

ARCH RESOURCES, INC.

FORM 10-Q (Quarterly Report)

Filed 04/25/24 for the Period Ending 03/31/24

Address	CITY PLACE ONE STE 300 ARCH MINERAL CORP ST LOUIS, MO, 63141
Telephone	3149942700
CIK	0001037676
Symbol	ARCH
SIC Code	1221 - Bituminous Coal and Lignite Surface Mining
Industry	Coal
Sector	Energy
Fiscal Year	12/31

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 March 31, 2024

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



Arch Resources, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

One CityPlace Drive
Suite 300
St. Louis
Missouri

(Address of principal executive offices)

43-0921172
(I.R.S. Employer
Identification Number)

63141
(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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial 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 April 23, 2024 there were 18,116,434 shares of the registrant's common stock outstanding.

TABLE OF CONTENTS

	<u>Page</u>
Part I FINANCIAL INFORMATION	3
Item 1. Financial Statements	3
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	21
Item 3. Quantitative and Qualitative Disclosures About Market Risk	34
Item 4. Controls and Procedures	34
Part II OTHER INFORMATION	35
Item 1. Legal Proceedings	35
Item 1A. Risk Factors	35
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	35
Item 4. Mine Safety Disclosures	35
Item 5. Other Information	36
Item 6. Exhibits	37
Signatures	43

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 March 31,	
	2024	2023
	(Unaudited)	
Revenues	\$ 680,190	\$ 869,931
Costs, expenses and other operating		
Cost of sales (exclusive of items shown separately below)	567,723	571,737
Depreciation, depletion and amortization	38,820	35,479
Accretion on asset retirement obligations	5,869	5,292
Selling, general and administrative expenses	25,587	26,022
Other operating income, net	(15,983)	(5,169)
	<u>622,016</u>	<u>633,361</u>
Income from operations	58,174	236,570
Interest expense, net		
Interest expense	(4,316)	(4,126)
Interest and investment income	6,100	3,336
	<u>1,784</u>	<u>(790)</u>
Income before nonoperating expenses	59,958	235,780
Nonoperating expense		
Non-service related pension and postretirement benefit (costs) credits	(286)	592
Net loss resulting from early retirement of debt	—	(1,126)
	<u>(286)</u>	<u>(534)</u>
Income before income taxes	59,672	235,246
Provision for income taxes	3,719	37,138
Net income	<u>\$ 55,953</u>	<u>\$ 198,108</u>
Net income per common share		
Basic earnings per share	\$ 3.05	\$ 11.05
Diluted earnings per share	\$ 2.98	\$ 10.02
Weighted average shares outstanding		
Basic weighted average shares outstanding	18,347	17,924
Diluted weighted average shares outstanding	18,775	19,784
Dividends declared per common share	\$ 1.65	\$ 3.11

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

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

	Three Months Ended March 31,	
	2024	2023
	(Unaudited)	
Net income	\$ 55,953	\$ 198,108
Pension, postretirement and other post-employment benefits		
Comprehensive loss before tax	(2,006)	(2,895)
Provision for income taxes	427	636
	(1,579)	(2,259)
Available-for-sale securities		
Comprehensive loss before tax	(4)	(15)
Provision for income taxes	1	3
	(3)	(12)
Total other comprehensive loss	(1,582)	(2,271)
Total comprehensive income	<u><u>\$ 54,371</u></u>	<u><u>\$ 195,837</u></u>

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

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

	March 31, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 285,531	\$ 287,807
Short-term investments	34,252	32,724
Restricted cash	1,100	1,100
Trade accounts receivable (net of \$0 allowance at March 31, 2024 and December 31, 2023)	224,084	273,522
Other receivables	10,519	13,700
Inventories	243,690	244,261
Other current assets	63,393	64,653
Total current assets	862,569	917,767
Property, plant and equipment, net	1,235,775	1,228,891
Other assets		
Deferred income taxes	120,792	124,024
Equity investments	24,053	22,815
Fund for asset retirement obligations	144,146	142,266
Other noncurrent assets	47,351	48,410
Total other assets	336,342	337,515
Total assets	<u>\$ 2,434,686</u>	<u>\$ 2,484,173</u>
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 178,119	\$ 205,001
Accrued expenses and other current liabilities	113,360	127,617
Current maturities of debt	35,341	35,343
Total current liabilities	326,820	367,961
Long-term debt	107,959	105,252
Asset retirement obligations	260,252	255,740
Accrued pension benefits	861	878
Accrued postretirement benefits other than pension	47,384	47,494
Accrued workers' compensation	155,838	154,650
Other noncurrent liabilities	68,124	72,742
Total liabilities	967,238	1,004,717
Stockholders' equity		
Common stock, \$0.01 par value, authorized 300,000 shares, issued 30,785 and 30,557 shares at March 31, 2024 and December 31, 2023, respectively	308	306
Paid-in capital	754,054	720,029
Retained earnings	1,854,621	1,830,018
Treasury stock, 12,607 and 12,197 shares at March 31, 2024 and December 31, 2023, respectively, at cost	(1,178,735)	(1,109,679)
Accumulated other comprehensive income	37,200	38,782
Total stockholders' equity	1,467,448	1,479,456
Total liabilities and stockholders' equity	<u>\$ 2,434,686</u>	<u>\$ 2,484,173</u>

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

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

	Three Months Ended March 31,	
	2024	2023
Operating activities		
Net income	\$ 55,953	\$ 198,108
Adjustments to reconcile to cash from operating activities:		
Depreciation, depletion and amortization	38,820	35,479
Accretion on asset retirement obligations	5,869	5,292
Deferred income taxes	3,660	35,548
Employee stock-based compensation expense	5,588	6,767
Amortization relating to financing activities	658	450
Gain on disposals and divestitures, net	(24)	(279)
Reclamation work completed	(1,355)	(3,887)
Contribution to fund for asset retirement obligations	(1,881)	(1,141)
Changes in:		
Receivables	52,618	(57,968)
Inventories	571	(48,140)
Accounts payable, accrued expenses and other current liabilities	(33,481)	(63,508)
Income taxes, net	30	1,491
Other	1,240	17,909
Cash provided by operating activities	128,266	126,121
Investing activities		
Capital expenditures	(45,446)	(30,541)
Minimum royalty payments	(50)	(113)
Proceeds from disposals and divestitures	90	343
Purchases of short-term investments	(11,332)	(2,930)
Proceeds from sales of short-term investments	9,867	8,000
Investments in and advances to affiliates, net	(4,203)	(4,329)
Cash used in investing activities	(51,074)	(29,570)
Financing activities		
Proceeds from issuance of term loan due 2025	20,000	—
Payments on term loan due 2024	(3,502)	(750)
Payments on convertible debt	—	(58,430)
Net payments on other debt	(12,796)	(12,647)
Debt financing costs	(1,500)	—
Purchases of treasury stock	(13,749)	(20,806)
Dividends paid	(43,662)	(66,902)
Payments for taxes related to net share settlement of equity awards	(24,259)	(27,055)
Proceeds from warrants exercised	—	43,719
Cash used in financing activities	(79,468)	(142,871)
Decrease in cash and cash equivalents, including restricted cash	(2,276)	(46,320)
Cash and cash equivalents, including restricted cash, beginning of period	\$ 288,907	\$ 237,159
Cash and cash equivalents, including restricted cash, end of period	\$ 286,631	\$ 190,839
Cash and cash equivalents, including restricted cash, end of period		
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash and cash equivalents	\$ 285,531	\$ 189,739
Restricted Cash	1,100	1,100
	\$ 286,631	\$ 190,839

