Warrior Reports Second Quarter 2024 Results

Aug 01, 2024

Achieved Net Income of $70.7 million, or $1.35 *per diluted share*

Generated Adjusted EBITDA of $115.9 million

Completed key Blue Creek milestones with first development tons expected next quarter

BROOKWOOD, Ala.--(BUSINESS WIRE)-- Warrior Met Coal, Inc. (NYSE: HCC) ("Warrior" or the "Company") today announced results for the second quarter of 2024. Warrior is the leading dedicated U.S.-based producer and exporter of high-quality steelmaking coal for the global steel industry.

Warrior reported net income for the second quarter of 2024 of $70.7 million, or $1.35 per diluted share, a decrease from net income of $82.1 million, or $1.58 per diluted share, in the second quarter of 2023. Adjusted net income per share for the second quarter of 2024 was $1.35 per diluted share compared to adjusted net income per share of $1.64 per diluted share in the second quarter of 2023. The Company reported Adjusted EBITDA of $115.9 million in the second quarter of 2024 compared to Adjusted EBITDA of $130.0 million in the second quarter of 2023.

Second Quarter Highlights

- Recorded an 18% increase in sales volumes despite weaker demand in the global markets and a 13% increase in production volumes, resulting in largest quarterly production in over three years
- Invested $84.1 million in the continued development of the world-class Blue Creek growth project and $25.8 million in sustaining capital expenditures, funded through $147.0 million of cash flows from operations
- Completed major components for seam access at Blue Creek, which includes the production slope, service shaft and ventilation shaft and fan and allows for the initial development of the longwall panel with the first continuous miner unit expected to begin in the third quarter of 2024
- Re-affirmed outlook for 2024, with a non-material change to interest expense

"Our ability to deliver a very strong second quarter performance despite a soft global market reflects our continued success in maximizing sales and production volumes and generating significant cash flow from operations," commented Walt Scheller, CEO of Warrior. "We anticipate the benefits of our high-quality assets and our ability to develop Blue Creek from cash from operations to continue to drive value for stockholders regardless of market factors."

"Looking ahead, we believe the Company is well positioned to capitalize on improving global demand if it materializes, especially in India, in the second half of the year combined with a potential improvement in steelmaking coal prices from expected tightness in global supply driven by constraints of Australian longwall moves, mine maintenance and recent mine fires," Mr. Scheller concluded.

Operating Results

Sales volume in the second quarter of 2024 was 2.1 million short tons compared to 1.8 million short tons in the second quarter of 2023, representing an 18% increase. This 18% increase in sales volume was driven by higher production from both Mine No. 4 and Mine No. 7 operating at higher capacity levels in 2024 compared to 2023. We continued to transport more volume by rail to the port during the second quarter of 2024 without any delays due to the failure of a lock and dam system on the Tombigbee River

that occurred in January, which slightly increased our transportation costs. The lock and dam system was repaired and returned to service in late May.

The Company produced 2.2 million short tons of steelmaking coal in the second quarter of 2024, resulting in the largest quarterly production in over three years, compared to 1.9 million short tons in the second quarter of 2023, representing a 13% increase. Inventory levels increased slightly to 895 thousand short tons as of June 30, 2024 from 892 thousand short tons as of March 31, 2024.

Additional Financial Results

Total revenues were $396.5 million for the second quarter of 2024, which compares to total revenues of $379.7 million in the second quarter of 2023. The average net selling price of the Company's steelmaking coal decreased 11% from $208.56 per short ton in the second quarter of 2023 to $186.09 per short ton in the second quarter of 2024. Our average gross selling price realization was approximately 90% of the Platts Premium Low Vol FOB Australian index price for the second quarter of 2024.

Cost of sales for the second quarter of 2024 were $261.3 million compared to $230.5 million for the second quarter of 2023. Cash cost of sales (free-on-board port) for the second quarter of 2024 were $259.7 million, or 67% of mining revenues, compared to $229.0 million, or 62% of mining revenues in the same period of 2023. Cash cost of sales (free-on-board port) per short ton decreased to $123.78 in the second quarter of 2024 from $128.70 in the second quarter of 2023, driven primarily by lower steelmaking coal prices and its effect on our variable cost structure, primarily for wages, transportation and royalties and the increase in tons produced.

