
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

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

**For the quarterly period ended June 30, 2021
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 001-35243**

SUNCOKE ENERGY, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

90-0640593
(I.R.S. Employer
Identification No.)

**1011 Warrenville Road, Suite 600
Lisle, Illinois 60532
(630) 824-1000**
(Registrant's telephone number, including area code)

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

<u>Title of each class</u>	<u>Trading symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.01 per share	SXC	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

As of July 23, 2021, there were 83,035,998 shares of the Registrant's \$0.01 par value Common Stock outstanding.

SUNCOKE ENERGY, INC.
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PART I – FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

SunCoke Energy, Inc. Consolidated Statements of Operations (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
(Dollars and shares in millions, except per share amounts)				
Revenues				
Sales and other operating revenue	\$ 364.3	\$ 338.0	\$ 724.2	\$ 720.7
Costs and operating expenses				
Cost of products sold and operating expenses	278.6	262.5	552.6	566.9
Selling, general and administrative expenses	17.7	16.5	33.0	32.7
Depreciation and amortization expense	34.1	34.1	66.5	68.2
Total costs and operating expenses	330.4	313.1	652.1	667.8
Operating income	33.9	24.9	72.1	52.9
Interest expense, net	14.2	14.9	26.9	29.5
Loss (gain) on extinguishment of debt	31.9	—	31.9	(2.9)
(Loss) income before income tax (benefit) expense	(12.2)	10.0	13.3	26.3
Income tax (benefit) expense	(4.7)	2.2	2.6	12.6
Net (loss) income	(7.5)	7.8	10.7	13.7
Less: Net income attributable to noncontrolling interests	1.3	1.3	3.0	2.3
Net (loss) income attributable to SunCoke Energy, Inc.	<u>\$ (8.8)</u>	<u>\$ 6.5</u>	<u>\$ 7.7</u>	<u>\$ 11.4</u>
(Loss) earnings attributable to SunCoke Energy, Inc. per common share:				
Basic	\$ (0.11)	\$ 0.08	\$ 0.09	\$ 0.14
Diluted	\$ (0.11)	\$ 0.08	\$ 0.09	\$ 0.14
Weighted average number of common shares outstanding:				
Basic	83.0	82.8	82.9	83.2
Diluted	83.0	82.9	83.5	83.4

(See Accompanying Notes)

SunCoke Energy, Inc.
Consolidated Statements of Comprehensive (Loss) Income
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(Dollars in millions)			
Net (loss) income	\$ (7.5)	\$ 7.8	\$ 10.7	\$ 13.7
Other comprehensive income (loss):				
Reclassifications of prior service benefit and actuarial benefit amortization to earnings, net of tax	0.1	—	0.2	—
Currency translation adjustment	0.9	(0.4)	0.2	(1.5)
Comprehensive (loss) income	(6.5)	7.4	11.1	12.2
Less: Comprehensive income attributable to noncontrolling interests	1.3	1.3	3.0	2.3
Comprehensive (loss) income attributable to SunCoke Energy, Inc.	<u>\$ (7.8)</u>	<u>\$ 6.1</u>	<u>\$ 8.1</u>	<u>\$ 9.9</u>

(See Accompanying Notes)

SunCoke Energy, Inc.
Consolidated Balance Sheets

	June 30, 2021 (Unaudited)	December 31, 2020
	(Dollars in millions, except par value amounts)	
Assets		
Cash and cash equivalents	\$ 51.7	\$ 48.4
Receivables, net	49.5	46.3
Inventories	143.8	126.6
Income tax receivable	2.8	5.5
Other current assets	5.9	2.9
Total current assets	<u>253.7</u>	<u>229.7</u>
Properties, plants and equipment (net of accumulated depreciation of \$1,097.5 million and \$1,032.9 million at June 30, 2021 and December 31, 2020, respectively)	1,289.8	1,328.0
Intangible assets, net	36.2	37.2
Deferred charges and other assets	18.3	18.5
Total assets	<u>\$ 1,598.0</u>	<u>\$ 1,613.4</u>
Liabilities and Equity		
Accounts payable	\$ 111.7	\$ 104.1
Accrued liabilities	47.1	49.8
Current portion of financing obligation	3.1	3.0
Interest payable	0.6	2.0
Total current liabilities	<u>162.5</u>	<u>158.9</u>
Long-term debt and financing obligation	650.2	673.9
Accrual for black lung benefits	61.8	60.0
Retirement benefit liabilities	23.6	24.7
Deferred income taxes	159.9	159.3
Asset retirement obligations	11.9	11.4
Other deferred credits and liabilities	24.8	24.3
Total liabilities	<u>1,094.7</u>	<u>1,112.5</u>
Equity		
Preferred stock, \$0.01 par value. Authorized 50,000,000 shares; no issued shares at both June 30, 2021 and December 31, 2020	—	—
Common stock, \$0.01 par value. Authorized 300,000,000 shares; issued 98,392,059 and 98,177,941 shares at June 30, 2021 and December 31, 2020, respectively	1.0	1.0
Treasury stock, 15,404,482 shares at both June 30, 2021 and December 31, 2020	(184.0)	(184.0)
Additional paid-in capital	717.1	715.7
Accumulated other comprehensive loss	(16.7)	(17.1)
Retained deficit	(49.0)	(46.6)
Total SunCoke Energy, Inc. stockholders' equity	<u>468.4</u>	<u>469.0</u>
Noncontrolling interest	34.9	31.9
Total equity	<u>503.3</u>	<u>500.9</u>
Total liabilities and equity	<u>\$ 1,598.0</u>	<u>\$ 1,613.4</u>

(See Accompanying Notes)

SunCoke Energy, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended June 30,	
	2021	2020
	(Dollars in millions)	
Cash Flows from Operating Activities:		
Net income	\$ 10.7	\$ 13.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	66.5	68.2
Deferred income tax expense	0.6	15.0
Payments in excess of expense for postretirement plan benefits	(0.9)	(1.0)
Share-based compensation expense	2.3	2.3
Loss (gain) on extinguishment of debt	31.9	(2.9)
Changes in working capital pertaining to operating activities:		
Receivables, net	(3.2)	10.0
Inventories	(17.7)	11.8
Accounts payable	14.1	(56.9)
Accrued liabilities	(2.8)	(5.5)
Interest payable	(1.4)	(0.1)
Income taxes	2.7	(3.9)
Other	1.8	(2.1)
Net cash provided by operating activities	<u>104.6</u>	<u>48.6</u>
Cash Flows from Investing Activities:		
Capital expenditures	<u>(33.7)</u>	<u>(36.9)</u>
Net cash used in investing activities	<u>(33.7)</u>	<u>(36.9)</u>
Cash Flows from Financing Activities:		
Proceeds from issuance of long-term debt	500.0	—
Repayment of long-term debt	(609.3)	(8.9)
Proceeds from revolving facility	470.6	247.2
Repayment of revolving facility	(405.9)	(247.2)
Repayment of financing obligation	(1.4)	(1.4)
Debt issuance costs	(10.5)	—
Dividends paid	(10.1)	(10.0)
Shares repurchased	—	(7.0)
Other financing activities	(1.0)	(0.4)
Net cash used in financing activities	<u>(67.6)</u>	<u>(27.7)</u>
Net increase (decrease) in cash and cash equivalents	3.3	(16.0)
Cash and cash equivalents at beginning of period	48.4	97.1
Cash and cash equivalents at end of period	<u>\$ 51.7</u>	<u>\$ 81.1</u>
Supplemental Disclosure of Cash Flow Information		
Interest paid, net of capitalized interest of \$0.3 million and zero, respectively	\$ 25.6	\$ 27.3
Income taxes paid, net of refunds of \$2.9 million and \$0.3 million, respectively	\$ (0.6)	\$ 1.4

(See Accompanying Notes)

SunCoke Energy, Inc.
Consolidated Statements of Equity
Three Months Ended June 30, 2020
(Unaudited)

	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Deficit	Total SunCoke Energy, Inc. Equity	Non- controlling Interests	Total Equity
	Shares	Amount	Shares	Amount						
	(Dollars in millions)									
At March 31, 2020	98,165,658	\$ 1.0	15,404,482	\$(184.0)	\$ 712.9	\$ (15.5)	\$ (30.2)	\$ 484.2	\$ 27.8	\$ 512.0
Net income	—	—	—	—	—	—	6.5	6.5	1.3	7.8
Currency translation adjustment	—	—	—	—	—	(0.4)	—	(0.4)	—	(0.4)
Share-based compensation expense	—	—	—	—	1.2	—	—	1.2	—	1.2
Share issuances, net of shares withheld for taxes	6,899	—	—	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	—	(5.1)	(5.1)	—	(5.1)
At June 30, 2020	98,172,557	\$ 1.0	15,404,482	\$(184.0)	\$ 714.1	\$ (15.9)	\$ (28.8)	\$ 486.4	\$ 29.1	\$ 515.5

SunCoke Energy, Inc.
Consolidated Statements of Equity
Three Months Ended June 30, 2021
(Unaudited)

	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Deficit	Total SunCoke Energy, Inc. Equity	Non- controlling Interests	Total Equity
	Shares	Amount	Shares	Amount						
	(Dollars in millions)									
At March 31, 2021	98,382,357	\$ 1.0	15,404,482	\$(184.0)	\$ 715.3	\$ (17.7)	\$ (35.1)	\$ 479.5	\$ 33.6	\$ 513.1
Net (loss) income	—	—	—	—	—	—	(8.8)	(8.8)	1.3	(7.5)
Reclassifications of prior service benefit and actuarial benefit amortization to earnings, net of tax	—	—	—	—	—	0.1	—	0.1	—	0.1
Currency translation adjustment	—	—	—	—	—	0.9	—	0.9	—	0.9
Share-based compensation expense	—	—	—	—	1.8	—	—	1.8	—	1.8
Share issuances, net of shares withheld for taxes	9,702	—	—	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	—	(5.1)	(5.1)	—	(5.1)
At June 30, 2021	98,392,059	\$ 1.0	15,404,482	\$(184.0)	\$ 717.1	\$ (16.7)	\$ (49.0)	\$ 468.4	\$ 34.9	\$ 503.3

SunCoke Energy, Inc.
Consolidated Statements of Equity
Six Months Ended June 30, 2020
(Unaudited)

	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Deficit	Total SunCoke Energy, Inc. Equity	Non- controlling Interests	Total Equity
	Shares	Amount	Shares	Amount						
(Dollars in millions)										
At December 31, 2019	98,047,389	\$ 1.0	13,783,182	\$(177.0)	\$ 712.1	\$ (14.4)	\$ (30.1)	\$ 491.6	\$ 26.8	\$ 518.4
Net income	—	—	—	—	—	—	11.4	11.4	2.3	13.7
Currency translation adjustment	—	—	—	—	—	(1.5)	—	(1.5)	—	(1.5)
Share-based compensation expense	—	—	—	—	2.3	—	—	2.3	—	2.3
Share issuances, net of shares withheld for taxes	125,168	—	—	—	(0.3)	—	—	(0.3)	—	(0.3)
Share repurchases	—	—	1,621,300	(7.0)	—	—	—	(7.0)	—	(7.0)
Dividends	—	—	—	—	—	—	(10.1)	(10.1)	—	(10.1)
At June 30, 2020	98,172,557	\$ 1.0	15,404,482	\$(184.0)	\$ 714.1	\$ (15.9)	\$ (28.8)	\$ 486.4	\$ 29.1	\$ 515.5

SunCoke Energy, Inc.
Consolidated Statements of Equity
Six Months Ended June 30, 2021
(Unaudited)

	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Deficit	Total SunCoke Energy, Inc. Equity	Non- controlling Interests	Total Equity
	Shares	Amount	Shares	Amount						
(Dollars in millions)										
At December 31, 2020	98,177,941	\$ 1.0	15,404,482	\$ (184.0)	\$ 715.7	\$ (17.1)	\$ (46.6)	\$ 469.0	\$ 31.9	\$ 500.9
Net income	—	—	—	—	—	—	7.7	7.7	3.0	10.7
Reclassifications of prior service benefit and actuarial benefit amortization to earnings, net of tax	—	—	—	—	—	0.2	—	0.2	—	0.2
Currency translation adjustment	—	—	—	—	—	0.2	—	0.2	—	0.2
Share-based compensation expense	—	—	—	—	2.3	—	—	2.3	—	2.3
Share issuances, net of shares withheld for taxes	214,118	—	—	—	(0.9)	—	—	(0.9)	—	(0.9)
Dividends	—	—	—	—	—	—	(10.1)	(10.1)	—	(10.1)
At June 30, 2021	98,392,059	\$ 1.0	15,404,482	\$ (184.0)	\$ 717.1	\$ (16.7)	\$ (49.0)	\$ 468.4	\$ 34.9	\$ 503.3

SunCoke Energy, Inc.
Notes to the Consolidated Financial Statements

1. General

Description of Business

SunCoke Energy, Inc. (“SunCoke Energy,” “SunCoke,” “Company,” “we,” “our” and “us”) is the largest independent producer of high-quality coke in the Americas, as measured by tons of coke produced each year, and has more than 60 years of coke production experience. Blast furnace coke is a principal raw material in the blast furnace steelmaking process and is produced by heating metallurgical coal in a refractory oven, which releases certain volatile components from the coal, thus transforming the coal into coke. Additionally, we own and operate a logistics business, which primarily provides handling and/or mixing services of coal and other aggregates to third-party customers as well as to our own cokemaking facilities.