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

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

	<u>Common Stock</u>	<u>Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Treasury Stock at Cost</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total</u>
(In thousands, except per share data)						
Balances at January 1, 2024	\$ 306	\$ 720,029	\$ 1,830,018	\$ (1,109,679)	\$ 38,782	\$ 1,479,456
Dividends on common shares	—	—	(30,671)	—	—	(30,671)
Dividend Equivalents earned on RSU grants	—	72	(679)	—	—	(607)
Purchase of 94,701 shares of common stock under share repurchase program	—	—	—	(16,432)	—	(16,432)
Receipt of 315,721 shares from the exercise of capped call	—	52,624	—	(52,624)	—	—
Employee stock-based compensation	—	5,588	—	—	—	5,588
Common stock withheld related to net share settlement of equity awards	—	(24,259)	—	—	—	(24,259)
Issuance of 227,981 shares of common stock under long-term incentive plan	2	—	—	—	—	2
Total comprehensive income (loss)	—	—	55,953	—	(1,582)	54,371
Balances at March 31, 2024	<u>\$ 308</u>	<u>\$ 754,054</u>	<u>\$ 1,854,621</u>	<u>\$ (1,178,735)</u>	<u>\$ 37,200</u>	<u>\$ 1,467,448</u>

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

	<u>Common Stock</u>	<u>Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Treasury Stock at Cost</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total</u>
(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	—	—	198,108	—	(2,271)	195,837
Balances at March 31, 2023	<u>\$ 301</u>	<u>\$ 703,712</u>	<u>\$ 1,705,988</u>	<u>\$ (1,005,165)</u>	<u>\$ 59,158</u>	<u>\$ 1,463,994</u>

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

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 months ended March 31, 2024 are not necessarily indicative of results to be expected for the year ending December 31, 2024. 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, 2023 included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 filed with the U.S. Securities and Exchange Commission.

Certain amounts have been reclassified to conform to the current period's presentation.

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

In November 2023, the FASB issued ASU 2023-07 Segment Reporting – Improving Reportable Segment Disclosures (Topic 280). The update is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant expenses. The ASU requires disclosure to include significant segment expenses that are regularly provided to the chief operating decision maker (CODM), a description of other segment items by reportable segment, and any additional measures of a segment’s profit or loss used by the CODM when deciding how to allocate resources. The ASU also requires all annual disclosures currently required by Topic 280 to be included in interim periods. The update is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted and requires retrospective application to all prior periods presented in the financial statements. The Company is currently assessing the timing and impact of adopting the updated provisions.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which includes amendments that further enhance income tax disclosures, primarily through standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. The amendments are effective for the Company’s annual periods beginning June 1, 2025, with early adoption permitted, and should be applied either prospectively or retrospectively. The Company is currently evaluating the ASU to determine its impact on the Company’s disclosures.

3. Accumulated Other Comprehensive Income (Loss)

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

	Pension, Postretirement and Other Post- Employment Benefits	Available-for- Sale Securities	Accumulated Other Comprehensive Income (loss)
Balances at December 31, 2023	\$ 38,783	\$ (1)	\$ 38,782
Unrealized gains	—	5	5
Amounts reclassified from accumulated other comprehensive income	(2,006)	(9)	(2,015)
Tax effect	427	1	428
Balances at March 31, 2024	<u>\$ 37,204</u>	<u>\$ (4)</u>	<u>\$ 37,200</u>

The following amounts were reclassified out of AOCI:

Details About AOCI Components	Three Months Ended March 31,		Line Item in the Condensed Consolidated Income Statements
	2024	2023	
	(In thousands)		
Pension, postretirement and other post-employment benefits			
Amortization of actuarial gains, net ¹	\$ 2,006	\$ 2,858	Non-service related pension and postretirement benefit credits
Amortization of prior service credits	—	37	Non-service related pension and postretirement benefit credits
	(427)	(636)	Provision for income taxes
	<u>\$ 1,579</u>	<u>\$ 2,259</u>	Net of tax
Available-for-sale securities ²	\$ 9	\$ (22)	Interest and investment income
	(1)	5	Provision for income taxes
	<u>\$ 8</u>	<u>\$ (17)</u>	Net of tax

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.

4. Inventories

Inventories consist of the following:

	March 31, 2024	December 31, 2023
	(In thousands)	
Coal	\$ 95,492	\$ 99,174
Repair parts and supplies	148,198	145,087
	<u>\$ 243,690</u>	<u>\$ 244,261</u>

The repair parts and supplies are stated net of an allowance for slow-moving and obsolete inventories of \$1.6 million at March 31, 2024 and \$1.6 million at December 31, 2023.

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.

[Table of Contents](#)

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

	March 31, 2024				
	Cost Basis	Gross Unrealized		Allowance for - Credit Losses	Fair Value
		Gains	Losses		
		(In thousands)			
Available-for-sale:					
U.S. government and agency securities	\$ 31,291	\$ 12	\$ (7)	\$ —	\$ 31,296
Corporate notes and bonds	2,956	4	(4)	—	2,956
Total Investments	<u>\$ 34,247</u>	<u>\$ 16</u>	<u>\$ (11)</u>	<u>\$ —</u>	<u>\$ 34,252</u>
	December 31, 2023				
	Cost Basis	Gross Unrealized		Allowance for - Credit Losses	Fair Value
		Gains	Losses		
		(In thousands)			
Available-for-sale:					
U.S. government and agency securities	\$ 28,764	\$ 14	\$ (5)	\$ —	\$ 28,773
Corporate notes and bonds	3,951	1	(1)	—	3,951
Total Investments	<u>\$ 32,715</u>	<u>\$ 15</u>	<u>\$ (6)</u>	<u>\$ —</u>	<u>\$ 32,724</u>

The aggregate fair value of investments with unrealized losses that had been owned for less than a year was \$5.6 million and \$2.2 million at March 31, 2024 and December 31, 2023, respectively. The aggregate fair value of investments with unrealized losses that were owned for over a year was \$0.0 million and \$2.3 million at March 31, 2024 and December 31, 2023, respectively. The unrealized losses in the Company's portfolio at March 31, 2024 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 March 31, 2024 have maturity dates ranging from the second quarter of 2024 through the second quarter of 2025. 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.

6. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following:

	March 31, 2024	December 31, 2023
	(In thousands)	
Payroll and employee benefits	\$ 30,832	\$ 37,259
Taxes other than income taxes	44,063	51,155
Interest	1,372	2,395
Workers' compensation	17,775	18,724
Asset retirement obligations	6,091	6,089
Other	13,227	11,995
	<u>\$ 113,360</u>	<u>\$ 127,617</u>

7. Debt and Financing Arrangements

	March 31, 2024	December 31, 2023
	(In thousands)	
Term loan due 2025 (\$20.0 million face value)	\$ 20,000	\$ —
Term loan due 2024	—	3,502
Tax Exempt Bonds (\$98.1 million face value)	98,075	98,075
Other	27,733	40,529
Debt issuance costs	(2,508)	(1,511)
	143,300	140,595
Less: current maturities of debt	35,341	35,343
Long-term debt	<u>\$ 107,959</u>	<u>\$ 105,252</u>

Term Loan Facility

On February 8, 2024, the Company entered into a new senior secured term loan credit agreement in the principal amount of \$20.0 million (the “Term Loan”) with PNC Bank, National Association, as administrative and collateral agent. The Term Loan requires quarterly principal amortization payments of \$3.3 million and matures on June 30, 2025. The interest rate on the facility is, at the option of Arch Resources, either (i) Secured Overnight Financing Rate (“SOFR”) plus a SOFR adjustment of .10% plus an applicable margin of 3.00%, subject to a SOFR floor of 0.00%, or (ii) a base rate plus an applicable margin of 2.00%.

The Term Loan is guaranteed by substantially all of the domestic subsidiaries of the Company. Additionally, the Term Loan is secured by substantially all the assets of the Company and the guarantors, subject to customary exceptions (including an exclusion for owned and leased real property).

The Term Loan contains the following financial maintenance covenants: (i) total net leverage not to exceed 2.00 to 1.00 for the trailing four fiscal quarters; (ii) the ratio of Consolidated EBITDA to Consolidated Interest Expense to be less than 3.50 to 1.00 for the trailing four fiscal quarters; and (iii) liquidity of not less than \$100 million at any time.

The Term Loan is subject to certain usual and customary mandatory prepayment events, including 100% of net cash proceeds of debt issuances (other than debt permitted to be incurred under the terms of the Term Loan).

The Term Loan contains customary affirmative and negative covenants and representations; and customary events of default, subject to customary thresholds and exceptions. As of March 31, 2024, the Company was in compliance with the Term Loan debt covenants.

The proceeds from the Term Loan were used to pay off the \$3.5 million balance of the existing term loan debt facility. Additionally, the Company incurred approximately \$1.5 million in debt issuance costs related to the Term Loan.

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 March 31, 2024, letters of credit totaling \$51.9 million were outstanding under the facility with \$98.1 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 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 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 March 31, 2024, letters of credit totaling \$26.2 million were outstanding under the facility with \$23.8 million available for borrowings.

Equipment Financing

On July 29, 2021, the Company entered into an 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

[Table of Contents](#)

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.

For the three months ended March 31, 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, 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

On February 16, 2024, Arch Resources, Inc. (the “Company”) agreed with each of Bank of Montreal, Goldman Sachs & Co. LLC and Jefferies International Limited (each a “Counterparty” and collectively, the “Counterparties”) to terminate and unwind certain capped call transactions by and between the Company and each Counterparty (such transactions, the “Capped Calls”). The Company entered into the Capped Calls in connection with the offering of its now-retired Convertible Notes, in order to reduce the potential dilution upon conversion of the notes. The Company retired 315,721 of its outstanding shares via the termination and unwinding of the capped calls.

8. Income Taxes

The Company's effective tax rate for three months ended March 31, 2024 is based on its estimated full year effective tax rate, adjusted for discrete items. The effective tax rate for the three months ended March 31, 2024 was 6.2%. The effective tax rate for the three months ended March 31, 2024 differs from the U.S. federal statutory rate of 21%, primarily due to the income tax benefit for excess percentage depletion and discrete tax benefits related to equity compensation.

For the three months ended March 31, 2023, the Company's effective tax rate was 15.8%. The effective tax rate for the three months ended March 31, 2023 differed from the U.S. federal statutory rate of 21%, primarily due to the income tax benefit for excess percentage depletion and discrete tax benefits related to equity compensation.

9. 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.
- 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.

[Table of Contents](#)

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:

	March 31, 2024			
	Total	Level 1 (In thousands)	Level 2	Level 3
Assets:				
Investments in marketable securities	\$ 34,252	\$ 31,296	\$ 2,956	\$ —
Fund for asset retirement obligations	144,146	144,146	—	—
Total assets	<u>\$ 178,398</u>	<u>\$ 175,442</u>	<u>\$ 2,956</u>	<u>\$ —</u>

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.

Fair Value of Long-Term Debt

At March 31, 2024 and December 31, 2023, the fair value of the Company's debt, including amounts classified as current, was \$145.8 million and \$142.1 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.

10. 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:

(In Thousands)	Three Months Ended March 31,	
	2024	2023
Net income attributable to common shares	\$ 55,953	\$ 198,108
Adjustment of interest expense attributable to Convertible Notes	—	108
Diluted net income attributable to common stockholders	<u>55,953</u>	<u>198,216</u>
Basic weighted average shares outstanding	18,347	17,924
Effect of dilutive securities	428	1,524
Convertible Notes (a)	—	336
Diluted weighted average shares outstanding	<u>18,775</u>	<u>19,784</u>

- (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.

11. 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. A subsequent extended comment period 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 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 March 31,	
	2024	2023
	(In thousands)	
Self-insured occupational disease benefits:		
Service cost	\$ 1,278	\$ 993
Interest cost ⁽¹⁾	1,565	1,511
Net amortization ⁽¹⁾	(3)	(241)
Total occupational disease	\$ 2,840	\$ 2,263
Traumatic injury claims and assessments	2,484	1,690
Total workers' compensation expense	\$ 5,324	\$ 3,953

- (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."

12. Employee Benefit Plans

The following table details the components of pension benefit credit:

	Three Months Ended March 31,	
	2024	2023
	(In thousands)	
Interest cost ⁽¹⁾	\$ 11	\$ 1,534
Expected return on plan assets ⁽¹⁾	—	(1,518)
Amortization of prior service credits ⁽¹⁾	—	(37)
Amortization of other actuarial (gains) ⁽¹⁾	(22)	(195)
Net benefit credit	<u>\$ (11)</u>	<u>\$ (216)</u>

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

	Three Months Ended March 31,	
	2024	2023
	(In thousands)	
Service cost	\$ 49	\$ 58
Interest cost ⁽¹⁾	605	674
Amortization of other actuarial gains ⁽¹⁾	(1,981)	(2,422)
Net benefit credit	<u>\$ (1,327)</u>	<u>\$ (1,690)</u>

- (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).”

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”), 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”). The Company no longer administers or pays the retirement benefits of the Cash Balance Pension Plan.

13. 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 March 31, 2024, the Company had outstanding surety bonds with a face amount of \$500.1 million to secure various obligations and commitments and \$78.1 million of letters of credit under its Securitization and Inventory

[Table of Contents](#)

Facilities used to collateralize certain obligations. The Company 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 March 31, 2024, the Company’s reclamation-related obligations of \$266.3 million were supported by surety bonds of \$403.2 million. The Company has posted \$0.6 million in cash collateral related to reclamation surety bonds. Additionally, in the first quarter of 2024, the Company contributed an additional \$1.9 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 \$144.1 million as of March 31, 2024. This amount is recorded as “Fund for asset retirement obligations” on the Condensed Consolidated Balance Sheets.

14. 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 months ended March 31, 2024 and 2023 are presented below. The Corporate, Other, and Eliminations grouping includes these charges: idle operations; equity investments; change in fair value of coal derivatives, net; corporate overhead; land management activities; certain miscellaneous revenue; and the elimination of intercompany transactions.

