

REFINITIV

DELTA REPORT

10-Q

NC - NACCO INDUSTRIES INC

10-Q - SEPTEMBER 30, 2024 COMPARED TO 10-Q - JUNE 30, 2024

The following comparison report has been automatically generated

TOTAL DELTAS 747

█ CHANGES 189

█ DELETIONS 291

█ ADDITIONS 267

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June September 30, 2024**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-9172

NACCO INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Delaware

34-1505819

(State or other jurisdiction of incorporation
or organization)

(I.R.S. Employer Identification No.)

22901 Millcreek Blvd.

Suite 600

Cleveland, Ohio

44122

(Address of principal executive offices)

(Zip code)

(440) 229-5151

(Registrant's telephone number, including area code)

5875 Landerbrook Drive

Suite 220

Cleveland, Ohio 44124 N/A

(Former name, former address and former fiscal year, if changed
since last report)

Securities registered pursuant to Section 12(b) of the Act

Title of each class

Trading Symbol

Name of each exchange on which registered

Class A Common Stock, \$1 par value per share

NC

New York Stock Exchange

Class B Common Stock is not publicly listed for trade on any exchange or market system; however, Class B Common Stock is convertible into Class A Common Stock on a share-for-share basis.

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act

Smaller reporting

Large accelerated filer Accelerated Filer Non-accelerated filer Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Number of shares of Class A Common Stock outstanding at **July 26, 2024** October 25, 2024: **5,787,521** 5,731,447
Number of shares of Class B Common Stock outstanding at **July 26, 2024** October 25, 2024: **1,565,685** 1,565,519

NACCO INDUSTRIES, INC.
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Part I
FINANCIAL INFORMATION
Item 1. Financial Statements

NACCO INDUSTRIES, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

		SEPTEMBER		DECEMBER	
		JUNE 30	DECEMBER 31	30	31
		2024	2023	2024	2023
				(In thousands, except share data)	(In thousands, except share data)

ASSETS

Cash and cash equivalents
 Cash and cash equivalents
 Cash and cash equivalents
 Trade accounts receivable
 Accounts receivable from affiliates
 Cash held by 1031 exchange facilitator
 Business interruption insurance receivable
 Inventories
 Assets held for sale
 Prepaid insurance
 Prepaid insurance
 Prepaid insurance
 Other current assets

Total current assets

Property, plant and equipment, net

Intangibles, net
 Intangibles, net
 Intangibles, net
 Deferred income taxes
 Investments in unconsolidated subsidiaries
 Operating lease right-of-use assets
 Other non-current assets

Other non-current assets

Other non-current assets

Other non-current assets

Total assets

LIABILITIES AND EQUITY

Accounts payable
 Accounts payable
 Accounts payable
 Accounts payable to affiliates

Revolving credit agreements

Current maturities of long-term debt

Asset retirement obligations

Accrued payroll

Deferred revenue

Deferred revenue

Deferred revenue

Other current liabilities

Other current liabilities

Federal income tax payable	
Other current liabilities	
Total current liabilities	
Long-term debt	
Long-term revolving credit agreements	
Operating lease liabilities	
Asset retirement obligations	
Pension and other postretirement obligations	
Liability for uncertain tax positions	
Liability for uncertain tax positions	
Liability for uncertain tax positions	
Other long-term liabilities	
Total liabilities	
Stockholders' equity	
Common stock:	
Common stock:	
Common stock:	
Class A, par value \$1 per share, 5,787,521 shares outstanding (December 31, 2023 - 5,882,845 shares outstanding)	
Class A, par value \$1 per share, 5,787,521 shares outstanding (December 31, 2023 - 5,882,845 shares outstanding)	
Class A, par value \$1 per share, 5,787,521 shares outstanding (December 31, 2023 - 5,882,845 shares outstanding)	
Class B, par value \$1 per share, convertible into Class A on a one-for-one basis, 1,565,685 shares outstanding (December 31, 2023 - 1,565,819 shares outstanding)	
Class A, par value \$1 per share, 5,731,447 shares outstanding (December 31, 2023 - 5,882,845 shares outstanding)	
Class A, par value \$1 per share, 5,731,447 shares outstanding (December 31, 2023 - 5,882,845 shares outstanding)	
Class A, par value \$1 per share, 5,731,447 shares outstanding (December 31, 2023 - 5,882,845 shares outstanding)	
Class B, par value \$1 per share, convertible into Class A on a one-for-one basis, 1,565,519 shares outstanding (December 31, 2023 - 1,565,819 shares outstanding)	
Capital in excess of par value	
Retained earnings	
Accumulated other comprehensive loss	
Total stockholders' equity	
Total liabilities and equity	

See notes to Unaudited Condensed Consolidated Financial Statements.

NACCO INDUSTRIES, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	THREE MONTHS ENDED			SIX MONTHS ENDED			THREE MONTHS ENDED			NINE MONTHS ENDED				
	JUNE 30		2023	JUNE 30		2024	SEPTEMBER 30		2023	SEPTEMBER 30		2024		
	2024	2024		2024	2024		2024	2024		2024	2024			
(In thousands, except per share data)						(In thousands, except per share data)								
Revenues														
Cost of sales														
Gross profit														
Gross profit (loss)														
Earnings of unconsolidated operations														
Business interruption insurance recoveries														
Operating expenses														
Operating expenses														
Operating expenses														

Selling, general and administrative expenses	
Selling, general and administrative expenses	
Selling, general and administrative expenses	
Amortization of intangible assets	
(Gain) loss on sale of assets	
	13,244
	13,244
	13,244
Operating profit	
	16,312
	16,312
	16,312
Operating profit (loss)	
Other expense (income)	
Interest expense	
Interest expense	
Interest expense	
Interest income	
Closed mine obligations	
Loss (gain) on equity securities	
(Gain) loss on equity securities	
Other, net	
Other, net	
Other, net	
Income before income tax provision (benefit)	
Income (loss) before income tax provision (benefit)	
Income tax provision (benefit)	
Net income	
Net income (loss)	
Earnings per share:	
Earnings per share:	
Earnings per share:	
Basic earnings per share	
Basic earnings per share	
Basic earnings per share	
Diluted earnings per share	
Basic earnings (loss) per share	
Basic earnings (loss) per share	
Basic earnings (loss) per share	
Diluted earnings (loss) per share	
Basic weighted average shares outstanding	
Basic weighted average shares outstanding	
Basic weighted average shares outstanding	
Diluted weighted average shares outstanding	

See notes to Unaudited Condensed Consolidated Financial Statements.

NACCO INDUSTRIES, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	THREE MONTHS ENDED				SIX MONTHS ENDED	
	JUNE 30				JUNE 30	
	2024	2023			2024	2023
(In thousands)						
Net income	\$ 5,972	\$ 2,520		\$ 10,542	\$ 8,212	
Reclassification of pension and postretirement adjustments into earnings, net of \$25 and \$48 tax benefit in the three and six months ended June 30, 2024, respectively, and net of \$6 and \$12 tax benefit in the three and six months ended June 30, 2023, respectively.	77	18		153	39	
Total other comprehensive income	77	18		153	39	
Comprehensive income	\$ 6,049	\$ 2,538		\$ 10,695	\$ 8,251	

	THREE MONTHS ENDED				NINE MONTHS ENDED	
	SEPTEMBER 30				SEPTEMBER 30	
	2024	2023			2024	2023
(In thousands)						
Net income (loss)	\$ 15,635	\$ (3,832)		\$ 26,177	\$ 4,380	
Reclassification of pension and postretirement adjustments into earnings, net of \$20 and \$68 tax benefit in the three and nine months ended September 30, 2024, respectively, and net of \$6 and \$18 tax benefit in the three and nine months ended September 30, 2023, respectively.	78	20		231	59	
Total other comprehensive income	78	20		231	59	
Comprehensive income (loss)	\$ 15,713	\$ (3,812)		\$ 26,408	\$ 4,439	

See notes to Unaudited Condensed Consolidated Financial Statements.

	NACCO INDUSTRIES, INC. AND SUBSIDIARIES UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS					
	SIX MONTHS ENDED			NINE MONTHS ENDED		
	JUNE 30		2024	SEPTEMBER 30		2024
(In thousands)						
Operating activities	Operating activities			Operating activities		Operating activities
Net cash (used for) provided by operating activities						
Net cash (used for) provided by operating activities						
Net cash (used for) provided by operating activities						
Investing activities						
Investing activities						
Investing activities						
Expenditures for property, plant and equipment and acquisition of mineral interests						
Proceeds from the sale of property, plant and equipment						
Proceeds from the sale of private company equity units						
Other						
Other						
Other						
Net cash used for investing activities						
Financing activities	Financing activities			Financing activities		Financing activities
Additions to long-term debt						

Reductions of long-term debt	
Net additions to revolving credit agreements	
Cash dividends paid	
Purchase of treasury shares	
Net cash provided by (used for) financing activities	
Net cash provided by (used for) financing activities	
Net cash provided by (used for) financing activities	
Cash and cash equivalents	
Cash and cash equivalents	
Cash and cash equivalents	
Total (decrease) increase for the period	
Balance at the beginning of the period	
Balance at the end of the period	

See notes to Unaudited Condensed Consolidated Financial Statements.

NACCO INDUSTRIES, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Class A Common Stock	Class B Common Stock	Capital in Excess of Par Value	Accumulated Retained Earnings	Other Comprehensive Income (Loss)	Total Stockholders' Equity	Class A Common Stock	Class B Common Stock	Capital in Excess of Par Value	Accumulated Retained Earnings	Other Comprehensive Income (Loss)	Total Stockholders' Equity
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(In thousands, except per share data)

Balance, January 1, 2023

Stock-based compensation

Net income

Net income

Net income

Cash dividends on Class A
and Class B common stock:
\$0.2075 per share

Reclassification adjustment
to net income, net of tax

Balance, March 31, 2023

Stock-based compensation

Net income

Cash dividends on Class A
and Class B common stock:
\$0.2175 per share

Reclassification adjustment to
net income, net of tax

Balance, June 30, 2023

Stock-based compensation

Purchase of treasury shares

Net loss

Cash dividends on Class A
and Class B common stock:
\$0.2175 per share

Reclassification adjustment to
net income, net of tax

Balance, September 30, 2023

Balance, January 1, 2024

Balance, January 1, 2024

Balance, January 1, 2024

Stock-based compensation

Purchase of treasury shares

Net income
Net income
Net income
Cash dividends on Class A and Class B common stock: \$0.2175 per share
Reclassification adjustment to net income, net of tax
Balance, March 31, 2024
Stock-based compensation
Purchase of treasury shares
Net income
Cash dividends on Class A and Class B common stock: \$0.2275 per share
Reclassification adjustment to net income, net of tax
Balance, June 30, 2024
Stock-based compensation
Purchase of treasury shares
Net income
Net income
Net income
Cash dividends on Class A and Class B common stock: \$0.2275 per share
Reclassification adjustment to net income, net of tax
Balance, September 30, 2024

See notes to Unaudited Condensed Consolidated Financial Statements.

NACCO INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE SEPTEMBER 30, 2024
 (In thousands, except as noted and per share amounts)

NOTE 1—Nature of Operations and Basis of Presentation

The accompanying Unaudited Condensed Consolidated Financial Statements include the accounts of NACCO Industries, Inc.® ("NACCO") and its wholly owned subsidiary, NACCO Natural Resources Corporation® (collectively, ("NACCO Natural Resources" and with NACCO collectively, the "Company"). NACCO Natural Resources brings natural resources to life by delivering aggregates, minerals, reliable fuels and environmental solutions through its robust business portfolio. The Company operates under three business segments: Coal Mining, North American Mining® ("NAMining") and Minerals Management. The Coal Mining segment operates surface coal mines for power generation companies. The NAMining segment is a trusted mining partner for producers of aggregates, activated carbon, lithium and other industrial minerals. The Minerals Management segment, which includes the Catapult Mineral Partners ("Catapult") business, acquires and promotes the development of mineral interests. Mitigation Resources of North America® ("Mitigation Resources") provides stream and wetland mitigation solutions as well as comprehensive reclamation and restoration construction services.

The Company has items not directly attributable to a reportable segment that are not included in the reported financial results of the operating segment. These items primarily include administrative costs related to public company reporting requirements, including management and board compensation, and the financial results of Bellaire Corporation ("Bellaire"), Mitigation Resources and other developing businesses. Bellaire manages the Company's long-term liabilities related to former Eastern U.S. underground mining activities. Intercompany accounts and transactions are eliminated in consolidation. See Note 8 for further discussion of segment reporting.

The Company's operating segments are further described below:

Coal Mining Segment

The Coal Mining segment operates surface coal mines under long-term contracts with power generation companies pursuant to a service-based business model. Coal is surface mined in North Dakota and Mississippi. Each mine is fully integrated with its customer's operations.

During the three and **six** **nine** months ended **June 30, 2024** **September 30, 2024**, the Coal Mining segment's operating coal mines were: The Coteau Properties Company ("Coteau"), Coyote Creek Mining Company, LLC ("Coyote Creek"), The Falkirk Mining Company ("Falkirk") and Mississippi Lignite Mining Company ("MLMC"). Each of these mines supply lignite coal for power generation and delivers its coal production to an adjacent power plant or synfuels plant under a long-term supply contract. While MLMC's coal supply contract contains a take or pay provision, the contract contains a force majeure provision that allows for the temporary suspension of the take or pay provision during the duration of certain specified events beyond the control of either party; all other coal supply contracts are requirements contracts. Certain coal supply contracts can be terminated early, which would result in a reduction to future earnings.

The MLMC contract is the only coal supply contract in which the Company is responsible for all operating costs, capital requirements and final mine reclamation; therefore, MLMC is consolidated within NACCO's financial statements. MLMC sells coal to its customer's Red Hills Power Plant at a contractually agreed-upon price which adjusts monthly, primarily based on changes in the level of established indices which reflect general U.S. inflation rates. Profitability at MLMC is affected by customer demand for coal and changes in the indices that determine sales price and actual costs incurred. As diesel fuel is heavily weighted among the indices used to determine the coal sales price, fluctuations in diesel fuel prices can result in significant fluctuations in earnings at MLMC. The Red Hills Power Plant supplies electricity to the Tennessee Valley Authority ("TVA") under a long-term power purchase agreement. MLMC's contract with its customer runs through April 1, 2032. TVA's power portfolio includes coal, nuclear, hydroelectric, natural gas and renewables. The decision regarding which power plants to dispatch is determined by TVA. Reduction in dispatch of the Red Hills Power Plant will result in reduced earnings at MLMC.

On December 18, 2023, MLMC received notice from its customer related to **an** **a** **mechanical** **issue** that began on December 15, 2023 and impacted one of two boilers at the Red Hills Power Plant. **This** **While** **this** **issue** **has** **been** **resolved**, **it** resulted in a reduction in customer demand which had a significant impact on the Company's results of operations during the first **six** **nine** months of 2024. **Based** **on** **current** **expectations**, **repairs** **The** **Company** **recognized** **income** **of** **\$13.6** **million** **in** **the** **third** **quarter** **of** **2024** **related** **to** **business** **interruption** **insurance** **recoveries** **to** **partially** **offset** **losses** **related** **to** **the** **boiler** **will** **be** **resolved** **and** **the** **plant** **will** **be** **fully** **operational** **by** **fourth** **quarter** **2024**. **outage**.

The Sabine Mining Company ("Sabine") operates the Sabine Mine in Texas. All production from Sabine was delivered to Southwestern Electric Power Company's ("SWEPCO") Henry W. Pirkey Plant (the "Pirkey Plant"). SWEPCO is an American Electric Power ("AEP") company. As a result of the early retirement of the Pirkey Plant, Sabine ceased deliveries and **commenced** **final**

reclamation **began** on April 1, 2023. Funding for mine reclamation is the responsibility of SWEPCO, and Sabine receives compensation for providing mine reclamation services. Sabine will provide mine reclamation services through September 30, 2026. On October 1, 2026, SWEPCO is scheduled to acquire all of the capital stock of Sabine and complete the remaining mine reclamation.

