

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, contract termination settlements 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, contract termination settlements and depreciation, depletion and amortization expense.

Non-GAAP Reconciliation Consolidated Adjusted EBITDA

| (\$ in thousands) | Year Ended December 31 | | | | | Qtr. | Qtr. | 9 Mths. Ended | 9 Mths. Ended |
|----------------------------------------------------|------------------------|---------------------|-----------------|-----------------|---------------------|-----------------|-----------------|-----------------|-----------------|
| | 2016 ⁽¹⁾ | 2017 ⁽¹⁾ | 2018 | 2019 | 2020 ⁽¹⁾ | 9/30/20 | 9/30/21 | 9/30/20 | 9/30/21 |
| Net income | \$29,607 | \$30,337 | \$34,785 | \$39,632 | \$14,793 | \$8,022 | \$24,837 | \$20,238 | \$40,303 |
| Discontinued operations, net of tax | (26,651) | (1,874) | - | - | - | - | - | - | - |
| Long-lived asset impairment charges ⁽¹⁾ | 17,443 | 982 | - | - | 8,359 | - | - | 575 | - |
| Contract termination settlement | - | - | - | - | - | - | (10,333) | - | (10,333) |
| Income tax provision (benefit) | (9,649) | 639 | 7,378 | 3,767 | (535) | 1,857 | 2,597 | 1,321 | 5,231 |
| Interest expense | 4,318 | 3,440 | 1,998 | 872 | 1,354 | 336 | 493 | 1,069 | 1,208 |
| Interest income | (196) | (222) | (865) | (3,616) | (1,200) | (95) | (101) | (625) | (321) |
| Depreciation, depletion and amortization expense | 13,050 | 12,767 | 14,683 | 16,240 | 18,114 | 4,876 | 5,796 | 14,044 | 16,998 |
| CONSOLIDATED ADJUSTED EBITDA | \$27,922 | \$46,069 | \$57,979 | \$56,895 | \$40,885 | \$14,996 | \$23,289 | \$36,622 | \$53,086 |

⁽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.

Non-GAAP Reconciliation Segment adjusted EBITDA

| | Coal Mining | NA Mining | Minerals Management | Unallocated | Eliminations | Consolidated |
|----------------------------------------------|--------------------------|----------------|---------------------|------------------|----------------|------------------------|
| Three Months Ended September 30, 2021 | | | | | | |
| | <i>(\$ in thousands)</i> | | | | | |
| Operating Profit (Loss) | \$23,121 | \$312 | \$9,454 | (\$5,170) | (\$125) | \$27,592 |
| Long-lived asset impairment charges | - | - | - | - | - | - |
| Contract termination settlement | (10,333) | - | - | - | - | (10,333) |
| Depreciation, Depletion and Amortization | 4,323 | 1,014 | 423 | 36 | - | 5,796 |
| Segment adjusted EBITDA | <u>\$17,111</u> | <u>\$1,326</u> | <u>\$9,877</u> | <u>(\$5,134)</u> | <u>(\$125)</u> | <u>23,055</u> |
| Other income | | | | | | 234 |
| Consolidated Adjusted EBITDA | | | | | | <u><u>\$23,289</u></u> |

| | Coal Mining | NA Mining | Minerals Management | Unallocated | Eliminations | Consolidated |
|----------------------------------------------|--------------------------|--------------|---------------------|------------------|---------------|------------------------|
| Three Months Ended September 30, 2020 | | | | | | |
| | <i>(\$ in thousands)</i> | | | | | |
| Operating Profit (Loss) | \$11,174 | \$244 | \$1,673 | (\$3,623) | (\$70) | \$9,398 |
| Long-lived asset impairment charges | - | - | - | - | - | - |
| Contract termination settlement | - | - | - | - | - | - |
| Depreciation, Depletion and Amortization | 3,793 | 723 | 327 | 33 | - | 4,876 |
| Segment adjusted EBITDA | <u>\$14,967</u> | <u>\$967</u> | <u>\$2,000</u> | <u>(\$3,590)</u> | <u>(\$70)</u> | <u>14,274</u> |
| Other income | | | | | | 722 |
| Consolidated Adjusted EBITDA | | | | | | <u><u>\$14,996</u></u> |