(In thousands)	MET	Thermal	Corporate, Other and Eliminations	Consolidated
Three Months Ended March 31, 2024				
Revenues	\$ 417,065	\$ 263,125	\$ —	\$ 680,190
Adjusted EBITDA	129,536	930	(27,603)	102,863
Depreciation, depletion and amortization	31,390	7,168	262	38,820
Accretion on asset retirement obligation	647	4,810	412	5,869
Capital expenditures	37,033	7,544	869	45,446
Three Months Ended March 31, 2023				
Revenues	\$ 536,172	\$ 333,759	\$ —	\$ 869,931
Adjusted EBITDA	263,057	46,255	(31,971)	277,341
Depreciation, depletion and amortization	27,853	7,408	218	35,479
Accretion on asset retirement obligation	615	4,314	363	5,292
Capital expenditures	24,761	5,493	287	30,541

[Table of Contents](#)

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

(In thousands)	Three Months Ended March 31,	
	2024	2023
Net income	\$ 55,953	\$ 198,108
Provision for income taxes	3,719	37,138
Interest expense, net	(1,784)	790
Depreciation, depletion and amortization	38,820	35,479
Accretion on asset retirement obligations	5,869	5,292
Non-service related pension and postretirement benefit costs (credits)	286	(592)
Net loss resulting from early retirement of debt	—	1,126
Adjusted EBITDA	\$ 102,863	\$ 277,341
EBITDA from idled or otherwise disposed operations	3,697	4,032
Selling, general and administrative expenses	25,587	26,022
Other	(1,681)	1,917
Segment Adjusted EBITDA from coal operations	\$ 130,466	\$ 309,312

15. 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 from spot or short term contracts with an index-based pricing mechanism.

	MET	Thermal	Corporate, Other and Eliminations (in thousands)	Consolidated
Three Months Ended March 31, 2024				
North America revenues	\$ 35,584	\$ 205,663	\$ —	\$ 241,247
Seaborne revenues	381,481	57,462	—	438,943
Total revenues	\$ 417,065	\$ 263,125	\$ —	\$ 680,190
Three Months Ended March 31, 2023				
North America revenues	\$ 71,407	\$ 287,259	\$ —	\$ 358,666
Seaborne revenues	464,765	46,500	—	511,265
Total revenues	\$ 536,172	\$ 333,759	\$ —	\$ 869,931

As of March 31, 2024, the Company has outstanding performance obligations for the remainder of 2024 of 40.9 million tons of fixed price contracts and 5.2 million tons of variable price contracts. Additionally, the Company has

outstanding performance obligations beyond 2024 of approximately 66.5 million tons of fixed price contracts and 1.7 million tons of variable price contracts.

16. 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 three 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 March 31, 2024 and December 31, 2023, the Company had the following ROU assets and lease liabilities within its Condensed Consolidated Balance Sheets:

		March 31, 2024	December 31, 2023
Assets	Balance Sheet Classification		
Operating lease right-of-use assets	Other noncurrent assets	\$ 8,960	\$ 9,626
Financing lease right-of-use assets	Other noncurrent assets	1,297	1,621
Total Lease Assets		<u>\$ 10,257</u>	<u>\$ 11,247</u>
Liabilities	Balance Sheet Classification		
Financing lease liabilities - current	Accrued expenses and other current liabilities	\$ 2,866	\$ 1,041
Operating lease liabilities - current	Accrued expenses and other current liabilities	2,807	2,789
Financing lease liabilities - long-term	Other noncurrent liabilities	-	2,079
Operating lease liabilities - long-term	Other noncurrent liabilities	6,604	7,351
		<u>\$ 12,277</u>	<u>\$ 13,260</u>
Weighted average remaining lease term in years			
Operating leases		3.07	3.32
Finance leases		1.00	1.25
Weighted average discount rate			
Operating leases		5.5%	5.5%
Finance leases		6.4%	6.4%

[Table of Contents](#)

Information related to leases was as follows:

	Three Months Ended March 31,	
	2024	2023
Operating lease information:		
Operating lease cost	\$ 803	\$ 831
Operating cash flows from operating leases	866	876
Financing lease information:		
Financing lease cost	\$ 393	\$ 393
Operating cash flows from financing leases	303	303

Future minimum lease payments under non-cancellable leases as of March 31, 2024 were as follows:

Year	Operating Leases	Finance Leases
	(In thousands)	
2024	\$ 2,415	\$ 908
2025	3,266	2,111
2026	3,080	—
2027	1,533	—
2028	—	—
Thereafter	—	—
Total minimum lease payments	\$ 10,294	\$ 3,019
Less imputed interest	(883)	(153)
Total lease liabilities	\$ 9,411	\$ 2,866

17. Subsequent Event

On April 25, 2024, the Company announced the board approval of a quarterly dividend of \$1.11 per share for stockholders of record on May 31, 2024, with a payment date of June 14, 2024. The dividend consists of a fixed component of \$0.25 per share and a variable component of \$0.86 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, such as our expected future business and financial performance, and intended to come within the safe harbor protections provided by those sections. The words “should,” “could,” “appears,” “estimates,” “expects,” “anticipates,” “intends,” “may,” “plans,” “predicts,” “projects,” “believes,” “seeks,” or “will” or other comparable words and phrases identify forward-looking statements, which speak only as of the date of this report. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. 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; 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; inflationary pressures on 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; 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; the effects of significant foreign conflicts; the loss of, or significant reduction in, purchases by our largest customers; our relationships with, and other conditions affecting our customers and our ability to collect payments from our customers; risks related to our international growth; 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; 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; inaccuracies in our estimates of our coal reserves; defects in title or the loss of a leasehold interest; the availability and cost of surety bonds; including potential collateral requirements; we may not have adequate insurance coverage for some business risks; disruptions in the supply of coal from third parties; decreases in the coal consumption of electric power generators could result in less demand and lower prices for thermal coal; 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; public health emergencies, such as pandemics or epidemics, could have an adverse effect on our business; 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; our ability to obtain or 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, 2023 and subsequent Quarterly Reports on Form 10-Q.

Overview

Our results for the three months ended March 31, 2024, were impacted by softening of global metallurgical coal markets and domestic thermal coal markets. Despite the relative softness, coal markets, particularly coking coal markets, have remained above previous long-term average levels. Economic growth remains constrained, particularly in Europe and the Americas, due to stubborn inflationary pressure and continuing tighter monetary policies from many nations’ central banks. Slower economic growth negatively impacts end user demand for our products and has a negative impact on coal markets.

Over two years since the February 24, 2022, Russian invasion of Ukraine, the war continues with no indication any resolution is close. Major changes in energy trading patterns appear to be set while hostilities continue. Bans on the import of Russian coal by the European Union, the United Kingdom, Japan, and other nations continue to drive Russian coal into China, India, Turkey, and other Asian countries. These destinations have generally sourced Russian coals at discounts, sometimes significant discounts, from what similar quality coals from other origins would have required. We expect continued availability of discounted Russian coal into Asian markets. However, we believe most Russian coal is thermal and lower quality metallurgical and that the availability of high quality Russian coking coal is limited.

