



2021 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, 2021. 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 3, 2022)
- 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

North American MINING



Become a leading diversified mining services business

Catapult MINERAL PARTNERS



Acquire and manage oil and gas interests

Mitigation Resources OF NORTH AMERICA



Expand stream and wetland mitigation 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, 2021
Operating Profit ⁽¹⁾	\$55,410
Income before Income taxes ⁽¹⁾	\$56,850
Net Income ⁽¹⁾	\$48,125
Consolidated Adjusted EBITDA ⁽²⁾	\$70,872
Net Cash (Debt) at 12/31/2021 ⁽²⁾⁽³⁾	\$65,295

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 12/31/21

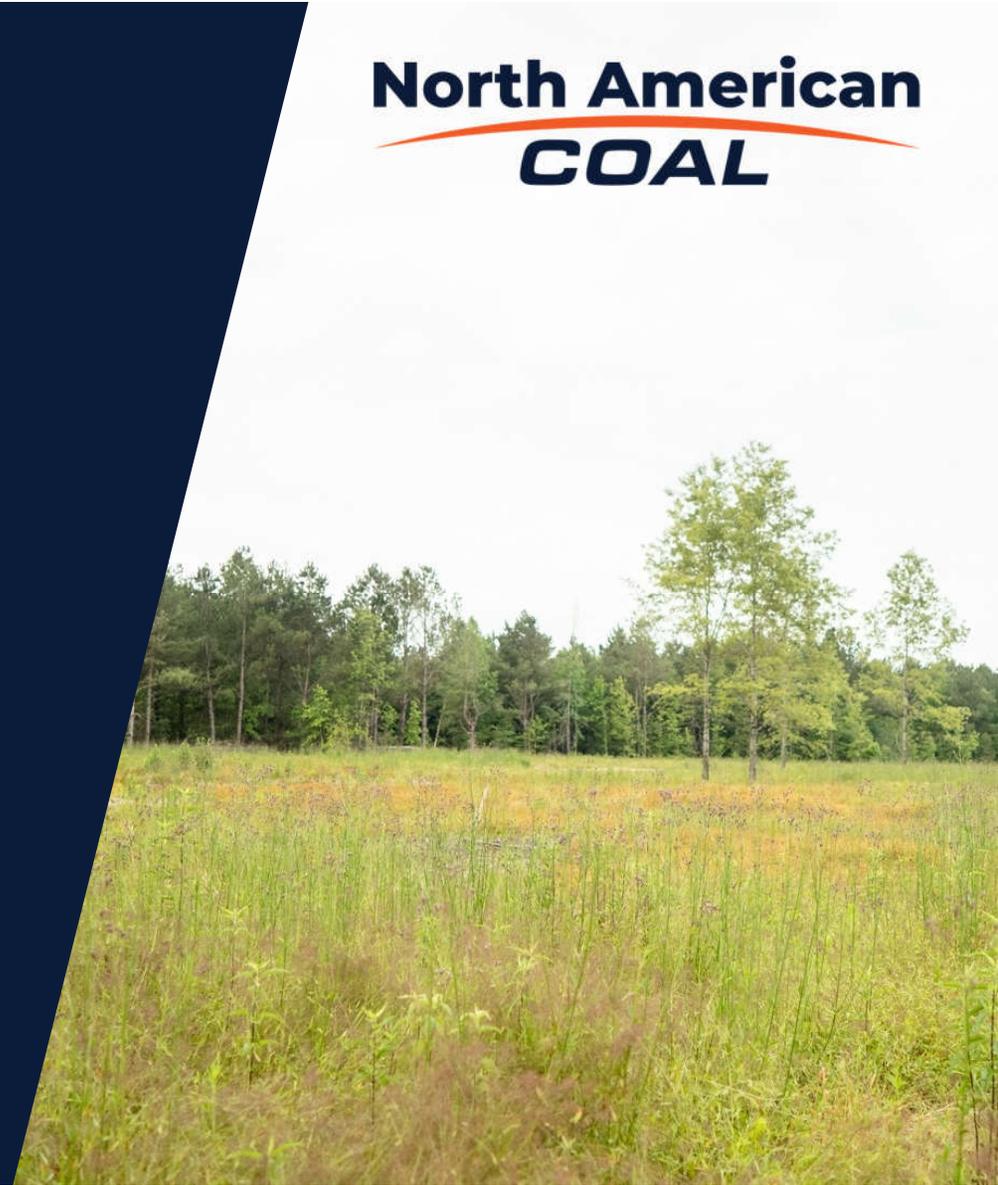
(1) Includes a contract termination settlement of \$10.3 million pre-tax, or \$7.9 million after taxes of \$2.4 million.