Selling, general and administrative expenses for the second quarter of 2024 were $15.4 million, or 3.9% of total revenues and were slightly higher than the same period last year of 3.5% due to higher employee-related compensation costs.

Depreciation and depletion expenses for the second quarter of 2024 were $38.1 million, or 9.6% of total revenues and were slightly higher than the same period last year of 8.0% of total revenues primarily due to depreciation expense recognized on additional assets placed into service and higher sales volumes. Warrior achieved net interest income of $8.3 million during the second quarter of 2024, which compares to net interest income in the same period of last year of $6.2 million. Interest income earned on our cash investments continues to exceed interest expense on our outstanding notes and equipment leases.

Income tax expense was $8.5 million in the second quarter of 2024 on pre-tax income of $79.2 million primarily driven by an income tax benefit for foreign-derived intangible income and depletion expense. This compares to an income tax expense of $14.5 million on income of $96.6 million in the second quarter of 2023.

Cash Flow and Liquidity

The Company generated cash flows of $147.0 million from operating activities in the second quarter of 2024, compared to $124.5 million in the second quarter of 2023. Capital expenditures and mine development for the second quarter of 2024 were $121.6 million compared to $147.4 million in the second quarter of 2023, primarily reflecting the continued development of the Blue Creek growth project. Free cash flows in the second quarter of 2024 were $25.4 million compared to negative free cash flows of $22.8 million in the second quarter of 2023.

Net working capital, excluding cash, for the second quarter of 2024 decreased by $28.7 million from the first quarter of 2024, primarily reflecting lower trade accounts receivable due to the timing of sales and lower steelmaking coal prices.

Cash flows used in financing activities for the second quarter of 2024 were $10.2 million, primarily due to the payment of a regular quarterly dividend of $5.6 million and principal repayments of financing lease obligations of $4.6 million.

The Company’s total liquidity as of June 30, 2024 was $816.4 million, consisting of cash and cash equivalents of $709.0 million and available liquidity under its ABL Facility of $107.4 million, net of

outstanding letters of credit of $8.7 million.

Capital Allocation

On July 26, 2024, our Board declared a regular quarterly cash dividend of $0.08 per share, totaling approximately $4.2 million, which will be paid on August 13, 2024, to stockholders of record as of the close of business on August 6, 2024.

Progress at Blue Creek

During the second quarter, Warrior invested $84.1 million on the continued development of the Blue Creek mine, which brings the year-to-date project spend to approximately $152.6 million and the total project spend to approximately $518.6 million. The Company expects to spend $325 to $375 million in 2024 on the continued development of the Blue Creek mine. As previously disclosed in early 2023, the Company initiated important and highly beneficial project scope changes that will require incremental capital expenditures over the life of the project while lowering operating costs, increasing flexibility to manage risks, and making better use of multi-channel transportation methods. At the same time, the Company effectively reset the original total baseline cost of the project to include these scope changes and the impact of inflationary cost increases ranging from 25 to 35 percent in both operating and capital expenditures in relation to labor, construction materials and certain equipment. There have been no changes to the reset baseline total project cost since that initial disclosure in 2023. The reset baseline total project cost ranges from $995 million to $1.075 billion.

“During the second quarter, we accomplished several critical milestones in the development of our world-class Blue Creek growth project,” Scheller said. “We completed major components for seam access, which includes the production slope, service shaft and ventilation shaft and fan. The next major step is completing the installation of the service cage and the slope belt. This will allow us to begin development of the initial longwall panel with the first continuous miner unit expected to begin in the third quarter of 2024. We also made significant progress on the preparation plant and the development of the rail and barge loadouts. We remain focused on tight capital discipline ensuring the project will be completed within budget and on time, including the longwall startup in the second quarter of 2026.”

With the addition of Blue Creek, Warrior expects to increase its annual High Vol A production by 4.8 million short tons; enhance its already advantageous position on the global cost curve; drive its cash costs further into the first quartile globally; improve its profitability and cash flow generation; and cement its position as a leading pure play steelmaking coal producer.

Company Outlook

The Company re-affirmed its guidance for the full year 2024 with a non-material change to interest expense as indicated below. The guidance is subject to many risks that may impact performance, such as market conditions in the steel and steelmaking coal industries and overall global economic and competitive conditions, all as more fully described under Forward-Looking Statements.