During the year ended December 31, 2023, China effectively lifted the ban on imports of coal from Australia. While Australian coal is once again flowing into China, it is at much lower volumes than before the ban. Increased Chinese domestic production and increased imports of discounted Russian coal continue to pressure import volumes from Australia. In the three months ended March 31, 2024, Australian coking coal exports appear to be on track to increase compared to the three months ended March 31, 2023. The increase in availability of Australian coking coal and continued muted demand from China resulted in a rapid decline in Pacific coking coal indices in the three months ended March 31, 2024. Atlantic coking coal indices have declined as well, but not to the same degree, as price differentials between Atlantic and Pacific coking coal markets have compressed. We believe that some high cost coking coal sources are already under economic pressure at current market levels.

On March 26, 2024, a large container vessel lost power and struck one of the main support piers of the Francis Scott Key Bridge, plunging most of the span into the water and effectively blocking shipping access to Baltimore Harbor. One of the primary coking coal loading ports we use for loading export coal, the Curtis Bay Terminal (CBT), is currently blocked until the debris can be removed and the main shipping channel reopened. The United States Army Corps of Engineers has provided an initial estimate that the main channel will be reopened, and normal shipping restored by the end of May 2024. We have been working with our logistics partners to effectively maximize available throughput at our other primary coking coal loading port, Dominion Terminals Associates (DTA), in which we have a 35% ownership interest, and with its rail service provider to move as much of its export coking coal volume as possible via that terminal, while also exploring other export alternatives. The duration of this logistical disruption is beyond our control, and it may negatively impact our export shipment volume of coking coal and may increase logistics costs, such as demurrage, until the main channel reopens. We believe the Port of Baltimore was going to handle approximately nine million tons of coking coal from the industry in 2024, and any prolonged outage could have an impact on the global coking coal supply and demand balance.

With respect to the global coking coal market, we believe that underinvestment in the sector in recent years underlies longer-term market dynamics. Overall, underinvestment in the sector appears likely to persist, 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.

During the three months ended March 31, 2024, domestic thermal coal consumption was pressured by a generally mild winter heating season in most of the heavily populated areas of the United States, low natural gas prices, increased

[Table of Contents](#)

subsidized renewable generation, and high utility coal stockpiles. Currently, natural gas prices are at levels such that natural gas generation is economically dispatched ahead of thermal coal generation in most instances. We have firm sales commitments for the current year for our thermal segment at volume levels which support economic efficient mine operations, and which will remain so even though delivery of some of this volume will be deferred by agreement with some customers. 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 fueled generating facilities. Despite moderation, international thermal coal markets remain above long-term historical averages, supporting continued export opportunities for our thermal operations.

Currently, planned production levels at our thermal operations correspond with existing sales commitments. We are concurrently shrinking our operational footprint at our Powder River Basin operations and putting in place funding to pay for the eventual closure and final reclamation of these operations. During the first three months of 2024, we contributed \$1.9 million to our fund for asset retirement obligations, representing interest earned, bringing our total to \$144.1 million. We plan to continue to grow the thermal mine reclamation fund through interest earnings. Longer term, we will maintain our focus on aligning our thermal production rates with the expected secular decline in domestic coal-fired power generation, while maximizing sales into export and industrial markets, and maintaining flexibility to react to short-term market fluctuations.

Results of Operations

Three Months Ended March 31, 2024 and 2023

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 March 31, 2024 and 2023:

	Three Months Ended March 31,		
	2024	2023	(Decrease) / Increase
	(In thousands)		
Coal sales	\$ 680,190	\$ 869,931	\$ (189,741)
Tons sold	14,973	19,176	(4,203)

On a consolidated basis, coal sales in the first quarter of 2024 were approximately \$189.7 million, or 21.8%, less than in the first quarter of 2023, while tons sold decreased approximately 4.2 million tons, or 21.9%. Coal sales from Metallurgical operations decreased approximately \$119.1 million, primarily due to decreased pricing. Thermal coal sales decreased approximately \$70.6 million due to decreased volume partially offset by increased pricing primarily due to transportation on our export shipments. 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 March 31, 2024 and 2023:

	Three Months Ended March 31,		
	2024	2023	Increase (Decrease) in Net Income
	(In thousands)		
Cost of sales (exclusive of items shown separately below)	\$ 567,723	\$ 571,737	\$ 4,014
Depreciation, depletion and amortization	38,820	35,479	(3,341)
Accretion on asset retirement obligations	5,869	5,292	(577)
Selling, general and administrative expenses	25,587	26,022	435
Other operating income, net	(15,983)	(5,169)	10,814
Total costs, expenses and other	<u>\$ 622,016</u>	<u>\$ 633,361</u>	<u>\$ 11,345</u>

Cost of sales. Our cost of sales for the first quarter of 2024 decreased approximately \$4.0 million, or 0.7%, versus the first quarter of 2023. The decrease in cost of sales is due to decreased sales sensitive costs of approximately \$30.1 million and reduced repairs and supplies costs of approximately \$22.0 million offset by increased compensation and benefit costs of approximately \$28.8 million and transportation costs of approximately \$14.0 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 quarter of 2024 versus the first quarter of 2023 primarily related to the metallurgical segment.

Accretion on asset retirement obligations. The increase in accretion expense in the first quarter of 2024 versus the first quarter of 2023 is primarily related to the results of our annual recosting exercise completed during the fourth quarter of 2023.

Selling, general and administrative expenses. The decrease in selling, general and administrative expenses in the first quarter of 2024 versus the first quarter of 2023 was due to a decrease in compensation related expenses.

[Table of Contents](#)

Other operating income, net. The increase in other operating income, net in the quarter ended March 31, 2024 as compared to the year ended March 31, 2023 is primarily due to the net favorable impact of a \$9.1 million gain related to coordinating the start-up of the Leer longwall to allow for relocation of power lines that were to be undermined and transloading income of approximately \$2.9 million offset by certain coal derivative settlements of approximately \$2.7 million (immaterial income in 2024 compared to \$2.7 million in income in 2023).

Nonoperating expenses. The following table summarizes our nonoperating expenses during the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31,		
	2024	2023	Increase (Decrease) in Net Income
		(In thousands)	
Non-service related pension and postretirement benefit credits (costs)	\$ (286)	\$ 592	\$ (878)
Net loss resulting from early retirement of debt	—	(1,126)	1,126
Total nonoperating expenses	<u>\$ (286)</u>	<u>\$ (534)</u>	<u>\$ 248</u>

Non-service related pension and postretirement benefit credits (costs). See Note 12, “Employee Benefit Plans” to the Condensed Consolidated Financial 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 March 31, 2024 and 2023:

	Three Months Ended March 31,		
	2024	2023	Increase (Decrease) in Net Income
		(In thousands)	
Provision for income taxes	\$ 3,719	\$ 37,138	\$ 33,419

See Note 8, “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.

Operational Performance

Three Months Ended March 31, 2024 and 2023

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 months ended March 31, 2024 and March 31, 2023.

