Warrior Met Coal Provides Update on Capital Allocation Strategy

May 03, 2022

Strategy Designed to Unlock Value of Blue Creek Reserves and Return Cash to Stockholders in Higher Price Environment

Announces Decision to Accelerate Returns to Stockholders with Special Cash Dividends

Maintains Balanced Focus on Delivering Short- and Long-Term Stockholder Value

BROOKWOOD, Ala.--(BUSINESS WIRE)-- Warrior Met Coal, Inc. (NYSE:HCC) ("Warrior" or the "Company") today provided an update on its capital allocation strategy designed to accelerate returns to stockholders through special cash dividends and also to unlock the value of its transformational growth investment in the Company's Blue Creek reserves, which Warrior announced earlier today that it would be relaunching.

Also earlier today, Warrior's board of directors declared a special cash dividend of $0.50 per share to be paid on May 20, 2022, to stockholders of record as of the close of business on May 13, 2022.

"We are pleased to share our current approach to capital allocation, which balances value-enhancing capital investments for medium to long-term growth with near-term returns to stockholders," said Dale Boyles, CFO of Warrior. "The recent shift to a higher price environment, and the outlook for a continuation of that environment for the near future, presents us the opportunity to deploy our capital on two important fronts – special dividends (in addition to our regular quarterly dividends) and the Blue Creek project.

"While we continue to follow the principles set out in our previous capital allocation policy, our prudent cash management has enabled us to manage through the pandemic and emerge in a stronger liquidity position than two years ago. With this additional degree of flexibility, we are committed to maintain a balanced focus on delivering short and long-term stockholder value."

Mr. Boyles continued, "Even after considering the funding required to relaunch the development of Blue Creek, Warrior is expected to generate robust free cash flow over the construction period in most price environments. While we will always balance the return of cash to stockholders with the benefit of maintaining enough liquidity to insulate the company against an unexpected negative shift in met coal prices, our Board has determined that some of Warrior's cash on hand is best returned directly to stockholders at this time. Consistent with our approach to balancing stockholder returns with capital investments for growth, the Board will continue to consider paying special dividends or buying back stock moving forward as the pricing environment allows."

The Company noted that it has not changed its capital allocation policy as a result of its announced intention to relaunch the development of Blue Creek. While the Company has paid some large special dividends in prior high met coal price environments, any future special dividends or stock repurchases from excess cash flows will be at the discretion of the board of directors and subject to consideration of a number of factors, including business and market conditions, future financial performance, and other strategic investment opportunities.

Approach to Capital Allocation

Given the current market dynamics for met coal, Warrior is providing additional detail on its broad approach to capital allocation, which continues to follow its long-standing current capital allocation policy. Warrior is committed to continuing to operate as a low cost, low leverage company with strong liquidity to maintain flexibility through market cycles and volatility in the met coal market. This approach

has enabled it to continue operations successfully in the past despite significant headwinds, including an unexpected and prolonged lower pricing environment as a result of COVID-19.

Conceptually, Warrior's approach to capital allocation rests on the following principles:

- Ensuring the business has the funding to maintain operations, uninterrupted, and make necessary capex investments in the mines regardless of any potential volatility in the price of met coal;
- Maintaining the ability to invest in projects, like Blue Creek, or in highly accretive inorganic opportunities that can deliver significant stockholder value over the medium- and long-term; and
- Leveraging free cash flow to return increasing amounts of capital to stockholders via increases in quarterly dividends, as met coal prices allow, paying one or multiple special dividends, as appropriate, and buying back stock. The return of capital to stockholders will be subject to unexpected increases in inflation and other events that are outside of our control.

Warrior plans to target certain key metrics as it determines the best use of its cash and free cash flow during the development of Blue Creek:

- Maintain higher total minimum liquidity of $250 million and cash of $150 million during the development of Blue Creek;
- Keep leverage below 1.5x - 2x Adjusted EBITDA; and
- Balance value of NOLs with share buybacks, which could jeopardize those NOLs.