(2) Consolidated Adjusted EBITDA and Net Cash (Debt) 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 35.

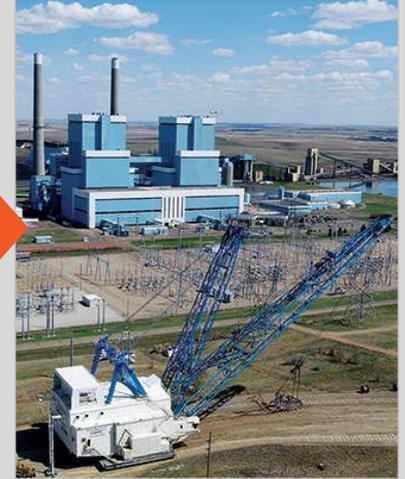
(3) Net Cash (Debt) at December 31, 2021 is calculated as cash of \$86.0 million less total debt of \$20.7 million.

North American
COAL

Coal Mining Segment



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



Customer Operations

Land Acquisition
Reserve Acquisition
Permitting
Mine Planning

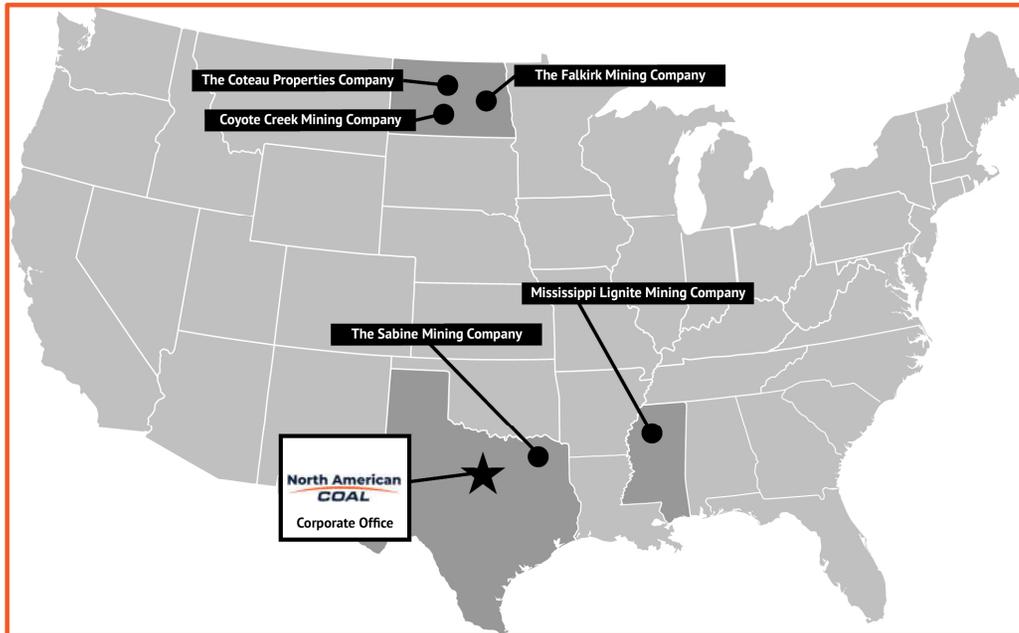
Mining

Load & Haul
Coal Handling

Reclamation
Bond Release

Power Plant Operation
and Maintenance
Electricity Sales
Regulatory Matters

Coal Mine Locations



- More than 100 years of experience
- Our mines deliver coal to adjacent power plants
- Each mine is the exclusive supplier to its customer's facility