	Three Months Ended March 31,		
	2024	2023	Variance
Metallurgical			
Tons sold (in thousands)	2,152	2,155	(3)
Coal sales per ton sold	\$ 149.98	\$ 204.25	\$ (54.27)
Cash cost per ton sold	\$ 94.31	\$ 82.66	\$ (11.65)
Cash margin per ton sold	\$ 55.67	\$ 121.59	\$ (65.92)
Adjusted EBITDA (in thousands)	\$ 129,536	\$ 263,057	\$ (133,521)
Thermal			
Tons sold (in thousands)	12,821	17,021	(4,200)
Coal sales per ton sold	\$ 17.60	\$ 18.49	\$ (0.89)
Cash cost per ton sold	\$ 17.65	\$ 15.79	\$ (1.86)
Cash margin per ton sold	\$ (0.06)	\$ 2.70	\$ (2.76)
Adjusted EBITDA (in thousands)	\$ 930	\$ 46,255	\$ (45,325)

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 months ended March 31, 2024, decreased from the three months ended March 31, 2023 due to decreased coal sales per ton sold and increased cash cost per ton sold. As discussed previously in the “Overview,” coal sales per ton sold declined from the prior year period as weak global economic growth muted demand for finished steel products, and an increase in high quality coking coal supply in international markets exerted downward pressure on international coking coal prices. Coal sales per ton sold was also impacted by an increase in the percentage of associated thermal coal in the sales mix, along with reduced market prices for this product. Cash cost per ton sold increased primarily due to decreased production volume. Production volume in the current year period was lower at both our Leer and Leer South operations due to less favorable geologic conditions in the current quarter compared to the prior quarter, and equipment outages. Additionally, Leer production was impacted due to a delayed start in the current longwall panel to coordinate the longwall mining with the relocation of power lines which were to be undermined and subsided. We were compensated \$9.1 million through this arrangement.

[Table of Contents](#)

Our Metallurgical segment sold 1.9 million tons of coking coal and 0.3 million tons of associated thermal coal in the three months ended March 31, 2024, compared to 2.1 million tons of coking coal and 0.1 million tons of associated thermal coal in the three months ended March 31, 2023. Longwall operations accounted for approximately 76% of our shipment volume in the three months ended March 31, 2024, compared to approximately 80% of our shipment volume in the three months ended March 31, 2023.

Thermal — Adjusted EBITDA for the three months ended March 31, 2024 decreased versus the three months ended March 31, 2023, due to decreased tons sold, decreased coal sales per ton sold, and increased cash cost per ton sold. As discussed previously in the “Overview,” tons sold declined due to weakness in the domestic thermal market related to low natural gas prices and increased renewable generation. Coal sales per ton sold declined due to the roll off and replacement of higher priced business and a decline in international thermal coal indices. Cash cost per ton sold increased primarily due to the decrease in sales volumes.

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 March 31, 2024 (In thousands)	Metallurgical	Thermal	Idle and Other	Consolidated
GAAP Revenues in the Condensed Consolidated Income Statements	\$ 417,065	\$ 263,125	\$ —	\$ 680,190
Less: Adjustments to reconcile to Non-GAAP Segment coal sales revenue				
Transportation costs	94,261	37,486	—	131,747
Non-GAAP Segment coal sales revenues	\$ 322,804	\$ 225,639	\$ —	\$ 548,443
Tons sold	2,152	12,821		
Coal sales per ton sold	\$ 149.98	\$ 17.60		

Three Months Ended March 31, 2023 (In thousands)	Metallurgical	Thermal	Idle and Other	Consolidated
GAAP Revenues in the Condensed Consolidated Income Statements	\$ 536,172	\$ 333,759	\$ —	\$ 869,931
Less: Adjustments to reconcile to Non-GAAP Segment coal sales revenue				
Coal risk management derivative settlements classified in "other income"	—	(2,668)	—	(2,668)
Transportation costs	96,054	21,721	—	117,775
Non-GAAP Segment coal sales revenues	\$ 440,118	\$ 314,706	\$ —	\$ 754,824
Tons sold	2,155	17,021		
Coal sales per ton sold	\$ 204.25	\$ 18.49		

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.

Three Months Ended March 31, 2024 (In thousands)	Metallurgical	Thermal	Idle and Other	Consolidated
GAAP Cost of sales in the Condensed Consolidated Income Statements	\$ 297,251	\$ 262,928	\$ 7,544	\$ 567,723
Less: Adjustments to reconcile to Non-GAAP Segment cash cost of coal sales				
Diesel fuel risk management derivative settlements classified in "other income"	—	(900)	—	(900)
Transportation costs	94,261	37,486	—	131,747
Cost of coal sales from idled or otherwise disposed operations not included in segments	—	—	4,289	4,289
Other (operating overhead, certain actuarial, etc.)	—	—	3,255	3,255
Non-GAAP Segment cash cost of coal sales	\$ 202,990	\$ 226,342	\$ —	\$ 429,332
Tons sold	2,152	12,821		
Cash Cost Per Ton Sold	\$ 94.31	\$ 17.65		

Three Months Ended March 31, 2023 (In thousands)	Metallurgical	Thermal	Idle and Other	Consolidated
GAAP Cost of sales in the Condensed Consolidated Income Statements	\$ 274,171	\$ 289,506	\$ 8,060	\$ 571,737
Less: Adjustments to reconcile to Non-GAAP Segment cash cost of coal sales				
Diesel fuel risk management derivative settlements classified in "other income"	—	(1,008)	—	(1,008)
Transportation costs	96,054	21,721	—	117,775
Cost of coal sales from idled or otherwise disposed operations not included in segments	—	—	5,178	5,178
Other (operating overhead, certain actuarial, etc.)	—	—	2,882	2,882
Non-GAAP Segment cash cost of coal sales	\$ 178,117	\$ 268,793	\$ —	\$ 446,910
Tons sold	2,155	17,021		
Cash Cost Per Ton Sold	\$ 82.66	\$ 15.79		

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 March 31,	
	2024	2023
Net income	\$ 55,953	\$ 198,108
Provision for income taxes	3,719	37,138
Interest expense, net	(1,784)	790
Depreciation, depletion and amortization	38,820	35,479
Accretion on asset retirement obligations	5,869	5,292
Non-service related pension and postretirement benefit costs (credits)	286	(592)
Net loss resulting from early retirement of debt	—	1,126
Adjusted EBITDA	102,863	277,341
EBITDA from idled or otherwise disposed operations	3,697	4,032
Selling, general and administrative expenses	25,587	26,022
Other	(1,681)	1,917
Segment Adjusted EBITDA from coal operations	\$ 130,466	\$ 309,312

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.

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 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 maintain our strong financial position with substantial liquidity and low levels of debt and other liabilities, while returning significant value to our stockholders. We ended the first quarter of 2024 with cash, cash equivalents and short-term investments of \$319.8 million and total liquidity of \$442.1 million. During the first three months of 2024, capital expenditures were approximately \$45.4 million, and we expect our capital spending to remain at maintenance levels for the foreseeable future. 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 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.

We remain committed to returning 100% of our excess cash flow to shareholders through a combination of share repurchases and variable dividends. Additionally, the Board has the flexibility to consider other alternatives, including capital preservation. For the three months ended March 31, 2024, we paid approximately \$43.7 million to our stockholders in the form of dividends and spent approximately \$13.7 million to repurchase our common stock. Any future dividends and all other potential uses of capital are subject to board approval and declaration.

