



2022 Investor Presentation



Safe Harbor Statement and Disclosure

- This presentation includes forward-looking comments subject to important risks and uncertainties. It may also contain financial measures that are not in conformance with accounting principles generally accepted in the United States of America (GAAP)
- Refer to NACCO's reports filed on Forms 8-K (current), 10-Q (quarterly), and 10-K (annual) for information on factors that could cause actual results to differ materially from information in this presentation. Past performance may not be representative of future results
- Information noted in the following slides was effective as of the date that this presentation was posted to the NACCO Industries website, March 31, 2023. Nothing in this presentation should be construed as reaffirming or disaffirming the outlook provided as of the Company's most recent earnings release and conference call (March 16, 2023)
- This presentation is not an offer to sell or a solicitation of offers to buy any of NACCO Industries, Inc.'s securities



Company Overview

NACCO Industries® brings natural resources to life by delivering aggregates, minerals, reliable fuels and environmental solutions through its robust portfolio of NACCO Natural Resources businesses



Four Businesses Charting Our Future Through Two Key Strategies...

Protect the Core



Grow and Diversify

North American COAL



Protect existing long-term coal mining contracts

Catapult MINERAL PARTNERS



Acquire and manage mineral and royalty interests

Mitigation Resources OF NORTH AMERICA



Expand stream and wetland mitigation business

North American MINING



Become a leading diversified mining services business

...while maintaining a conservative balance sheet to allow us to fund required cap ex and invest in initiatives to drive growth.

NACCO Industries (NYSE: NC) – At a Glance

Key Metrics In thousands	Year Ended December 31, 2022
Operating Profit ⁽¹⁾	\$69,986
Income before Income taxes ⁽¹⁾⁽²⁾	\$87,723
Net Income	\$74,158
Consolidated Adjusted EBITDA ⁽³⁾	\$88,181
Net Cash at 12/31/2022 ⁽³⁾⁽⁴⁾	\$91,080

Positioned for Growth

- Priorities for Cash
 - Invest in growth and diversification strategies
 - Fund required cap ex
 - Return cash to stockholders through dividends and, as appropriate, share repurchases
- Maintain a conservative leverage ratio
- Availability under Revolver: \$116 million at 12/31/22

(1) Includes a contract termination settlement of \$14.0 million pre-tax.

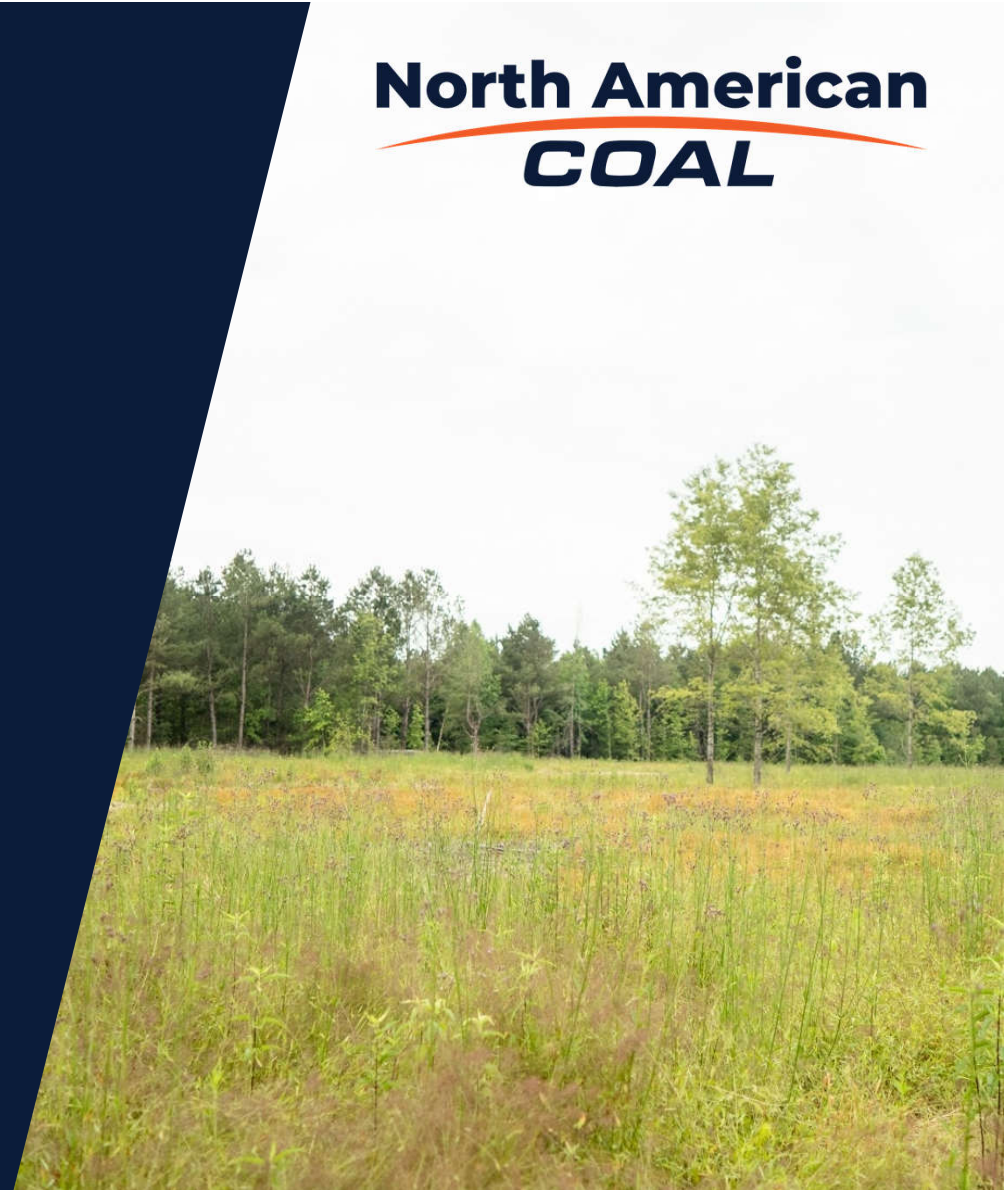
(2) Includes non-cash contract termination settlements of \$16.9 million pre-tax.