Coal sales	7.4 - 8.2 million short tons
Coal production	7.4 - 8.0 million short tons
Cash cost of sales (free-on-board port)	$125 - $135 per short ton
Capital expenditures for existing mines	$100 - $110 million
Blue Creek project and other discretionary capital expenditures	$335 - $390 million
Mine development costs	$28 - $38 million

Selling, general and administrative expenses	$55 - $65 million
Interest expense	$4 - $6 million
Interest income	$20 - $25 million
Income tax expense	14% - 18%

Key factors that may affect outlook include:

- Three planned longwall moves remaining (two in Q3 and one in Q4),
- HCC index pricing, geography of sales and freight rates,
- Exclusion of other non-recurring costs,
- Terms of any new labor contract, and
- Inflationary pressures.

The Company's guidance for its capital expenditures consists of sustaining capital spending of approximately $100 - $110 million, including regulatory and gas requirements, and capital spending of $325 - $375 million for the development of the Blue Creek reserves and $10 - $15 million for the final 4 North bunker construction.

The Company's production guidance contains approximately 200,000 short tons of High Vol A steelmaking coal in the second half of 2024 from the continuous miner unit from the Blue Creek reserves, which are expected to be sold in the second half of 2025 after the preparation plant comes online.

The Company does not provide reconciliations of its outlook for cash cost of sales (free-on-board port) to cost of sales in reliance on the unreasonable efforts exception provided for under Item 10(e)(1)(i)(B) of Regulation S-K. The Company is unable, without unreasonable efforts, to forecast certain items required to develop the meaningful comparable Generally Accepted Accounting Principles ("GAAP") cost of sales. These items typically include non-cash asset retirement obligation accretion expenses, mine idling expenses and other non-recurring indirect mining expenses that are difficult to predict in advance in order to include in a GAAP estimate. The unavailable information could have a significant impact on the Company's reported financial results.

Use of Non-GAAP Financial Measures

This release contains the use of certain non-GAAP financial measures. These non-GAAP financial measures are provided as supplemental information for financial measures prepared in accordance with GAAP. Management believes that these non-GAAP financial measures provide additional insights into the performance of the Company, and they reflect how management analyzes Company performance and compares that performance against other companies. These non-GAAP financial measures may not be comparable to other similarly titled measures used by other entities. The definition of these non-GAAP financial measures and a reconciliation of non-GAAP to GAAP financial measures is provided in the financial tables section of this release.

Conference Call

The Company will hold a conference call to discuss its second quarter 2024 results today, August 1, 2024, at 4:30 p.m. ET. To listen to the event, live or access an archived recording, please visit http://investors.warriormetcoal.com. Analysts and investors who would like to participate in the conference call should dial 1-844-340-9047 (domestic) or 1-412-858-5206 (international) 10 minutes prior to the start time and reference the Warrior Met Coal conference call. Telephone playback will also be available from 6:30 p.m. ET on August 1, 2024 until 6:30 p.m. ET on August 8, 2024. The replay will

be available by calling: 1-877-344-7529 (domestic) or 1-412-317-0088 (international) and entering passcode 8283685.

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) steelmaking 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 quality 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 coal seam contains very low sulfur and has strong coking properties. The premium nature of Warrior's HCC makes it ideally suited as a base feed coal for steel makers. 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, including statements regarding 2024 guidance, sales and production growth, ability to maintain cost structure, demand, management of liquidity, cash flows, expenses and expected capital expenditures and working capital, the Company's pursuit of strategic growth opportunities, the Company's future ability to create value for stockholders, as well as statements regarding production, inflationary pressures, and the development of the Blue Creek project, and the terms of any new labor contract. The words "believe," "expect," "anticipate," "plan," "intend," "estimate," "project," "target," "foresee," "should," "would," "could," "potential," "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, fluctuations or changes in the pricing or demand for the Company's coal (or met coal generally) by the global steel industry; the impact of global pandemics, such as the novel coronavirus ("COVID-19") pandemic, on its business and that of its customers, including the risk of a decline in demand for the Company's met coal due to the impact of any such pandemic on steel manufacturers; the impact of inflation on the Company, the impact of geopolitical events, including the effects of the Russia-Ukraine war; the inability of the Company to effectively operate its mines and the resulting decrease in production; the inability of the Company to transport its products to customers due to rail performance issues or the impact of weather and mechanical failures at the McDuffie Terminal at the Port of Mobile; 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; operational, logistical, geological, permit, license, labor and weather-related factors, including equipment, permitting, site access, operational risks and new technologies related to mining and labor strikes or slowdowns; the timing and impact of planned longwall moves; the Company's obligations surrounding reclamation and mine closure; inaccuracies in the Company's estimates of its met coal reserves; any projections or estimates regarding Blue Creek, including the expected returns from this project, if any, and the ability of Blue Creek to enhance the Company's portfolio of assets, the Company's expectations regarding its future tax rate as well as its ability to effectively utilize its net operating losses to reduce or eliminate its cash taxes; the Company's ability to develop Blue Creek; the Company's ability to develop or acquire met coal reserves in an economically feasible manner; 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, including cash necessary to pay any special or quarterly dividend; the Company's ability to comply with covenants in its ABL Facility or indenture relating to its senior secured notes; integration of