Based on the first quarter discretionary cash flow, a combined fixed and variable dividend payment of \$1.11 per share will be made to stockholders of record as of May 31, 2024, payable on June 14, 2024.

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

	Three Months Ended March 31, 2024
Cash flow from operating activities	\$ 128,266
Less: Capital expenditures	(45,446)
Discretionary cash flow	\$ 82,820
Variable dividend percentage	25%
Total dividend to be paid	\$ 20,705
Total dividend per share (variable and fixed)	\$ 1.11

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 March 31, 2024, we repurchased shares of our common stock for approximately \$13.7 million bringing total repurchases to 12,291,328 shares for approximately \$1.1 billion since the inception of the program in 2017. As of March 31, 2024 there is \$202 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

[Table of Contents](#)

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.

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. A subsequent extended comment period 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.

On February 8, 2024, the Company entered into a new senior secured term loan credit agreement in the principal amount of \$20.0 million (the "Term Loan") with PNC Bank, National Association, as administrative and collateral agent. The Term Loan requires quarterly principal amortization payments of \$3.3 million and matures on June 30, 2025. The interest rate on the facility is, at the option of Arch Resources, either (i) Secured Overnight Financing Rate ("SOFR") plus a SOFR adjustment of .10% plus an applicable margin of 3.00%, subject to a SOFR floor of 0.00%, or (ii) a base rate plus an applicable margin of 2.00%.

The table below summarizes our availability under our credit facilities as of March 31, 2024:

	Face Amount	Borrowing Base	Letters of Credit Outstanding (Dollars in thousands)	Availability	Contractual Expiration
Securitization Facility	\$ 150,000	\$ 150,000	\$ 51,948	\$ 98,052	August 1, 2025
Inventory Facility	50,000	50,000	26,200	23,800	August 3, 2025
Total	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 78,148</u>	<u>\$ 121,852</u>	

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 increased our long-term debt by a principal amount of \$20 million under our Term Loan during the first three months of 2024. 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, 2023.

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

[Table of Contents](#)

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 on Form 10-K for the year ended December 31, 2023. For further information regarding off-balance sheet arrangements, see Note 13, "Commitments and Contingencies" to the Condensed Consolidated Financial Statements.

Cash Flow

The following is a summary of cash provided by or used in each of the indicated types of activities during the three months ended March 31, 2024 and 2023:

(In thousands)	Three Months Ended March 31,	
	2024	2023
Cash provided by (used in):		
Operating activities	\$ 128,266	\$ 126,121
Investing activities	(51,074)	(29,570)
Financing activities	(79,468)	(142,871)

Cash provided by operating activities increased approximately \$2.1 million compared to the prior year, primarily due to a net favorable change in working capital of approximately \$189 million when compared to prior year offset by decrease in results from operations discussed in the "Overview" and "Operational Performance" sections above.

Cash used in investing activities increased in the three months ended March 31, 2024, versus the three months ended March 31, 2023, primarily due to increased capital expenditures of approximately \$14.9 million for maintenance capital and increase in net short-term investment activity of approximately \$6.5 million.

Cash used in financing activities declined \$63.4 million compared to the prior period due to a decrease of approximately \$75.5 million in overall debt payments compared to prior year and a reduction in dividends paid of approximately \$23.2 million, a decrease in share repurchases of \$7.1 million, and a decrease of \$43.7 million of proceeds from warrants exercised in the prior year.

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, 2023.

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 2024 were as follows as of March 31, 2024:

	2024	
	Tons (in millions)	\$ per ton
Metallurgical		
Committed, North America Priced Coking	1.5	\$ 157.41
Committed, North America Unpriced Coking	—	
Committed, Seaborne Priced Coking	1.8	165.72
Committed, Seaborne Unpriced Coking	3.7	
Committed, Priced Thermal	0.4	31.05
Committed, Unpriced Thermal	0.2	
Thermal		
Committed, Priced	52.8	\$ 17.16
Committed, Unpriced	0.9	

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 our 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 March 31, 2024, the Company had protected the price of expected diesel fuel purchases for the remainder of 2024 with approximately 18 million gallons of heating oil call options with an average strike price of \$3.00 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 March 31, 2024. 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.

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, 2023.

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 March 31, 2024 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)
January 1 through January 31, 2024	—	\$ —	—	\$ 217,703
February 1 through February 29, 2024	—	\$ —	—	\$ 217,703
March 1 through March 31, 2024	94,701	\$ 166.30	94,701	\$ 201,954
Total	<u>94,701</u>	<u>\$ 166.30</u>	<u>94,701</u>	

In the first three months of 2024, we repurchased 94,701 shares at an average price of \$166.30 per share for an aggregate purchase price of approximately \$15.7 million. As of March 31, 2024, we had repurchased 12,291,328 shares at an average share price of \$91.56 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 \$202 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 March 31, 2024.

Item 5. Other Information

During the three months ended March 31, 2024, 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
Rosemary L. Klein, Senior Vice President - Law, General Counsel and Secretary	Rule 10b5-1 Trading Arrangement	3/12/2024	1/31/2025	326 days	Up to 8,100

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 March 31, 2024, 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 of Regulation S-K.

[Table of Contents](#)

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 February 8, 2024, among Arch Resources, Inc. as borrower, the guarantors party thereto, the lenders from time to time party thereto and PNC Bank, National Association, in its capacity as administrative agent \(incorporated by reference to Exhibit 10.1 of Arch Resources' Annual Report on Form 10-K for the year ended December 31, 2023\).](#)
- 10.2 [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 agent and as collateral agent \(incorporated by reference to Exhibit 10.1 of Arch Resources' Current Report on Form 8-K filed on May 2, 2017\).](#)
- 10.3 [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 \(incorporated by reference to Exhibit 10.5 to Arch Resources' Annual Report on Form 10-K for the year ended 2018\).](#)
- 10.4 [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](#)

Table of Contents

- [and Regions Bank, in its capacities as administrative agent and as collateral agent \(incorporated by reference to Exhibit 10.6 of Arch Resources' Quarterly Report on Form 10-Q for the period ended September 30, 2020\).](#)
- 10.5 [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 collateral agent \(incorporated by reference to Exhibit 10.7 of Arch Resources' Quarterly Report on Form 10-Q for the period ended September 30, 2020\).](#)
- 10.6 [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 \(incorporated by reference to Exhibit 10.08 of Arch Resources' Quarterly Report on Form 10-Q for the period ended June 30, 2021\).](#)
- 10.7 [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 \(incorporated by reference to Exhibit 10.9 of Arch Resources' Quarterly Report on Form 10-Q for the period ended September 30, 2022\).](#)
- 10.8 [Sixth Amendment to Credit Agreement dated February 8, 2024, 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 \(incorporated by reference to Exhibit 10.8 of Arch Resources' Annual Report on Form 10-K for the year ended December 31, 2023\).](#)
- 10.9 [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 \(incorporated by reference to Exhibit 10.2 of Arch Resources' Current Report on Form 8-K filed on October 11, 2016\).](#)
- 10.10 [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 \(incorporated by reference to Exhibit 10.2 of Arch Resources' Current Report on Form 8-K filed on May 2, 2017\).](#)
- 10.11 [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 \(incorporated by reference to Exhibit 10.7 of Arch Resources' Quarterly Report on Form 10-Q for the period ended September 30, 2018\).](#)
- 10.12 [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 \(incorporated by reference to Exhibit 10.9 of Arch Resources' Quarterly Report on Form 10-Q for the period ended June 30, 2019\).](#)
- 10.13 [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 thereto, as securitization purchasers \(incorporated by reference to Exhibit 10.12 of Arch Resources' Quarterly Report on Form 10-Q for the period ended September 30, 2020\).](#)

