior to fully vesting in such awards.
  4. <u>Employee Benefits</u>: You will remain eligible to participate in the employee benefit plans and programs offered to other employees of the Company, consistent with the terms thereof and as such plans and programs may be amended from time to time.
- You will serve as Executive Chairman until immediately following the annual meeting of the Company's stockholders in 2024, or your earlier removal or resignation. Your retirement from the Company will automatically occur at such time, and, as a result, you will no longer hold any director or officer position with the Company or any of its subsidiaries.

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- The terms of that certain letter agreement between you and the Company dated April 26, 2012 (the "Letter Agreement") regarding certain severance payments and benefit to which you may be entitled following a qualifying termination of employment shall continue in full force and effect, including any restrictive covenants contained therein.The terms of your indemnification agreement with the Company shall remain in full force and effect.
- The Company may withhold from any amounts payable to you hereunder all federal, state, city or other taxes or deductions that the Company reasonably determines are required to be withheld pursuant to any applicable law or regulation.

If this document correctly sets forth our agreement on the subject matter hereof, please sign and return to the Company the enclosed copy of this agreement which will then constitute our agreement on this matter and supersede in its entirety the letter agreements between you and the Company dated April 30, 2020 and October 25, 2021.

Sincerely,

ARCH RESOURCES, INC.

By: /s/ John A. Ziegler, Jr.___________
John A. Ziegler, Jr.
Sr. Vice President & Chief Administrative Officer

ACKNOWLEDGED AND ACCEPTED as
of this 25th day of October, 2023.

/s/ John W. Eaves__________ ______
John W. Eaves

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**EXHIBIT 31.1**

**Certification**

I, Paul A. Lang, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Arch Resources, Inc.;

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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

5. The registrant's other certifying officer(s) 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.

/s/ Paul A. Lang

Paul A. Lang
Chief Executive Officer, Director
Date: July 27, 2023 October 26, 2023

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**EXHIBIT 31.2**

**Certification**

I, Matthew C. Giljum, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Arch Resources, Inc.;

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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

5. The registrant's other certifying officer(s) 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.

/s/ Matthew C. Giljum

Matthew C. Giljum

Senior Vice President and Chief Financial Officer

Date: July 27, 2023 October 26, 2023

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**EXHIBIT 32.1**

**Certification of Periodic Financial Reports**

I, Paul A. Lang, Chief Executive Officer, Director of Arch Resources, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023 September 30, 2023 (the "Periodic Report") which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of Arch Resources, Inc.

/s/ Paul A. Lang

Paul A. Lang

Chief Executive Officer, Director

Date: July 27, 2023 October 26, 2023

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**EXHIBIT 32.2**

**Certification of Periodic Financial Reports**

I, Matthew C. Giljum, Senior Vice President and Chief Financial Officer of Arch Resources, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023 September 30, 2023 (the "Periodic Report") which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of Arch Resources, Inc.

/s/ Matthew C. Giljum

Matthew C. Giljum

Senior Vice President and Chief Financial Officer

Date: July 27, 2023 October 26, 2023

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**EXHIBIT 95**

**Mine Safety and Health Administration Safety Data**

We believe that Arch Resources, Inc. ("Arch Resources") is one of the safest coal mining companies in the world. Safety is a core value at Arch Resources and at our subsidiary operations. We have in place a comprehensive safety program that includes extensive health & safety training for all employees, site inspections, emergency response preparedness, crisis communications training, incident investigation, regulatory compliance training and process auditing, as well as an open dialogue between all levels of employees. The goals of our processes are to eliminate exposure to hazards in the workplace, ensure that we comply with all mine safety regulations, and support regulatory and industry efforts to improve the health and safety of our employees along with the industry as a whole.

The operation of our mines is subject to regulation by the Federal Mine Safety and Health Administration (MSHA) under the Federal Mine Safety and Health Act of 1977 (Mine Act). MSHA inspects our mines on a regular basis and issues various citations, orders and violations when it believes a violation has occurred under the Mine Act. We present information below regarding certain mining safety and health violations, orders and citations, issued by MSHA and related assessments and legal actions and mine-related fatalities with respect to our coal mining operations. In evaluating the above information regarding mine safety and health, investors should take into account factors such as: (i) the number of citations and orders will vary depending on the size of a coal mine, (ii) the number of citations issued will vary from inspector to inspector and mine to mine, and (iii) citations and orders can be contested and appealed, and in that process are often reduced in severity and amount, and are sometimes dismissed or vacated.