(3) Consolidated Adjusted EBITDA and Net Cash are non-GAAP measures and should not be considered in isolation or as substitutes for GAAP measures. See non-GAAP explanations and reconciliations to GAAP measures beginning on page 36.

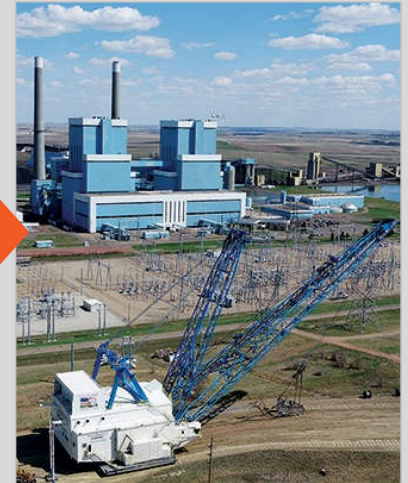
(4) Net Cash at December 31, 2022 is calculated as cash of \$110.7 million less total debt of \$19.7 million.

North American
COAL

Coal Mining Segment



North American Coal operates surface coal mines under long-term contracts pursuant to a service-based business model



Land Acquisition
Reserve Acquisition
Permitting
Mine Planning

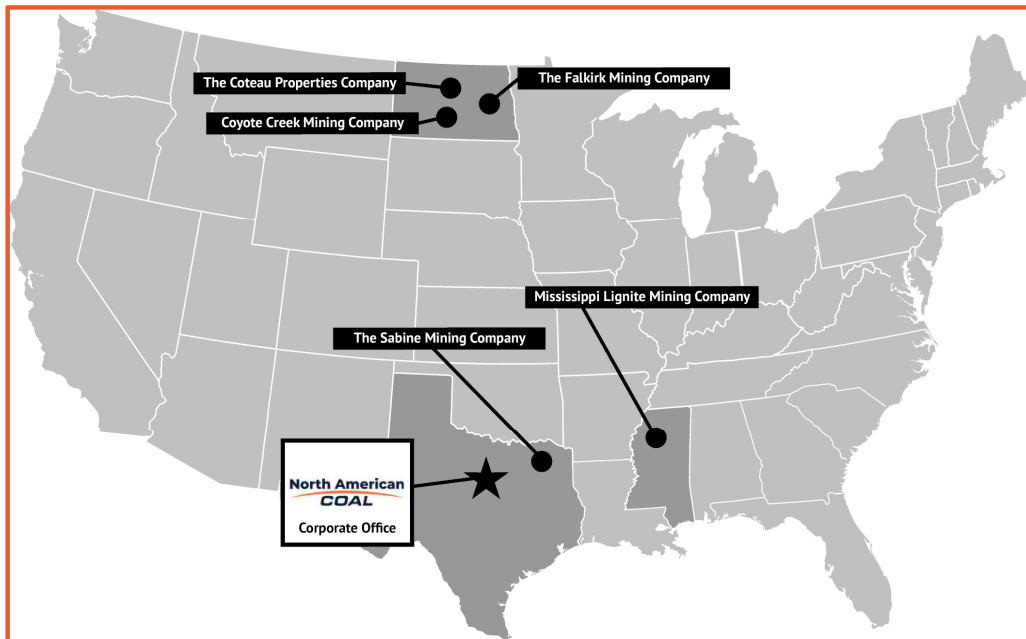
Mining

Load & Haul
Coal Handling

Reclamation
Bond Release

Power Plant Operation
and Maintenance
Electricity Sales
Regulatory Matters

Coal Mine Locations as of 12/31/22



- More than 110 years of experience
- Our mines deliver coal to adjacent power plants
- Each mine is the exclusive supplier to its customer's facility
- Mine mouth operations provide cost advantages to customers

Our Falkirk Mine gained a new customer following Rainbow Energy's purchase of Coal Creek Station, North Dakota's largest power plant

Strong Customer Relationships

- We work diligently to support our customers so they can produce reliable and affordable energy
- Focused on managing coal production costs to help customers with management fee contracts be more competitive
 - Benefits customers and NACCO as fuel cost is a significant driver in power plant dispatch
 - Cost-plus contract structure tempers the impact of inflation
 - Increased power plant dispatch results in increased demand for coal by our customers – a win for all