At Coteau, Coyote Creek and Falkirk, the Company is paid a management fee per ton of coal or heating unit (MMBtu) delivered. Each contract specifies the indices and mechanics by which fees change over time, generally in line with broad measures of U.S. inflation. The customers are responsible for funding all mine operating costs, including final mine reclamation, and directly or indirectly providing all of the capital required to build and operate the mine. This contract structure eliminates exposure to spot coal market price fluctuations while providing income and cash flow with minimal capital investment. Other than at Coyote Creek, debt financing provided by or supported by the customers is without recourse to the Company. See Note 6 for further discussion of Coyote Creek's guarantees.

Coteau, Coyote Creek, Falkirk and Sabine each meet the definition of a variable interest entity ("VIE"). In each case, NACCO is not the primary beneficiary of the VIE as it does not exercise financial control; therefore, NACCO does not consolidate the results of these operations within its financial statements. Instead, these contracts are accounted for as equity method investments. The Company regularly evaluates if there are reconsideration events which could change the Company's conclusion as to whether these entities meet the definition of a VIE and the determination of the primary beneficiary. The income before income taxes associated with these VIEs is reported as Earnings of unconsolidated operations on the Unaudited Condensed Consolidated Statements of Operations and the Company's investment is reported on the line Investments in unconsolidated subsidiaries in the Unaudited Condensed Consolidated Balance Sheets. The mines that meet the definition of a VIE are referred to collectively as the "Unconsolidated Subsidiaries." For tax purposes, the Unconsolidated Subsidiaries are included within the NACCO consolidated U.S. tax return; therefore, the Income tax provision (benefit) line on the Unaudited Condensed Consolidated Statements of Operations includes income taxes related to these entities. See Note 6 for further information on the Unconsolidated Subsidiaries.

The Company performs contemporaneous reclamation activities at each mine in the normal course of operations. Under all of the Unconsolidated Subsidiaries' contracts, the customer has the obligation to fund final mine reclamation activities. Under certain contracts, the Unconsolidated Subsidiary holds the mine permit and is therefore responsible for final mine reclamation activities. To the extent the Unconsolidated Subsidiary performs such final reclamation, it is compensated for providing those services in addition to receiving reimbursement from customers for costs incurred.

NAMining Segment

The NAMining segment provides value-added contract mining and other services for producers of industrial minerals. The segment is a platform for the Company's growth and diversification of mining activities outside of the thermal coal industry. NAMining provides contract mining services for independently owned mines and quarries, creating value for its customers by performing the mining aspects of its customers' operations. This allows customers to focus on their areas of expertise: materials handling and processing, product sales and distribution. As of **June 30, 2024** **September 30, 2024**, NAMining operates in Florida, Texas, Arkansas, Virginia and Nebraska. In addition, Sawtooth Mining, LLC ("Sawtooth") has exclusive responsibility for mining and mine closure services for the Thacker Pass lithium project in northern Nevada, including mine design, construction, operation and maintenance.

Certain of the entities within the NAMining segment are VIEs and are accounted for under the equity method as Unconsolidated Subsidiaries. See Note 6 for further discussion.

Minerals Management Segment

The Minerals Management segment derives income primarily by leasing its royalty and mineral interests to third-party exploration and production companies, and, to a lesser extent, other mining companies, granting them the rights to explore, develop, mine, produce, market and sell gas, oil, and coal in exchange for royalty payments based on the lessees'

sales of those minerals.

The Minerals Management segment owns royalty interests, mineral interests, non-participating royalty interests and overriding royalty interests.

- Royalty Interest. Royalty interests generally result when the owner of a mineral interest leases the underlying minerals to an exploration and production company pursuant to an oil and gas lease. Typically, the resulting royalty interest is a

cost-free percentage of production revenues for minerals extracted from the acreage. A holder of royalty interests is generally not responsible for capital expenditures or lease operating expenses, but royalty interests may be calculated

net of post-production expenses, and typically have no environmental liability. Royalty interests leased to producers expire upon the expiration of the oil and gas lease and revert to the mineral owner.

- Mineral Interest. Mineral interests are perpetual rights of the owner to explore, develop, exploit, mine and/or produce any or all of the minerals lying below the surface of the property. The holder of a mineral interest has the right to lease the minerals to an exploration and production company. Upon the execution of an oil and gas lease, the lessee (the exploration and production company) becomes the working interest owner and the lessor (the mineral interest owner) has a royalty interest.
- Non-Participating Royalty Interest ("NPRI"). NPRI is an interest in oil and gas production which is created from the mineral estate. The NPRI is expense-free, bearing no operational costs of production. The term "non-participating" indicates that the interest owner does not share in the bonus, rentals from a lease, nor the right to participate in the execution of oil and gas leases. The NPRI owner does, however, typically receive royalty payments.
- Overriding Royalty Interest ("ORRI"). ORRIs are created by carving out the right to receive royalties from a working interest. Like royalty interests, ORRIs do not confer an obligation to make capital expenditures or pay for lease operating expenses and have limited environmental liability; however, ORRIs may be calculated net of post-production expenses, depending on how the ORRI is structured. ORRIs that are carved out of working interests are linked to the same underlying oil and gas lease that created the working interest, and therefore, such ORRIs are typically subject to expiration upon the expiration or termination of the oil and gas lease.

The Company may own more than one type of mineral and royalty interest in the same tract of land. For example, where the Company owns an ORRI in a lease on the same tract of land in which it owns a mineral interest, the ORRI in that tract will relate to the same gross acres as the mineral interest in that tract.

The Minerals Management segment will benefit from the continued development of its mineral properties without the need for investment of additional capital once mineral and royalty interests have been acquired. The Minerals Management segment does not currently have any material investments under which it would be required to bear the cost of exploration, production or development.

The Company's acquisition criteria for building a blended portfolio of mineral and royalty interests includes (i) new wells anticipated to come online within one to two years of investment, (ii) areas with forecasted future development within five years after acquisition and (iii) existing producing wells further along the decline curve that will generate stable cash flow. In addition, acquisitions should extend the geographic footprint to diversify across multiple basins with a preliminary focus on the more oil-rich Permian basin and a secondary focus on other diversifying basins to increase regional exposure. While the current focus is on the acquisition of mineral and royalty interests, the Company would also consider investments in ORRIs, NPRI or non-operating working interests under certain circumstances. The current acquisition strategy does not contemplate any near-term working interest investments in which the Company would act as the operator.

The Company also manages legacy royalty and mineral interests located in Ohio (Utica and Marcellus shale natural gas), Louisiana (Haynesville shale and Cotton Valley formation natural gas), Texas (Cotton Valley and Austin Chalk formation natural gas), Mississippi (coal), Pennsylvania (coal, coalbed methane and Marcellus shale natural gas), Alabama (coal, coalbed methane and natural gas) and North Dakota (coal, oil and natural gas). The majority of the Company's legacy reserves were acquired as part of its historical coal mining operations.

Other Items: On December 1, 2022, the Company transferred its ownership interest in Midwest AgEnergy Group, LLC ("MAG"), a North Dakota-based ethanol business to HLCP Ethanol Holdco, LLC ("HLCP"). The Company received a payment of \$1.2 million in the first quarter of 2023 in connection with a post-closing purchase price adjustment, which is included on the line Other, net within the accompanying Unaudited Condensed Consolidated Statements of Operations.

The Company has cash proceeds from the sale of assets held by a qualified intermediary to facilitate tax-deferred exchange transactions under Section 1031 of the Internal Revenue Code. In May 2024, the Company sold land and recognized a \$4.5 million gain in the Minerals Management segment. The Company structured this transaction in a manner that qualified as a like-kind exchange pursuant to Section 1031 of the Internal Revenue Code. The net proceeds of the sale are being currently held in escrow by a qualified intermediary until the Company purchases replacement property is purchased. A \$0.3 property. During the nine months ended September 30, 2024, the Company had capital expenditures totaling \$1.7 million property related to this like-kind exchange was acquired in June 2024, exchange. The Company had \$6.7 \$5.3 million and \$0.0 million of cash at June 30, 2024 September 30, 2024 and December 31, 2023, respectively, which is

reported on the line Cash held by 1031 exchange facilitator in the Unaudited Condensed Consolidated Balance Sheets. The Company is evaluating other acquisitions which, if executed, could utilize some or all of the remaining cash.

Basis of Presentation: These financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the financial position of the Company at **June 30, 2024** **September 30, 2024**, the results of its operations, comprehensive income, cash flows and changes in equity for the **six** **nine** months ended **June 30, 2024** **September 30, 2024** and 2023 have been included. These Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

The balance sheet at December 31, 2023 has been derived from the audited financial statements at that date but does not include all of the information or notes required by U.S. GAAP for complete financial statements.

NOTE 2—Revenue Recognition

Nature of Performance Obligations

At contract inception, the Company assesses the goods and services promised in its contracts with customers and identifies a performance obligation for each promised good or service that is distinct. To identify the performance obligations, the Company considers all of the goods or services promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices.

Each mine or mine area has a contract with its respective customer that represents a contract under ASC 606. For its consolidated entities, the Company's performance obligations vary by contract and consist of the following:

At MLMC, each MMBtu delivered during the production period is considered a separate performance obligation. Revenue is recognized at the point in time that control of each MMBtu of lignite transfers to the customer. Fluctuations in revenue from period to period generally result from changes in customer demand.

At NAMining, the management service to oversee the operation of the equipment, and delivery of aggregates or other minerals is the performance obligation accounted for as a series. Performance momentarily creates an asset that the customer simultaneously receives and consumes; therefore, control is transferred to the customer over time. Consistent with the conclusion that the customer simultaneously receives and consumes the benefits provided, an input-based measure of progress is appropriate. As each month of service is completed, revenue is recognized for the amount of actual costs incurred, plus the management fee or fixed fee and the general and administrative fee (as applicable). Fluctuations in revenue from period to period result from changes in customer demand primarily due to increases and decreases in activity levels on individual contracts and variances in reimbursable costs. Revenue from part sales is recognized upon transfer of control of the parts to the customer.

The Minerals Management segment enters into contracts which grant the right to explore, develop, produce and sell minerals controlled by the Company. These arrangements result in the transfer of mineral rights for a period of time; however, no rights to the actual land are granted other than access for purposes of exploration, development, production and sales. The mineral rights revert back to the Company at the expiration of the contract.

Under these contracts, granting exclusive right, title, and interest in and to minerals, if any, is the performance obligation. The performance obligation under these contracts represents a series of distinct goods or services whereby each day of access that is provided is distinct. The transaction price consists of a variable sales-based royalty and, in certain arrangements, a fixed component in the form of an up-front lease bonus payment. As the amount of consideration the Company will ultimately be entitled to is entirely susceptible to factors outside its control, the entire amount of variable consideration is constrained at contract inception. The Company believes that the pricing provisions of royalty contracts are customary in the industry. Up-front lease bonus payments represent the fixed portion of the transaction price and are recognized over the primary term of the contract, which is generally three to five years.

Mitigation Resources generates and sells stream and wetland mitigation credits (known as mitigation banking) and provides services to those engaged in permittee-responsible stream and wetland mitigation. Each mitigation credit sale is considered a separate performance obligation. Revenue is recognized at the point in time that control of each mitigation credit transfers to the customer. Fluctuations in revenue from period to period generally result from changes in customer demand. Under the

permittee-responsible stream and wetland mitigation model, the contracts are generally structured as a management fee agreement under which Mitigation Resources is reimbursed for all costs incurred in performing the required mitigation plus an

agreed profit percentage or a fixed fee. The mitigation services provided is the performance obligation and is accounted for as a series. Performance momentarily creates an asset that the customer simultaneously receives and consumes; therefore, control is transferred to the customer as work is completed. Consistent with the conclusion that the customer simultaneously receives and consumes the benefits provided, an input-based measure of progress is appropriate. As each month of service is completed, revenue is recognized for

the amount of actual costs incurred, plus the management fee or fixed fee. Fluctuations in revenue from period to period result from changes in customer demand primarily due to increases and decreases in activity levels of individual contracts and variances in reimbursable costs.

Significant Judgments

The Company's contracts with its customers in the Coal Mining and NAMining segments contain different types of variable consideration including, but not limited to, management fees that adjust based on volumes or MMBtu delivered however, delivered. However, the terms of these variable payments relate specifically to the Company's efforts to satisfy one or more, but not all, of the performance obligations (or to a specific outcome from satisfying the performance obligations) in the contract. Therefore, the Company allocates each variable payment (and subsequent changes to that payment) entirely to the specific performance obligation to which it relates. Management fees, as well as general and administrative fees, are also adjusted based on changes in specified indices (e.g., CPI) to compensate for general inflation changes. Index adjustments, if applicable, are effective prospectively.

In the Minerals Management segment, the Company has the right to receive revenues from the sale of oil and natural gas through sales of the third-party lessees in which the Company owns a mineral or royalty interest. Revenue is recognized at the point control of the product is transferred from the operator to the purchaser. Those purchasers remit payment to the operator and the operator, in turn, remits payment to the Company. Receivables from third-party lessees for which the Company did not receive actual production information, either due to timing delays or due to the unavailability of data at the time when revenues are recognized, are estimated using expected sales volumes and estimated prices. The difference between the Company's estimates and the actual amounts received is recorded in the month that payment is received from the third-party lessee. The Company typically receives payment for oil and natural gas sales within 90 days of the month of delivery. For the three and nine months ended June 30, 2024 September 30, 2024, differences between the Company's first quarter pricing estimates and the actual amounts received from operators in the second quarter resulted in a \$2.3 million change in estimate. For the six months ended June 30, 2024, change in estimates was were immaterial. For the three and six nine months ended June 30, 2023 September 30, 2023, change any changes in estimates was were immaterial.

Cost Reimbursement

Certain contracts include reimbursement from customers of actual costs incurred for the purchase of supplies, equipment and services in accordance with contractual terms. Such reimbursable revenue is variable and subject to uncertainty, as the amounts received and timing thereof is highly dependent on factors outside of the Company's control.

Accordingly, reimbursable revenue is fully constrained and not recognized until the uncertainty is resolved, which typically occurs when the related costs are incurred on behalf of a customer. The Company is considered a principal in such transactions and records the associated revenue at the gross amount billed to the customer with the related costs recorded as an expense within cost of sales.

At the Thacker Pass lithium project, in addition to management fee income, the customer will reimburse Sawtooth for up to \$50 million of certain capital expenditures. Sawtooth will recognize revenue over the estimated useful life of the asset on a straight-line basis as the performance obligation is satisfied over time. Sawtooth recognized \$2.2 million and \$1.0 million in revenue for reimbursable costs during the three months ended June 30, 2024 and 2023, respectively. Sawtooth recognized \$3.6 million and \$1.1 million in revenue for reimbursable costs during the six months ended June 30, 2024 and 2023, respectively. In prior years, the customer received a \$3.5 million advance from Sawtooth, which is included in the long-term contract asset. The customer will either pay a \$4.7 million success fee to Sawtooth upon achieving commercial mining milestones or repay the \$3.5 million advance if such commercial mining milestones are not met.

Prior Period Performance Obligations

As discussed above, the Company records royalty income in the month production is delivered to the purchaser. The expected sales volumes and prices for these properties are estimated and recorded in "Trade accounts receivable" in the accompanying Unaudited Condensed Consolidated Balance Sheets. The difference between the Company's estimates and the actual amounts received is recorded in the month that payment is received from the third-party lessee. For the three and six nine months ended June 30, 2024 September 30, 2024, royalty income recognized in the reporting period related to production satisfied in prior reporting periods was immaterial. For the three and six nine months ended June 30, 2023 September 30, 2023, royalty income recognized in the reporting period related to production satisfied in prior reporting periods was immaterial and \$1.4 million, respectively.

Disaggregation of Revenue

In accordance with ASC 606-10-50, the Company disaggregates revenue from contracts with customers into major goods and service lines and timing of transfer of goods and services. The Company determined that disaggregating revenue into these categories achieves the disclosure objective of depicting how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Company's business consists of the Coal Mining, NAMining and Minerals Management segments as well as Unallocated Items. See Note 8 to the Unaudited Condensed Consolidated Financial Statements for further discussion of segment reporting.