[Table of Contents](#)

- 10.14 [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 \(incorporated by reference to Exhibit 10.13 of Arch Resources' Quarterly Report on Form 10-Q for the period ended March 31, 2021\).](#)
- 10.15 [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 \(incorporated by reference to Exhibit 10.15 of Arch Resources Quarterly Report on Form 10-Q for the period ended September 30, 2021\).](#)
- 10.16 [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 \(incorporated by reference to Exhibit 10.17 of Arch Resources' Quarterly Report on Form 10-Q for the period ended September 30, 2022\).](#)
- 10.17 [Eighth Amendment to Third Amended and Restated Receivables Purchase Agreement dated February 8, 2024 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 \(incorporated by reference to Exhibit 10.17 of Arch Resources' Annual Report on Form 10-K for the year ended December 31, 2023\).](#)
- 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 \(incorporated by reference to Exhibit 10.18 of Arch Resources' Annual Report on Form 10-K for the year ended December 31, 2020\).](#)

[Table of Contents](#)

- 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 \(incorporated by reference to Exhibit 10.19 of Arch Resources' Annual Report on Form 10-K for the year ended December 31, 2020\).](#)
- 10.25 [Seventh Amendment to Second Amended and Restated Purchase and Sale Agreement dated 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 \(incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K filed by Arch Resources on February 10, 2005\).](#)

[Table of Contents](#)

- 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 \(incorporated by reference to Exhibit 10.24 to Arch Resources’ Annual Report on Form 10-K for the year ended December 31, 2004\).](#)
- 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, 2023 by and between Arch Resources, Inc. and John W. Eaves \(incorporated by reference to Exhibit 10.39 of Arch Resources’ Quarterly Report on Form 10-Q for the period ended September 30, 2023\).](#)
- 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 \(as amended on December 5, 2008\) \(incorporated by reference to Exhibit 10.2 to Arch Resources’ Current Report on Form 8-K filed on December 12, 2008\).](#)
- 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.](#)

[Table of Contents](#)

31.2**	Rule 13a-14(a)/15d-14(a) Certification of Matthew C. Giljum.
32.1	Section 1350 Certification of Paul A. Lang.
32.2	Section 1350 Certification of Matthew C. Giljum.
95	Mine Safety Disclosure Exhibit.
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, 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).

* Denotes a management contract or compensatory plan or arrangement.

**Furnished herein

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)

April 25, 2024

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: April 25, 2024

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: April 25, 2024

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 March 31, 2024 (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: April 25, 2024

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 March 31, 2024 (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: April 25, 2024

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 March 31, 2024 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 MSHA (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 March 31, 2024) 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 (#)	Total Dollar Value of MSHA Assessments Proposed (in thousands) (\$)	Total Number of Mining Related Fatalities (#)	Received Notice of Pattern of Violations Under Section 104(e) (Yes/No)	Received Notice of Potential to Have Pattern of Violations Under Section 104(e) (Yes/No)	Legal Actions Initiated During Period (#)	Legal Actions Resolved During Period (#)	Legal Actions Pending as of Last Day of Period(1) (#)
<u>Active Operations</u>												
Vindex Cabin Run / 18-00133	—	—	—	—	—	—	—	No	No	—	—	—
Vindex Bismarck / 46-09369	—	—	—	—	—	—	—	No	No	—	—	—
Vindex Jackson Mt. / 18-00170	—	—	—	—	—	—	—	No	No	—	—	—
Vindex Wolf Den Run / 18-00790	—	—	—	—	—	—	—	No	No	—	—	—
Vindex Energy / Vindex / 46-02151	—	—	—	—	—	—	—	No	No	—	—	—
Vindex Energy / Carlos Surface / 18-00769	—	—	—	—	—	—	—	No	No	—	—	—
Vindex Energy / Douglas Island / 18-00749	—	—	—	—	—	—	—	No	No	—	—	—
Vindex Energy / Dobbin Ridge Prep Plant / 46-07837	—	—	—	—	—	—	—	No	No	—	—	—
Vindex Energy / Frostburg Blend Yard / 18-00709	—	—	—	—	—	—	—	No	No	—	—	—
Beckley Pocahontas Mine / 46-05252	15	—	—	—	—	57.7	—	No	No	3	—	5
Beckley Pocahontas Plant / 46-09216	—	—	—	—	—	—	—	No	No	—	—	—
Eastern Birch River Mine / 46-07945	—	—	—	—	—	—	—	No	No	—	—	—
Leer South Mine / 46-04168	10	—	1	—	—	72.3	—	No	No	—	—	—
Leer South Prep Plant / 46-08777	—	—	—	—	—	0.1	—	No	No	—	—	—
Mingo Logan Mountaineer II / 46-09029	19	—	—	—	—	48.4	—	No	No	3	1	10
Mingo Logan Cardinal Prep Plant / 46-09046	—	—	—	—	—	1.3	—	No	No	1	—	1

Mingo Logan Daniel Hollow / 46-09047	—	—	—	—	—	—	—	No	No	—	—	—
Leer #1 Mine / 46-09192	13	—	—	—	—	11.1	—	No	No	—	—	—
Arch of Wyoming Elk Mountain / 48-01694	—	—	—	—	—	—	—	No	No	—	—	—
Black Thunder / 48-00977	6	—	—	—	—	37.0	—	No	No	—	1	—
Coal Creek / 48-01215	—	—	—	—	—	—	—	No	No	—	—	—
West Elk Mine / 05-03672	7	—	—	—	—	28.6	—	No	No	—	—	—
Leer #1 Prep Plant / 46-09191	1	—	—	—	—	0.3	—	No	No	—	—	—
Wolf Run Mining – Sawmill Run Prep Plant / 46-05544	—	—	—	—	—	—	—	No	No	—	—	—
Wolf Run Mining / Imperial / 46-09115	—	—	—	—	—	—	—	No	No	—	—	—
Wolf Run Mining / Upshur / 46-05823	—	—	—	—	—	—	—	No	No	—	—	—

(1) See table below for additional details regarding Legal Actions Pending as of March 31, 2024.

Mine or Operating Name/MSHA Identification Number	Contests of Citations, Orders (as of March 31, 2024)	Contests of Proposed Penalties (as of March 31, 2024)	Complaints for Compensation (as of March 31, 2024)	Complaints of Discharge, Discrimination or Interference (as of March 31, 2024)	Applications for Temporary Relief (as of March 31, 2024)	Appeals of Judges' Decisions or Orders (as of March 31, 2024)
Beckley Pocahontas Mine / 46-05252	—	5	—	—	—	—
Mingo Logan Mountaineer II / 46-09029	3	7	—	—	—	—
Mingo Logan/Cardinal Prep/49-09046	1	—	—	—	—	—