Unique Business Model

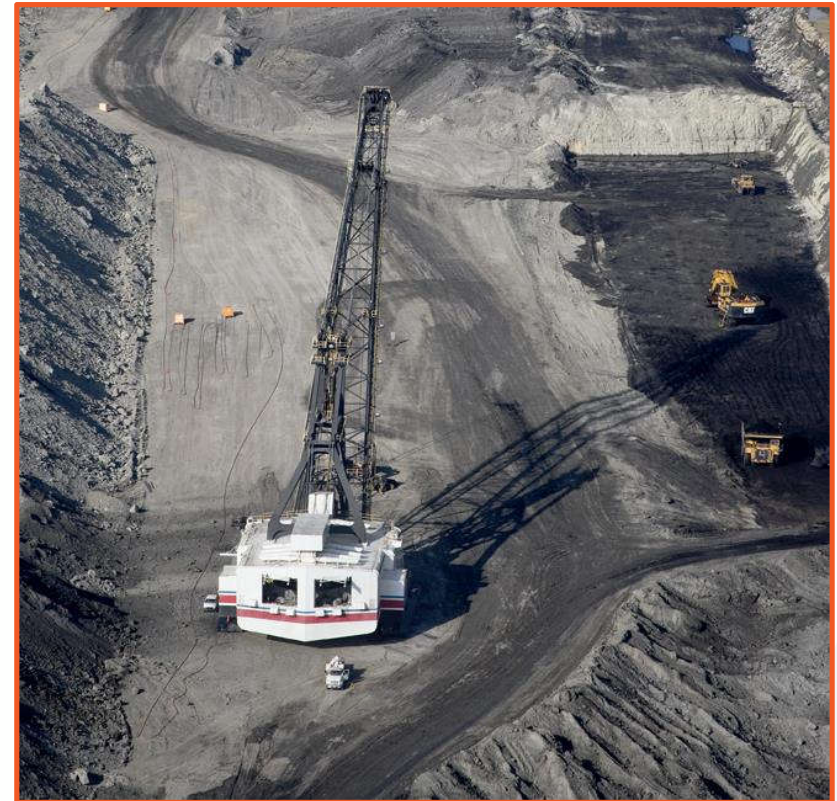
Coteau, Falkirk and Coyote Creek operate pursuant to “management fee” contracts

- Receive management fee per ton or MMBtu of coal delivered
- Contract structure aligns our goals with customer objectives
- Customers are responsible for funding all operating costs and capital
- Provides steady income and cash flow with minimal capital investment
- Eliminates exposure to coal market price fluctuations and final mine reclamation liability



Mississippi Lignite Mining Company (MLMC)

- Delivers 100% of the coal to supply the Red Hills power plant (“Red Hills”)
 - Red Hills supplies electricity to TVA
 - Contract ends in 2032
- We are responsible for all operating costs, capital requirements and final mine reclamation
- Contractually determined coal sales price adjusts based on changes in the level of established indices
 - Not subject to spot coal market fluctuations
- Profitability is affected by three key factors: customer demand for coal, changes in the indices that determine coal sales price and actual costs incurred



Coal Mining Industry Challenges

- We were a key petitioner in the U.S. Supreme Court case, *West Virginia v. EPA*
 - Big win in fight against regulatory overreach
 - This ruling makes it clear that, without Congressional direction, the EPA does not have authority to regulate coal plants out of existence using CO₂ regulations
- Despite challenges, we believe coal will be an essential part of the energy mix in the United States for the foreseeable future
 - Emerging carbon capture and storage (CCS) technologies can be an important component of helping reduce emissions
 - We are supporting CCS work at the Energy & Environmental Research Center at the University of North Dakota
- Fluctuations in natural gas prices and the availability of renewable power generation, particularly wind, can contribute to changes in power plant dispatch and customer demand for coal



Minerals Management Segment



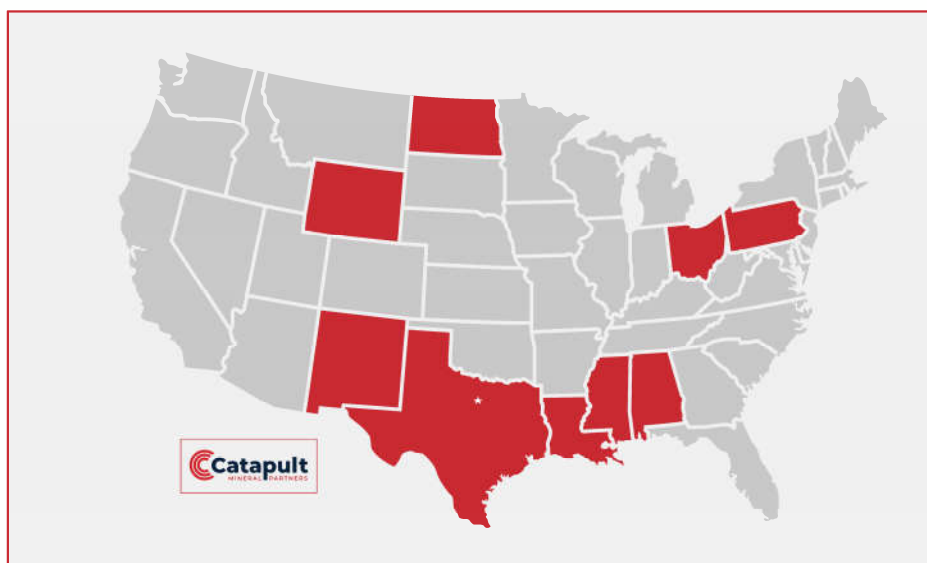


Minerals
Management
was a strong
contributor to
operating profit
in 2022

Executing Growth

- Catapult Mineral Partners is focused on managing and expanding our portfolio of oil and gas mineral and royalty interests
 - Has developed a proven business model and a strong network for new acquisitions
- Acquired mineral and royalty interests totaling \$12 million in 2022
 - Building on acquisitions of \$19 million in 2021 and 2020
 - Targeting additional investments in mineral and royalty interests of up to \$20 million in 2023
- Disciplined approach to target potential acquisitions in the U.S.
 - Align with our long-term strategy and objectives
 - Construct a high-quality, diversified portfolio
 - Extended geographic footprint to diversify across multiple basins