We have designed, developed, built, own and operate five cokemaking facilities in the United States (“U.S.”), which consist of our Haverhill, Middletown, Granite City, Jewell and Indiana Harbor cokemaking facilities. Our cokemaking facilities have collective nameplate capacity to produce approximately 4.2 million tons of blast furnace coke per year. Our blast furnace coke sales are largely made pursuant to long-term, take-or-pay agreements with Cleveland-Cliffs Steel Holding Corporation and Cleveland-Cliffs Steel LLC, both subsidiaries of Cleveland Cliffs Inc. (“Cliffs”) and collectively referred to as “Cliffs Steel,” and United States Steel Corporation (“U.S. Steel”). Cliffs Steel and U.S. Steel are two of the largest blast furnace steelmakers in North America. Additionally, we have designed and operate one cokemaking facility in Brazil under licensing and operating agreements on behalf of ArcelorMittal Brasil S.A. (“ArcelorMittal Brazil”), which has approximately 1.7 million tons of annual cokemaking capacity.

In order to further diversify our business and customer base, we have entered the foundry coke market. Foundry coke is a high-quality grade of coke that is used at foundries to melt iron and various metals in cupola furnaces, which is further processed via casting or molding into products used in various industries such as construction, transportation and industrial products. We began producing and selling foundry coke on a commercial scale in 2021. We also began selling blast furnace coke into the export coke market in 2021, utilizing capacity in excess of that reserved for our long-term, take-or-pay agreements.

Our cokemaking ovens utilize efficient, modern heat recovery technology designed to combust the coal’s volatile components liberated during the cokemaking process and use the resulting heat to create steam or electricity for sale. This differs from by-product cokemaking, which repurposes the coal’s liberated volatile components for other uses. We have constructed the only greenfield cokemaking facilities in the U.S. in approximately 30 years and are the only North American coke producer that utilizes heat recovery technology in the cokemaking process. We provide steam pursuant to steam supply and purchase agreements with our customers. Electricity is sold into the regional power market or pursuant to energy sales agreements.

Our logistics business provides handling and/or mixing services to steel, coke (including some of our domestic cokemaking facilities), electric utility, coal producing and other manufacturing based customers. Our logistics business consists of Convent Marine Terminal (“CMT”), Kanawha River Terminal (“KRT”), SunCoke Lake Terminal (“Lake Terminal”) and Dismal River Terminal (“DRT”) and has collective capacity to mix and/or transload more than 40 million tons of coal and other aggregates annually and has total storage capacity of approximately 3 million tons.

Incorporated in Delaware in 2010 and headquartered in Lisle, Illinois, we became a publicly-traded company in 2011 and our stock is listed on the New York Stock Exchange under the symbol “SXC.”

Basis of Presentation

The accompanying unaudited consolidated financial statements included herein have been prepared in accordance with accounting principles generally accepted in the U.S. (“GAAP”) for interim reporting. Certain information and disclosures normally included in financial statements have been omitted pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). In management’s opinion, the financial statements reflect all adjustments, which are of a normal recurring nature, necessary for a fair presentation of the results of operations, financial position and cash flows for the periods presented. The results of operations for the period ended June 30, 2021 are not necessarily indicative of the operating results expected for the entire year. These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2020.

2. Inventories

The components of inventories were as follows:

	June 30, 2021	December 31, 2020
	(Dollars in millions)	
Coal	\$ 80.4	\$ 60.6
Coke	16.6	21.1
Materials, supplies and other	46.8	44.9
Total inventories	<u>\$ 143.8</u>	<u>\$ 126.6</u>

3. Intangible Assets

Intangible assets, net, include Goodwill allocated to our Domestic Coke segment of \$3.4 million at both June 30, 2021 and December 31, 2020, and other intangibles detailed in the table below.

		June 30, 2021			December 31, 2020		
	Weighted - Average Remaining Amortization Years	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
		(Dollars in millions)					
Customer relationships	3	\$ 6.7	\$ 4.8	\$ 1.9	\$ 6.7	\$ 4.5	\$ 2.2
Permits	21	31.7	2.4	29.3	31.7	1.7	30.0
Other	29	1.6	—	1.6	1.6	—	1.6
Total		<u>\$ 40.0</u>	<u>\$ 7.2</u>	<u>\$ 32.8</u>	<u>\$ 40.0</u>	<u>\$ 6.2</u>	<u>\$ 33.8</u>

Total amortization expense for intangible assets subject to amortization was \$0.5 million and \$1.0 million for the three and six months ended June 30, 2021, respectively, and \$0.6 million and \$1.3 million for the three and six months ended June 30, 2020, respectively.

4. Income Taxes

At the end of each interim period, we make our best estimate of the effective tax rate and the impact of discrete items, if any, and adjust the rate as necessary.

The Company recorded an income tax benefit of \$4.7 million during the three months ended June 30, 2021 and income tax expense of \$2.6 million for the six months ended June 30, 2021, resulting in effective tax rates of 38.5 percent and 19.5 percent, respectively, as compared to the 21.0 percent federal statutory rate. The difference between the Company's effective tax rates and the statutory rate was primarily impacted by changes in state tax laws, resulting in a state tax benefit of \$1.3 million recorded during the second quarter of 2021. Additionally, the Company's effective tax rates are impacted by state taxes and disallowed expenses slightly offset by net income attributable to noncontrolling interest in our Indiana Harbor partnership for the three and six months ended June 30, 2021.

The Company recorded income tax expense of \$2.2 million and \$12.6 million for the three and six months ended June 30, 2020, respectively, resulting in effective tax rates of 22.0 percent and 47.9 percent, respectively, as compared to the 21.0 percent federal statutory rate. Differences between the Company's effective tax rates and the federal statutory rate during the six months ended June 30, 2020 were primarily driven by the revaluation of certain deferred tax assets due to lower apportioned state tax rates, which resulted in \$6.5 million of deferred income tax expense. Additionally, the tax law passed in response to COVID-19, the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, enacted March 27, 2020, allowed the Company to carry back net operating losses generated in 2019 to each of the five years preceding 2019. As a result, SunCoke recorded a tax benefit of \$1.5 million during the six months ended June 30, 2020.

5. Accrued Liabilities

Accrued liabilities consisted of the following:

	June 30, 2021	December 31, 2020
	(Dollars in millions)	
Accrued benefits	\$ 14.6	\$ 18.3
Current portion of postretirement benefit obligation	2.8	2.8
Other taxes payable	11.8	9.8
Current portion of black lung liability	4.6	4.6
Accrued legal	5.8	6.4
Current portion of lease liabilities	2.1	2.2
Other	5.4	5.7
Total accrued liabilities	<u>\$ 47.1</u>	<u>\$ 49.8</u>

6. Debt and Financing Obligation

Total debt and financing obligation, including the current portion of the financing obligation, consisted of the following:

	June 30, 2021	December 31, 2020
	(Dollars in millions)	
4.875 percent senior notes, due 2029 ("2029 Senior Notes")	\$ 500.0	\$ —
7.500 percent senior notes, due 2025 ("2025 Senior Notes")	—	587.3
\$350.0 million revolving credit facility, due 2026 ("Revolving Facility")	153.0	88.3
5.346 percent financing obligation, due 2024	13.5	14.9
Total borrowings	<u>666.5</u>	<u>690.5</u>
Original issue discount	—	(3.3)
Debt issuance costs	(13.2)	(10.3)
Total debt and financing obligation	<u>\$ 653.3</u>	<u>\$ 676.9</u>
Less: current portion of financing obligation	<u>3.1</u>	<u>3.0</u>
Total long-term debt and financing obligation	<u>\$ 650.2</u>	<u>\$ 673.9</u>

Issuance of 2029 Senior Notes

On June 22, 2021, the Company issued \$500.0 million aggregate principal amount of senior secured notes with an interest rate of 4.875 percent due in June 2029. The Company received proceeds of \$500.0 million from the issuance and incurred debt issuance costs related to this transaction of \$9.4 million, which are included in long-term debt and financing obligation on the Consolidated Balance Sheets as of June 30, 2021. The 2029 Senior Notes are the senior secured obligations of the Company. Interest on the 2029 Senior Notes is payable semi-annually in cash in arrears on June 30 and December 30 of each year, commencing on December 30, 2021. The Company may redeem some or all of the 2029 Senior Notes at its option, in whole or part, at the dates and amounts set forth in the applicable indenture.

The applicable indenture for the 2029 Senior Notes contains covenants that, among other things, limit the Company's ability and, in certain circumstances, the ability of certain of the Company's subsidiaries to (i) borrow money, (ii) create liens on assets, (iii) pay dividends or make other distributions on or repurchase or redeem the Company's capital stock, (iv) prepay, redeem or repurchase certain debt, (v) make loans and investments, (vi) sell assets, (vii) incur liens, (viii) enter into transactions with affiliates, (ix) enter into agreements restricting the ability of subsidiaries to pay dividends and (x) consolidate, merge or sell all or substantially all of the Company's assets.

Purchase and Redemption of 2025 Senior Notes

During the second quarter of 2021, pursuant to the applicable indenture with The Bank of New York Mellon Corporation as trustee ("Trustee"), the Trustee delivered redemption notices to holders of the 2025 Senior Notes. The principal amount of the 2025 Senior Notes redeemed was \$587.3 million, which represented all of the outstanding principal of the 2025

Senior Notes at 100 percent. On June 22, 2021, the proceeds required for redemption, including the applicable premium and accrued interest totaling \$612.1 million, were irrevocably deposited with the Trustee, at which time the 2025 Senior Notes were fully satisfied and discharged, and held by the Trustee until the date of redemption, July 8, 2021. As a result, during the six months ended June 30, 2021, the Company recorded a loss on extinguishment of debt on the Consolidated Statement of Operations of \$31.1 million, which consisted of the premium paid of \$22.0 million and the write-off of unamortized debt issuance costs of \$6.1 million and the remaining original issue discount of \$3.0 million.

Revolving Facility

On June 22, 2021, in conjunction with the issuance of the 2029 Senior Notes, the Company amended and extended the maturity of its Revolving Facility from August 2024 to June 2026 and reduced its capacity by \$50.0 million to \$350.0 million, resulting in additional debt issuance costs of \$1.6 million, which are included in long-term debt and financing obligation on the Consolidated Balance Sheets as of June 30, 2021. Additionally, the Company recorded a loss on extinguishment of debt on the Consolidated Statement of Operations of \$0.8 million, representing the write-off of unamortized debt issuance costs, during the six months ended June 30, 2021.

As of June 30, 2021, the Revolving Facility had letters of credit outstanding of \$12.1 million and a \$153.0 million outstanding balance, leaving \$184.9 million available. Additionally, the Company has certain letters of credit totaling \$11.5 million, which do not reduce the Revolving Facility's available balance.