businesses that the Company may acquire in the future; 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, 2023 and other reports filed from time to time with the Securities and Exchange Commission (the "SEC"), which could cause the Company's actual results 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.

WARRIOR MET COAL, INC.

CONDENSED STATEMENTS OF OPERATIONS

(in thousands, except per-share amounts)

(Unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Revenues:				
Sales	$390,424	$ 371,033	$888,423	$ 871,524
Other revenues	6,099	8,627	11,613	17,810
Total revenues	396,524	379,660	900,036	889,334
Costs and expenses:				
Cost of sales (exclusive of items shown separately below)	261,305	230,452	546,892	463,082
Cost of other revenues (exclusive of items shown separately below)	10,673	11,510	20,638	22,948
Depreciation and depletion	38,150	30,550	78,173	67,763

Selling, general and administrative	15,392	13,172	34,050	27,688
Business interruption	100	3,537	302	7,754
Total costs and expenses	325,620	289,221	680,055	589,235
Operating income	70,904	90,439	219,982	300,099
Interest expense	(915)	(5,452)	(2,036)	(12,895)
Interest income	9,241	11,640	17,395	20,544
Other income	—	—	—	221
Income before income tax expense	79,230	96,627	235,341	307,969
Income tax expense	8,519	14,534	27,641	43,598
Net income	$ 70,711	$ 82,093	$ 207,700	$ 264,371
Basic and diluted net income per share:				
Net income per share—basic	$ 1.35	$ 1.58	3.98	5.09
Net income per share—diluted	$ 1.35	$ 1.58	3.97	5.09
Weighted average number of shares outstanding—basic	52,321	52,010	52,242	51,927
Weighted average number of shares outstanding—diluted	52,378	52,081	52,293	51,990
Dividends per share:	$ 0.08	$ 0.07	$ 0.66	$ 1.02

WARRIOR MET COAL, INC.

QUARTERLY SUPPLEMENTAL FINANCIAL DATA AND

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(Unaudited)

QUARTERLY SUPPLEMENTAL FINANCIAL DATA:

(short tons in thousands)[1]	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Tons sold	2,098	1,779	4,227	3,727
Tons produced	2,172	1,924	4,223	3,683
Average net selling price	$ 186.09	$ 208.56	$ 210.18	$ 233.84
Cash cost of sales (free-on-board port) per short ton[2]	$ 123.78	$ 128.70	$ 128.66	$ 123.56
Cost of production %	61%	59%	61%	58%
Transportation and royalties %	39%	41%	39%	42%

[1] 1 short ton is equivalent to 0.907185 metric tons.

RECONCILIATION OF CASH COST OF SALES (FREE-ON-BOARD PORT) TO COST OF SALES REPORTED UNDER U.S. GAAP:

(in thousands)	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Cost of sales	$ 261,305	$ 230,452	$ 546,892	$ 463,082
Asset retirement obligation accretion	(703)	(539)	(1,405)	(1,079)

Stock compensation expense	(912)	(948)	(1,625)	(1,482)
Cash cost of sales (free-on-board port)[2]	$ 259,690	$ 228,965	$ 543,862	$ 460,521

[2] Cash cost of sales (free-on-board port) is based on reported cost of sales and includes items such as freight, royalties, labor, fuel and other similar production and sales cost items, and may be adjusted for other items that, pursuant to GAAP, are classified in the Condensed Statements of Operations as costs other than cost of sales, but relate directly to the costs incurred to produce met coal. Our cash cost of sales per short ton is calculated as cash cost of sales divided by the short tons sold. Cash cost of sales (free-on-board port) is a non-GAAP financial measure which is not calculated in conformity with U.S. GAAP and should be considered supplemental to, and not as a substitute or superior to financial measures calculated in conformity with GAAP. We believe cash cost of sales (free-on-board port) is a useful measure of performance and we believe it aids some investors and analysts in comparing us against other companies to help analyze our current and future potential performance. Cash cost of sales (free-on-board port) may not be comparable to similarly titled measures used by other companies.