Strong Customer Relationships

We work diligently to support our customers so they can produce reliable and affordable energy

- Focused on managing coal production costs and maximizing efficiencies
 - Benefits customers and NACCO as coal cost is a significant driver in power plant dispatch
 - Increased power plant dispatch results in increased demand for coal
- Fluctuating natural gas prices and availability of renewable energy sources affect the amount of electricity dispatched
- Significant increase in natural gas prices during 2021 contributed to an increase in customer power plant dispatch and resulted in strong 2021 operating results

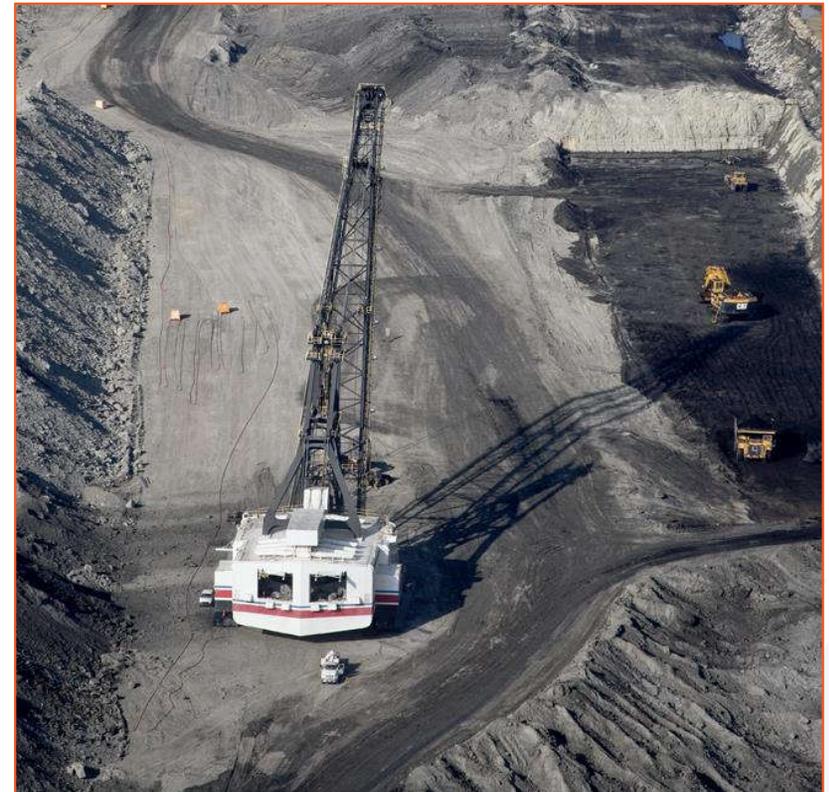
Unique Business Model

- Coteau, Sabine, 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





North American Mining Segment



North American Mining (“NAMining”) provides value-added contract mining and other services for producers of aggregates, lithium and other minerals



Customer Operations



Utilizing our core competencies to expand scope of services provided

■ Current Focus:

- Pursuing growth and diversification
 - Mine additional materials
 - Expand geography
- Continuing to pursue additional opportunities to provide comprehensive mining services to operate entire mines

■ Long-term Goals:

- Become a leading provider of contract mining services for customers that produce a wide variety of minerals and materials
- Grow to be a substantial contributor to operating profit
- Deliver unlevered after-tax returns on invested capital in the mid-teens

Industry Data – Aggregates/Lithium

- Crushed Stone production in 2021 was up 3% over 2020⁽¹⁾
 - 1.5 billion tons produced
 - 14-year high
 - Top 10 producing states accounted for 54% of production
 - Of the top 10, NAMining operates in Florida, Texas and Virginia
- Sand and Gravel production was up 6% over 2020
 - 1.0 billion tons produced
 - 13-year high
- U.S. Infrastructure spending contributes to demand
 - 2022 demand is expected to remain strong
- Significant supply gap emerging for lithium
 - Market is expected to grow to over 2 million tonnes in 2030 and continue growing⁽²⁾