Non-GAAP Reconciliation Segment adjusted EBITDA

| | Coal Mining | NA Mining | Minerals Management | Unallocated | Eliminations | Consolidated |
|---------------------------------------------|--------------------------|----------------|---------------------|-------------------|----------------|------------------------|
| Nine Months Ended September 30, 2021 | | | | | | |
| | <i>(\$ in thousands)</i> | | | | | |
| Operating Profit (Loss) | \$40,347 | \$1,225 | \$17,862 | (\$14,738) | (\$104) | \$44,592 |
| Long-lived asset impairment charges | - | - | - | - | - | - |
| Contract termination settlement | (10,333) | - | - | - | - | (10,333) |
| Depreciation, Depletion and Amortization | 12,657 | 2,843 | 1,392 | 106 | - | 16,998 |
| Segment adjusted EBITDA | <u>\$42,671</u> | <u>\$4,068</u> | <u>\$19,254</u> | <u>(\$14,632)</u> | <u>(\$104)</u> | <u>51,257</u> |
| Other income | | | | | | 1,829 |
| Consolidated Adjusted EBITDA | | | | | | <u><u>\$53,086</u></u> |

| | Coal Mining | NA Mining | Minerals Management | Unallocated | Eliminations | Consolidated |
|---------------------------------------------|--------------------------|----------------|---------------------|-------------------|---------------|------------------------|
| Nine Months Ended September 30, 2020 | | | | | | |
| | <i>(\$ in thousands)</i> | | | | | |
| Operating Profit (Loss) | \$25,857 | \$1,519 | \$6,450 | (\$12,341) | (\$25) | \$21,460 |
| Long-lived asset impairment charges | - | - | 575 | - | - | 575 |
| Contract termination settlement | - | - | - | - | - | - |
| Depreciation, Depletion and Amortization | 10,951 | 2,021 | 981 | 91 | - | 14,044 |
| Segment adjusted EBITDA | <u>\$36,808</u> | <u>\$3,540</u> | <u>\$8,006</u> | <u>(\$12,250)</u> | <u>(\$25)</u> | <u>36,079</u> |
| Other income | | | | | | 543 |
| Consolidated Adjusted EBITDA | | | | | | <u><u>\$36,622</u></u> |

NACCO Industries FY 2020 and FY 2019 Non-GAAP Reconciliation

| | Coal Mining | NA Mining | Minerals Management | Unallocated | Eliminations | Consolidated |
|------------------------------------------|-------------|-----------|---------------------|-------------|--------------|--------------|
| FY 2020 | | | | | | |
| <i>(\$ in thousands)</i> | | | | | | |
| 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 |
|------------------------------------------|-------------|-----------|---------------------|-------------|--------------|--------------|
| FY 2019 | | | | | | |
| <i>(\$ in thousands)</i> | | | | | | |
| 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 ⁽¹⁾ | 2017 ⁽¹⁾ | 2018 | 2019 | 2020 ⁽¹⁾ |
|---------------------------------------------------------------------|---------------------|---------------------|-----------------|-----------------|---------------------|
| Reconciliation of Cash Flow before Financing | | | | | |
| Net cash provided by (used for) operating activities ⁽²⁾ | \$93,935 | \$41,305 | \$54,622 | \$52,784 | (\$2,486) |
| Net cash used for investing activities ⁽²⁾ | (9,817) | (15,005) | (18,387) | (20,262) | (45,984) |
| Cash Flow before Financing^{(2) (3)} | \$84,118 | \$26,300 | \$36,235 | \$32,522 | (\$48,470) |

(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.