The following table disaggregates revenue by major sources as of June September 30:

	THREE MONTHS ENDED JUNE 30 2024	THREE MONTHS ENDED JUNE 30 2024	THREE MONTHS ENDED JUNE 30 2023	SIX MONTHS ENDED JUNE 30 2024	SIX MONTHS ENDED JUNE 30 2023	THREE MONTHS ENDED SEPTEMBER 30 2024	THREE MONTHS ENDED SEPTEMBER 30 2023	NINE MONTHS ENDED SEPTEMBER 30 2024	NINE MONTHS ENDED SEPTEMBER 30 2023
<u>Timing of Revenue Recognition</u>									
Goods transferred at a point in time									
Goods transferred at a point in time									
Goods transferred at a point in time									
Services transferred over time									
Total revenues									

Contract Balances

The opening and closing balances of the Company's current and long-term contract assets and liabilities and receivables are as follows:

Contract balances											
	Trade accounts receivable	Trade accounts receivable	Contract asset (current)	Contract asset (long-term)	Contract liability (current)	Contract liability (long-term)	Trade accounts receivable	Contract asset (current)	Contract asset (long-term)	Contract liability (current)	Contract liability (long-term)
Balance, January 1, 2024											
Balance, June 30, 2024											
Balance, September 30, 2024											
Increase (decrease)											

As described above, the Company enters into royalty contracts that grant exclusive right, title, and interest in and to minerals. The transaction price consists of a variable sales-based royalty and, in certain arrangements, a fixed component in the form of an up-front lease bonus payment. The timing of the payment of the fixed portion of the transaction price is upfront, however, the performance obligation is satisfied over the primary term of the contract, which is generally three to five years. Therefore, at the time any such up-front payment is received, a contract liability is recorded which represents deferred revenue. The amount of royalty revenue recognized in both of the three months ended June 30, 2024 September 30, 2024 and 2023 included in the opening contract liability was \$0.2 million, \$0.1 million and \$0.3 million, respectively. The amount of royalty revenue recognized in both of the six nine months ended June 30, 2024 September 30, 2024 and 2023 included in the opening contract liability was \$0.4 million, \$0.5 million and \$0.7 million, respectively. This revenue consists of up-front lease bonus payments received under royalty contracts that are recognized over the primary term of the royalty contracts, which are generally three to five years.

The Company expects to recognize an additional \$0.8 million \$0.4 million in the remainder of 2024 and 2025, \$1.1 million in 2025, 2026, less than \$0.1 million in 2026 and 2027 and \$1.9 \$2.9 million in the years after 2027 2028 related to the contract liability remaining at June 30, 2024 September 30, 2024. The difference between the opening and closing balances of the Company's contract balances results from the timing difference between the Company's performance and the customer's payment.

The Company has no contract assets recognized from the costs to obtain or fulfill a contract with a customer.

NOTE 3—Inventories

Inventories are summarized as follows:

	JUNE 30 2024	DECEMBER 31 2023	SEPTEMBER 30 2024	DECEMBER 31 2023
Coal and aggregates				
Mining supplies				
Total inventories				

During the three and six nine months ended June 30, 2024 September 30, 2024, the Company recorded a \$0.7 \$1.0 million and \$3.1 \$4.1 million inventory impairment charge, respectively. During the three and six nine months ended June 30, 2023 September 30, 2023, the Company recorded a \$1.8 \$2.4 million and \$4.2 \$6.6 million inventory impairment charge, respectively. The inventory impairment charges are included in the line "Cost of sales" in the accompanying Unaudited Condensed Consolidated Statements of Operations as the cost-basis of coal inventory exceeded its net realizable value at MLMC.

NOTE 4—Stockholders' Equity

Stock Repurchase Program: On November 7, 2023, the Company's Board of Directors approved a stock repurchase program ("2023 Stock Repurchase Program") providing for the purchase of up to \$20.0 million of the Company's outstanding Class A Common stock through December 31, 2025. NACCO's previous repurchase program ("2021 Stock Repurchase Program") would have expired on December 31, 2023 but was terminated and replaced by the 2023 Stock Repurchase Program. During the three and six nine months ended June 30, 2024 September 30, 2024, the Company repurchased 108,371 68,282 and 236,058 304,340 shares, respectively, of Class A Common Stock under the 2023 Stock Repurchase Program for an aggregate purchase price of \$3.3 million \$2.0 million and \$7.6 million \$9.6 million, respectively. During both the three and nine months ended September 30, 2023, the Company repurchased 24,762 shares of Class A Common Stock under the 2021 Stock Repurchase Program for an aggregate purchase price of \$0.8 million.

The timing and amount of any repurchases under the 2023 Stock Repurchase Program are determined at the discretion of the Company's management based on a number of factors, including the availability of capital, other capital allocation alternatives, market conditions for the Company's Class A Common Stock and other legal and contractual restrictions. The 2023 Stock Repurchase Program does not require the Company to acquire any specific number of shares and may be modified, suspended, extended or terminated by the Company without prior notice and may be executed through open market purchases, privately negotiated transactions or otherwise. All or part of the repurchases under the 2023 Stock Repurchase Program may be implemented under a Rule 10b5-1 trading plan, which would allow repurchases under pre-set terms at times when the Company might otherwise be restricted from doing so under applicable securities laws.

NOTE 5—Fair Value Disclosure

Recurring Fair Value Measurements: The following table presents the Company's assets and liabilities accounted for at fair value on a recurring basis:

Fair Value Measurements at Reporting									
Date Using									
Quoted Prices in Active Markets for Identical Assets		Quoted Prices in Active Markets for Identical Assets		Significant Other Observable Inputs		Unobservable Inputs		Quoted Prices in Active Markets for Identical Assets	
Description		(Level 1)		(Level 2)		(Level 3)		(Level 1)	
Description		Date		June 30, 2024		Description		Date	
Assets:									
Assets:									
Assets:									
Equity securities									
Equity securities									
Equity securities									
\$									
\$									
\$									
December 31, 2023									
December 31, 2023									
December 31, 2023									
Assets:									
Assets:									
Assets:									
Equity securities									
Equity securities									
Equity securities									
\$									

Bellaire Corporation ("Bellaire") is a non-operating subsidiary of the Company with legacy liabilities relating to closed mining operations, primarily former Eastern U.S. underground coal mining operations. Prior to 2023, Bellaire contributed \$5.0 million

to establish a mine water treatment trust (the "Mine Water Treatment Trust") to assure the long-term treatment of post-mining discharge. Bellaire's Mine Water Treatment Trust invests in equity securities that are reported at fair value based upon quoted market prices in active markets for identical assets; therefore, they are classified as Level 1 within the fair value hierarchy. The fair value of the Mine Water Treatment Trust was **\$12.2** **\$12.3** million and **\$11.2** million at **June 30, 2024** **September 30, 2024** and December 31, 2023, respectively, and is included in Other non-current assets in the accompanying Unaudited Condensed Consolidated Balance Sheets. The Company recognized a gain of **\$0.3** million **\$0.6** million and **\$1.0** million **\$1.5** million during the three and **six** **nine** months ended **June 30, 2024** **September 30, 2024**, respectively, and a loss of **\$0.4** million and a gain of **\$0.5** million and **\$1.0** million **\$0.7** million during the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, respectively, related to the Mine Water Treatment Trust.

Prior to 2023, the Company invested \$2.0 million in equity securities of a public company with a diversified portfolio of royalty producing mineral interests. The investment is reported at fair value based upon quoted market prices in active markets for identical assets; therefore, it is classified as Level 1 within the fair value hierarchy. The fair value of this investment was **\$5.8** **\$5.7** million and \$6.0 million at **June 30, 2024** **September 30, 2024** and December 31, 2023, respectively, and is included in Other non-current assets in the accompanying Unaudited Condensed Consolidated Balance Sheets. The Company recognized a loss of **\$0.5** million **\$0.1** million and **\$0.2** million **\$0.3** million during the three and **six** **nine** months ended **June 30, 2024** **September 30, 2024**, respectively, and a loss of **\$0.1** million and a de minimis gain **\$0.2** million during both the three and **six** **nine** months ended **June 30, 2023**, respectively, **September 30, 2023** related to the investment in these equity securities.

The change in fair value of equity securities is reported on the line **Loss (gain) (Gain) loss** on equity securities in the Other **expense (income) expense** section of the Unaudited Condensed Consolidated Statements of Operations.

There were no transfers into or out of Levels 1, 2 or 3 during the **six** **nine** months ended **June 30, 2024** **September 30, 2024** and 2023.

NOTE 6—Unconsolidated Subsidiaries

Each of the Company's wholly owned Unconsolidated Subsidiaries, within the Coal Mining and NAMining segments, meet the definition of a VIE. The Unconsolidated Subsidiaries are capitalized primarily with debt financing provided by or supported by their respective customers, and generally without recourse to the Company. Although the Company owns 100% of the equity and manages the daily operations of the Unconsolidated Subsidiaries, the Company has determined that the equity capital provided by the Company is not sufficient to adequately finance the ongoing activities or absorb any expected losses without additional support from the customers. The customers have a controlling financial interest and have the power to direct the activities that most significantly affect the economic performance of the entities. As a result, the Company is not the primary beneficiary and therefore does not consolidate these entities' financial positions or results of operations. See Note 1 for a discussion of these entities.

The Investment in the unconsolidated subsidiaries and related tax positions totaled **\$15.4** million **\$16.7** million and **\$12.4** million at **June 30, 2024** **September 30, 2024** and December 31, 2023, respectively. The Company's maximum risk of loss relating to these entities is limited to its invested capital, which was **\$5.1** million **\$4.7** million and **\$5.0** million at **June 30, 2024** **September 30, 2024** and December 31, 2023, respectively. Earnings of unconsolidated operations were **\$13.6** million **\$15.2** million and **\$26.9** million **\$42.1** million during the three and **six** **nine** months ended **June 30, 2024** **September 30, 2024**, respectively, and **\$11.1** million **\$12.8** million and **\$24.9** million **\$37.7** million during the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, respectively.

NACCO Natural Resources Corporation ("NACCO Natural Resources"), a wholly-owned subsidiary of NACCO, is a party to certain guarantees related to Coyote Creek. Under certain circumstances of default or termination of Coyote Creek's Lignite Sales Agreement ("LSA"), NACCO Natural Resources would be obligated for payment of a "make-whole" amount to Coyote Creek's third-party lenders. The "make-whole" amount is based on the excess, if any, of the discounted value of the remaining scheduled debt payments over the principal amount. In addition, in the event Coyote Creek's LSA is terminated by Coyote Creek's customers, NACCO Natural Resources is obligated to purchase Coyote Creek's dragline and rolling stock for the then net book value of those assets. To date, no payments have been required from NACCO Natural Resources since the inception of these guarantees. The Company believes that the likelihood NACCO Natural Resources would be required to perform under the guarantees is remote, and no amounts related to these guarantees have been recorded.

NOTE 7—Contingencies

Various legal and regulatory proceedings and claims have been or may be asserted against NACCO and certain subsidiaries relating to the conduct of their businesses. These proceedings and claims are incidental to the ordinary course of business of the Company. Management believes that it has meritorious defenses and will vigorously defend the Company in these actions. Any costs that management estimates will be paid as a result of these claims are accrued when the liability is considered probable

and the amount can be reasonably estimated. If a range of amounts can be reasonably estimated and no amount within the range is a better estimate than any other amount, then the minimum of the range is accrued. The Company does not accrue liabilities when the likelihood that the liability has been incurred is probable but the amount cannot be reasonably estimated or when the

liability is believed to be only reasonably possible or remote. For contingencies where an unfavorable outcome is probable or reasonably possible and which are material, the Company discloses the nature of the contingency and, in some circumstances, an estimate of the possible loss.

These matters are subject to inherent uncertainties, and unfavorable rulings could occur. If an unfavorable ruling were to occur, there exists the possibility of an adverse impact on the Company's financial position, results of operations and cash flows of the period in which the ruling occurs, or in future periods.

NOTE 8—Business Segments

The Company's operating segments are: (i) Coal Mining, (ii) NAMining and (iii) Minerals Management. The Company determines its reportable segments by first identifying its operating segments, and then by assessing whether any components of these segments constitute a business for which discrete financial information is available and where segment management regularly reviews the operating results of that component. The Company's Chief Operating Decision Maker utilizes operating profit to evaluate segment performance and allocate resources.

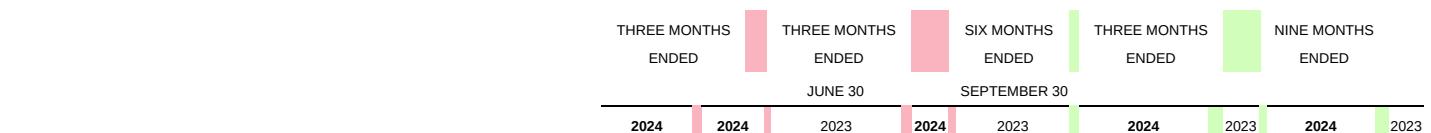
The Company has items not directly attributable to a reportable segment that are not included as part of the measurement of segment operating profit. These items primarily include administrative costs related to public company reporting requirements at the parent company and the financial results of Mitigation Resources and Bellaire. Mitigation Resources generates and sells provides stream and wetland mitigation credits (known solutions as mitigation banking) well as comprehensive reclamation and provides services to those engaged in permittee-responsible stream and wetland mitigation, restoration construction services. Bellaire manages the Company's long-term liabilities related to former Eastern U.S. underground mining activities.

All financial statement line items below operating profit (other income including interest expense and interest income, the provision (benefit) for income taxes and net income) are presented and discussed within this Form 10-Q on a consolidated basis.

The following table presents Revenues, Cost of sales, Earnings of unconsolidated operations, Operating expenses, Operating profit (loss), Expenditures for property, plant and equipment and acquisition of mineral interests and Depreciation, depletion and amortization expense:

	THREE MONTHS ENDED		SIX MONTHS ENDED		THREE MONTHS ENDED		NINE MONTHS ENDED	
	JUNE 30		JUNE 30		SEPTEMBER 30		SEPTEMBER 30	
	2024	2023	2024	2023	2024	2023	2024	2023
Revenues								
Coal Mining								
Coal Mining								
Coal Mining								
NAMining								
Minerals								
Management								
Unallocated Items								
Eliminations								
Total								
Cost of sales								
Cost of sales								
Cost of sales								
Coal Mining								
Coal Mining								
Coal Mining								
NAMining	NAMining	24,254	18,884	18,884	45,925	45,925	38,125	NAMining
Minerals	Minerals							Minerals
Management	Management	1,501	910	910	2,865	2,865	1,962	Management
Unallocated Items	Unallocated Items	4,167	2,375	2,375	6,879	6,879	3,589	Unallocated Items
Eliminations	Eliminations	(733)	(495)	(495)	(1,152)	(1,152)	(1,096)	Eliminations
Total								
Earnings of unconsolidated operations								
Earnings of unconsolidated operations								
Earnings of unconsolidated operations								
Earnings of unconsolidated operations								
Coal Mining								
Coal Mining								
Coal Mining								
NAMining	NAMining	1,448	1,122	1,122	2,813	2,813	2,480	

*Operating expenses (income) consist of Selling, general and administrative expenses, Amortization of intangible assets and (Gain) loss on sale of assets.



Expenditures for property, plant and equipment and acquisition of mineral interests

Coal Mining

Coal Mining

Coal Mining

NAMining

Minerals Management

Unallocated Items	
Total	
Depreciation, depletion and amortization	
Depreciation, depletion and amortization	
Depreciation, depletion and amortization	
Coal Mining	
Coal Mining	
Coal Mining	
NAMining	
Minerals Management	
Unallocated Items	
Total	

Asset information by segment is not discretely maintained for internal reporting or used in evaluating performance.

Item 2. - Management's Discussion and Analysis of Financial Condition and Results of Operations

(Amounts in thousands, except as noted and per share data)

Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based upon management's current expectations and are subject to various uncertainties and changes in circumstances. Important factors that could cause actual results to differ materially from those described in these forward-looking statements are set forth below under the heading "Forward-Looking Statements."

Management's Discussion and Analysis of Financial Condition and Results of Operations include NACCO Industries, Inc.® ("NACCO") and its wholly owned subsidiary, NACCO Natural Resources Corporation® (collectively, the "Company") ("NACCO Natural Resources"). NACCO Natural Resources brings natural resources to life by delivering aggregates, minerals, reliable fuels and environmental solutions through its robust business portfolio. The Company operates under three business segments: Coal Mining, North American Mining® ("NAMining") and Minerals Management. The Coal Mining segment operates surface coal mines for power generation companies. The NAMining segment is a trusted mining partner for producers of aggregates, activated carbon, lithium and other industrial minerals. The Minerals Management segment, which includes the Catapult Mineral Partners ("Catapult") business, acquires and promotes the development of mineral interests. Mitigation Resources of North America® ("Mitigation Resources") provides stream and wetland mitigation solutions as well as comprehensive reclamation and restoration construction services.