Minerals Management reserve locations as of 12/31/22



- Derives income from royalty-based leases under which lessees make payments to us based on their production and sale of natural gas, oil, natural gas liquids and to a lesser extent, coal
- Total mineral and royalty interests included 141.4 thousand gross acres and 60.8 thousand net royalty acres at December 31, 2022
- **Goals:**
 - Construct a diversified portfolio that delivers near-term cash flow yields and long-term projected growth
 - Deliver unlevered after-tax returns on invested capital in the mid-teens

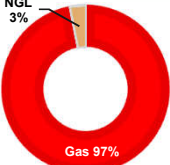
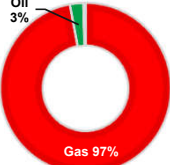
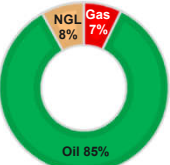
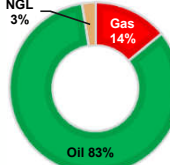
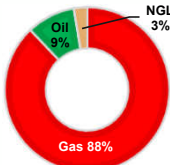
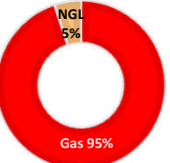
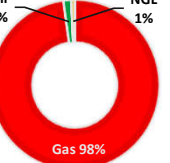
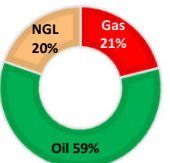
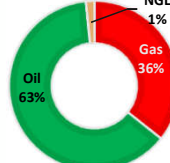
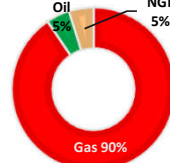
Location of Significant Reserves					
	OH	PA	ND	TX	LA
Gas	✓	✓		✓	✓
Oil	✓			✓	✓
Coal	✓	✓	✓		

Business Model



- Minerals Management owns royalty interests, mineral interests, nonparticipating royalty interests, and overriding royalty interests
 - Benefit from the continued development of properties without the need for additional investment once interests have been acquired
- We believe this business model can deliver higher average operating margins over the life of a reserve than traditional oil and gas companies that bear the cost of exploration, production and/or development

Minerals Management Portfolio Overview

	Appalachia	Gulf Coast	Permian	Rockies	Williston	Totals
2022 Gross Acres	34,661.0	27,932.0	77,277.9	325.9	1,194.0	141,390.8
2022 Net Royalty Acres	36,199.3	20,105.4	2,050.4	72.4	2,388.1	60,815.5
2022 Production (BOE)	894,078	362,962	72,103	604	0	1,329,747
Production Mix By Revenue ⁽¹⁾					Undeveloped	
Gross/Net Well Count	150 / 7.27	117 / 4.04	1,023 / 2.06	10 / 0.04	-	1,300 / 13.4
Production Mix By Product ⁽¹⁾					Undeveloped	
Rig Count ⁽²⁾	14	56	171	5	-	246
Operator Count ⁽³⁾	18	13	40	2	-	70
Top Operators	Ascent Resources	BPX Energy	Pioneer Natural Resources	Peak Powder River Resources	Undeveloped	Ascent Resources
	EAP Holdings	Tellurian Inc	Diamondback E&P	EOG Resources		BPX Energy
	Gulfport Energy Corp	Aethon Energy	XTO Energy			Tellurian Inc