⁽¹⁾ United States Geological Survey (“USGS”) 2021 results

⁽²⁾ Lithium Americas Corporate Presentation March 2022 (www.lithiumamericas.com)

Executing on Growth



	2015	2021
Number of States with Operations	1	5
Number of Customers	2	12
Number of Quarries	7	25

2021 New Contracts

- ✓ 3 sand and gravel contracts
 - 2 represent comprehensive mining contracts
- ✓ 2 dragline service contracts

NAMining – Sawtooth/Thacker Pass Project (in development)



- NAMining’s subsidiary, Sawtooth Mining, will serve as exclusive contract miner for the Thacker Pass lithium project
 - The Thacker Pass Project is 100% owned by Lithium Nevada Corp.
 - Developing a lithium production facility near what is believed to be the largest known lithium deposit in the United States
 - Lithium Nevada Corp. owned by Lithium Americas (NYSE: LAC)
- Sawtooth Mining will provide comprehensive mining services
 - Reimbursed for operating and mine reclamation costs
 - Management fee per metric ton of lithium delivered
 - 20 year contract term



Minerals Management Segment





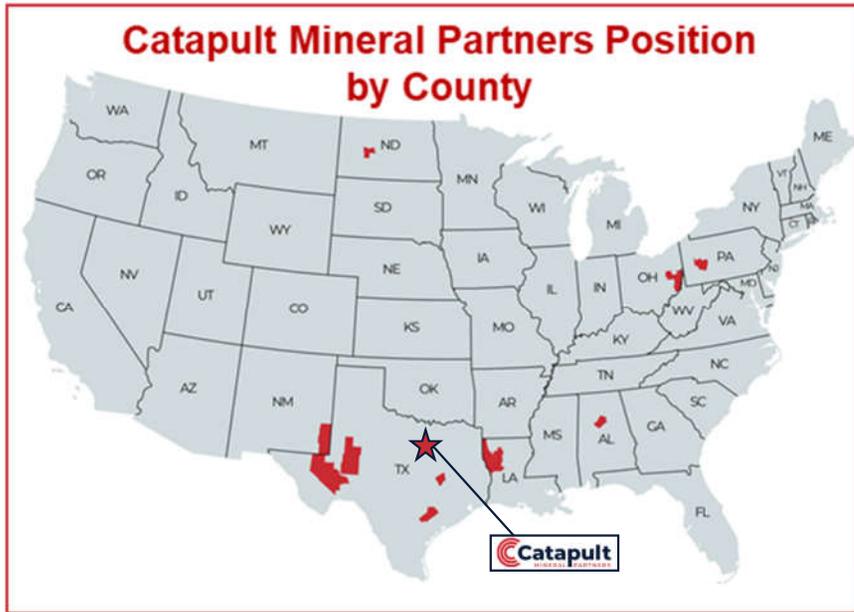
Minerals
Management
was a strong
contributor to
operating profit
in 2021

Executing Growth

- Catapult Mineral Partners is the business unit focused on managing and expanding our portfolio of oil and gas mineral and royalty interests
- Acquired mineral and royalty interests totaling approximately \$5 million in 2021
 - Building on acquisitions of approximately \$14 million in 2020
- With a total domestic minerals market estimated at 100-400x Catapult's forecasted investment in 2022, growth opportunities remain significant⁽¹⁾
- Disciplined approach to target potential acquisitions in the United States:
 - Align with our strategy and objectives
 - Balance of well development levels
 - Extend geographic footprint to diversify across multiple basins

(1) Source: Enverus. Inflation adjusted 5 year average of total publicly announced transactions with disclosed transaction values.