Covenants

Under the terms of the Revolving Facility, the Company is subject to a maximum consolidated net leverage ratio of 4.50:1.00 and a minimum consolidated interest coverage ratio of 2.50:1.00. The Company's debt agreements contain other covenants and events of default that are customary for similar agreements and may limit our ability to take various actions including our ability to pay a dividend or repurchase our stock.

If we fail to perform our obligations under these and other covenants, the lenders' credit commitment could be terminated and any outstanding borrowings, together with accrued interest, under the Revolving Facility could be declared immediately due and payable. The Company has a cross default provision that applies to our indebtedness having a principal amount in excess of \$35.0 million.

As of June 30, 2021, the Company was in compliance with all applicable debt covenants. We do not anticipate a violation of these covenants nor do we anticipate that any of these covenants will restrict our operations or our ability to obtain additional financing.

Maturities

As of June 30, 2021, the combined aggregate amount of maturities for long-term borrowings for each of the next five years is as follows:

	(Dollars in millions)
2021	\$ 1.6
2022	3.2
2023	3.3
2024	5.4
2025	—
2026-Thereafter	653.0
Total	<u><u>\$ 666.5</u></u>

7. Commitments and Contingent Liabilities

Legal Matters

Between 2005 and 2012, the U.S. Environmental Protection Agency ("EPA") and the Ohio Environmental Protection Agency ("OEPA") issued Notices of Violations ("NOVs"), alleging violations of air emission operating permits for our Haverhill and Granite City cokemaking facilities. We worked in a cooperative manner with the EPA, the OEPA and the Illinois Environmental Protection Agency to address the allegations and, in November 2014, entered into a consent decree with these parties in federal district court in the Southern District of Illinois. The consent decree included a civil penalty paid in December 2014, and a commitment to undertake capital projects to improve reliability and enhance environmental performance. The Haverhill project was completed in 2016, but completion of the Granite City project was delayed to June 2019, with SunCoke agreeing to pay an immaterial amount associated with the delay.

Between 2010 and 2016, SunCoke Energy also received certain NOV's, Findings of Violations ("FOV's"), and information requests from the EPA, alleging violations of air operating permit conditions related to our Indiana Harbor cokemaking facility. To reach a settlement of these NOV's and FOV's, we met regularly with the EPA, the Indiana Department of Environmental Management and Cokenergy, LLC., an independent power producer that processes hot flue gas from our Indiana Harbor facility to reduce the sulfur and particulate content and produce steam and electricity. A consent decree among the parties was entered by the federal district court in the Northern District of Indiana during the fourth quarter of 2018. The settlement included a civil penalty paid in the fourth quarter of 2018, and implementation of certain capital projects, completed during the fourth quarter of 2019, to improve reliability and environmental performance of the coke ovens at the facility.

The Company is a party to certain other pending and threatened claims, including matters related to commercial disputes, employment claims, personal injury claims, common law tort claims and environmental claims. Although the ultimate outcome of these claims cannot be ascertained at this time, it is reasonably possible that some portion of these claims could be resolved unfavorably to the Company. Management of the Company believes that any liability which may arise from these claims would not have a material adverse impact on our consolidated financial statements. SunCoke's threshold for disclosing material environmental legal proceedings involving a government authority where potential monetary sanctions are involved is \$1.0 million.

Black Lung Benefit Liabilities

The Company has obligations related to coal workers' pneumoconiosis, or black lung, benefits to certain of its former coal miners and their dependents. Such benefits are provided for under Title IV of the Federal Coal Mine and Safety Act of 1969 and subsequent amendments, as well as for black lung benefits provided in the states of Virginia, Kentucky and West Virginia pursuant to workers' compensation legislation. The Patient Protection and Affordable Care Act ("PPACA"), which was implemented in 2010, amended previous legislation related to coal workers' black lung obligations. PPACA provides for the automatic extension of awarded lifetime benefits to surviving spouses and changes the legal criteria used to assess and award claims. On February 1, 2013, SunCoke obtained commercial insurance for black lung claims in excess of a deductible for employees with a last date of employment after that date. Also during 2013, we were reauthorized to continue to self-insure black lung liabilities incurred prior to February 1, 2013 by the U.S. Department of Labor's Division of Coal Mine Workers' Compensation ("DCMWC") in exchange for \$8.4 million of collateral.

We adjust our liability each year based upon actuarial calculations of our expected future payments for these benefits. Our independent actuarial consultants calculate the present value of the estimated black lung liability annually based on actuarial models utilizing our population of former coal miners, historical payout patterns of both the Company and the industry, actuarial mortality rates, disability incidence, medical costs, death benefits, dependents, discount rates and the current federally mandated payout rates. The estimated liability may be impacted by future changes in the statutory mechanisms, modifications by court decisions and changes in filing patterns driven by perceptions of success by claimants and their advisors, the impact of which cannot be estimated. The estimated liability was \$66.4 million and \$64.6 million at June 30, 2021 and December 31, 2020, respectively, of which the current portion of \$4.6 million was included in accrued liabilities on the Consolidated Balance Sheets in both periods.

In July 2019, the DCMWC required that SunCoke, along with a number of other companies, file an application and supporting documentation for reauthorization to self-insure our legacy black lung obligations incurred prior to February 1, 2013. The Company provided the requested information in the fourth quarter of 2019. The DCMWC subsequently notified the Company in a letter dated February 21, 2020 that the Company was reauthorized to self-insure certain of its black lung obligations; however, the reauthorization is contingent upon the Company providing collateral of \$40.4 million to secure certain of its black lung obligations. This proposed collateral requirement is a substantial increase from the \$8.4 million in collateral that the Company currently provides to secure these self-insured black lung obligations. The reauthorization process provided the Company with the right to appeal the security determination. SunCoke exercised its right to appeal the DCMWC's security determination and provided additional information supporting the Company's position in May 2020 and February 2021. If the Company's appeal is unsuccessful, the Company may be required to provide additional collateral to receive the self-insurance reauthorization from the DCMWC, which could potentially reduce the Company's liquidity.

8. Share-Based Compensation

Equity Classified Awards

During the six months ended June 30, 2021, the Company granted share-based compensation to eligible participants under the SunCoke Energy, Inc. Long-Term Performance Enhancement Plan ("SunCoke LTPEP"). All awards vest immediately upon a qualifying termination of employment, as defined by the SunCoke LTPEP, following a change in control.

Restricted Stock Units Settled in Shares

The Company issued 463,476 stock-settled restricted stock units (“RSUs”) to certain employees to be settled in shares of the Company’s common stock during the six months ended June 30, 2021. The weighted average grant date fair value was \$6.77 per unit and was based on the closing price of our common stock on the day of the grant. The RSUs vest in three annual installments beginning one year from the date of grant.

Performance Share Units

Performance share units (“PSUs”) were granted to certain employees to be settled in shares of the Company’s common stock during the six months ended June 30, 2021, for which the service period will end on December 31, 2023 and will vest during the first quarter of 2024. The service period for certain retiree eligible participants is accelerated. The Company granted the following PSUs:

	Shares	Grant Date Fair Value per Unit
PSUs ⁽¹⁾⁽²⁾	177,176	\$ 7.60

- (1) The PSU awards are split 50/50 between the Company's three year cumulative Adjusted EBITDA (as defined in Note 12) performance measure and the Company's three-year average pre-tax return on capital performance measure for its coke and logistics businesses and unallocated corporate expenses.
- (2) The number of PSUs ultimately awarded will be determined by the above performance measures versus targets and the Company's three-year total shareholder return (“TSR”) as compared to the TSR of the companies making up the Nasdaq Iron & Steel Index (“TSR Modifier”). The TSR Modifier can impact the payout between 75 percent and 125 percent of the Company's final performance measure results.

The award may vest between zero and 250 percent of the original units granted. The fair value of the PSUs granted during the six months ended June 30, 2021 is based on the closing price of our common stock on the date of grant as well as a Monte Carlo simulation for the valuation of the TSR Modifier.

Stock Options

The Company did not grant any stock options during the six months ended June 30, 2021.

Liability Classified Awards

Restricted Stock Units Settled in Cash

During the six months ended June 30, 2021, the Company issued 230,056 restricted stock units to certain employees to be settled in cash (“Cash RSUs”), which vest in three annual installments beginning one year from the grant date and are part of the SunCoke LTPEP. The weighted average grant date fair value of the Cash RSUs granted during the six months ended June 30, 2021 was \$6.68 per unit and was based on the closing price of our common stock on the day of grant.

The Cash RSU liability is adjusted based on the closing price of our common stock at the end of each quarterly period and was \$1.3 million at June 30, 2021 and \$1.1 million at December 31, 2020.

Cash Incentive Awards

The Company also granted long-term compensation to eligible participants under the SunCoke Energy, Inc. Long-Term Cash Incentive Plan (“SunCoke LTCIP”), which became effective January 1, 2016. The SunCoke LTCIP is designed to provide for performance-based, cash-settled awards. All awards vest immediately upon a qualifying termination of employment, as defined by the SunCoke LTCIP, following a change in control.

The Company issued awards with an aggregate grant date fair value of \$2.1 million during the six months ended June 30, 2021, for which the service period will end on December 31, 2023 and will vest during the first quarter of 2024. The service period for certain retiree eligible participants is accelerated. The awards are split 50/50 between the Company's three-year cumulative Adjusted EBITDA performance and the Company's three-year average pre-tax return on capital for its coke and logistics businesses and unallocated corporate expenses. The 2021 awards are not subject to the Company's three-year TSR Modifier performance.

The cash incentive award liability at June 30, 2021 was adjusted based on the Company's three-year cumulative Adjusted EBITDA performance and adjusted average pre-tax return on capital for the Company's coke and logistics businesses and unallocated corporate expenses. The cash incentive award liability was \$2.1 million at June 30, 2021 and \$1.3 million at December 31, 2020.

Summary of Share-Based Compensation Expense

Below is a summary of the compensation expense, unrecognized compensation costs, and the period for which the unrecognized compensation cost is expected to be recognized over:

	Three Months Ended June 30,		Six Months Ended June 30,		June 30, 2021	
	2021	2020	2021	2020		
	Compensation Expense ⁽¹⁾				Unrecognized Compensation Cost	Recognition Period
	(Dollars in millions)					(Years)
Equity Awards:						
Stock Options	\$ —	\$ 0.1	\$ —	\$ 0.3	\$ 0.1	0.7
RSUs	0.7	0.5	1.0	0.9	\$ 1.6	0.9
PSUs	1.1	0.6	1.2	1.0	\$ 3.1	1.5
Total equity awards	<u>\$ 1.8</u>	<u>\$ 1.2</u>	<u>\$ 2.2</u>	<u>\$ 2.2</u>		
Liability Awards:						
Cash RSUs	\$ 0.3	\$ 0.1	\$ 1.1	\$ 0.1	\$ 1.8	1.8
Cash incentive award	1.1	0.1	1.3	0.3	\$ 4.3	1.8
Total liability awards	<u>\$ 1.4</u>	<u>\$ 0.2</u>	<u>\$ 2.4</u>	<u>\$ 0.4</u>		

(1) Compensation expense recognized by the Company is included in selling, general and administrative expenses on the Consolidated Statements of Operations.

The Company issued \$0.1 million of share-based compensation to the Company's Board of Directors during both the six months ended June 30, 2021 and 2020, respectively.

9. Earnings per Share

Basic earnings per share ("EPS") has been computed by dividing net income attributable to SunCoke Energy, Inc. by the weighted average number of shares outstanding during the period. Except where the result would be anti-dilutive, diluted earnings per share has been computed to give effect to share-based compensation awards using the treasury stock method.