Company Data as of 12/31/2022, unless otherwise noted

(1) Based on average production rates and realized prices for Q4 2022

(2) Rigs operating for company lessees within the basin, as of 3/22/2023

(3) Totals may not add because operators may be included in multiple basins

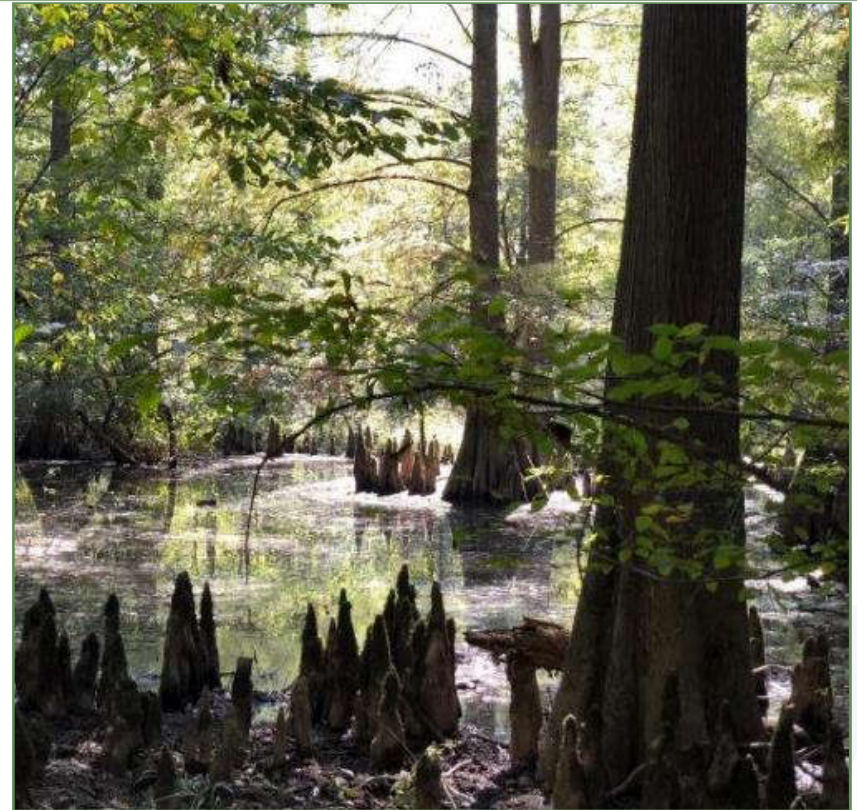


Mitigation Resources



Mitigation Resources offers opportunity for growth and diversification in an industry where we have substantial knowledge and expertise and a strong reputation

- Creates and sells stream and wetland mitigation credits and provides services to those engaged in permittee-responsible mitigation and environmental restoration
- Strong progress toward becoming a top ten provider of stream and wetland mitigation services in the southeastern U.S.
- Completed and current projects include the restoration of more than 420,000 feet of streams and 830 acres of wetlands
- 8 mitigation banks and 4 permittee-responsible mitigation projects as of 12/31/22
- Expect to provide solid rates of return as this business matures



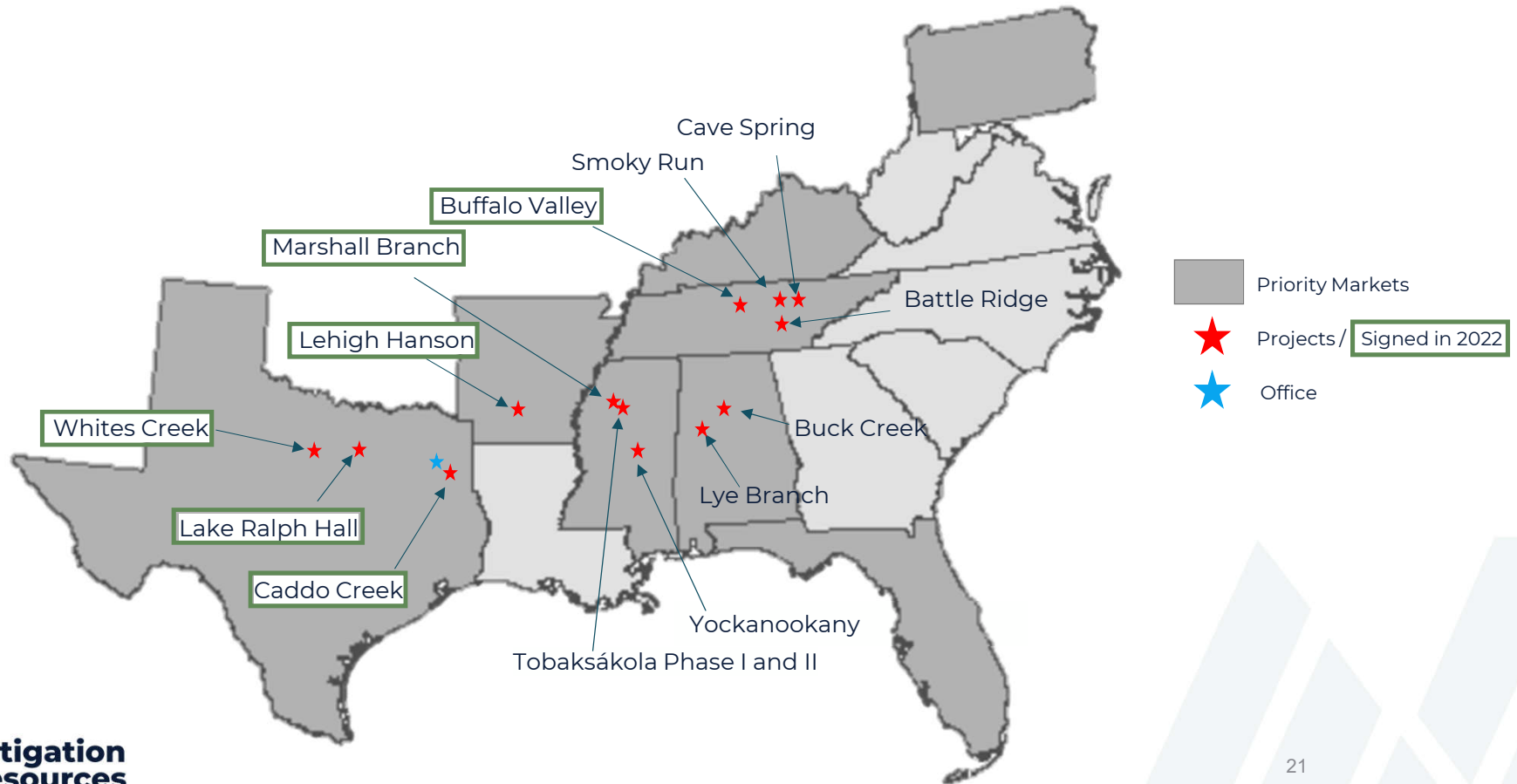
Project Types:

- Mitigation Banks – Acquire, restore and permanently protect properties to generate and sell mitigation credits
 - ❖ Purchasers use the credits to offset ecological impacts on unrelated projects within the same local ecosystem
- Permittee-responsible mitigation – Mitigation projects undertaken by the permittee (or contractor) to provide compensatory mitigation for which the permittee retains responsibility

Ownership Structures:

- Merchant bank – Mitigation bank developed on owned land with credits developed and sold
- Land partnerships – Mitigation bank developed on landowner's property
- Joint Venture – Defined ownership stake and capital obligation formed to pursue larger or unique projects

Continued Operation and Development of Projects in the U.S. Markets



Mitigation Resources Growth



- Mitigation Resources was named a designated provider of abandoned mine land restoration by the state of Texas
- Mitigation Resources started working on the Brandywine Battlefield Mitigation Bank, its first project in Pennsylvania
 - Helping restore the streams and wetlands of the Brinton Run Preserve, part of the historic Brandywine Battlefield
- Outlook for this business is strong and there is substantial potential for further growth
- As it matures, this business is expected to provide solid rates of return



North American Mining Segment



North American Mining (“NAMining”) is a trusted mining partner for producers of aggregates, activated carbon, lithium and other industrial minerals

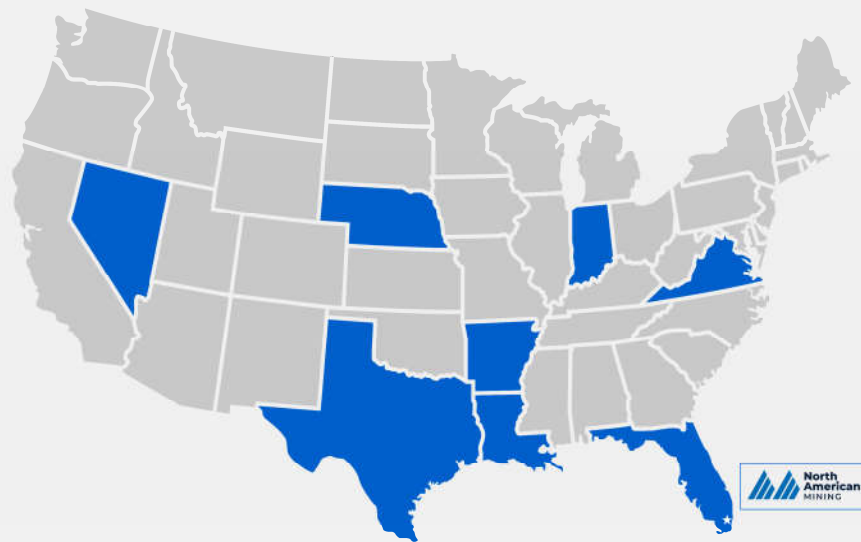


Customer Operations



- Continues to be a primary platform for growth and diversification of our mining activities
- Working on a return to profitability in this segment:
 - Conducted a review of each quarry operation in 2022 and implemented changes that should drive financial improvements
- NAMining continues to work with Lithium Americas to develop the Thacker Pass Project

NAMining Locations as of 12/31/22



- Investing in innovation with the deployment of new types of mining equipment
- Committed to expanding the business while improving operating efficiencies and scalability
- Focused on this business becoming a substantial contributor to operating profit over time

NAMining – Sawtooth/Thacker Pass Project (in development)



- NAMining’s subsidiary, Sawtooth Mining, will serve as exclusive contract miner for the Thacker Pass lithium project, which is 100% owned by Lithium Nevada Corp.
- Sawtooth is currently providing mine design and consulting services
- Sawtooth will provide comprehensive mining services
 - Reimbursed for operating and mine reclamation costs
 - Management fee per metric ton of lithium delivered
- Sawtooth plans to begin acquiring equipment in 2023
 - Reimbursement from customer for capital expenditures over a 5-year period
- Construction at Thacker Pass has commenced and lithium production is currently expected in the 2nd half of 2026

Corporate Responsibility



We are committed to operating with honesty, accountability and transparency



- NACCO's 110 years of growth and success are founded on three foundational elements — our people, our operational excellence and our environmental stewardship
- Good corporate governance with a long-term perspective is an integral part of our value system

Doing the right thing is in our corporate DNA

People

- Employees fuel our success
- We encourage our employees to pursue continued professional development, skills training and other educational opportunities

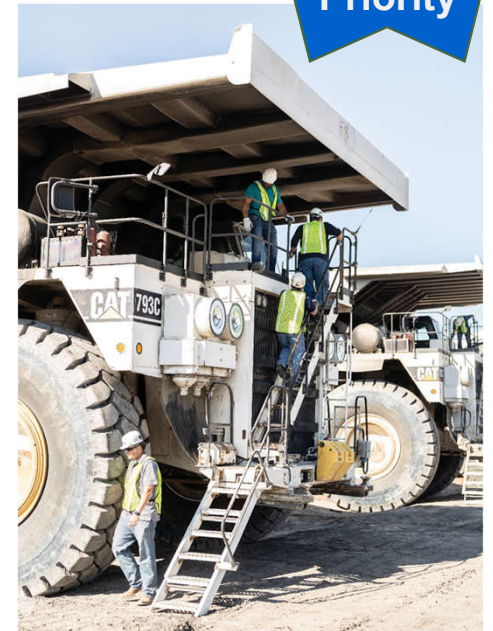


- We enjoy high retention rates and long tenures with our employees
 - ✓ 14% of employees have at least 20 years of service
 - ✓ In 2022, 14 employees celebrated 40 years or more with the company
 - ✓ Average tenure is 11 years of service

