

# Non-GAAP Disclosure

The following definitions are provided for non-GAAP (Generally Accepted Accounting Principles) measures, as defined in Regulation G promulgated by the Securities and Exchange Commission, used by the Company within various public presentations. The tables below reflect the reconciliation of NACCO's Non-GAAP financial information to the most directly comparable GAAP measures. The company believes that these non-GAAP financial measures, viewed in addition to the company's reported GAAP results, provide useful information and greater transparency to investors. These non-GAAP financial measures are in addition to, and not a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. Other companies may define the measures differently.

NACCO defines non-GAAP measures as follows:

- Consolidated Adjusted EBITDA is defined as net income before discontinued operations, long-lived asset impairment charges and income taxes plus net interest expense and depreciation, depletion and amortization expense; and
- Segment adjusted EBITDA is segment operating profit (loss) before long-lived asset impairment charges and depreciation, depletion and amortization expense.

# Non-GAAP Reconciliation Consolidated Adjusted EBITDA

(\$ in thousands)	Year Ended December 31					Qtr.	Qtr.	6 Mths. Ended	6 Mths. Ended
	2016 <sup>(1)</sup>	2017 <sup>(1)</sup>	2018	2019	2020 <sup>(1)</sup>	6/30/20	6/30/21	6/30/20	6/30/21
Net income	\$29,607	\$30,337	\$34,785	\$39,632	\$14,793	\$6,050	\$6,505	\$12,216	\$15,466
Discontinued operations, net of tax	(26,651)	(1,874)	-	-	-	-	-	-	-
Long-lived asset impairment charges <sup>(1)</sup>	17,443	982	-	-	8,359	575	-	575	-
Income tax provision (benefit)	(9,649)	639	7,378	3,767	(535)	(466)	2,931	(536)	2,634
Interest expense	4,318	3,440	1,998	872	1,354	330	359	733	715
Interest income	(196)	(222)	(865)	(3,616)	(1,200)	(129)	(100)	(530)	(220)
Depreciation, depletion and amortization expense	13,050	12,767	14,683	16,240	18,114	4,624	5,617	9,168	11,202
<b>CONSOLIDATED ADJUSTED EBITDA</b>	<b>\$27,922</b>	<b>\$46,069</b>	<b>\$57,979</b>	<b>\$56,895</b>	<b>\$40,885</b>	<b>\$10,984</b>	<b>\$15,312</b>	<b>\$21,626</b>	<b>\$29,797</b>

<sup>(1)</sup> During 2016, 2017 and 2020, the Company recorded non-cash impairment charges of \$17.4 million, \$1.0 million and \$8.4 million, respectively.

# Non-GAAP Reconciliation Segment adjusted EBITDA

	Coal Mining	NA Mining	Minerals Management	Unallocated	Eliminations	Consolidated
<b>Three Months Ended June 30, 2021</b>						
(\$ in thousands)						
Operating Profit (Loss)	\$8,542	\$783	\$4,173	(\$4,795)	(\$33)	\$8,670
Long-lived asset impairment charges	-	-	-	-	-	-
Depreciation, Depletion and Amortization	4,127	930	522	38	-	5,617
Segment adjusted EBITDA	\$12,669	\$1,713	\$4,695	(\$4,757)	(\$33)	14,287
Other income						1,025
Consolidated Adjusted EBITDA						\$15,312

	Coal Mining	NA Mining	Minerals Management	Unallocated	Eliminations	Consolidated
<b>Three Months Ended June 30, 2020</b>						
(\$ in thousands)						
Operating Profit (Loss)	\$7,498	\$544	\$510	(\$4,158)	\$88	\$4,482
Long-lived asset impairment charges	-	-	575	-	-	575
Depreciation, Depletion and Amortization	3,615	652	327	30	-	4,624
Segment adjusted EBITDA	\$11,113	\$1,196	\$1,412	(\$4,128)	\$88	9,681
Other income						1,303
Consolidated Adjusted EBITDA						\$10,984

