

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 settlement income and income taxes, plus net interest expense and depreciation, depletion and amortization expense; and
- Segment Adjusted EBITDA is segment operating profit (loss) plus depreciation, depletion and amortization expense.

Non-GAAP Reconciliation Consolidated Adjusted EBITDA

(\$ in thousands)	— Year Ended December 31 —			Qtr. 9/30/23	Qtr. 9/30/24	9 Mths. Ended 9/30/23	9 Mths. Ended 9/30/24
	2021 ⁽²⁾	2022 ⁽¹⁾⁽²⁾	2023 ⁽¹⁾				
Net income (loss)	\$48,125	\$74,158	(\$39,587)	(\$3,832)	\$15,635	\$4,380	\$26,177
Long-lived asset impairment charges ⁽¹⁾	-	3,939	65,887	-	-	-	-
Contract termination settlement income ⁽²⁾	(10,333)	(30,882)	-	-	-	-	-
Income tax provision (benefit)	8,725	13,565	(24,571)	(2,018)	3,497	(2,605)	4,756
Interest expense	1,719	2,034	2,460	632	1,386	1,749	3,808
Interest income	(449)	(1,449)	(6,081)	(1,679)	(1,084)	(4,548)	(3,249)
Depreciation, depletion and amortization expense	23,085	26,816	29,387	7,320	6,251	21,429	18,950
CONSOLIDATED ADJUSTED EBITDA	\$70,872	\$88,181	\$27,495	\$423	\$25,685	\$20,405	\$50,442

(1) During 2022 and 2023, the Company recorded non-cash impairment charges of \$3.9 million and \$65.9 million, respectively.

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

Non-GAAP Reconciliation Segment Adjusted EBITDA

	Coal Mining	NA Mining	Minerals Management	Unallocated	Eliminations	Consolidated
Three Months Ended September 30, 2024						
	<i>(\$ in thousands)</i>					
Operating Profit (Loss)	\$19,938	(\$474)	\$6,188	(\$5,912)	(\$41)	\$19,699
Depreciation, Depletion and Amortization	2,154	2,672	1,092	333	-	6,251
Segment Adjusted EBITDA	\$22,092	\$2,198	\$7,280	(\$5,579)	(\$41)	25,950
Other expense, net						(265)
Consolidated Adjusted EBITDA						\$25,685

	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, net						(630)
Consolidated Adjusted EBITDA						\$423

Non-GAAP Reconciliation Segment Adjusted EBITDA

	Coal Mining	NA Mining	Minerals Management	Unallocated	Eliminations	Consolidated
Nine Months Ended September 30, 2024						
	<i>(\$ in thousands)</i>					
Operating Profit (Loss)	\$22,288	\$4,966	\$21,709	(\$17,120)	(\$21)	\$31,822
Depreciation, Depletion and Amortization	7,264	7,362	3,408	916	-	18,950
Segment Adjusted EBITDA	\$29,552	\$12,328	\$25,117	(\$16,204)	(\$21)	50,772
Other expense, net						(330)
Consolidated Adjusted EBITDA						\$50,442

	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	\$3,865	\$9,709	\$19,271	(\$14,067)	(\$52)	18,726
Other income, net						1,679
Consolidated Adjusted EBITDA						\$20,405