The following table sets forth the reconciliation of the weighted-average number of common shares used to compute basic EPS to those used to compute diluted EPS:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(Shares in millions)			
Weighted-average number of common shares outstanding-basic	83.0	82.8	82.9	83.2
Add: Effect of dilutive share-based compensation awards	—	0.1	0.6	0.2
Weighted-average number of shares-diluted	<u>83.0</u>	<u>82.9</u>	<u>83.5</u>	<u>83.4</u>

The following table shows equity awards that are excluded from the computation of diluted earnings per share as the shares would have been anti-dilutive:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(Shares in millions)			
Stock options	3.1	3.1	2.9	3.1
Restricted stock units	0.6	0.3	0.1	0.3
Performance stock units	0.7	0.2	—	0.2
Total	4.4	3.6	3.0	3.6

10. Fair Value Measurement

The Company measures certain financial and non-financial assets and liabilities at fair value on a recurring basis. Fair value is defined as the price that would be received from the sale of an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. Fair value disclosures are reflected in a three-level hierarchy, maximizing the use of observable inputs and minimizing the use of unobservable inputs.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

- Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.
- Level 2 - inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.
- Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis

Certain assets and liabilities are measured at fair value on a recurring basis. The Company's cash and cash equivalents were measured at fair value at June 30, 2021 and December 31, 2020 based on quoted prices in active markets for identical assets. These inputs are classified as Level 1 within the valuation hierarchy.

Certain Financial Assets and Liabilities not Measured at Fair Value

At June 30, 2021 and December 31, 2020, the fair value of the Company's total debt was estimated to be \$666.3 million and \$683.9 million, respectively, compared to a carrying amount of \$666.5 million and \$690.5 million, respectively. The fair value was estimated by management based upon estimates of debt pricing provided by financial institutions, which are considered Level 2 inputs.

11. Revenue from Contracts with Customers

Cokemaking

Our blast furnace coke sales are largely made pursuant to long-term, take-or-pay coke sales agreements with Cliffs Steel and U.S. Steel, who are two of the largest blast furnace steelmakers in North America. The take-or-pay provisions in our agreements require our customers to purchase coke volumes as specified in the agreements or pay the contract price for any tonnage they do not purchase. The take-or-pay provisions of our agreements also require us to deliver minimum annual tonnage. Our coke sales agreements have approximately 15.5 million tons of unsatisfied or partially unsatisfied performance obligations, which are expected to be delivered over a weighted average remaining contract term of approximately seven years.

Foundry coke sales are generally made under annual agreements with our customers for an agreed upon price and do not contain take-or-pay volume commitments. Export coke sales are generally made on a spot basis at the current market price.

Revenues on all coke sales are recognized when performance obligations to our customers are satisfied in an amount that reflects the consideration that we expect to receive in exchange for the coke.

Logistics

In our logistics business, handling and/or mixing services are provided to steel, coke (including some of our domestic cokemaking facilities), electric utility, coal producing and other manufacturing based customers. Materials are transported in numerous ways, including rail, truck, barge or ship. We do not take possession of materials handled, but rather act as intermediaries between our customers and end users, deriving our revenues from services provided on a per ton basis. The handling and mixing services consist primarily of two performance obligations, unloading and loading of materials. Revenues are recognized when the customer receives the benefits of the services provided, in an amount that reflects the consideration that we will receive in exchange for those services.

Estimated take-or-pay revenue of approximately \$35.6 million from all of our multi-year logistics contracts is expected to be recognized over the next three years for unsatisfied or partially unsatisfied performance obligations as of June 30, 2021.

Disaggregated Sales and Other Operating Revenue

The following table provides disaggregated sales and other operating revenue by product or service, excluding intersegment revenues:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(Dollars in millions)			
Sales and other operating revenue:				
Cokemaking	\$ 324.2	\$ 310.0	\$ 644.3	\$ 661.5
Energy	13.8	12.0	28.6	25.1
Logistics	16.5	7.1	32.4	16.0
Operating and licensing fees	9.0	7.2	17.5	15.7
Other	0.8	1.7	1.4	2.4
Sales and other operating revenue	<u>\$ 364.3</u>	<u>\$ 338.0</u>	<u>\$ 724.2</u>	<u>\$ 720.7</u>

The following tables provide disaggregated sales and other operating revenue by customer:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021		2021	
	(Dollars in millions)			
Sales and other operating revenue:				
Cliffs Steel ⁽¹⁾	\$ 253.0	\$	508.7	
U.S. Steel	52.9		103.9	
Other	58.4		111.6	
Sales and other operating revenue	<u>\$ 364.3</u>	<u>\$</u>	<u>724.2</u>	

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020		2020	
	(Dollars in millions)			
Sales and other operating revenue:				
AM USA ⁽¹⁾	\$ 180.3	\$	376.1	
Cliffs Steel / AK Steel ⁽¹⁾	89.8		197.7	
U.S. Steel	51.0		109.9	
Other	16.9		37.0	
Sales and other operating revenue	<u>\$ 338.0</u>	<u>\$</u>	<u>720.7</u>	

- (1) In March 2020, Cliffs completed the acquisition of AK Steel Holding Corporation ("AK Steel"), and subsequently changed the name of AK Steel to Cleveland-Cliffs Steel Holding Corporation. In December 2020, Cliffs completed the acquisition of ArcelorMittal USA LLC ("AM USA"), and subsequently changed the name of AM USA to Cleveland-Cliffs Steel LLC. Collectively, we refer to Cleveland-Cliffs Steel Holding Corporation and Cleveland-Cliffs Steel LLC as "Cliffs Steel."

12. Business Segment Information

The Company reports its business through three segments: Domestic Coke, Brazil Coke and Logistics. The Domestic Coke segment includes the Jewell, Indiana Harbor, Haverhill, Granite City and Middletown cokemaking facilities. Each of these facilities produces coke, and all facilities except Jewell recover waste heat, which is converted to steam or electricity.

The Brazil Coke segment includes the licensing and operating fees payable to us under long-term contracts with ArcelorMittal Brazil, under which we operate a cokemaking facility located in Vitória, Brazil through at least 2023.

Logistics operations are comprised of CMT, KRT, Lake Terminal, which provides services to our Indiana Harbor cokemaking facility, and DRT, which provides services to our Jewell cokemaking facility. Handling and mixing results are presented in the Logistics segment.

Corporate expenses that can be identified with a segment have been included in determining segment results. The remainder is included in Corporate and Other. Corporate and Other also includes activity from our legacy coal mining business.

Segment assets are those assets utilized within a specific segment and exclude taxes.

The following table includes Adjusted EBITDA, which is the measure of segment profit or loss reported to the chief operating decision maker for purposes of allocating resources to the segments and assessing their performance:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(Dollars in millions)			
Sales and other operating revenue:				
Domestic Coke	\$ 338.6	\$ 323.5	\$ 673.9	\$ 688.7
Brazil Coke	9.0	7.2	17.5	15.7
Logistics	16.7	7.3	32.8	16.3
Logistics intersegment sales	7.4	5.2	14.0	11.8
Elimination of intersegment sales	(7.4)	(5.2)	(14.0)	(11.8)
Total sales and other operating revenues	<u>\$ 364.3</u>	<u>\$ 338.0</u>	<u>\$ 724.2</u>	<u>\$ 720.7</u>
Adjusted EBITDA:				
Domestic Coke	\$ 61.4	\$ 61.6	\$ 124.9	\$ 125.0
Brazil Coke	4.0	3.2	8.5	7.3
Logistics	11.4	3.0	22.3	6.3
Corporate and Other ⁽¹⁾	(8.8)	(8.8)	(17.1)	(17.5)
Total Adjusted EBITDA	<u>\$ 68.0</u>	<u>\$ 59.0</u>	<u>\$ 138.6</u>	<u>\$ 121.1</u>
Depreciation and amortization expense:				
Domestic Coke	\$ 30.4	\$ 30.4	\$ 59.1	\$ 60.9
Brazil Coke	0.1	0.1	0.2	0.2
Logistics	3.3	3.2	6.6	6.4
Corporate and Other	0.3	0.4	0.6	0.7
Total depreciation and amortization expense	<u>\$ 34.1</u>	<u>\$ 34.1</u>	<u>\$ 66.5</u>	<u>\$ 68.2</u>
Capital expenditures:				
Domestic Coke	\$ 11.0	\$ 11.5	\$ 27.4	\$ 32.2
Brazil Coke	—	—	0.1	0.1
Logistics	2.6	2.6	6.2	4.6
Total capital expenditures	<u>\$ 13.6</u>	<u>\$ 14.1</u>	<u>\$ 33.7</u>	<u>\$ 36.9</u>

- (1) Corporate and Other includes activity from our legacy coal mining business, which contributed Adjusted EBITDA losses of \$1.5 million and \$3.4 million during the three and six months ended June 30, 2021, respectively, as well as \$2.4 million and \$4.5 million during the three and six months ended June 30, 2020, respectively. Additionally, Corporate and Other includes foundry related research and development costs of \$0.6 million and \$1.4 million during the three and six months ended June 30, 2020, respectively.

The following table sets forth the Company's segment assets:

	June 30, 2021	December 31, 2020
	(Dollars in millions)	
Segment assets		
Domestic Coke	\$ 1,352.8	\$ 1,358.9
Brazil Coke	14.5	17.7
Logistics	199.6	199.5
Corporate and Other	28.3	31.8
Segment assets, excluding income tax receivable	1,595.2	1,607.9
Tax assets	2.8	5.5
Total assets	\$ 1,598.0	\$ 1,613.4

The Company evaluates the performance of its segments based on segment Adjusted EBITDA, which is defined as earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted for any impairments, restructuring costs and gains or losses on extinguishment of debt. EBITDA and Adjusted EBITDA do not represent and should not be considered alternatives to net income or operating income under GAAP and may not be comparable to other similarly titled measures in other businesses.

Management believes Adjusted EBITDA is an important measure in assessing operating performance. Adjusted EBITDA provides useful information to investors because it highlights trends in our business that may not otherwise be apparent when relying solely on GAAP measures and because it eliminates items that have less bearing on our operating performance. EBITDA and Adjusted EBITDA are not measures calculated in accordance with GAAP, and they should not be considered a substitute for net income or any other measure of financial performance presented in accordance with GAAP. Additionally, other companies may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Below is a reconciliation of Adjusted EBITDA to net income, which is its most directly comparable financial measure calculated and presented in accordance with GAAP:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(Dollars in millions)			
Net (loss) income attributable to SunCoke Energy, Inc.	\$ (8.8)	\$ 6.5	\$ 7.7	\$ 11.4
Add: Net income attributable to noncontrolling interests	1.3	1.3	3.0	2.3
Net (loss) income	\$ (7.5)	\$ 7.8	\$ 10.7	\$ 13.7
Add:				
Depreciation and amortization expense	34.1	34.1	66.5	68.2
Interest expense, net	14.2	14.9	26.9	29.5
Loss (gain) on extinguishment of debt	31.9	—	31.9	(2.9)
Income tax (benefit) expense	(4.7)	2.2	2.6	12.6
Adjusted EBITDA	\$ 68.0	\$ 59.0	\$ 138.6	\$ 121.1
Subtract: Adjusted EBITDA attributable to noncontrolling interests ⁽¹⁾	2.3	2.3	4.9	4.3
Adjusted EBITDA attributable to SunCoke Energy, Inc.	\$ 65.7	\$ 56.7	\$ 133.7	\$ 116.8

(1) Reflects noncontrolling interest in Indiana Harbor.

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

This Quarterly Report on Form 10-Q contains certain forward-looking statements of expected future developments, as defined in the Private Securities Litigation Reform Act of 1995. This discussion contains forward-looking statements about our business, operations and industry that involve risks and uncertainties, such as statements regarding our plans, objectives, expectations and intentions. Our future results and financial condition may differ materially from those we currently anticipate as a result of the factors we describe in our filings with the SEC, including this Quarterly Report on Form 10-Q, and under "Cautionary Statement Concerning Forward-Looking Statements."

Currently, such risks and uncertainties also include: SunCoke's ability to manage its business during and after the COVID-19 pandemic; the impact of the COVID-19 pandemic on SunCoke's results of operations, revenues, earnings and cash flows; SunCoke's ability to reduce costs and capital spending in response to the COVID-19 pandemic; SunCoke's balance sheet and liquidity throughout and following the COVID-19 pandemic; SunCoke's prospects for financial performance and achievement of strategic objectives following the COVID-19 pandemic; capital allocation strategy following the COVID-19 pandemic; and the general impact on our industry and on the U.S. and global economy resulting from COVID-19, including actions by domestic and foreign governments and others to contain the spread, or mitigate the severity, thereof.