# Non-GAAP Reconciliation Segment adjusted EBITDA

	Coal Mining	NA Mining	Minerals Management	Unallocated	Eliminations	Consolidated
<b>Six Months Ended June 30, 2021</b>						
(\$ in thousands)						
Operating Profit (Loss)	\$17,226	\$913	\$8,408	(\$9,568)	\$21	\$17,000
Long-lived asset impairment charges	-	-	-	-	-	-
Depreciation, Depletion and Amortization	8,334	1,829	969	70	-	11,202
Segment adjusted EBITDA	\$25,560	\$2,742	\$9,377	(\$9,498)	\$21	28,202
Other income						1,595
Consolidated Adjusted EBITDA						\$29,797

	Coal Mining	NA Mining	Minerals Management	Unallocated	Eliminations	Consolidated
<b>Six Months Ended June 30, 2020</b>						
(\$ in thousands)						
Operating Profit (Loss)	\$14,683	\$1,275	\$4,777	(\$8,718)	\$45	\$12,062
Long-lived asset impairment charges	-	-	575	-	-	575
Depreciation, Depletion and Amortization	7,158	1,298	654	58	-	9,168
Segment adjusted EBITDA	\$21,841	\$2,573	\$6,006	(\$8,660)	\$45	21,805
Other income (expense)						(179)
Consolidated Adjusted EBITDA						\$21,626

# NACCO Industries FY 2020 and FY 2019 Non-GAAP Reconciliation

	Coal Mining	NA Mining	Minerals Management	Unallocated	Eliminations	Consolidated
<b>FY 2020</b>						
(\$ in thousands)						
Operating Profit (Loss)	\$25,436	\$1,872	\$3,493	(\$17,256)	(\$97)	\$13,448
Long-lived asset impairment charges	1,082	-	7,277	-	-	8,359
Depreciation, Depletion and Amortization	14,213	2,470	1,308	123	-	18,114
Segment adjusted EBITDA	\$40,731	\$4,342	\$12,078	(\$17,133)	(\$97)	39,921
Other income						964
Consolidated Adjusted EBITDA						\$40,885

	Coal Mining	NA Mining	Minerals Management	Unallocated	Eliminations	Consolidated
<b>FY 2019</b>						
(\$ in thousands)						
Operating Profit (Loss)	\$34,120	(\$564)	\$25,721	(\$20,713)	\$256	\$38,820
Long-lived asset impairment charges	-	-	-	-	-	-
Depreciation, Depletion and Amortization	12,409	2,223	1,362	246	-	16,240
Segment adjusted EBITDA	\$46,529	\$1,659	\$27,083	(\$20,467)	\$256	55,060
Other income						1,835
Consolidated Adjusted EBITDA						\$56,895

# Cash Flow before Financing Activities Reconciliation

## CONSOLIDATED

(\$ in thousands)

Year Ended December 31

	2016 <sup>(1)</sup>	2017 <sup>(1)</sup>	2018	2019	2020 <sup>(1)</sup>
<b>Reconciliation of Cash Flow before Financing</b>					
Net cash provided by (used for) operating activities <sup>(2)</sup>	\$93,935	\$41,305	\$54,622	\$52,784	(\$2,486)
Net cash used for investing activities <sup>(2)</sup>	(9,817)	(15,005)	(18,387)	(20,262)	(45,984)
<b>Cash Flow before Financing<sup>(2) (3)</sup></b>	<b>\$84,118</b>	<b>\$26,300</b>	<b>\$36,235</b>	<b>\$32,522</b>	<b>(\$48,470)</b>

(1) During 2016, 2017 and 2020, the Company recorded non-cash impairment charges of \$17.4 million, \$1.0 million and \$8.4 million, respectively.

(2) Includes both continuing operations and discontinued operations for all years presented.

(3) Cash Flow before financing activities is equal to net cash provided by (used for) operating activities less net cash used for investing activities.