Minerals Management



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

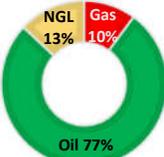
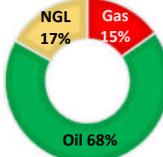
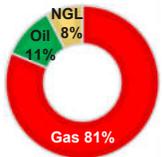
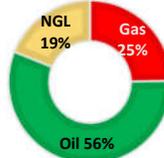
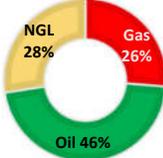
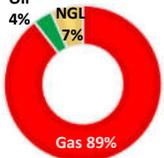
- Derives income primarily by leasing its royalty and mineral interests to third-parties, granting them the rights to explore, develop, mine, produce, market and sell gas, oil, and coal in exchange for payments based on the lessees' sales of those minerals
- Total mineral and royalty interests at 12/31/21 include 127.8 thousand gross acres and 59.9 thousand net royalty acres
- **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 low-to-mid teens

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

Portfolio Overview

	Appalachia	E. TX/ Haynesville	Permian	Eagle Ford	Other	Totals
2021 Gross Acres	34,661.0	6,477.2	63,997.9	15,510.3	7,138.9	127,785.3
2021 Net Royalty Acres	36,199.3	7,455.4	1,243.1	1,712.3	13,327.2	59,937.3
2021 Production (BOE)	881,231	183,041	47,480	19,836	2,168	1,133,756
Production Mix By Revenue ⁽¹⁾						
Gross/Net Well Count	156 / 8.415	38 / 1.107	596 / 0.779	68 / 0.968	7 / 1.065	865 / 12.334
Q4 2021 Production Rate (BOE/d) ⁽¹⁾	2,118	500	157	45	6	2,826
Production Mix By Product ⁽¹⁾						
Rig Count ⁽²⁾	18	36	166	23	6	249
Top Operators	Ascent Resources	Aethon Energy	Endeavor Energy Resources	SilverBow Resources	Summit Natural Resources	Ascent Resources
	EAP Holdings	Tellurian Inc	Pioneer Natural Resources	ConocoPhillips		EAP Holdings
	Gulfport Energy Corp	BPX Energy	Laredo Petroleum	Ranger Oil Corp		Aethon Energy

