

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 net income (loss) before 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 plus 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
	2020 ⁽¹⁾	2021 ⁽²⁾	2022 ⁽¹⁾⁽²⁾	9/30/22 ⁽¹⁾	9/30/23	9/30/22 ⁽¹⁾⁽²⁾	9/30/23
Net income (loss)	\$14,793	\$48,125	\$74,158	\$10,614	(\$3,832)	\$60,376	\$4,380
Long-lived asset impairment charges ⁽¹⁾	8,359	-	3,939	3,939	-	3,939	-
Contract termination settlements ⁽²⁾	-	(10,333)	(30,882)	-	-	(30,882)	-
Income tax provision (benefit)	(535)	8,725	13,565	866	(2,018)	11,121	(2,605)
Interest expense	1,354	1,719	2,034	486	632	1,495	1,749
Interest income	(1,200)	(449)	(1,449)	(352)	(1,679)	(692)	(4,548)
Depreciation, depletion and amortization expense	18,114	23,085	26,816	6,569	7,320	19,184	21,429
CONSOLIDATED ADJUSTED EBITDA	\$40,885	\$70,872	\$88,181	\$22,122	\$423	\$64,541	\$20,405

(1) During 2020 and 2022, the Company recorded non-cash impairment charges of \$8.4 million and \$3.9 million, respectively.

(2) During 2021 and 2022, the Company received cash contract termination settlements of \$10.3 million and \$14.0 million, respectively. In addition, in 2022, the Company recorded non-cash termination settlements of \$16.9 million.

Non-GAAP Reconciliation Segment Adjusted EBITDA

	Coal Mining	NA Mining	Minerals Management	Unallocated	Eliminations	Consolidated
Three Months Ended September 30, 2023						
	<i>(\$ in thousands)</i>					
Operating Profit (Loss)	(\$4,697)	\$866	\$3,610	(\$6,027)	(\$19)	(\$6,267)
Depreciation, Depletion and Amortization	4,336	2,058	768	158	-	7,320
Segment Adjusted EBITDA	(\$361)	\$2,924	\$4,378	(\$5,869)	(\$19)	1,053
Other expense						(630)
Consolidated Adjusted EBITDA						\$423

	Coal Mining	NA Mining	Minerals Management	Unallocated	Eliminations	Consolidated
Three Months Ended September 30, 2022						
	<i>(\$ in thousands)</i>					
Operating Profit (Loss)	\$6,089	(\$210)	\$10,616	(\$6,780)	\$103	\$9,818
Long-lived asset impairment charges	-	-	3,939	-	-	3,939
Depreciation, Depletion and Amortization	4,257	1,585	660	67	-	6,569
Segment Adjusted EBITDA	\$10,346	\$1,375	\$15,215	(\$6,713)	\$103	20,326
Other income						1,796
Consolidated Adjusted EBITDA						\$22,122

Non-GAAP Reconciliation Segment Adjusted EBITDA

	Coal Mining	NA Mining	Minerals Management	Unallocated	Eliminations	Consolidated
Nine Months Ended September 30, 2023						
	<i>(\$ in thousands)</i>					
Operating Profit (Loss)	(\$9,059)	\$3,910	\$16,943	(\$14,445)	(\$52)	(\$2,703)
Depreciation, Depletion and Amortization	12,924	5,799	2,328	378	-	21,429
Segment Adjusted EBITDA	<u>\$3,865</u>	<u>\$9,709</u>	<u>\$19,271</u>	<u>(\$14,067)</u>	<u>(\$52)</u>	<u>18,726</u>
Other income						1,679
Consolidated Adjusted EBITDA						<u><u>\$20,405</u></u>

	Coal Mining	NA Mining	Minerals Management	Unallocated	Eliminations	Consolidated
Nine Months Ended September 30, 2022						
	<i>(\$ in thousands)</i>					
Operating Profit (Loss)	\$34,616	\$2,318	\$35,317	(\$18,171)	\$365	\$54,445
Contract termination settlements	(14,000)	-	-	-	-	(14,000)
Long-lived asset impairment charges	-	-	3,939	-	-	3,939
Depreciation, Depletion and Amortization	12,683	4,545	1,781	175	-	19,184
Segment Adjusted EBITDA	<u>\$33,299</u>	<u>\$6,863</u>	<u>\$41,037</u>	<u>(\$17,996)</u>	<u>\$365</u>	<u>63,568</u>
Other income						973
Consolidated Adjusted EBITDA						<u><u>\$64,541</u></u>