Safety first, safety always

- We operate in a culture committed to safety excellence
- Based on Mine Safety and Health Administration data, the National Mining Association ranks us as an industry leader in safety, and our MSHA lost-time incident rate is consistently below the national average for comparable mines
- During 2022:
 - The Coteau Properties Company received the Lignite Energy Council's Safety Excellence Award for its work at the Freedom Mine
 - The Coyote Creek and Falkirk mines were recognized with Distinguished Safety awards for achieving incident rates lower than the national average
 - Demery Resources celebrated 10 years with zero lost-time accidents at the Five Forks Mine

Safety
is Our
#1
Priority

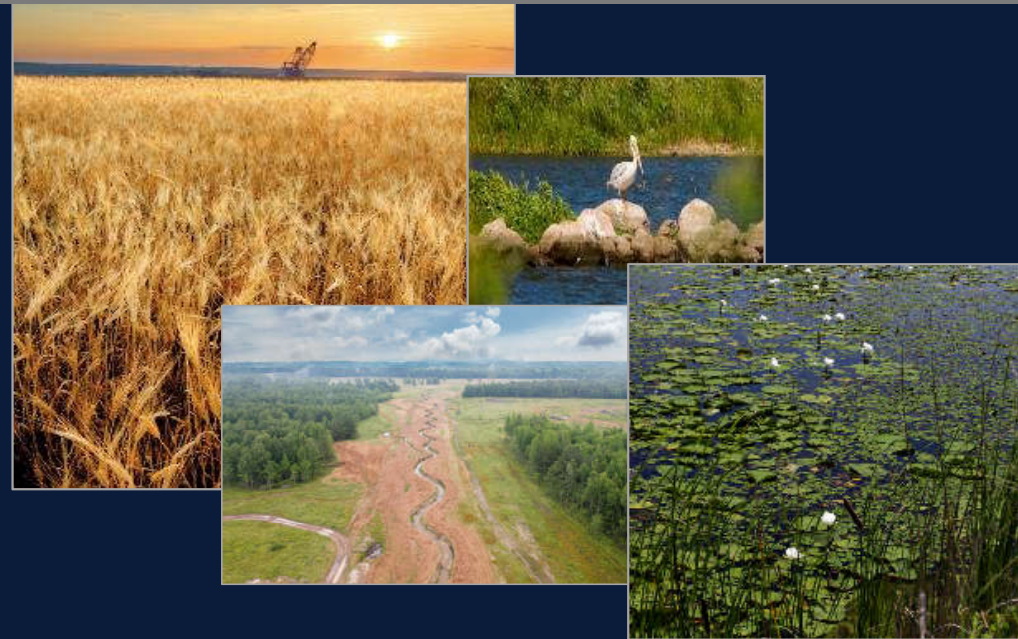


We have received more than 100 state and national safety awards

Environmental Stewardship

We have received over 97 federal and state awards for successful and innovative reclamation projects since 1978

- At our core, we are conservationists
- Our native grass programs exemplify our commitment to going above and beyond technical requirements for reclamation
- Since 1978, we have planted over 10 million trees as part of reclamation activities
- 2022 Environmental Awards:
 - The Coteau Properties Company received the Excellence in Surface Coal Mining and Reclamation award
 - Caddo Creek Resources Company earned the Texas Coal Mining Reclamation award



- Managing and enhancing land is one of the great benefits we offer customers
- From permit management to agency coordination, we are experts in environmental stewardship and compliance

Community

We believe in making long-term investments in the areas where we operate

- **2022 donations:**
 - **Over \$400,000 to Support Educational, Arts & Culture and Civic Organizations**
- **Also support employee cash donations to qualified organizations through our matching gift program**
 - **Match up to \$5,000 per employee**
- **Regularly host students, teachers and community groups on mine tours and other educational programs.**

Why Invest in NACCO?

More than 110 years of success in mining provides the foundation for growth

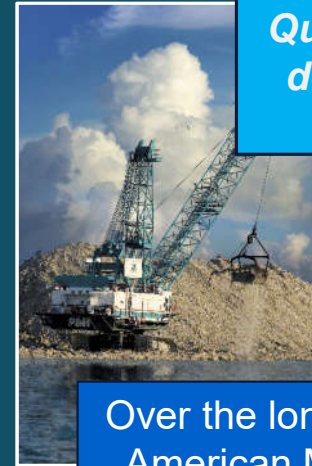


Strong balance sheet provides capacity for growth

Focused on growing Minerals Management by acquiring high-quality oil and gas interests



Goal is to grow Mitigation Resources into a top 10 provider of stream and wetland mitigation solutions in the southeastern U.S.