Company Data as of 12/31/2021, unless otherwise noted

(1) Based on average production rates and realized prices for Q4 2021

(2) Rigs operating for company lessees within the basin, as of 3/24/2022

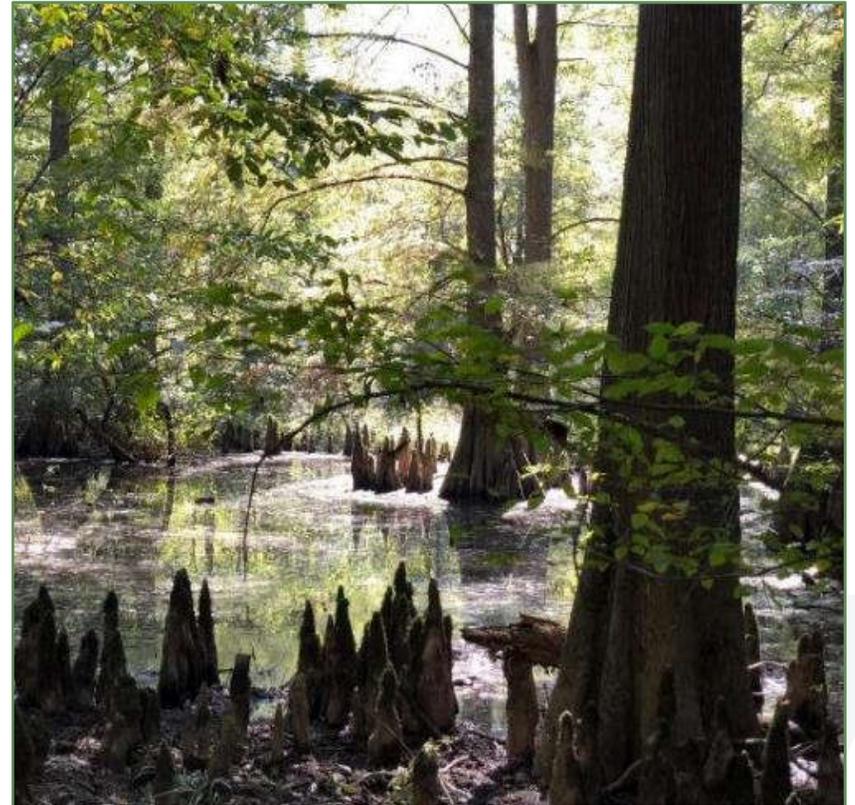


Mitigation Resources



Mitigation Resources offers opportunity to grow in an area where we have substantial knowledge and skills

- Restore, enhance and preserve streams, wetlands and/or species habitats to create mitigation credits that can be sold to customers to offset disturbances elsewhere
- Goal is to grow into one of the ten largest U.S. providers of mitigation solutions, with an initial focus in the southeast United States
- Expect to provide solid rates of return as this business matures
- In early 2022, finalized agreement to provide mitigation services for the Lake Ralph Hall project in Northern Texas
 - Established a joint venture with Ecosystems Investment Partners related to this project





■ **Project Types:**

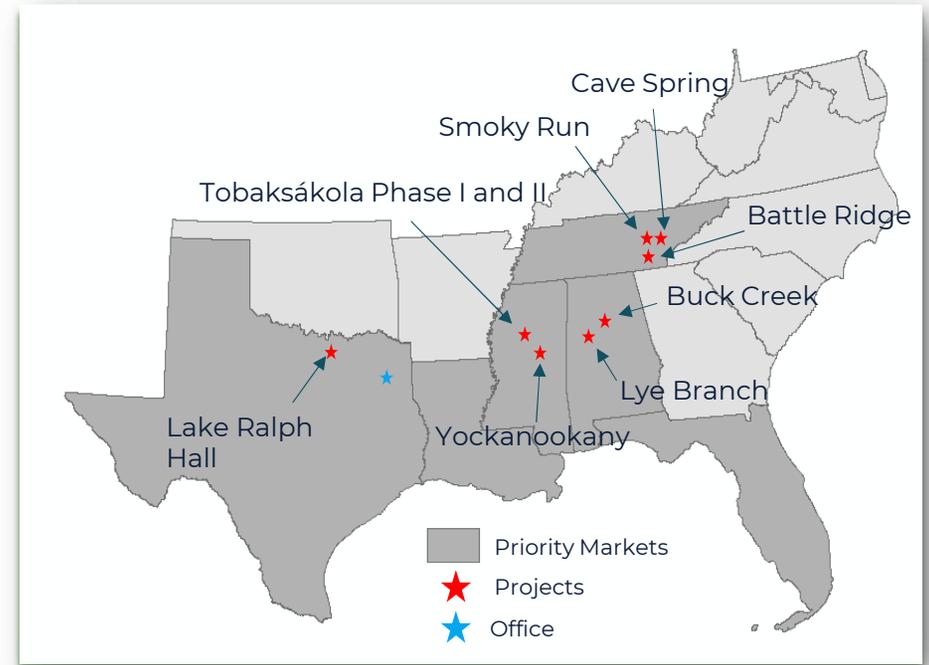
- Mitigation Banks (“MB”) – Acquire, restore and permanently protect properties to generate and sell mitigation credits
 - Purchasers use the credits to offset ecological impacts on unrelated projects within the same local ecosystem
- Permittee-responsible mitigation (“PRM”) – Mitigation projects undertaken 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 (“LP”) – Mitigation bank developed on landowner’s property
- Joint Venture (“JV”) - Defined ownership stake and capital obligation formed to pursue larger or unique projects

Mitigation Resources

Project	Acres	Streams (ft)	Wetlands (ac)
Yockanookany MB	1,278	82,785	695
Tobaksákola PRM (Phase I)	204	28,156	-
Tobaksákola PRM (Phase II)	285	18,783	104
Buck Creek MB	156	15,994	6
Lye Branch MB	224	23,045	-
Cave Spring MB	26	1,992	-
Smoky Run MB	300	23,000	-
Battle Ridge MB	430	43,276	-
Lake Ralph Hall PRM	200	35,900	-
Totals	3,103	272,931	805