WARRIOR MET COAL, INC.

QUARTERLY SUPPLEMENTAL FINANCIAL DATA AND

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(CONTINUED)

(Unaudited)

RECONCILIATION OF ADJUSTED EBITDA TO AMOUNTS REPORTED UNDER U.S. GAAP:

($ in thousands)	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Net income	$ 70,711	$ 82,093	$207,700	$ 264,371
Interest income, net	(8,327)	(6,188)	(15,360)	(7,649)

Income tax expense	8,519	14,534	27,641	43,598
Depreciation and depletion	38,150	30,550	78,173	67,763
Asset retirement obligation accretion	1,298	990	2,595	1,896
Stock compensation expense	5,040	4,573	14,187	12,275
Other non-cash accretion	451	413	902	827
Mark-to-market gain on gas hedges	—	(522)	—	(1,227)
Business interruption	101	3,537	302	7,754
Other income	—	—	—	(221)
Adjusted EBITDA[(3)]	$115,943	$129,980	$ 316,140	$389,387
Adjusted EBITDA margin[(4)]	29.2%	34.2%	35.1%	43.8%

(3) Adjusted EBITDA is defined as net income before net interest income, net, income tax expense, depreciation and depletion, non-cash asset retirement obligation accretion, non-cash stock compensation expense, other non-cash accretion, mark-to-market gain on gas hedges, business interruption expenses and other income. Adjusted EBITDA is not a measure of financial performance in accordance with GAAP, and we believe items excluded from Adjusted EBITDA are significant to a reader 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 GAAP. We believe that Adjusted EBITDA presents a useful measure of our ability to incur and service debt based on ongoing operations. Furthermore, analogous measures are used by industry analysts 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.

(4) Adjusted EBITDA margin is defined as Adjusted EBITDA divided by total revenues.

RECONCILIATION OF ADJUSTED NET INCOME TO AMOUNTS REPORTED UNDER U.S. GAAP:

(in thousands, except per share amounts)	For the three months ended June 30,	For the six months ended June 30,

	2024	2023	2024	2023
Net income	$ 70,711	$ 82,093	$207,700	$ 264,371
Business interruption, net of tax	89	3,096	267	6,656
Other income, net of tax	—	—	—	(190)
Adjusted net income[5]	$ 70,800	$ 85,189	$207,967	$270,837
Weighted average number of shares outstanding—basic	52,321	52,010	52,242	51,927
Weighted average number of shares outstanding—diluted	52,378	52,081	52,293	51,990
Adjusted net income per share—basic	$ 1.35	$ 1.64	$ 3.98	$ 5.22
Adjusted net income per share—diluted	$ 1.35	$ 1.64	$ 3.98	$ 5.21

[5] Adjusted net income is defined as net income net of business interruption expenses and other income, net of tax (based on each respective period's effective tax rate). Adjusted net income is not a measure of financial performance in accordance with GAAP, and we believe items excluded from adjusted net income are significant to the reader in understanding and assessing our results of operations. Therefore, adjusted net income should not be considered in isolation, nor as an alternative to net income under GAAP. We believe adjusted net income is a useful measure of performance and we believe it aids some investors and analysts in comparing us against other companies to help analyze our current and future potential performance. Adjusted net income may not be comparable to similarly titled measures used by other companies.

WARRIOR MET COAL, INC.