The Company has items not directly attributable to a reportable segment that are not included in the reported financial results of the operating segment. These items primarily include administrative costs related to public company reporting requirements, including management and board compensation, and the financial results of Bellaire Corporation ("Bellaire"), Mitigation Resources and other developing businesses. Bellaire manages the Company's long-term liabilities related to former Eastern U.S. underground mining activities.

All financial statement line items below operating profit (other income, including interest expense and interest income, the provision (benefit) for income taxes and net income) are presented and discussed within this Form 10-Q on a consolidated basis.

The Company's operating segments are further described below:

Coal Mining Segment

The Coal Mining segment operates surface coal mines under long-term contracts with power generation companies pursuant to a service-based business model. Coal is surface mined in North Dakota and Mississippi. Each mine is fully integrated with its customer's operations.

During the three and **six nine** months ended **June 30, 2024** **September 30, 2024**, the Coal Mining segment's operating coal mines were: The Coteau Properties Company ("Coteau"), Coyote Creek Mining Company, LLC ("Coyote Creek"), The Falkirk Mining Company ("Falkirk") and Mississippi Lignite Mining Company ("MLMC"). Each of these mines supply lignite coal for power generation and delivers its coal production to an adjacent power plant or synfuels plant under a long-term supply contract. While MLMC's coal supply contract contains a take or pay provision, the contract contains a force majeure provision that allows for the temporary suspension of the take or pay provision during the duration of certain specified events beyond the control of either party; all other coal supply contracts are requirements contracts. Certain coal supply contracts can be terminated early, which would result in a reduction to future earnings.

The MLMC contract is the only coal supply contract in which the Company is responsible for all operating costs, capital requirements and final mine reclamation; therefore, MLMC is consolidated within NACCO's financial statements. MLMC sells coal to its customer's Red Hills Power Plant at a contractually agreed-upon price which adjusts monthly, primarily based on changes in the level of established indices which reflect general U.S. inflation rates. Profitability at MLMC is affected by customer demand for coal and changes in the indices that determine sales price and actual costs incurred. As diesel fuel is heavily weighted among the indices used to determine the coal sales price, fluctuations in diesel fuel prices can result in significant fluctuations in earnings at MLMC. The Red Hills Power Plant supplies electricity to the Tennessee Valley Authority ("TVA") under a long-term power purchase agreement. MLMC's contract with its customer runs through April 1, 2032. TVA's power portfolio includes coal, nuclear, hydroelectric, natural gas and renewables. The decision regarding which power plants to dispatch is determined by TVA. Reduction in dispatch of the Red Hills Power Plant will result in reduced earnings at MLMC.

On December 18, 2023, MLMC received notice from its customer related to **an a** mechanical issue that began on December 15, 2023 and impacted one of two boilers at the Red Hills Power Plant. **This While this issue has been resolved, it** resulted in a reduction

in customer demand which had a

significant impact on the Company's results of operations during the first **six nine** months of 2024. Based on current expectations, repairs **The Company recognized income of \$13.6 million in the third quarter of 2024 related to business interruption insurance recoveries to partially offset losses related to the boiler will be resolved and the plant will be fully operational by fourth quarter 2024. outage.**

The Sabine Mining Company ("Sabine") operates the Sabine Mine in Texas. All production from Sabine was delivered to Southwestern Electric Power Company's ("SWEPCO") Henry W. Pirkey Plant (the "Pirkey Plant"). SWEPCO is an American Electric Power ("AEP") company. As a result of the early retirement of the Pirkey Plant, Sabine ceased deliveries and commenced final reclamation **began** on April 1, 2023. Funding for mine reclamation is the responsibility of SWEPCO, and Sabine receives compensation for providing mine reclamation services. Sabine will provide mine reclamation services through September 30, 2026. On October 1, 2026, SWEPCO is scheduled to acquire all of the capital stock of Sabine and complete the remaining mine reclamation.

At Coteau, Coyote Creek and Falkirk, the Company is paid a management fee per ton of coal or heating unit (MMBtu) delivered. Each contract specifies the indices and mechanics by which fees change over time, generally in line with broad measures of U.S. inflation. The customers are responsible for funding all mine operating costs, including final mine reclamation, and directly or indirectly providing all of the capital required to build and operate the mine. This contract structure eliminates exposure to spot coal market price fluctuations while providing income and cash flow with minimal capital investment. Other than at Coyote Creek, debt financing provided by or supported by the customers is without recourse to the Company. See Note 6 to the Unaudited Condensed Consolidated Financial Statements for further discussion of Coyote Creek's guarantees.

Coteau, Coyote Creek, Falkirk and Sabine each meet the definition of a variable interest entity ("VIE"). In each case, NACCO is not the primary beneficiary of the VIE as it does not exercise financial control; therefore, NACCO does not consolidate the results of these operations within its financial statements. Instead, these contracts are accounted for as equity method investments. The Company regularly evaluates if there are reconsideration events which could change the Company's conclusion as to whether these entities meet the definition of a VIE and the determination of the primary beneficiary. The income before income taxes associated with these VIEs is reported as Earnings of unconsolidated operations on the Unaudited Condensed Consolidated Statements of Operations and the Company's investment is reported on the line Investments in unconsolidated subsidiaries in the Unaudited Condensed Consolidated Balance Sheets. The mines that meet the definition of a VIE are referred to collectively as the "Unconsolidated Subsidiaries." For tax purposes, the Unconsolidated Subsidiaries are included within the NACCO consolidated U.S. tax return; therefore, the income tax provision (benefit) line on the Unaudited Condensed Consolidated Statements of Operations includes income taxes related to these entities. See Note 6 to the Unaudited Condensed Consolidated Financial Statements for further information on the Unconsolidated Subsidiaries.

The Company performs contemporaneous reclamation activities at each mine in the normal course of operations. Under all of the Unconsolidated Subsidiaries' contracts, the customer has the obligation to fund final mine reclamation activities. Under certain contracts, the Unconsolidated Subsidiary holds the mine permit and is therefore responsible for final mine reclamation activities. To the extent the Unconsolidated Subsidiary performs such final reclamation, it is compensated for providing those services in addition to receiving reimbursement from customers for costs incurred.

NAMining Segment

The NAMining segment provides value-added contract mining and other services for producers of industrial minerals. The segment is a platform for the Company's growth and diversification of mining activities outside of the thermal coal industry. NAMining provides contract mining services for independently owned mines and quarries, creating value for its customers by performing the mining aspects of its customers' operations. This allows customers to focus on their areas of expertise: materials handling and processing, product sales and distribution. As of **June 30, 2024** **September 30, 2024**, NAMining operates in Florida, Texas, Arkansas, Virginia and Nebraska. In addition, Sawtooth Mining, LLC ("Sawtooth") has exclusive responsibility for mining and mine closure services for the Thacker Pass lithium project in northern Nevada, including mine design, construction, operation and maintenance.

Certain of the entities within the NAMining segment are VIEs and are accounted for under the equity method as Unconsolidated Subsidiaries. See Note 6 to the Unaudited Condensed Consolidated Financial Statements for further discussion.

Minerals Management Segment

The Minerals Management segment derives income primarily by leasing its royalty and mineral interests to third-party exploration and production companies, and, to a lesser extent, other mining companies, granting them the rights to explore, develop, mine, produce, market and sell gas, oil, and coal in exchange for royalty payments based on the lessees' sales of those minerals.

The Minerals Management segment owns royalty interests, mineral interests, non-participating royalty interests and overriding royalty interests.

- Royalty Interest. Royalty interests generally result when the owner of a mineral interest leases the underlying minerals to an exploration and production company pursuant to an oil and gas lease. Typically, the resulting royalty interest is a cost-free percentage of production revenues for minerals extracted from the acreage. A holder of royalty interests is generally not responsible for capital expenditures or lease operating expenses, but royalty interests may be calculated net of post-production expenses, and typically have no environmental liability. Royalty interests leased to producers expire upon the expiration of the oil and gas lease and revert to the mineral owner.
- Mineral Interest. Mineral interests are perpetual rights of the owner to explore, develop, exploit, mine and/or produce any or all of the minerals lying below the surface of the property. The holder of a mineral interest has the right to lease the minerals to an exploration and production company. Upon the execution of an oil and gas lease, the lessee (the exploration and production company) becomes the working interest owner and the lessor (the mineral interest owner) has a royalty interest.
- Non-Participating Royalty Interest ("NPRI"). NPRI is an interest in oil and gas production which is created from the mineral estate. The NPRI is expense-free, bearing no operational costs of production. The term "non-participating" indicates that the interest owner does not share in the bonus, rentals from a lease, nor the right to participate in the execution of oil and gas leases. The NPRI owner does, however, typically receive royalty payments.
- Overriding Royalty Interest ("ORRI"). ORRIs are created by carving out the right to receive royalties from a working interest. Like royalty interests, ORRIs do not confer an obligation to make capital expenditures or pay for lease operating expenses and have limited environmental liability; however, ORRIs may be calculated net of post-production expenses, depending on how the ORRI is structured. ORRIs that are carved out of working interests are linked to the same underlying oil and gas lease that created the working interest, and therefore, such ORRIs are typically subject to expiration upon the expiration or termination of the oil and gas lease.

The Company may own more than one type of mineral and royalty interest in the same tract of land. For example, where the Company owns an ORRI in a lease on the same tract of land in which it owns a mineral interest, the ORRI in that tract will relate to the same gross acres as the mineral interest in that tract.

The Minerals Management segment will benefit from the continued development of its mineral properties without the need for investment of additional capital once mineral and royalty interests have been acquired. The Minerals Management segment does not currently have any material investments under which it would be required to bear the cost of exploration, production or development.

The Company's acquisition criteria for building a blended portfolio of mineral and royalty interests includes (i) new wells anticipated to come online within one to two years of investment, (ii) areas with forecasted future development within five years after acquisition and (iii) existing producing wells further along the decline curve that will generate stable cash flow. In addition, acquisitions should extend the geographic footprint to diversify across multiple basins with a preliminary focus on the more oil-rich Permian basin and a secondary focus on other diversifying basins to increase regional exposure. While the current focus is on the acquisition of mineral and royalty interests, the Company would also consider investments in ORRIs, NPRI or non-operating working interests under certain circumstances. The current acquisition strategy does not contemplate any near-term working interest investments in which the Company would act as the operator.

The Company also manages legacy royalty and mineral interests located in Ohio (Utica and Marcellus shale natural gas), Louisiana (Haynesville shale and Cotton Valley formation natural gas), Texas (Cotton Valley and Austin Chalk formation natural gas), Mississippi (coal), Pennsylvania (coal, coalbed methane and Marcellus shale natural gas), Alabama (coal, coalbed methane and natural gas) and North Dakota (coal, oil and natural gas). The majority of the Company's legacy reserves were acquired as part of its historical coal mining operations.

Government Regulation Update

In May 2024, the Environmental Protection Agency ("EPA") published the final rules for Greenhouse Gas ("GHG") emissions and Mercury Air Toxics Standards ("MATS") in the Federal Register. The final MATS and GHG rules will require compliance as early as 2027 and 2032, respectively. The Company is in the process of determining the implications of these rules.

Previous efforts by the EPA were met with extensive litigation and there has been a similar response to the new GHG and MATS rules.

State coalitions have filed lawsuits challenging both of these rules. Several other entities, including electric generators and industry groups, have joined the lawsuits. Stay In July 2024 and October 2024, stay motions are pending for the GHG and MATS rules were denied by the U.S. Court of Appeals for the District of Columbia Circuit (the "D.C. Circuit Court"), respectively. Following the D.C. Circuit Court denial, emergency stay motions were filed for the GHG and MATS rules with the Supreme Court of the United States ("SCOTUS"). In October 2024, the SCOTUS denied the stay applications for the GHG and MATS rules. The GHG and MATS cases will continue through the normal procedures in both lawsuits, the D.C. Circuit Court without stays in place. The Company cannot predict the full impact of the MATS and GHG rules on the operations of the coal-fired generation facilities operated by its customers.

Review of the newly established carbon dioxide emission guidelines for carbon dioxide emissions from existing coal-fired, steam generating electric generating units ("EGUs") indicate that the compliance deadline for coal-fired plants planning to install carbon capture and sequestration/storage technology has been extended to January 1, 2032 in order to operate beyond 2039. If a coal-fired plant intends to close prior to 2032, no controls will be required and if a plant plans to close between 2032 and 2039, they must begin co-firing with natural gas by January 1, 2030.

The MATS rules finalize changes for the filterable particulate matter surrogate emission standard for non-mercury metal hazardous air pollutants for existing coal-fired EGUs, the filterable particulate matter emission standard compliance demonstration requirements, and the mercury emission standard for lignite-fired EGUs. Review of the MATS rules indicate

that the EPA significantly reduced the fine particulate matter emission standard for all existing coal-fired EGUs and will require continuous monitoring equipment to demonstrate compliance. Furthermore, the EPA elected to remove the lignite subcategory for mercury limits and will require lignite-fired EGUs to meet the same standard as other types of coal.

Substantially all of the Coal Mining segment's profits are derived from long-term mining contracts. These new rules may raise the cost of fossil fuel generated energy, making coal-fired power plants less competitive, and/or result in early closure of the coal-fired EGUs operated by the Company's customers which could have an adverse impact on demand for coal and ultimately result in the early closure of the mines servicing these plants, including closure of the Company's coal mines. Any such The Company cannot predict the full impact of the MATS and GHG rules on the operations of the coal-fired EGUs operated by its customers and any early closure of the Company's mines could have a material adverse effect on the Company's business, financial condition and results of operations.

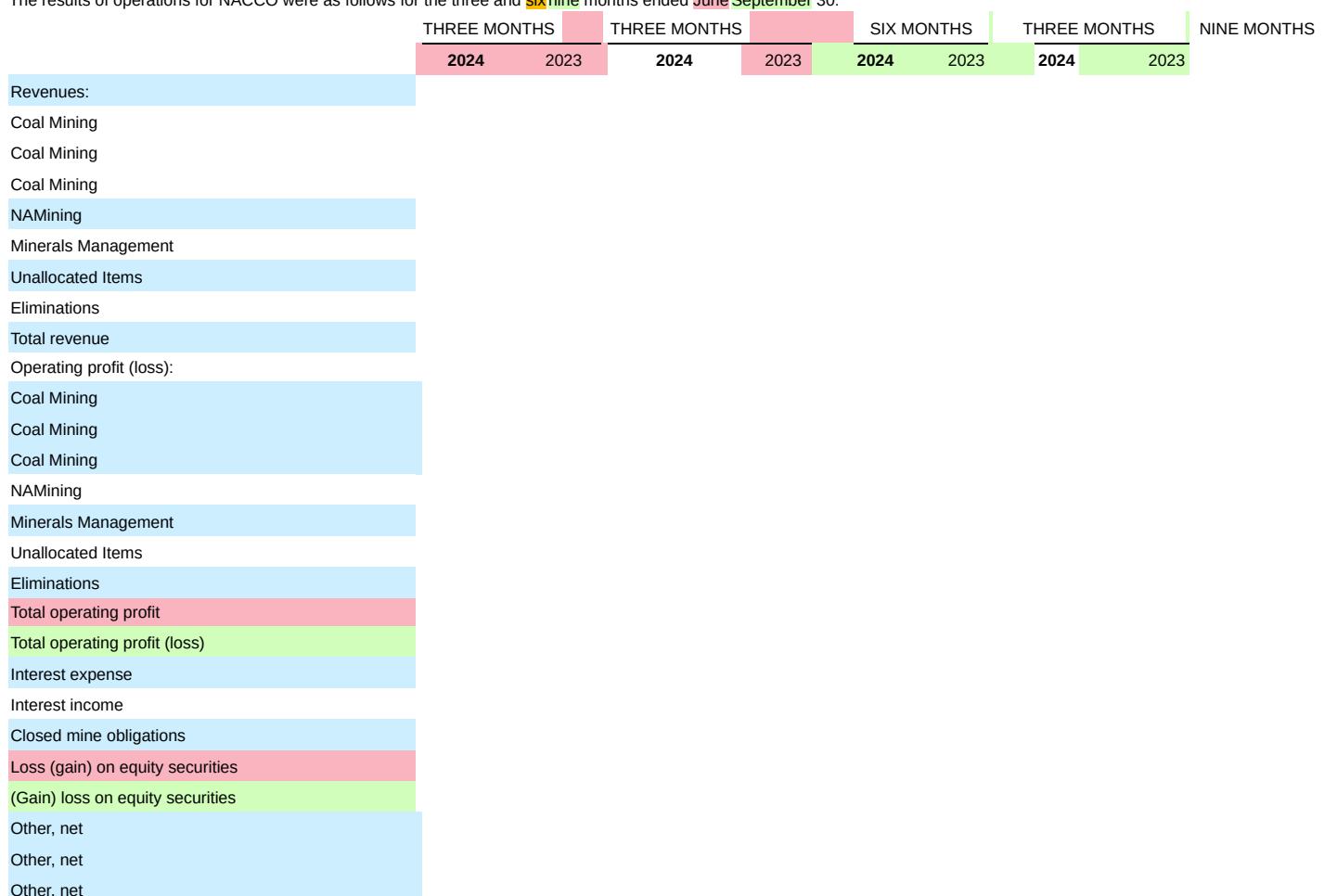
The EPA promulgated a regional haze program designed to protect and to improve visibility at and around Class I Areas, which are generally National Parks, National Wilderness Areas and International Parks. State implementation of the EPA's Regional Haze Rule could require Coyote Creek's customers to incur significant new costs at the Coyote Station power plant, which could result in the premature closure of the power plant and the Coyote Creek mine. The North Dakota Department of Environmental Quality ("NDDEQ") finalized its state implementation plan and submitted it to the EPA for approval in August 2022. The NDDEQ determined that visibility progress was being made and did not require significant emissions controls at Coyote Station power plant. Notwithstanding NDDEQ's determination, the EPA may require additional costly emission controls and it may not be economically feasible for Coyote Creek's customers to invest in such equipment, which could result in early retirement of Coyote Station and the Coyote Creek mine. In July 2024, the EPA issued a proposed partial denial of the state implementation plan. The Company plans to submit submitted comments to the EPA on the proposed partial denial denial during the third quarter of 2024.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Refer to the discussion of the Company's Critical Accounting Policies and Estimates as disclosed on pages 52 through 53 in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. The Company's Critical Accounting Policies and Estimates have not materially changed since December 31, 2023.