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is based on financial data derived from the financial statements prepared in accordance with the United States generally accepted accounting principles ("GAAP") and certain other financial data that is prepared using a non-GAAP measure. For a reconciliation of the non-GAAP measure to its most comparable GAAP component, see "Non-GAAP Financial Measures" at the end of this Item and Note 12 to our consolidated financial statements.

Our MD&A is provided in addition to the accompanying consolidated financial statements and notes to assist readers in understanding our results of operations, financial condition and cash flow.

Overview

SunCoke Energy, Inc. ("SunCoke Energy," "SunCoke," "Company," "we," "our" and "us") is the largest independent producer of high-quality coke in the Americas, as measured by tons of coke produced each year, and has more than 60 years of coke production experience. Blast furnace coke is a principal raw material in the blast furnace steelmaking process and is produced by heating metallurgical coal in a refractory oven, which releases certain volatile components from the coal, thus transforming the coal into coke. We also own and operate a logistics business that primarily provides handling and/or mixing services to steel, coke (including some of our domestic cokemaking facilities), electric utility, coal producing and other manufacturing based customers.

Cokemaking

We have designed, developed, built, own and operate five cokemaking facilities in the United States ("U.S."), which consist of our Haverhill, Middletown, Granite City, Jewell and Indiana Harbor cokemaking facilities. These five cokemaking facilities have collective nameplate capacity to produce approximately 4.2 million tons of blast furnace coke per year. Additionally, we have designed and operate one cokemaking facility in Brazil under licensing and operating agreements on behalf of ArcelorMittal Brasil S.A. ("ArcelorMittal Brazil"), which has approximately 1.7 million tons of annual cokemaking capacity.

Our core business model is predicated on providing steelmakers an alternative to investing capital in their own captive coke production facilities. We direct our marketing efforts principally towards steelmaking customers that require coke for use in their blast furnaces. Our blast furnace coke sales are largely made pursuant to long-term, take-or-pay agreements with Cleveland-Cliffs Steel Holding Corporation and Cleveland-Cliffs Steel LLC, both subsidiaries of Cleveland Cliffs Inc. ("Cliffs") and collectively referred to as "Cliffs Steel," and United States Steel Corporation ("U.S. Steel"). Cliffs Steel and U.S. Steel are two of the largest blast furnace steelmakers in North America. These coke sales agreements have a weighted average remaining term of approximately seven years based on contracted tons and contain pass-through provisions for costs we incur in the cokemaking process, including coal costs (subject to meeting contractual coal-to-coke yields), operating and maintenance expenses, costs related to the transportation of coke to our customers, taxes (other than income taxes) and costs associated with changes in regulation. The coal component of the Jewell coke price is based on the weighted-average contract price of third-party coal purchases at our Haverhill facility applicable to Cliffs Steel coke sales.

In order to further diversify our business and customer base, we have entered the foundry coke market. Foundry coke is a high-quality grade of coke that is used at foundries to melt iron and various metals in cupola furnaces, which is further processed via casting or molding into products used in various industries such as construction, transportation and industrial products. We began producing and selling foundry coke on a commercial scale in 2021. We also began selling blast furnace coke into the export coke market in 2021, utilizing capacity in excess of that reserved for our long-term, take-or-pay agreements.

U.S. steel production utilization rates have continued to strengthen throughout the first half of 2021, benefiting our steelmaking customers. Utilization has increased from 75 percent in January 2021 to 83 percent in June 2021. We expect continued strength of U.S. steel production utilization rates throughout 2021. Additionally, an increase in global steel demand has benefited our export coke sales.

Our Granite City facility and the first phase of our Haverhill facility, or Haverhill I, have steam generation facilities, which use hot flue gas from the cokemaking process to produce steam for sale to customers, pursuant to steam supply and purchase agreements. Granite City sells steam to U.S. Steel and Haverhill I provides steam, at minimal cost, to Altivia Petrochemicals, LLC. Our Middletown facility and the second phase of our Haverhill facility, or Haverhill II, have cogeneration plants that use the hot flue gas created by the cokemaking process to generate electricity, which either is sold into the regional power market or to Cleveland-Cliffs Steel Holding Corporation pursuant to energy sales agreements.

The following table sets forth information about our cokemaking facilities and our coke and energy sales agreements as of June 30, 2021:

Facility	Location	Customer	Year of Start Up	Contract Expiration	Number of Coke Ovens	Annual Cokemaking Nameplate Capacity ⁽¹⁾ (thousands of tons)	Use of Waste Heat
Owned and Operated:							
Jewell	Vansant, Virginia	Cliffs Steel	1962	December 2025	142	720	Partially used for thermal coal drying
Indiana Harbor	East Chicago, Indiana	Cliffs Steel	1998	October 2023	268	1,220	Heat for power generation
Haverhill I	Franklin Furnace, Ohio	Cliffs Steel	2005	December 2025	100	550	Process steam
Haverhill II	Franklin Furnace, Ohio	Cliffs Steel	2008	June 2025	100	550	Power generation
Granite City	Granite City, Illinois	U.S. Steel	2009	December 2024	120	650	Steam for power generation
Middletown ⁽²⁾	Middletown, Ohio	Cliffs Steel	2011	December 2032	100	550	Power generation
					830	4,240	
Operated:							
Vitória	Vitória, Brazil	ArcelorMittal Brazil	2007	January 2023	320	1,700	Steam for power generation
					1,150	5,940	

- (1) Cokemaking nameplate capacity represents stated capacity for production of blast furnace coke. The minimum tons in our coke sales agreements may be lower than the annual cokemaking nameplate capacity.
- (2) The Middletown coke sales agreement provides for coke sales on a “run of oven” basis, which includes both blast furnace coke and small coke. Middletown nameplate capacity on a “run of oven” basis is 578 thousand tons per year.

Logistics

Our logistics business consists of Convent Marine Terminal (“CMT”), Kanawha River Terminal (“KRT”), Lake Terminal and Dismal River Terminal (“DRT”). CMT is located in Convent, Louisiana, with strategic access to seaborne markets for coal and other industrial materials. The terminal provides loading and unloading services and has direct rail access and has the current capability to transload 15 million tons annually with its top of the line shiploader. The facility serves coal mining customers as well as other merchant business, including aggregates (crushed stone), petroleum coke and iron ore. CMT's efficient barge unloading capabilities complement its rail and truck offerings and provide the terminal with the ability to transload and mix a significantly broader variety of materials, including coal, petroleum coke and other materials from barges at its dock. KRT is a leading metallurgical and thermal coal mixing and handling terminal service provider with collective capacity to mix and transload 25 million tons annually through its two operations in West Virginia. Lake Terminal and DRT provide coal handling and mixing services to SunCoke's Indiana Harbor and Jewell cokemaking operations, respectively.

Our logistics business has the collective capacity to mix and/or transload more than 40 million tons of coal and other aggregates annually and has storage capacity of approximately 3 million tons. Our terminals act as intermediaries between our customers and end users by providing transloading and mixing services. Materials are transported in numerous ways, including rail, truck, barge or ship. We do not take title of the materials handled but instead derive our revenues by providing handling

and/or mixing services to our customers on a per ton basis. Revenues are recognized when services are provided as defined by customer contracts. Logistics services provided to our domestic cokemaking facilities are provided under contracts with terms equivalent to those of arm's-length transactions.

Certain CMT customers are impacted by seaborne export market dynamics. Fluctuations in the benchmark price for coal delivery into northwest Europe, as referenced in the Argus/McCloskey's Coal Price Index Report ("API2 index price"), as well as Newcastle index coal prices, as referenced in the Argus/McCloskey's Coal Price Index ("API6 index price"), which reflect low-ash coal prices shipped from Australia, contribute to our customers' decisions to place tons into the export market and thus impact transloading volumes through CMT. Higher natural gas prices in Europe resulted in an increase in global demand for coal and an increase in API2 prices during the first half of 2021, resulting in a strong export coal market and higher export coal volumes through CMT as compared to the same prior year period. The API2 forward curve projections indicate continued strength in the coal export market throughout 2021 as global demand continues to increase.

Our KRT terminals serve two primary domestic markets, metallurgical coal trade and thermal coal trade. Metallurgical markets are primarily impacted by steel prices and blast furnace operating levels whereas thermal markets are impacted by natural gas prices and electricity demand. In 2021, our cokemaking facilities are operating at full capacity. We continue to expect throughput volumes of approximately 10 million tons at our domestic logistics terminals, up from approximately 9 million tons in 2020, and volumes from third party customers in 2021 to be consistent with 2020.

Second Quarter Key Financial Results

Our consolidated results of operations were as follows:

	Three Months Ended June 30,		Increase (Decrease)	Six Months Ended June 30,		Increase (Decrease)
	2021	2020		2021	2020	
	(Dollars in millions)					
Net (loss) income	\$ (7.5)	\$ 7.8	\$ (15.3)	\$ 10.7	\$ 13.7	\$ (3.0)
Net cash provided by operating activities	\$ 39.8	\$ 21.8	\$ 18.0	\$ 104.6	\$ 48.6	\$ 56.0
Adjusted EBITDA	\$ 68.0	\$ 59.0	\$ 9.0	\$ 138.6	\$ 121.1	\$ 17.5

Results in the first half of 2021 reflect strong operating performance driven by an increase in volumes in our Logistics segment and the successful execution of our export and foundry coke initiatives. See detailed analysis of the quarter's results throughout the MD&A. See Note 12 to our consolidated financial statements for the definition and reconciliation of Adjusted EBITDA, a non-GAAP measure.

Recent Developments and Items Impacting Comparability

- Debt Refinancing.** During the second quarter of 2021, the Company refinanced its debt obligations. The Company issued \$500.0 million of 4.875 percent 2029 Senior Notes, amended and extended the maturity of its Revolving Facility to June 2026 and reduced the Revolving Facility capacity by \$50.0 million to \$350.0 million. The Company used the proceeds of the 2029 Senior Notes along with borrowings under the Company's Revolving Facility to purchase and redeem all of the 7.500 percent 2025 Senior Notes. As a result of the debt refinancing and revolver amendment, the six months ended June 30, 2021 included a loss on extinguishment of debt on the Consolidated Statement of Operations of \$31.9 million, which consisted of the premium paid of \$22.0 million and the write-off of unamortized debt issuance costs of \$6.9 million and the remaining original issue discount of \$3.0 million. See Note 6 to our consolidated financial statements for further discussion of the debt refinancing.
- 2021 Guidance.** Throughout the first half of 2021, increased global demand for coal and an increase in API2 prices resulted in higher volumes through CMT. Forward curve projections of API2 prices indicate continued strength in the coal export market throughout the second half of 2021. Additionally, we expect the strong global steel market to continue to drive demand for export and foundry coke throughout 2021. As a result, SunCoke is well positioned to exceed our original guidance range of \$215 million to \$230 million, and now expects 2021 Adjusted EBITDA to be between \$255 million to \$265 million.