The table below sets forth for the three months ended June 30, 2023 September 30, 2023 for each active MSHA identification number of Arch Resources and its subsidiaries, the total number of: (i) violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a coal or other mine safety or health hazard under section 104 of the Mine Act for which the operator received a citation from MSHA; (ii) orders issued under section 104(b) of the Mine Act; (iii) citations and orders for unwarrantable failure of the mine operator to comply with mandatory health or safety standards under section 104(d) of the Mine Act; (iv) flagrant violations under section 110(b)(2) of the Mine Act; (v) imminent danger orders issued under section 107(a) of the Mine Act; (vi) proposed assessments from MHSA (regardless of whether Arch Coal has challenged or appealed the assessment); (vii) mining-related fatalities; (viii) notices from MSHA of a pattern of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of coal or other mine health or safety hazards under section 104(e) of the Mine Act; (ix) notices from MSHA regarding the potential to have a pattern of violations as referenced in (viii) above; and (x) pending legal actions before the Federal Mine Safety and Health Review Commission (as of June 30, 2023 September 30, 2023) involving such coal or other mine, as well as the aggregate number of legal actions instituted and the aggregate number of legal actions resolved during the reporting period.



| Mine or Operating Name / MSHA Identification Number | Section 104 S&S Citations (#) | Section 104(b) Orders (#) | Section 104(d) Citations and Orders (#) | Section 110(b)(2) Violations (#) | Section 107(a) Orders (#) |
|---|---|---|---|---|---|

| Mine or Operating Name / MSHA Identification Number | Section 104 S&S Citations (#) | Section 104(b) Orders (#) | Section 104(d) Citations and Orders (#) | Section 110(b)(2) Violations (#) | Sectio 107(a) Or (#) |
|---|---|---|---|---|---|
| | | | | | ***Active O*** |
| Vindex Cabin Run / 18-00133 | — | — | — | — | — |
| Vindex Bismarck / 46-09369 | — | — | — | — | — |

| | | | | | |
|---|---|---|---|---|---|
| Vindex Jackson Mt. / 18-00170 | — | — | — | — | — |
| Vindex Wolf Den Run / 18-00790 | — | — | — | — | — |
| Vindex Energy / Vindex / 46-02151 | — | — | — | — | — |
| Vidnex Energy / Carlos Surface / 18-00769 | — | — | — | — | — |
| Vindex Energy / Douglas Island / 18-00749 | — | — | — | — | — |
| Vindex Energy / Dobbin Ridge Prep Plant / 46-07837 | — | — | — | — | — |
| Vindex Energy / Frostburg Blend Yard / 18-00709 | — | — | — | — | — |
| Beckley Pocahontas Mine / 46-05252 | 11 6 | — | — | — | — |
| Beckley Pocahontas Plant / 46-09216 | — | — | — | — | — |
| Eastern Birch River Mine / 46-07945 | — | — | — | — | — |
| Leer South Mine / 46-04168 | 12 20 | — | — | — | — |
| Leer South Prep Plant / 46-08777 | — | — | — | — | — |
| Mingo Logan Mountaineer II / 46-09029 | 19 | — | 4 | — | -— |
| Mingo Logan Cardinal Prep Plant / 46-09046 | — | — | — | — | — |
| Mingo Logan Mountaineer II Daniel Hollow / 46-09029 | 20 | — | 2 | — | -— |
| Mingo Logan Cardinal Prep Plant / 46-09047 | — | — | — | — | — |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 46-09046 | | | | | | | | |
| Mingo Logan Daniel Hollow / 46-09047 | — | — | — | — | — | — | — | No |
| Leer #1 Mine / 46-09192 | 8 | — | — | — | — | 16.1 | — | No |
| Arch of Wyoming Elk Mountain / 48-01694 | — | — | — | — | — | — | — | No |
| Black Thunder / 48-00977 | 2 | — | — | — | — | 11.8 | — | No |
| Coal Creek / 48-01215 | — | — | — | — | — | 1.6 | — | No |
| West Elk Mine / 05-03672 | 7 | — | — | — | — | 29.2 | — | No |
| Leer #1 Prep Plant / 46-09191 | — | — | — | — | — | 0.3 | — | No |
| Wolf Run Mining – Sawmill Run Prep Plant / 46-05544 | — | — | — | — | — | — | — | No |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Wolf Run Mining / Imperial / 46-09115 | — | — | — | — | — | — | — | No |
| Wolf Run Mining / Upshur / 46-05823 | — | — | — | — | — | — | — | No |

(1) See table below for additional details regarding Legal Actions Pend

| Mine or Operating Name/MSHA Identification Number | Contests of Citations, Orders (as of June 30, 2023) | Contests of Proposed Penalties (as of June 30, 2023) | Complaints for Compensation (as of June 30, 2023) | Comp Disc Discri Inter (as of 2 |
|---|---|---|---|---|
| Beckley Pocahontas Mine / 46-05252 | — | 3 | — | |
| Mingo Logan Mountaineer II / 46-09029 | — | 4 | — | |
| Black Thunder/48-00977 | — | 1 | — | |
| Leer South Mine/46-04168 | 1 | — | — | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | | **DISCLAIMER**<br>THE INFORMATION CONTAINED IN THE REFINITIV CORPO<br>OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE<br>THE REPORT INCLUDING THE TEXT AND THE COMPARISO<br>THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILIT<br>BASED UPON THE INFORMATION PROVIDED IN THIS REP<br>COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY I<br>©2023, Refinitiv. All rights reserved. Patents Pending. |