CONDENSED STATEMENTS OF CASH FLOWS

(in thousands)

(Unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
OPERATING ACTIVITIES:				
Net income	$ 70,711	$ 82,093	$ 207,700	$ 264,371
Non-cash adjustments to reconcile net income to net cash provided by operating activities	48,747	45,870	102,521	120,968
Changes in operating assets and liabilities:				
Trade accounts receivable	30,690	1,098	(84,485)	(55,706)
Income tax receivable	—	—	7,833	—
Inventories	(8,245)	(8,909)	7,918	8,497
Prepaid expenses and other receivables	2,345	(22)	(2,923)	(3,162)
Accounts payable	18,842	5,300	24,473	(3,163)
Accrued expenses and other current liabilities	(14,939)	(4,273)	(9,892)	(22,305)
Other	(1,176)	3,353	(2,112)	7,944
Net cash provided by operating activities	146,975	124,510	251,033	317,444
INVESTING ACTIVITIES:				
Purchases of property, plant	)	(136,116)	(210,664)	(204,295)

and equipment	(110,961			
Mine development costs	(10,658)	(11,229)	(12,645)	(25,687)
Acquisitions, net of cash acquired	—	(40)	—	(2,421)
Net cash used in investing activities	(121,619)	(147,385)	(223,309)	(232,403)
FINANCING ACTIVITIES:				
Net cash used in financing activities	(10,191)	(12,252)	(56,898)	(87,100)
Net increase (decrease) in cash and cash equivalents	15,165	(35,127)	(29,174)	(2,059)
Cash and cash equivalents at beginning of period	693,858	862,548	738,197	829,480
Cash and cash equivalents at end of period	$ 709,023	$ 827,421	$ 709,023	$ 827,421

RECONCILIATION OF FREE CASH FLOW TO AMOUNTS REPORTED UNDER U.S. GAAP:

(in thousands)	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Net cash provided by operating activities	$ 146,975	$ 124,510	$ 251,033	$ 317,444
Purchases of property, plant and equipment and mine development costs	(121,619)	(147,345)	(223,309)	(229,982)
Free cash flow[6]	$ 25,356	$ (22,835)	$ 27,724	$ 87,462
Free cash flow conversion[7]	21.9%	(17.6)%	8.8%	22.5%

(6) Free cash flow is defined as net cash provided by operating activities less purchases of property, plant and equipment and mine development costs. Free cash flow is not a measure of financial performance in accordance with GAAP, and we believe items excluded from net cash provided by operating activities are significant to the reader in understanding and assessing our results of operations. Therefore, free cash flow should not be considered in isolation, nor as an alternative to net cash provided by operating activities under GAAP. We believe free cash flow is a useful measure of performance and we believe it aids some investors and analysts in comparing us against other companies to help analyze our current and future potential performance. Free cash flow may not be comparable to similarly titled measures used by other companies.

(7) Free cash flow conversion is defined as free cash flow divided by Adjusted EBITDA.

WARRIOR MET COAL, INC.

CONDENSED BALANCE SHEETS

(in thousands, except share and per-share data)

	June 30, 2024	December 31, 2023
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 709,023	$ 738,197
Short-term investments	9,270	9,030
Trade accounts receivable	182,710	98,225
Income tax receivable	—	7,833
Inventories, net	173,948	183,949
Prepaid expenses and other receivables	34,855	31,932

Total current assets	1,109,806	1,069,167
Mineral interests, net	76,174	80,442
Property, plant and equipment, net	1,348,348	1,179,609
Deferred income taxes	5,490	5,854
Other long-term assets	21,039	21,987
Total assets	$ 2,560,857	$ 2,357,059
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 65,507	$ 36,245
Accrued expenses	71,729	81,612
Short-term financing lease liabilities	12,645	11,463
Other current liabilities	24,456	18,350
Total current liabilities	174,337	147,670
Long-term debt	153,312	153,023
Asset retirement obligations	71,578	71,666
Long-term financing lease liabilities	4,967	8,756
Deferred income taxes	80,945	74,531
Other long-term liabilities	27,331	26,966
Total liabilities	512,470	482,612
Stockholders' Equity:		
Common stock, $0.01 par value, (140,000,000 shares authorized as of June 30, 2024 and December 31, 2023; 54,532,565 issued and 52,310,724 outstanding as of June 30, 2024; 54,240,764 issued and 52,018,923 outstanding as of December 31, 2023)	545	542

Preferred stock, $0.01 par value per share (10,000,000 shares authorized; no shares issued and outstanding)	—	—
Treasury stock, at cost (2,221,841 shares as of June 30, 2024 and December 31, 2023)	(50,576)	(50,576)
Additional paid in capital	281,801	279,332
Retained earnings	1,816,617	1,645,148
Total stockholders' equity	2,048,387	1,874,446
Total liabilities and stockholders' equity	$ 2,560,857	$ 2,357,058

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Source: Warrior Met Coal, Inc.