Results of Operations

The following table sets forth amounts from the Consolidated Statements of Operations for the three and six months ended June 30, 2021 and 2020, respectively:

	Three Months Ended June 30,		Increase (Decrease)	Six Months Ended June 30,		Increase (Decrease)
	2021	2020		2021	2020	
(Dollars in millions)						
Revenues						
Sales and other operating revenue	\$ 364.3	\$ 338.0	\$ 26.3	\$ 724.2	\$ 720.7	\$ 3.5
Costs and operating expenses						
Cost of products sold and operating expenses	278.6	262.5	16.1	552.6	566.9	(14.3)
Selling, general and administrative expenses	17.7	16.5	1.2	33.0	32.7	0.3
Depreciation and amortization expense	34.1	34.1	—	66.5	68.2	(1.7)
Total costs and operating expenses	330.4	313.1	17.3	652.1	667.8	(15.7)
Operating income	33.9	24.9	9.0	72.1	52.9	19.2
Interest expense, net	14.2	14.9	(0.7)	26.9	29.5	(2.6)
Loss (gain) on extinguishment of debt	31.9	—	31.9	31.9	(2.9)	34.8
(Loss) income before income tax (benefit) expense	(12.2)	10.0	(22.2)	13.3	26.3	(13.0)
Income tax (benefit) expense	(4.7)	2.2	(6.9)	2.6	12.6	(10.0)
Net (loss) income	(7.5)	7.8	(15.3)	10.7	13.7	(3.0)
Less: Net income attributable to noncontrolling interests	1.3	1.3	—	3.0	2.3	0.7
Net (loss) income attributable to SunCoke Energy, Inc.	<u>\$ (8.8)</u>	<u>\$ 6.5</u>	<u>\$ (15.3)</u>	<u>\$ 7.7</u>	<u>\$ 11.4</u>	<u>\$ (3.7)</u>

Sales and Other Operating Revenue and Costs of Products Sold and Operating Expenses. Sales and other operating revenue increased for the three and six months ended June 30, 2021 compared to the same prior year periods driven by higher volumes in both our Domestic Coke and Logistics segments. These increases were partially offset by the pass-through of lower coal prices in our Domestic Coke segment. Higher coke volumes and lower coal prices also impacted our costs of products sold and operating expense. However, costs of our Logistics business are largely fixed, and therefore higher Logistics sales volumes resulted in improved margins.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were impacted by higher employee related costs during the three and six months ended June 30, 2021 as well as unfavorable period-over-period, mark-to-market adjustments in deferred compensation driven by changes in the Company's share price during the six months ended June 30, 2021. These increases were partially offset during the three and six months ended June 30, 2021 by lower professional services of \$0.7 million and \$2.0 million, respectively, lower legacy coal mining related expenses of \$0.9 million and \$1.1 million, respectively, and the absence of \$0.6 million and \$1.4 million, respectively, of foundry related research and development costs incurred during the prior year periods.

Depreciation and Amortization Expense. Depreciation and amortization expense for the three and six months ended June 30, 2021 was reasonably consistent period over period.

Interest Expense, Net. Interest expense, net benefited during the three and six months ended June 30, 2021 from lower average debt balances on the Revolving Facility and repurchases of the 2025 Senior Notes during 2020. Due to the timing of the debt refinancing during the second quarter of 2021, the benefits of lower interest rates were not yet significant as of June 30, 2021. See Note 6 to our consolidated financial statements for further detail.

Income Tax (Benefit) Expense. Income tax (benefit) expense during the three and six months ended June 30, 2021 reflects the impacts of certain changes in state tax laws, resulting in a state tax benefit of \$1.3 million recorded during the second quarter of 2021. The six months ended June 30, 2020 reflects the revaluation of certain deferred tax assets due to lower apportioned state tax rates, which resulted in deferred income tax expense of \$6.5 million, partly offset by a \$1.5 million benefit as result of the Coronavirus Aid, Relief, and Economic Security Act. Excluding these discrete items, SunCoke's effective tax rate has remained consistent. See Note 4 to our consolidated financial statements for further detail.

Noncontrolling Interest. Net income attributable to noncontrolling interest represents a 14.8 percent third-party interest in our Indiana Harbor cokemaking facility. Higher net income at Indiana Harbor during the six months ended June 30, 2021 as compared to the same prior year period results in an increase to net income attributable to noncontrolling interest.

Results of Reportable Business Segments

We report our business results through three segments:

- Domestic Coke consists of our Jewell facility, located in Vansant, Virginia, our Indiana Harbor facility, located in East Chicago, Indiana, our Haverhill facility, located in Franklin Furnace, Ohio, our Granite City facility located in Granite City, Illinois, and our Middletown facility located in Middletown, Ohio.
- Brazil Coke consists of operations in Vitória, Brazil, where we operate the ArcelorMittal Brazil cokemaking facility.
- Logistics consists of CMT, located in Convent, Louisiana, KRT, located in Ceredo and Belle, West Virginia, Lake Terminal, located in East Chicago, Indiana, and DRT, located in Vansant, Virginia. Lake Terminal and DRT are located adjacent to our Indiana Harbor and Jewell cokemaking facilities, respectively.

Corporate expenses that can be identified with a segment have been included in determining segment results. The remainder is included in Corporate and Other, including activity from our legacy coal mining business.

Management believes Adjusted EBITDA is an important measure of operating performance, which is used as the primary basis for the chief operating decision maker to evaluate the performance of each of our reportable segments. Adjusted EBITDA should not be considered a substitute for the reported results prepared in accordance with GAAP. See Note 12 to our consolidated financial statements.

Segment Financial and Operating Data

The following tables set forth financial and operating data:

	Three Months Ended June 30,		Increase (Decrease)	Six Months Ended June 30,		Increase (Decrease)
	2021	2020		2021	2020	
(Dollars in millions)						
Sales and other operating revenues:						
Domestic Coke	\$ 338.6	\$ 323.5	\$ 15.1	\$ 673.9	\$ 688.7	\$ (14.8)
Brazil Coke	9.0	7.2	1.8	17.5	15.7	1.8
Logistics	16.7	7.3	9.4	32.8	16.3	16.5
Logistics intersegment sales	7.4	5.2	2.2	14.0	11.8	2.2
Elimination of intersegment sales	(7.4)	(5.2)	(2.2)	(14.0)	(11.8)	(2.2)
Total sales and other operating revenues	<u>\$ 364.3</u>	<u>\$ 338.0</u>	<u>\$ 26.3</u>	<u>\$ 724.2</u>	<u>\$ 720.7</u>	<u>\$ 3.5</u>
Adjusted EBITDA⁽¹⁾:						
Domestic Coke	\$ 61.4	\$ 61.6	\$ (0.2)	\$ 124.9	\$ 125.0	\$ (0.1)
Brazil Coke	4.0	3.2	0.8	8.5	7.3	1.2
Logistics	11.4	3.0	8.4	22.3	6.3	16.0
Corporate and Other, including legacy costs, net ⁽²⁾	(8.8)	(8.8)	—	(17.1)	(17.5)	0.4
Total Adjusted EBITDA	<u>\$ 68.0</u>	<u>\$ 59.0</u>	<u>\$ 9.0</u>	<u>\$ 138.6</u>	<u>\$ 121.1</u>	<u>\$ 17.5</u>
Coke Operating Data:						
Domestic Coke capacity utilization	100 %	94 %	6 %	101 %	98 %	3 %
Domestic Coke production volumes (thousands of tons)	1,054	987	67	2,090	2,056	34
Domestic Coke sales volumes (thousands of tons)	1,063	977	86	2,101	2,041	60
Domestic Coke Adjusted EBITDA per ton ⁽³⁾	\$ 57.76	\$ 63.05	\$ (5.29)	\$ 59.45	\$ 61.24	\$ (1.79)
Brazilian Coke production—operated facility (thousands of tons)	425	270	155	842	680	162
Logistics Operating Data:						
Tons handled (thousands of tons)	5,104	2,853	2,251	10,404	7,067	3,337

- (1) See Note 12 in our consolidated financial statements for both the definition of Adjusted EBITDA and the reconciliation from GAAP to the non-GAAP measurement for the three and six months ended June 30, 2021 and 2020.
- (2) Corporate and Other includes activity from our legacy coal mining business, which contributed Adjusted EBITDA losses of \$1.5 million and \$3.4 million during the three and six months ended June 30, 2021, respectively, and \$2.4 million and \$4.5 million during the three and six months ended June 30, 2020, respectively. Additionally, Corporate and Other includes foundry related research and development costs of \$0.6 million and \$1.4 million during the three and six months ended June 30, 2020, respectively.
- (3) Reflects Domestic Coke Adjusted EBITDA divided by Domestic Coke sales volumes.

Analysis of Segment Results

Domestic Coke

Historically, SunCoke's analysis of our Domestic Coke segment has aligned with the pass-through nature of our long-term, take-or-pay contracts, including analysis of the prices of coal passed through and the reimbursement of operating maintenance spending as compared to prior year periods. Beginning in 2021, our Domestic Coke business has expanded into the export coke market and the foundry coke market. These sales do not contain the same pass-through provisions as our long-term, take-or-pay contracts. Therefore, the analysis of our Domestic Coke results has evolved to allow for the inclusion of these sales. The impact of fluctuating coal prices, including the value of coal-to-coke yield gains and losses, and indexed operating and maintenance reimbursement rates are now presented as price variances along with the impact of export and foundry sales prices as compared to prior period sales prices.

The following table sets forth year-over-year changes in the Domestic Coke segment's sales and other operating revenues and Adjusted EBITDA results:

	Three Months Ended June 30, 2021 vs. 2020		Six Months Ended June 30, 2021 vs. 2020	
	Sales and other operating revenue	Adjusted EBITDA	Sales and other operating revenue	Adjusted EBITDA
	(Dollars in millions)			
Prior year period	\$ 323.5	\$ 61.6	\$ 688.7	\$ 125.0
Volume ⁽¹⁾	28.1	6.9	21.0	3.2
Price ⁽²⁾	(16.1)	(4.7)	(40.4)	(5.1)
Operating and maintenance costs	N/A	(3.1)	N/A	(1.6)
Energy and other ⁽³⁾	3.1	0.7	4.6	3.4
Current year period	<u>\$ 338.6</u>	<u>\$ 61.4</u>	<u>\$ 673.9</u>	<u>\$ 124.9</u>

- (1) Volumes improved due to the absence of volume relief provided to our customers impacted by the COVID-19 pandemic in 2020 as well as the success of our foundry coke and export coke sales initiatives.
- (2) The decline in revenues and Adjusted EBITDA was primarily related to the pass through of lower coal prices on our long-term, take-or-pay agreements, which also resulted in lower coal-to-coke yields.
- (3) Energy and other increased primarily due to favorable energy pricing and volumes.

Logistics

During the three and six months ended June 30, 2021, revenues were \$24.1 million and \$46.8 million, respectively, compared to \$12.5 million and \$28.1 million, respectively, in the corresponding prior year periods. Adjusted EBITDA during the three and six months ended June 30, 2021 was \$11.4 million and \$22.3 million, respectively, compared to \$3.0 million and \$6.3 million, respectively, in the corresponding prior year periods. Increases in Logistics results as compared to the prior year periods reflect the improved export coal market, which drove higher sales volumes at CMT, as well as the absence of depressed volumes during the three months ended June 30, 2021 due to the COVID-19 pandemic.

Brazil

During the three and six months ended June 30, 2021, revenues were \$9.0 million and \$17.5 million, respectively, compared to \$7.2 million and \$15.7 million, respectively, in the corresponding prior year periods. Adjusted EBITDA during the three and six months ended June 30, 2021 was \$4.0 million and \$8.5 million, respectively, compared to \$3.2 million and \$7.3 million, respectively, in the corresponding prior year periods. Increases during the current year periods reflect higher volumes as compared to the same prior year periods as well as production bonuses for meeting certain volume targets during the current year periods.

Corporate and Other

Corporate and Other Adjusted EBITDA was a loss of \$8.8 million and \$17.1 million for the three and six months ended June 30, 2021, respectively, and \$8.8 million and \$17.5 million for the three and six months ended June 30, 2020, respectively. The three and six months ended June 30, 2021 benefited from lower legacy related expenses of \$0.9 million and \$1.1 million, respectively, and the absence of \$0.6 million and \$1.4 million, respectively, of foundry related research and development costs incurred in 2020, as well as lower professional services. These benefits were offset by higher employee related costs during the three and six months ended June 30, 2021 as compared to the same prior year periods and unfavorable period-over-period, mark-to-market adjustments in deferred compensation driven by changes in the Company's share prices during the six months ended June 30, 2021.