CONSOLIDATED FINANCIAL SUMMARY

The results of operations for NACCO were as follows for the three and six nine months ended June September 30:



Other expense (income), net												
Income before income tax provision (benefit)												
Income (loss) before income tax provision (benefit)												
Income tax provision (benefit)												
Net income												
Net income (loss)												
Effective income tax rate												
Effective income tax rate												
Effective income tax rate	4.1	%	22.6	%	10.7	%	(7.7)	%	18.3	%	34.5	%
	15.4	%	(146.8)	%								

The components of the change in revenues and operating profit are discussed below in "Segment Results."

Second Third Quarter of 2024 Compared with Second Third Quarter of 2023, and First Six Nine Months of 2024 Compared with First Six Nine Months of 2023

Other expense (income), net

Interest expense increased in the second third quarter of 2024 and the first six nine months of 2024 compared with the respective 2023 periods due to higher average borrowings as well as an increase in interest rates.

Interest income decreased in the second third quarter of 2024 and the first six nine months of 2024 compared with the respective 2023 periods due to lower earnings on reduced cash balances.

Loss (gain) (Gain) loss on equity securities represents changes in the market price of invested assets reported at fair value. The change in the second third quarter of 2024 and the first six nine months of 2024 compared with the respective 2023 periods was due to fluctuations in the market prices of the exchange-traded equity securities. See Note 5 to the Unaudited Condensed Consolidated Financial Statements for further discussion of equity securities.

On December 1, 2022, the Company transferred its ownership interest in Midwest AgEnergy Group, LLC ("MAG"), a North Dakota-based ethanol business to HLCP Ethanol Holdco, LLC ("HLCP"). The Company received a payment of \$1.2 million in the first quarter of 2023 in connection with a post-closing purchase price adjustment, which is included on the line Other, net within the accompanying Unaudited Condensed Consolidated Statements of Operations.

Income Taxes

The Company evaluates and updates its estimated annual effective income tax rate on a quarterly basis based on current and forecasted operating results and tax laws. Consequently, based upon the mix and timing of actual earnings compared to projections of earnings between entities that benefit from percentage depletion and those that do not, the effective tax rate may vary quarterly and may make quarterly comparisons not meaningful. The benefit of percentage depletion is not directly related to the amount of consolidated pre-tax income recorded in a period. Accordingly, in periods where income before tax is relatively small, the proportional effect of the benefit from percentage depletion on the effective tax rate may be significant. In addition, as a result of a forecasted full-year 2023 loss before income tax as of **June 30, 2023** **September 30, 2023**, the effect of the benefit from percentage depletion resulted in a negative forecasted effective tax rate. Each quarter, the Company updates its estimate of the annual effective tax rate, and the cumulative impact of the change in the estimated annual tax rate is recorded, which can additionally make quarterly comparisons not meaningful.

LIQUIDITY AND CAPITAL RESOURCES OF NACCO

Cash Flows

The following tables detail NACCO's changes in cash flow for the six nine months ended **June** **September 30**:

	2024	2023	Change	2024	2023	Change
Operating activities:				Operating activities:		
Net cash (used for) provided by operating activities						
Net cash (used for) provided by operating activities						
Net cash (used for) provided by operating activities						
Investing activities:						
Investing activities:						
Investing activities:						
Expenditures for property, plant and equipment and acquisition of mineral interests						
Other						
Net cash used for investing activities						
Cash flow before financing activities						

The **\$29.0 million** **\$65.9 million** change in net cash (used for) provided by operating activities was primarily due to a net unfavorable change in working capital which as well as a decrease in net income adjusted for non-cash items, primarily the **\$13.6 million** receivable related to business interruption insurance recoveries at MLMC. The unfavorable change in working capital was mainly the result of:

- An increase in Other current assets during the first **six** **nine** months of 2024 compared with a modest increase in the first **six** **nine** months of 2023. The change in Other current assets was mainly due to an increase in vendor deposits.
- An increase in **Inventory** **coal and mining supplies** **inventory** during the first **six** **nine** months of 2024 compared with a decrease in the first **six** **nine** months of 2023, primarily due to an increase in mining supplies. **2023**.
- A reduction **modest increase** in the **Federal income tax** **Trade accounts** receivable during the first **six** months of 2023 that did not reoccur in the first **six** months of 2024.

These unfavorable changes were partially offset by a decrease in **Trade accounts receivable** and **Accounts receivable from affiliates** during the first **six** **nine** months of 2024 compared with **increases** a decrease in the first **six** **nine** months of 2023. The 2023 **increase** decrease in **Trade accounts receivable** was due to a delay in payments by a **customer**. The **change** customer from December 31, 2022.

- A modest decrease in **Accounts receivable from affiliates** **is payable** during the first **nine** months of 2024 compared with an increase in the first **nine** months of 2023. The increase in 2023 **accounts payable** was primarily **attributable** due to equipment acquired for the **amount** and **timing** of payments from **unconsolidated subsidiaries**. **Thacker Pass lithium project**.

In addition, the Company entered into an Accounts Receivable Financing Program with a third-party banking institution on March 14, 2024 for the sale of certain accounts receivables. Accounts receivable sold under the Accounts Receivable Financing Program for the three and **six** **nine** months ended **June 30, 2024** **September 30, 2024** were **\$11.0 million** **\$16.6 million** and **\$17.1 million** **\$33.7 million**, respectively. The net proceeds received were included in Net cash (used for) provided by operating activities in the Unaudited Condensed Consolidated Statements of Cash Flows.

	2024	2023	Change
Financing activities:			
Net additions (reductions) to long-term debt and revolving credit agreement	\$ 17,090	\$ (1,130)	\$ 18,220
Cash dividends paid	(3,306)	(3,190)	(116)
Purchase of treasury shares	(7,559)	—	(7,559)
Net cash provided by (used for) financing activities	\$ 6,225	\$ (4,320)	\$ 10,545

	2024	2023	Change
Financing activities:			
Net additions (reductions) to long-term debt and revolving credit agreements	\$ 26,417	\$ (2,396)	\$ 28,813
Cash dividends paid	(4,964)	(4,826)	(138)
Purchase of treasury shares	(9,576)	(824)	(8,752)
Net cash provided by (used for) financing activities	\$ 11,877	\$ (8,046)	\$ 19,923

The change in net cash provided by (used for) financing activities was primarily due to additions in debt borrowings during the first **six** **nine** months of 2024 compared with reductions during the first **six** **nine** months of 2023, partially offset by an increase in share repurchases during the first **six** **nine** months of 2024.

Cash held by 1031 exchange facilitator

The Company has cash proceeds from the sale of assets held by a qualified intermediary to facilitate tax-deferred exchange transactions under Section 1031 of the Internal Revenue Code. In **May** the first **nine** months of 2024, the Company sold land for \$7.0 million and recognized a \$4.5 million gain in the Minerals Management segment. The Company structured this transaction in a manner that qualified as a like-kind exchange pursuant to Section 1031 of the Internal Revenue Code. The net proceeds are being held in escrow by a third-party intermediary until the Company purchases replacement property is purchased. property. A \$0.3 million total of \$1.7 million in property related to this like-kind exchange was acquired in **June** during the first **nine** months of 2024. The Company had **\$6.7 million** **\$5.3 million** and \$0.0 million of restricted cash at **June 30, 2024** **September 30, 2024** and December 31, 2023, respectively, which is reported on the line Cash held by 1031 exchange facilitator in the Unaudited Condensed Consolidated Balance Sheets. The Company is evaluating other acquisitions which, if executed, could utilize some or all of the remaining restricted cash.

Financing Activities

In September 2024, NACCO Natural Resources Corporation ("NACCO Natural Resources"), maintains a amended its secured revolving line of credit of up to \$150.0 million increase the revolving credit commitments to \$200.0 million (the "Facility") that expires in November 2025, and extend the maturity to September 2028. Borrowings outstanding under the Facility were **\$27.5** **\$37.2 million** at **June 30, 2024** **September 30, 2024**. At **June 30, 2024** **September 30, 2024**, the excess availability under the Facility was **\$89.4 million** **\$130.9 million**, which reflects a reduction for outstanding letters of credit of **\$33.1 million** **\$31.9 million**.

NACCO has not guaranteed any borrowings of NACCO Natural Resources. The Facility allows for the payment to NACCO of dividends and advances under certain circumstances. Dividends (to the extent permitted by the Facility) and management fees are the primary sources of cash for NACCO and enable the Company to pay dividends to stockholders and

repurchase shares.

The Facility has performance-based pricing, which sets interest rates based upon NACCO Natural Resources achieving various levels of debt to EBITDA ratios, as defined in the Facility. Borrowings bear interest at a floating rate plus a margin based on the level of debt to EBITDA ratio achieved. The applicable margins, effective **June 30, 2024** **September 30, 2024**, for base rate and **Term** SOFR loans were **1.23%** **1.75%** and **2.23%** **2.75%**, respectively. The Facility has a commitment fee which is based upon achieving various levels of debt to EBITDA ratios. The commitment fee was **0.34%** **0.45%** on the unused commitment at **June 30, 2024** **September 30, 2024**. During the three and **six** **nine** months ended **June 30, 2024** **September 30, 2024**, the average borrowing under the Facility was **\$23.0 million** **\$28.2 million** and **\$18.2 million** **\$21.5 million**, respectively, and the weighted-average annual interest rate was **9.73%** during both periods, **8.63%** and **9.27%**, respectively.

The Facility contains restrictive covenants, which require, among other things, NACCO Natural Resources to maintain a maximum net debt to EBITDA ratio of 2.75 to 1.00 and an interest coverage ratio of not less than 4.00 to 1.00. The Facility provides the ability to make loans, dividends and advances to NACCO, with some restrictions based on maintaining a maximum debt to EBITDA ratio of 1.50 to 1.00, or if greater than 1.50 to 1.00, a Fixed Charge Coverage Ratio of 1.10 to 1.00, in conjunction with maintaining unused availability thresholds of borrowing capacity, as defined in the Facility, of **\$15.0 million** **1.00**. At **June 30, 2024** **September 30, 2024**, NACCO Natural Resources was in compliance with all financial covenants in the Facility.

The obligations under the Facility are guaranteed by certain of NACCO Natural Resources' direct and indirect, existing and future domestic subsidiaries, and is secured by certain assets of NACCO Natural Resources and the guarantors, subject to customary exceptions and limitations.

The Company believes funds available from cash on hand, the Facility and operating cash flows will provide sufficient liquidity to meet its operating needs and commitments arising during the next twelve months and until the expiration of the Facility in **November 2025** **September 2028**.

Expenditures for property, plant and equipment and mineral interests

Expenditures for property, plant and equipment and mineral interests were **\$22.4 million** **\$30.7 million** during the first **six** **nine** months of 2024, primarily for **equipment at the acquisition of NAMining and Coal Mining segments as well as land at Mitigation Resources and equipment at NAMining Resources**. Planned expenditures for the remainder of 2024 are expected to be approximately **\$9 million** **\$4 million** in the Coal Mining segment, **\$12 million** in the NAMining segment, **\$20 million** in the Minerals Management segment and **\$3 million** **\$2 million** in Unallocated Items. Planned expenditures in 2025 are expected to be approximately **\$48 million**.

Expenditures are expected to be funded from internally generated funds and/or bank borrowings.

Capital Structure

NACCO's consolidated capital structure is presented below:

	JUNE 30			DECEMBER 31			SEPTEMBER 30			DECEMBER 31		
	2024	2023	Change		2024	2023	Change		2024	2023	Change	
Cash and cash equivalents												
Other net tangible assets												
Intangible assets, net												
Net assets												
Total debt												
Bellaire closed mine obligations												
Total equity												
Debt to total capitalization	Debt to total capitalization	14%	9%	5%	Debt to total capitalization	15%	9%	6%				

The increase in other net tangible assets at **June 30, 2024** **September 30, 2024** compared with December 31, 2023 was mainly the result of increases in Property, plant and equipment, **Inventory** and **Other current assets and Prepaid insurance** during the first **six** **nine** months of 2024. The increase in **other** **Inventory** was mainly due to **higher coal and mining supplies inventory**. The increase in **Other** **current assets** is primarily due to **\$6.7 million** of cash held by a qualified intermediary to facilitate tax-deferred exchange transactions under Section 1031 of the Internal Revenue Code and **\$5.7 million** **\$7.8 million** in vendor deposits. The **\$13.6 million** receivable related to business interruption insurance recoveries at MLMC also contributed to the change in other net tangible assets.

Contractual Obligations, Contingent Liabilities and Commitments

Since December 31, 2023, other than the changes identified above, there have been no significant changes in the total amount of NACCO's contractual obligations, contingent liabilities or commercial commitments, or the timing of cash flows in accordance with those obligations as reported on page 58 in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. See Note 6 to the Unaudited Condensed Consolidated Financial Statements for a discussion of certain guarantees related to Coyote Creek.

SEGMENT RESULTS

COAL MINING SEGMENT

FINANCIAL REVIEW

Tons of coal delivered by the Coal Mining segment were as follows for the three and **six** **nine** months ended **June** **September** 30:

	THREE MONTHS		THREE MONTHS		SIX MONTHS		THREE MONTHS		NINE MONTHS
	2024	2023	2024	2023	2024	2023	2024	2023	
Unconsolidated operations									
Consolidated operations									
Total tons delivered									

The results of operations for the Coal Mining segment were as follows for the three and **six** **nine** months ended **June** **September** 30:

	THREE MONTHS		SIX MONTHS	
	2024		2023	
	\$	2024	\$	2023
Revenues	\$	14,996	\$	26,343
Cost of sales		16,138		33,269
Gross loss		(1,142)		(6,926)
Earnings of unconsolidated operations ^(a)		12,006		9,962
Selling, general and administrative expenses		8,060		6,716
Amortization of intangible assets		116		927
(Gain) loss on sale of assets		(79)		68
Operating profit (loss)	\$	2,767	\$	(4,675)
			\$	2,350
			\$	(4,362)

	THREE MONTHS		NINE MONTHS	
	2024		2023	
	\$	2024	\$	2023
Revenues	\$	17,706	\$	18,665
Cost of sales		18,054		26,819
Gross loss		(348)		(8,154)
Earnings of unconsolidated operations ^(a)		13,821		11,259
Business interruption insurance recoveries		13,612		—
Selling, general and administrative expenses		7,014		7,160
Amortization of intangible assets		131		642
Loss (gain) on sale of assets		2		—
Operating profit (loss)	\$	19,938	\$	(4,697)
			\$	22,288
			\$	(9,059)

^(a) See Note 6 to the Unaudited Condensed Consolidated Financial Statements for a discussion of the Company's unconsolidated subsidiaries, including summarized financial information.