- Tennessee, Kentucky, Florida and Texas offer opportunities for growth - strong credit demand and favorable credit pricing
- Changes to Waters of the U.S. rule in 2021 resulted in generation of additional stream credits and an increase in demand

Corporate Responsibility



Corporate Responsibility

NACCO has long believed that good corporate governance is key to enhancing long-term value for our shareholders – underlying areas of focus are:



- We maintain sound environmental, social and governance (“ESG”) practices
- Employee-led ESG Advisory Group helps shape our corporate responsibility and environmental, health and safety initiatives
- COVID-19 Response included for 2021: mobilized an employee led cross-functional team to evaluate COVID developments and guidance, share best practices and provide employee-wide communication

People

- Employees fuel our success
- Employees are encouraged to pursue continued professional development, skills training and other educational opportunities



- We enjoy high retention rates and long tenures with our employees
 - Our most tenured employee celebrated 45 years with the company in 2021
 - Average tenure is 11 years of service
 - 14% of employees have at least 20 years of service

Safety

- We operate in a culture committed to safety excellence
- Based on Mine Safety and Health Administration (“MSHA”) 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 2021:
 - The Coyote Creek Mine received a special recognition award from the Lignite Energy Council for achieving the lowest overall accident incident rate in the North Dakota lignite industry in 2020
 - The Coteau and Falkirk mines were recognized with Distinguished Safety Awards from the Lignite Energy Council for having an accident incident rate lower than the national average



We have received more than 100 state and national safety awards

Environmental Stewardship

We have received over 95 federal and state awards for successful and innovative reclamation projects over the last 30 years

- We maintain a commitment to meet or exceed all applicable environmental laws and regulations
- We plant and maintain thousands of trees, acres of native grasses and other flora
 - Since 1978, we have planted over 9.3 million trees as part of reclamation activities
- 2021 Environmental Awards:
 - MLMC received the Good Neighbor Award from the U.S. Department of the Interior's Office of Surface Mining Reclamation and Enforcement
 - Coyote Creek received the North Dakota Public Service Commission's Excellence in Surface Mining 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

- **Support numerous charitable efforts**
 - **Literacy**
 - **Educational**
 - **Arts**
- **During 2021, we contributed over \$425,000 to organizations that serve the communities where we operate**
- **Also support employee cash donations to qualified organizations through our matching gift program**
 - **Match up to \$5,000 per employee**

Why Invest in NACCO?

100+ years of success in mining provides the foundation for growth



Strong balance sheet provides capacity for growth



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

Our goal to grow Mitigation Resources into one of the ten largest U.S. providers of mitigation solutions, with an initial focus in the Southeast



Our objective to grow North American Mining into a leading provider of contract mining services for customers that produce a wide variety of minerals and materials

Our focus on growing Minerals Management by acquiring high-quality oil and gas interests at advantageous prices

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

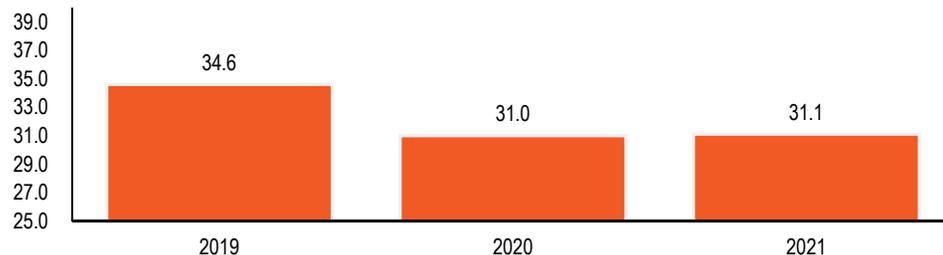
Financial Results and Non-GAAP Reconciliation