Liquidity and Capital Resources

Our primary liquidity needs are to fund working capital, fund investments, service our debt, maintain cash reserves and replace partially or fully depreciated assets and other capital expenditures. Our sources of liquidity include cash generated from operations, borrowings under our Revolving Facility and, from time to time, debt and equity offerings. We believe our current resources are sufficient to meet our working capital requirements for our current business for at least the next 12 months and thereafter for the foreseeable future. However, the Company continues to evaluate whether any borrowings or other actions are needed to safeguard the business amidst the fluid market conditions and the uncertainty around the magnitude and duration of the COVID-19 pandemic. As of June 30, 2021, we had \$51.7 million of cash and cash equivalents and \$184.9 million of borrowing availability under our Revolving Facility.

We may, from time to time, seek to retire or purchase additional amounts of our outstanding equity and/or debt securities through cash purchases and/or exchanges for other securities, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material. Refer to further liquidity discussion below as well as Note 6 to our consolidated financial statements and Part II Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds.

During the first quarter of 2020, the U.S. Department of Labor's Division of Coal Mine Workers' Compensation ("DCMWC") requested SunCoke provide additional collateral of approximately \$32 million to secure certain of its black lung obligations. SunCoke exercised its right to appeal the DCMWC's determination and provided additional information supporting the Company's position in May 2020 and February 2021. If the Company's appeal is unsuccessful, the Company may be required to provide additional collateral to receive its self-insurance reauthorization from the DCMWC, which could potentially reduce the Company's liquidity. See further discussion in Note 7 to our consolidated financial statements.

Cash Flow Summary

The following table sets forth a summary of the net cash provided by (used in) operating, investing and financing activities for the six months ended June 30, 2021 and 2020:

	Six Months Ended June 30,	
	2021	2020
	(Dollars in millions)	
Net cash provided by operating activities	\$ 104.6	\$ 48.6
Net cash used in investing activities	(33.7)	(36.9)
Net cash used in financing activities	(67.6)	(27.7)
Net increase (decrease) in cash and cash equivalents	\$ 3.3	\$ (16.0)

Cash Flows from Operating Activities

Net cash provided by operating activities increased by \$56.0 million to \$104.6 million for the six months ended June 30, 2021 as compared to the corresponding prior year period, reflecting higher operating results primarily in our logistics business and a favorable year-over-year change in primary working capital, which is comprised of accounts receivable, inventories and accounts payable, driven by timing of coal purchases.

Cash Flows from Investing Activities

Net cash used in investing activities decreased by \$3.2 million to \$33.7 million for the six months ended June 30, 2021 as compared to the corresponding prior year period. Both periods primarily reflect ongoing capital expenditures.

Cash Flows from Financing Activities

Net cash used in financing activities was \$67.6 million for the six months ended June 30, 2021 as compared to \$27.7 million in the corresponding prior year period. During the second quarter of 2021, the Company refinanced its debt, further described below and in Note 6 to our consolidated financial statements, with no significant net impact on total debt balances. In conjunction with this refinancing, the Company paid a premium of \$22.0 million, included in repayment of long-term debt on the consolidated statements of cash flows, as well as \$10.5 million of debt issuance costs. The Company also paid down its Revolving Facility \$22.6 million, excluding the funding of the refinancing, and made dividend payments of \$10.1 million.

The prior year period reflects \$8.9 million of cash payments to redeem \$12.0 million face value of 2025 Senior Notes, dividend payments of \$10.0 million, and share repurchases of \$7.0 million under the repurchase program discussed in Item 2 of Part II.

Dividends

On April 28, 2021, SunCoke's Board of Directors declared a cash dividend of \$0.06 per share of the Company's common stock. This dividend was paid on June 1, 2021, to stockholders of record on May 19, 2021.

Additionally, on July 26, 2021, SunCoke's Board of Directors declared a cash dividend of \$0.06 per share of the Company's common stock. This dividend will be paid on September 1, 2021, to stockholders of record on August 18, 2021.

Debt Refinancing

During the second quarter of 2021, the Company issued \$500.0 million of 2029 Senior Notes and used the proceeds to purchase and redeem all of the 2025 Senior Notes, resulting in an interest rate reduction from 7.500 to 4.875 percent. The

Company also amended and extended the maturity of its Revolving Facility from 2024 to 2026, and reduced total borrowing capacity by \$50.0 million to \$350.0 million. See "Recent Developments and Items Impacting Comparability" and Note 6 to our consolidated financial statements for further discussion of this debt refinancing.

Maturities

As of June 30, 2021, the combined aggregate amount of maturities for long-term borrowings for each of the next five years is as follows:

	(Dollars in millions)
2021	\$ 1.6
2022	3.2
2023	3.3
2024	5.4
2025	—
2026-Thereafter	653.0
Total	<u>\$ 666.5</u>

Covenants

As of June 30, 2021, we were in compliance with all applicable debt covenants. We do not anticipate a violation of these covenants nor do we anticipate that any of these covenants will restrict our operations or our ability to obtain additional financing. See Note 6 to the consolidated financial statements for details on debt covenants.

Credit Rating

In June 2021, S&P Global Ratings reaffirmed our corporate credit rating of BB- (stable). In June 2021, Moody's Investors Service reaffirmed our corporate credit rating of B1 and stable outlook.

Capital Requirements and Expenditures

Our operations are capital intensive, requiring significant investment to upgrade or enhance existing operations and to meet environmental and operational regulations. The level of future capital expenditures will depend on various factors, including market conditions and customer requirements, and may differ from current or anticipated levels. Material changes in capital expenditure levels may impact financial results, including but not limited to the amount of depreciation, interest expense and repair and maintenance expense.

Our capital requirements have consisted, and are expected to consist, primarily of:

- Ongoing capital expenditures required to maintain equipment reliability, the integrity and safety of our coke ovens and steam generators and to comply with environmental regulations. Ongoing capital expenditures are made to replace partially or fully depreciated assets in order to maintain the existing operating capacity of the assets and/or to extend their useful lives and also include new equipment that improves the efficiency, reliability or effectiveness of existing assets. Ongoing capital expenditures do not include normal repairs and maintenance expenses, which are expensed as incurred;
- Environmental remediation project expenditures required to implement design changes to ensure that our existing facilities operate in accordance with existing environmental permits; and
- Expansion capital expenditures to acquire and/or construct complementary assets to grow our business and to expand existing facilities as well as capital expenditures made to grow our business through new markets or enable the renewal of a coke sales agreement and/or logistics service agreement and on which we expect to earn a reasonable return.

The following table summarizes ongoing capital expenditures and environmental remediation projects:

	Six Months Ended June 30,	
	2021	2020
	(Dollars in millions)	
Ongoing capital	\$ 27.8	\$ 31.5
Expansion capital ⁽¹⁾	5.9	5.4
Total capital expenditures ⁽²⁾	<u>\$ 33.7</u>	<u>\$ 36.9</u>

(1) Includes capital spending in connection with the foundry cokemaking growth project, including \$0.3 million of interest capitalized for the six months ended June 30, 2021.

(2) Reflects actual cash payments during the periods presented for our capital requirements.

In 2021, we expect our capital expenditures to be approximately \$90 million.

Critical Accounting Policies

There have been no significant changes to our accounting policies during the six months ended June 30, 2021. Please refer to our Annual Report on Form 10-K filed on February 25, 2021 for a summary of these policies.

Recent Accounting Standards

There have been no new accounting standards material to SunCoke Energy, Inc. that have been adopted during the six months ended June 30, 2021.

Non-GAAP Financial Measures

In addition to the GAAP results provided in this Quarterly Report on Form 10-Q, we have provided a non-GAAP financial measure, Adjusted EBITDA. Our management, as well as certain investors, use this non-GAAP measure to analyze our current and expected future financial performance. This measure is not in accordance with, or a substitute for, GAAP and may be different from, or inconsistent with, non-GAAP financial measures used by other companies. See Note 12 in our consolidated financial statements for both the definition of Adjusted EBITDA and its reconciliation from GAAP to the non-GAAP measurement for the three and six months ended June 30, 2021 and 2020, respectively.

Below is a reconciliation of 2021 Adjusted EBITDA guidance from its closest GAAP measure:

	2021	
	Low	High
	(Dollars in millions)	
Net income	\$ 30	\$ 40
Add:		
Depreciation and amortization expense	137	133
Interest expense, net	47	44
Loss on extinguishment of debt	32	32
Income tax expense	9	16
Adjusted EBITDA	<u>\$ 255</u>	<u>\$ 265</u>
Subtract: Adjusted EBITDA attributable to noncontrolling interest ⁽¹⁾	9	9
Adjusted EBITDA attributable to SunCoke Energy, Inc.	<u>\$ 246</u>	<u>\$ 256</u>

(1) Reflects noncontrolling interest in Indiana Harbor.

Guarantor Financial and Non-Financial Disclosures

The Company has an existing shelf registration statement, which was filed on November 8, 2019, upon the expiration of the prior shelf registration statement, for the offering of debt and/or securities on a delayed or continuous basis and is presenting these guarantor financial and non-financial disclosures in connection therewith. The following information has been

prepared and presented pursuant to amended SEC Rule 3-10 of Regulation S-X and new SEC Rule 13-01 of Regulation S-X, which were adopted by the SEC on March 2, 2020.

For purposes of the following information, SunCoke Energy, Inc. is referred to as “Issuer.” All 100 percent owned subsidiaries of the Company, including Finance Corp. and its consolidated subsidiaries, are expected to serve as guarantors of obligations (“Guarantor Subsidiaries”) included in the shelf registration statement, other than the Indiana Harbor partnership and certain of the Company’s corporate financing, international and legacy coal mining subsidiaries (“Non-Guarantors”). These guarantees will be full and unconditional (subject, in the case of the Guarantor Subsidiaries, to customary release provisions as described below) and joint and several.

The guarantee of a Guarantor Subsidiary will terminate upon:

- a sale or other disposition of the Guarantor Subsidiary or of all or substantially all of its assets;
- a sale of the majority of the capital stock of a Guarantor Subsidiary to a third-party, after which the Guarantor Subsidiary is no longer a “Restricted Subsidiary” in accordance with the indenture governing the notes;
- the liquidation or dissolution of a Guarantor Subsidiary so long as no “Default” or “Event of Default”, as defined under the indenture governing the notes, has occurred as a result thereof;
- the designation of a Guarantor Subsidiary as an “unrestricted subsidiary” in accordance with the indenture governing the notes;
- the requirements for defeasance or discharge of the indenture governing the notes having been satisfied; or
- the release, other than the discharge through payments by a Guarantor Subsidiary, from other indebtedness that resulted in the obligation of the Guarantor Subsidiary under the indenture governing the notes.

The following tables present summarized financial information for the Issuer and the Guarantor Subsidiaries on a combined basis after intercompany balances and transactions between the Issuer and Guarantor Subsidiaries have been eliminated and excluding investment in and equity in earnings from the Non-Guarantor Subsidiaries:

Statements of Operations

	Issuer and Guarantor Subsidiaries	
	Six Months Ended June 30, 2021	Year Ended December 31, 2020
	(Dollars in millions)	
Revenues	\$ 536.0	\$ 962.6
Costs and operating expenses	475.1	906.6
Operating income	60.9	56.0
Net loss	\$ (3.1)	\$ (6.6)

Balance Sheets

	Issuer and Guarantor Subsidiaries	
	June 30, 2021	December 31, 2020
	(Dollars in millions)	
Assets:		
Cash	\$ 28.5	\$ 44.6
Current receivables from Non-Guarantor subsidiaries	14.6	14.2
Other current assets	167.6	162.1
Properties, plants and equipment, net	1,155.4	1,176.7
Other non-current assets	66.4	54.8
Total assets	\$ 1,432.5	\$ 1,452.4
Liabilities:		
Current liabilities	\$ 126.3	\$ 126.5
Long-term debt and financing obligation	650.2	673.9
Long-term payable to Non-Guarantor subsidiaries	200.0	189.4
Other long-term liabilities	245.5	240.6
Total liabilities	\$ 1,222.0	\$ 1,230.4

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this Quarterly Report on Form 10-Q, including, among others, in the sections entitled “Risk Factors,” “Quantitative and Qualitative Disclosures About Market Risk” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Forward-looking statements include all statements that are not historical facts and may be identified by the use of forward-looking terminology such as the words “believe,” “expect,” “plan,” “intend,” “anticipate,” “estimate,” “predict,” “potential,” “continue,” “may,” “will,” “should” or the negative of these terms or similar expressions. Such forward-looking statements are based on management’s beliefs, expectations and assumptions based upon information currently available, and include, but are not limited to, statements concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, potential growth opportunities (including, among other things, anticipated expansion into the foundry coke market), the influence of competition, and the effects of future legislation or regulations. Forward-looking statements also include statements regarding the potential, assumed, or expected future impacts of COVID-19 and related economic conditions on our business, financial condition and results of operations, and/or potential operating performance. In addition, statements in this Quarterly Report on Form 10-Q concerning future dividend declarations are subject to approval by our Board of Directors and will be based upon circumstances then existing. Forward-looking statements are not guarantees of future performance, but are based upon the current knowledge, beliefs and expectations of SunCoke management, and upon assumptions by SunCoke concerning future conditions, any or all of which ultimately may prove to be inaccurate.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. You should not put undue reliance on any forward-looking statements. We do not have any intention or obligation to update any forward-looking statement (or its associated cautionary language), whether as a result of new information or future events, after the date of this Quarterly Report on Form 10-Q, except as required by applicable law.