Second **Third** Quarter of 2024 Compared with Second **Third** Quarter of 2023

Revenues decreased **43.1%** **5.1%** in the **second** **third** quarter of 2024 compared with the **second** **third** quarter of 2023 primarily due to a reduction in customer requirements at MLMC as a result of **an ongoing** **a mechanical issue** that impacted one of two boilers at the Red Hills Power Plant.

The following table identifies the components of change in Operating profit (loss) for the **second** **third** quarter of 2024 compared with the **second** **third** quarter of 2023:

	Operating Profit (Loss)	Operating Profit (Loss)
2023		
Increase (decrease) from:		
Gross loss		
Gross loss		
Business interruption insurance recoveries		
Business interruption insurance recoveries		
Business interruption insurance recoveries		

Gross loss	
Earnings of unconsolidated operations	
Amortization of intangibles	
Gain on sale of assets	
Selling, general and administrative expenses	
Loss on sale of assets	

2024

Operating profit (loss) changed favorably improved by \$7.4 million \$24.6 million in the second third quarter of 2024 compared with the second third quarter of 2023 primarily due to MLMC's business interruption insurance recoveries for the issue at the Red Hills Power Plant, a decrease in the gross loss and an increase in earnings of unconsolidated operations.

The reduction in revenues at MLMC was offset by lower cost of goods sold, resulting in a favorable change to the gross loss during the third quarter of 2024 compared with the third quarter of 2023. The reduction in cost of goods sold was primarily attributable to increased operating efficiencies due to the completion of the move to a new mine area in 2023 and improved mining conditions in the third quarter of 2024 compared to the prior period. Changes in the level of coal inventory and costs capitalized into inventory also contributed to the improvement as the decrease in demand resulted in an increase in the coal stockpile and more costs capitalized into inventory during the third quarter of 2024. In addition, the gross loss in the third quarter of 2024 and 2023 included \$1.0 million and \$2.4 million of inventory impairment charges, respectively, to write down MLMC's coal inventory to its net realizable value.

The increase in earnings of unconsolidated operations was primarily due to a higher per ton management fee beginning in June 2024 when temporary price concessions ended at Falkirk. Improved results at Coteau also contributed to the increase in earnings of unconsolidated operations.

First Nine Months of 2024 Compared with First Nine Months of 2023

Revenues decreased 26.5% in the first nine months of 2024 compared with the first nine months of 2023 primarily due to a reduction in customer requirements at MLMC as a result of a mechanical issue that impacted one of two boilers at the Red Hills Power Plant.

The following table identifies the components of change in Operating profit (loss) for the first nine months of 2024 compared with the first nine months of 2023:

	Operating Profit (Loss)
2023	\$ (9,059)
Increase (decrease) from:	
Business interruption insurance recoveries	13,612
Gross loss	13,417
Earnings of unconsolidated operations	4,147
Amortization of intangibles	1,923
Selling, general and administrative expenses	(1,671)
Gain on sale of assets	(81)
2024	<hr/> \$ 22,288

Operating profit (loss) improved by \$31.3 million in the first nine months of 2024 compared with the first nine months of 2023 primarily due to MLMC's business interruption insurance recoveries for the issue at the Red Hills Power Plant, a decrease in the gross loss, an increase in earnings of unconsolidated operations and a decrease in amortization of intangibles. These favorable changes were partially offset by an increase in selling, general and administrative expenses primarily due to higher employee-related costs.

The reduction in revenues at MLMC was offset by lower cost of goods sold, resulting in a decrease in the gross loss during the second quarter of 2024 compared with the second quarter of 2023. The reduction in cost of goods sold was primarily attributable to increased operating efficiencies due to the completion of the move to a new mine area in 2023 and improved mining conditions in the second quarter of 2024 compared to the prior period. Changes in the level of coal inventory and costs capitalized into inventory also contributed to the improvement as the decrease in demand resulted in an increase in the coal stockpile and an increase in costs capitalized into inventory during the second quarter of 2024. Cost of sales in the second quarter of 2023 was higher as the coal stockpile was reduced during the move to a new mine area and prior period production costs were recognized into income. In addition, gross loss in the second quarter of 2024 and 2023 included \$0.7 million and \$1.8 million of inventory impairment charges, respectively, to write down MLMC's coal inventory to its net realizable value.

The increase in earnings of unconsolidated operations was primarily due to an increase in customer demand at Falkirk as well as a higher per ton management fee beginning in June 2024 when temporary price concessions ended. Improved results at Sabine also contributed to the increase in earnings of unconsolidated operations.

First Six Months of 2024 Compared with First Six Months of 2023

Revenues decreased 35.0% in the first **six** **nine** months of 2024 compared with the first **six** months of 2023 primarily due to a reduction in customer requirements at MLMC as a result of an ongoing issue that impacted one of two boilers at the Red Hills Power Plant.

The following table identifies the components of change in Operating profit (loss) for the first **six** months of 2024 compared with the first **six** months of 2023:

	Operating Profit (Loss)
2023	\$ (4,362)
Increase (decrease) from:	
Gross loss	5,611
Earnings of unconsolidated operations	1,585
Amortization of intangibles	1,412
Selling, general and administrative expenses	(1,817)
Gain on sale of assets	(79)
2024	<u><u>\$ 2,350</u></u>

Operating profit (loss) changed favorably by \$6.7 million in the first **six** months of 2024 compared with the first **six** months of 2023 primarily due to a decrease in gross loss and an increase in earnings of unconsolidated operations. These favorable changes were partially offset by an increase in selling, general and administrative expenses primarily due to higher employee-related costs.

The reduction in revenues at MLMC was offset by lower cost of goods sold, resulting in a decrease in gross loss during the first **six** months of 2024 compared with the first **six** **nine** months of 2023. The reduction in cost of goods sold was primarily attributable to increased operating efficiencies due to the completion of the move to a new mine area in 2023 and improved mining conditions in the first **six** **nine** months of 2024 compared to the prior period. Changes in the level of coal inventory and costs capitalized into inventory also contributed to the improvement as the decrease in demand resulted in an increase in the coal stockpile and an increase in more costs capitalized into inventory during the first **six** **nine** months of 2024. Cost of sales in the first **six** months of 2023 was higher as the coal stockpile was reduced during the move to a new mine area and prior period production costs were recognized into income. In addition, the gross loss in the first **six** **nine** months of 2024 and 2023 included \$3.1 million \$4.1 million and \$4.2 million \$6.6 million of inventory impairment charges, respectively, to write down MLMC's coal inventory to its net realizable value.

The increase in earnings of unconsolidated operations was primarily due to an increase in customer demand at Falkirk as well as a higher per ton management fee beginning in June 2024 when temporary price concessions ended. Improved results at Sabine Coteau also contributed to the increase in earnings of unconsolidated operations.

NORTH AMERICAN MINING ("NAMining") SEGMENT

FINANCIAL REVIEW

Tons delivered by the NAMining segment were as follows for the three and **six** **nine** months ended **June** **September** 30:

THREE MONTHS			THREE MONTHS			SIX MONTHS			THREE MONTHS			NINE MONTHS
	2024	2023		2024	2023		2024	2023		2024	2023	
Total tons delivered												
Total tons delivered												
Total tons delivered												

The results of operations for the NAMining segment were as follows for the three and **six** **nine** months ended **June** **September** 30:

	THREE MONTHS		SIX MONTHS	
	2024	2023	2024	2023
Total revenues	\$ 27,920	\$ 21,716	\$ 52,403	\$ 42,349
Reimbursable costs	16,043	12,656	28,898	24,749
Revenues excluding reimbursable costs	<u><u>\$ 11,877</u></u>	<u><u>\$ 9,060</u></u>	<u><u>\$ 23,505</u></u>	<u><u>\$ 17,600</u></u>
Total revenues	\$ 27,920	\$ 21,716	\$ 52,403	\$ 42,349
Cost of sales	24,254	18,884	45,925	38,125
Gross profit	3,666	2,832	6,478	4,224
Earnings of unconsolidated operations ^(a)	1,448	1,122	2,813	2,480

Selling, general and administrative expenses	2,030	1,740	3,853	3,660
Gain on sale of assets	(1)	—	(2)	—
Operating profit	\$ 3,085	\$ 2,214	\$ 5,440	\$ 3,044

	THREE MONTHS		NINE MONTHS	
	2024	2023	2024	2023
Total revenues	\$ 32,326	\$ 21,722	\$ 84,729	\$ 64,071
Reimbursable costs	21,922	13,339	50,819	38,088
Revenues excluding reimbursable costs	\$ 10,404	\$ 8,383	\$ 33,910	\$ 25,983
Total revenues	\$ 32,326	\$ 21,722	\$ 84,729	\$ 64,071
Cost of sales	31,379	20,286	77,304	58,411
Gross profit	947	1,436	7,425	5,660
Earnings of unconsolidated operations ^(a)	1,122	1,495	3,935	3,975
Selling, general and administrative expenses	2,843	2,065	6,696	5,725
Gain on sale of assets	(300)	—	(302)	—
Operating (loss) profit	\$ (474)	\$ 866	\$ 4,966	\$ 3,910

^(a) See Note 6 to the Unaudited Condensed Consolidated Financial Statements for a discussion of the Company's unconsolidated subsidiaries, including summarized financial information.

Second Third Quarter of 2024 Compared with Second Third Quarter of 2023

Total revenues increased 28.6% 48.8% in the second third quarter of 2024 compared with the second third quarter of 2023, primarily due to an increase in reimbursable costs, which have an offsetting amount in cost of sales and have no impact on operating gross profit. An increase in demand Revenues excluding reimbursable costs increased 24.1% mainly due to favorable pricing and delivery mix at the consolidated quarries also contributed limestone quarries. This increase was partially offset by a reduction in tons delivered primarily due to an increase in planned customer outages and significant rain events in Florida during the improvement in total revenues, third quarter of 2024.

The following table identifies the components of change in Operating (loss) profit for the second third quarter of 2024 compared with the second third quarter of 2023:

	Operating Profit	Operating (Loss) Profit
2023		
Increase (decrease) from:		
Gross profit		
Gross profit		
Selling, general and administrative expenses		
Selling, general and administrative expenses		
Selling, general and administrative expenses		
Gross profit		
Earnings of unconsolidated operations		
Gain on sale of assets		
Selling, general and administrative expenses		
2024		

Operating (loss) profit increased \$0.9 million decreased \$1.3 million in the second third quarter of 2024 compared with the second third quarter of 2023 primarily due to an increase in selling, general and administrative expenses and a decrease in gross profit. This improvement The increase in selling, general and administrative expenses was mainly the result of favorable pricing and improved margins at the limestone quarries resulting a \$0.9 million charge to establish an allowance against a receivable from mutually beneficial contract amendments. A new 15-year contract to mine phosphate at a quarry in central Florida also contributed to the increase one of NAMining's customers. The decrease in gross profit. These improvements were partially offset by profit was primarily due to higher employee-related supply expenses and labor-related costs.

First Six Nine Months of 2024 Compared with First Six Nine Months of 2023

Total revenues increased 23.7% 32.2% in the first six nine months of 2024 compared with the first six nine months of 2023 primarily due to an increase in demand at the consolidated quarries. An increase in reimbursable costs, which have an offsetting amount in cost of sales and have no impact on operating profit, also contributed gross profit. Revenues excluding reimbursable costs increased 30.5% mainly due to favorable pricing at the improvement consolidated limestone quarries and an increase in total revenues, the scope of work at Sawtooth.

The following table identifies the components of change in Operating profit for the first **six** **nine** months of 2024 compared with the first **six** **nine** months of 2023:

	Operating Profit	Operating Profit
2023		
Increase (decrease) from:		
Gross profit		
Gross profit		
Gross profit		
Earnings of unconsolidated operations		
Gain on sale of assets		
Selling, general and administrative expenses		
Earnings of unconsolidated operations		
2024		

Operating profit increased **\$2.4 million** **\$1.1 million** in the first **six** **nine** months of 2024 compared with the first **six** **nine** months of 2023 primarily due to an increase in gross profit. This improvement was mainly the result of an increase in the scope of work at Sawtooth and favorable pricing and improved margins at the consolidated limestone quarries resulting from mutually beneficial contract amendments. A new phosphate contract also contributed to the increase in gross profit. These improvements were partially offset by higher employee-related costs, an increase in selling, general and administrative expenses as a result of a \$0.9 million charge to establish an allowance against a receivable from one of NAMining's customers.

MINERALS MANAGEMENT SEGMENT

FINANCIAL REVIEW

The following table sets forth the Company's estimate of the number of gross and net productive wells:

	June 30, 2024			June 30, 2023			September 30, 2024			September 30, 2023					
	Gross		Net	Gross		Net	Gross		Net	Gross		Net	Gross		Net
	Oil	Natural Gas		Oil	Natural Gas		Oil	Natural Gas		Oil	Natural Gas		Oil	Natural Gas	
Oil	1,719			18.2			1,179			3.0	Oil	1,836	5.9	1,164	3.4
Natural Gas	267			4.0			240			12.0	Natural Gas	292	16.9	245	12.3
Total	Total			22.2			1,419			15.0	Total	2,128	22.8	1,409	15.7

Gross wells are the total wells in which an interest is owned. Net wells are calculated based on the Company's net royalty interest, factoring in both ownership percentage of gross wells and royalty rate.

Oil and natural gas prices have been historically volatile and may continue to be volatile in the future. The table below demonstrates volatility with the average prices as reported by the United States Energy Information Administration for the three and **six** **nine** months ended **June** **September** 30:

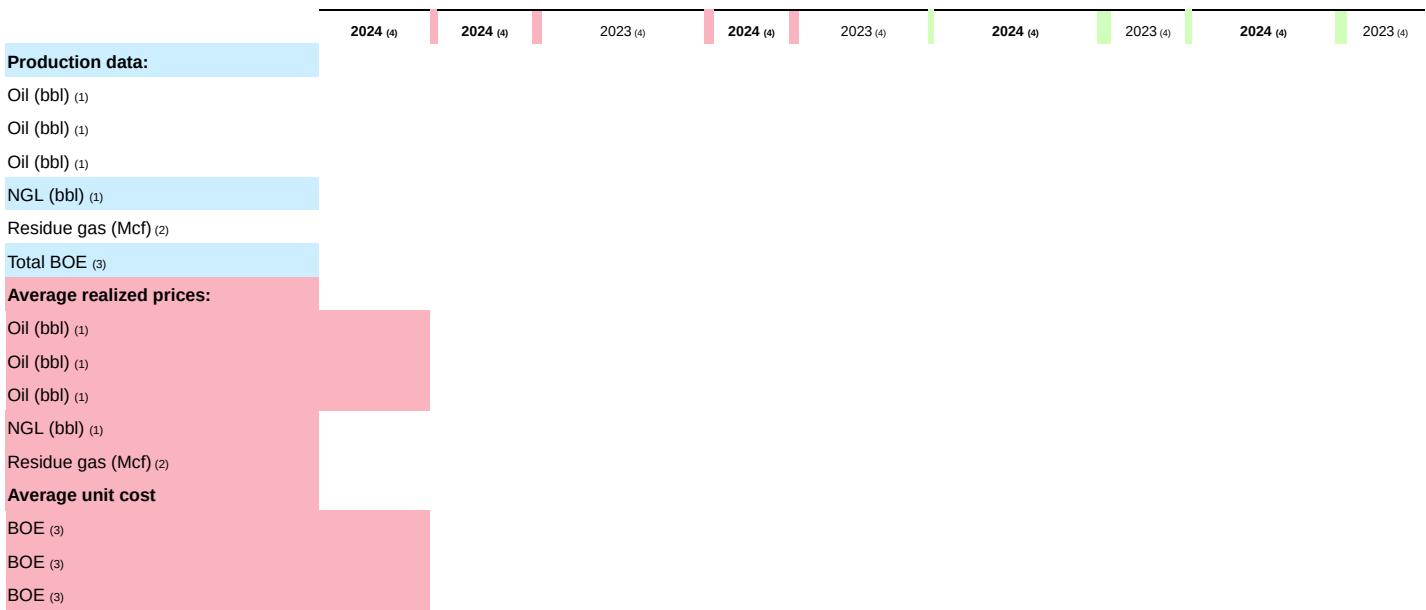
	THREE MONTHS		THREE MONTHS		SIX MONTHS		THREE MONTHS		NINE MONTHS	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
West Texas Intermediate Average Crude Oil Price										

Henry Hub Average Natural Gas Price

These indicated prices do not necessarily reflect the contract terms for the Company's sales. As an owner of royalty and mineral interests, the Company's access to information concerning activity and operations of its royalty and mineral interests is limited. The Company does not have information that would be available to a company with working interests in oil and natural gas operations because detailed information is not generally available to owners of royalty and mineral interests.