Historical Operating Results

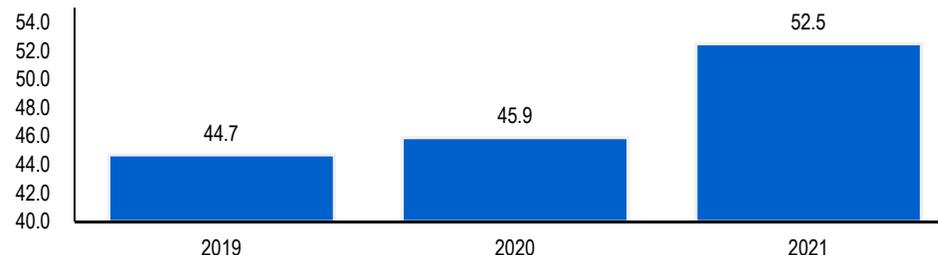
Tons of Coal Delivered

(in millions)



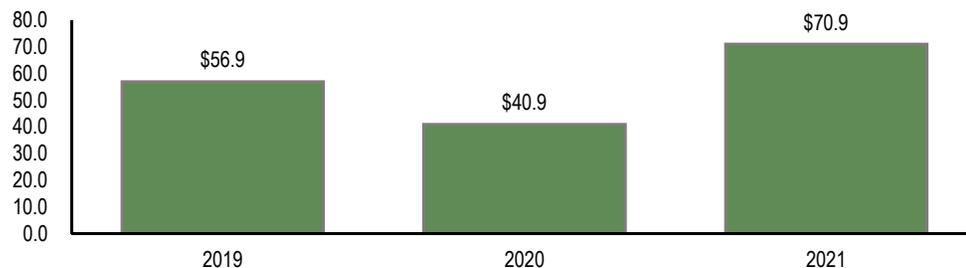
Tons of Limestone Delivered

(in millions)



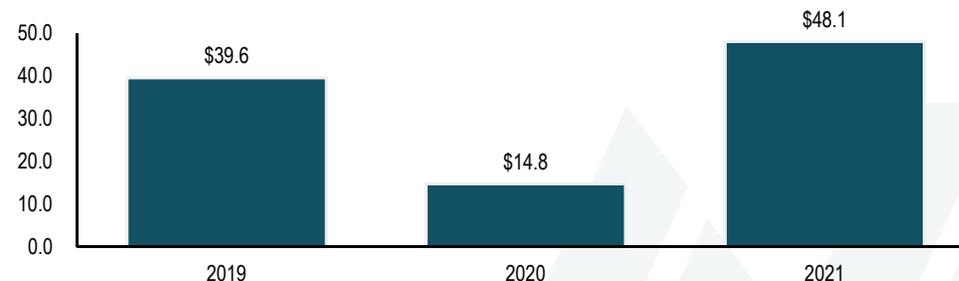
Consolidated Adjusted EBITDA⁽¹⁾

(in millions)



Consolidated Net Income

(in millions)



⁽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 long-lived asset impairment charges, contract termination settlements and income taxes plus interest expense and depreciation, depletion and amortization expense. See non-GAAP explanations and reconciliations to GAAP measures beginning on page 35.

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 long-lived asset impairment charges, contract termination settlements and income taxes plus net interest expense and depreciation, depletion and amortization expense;
- Net Cash (Debt) is defined as Cash minus Debt.

NACCO Industries Results and Non-GAAP Reconciliation

(\$ in thousands)	Year Ended December 31		
	2019	2020	2021
Net income (loss)	\$39,632	\$14,793	\$48,125
Discontinued operations, net of tax	-	-	-
Long-lived asset impairment charges	-	8,359	-
Contract termination settlement	-	-	(10,333)
Income tax provision (benefit)	3,767	(535)	8,725
Interest expense	872	1,354	1,719
Interest income	(3,616)	(1,200)	(449)
Depreciation, depletion and amortization expense	16,240	18,114	23,085
CONSOLIDATED ADJUSTED EBITDA	\$56,895	\$40,885	\$70,872

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 long-lived 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