The risk factors discussed in “Risk Factors” in our Annual Report on Form 10-K and this Quarterly Report on Form 10-Q could cause our results to differ materially from those expressed in the forward-looking statements made in this Quarterly Report on Form 10-Q. There also may be other risks that are currently unknown to us or that we are unable to predict at this time. Such risks and uncertainties include, without limitation:

- the potential operating and financial impacts on our operations, or those of our customers and suppliers, and the general impact on our industry and on the U.S. and global economy, resulting from COVID-19 or any other widespread contagion, including actions by foreign and domestic governments and others to contain the spread, or mitigate the severity, thereof;
- volatility and cyclical downturns in the steel industry and in other industries in which our customers and/or suppliers operate;
- changes in the marketplace that may affect our cokemaking business, including the supply and demand for our coke products, as well as increased imports of coke from foreign producers;
- volatility, cyclical downturns and other change in the business climate and market for coal, affecting customers or potential customers for our logistics business;
- changes in the marketplace that may affect our logistics business, including the supply and demand for thermal and metallurgical coal;
- severe financial hardship or bankruptcy of one or more of our major customers, or the occurrence of a customer default or other event affecting our ability to collect payments from our customers;
- our ability to repair aging coke ovens to maintain operational performance;
- age of, and changes in the reliability, efficiency and capacity of the various equipment and operating facilities used in our cokemaking operations, and in the operations of our subsidiaries major customers, business partners and/or suppliers;
- changes in the expected operating levels of our assets;
- changes in the level of capital expenditures or operating expenses, including any changes in the level of environmental capital, operating or remediation expenditures;
- changes in levels of production, production capacity, pricing and/or margins for coal and coke;
- changes in product specifications for the coke that we produce or the coals we mix, store and transport;
- our ability to meet minimum volume requirements, coal-to-coke yield standards and coke quality standards in our coke sales agreements;

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- variation in availability, quality and supply of metallurgical coal used in the cokemaking process, including as a result of non-performance by our suppliers;
- effects of geologic conditions, weather, natural disasters and other inherent risks beyond our control;
- effects of adverse events relating to the operation of our facilities and to the transportation and storage of hazardous materials or regulated media (including equipment malfunction, explosions, fires, spills, impoundment failure and the effects of severe weather conditions);
- the existence of hazardous substances or other environmental contamination on property owned or used by us;
- required permits and other regulatory approvals and compliance with contractual obligations and/or bonding requirements in connection with our cokemaking, logistics operations, and/or former coal mining activities;
- the availability of future permits authorizing the disposition of certain mining waste and the management of reclamation areas;
- risks related to environmental compliance;
- our ability to comply with applicable federal, state or local laws and regulations, including, but not limited to, those relating to environmental matters;
- risks related to labor relations and workplace safety;
- availability of skilled employees for our cokemaking, and/or logistics operations, and other workplace factors;
- our ability to service our outstanding indebtedness;
- our indebtedness and certain covenants in our debt documents;
- our ability to comply with the covenants and restrictions imposed by our financing arrangements;
- changes in the availability and cost of equity and debt financing;
- impacts on our liquidity and ability to raise capital as a result of changes in the credit ratings assigned to our indebtedness;
- competition from alternative steelmaking and other technologies that have the potential to reduce or eliminate the use of coke;
- our dependence on, relationships with, and other conditions affecting our customers and/or suppliers;
- consolidation of major customers
- nonperformance or force majeure by, or disputes with, or changes in contract terms with, major customers, suppliers, dealers, distributors or other business partners;
- effects of adverse events relating to the business or commercial operations of our customers and/or suppliers;
- changes in credit terms required by our suppliers;
- our ability to secure new coal supply agreements or to renew existing coal supply agreements;
- effects of railroad, barge, truck and other transportation performance and costs, including any transportation disruptions;
- our ability to enter into new, or renew existing, long-term agreements upon favorable terms for the sale of coke, steam, or electric power, or for handling services of coal and other aggregates (including transportation, storage and mixing);
- our ability to enter into new, or renew existing, agreements upon favorable terms for logistics services;
- our ability to successfully implement domestic and/or international growth strategies;
- our ability to identify acquisitions, execute them under favorable terms, and integrate them into our existing business operations;
- our ability to realize expected benefits from investments and acquisitions;
- our ability to enter into joint ventures and other similar arrangements under favorable terms;
- our ability to consummate assets sales, other divestitures and strategic restructuring in a timely manner upon favorable terms, and/or realize the anticipated benefits from such actions;

- our ability to consummate investments under favorable terms, including with respect to existing cokemaking facilities, which may utilize by-product technology, and integrate them into our existing businesses and have them perform at anticipated levels;
- our ability to develop, design, permit, construct, start up, or operate new cokemaking facilities in the U.S. or in foreign countries;
- disruption in our information technology infrastructure and/or loss of our ability to securely store, maintain, or transmit data due to security breach by hackers, employee error or malfeasance, terrorist attack, power loss, telecommunications failure or other events;
- the accuracy of our estimates of reclamation and other environmental obligations;
- risks related to obligations under mineral leases retained by us in connection with the divestment of our legacy coal mining business;
- risks related to the ability of the assignee(s) to perform in compliance with applicable requirements under mineral leases assigned in connection with the divestment of our legacy coal mining business;
- proposed or final changes in existing, or new, statutes, regulations, rules, governmental policies and taxes, or their interpretations, including those relating to environmental matters and taxes;
- proposed or final changes in accounting and/or tax methodologies, laws, regulations, rules, or policies, or their interpretations, including those affecting inventories, leases, post-employment benefits, income, or other matters;
- changes in federal, state, or local tax laws or regulations, including the interpretations thereof;
- claims of noncompliance with any statutory or regulatory requirements;
- changes in insurance markets impacting cost, level and/or types of coverage available, and the financial ability of our insurers to meet their obligations;
- inadequate protection of our intellectual property rights;
- volatility in foreign currency exchange rates affecting the markets and geographic regions in which we conduct business; and
- historical consolidated financial data may not be reliable indicators of future results.

The factors identified above are believed to be important factors, but not necessarily all of the important factors, that could cause actual results to differ materially from those expressed in any forward-looking statement made by us. Other factors not discussed herein also could have material adverse effects on us. All forward-looking statements included in this Quarterly Report on Form 10-Q are expressly qualified in their entirety by the foregoing cautionary statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to the Company's exposure to market risk disclosed in our Annual Report on Form 10-K for the year ended December 31, 2020.

Item 4. Controls and Procedures

Management's Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures, (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934), as amended (the "Exchange Act") that are designed to ensure that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer as appropriate, to allow timely decisions regarding required disclosure.

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

The Company carried out an evaluation, under the supervision and with the participation of management, including its principal executive officer and principal financial officer, of the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, the Company's principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting during the quarter ended June 30, 2021. We have not experienced any material impact to our internal controls over financial reporting due to COVID-19. We are continually monitoring and assessing the effects of COVID-19 on our internal controls to minimize the impact to their design and operating effectiveness.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

The information presented in Note 7 to our consolidated financial statements within this Quarterly Report on Form 10-Q is incorporated herein by reference.

Certain legal and administrative proceedings are pending or may be brought against us arising out of our current and past operations, including matters related to commercial disputes, employment claims, personal injury claims, common law tort claims, and general environmental claims. Although the ultimate outcome of these proceedings cannot be ascertained at this time, it is reasonably possible that some of them could be resolved unfavorably to us. Our management believes that any liabilities that may arise from such matters would not be material in relation to our business or our consolidated financial position, results of operations or cash flows at June 30, 2021.

Item 1A. Risk Factors

There have been no material changes with respect to risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2020.

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

On October 28, 2019, the Company's Board of Directors authorized a program to repurchase outstanding shares of the Company's common stock, \$0.01 par value, from time to time in open market transactions at prevailing market prices, in privately negotiated transactions, or by other means in accordance with federal securities laws, for a total aggregate cost to the Company not to exceed \$100.0 million. There have been no share repurchases since the first quarter of 2020. As of June 30, 2021, \$96.3 million remains available under the authorized repurchase program.

Item 4. Mine Safety Disclosures

While the Company divested substantially all of its remaining coal mining assets in April 2016, the Company continues to own certain logistics assets that are also regulated by Mine Safety and Health Administration. The information concerning mine safety violations and other regulatory matters that we are required to report in accordance with Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.014) is included in Exhibit 95.1 to this Quarterly Report on Form 10-Q.

Item 6. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this Form 10-Q.

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of the Company (incorporated by reference herein to Exhibit 3.1 to the Company's Amendment No. 4 to Registration Statement on Form S-1 filed on July 6, 2011, File No. 333-173022)
3.2	Amended and Restated Bylaws of SunCoke Energy, Inc., effective as of February 1, 2016 (incorporated by reference herein to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on February 2, 2016, File No. 001-35243)
4.1	Indenture, dated June 22, 2021, by and among SunCoke Energy, Inc., the subsidiary guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee and as notes collateral agent (incorporated by reference herein to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed on June 22, 2021, File No. 001-35243)
4.2	Form of 4.875% Senior Secured Notes due 2029 (included in Exhibit 4.1)(incorporated by reference herein to Exhibit 4.2 to the Company's Current Report on Form 8-K, filed on June 22, 2021, File No. 001-35243)
4.3	Second Amendment to Second Amended and Restated Credit Agreement, dated June 22, 2021 among SunCoke Energy, Inc., the subsidiary guarantors party thereto, the lenders party thereto and Bank of America, N.A., as administrative agent (incorporated by reference herein to Exhibit 4.3 to the Company's Current Report on Form 8-K, filed on June 22, 2021, File No. 001-35243)
22.1*	List of Issuers and Guarantor Subsidiaries
31.1*	Certification Pursuant to Exchange Act Rule 13a-14(a) or Rule 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification Pursuant to Exchange Act Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
95.1*	Mine Safety Disclosures
101*	The following financial statements from SunCoke Energy, Inc.'s Quarterly Report on Form 10-Q for the six months ended June 30, 2021, filed with the Securities and Exchange Commission on July 29, 2021, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Consolidated Statements of Operations, (ii) the Consolidated Statements of Comprehensive (Loss) Income, (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Cash Flows, (v) the Consolidated Statements of Equity, and (vi) the Notes to Consolidated Financial Statements.
104*	The cover page from SunCoke Energy, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 formatted in iXBRL (Inline eXtensible Business Reporting Language) and contained in Exhibit 101.

* Filed herewith.

We are pleased to furnish this Form 10-Q to shareholders who request it by writing to:

SunCoke Energy, Inc.
Investor Relations
1011 Warrenville Road
Suite 600
Lisle, Illinois 60532

SIGNATURE

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

SunCoke Energy, Inc.

Dated: July 29, 2021

By: /s/ Michael G. Rippey

Michael G. Rippey
President and Chief Executive Officer
(principal executive officer and principal
financial officer)