The following table sets forth the estimated oil and natural gas production data related to the Company's mineral and royalty interests as well as certain price and cost information for the three and **six** **nine** months ended **June** **September** 30:

THREE MONTHS	THREE MONTHS	SIX MONTHS	THREE MONTHS	NINE MONTHS
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(1) Bbl. One stock tank barrel, or 42 U.S. gallons liquid volume.

(2) Mcf. One thousand cubic feet of natural gas at the contractual pressure and temperature bases.

(3) BOE. Barrel of Oil Equivalent, a conversion factor of 6 MCF of gas was used for 1 equivalent bbl of oil.

(4) As an owner of mineral and royalty interests, the Company's access to information concerning activity and operations of its royalty and mineral interests is limited. As a result, the Company estimated **May** **August** and **June** **September** 2024 data with volumes projected from prior well production and pricing based on public pricing data adjusted for expense information. **production.**

The results of operations for the Minerals Management segment were as follows for the three and **six** **nine** months ended **June** **September** 30:



Selling, general and administrative expenses
Gain on sale of assets
Selling, general and administrative expenses
Selling, general and administrative expenses
(Gain) loss on sale of assets
(Gain) loss on sale of assets
(Gain) loss on sale of assets
Operating profit
Operating profit
Operating profit

Revenues and gross operating profit decreased increased in the second third quarter of 2024 and the first six nine months of 2024 compared with the respective 2023 periods, primarily due to substantially lower an increase in oil and natural gas and revenue as a result of higher production volumes. Increased oil prices and changes production volumes are mainly related to an acquisition that closed during the fourth quarter of 2023. These improvements were partially offset by a reduction in pricing estimates. The second quarter other revenues, primarily coal royalty income. In addition, revenues during the first nine months of 2023 included \$1.4 million of settlement income related to the Company's ownership interest in certain mineral rights.

income. Operating profit increased in the second quarter of 2024 and the first six nine months of 2024 as the Company recognized included a \$4.5 million gain on the sale of land related to legacy operations.

UNALLOCATED ITEMS AND ELIMINATIONS

FINANCIAL REVIEW

Unallocated Items and Eliminations were as follows for the three and six nine months ended June September 30:

	THREE MONTHS		THREE MONTHS		SIX MONTHS		THREE MONTHS		NINE MONTHS	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Operating loss										

The operating loss in the second third quarter and of 2024 was comparable to the third quarter of 2023. The operating loss in the first six nine months of 2024 increased compared with the respective 2023 periods period due to higher operating expenses at Mitigation Resources and higher employee-related costs. Resources.

NACCO Industries, Inc. Outlook

Coal Mining Outlook

Coal deliveries The prior-year fourth-quarter results included a \$60.8 million pre-tax impairment charge. Comparisons in this section exclude the second half effect of 2024 are expected to increase over 2023 levels as higher deliveries at Coteau and Falkirk are partly offset by fewer deliveries at MLMC. The decrease in MLMC deliveries is due to the previously mentioned boiler issue. Coal Mining segment full-year 2024 deliveries are expected to be comparable to 2023, this charge.

Excluding the \$60.8 million impairment charge taken The Company anticipates significant year-over-year increases in fourth-quarter 2023, Coal Mining operating profit and Segment Adjusted EBITDA are expected to increase significantly in both the 2024 second half and full year compared with the respective 2023 periods. These fourth quarter. This anticipated increases are improvement is primarily due to an expected substantial improvement in results at MLMC and higher earnings at the unconsolidated coal mining operations.

The anticipated second-half 2024 increase in earnings at the unconsolidated coal mining operations compared with 2023 is driven primarily by an expectation for increased deliveries, as well as the cessation of temporary price concessions a higher per ton management fee at Falkirk.

Second-half An anticipated improvement in results at MLMC due to an increase in the index-based sales price partly offset by a reduction in customer demand is also expected to contribute to the profit improvement. Full-year 2024 results are also expected to increase significantly over the first half primarily due to higher earnings at Falkirk and improved results at MLMC based on current expectations that the boiler issue will be resolved and the plant will be fully operational by the fourth quarter of 2024, compared with 2023.

Capital expenditures in 2024 are expected to be approximately \$13 million, with \$9 million expended \$4 million in the second half fourth quarter of 2024. 2024 and \$12 million for the 2024 full year.

NAMining Outlook

NAMining expects the 2024 fourth quarter and full-year operating profit and Segment Adjusted EBITDA to increase in both year-over-year. The fourth quarter results are also anticipated to improve over the 2024 second half and full year over

the respective 2023 periods but decrease from the 2024 first half. The year-over-year third quarter. These improvements are primarily due to the late 2023 amendment of limestone contracts to more mutually advantageous contract terms and a scope of work expansion with another customer and the second-quarter 2024 commencement of a new 15-year contract to mine phosphate at a quarry in central Florida. Earnings in the second half are expected to moderate from the first half of 2024 due to anticipated lower customer requirements. customer.

Sawtooth is the exclusive provider of comprehensive mining services at Thacker Pass, including mine design, construction, operation, maintenance and reclamation. Thacker Pass which is owned by Lithium Americas Corp. (TSX: LAC) (NYSE: LAC). Thacker Pass Sawtooth will supply all of Lithium Americas' the lithium-bearing ore requirements. In March 2023, Lithium Americas commenced construction at requirements for Thacker Pass, Pass, which is currently under construction. Sawtooth will be reimbursed for costs of mining, capital expenditures and mine closure and will recognize a contractually agreed upon production fee. The fee once the mine is operating. In addition to providing comprehensive mining services, Sawtooth Mining is currently assisting with certain construction services and will transport clay tailings once lithium production commences. Phase 1 lithium production is estimated to begin in 2027. Prior to that time, the Company expects to continue to recognize moderate income prior to the commencement of Phase 1 lithium production, estimated to begin in 2027/2028. income.

Capital NAMining expects full-year 2024 capital expenditures in 2024 are expected to be approximately \$23 million \$26 million, with approximately \$12 million expended in the second half of the year, primarily for the acquisition of draglines and dragline parts, as well as other equipment to support existing contracts, fourth quarter.

Minerals Management Outlook

Operating profit and Segment Adjusted EBITDA for the 2024 second half fourth quarter and full year are expected to increase decrease compared with the respective 2023 periods, excluding the fourth-quarter 2023 impairment charge of \$5.1 million, and a \$4.5 million gain on sale recognized in the 2024 second quarter. These improvements declines are primarily driven by current market expectations for natural gas and oil prices, as well as development and production assumptions on currently owned reserves. Based on current market expectations, operating profit in the second half of 2024 is expected to increase moderately compared with the first half, excluding the \$4.5 million gain on sale recognized in the second quarter.

The Minerals Management segment derives income primarily from royalty-based leases under which lessees make payments to the Company based on their sale of natural gas, oil, natural gas liquids and coal, extracted primarily by third parties. As an owner of royalty and mineral interests, the Company's access to information concerning activity and operations with respect to its interests is limited. The Company's expectations are based on the best information currently available. Changing prices of natural gas and oil could have a significant impact on Minerals Management's operating profit. Development of additional wells on existing interests in excess of current expectations, or acquisitions of additional interests, could be accretive to future results.

Minerals Management is targeting investments of up to \$20 million in the second half of 2024, 2024 fourth quarter. Future investments are expected to be accretive, but each investment's contribution to near-term earnings is dependent on the details of that investment, including the size and type of interests acquired and the stage and timing of mineral development.

Consolidated Outlook

Result for the second half of Fourth-quarter 2023 results included a \$65.9 million pre-tax impairment charge. Comparisons in the remainder of this section exclude the effect of this charge.

Consolidated second-half

Overall, fourth-quarter and full-year 2024 consolidated operating profit is and Adjusted EBITDA are expected to increase compared with both the first half of 2024 and second half of 2023, significantly year-over-year. These improvements are primarily due to anticipated increases in profitability at the Coal Mining segment from improved results at MLMC, Falkirk and Coteau. Contributions from NAMining's growth and profit improvement initiatives are also expected to contribute to the improved second-half results.

The Company also expects consolidated net income in the earnings. Full-year 2024 second half and full year to increase compared with the respective 2023 periods. This improvement is anticipated to be partly offset by an increase in net interest expense as a result of additional borrowings and lower cash levels and higher income tax expense.

The Company is taking steps to terminate its defined benefit pension plan, which will eliminate future volatility from changes in the pension obligation. In connection with this action, obligations under this plan will be transferred to a third-party insurance provider. The Company expects to utilize surplus assets to fund a qualified replacement plan, reducing future cash funding requirements. Although the plan is currently over funded, NACCO is anticipating a non-cash settlement charge in the 2024 fourth quarter, which is expected to partly offset improvements in 2024 second-half operating profit. As a result, the Company anticipates that consolidated net income and Adjusted EBITDA will decrease in the second half of 2024 compared with the first half of the year. While the Company anticipates that third-quarter net income will improve significantly over the second quarter, fourth-quarter net income is expected to be substantially lower than both the third quarter and prior year fourth quarter primarily as a result of the anticipated non-cash pension settlement charge, increase significantly over 2023.

Consolidated Full-year 2024 consolidated capital expenditures are expected to total approximately \$66 million in 2024, \$69 million, which includes approximately \$11 million for Unallocated capital expenditures, primarily at Mitigation Resources. During the 2024 fourth quarter, the Company expects to expend up to \$38 million, including \$20 million related to Minerals Management. In 2024, cash flow before financing activities is expected to be a use of cash.

2025 Perspectives & Long-term Growth and Diversification

Management is transforming NACCO into a broad-based natural resources company and is optimistic about the Company's long-term business outlook. NACCO's businesses provide critical inputs for electricity generation, construction and development, and the production of industrial minerals and chemicals. Increasing demand for electricity, on-shoring and current federal policies are creating favorable macroeconomic trends within these industries. The Company believes its businesses have competitive advantages that provide value to customers and create long-term value for stockholders. The Company Management is pursuing growth and diversification by strategically leveraging its core mining and natural resources management skills to build a robust portfolio of affiliated businesses. Opportunities for growth remain strong. Acquisitions of additional mineral interests and improvements confident in the outlook Company's trajectory and business prospects as it prepares for Coal Mining segment customers, as well as new contracts at Mitigation Resources 2025 and NAMining longer-term growth opportunities.

While the Company realizes the coal mining industry faces political and regulatory challenges and overall demand for coal is projected to decline over the longer-term, management believes coal should be accretive to an essential part of the Company's outlook.

The Minerals Management segment continues to pursue acquisitions of mineral and royalty interests in the United States. Catapult, the Company's business unit focused on managing and expanding the Company's portfolio of oil and gas mineral and royalty interests, has developed a strong network to source and secure new acquisitions. The goal is to construct a high-quality diversified portfolio of oil and gas mineral and royalty interests energy mix in the United States that delivers near-term cash flow yields and long-term projected growth for the foreseeable future. The Company believes this business anticipates continued solid customer demand at its coal mining operations in 2025 and will provide unlevered after-tax returns on invested capital in benefit from the mid-teens as it matures. This business model has the potential absence of temporary price concessions at Falkirk. Cost inflation is anticipated to 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 as these costs are borne entirely by third-party exploration and development companies that lease the minerals, affect MLMC's 2025 results.

NAMining continues expects to evaluate build on its current 2024 momentum to deliver further improved results in 2025. Benefits from new and amended contracts, and new business expansion opportunities, and drive profitable growth in line with refined strategic objectives, are expected to generate improved 2025 results on expectations for comparable year-over-year customer demand. New contracts and contract extensions are central to the business' organic growth strategy, and the Company expects NAMining to be a substantial contributor to operating profit over time.

The Minerals Management segment, through its Catapult business, is constructing a high-quality, diversified portfolio of oil and gas mineral and royalty interests in the United States that are expected to deliver near-term cash flow yields and long-term projected growth. The current portfolio provides a strong foundation of well-positioned assets that are expected to continue to deliver solid financial results. While the timing of returns could vary, the Company maintains a long-term perspective. Given current trends in oil and natural gas prices and projected volumes, the Company anticipates a moderate production decline in 2025. The Company believes the Minerals Management business will provide unlevered after-tax returns on invested capital in the mid-teens as it matures.

Mitigation Resources, which provides stream and wetland mitigation solutions as well as comprehensive reclamation and restoration construction services, continues to build on the substantial foundation it has established over the past several years. This Mitigation Resources business offers an opportunity for growth and diversification in an industry where the Company has substantial knowledge and expertise and a strong reputation. It currently has ten mitigation banks and four permittee-responsible mitigation projects located in Tennessee, Mississippi, Alabama, Texas, Florida and Pennsylvania. In addition, Mitigation Resources is providing ecological restoration services for abandoned surface mines, as well as pursuing additional environmental restoration projects. It was named a designated provider of abandoned mine land restoration by the State of Texas. The Company believes that Mitigation Resources can provide solid rates of return on capital employed as this business matures. Mitigation Resources expects to achieve profitability beginning in 2025 based on current expectations for new projects, as well as timing of permit approvals and mitigation credit releases.

The Company is taking actions to terminate its defined benefit pension plan, which will eliminate future volatility from changes in the pension obligation. Once complete, obligations under the terminated plan will be transferred to a third-party insurance provider. The Company expects to utilize surplus assets to fund a qualified replacement plan, reducing future cash funding requirements. Although the plan is currently over funded, NACCO is anticipating a non-cash settlement charge in 2025 upon termination.

The Company believes its businesses have competitive advantages that provide value to customers and create long-term value for stockholders. The Company is pursuing growth and diversification by strategically leveraging its core mining and natural resources management skills to build a robust portfolio of affiliated businesses. Opportunities for growth remain strong. Acquisitions of additional mineral interests and improvements in the outlook for Coal Mining segment customers, as well as new contracts at Mitigation Resources and NAMining should be accretive to the Company's longer-term outlook.

NACCO also continues to pursue activities which can strengthen the resiliency of its existing coal mining operations. The Company remains focused on managing coal production costs and maximizing efficiencies and operating capacity at mine locations to help customers with management fee contracts be more competitive. These activities benefit both customers and the Company's Coal Mining segment, as fuel cost is a significant driver for power plant dispatch. Increased power plant dispatch results in increased demand for coal by the Coal Mining segment's customers. Fluctuating natural gas prices, weather and availability of renewable energy sources, such as wind and solar, could affect the amount of electricity dispatched from coal-fired power plants. While the Company realizes the coal mining industry faces political and regulatory challenges and demand for coal is projected to decline over the longer-term, the Company believes coal should be an essential part of the energy mix in the United States for the foreseeable future.

The Company continues to look for ways to create additional value by utilizing its core mining competencies which include reclamation and permitting. NACCO established ReGen Resources to utilize these skills to address the rapidly increasing demand for additional power generation sources in the United States through development of solar and other energy-related projects on reclaimed mining properties. These projects could be developed by the Company itself or through joint ventures that include partners with expertise in energy development projects. Current opportunities under review include solar arrays, solar-gas hybrid projects and carbon capture on reclaimed mine land in Mississippi, Pennsylvania and Texas.

NACCO is committed to maintaining a conservative capital structure as it continues to grow and diversify, while avoiding unnecessary risk. The Company believes strategic diversification will generate cash that can be re-invested to strengthen and expand the businesses. The Company also continues to maintain the highest levels of customer service and operational excellence with an unwavering focus on safety and environmental stewardship.