More broadly, Warrior intends to return cash to stockholders in stronger price markets where the Company is generating significant amounts of free cash flow, and less cash to stockholders during weaker markets. Warrior intends to consider the use of stock buybacks when there is no short- or long-term use for additional cash that will deliver meaningful value to stockholders.

About Warrior

Warrior is a U.S.-based, environmentally, and socially minded supplier to the global steel industry. It is dedicated entirely to mining non-thermal metallurgical (met) coal used as a critical component of steel production by metal manufacturers in Europe, South America, and Asia. Warrior is a large-scale, low-cost producer and exporter of premium met coal, also known as hard-coking coal (HCC), operating highly efficient longwall operations in its underground mines based in Alabama. The HCC that Warrior produces from the Blue Creek, AL, coal seam contains very low sulfur, has strong coking properties and is of a similar quality to coal referred to as the premium HCC produced in Australia. The premium nature of Warrior's HCC makes it ideally suited as a base feed coal for steel makers and results in price realizations near the Platts Index price. For more information, please visit www.warriormetcoal.com.

Forward-Looking Statements

This press release contains, and the Company's officers and representatives may from time to time make, 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. All statements, other than statements of historical facts, included in this press release that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future are forward-looking statements and are based on current market conditions and are therefore subject to change, including demand for metallurgical coal, High-Vol A metallurgical coal or otherwise, and projected or expected results or returns from the development of Blue Creek, including expected production levels, expected cost position, expected mine life, and projected free cash flow generation. Forward-looking statements by their nature address matters that are, to different degrees, uncertain and depend upon important estimates and assumptions concerning our financial and operating results. No representations or warranties are made by us as to the accuracy of any such forward-looking statements. The inclusion of this information should not be regarded as an indication that we consider it to be necessarily predictive of actual future results. The words "believe," "expect," "anticipate," "plan," "intend," "estimate," "project," "target," "foresee," "should," "would," "could," "potential," or "outlook," "guidance" or other similar expressions are intended to identify forward-looking statements. However, the absence of these words does not mean that the statements are not forward-looking. These forward-

looking statements represent management's good faith expectations, projections, guidance, or beliefs concerning future events, and it is possible that the results described in this press release will not be achieved. These forward-looking statements are subject to risks, uncertainties and other factors, many of which are outside of the Company's control, that could cause actual results to differ materially from the results discussed in the forward-looking statements, including, without limitation, the state of the global economy, fluctuations or changes in the pricing or demand for the Company's coal (or met coal generally) by the global steel industry; federal and state tax legislation; changes in interpretation or assumptions and/or updated regulatory guidance regarding the Tax Cuts and Jobs Act of 2017; legislation and regulations relating to the Clean Air Act and other environmental initiatives; regulatory requirements associated with federal, state and local regulatory agencies, and such agencies' authority to order temporary or permanent closure of the Company's mines or temporary or permanent suspension of the Blue Creek project; operational, logistical, geological, permit, license, labor and weather-related factors, including equipment, permitting, site access, operational risks and new technologies related to mining; inaccuracies in the Company's estimates of its met coal reserves; significant cost increases and fluctuations, and delay in the delivery of raw materials, mining equipment and purchased components; competition and foreign currency fluctuations; fluctuations in the amount of cash the Company generates from operations; the Company's ability to comply with covenants in its ABL Facility or indenture relating to its senior secured notes; adequate liquidity and the cost, availability and access to capital and financial markets; failure to obtain or renew surety bonds on acceptable terms, which could affect the Company's ability to secure reclamation and coal lease obligations; costs associated with litigation, including claims not yet asserted; and other factors described in the Company's Form 10-K for the year ended December 31, 2021 and other reports filed from time to time with the Securities and Exchange Commission (the "SEC"), which could cause the Company's actual results from the development of Blue Creek to differ materially from those contained in any forward-looking statement. The Company's filings with the SEC are available on its website at www.warriormetcoal.com and on the SEC's website at www.sec.gov.

Any forward-looking statement speaks only as of the date on which it is made, and, except as required by law, the Company does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. New factors emerge from time to time, and it is not possible for the Company to predict all such factors.

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