Our culture is built on Safety, Integrity and Quality – we believe in doing the right thing every time

Over the longer-term, grow North American Mining into a leading provider of contract mining services for customers that produce a wide variety of minerals and materials

We work to drive down coal production costs and maximize efficiencies to help our coal customers stay competitive

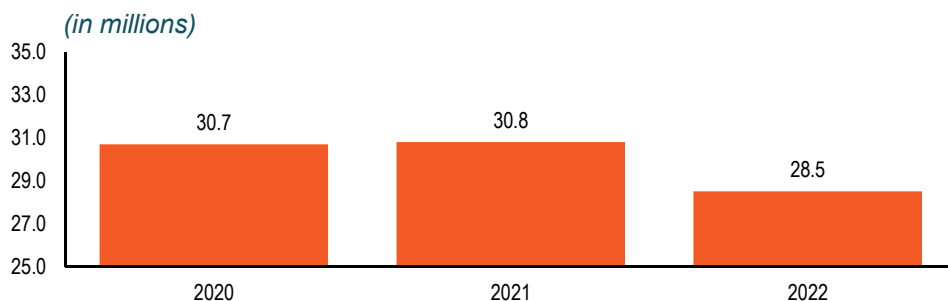
Two Key Strategies – *Protect the Core* and *Grow and Diversify* provide the right balance as we chart our future

Financial Results and Non-GAAP Reconciliation

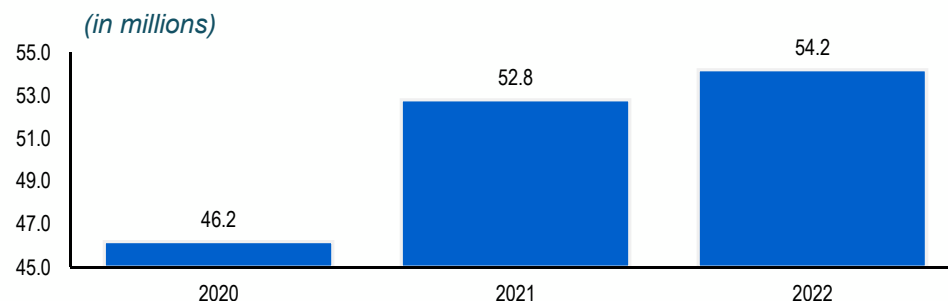


Historical Operating Results

Tons of Coal Delivered



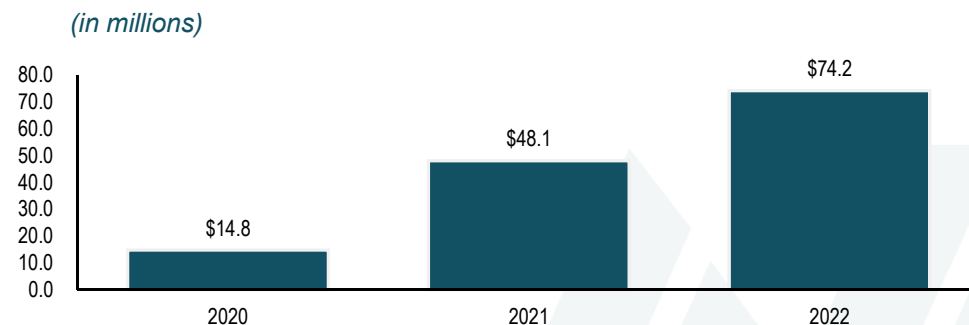
Tons of Limestone Delivered



Consolidated Adjusted EBITDA⁽¹⁾



Consolidated Net Income



⁽¹⁾ Consolidated Adjusted EBITDA is a non-GAAP measure and should not be considered in isolation or as a substitute for GAAP measures. Consolidated Adjusted EBITDA is defined as net income before asset impairment charges, contract termination settlements and income taxes plus net interest expense and depreciation, depletion and amortization expense. See non-GAAP explanations and reconciliations to GAAP measures beginning on page 36.

Non-GAAP Disclosure

This presentation contains non-GAAP financial measures. Included in this presentation are reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). Consolidated Adjusted EBITDA is a measure of net income (loss) that differs from financial results measured in accordance with GAAP. Consolidated Adjusted EBITDA and net cash (debt) in this presentation are provided solely as supplemental non-GAAP disclosures of operating results. Management believes these non-GAAP financial measures assist investors in understanding the results of operations of NACCO Industries, Inc. and its subsidiaries and aid in understanding comparability of results. In addition, management evaluates results using these non-GAAP financial measures.

NACCO defines non-GAAP measures as follows:

- Consolidated Adjusted EBITDA is defined as net income before asset impairment charges, contract termination settlements and income taxes plus net interest expense and depreciation, depletion and amortization expense;
- Net Cash is defined as Cash minus Debt.

NACCO Industries Results and Non-GAAP Reconciliation

(\$ in thousands)	Year Ended December 31		
	2020	2021	2022
Net income	\$14,793	\$48,125	\$74,158
Asset impairment charges	8,359	-	3,939
Contract termination settlement	-	(10,333)	(30,882)
Income tax provision (benefit)	(535)	8,725	13,565
Interest expense	1,354	1,719	2,034
Interest income	(1,200)	(449)	(1,449)
Depreciation, depletion and amortization expense	18,114	23,085	26,816
CONSOLIDATED ADJUSTED EBITDA	\$40,885	\$70,872	\$88,181

NOTE: Consolidated Adjusted EBITDA is a non-GAAP measures and should not be considered in isolation or as a substitute for GAAP measures. NACCO defines Consolidated Adjusted EBITDA as net income before asset impairment charges, contract termination settlements and income taxes, plus net interest expense and depreciation, depletion and amortization expense. Consolidated Adjusted EBITDA is not a measure under U.S. GAAP and are not necessarily comparable with similarly titled measures of other companies

The logo for NACCO Industries features a stylized 'N' composed of several parallel white diagonal lines on the left. To the right of the 'N', the word 'NACCO' is written in a large, bold, white sans-serif font, with 'INDUSTRIES' in a smaller, all-caps, white sans-serif font directly below it.

NACCO
INDUSTRIES