FORWARD-LOOKING STATEMENTS

The statements contained in this Form 10-Q that are not historical facts are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements are made subject to certain risks and uncertainties, which could cause actual results to differ materially from those presented. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof. Among the factors that could cause plans, actions and results to differ materially from current expectations are, without limitation: (1) changes to or termination of customer or other third-party contracts, or a customer or other third party default under a contract, (2) any customer's premature facility closure or extended project development delay, (3) regulatory actions, including the United States EPA's rules finalized in 2024 relating to mercury and greenhouse gas emissions for coal-fired power plants, changes in mining permit requirements or delays in obtaining mining permits that could affect deliveries to customers, (4) a significant reduction in purchases by the Company's customers, including as a result of changes in coal consumption patterns of U.S. electric power generators, or changes in the power industry that would affect demand for the Company's coal and other mineral reserves, (5) changes in the prices of hydrocarbons, particularly diesel fuel, natural gas, natural gas liquids and oil as result of factors such as OPEC and/or government actions, geopolitical developments, economic conditions and regulatory changes, as well as supply and demand dynamics, (6) changes in development plans by third-party lessees of the Company's mineral interests, (7) failure or delays by the Company's lessees in achieving expected production of natural gas and other hydrocarbons; the availability and cost of transportation and processing services in the areas where the Company's oil and gas reserves are located; federal and state legislative and regulatory initiatives relating to hydraulic fracturing and U.S. export of natural gas; and the ability of lessees to obtain capital or financing needed for well-development operations and leasing and development of oil and gas reserves on federal lands, (8) failure to obtain adequate insurance coverages at reasonable rates, (9) supply chain disruptions, including price increases and shortages of parts and materials, (10) changes in tax laws or regulatory requirements, including the elimination of, or reduction in, the percentage depletion tax deduction, changes in mining or power plant emission regulations and health, safety or environmental legislation, (11) the ability of the Company to access credit in the current economic environment, or obtain financing at reasonable rates, or at all, and to maintain surety bonds for mine reclamation as a result of current market sentiment for fossil fuels, (12) impairment charges, (13) (12) changes in costs related to geological and geotechnical conditions, repairs and maintenance, new equipment and replacement parts, fuel or other similar items, (14) (13) weather conditions, extended power plant outages, liquidity events or other events that would change the level of customers' coal or aggregates requirements, (15) (14) weather or equipment problems that could affect deliveries to customers, (16) (15) changes in the costs to reclaim mining areas, (17) (16) costs to pursue and develop new mining, mitigation, oil and gas and solar development opportunities and other value-added service opportunities, (18) (17) delays or reductions in coal or aggregates deliveries, (19) (18) the ability to successfully evaluate investments and achieve intended financial results in new business and growth initiatives, (20) (19) disruptions from natural or human causes, including severe weather, accidents, fires, earthquakes and terrorist acts, any of which could result in suspension of operations or harm to people or the environment, and (21) (20) the ability to attract, retain, and replace workforce and administrative employees.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a "smaller reporting company" as defined by Rule 12b-2 of the Securities Exchange Act of 1934, the Company is not required to provide this information.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures: An evaluation was carried out under the supervision and with the participation of the Company's management, including the principal executive officer and the principal financial officer, of the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, these officers have concluded that the Company's disclosure controls and procedures are effective.

Changes in internal control over financial reporting: During the ~~second~~ third quarter of 2024, there have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II OTHER INFORMATION

Item 1 Legal Proceedings

None.

Item 1A Risk Factors

During the quarter ended ~~June 30, 2024~~ September 30, 2024, there have been no material changes to the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds

Period	Issuer Purchases of Equity Securities ⁽¹⁾⁽²⁾			(c) Total Number of Shares Purchased as Part of the Publicly Announced Program	(d) Maximum Dollar Value of Shares that May Yet Be Purchased Under the Program ⁽¹⁾
	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share			
Month #1 (April 1 to 30, 2024)	45,032	\$ 28.86		45,032	\$ 12,912,370
Month #2 (May 1 to 31, 2024)	39,495	\$ 31.27		39,495	\$ 11,677,361
Month #3 (June 1 to 30, 2024)	23,844	\$ 31.48		23,844	\$ 10,926,752
Total	108,371	\$ 30.31		108,371	\$ 10,926,752

Period	Issuer Purchases of Equity Securities ⁽¹⁾			(c) Total Number of Shares Purchased as Part of the Publicly Announced Program	(d) Maximum Dollar Value of Shares that May Yet Be Purchased Under the Program ⁽¹⁾
	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share			
Month #1 (July 1 to 31, 2024)	39,649	\$ 30.78		39,649	\$ 9,706,356
Month #2 (August 1 to 31, 2024)	28,633	\$ 27.82		28,633	\$ 8,909,786
Month #3 (September 1 to 30, 2024)	—	\$ —		—	\$ 8,909,786
Total	68,282	\$ 29.54		68,282	\$ 8,909,786

(1) During 2023, the Company established a stock repurchase program allowing for the purchase of up to \$20.0 million of the Company's Class A Common Stock outstanding through December 31, 2025. See Note 4 to the Unaudited Condensed Consolidated Financial Statements for further discussion of the Company's stock repurchase program.

(2) Includes 11,368 shares repurchased at a purchase price of \$0.4 million from employees.

Item 3 Defaults Upon Senior Securities

None.

Item 4 Mine Safety Disclosures

Information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95 filed with this Quarterly Report on Form 10-Q for the period ended **June 30, 2024** **September 30, 2024**.

Item 5 Other Information

On May 3, 2024, Thomas A. Maxwell, Senior Vice President - Finance and Treasurer, terminated a written plan for the sale of the Company's Class A Common Stock that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act (a "Rule 10b5-1 Trading Plan"). Mr. Maxwell's Rule 10b5-1 Trading Plan provided for the sale of up to 3,534 shares of the Company's Class A Common Stock during the period that began December 7, 2023 following a mandatory cooling-off period (i.e., commencement of trading under the arrangement must begin the later of 90 days following adoption of the arrangement or two days following the Company's periodic report on Form 10-Q or Form 10-K for the fiscal quarter in which the trading arrangement was adopted) and ended May 3, 2024. On June 14, 2024, Mr. Maxwell adopted a new Rule 10b5-1 Trading Plan, which provides for the sale of up to 2,500 shares of the Company's Class A Common Stock during the period beginning September 12, 2024 (i.e., commencement of trading under the arrangement must begin the later of 90 days following adoption of the arrangement or two days following the Company's periodic report on Form 10-Q or Form 10-K for the fiscal quarter in which the trading arrangement was adopted) and ending March 2, 2025.

During the second quarter of 2024, except as described above, none of our other directors or executive officers adopted or terminated a Rule 10b5-1 Trading Plan, or a "non-Rule 10b5-1 trading arrangement" (as defined in Item 408(c) of Regulation S-K). None.

Item 6 Exhibits

Exhibit

Number*

Description of Exhibits

3.1(i) 10.1	First Amendment to Amended and Restated Certificate Credit Agreement , dated as of Incorporation of September 17, 2024 , among NACCO Natural Resources Corporation, the Company , guarantors party thereto , the lenders party thereto and PNC Bank, National Association, as administrative agent , is incorporated herein by reference to Exhibit 3(i) 10.1 to the Company's Annual Company's Current Report on Form 10-K for 8-K , filed by the fiscal year ended December 31, 1992 Company on September 19, 2024 , Commission File Number 1-9172 .
3.1(i)*	Certificate of Amendment of the Restated Certificate of Incorporation of the Company , dated July 23, 2024 .
31(i)(1)	Certification of J.C. Butler, Jr. pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act
31(i)(2)	Certification of Elizabeth I. Loveman pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act
32	Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed and dated by J.C. Butler, Jr. and Elizabeth I. Loveman
95	Mine Safety Disclosure Exhibit
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Numbered in accordance with Item 601 of Regulation S-K.

** Filed herewith.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NACCO Industries, Inc.
(Registrant)

Date: July 31, October 30, 2024

/s/ Elizabeth I. Loveman

Elizabeth I. Loveman
Senior Vice President and Controller
(principal financial and accounting officer)

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State of Delaware Certificate of Amendment Of Certificate of Incorporation

NACCO Industries, Inc. (the "**Corporation**"), a corporation organized and existing under and by virtue of the General Corporation Law of the [State of Delaware](#), does hereby certify:

FIRST: This Certificate of Amendment ("**Certificate of Amendment**") amends the provisions of the Restated Certificate of Incorporation of the [Corporation](#) filed with the Secretary of State of the State of Delaware on June 1, 1987 (the "**Restated Certificate of Incorporation**").

SECOND: That the Board of Directors of the Corporation duly adopted resolutions setting forth a proposed amendment of the Restated Certificate of Incorporation and declaring said amendment to be advisable.

THIRD: That the Restated Certificate of Incorporation be amended by changing the Article thereof numbered "Seventh" so that, as amended, said Article shall read in its entirety as follows:

SEVENTH: To the fullest extent permitted by the General Corporation Law of the State of Delaware and any other applicable laws currently or hereafter in effect, no director or officer of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director or officer with respect to any acts or omissions in the performance of his or her duties as a director or officer of the Corporation. Solely for purposes of this Article Seventh, "officer" shall have the meaning provided in Section 102(b)(7) of the General Corporation Law of the State of Delaware or any amendment or successor provision thereto. No amendment to or repeal of this Article Seventh shall apply to or have any effect on the liability or alleged liability of any director or officer of the Corporation for or with respect to any acts or omissions of such director or officer occurring prior to the effectiveness of such amendment or repeal.

FOURTH: This amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

FIFTH: All other provisions of the Restated Certificate of Incorporation shall remain in full force and effect.

[Signature Page Follows]

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed this twenty-third day of July, 2024.

NACCO INDUSTRIES, INC.

By: */s/ Matthew Dilluvio*
Name: Matthew Dilluvio
Title: Assistant Secretary

[Signature Page to Certificate of Amendment of Certificate of Incorporation]

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Exhibit 31(i)(1)

Certifications

I, J.C. Butler, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of NACCO Industries, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **July 31, October 30, 2024**

/s/ J.C. Butler, Jr.

J.C. Butler, Jr.

President and Chief Executive Officer
(principal executive officer)

Exhibit 31(i)(2)

Certifications

I, Elizabeth I. Loveman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NACCO Industries, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, October 30, 2024

/s/ Elizabeth I. Loveman

Elizabeth I. Loveman

Senior Vice President and Controller
(principal financial officer)

Exhibit 32

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of NACCO Industries, Inc. (the "Company") for the quarter ended June 30, 2024 September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Date: July 31, October 30, 2024

/s/ J.C. Butler, Jr.

J.C. Butler, Jr.

President and Chief Executive Officer
(principal executive officer)

Date: July 31, October 30, 2024

/s/ Elizabeth I. Loveman

Elizabeth I. Loveman

Senior Vice President and Controller
(principal financial officer)

Exhibit 95

MINE SAFETY DISCLOSURES

NACCO Industries, Inc. and its wholly owned subsidiaries (the "Company") believes that it is an industry leader in safety. The Company has health and safety programs in place that include extensive employee training, accident prevention, workplace inspection, emergency response, accident investigation, regulatory compliance and program auditing. The objectives for the Company's programs are to eliminate workplace incidents, comply with all mining-related regulations and provide support for both regulators and the industry to improve mine safety.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, each operator of a coal or other mine is required to include certain mine safety results in its periodic reports filed with the Securities and Exchange Commission. The operation of mines is subject to regulation by the Federal Mine Safety and Health Administration ("MSHA") under the Federal Mine Safety and Health Act of 1977 (the "Mine Act"). MSHA inspects the Company's mines on a regular basis and issues various citations and orders when it believes a violation has occurred under the Mine Act. The Company has presented information below regarding certain mining safety and health matters for the quarter ended June 30, 2024 September 30, 2024. In evaluating this information, consideration should be given to factors such as: (i) the number of citations and orders will vary depending on the size of the mine, (ii) the number of citations issued will vary from inspector to inspector and from mine to mine, and (iii) citations and orders can be contested and appealed, and in that process, are often reduced in severity and amount, and are sometimes vacated.

During the quarter ended **June 30, 2024** **September 30, 2024**, neither current mining operations nor closed mines: (i) were assessed any Mine Act section 104(b) orders for alleged failure to totally abate the subject matter of a Mine Act section 104(a) citation within the period specified in the citation; (ii) were assessed any Mine Act section 104(d) citations or orders for an alleged unwarrantable failure (i.e., aggravated conduct constituting more than ordinary negligence) to comply with a mining safety standard or regulation; (iii) were assessed any Mine Act section 110(b)(2) penalties for failure to correct the subject matter of a Mine Act section 104(a) citation within the specified time period, which failure was deemed flagrant (i.e., reckless or repeated failure to make reasonable efforts to eliminate a known violation that substantially and proximately caused, or reasonably could have been expected to cause, death or serious bodily injury); (iv) received any Mine Act section 107(a) imminent danger orders to immediately remove miners; or (v) received any MSHA written notices under Mine Act section 104(e) of a pattern of violation of mandatory health or safety standards or of the potential to have such a pattern. In addition, there were no mining-related fatalities during the quarter ended **June 30, 2024** **September 30, 2024**.

The following table sets forth the total number of specific citations and orders, the total dollar value of the proposed civil penalty assessments that were issued by MSHA, the total number of legal actions initiated and resolved before the Federal Mine Safety and Health Review Commission ("FMSHRC") during the quarter ended **June 30, 2024** **September 30, 2024**, and the total number of legal actions pending before the FMSHRC at **June 30, 2024** **September 30, 2024**, pursuant to the Mine Act, by individual location:

Name of Mine or Quarry ⁽¹⁾	Name of Mine or Quarry ⁽¹⁾	Mine Act						Section 104						Mine Act						Section 104											
		Significant & Substantial Citations ⁽²⁾			Total Dollar Value of Proposed MSHA Assessment			Number of Legal Actions Initiated before the FMSHRC for the quarter ended June 30, 2024			Legal Actions Resolved before the FMSHRC for the quarter ended June 30, 2024			Number of Legal Actions Pending before the FMSHRC at June 30, 2024			Significant & Substantial Citations ⁽²⁾			Total Dollar Value of Proposed MSHA Assessment			Number of Legal Actions Initiated before the FMSHRC for the quarter ended September 30, 2024			Legal Actions Resolved before the FMSHRC for the quarter ended September 30, 2024			Number of Legal Actions Pending before the FMSHRC at September 30, 2024		
		Proposed MSHA Assessment	Number of Citations ⁽²⁾	Substantial	Proposed MSHA Assessment	Number of Citations ⁽²⁾	Substantial	Proposed MSHA Assessment	Number of Citations ⁽²⁾	Substantial	Proposed MSHA Assessment	Number of Citations ⁽²⁾	Substantial	Proposed MSHA Assessment	Number of Citations ⁽²⁾	Substantial	Proposed MSHA Assessment	Number of Citations ⁽²⁾	Substantial	Proposed MSHA Assessment	Number of Citations ⁽²⁾	Substantial	Proposed MSHA Assessment	Number of Citations ⁽²⁾	Substantial	Proposed MSHA Assessment	Number of Citations ⁽²⁾	Substantial	Proposed MSHA Assessment		
Coteau (Freedom Mine)	Coteau (Freedom Mine)	—	\$ —	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Falkirk (Falkirk Mine)	Falkirk (Falkirk Mine)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Sabine (South Hallsville No. 1 Mine)	Sabine (South Hallsville No. 1 Mine)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Demery (Five Forks Mine)	Demery (Five Forks Mine)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Caddo Creek (Marshall Mine)	Caddo Creek (Marshall Mine)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Coyote Creek (Coyote Creek Mine)	Coyote Creek (Coyote Creek Mine)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
MLMC (Red Hills Mine)	MLMC (Red Hills Mine)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
North American Mining Operations:	North American Mining Operations:	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Alico Quarry	Alico Quarry	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Center Hill Quarry	Center Hill Quarry	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
FEC Quarry	FEC Quarry	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Inglis Quarry	Inglis Quarry	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Krome Quarry	Krome Quarry	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
SCL Quarry	SCL Quarry	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
St. Catherine Quarry	St. Catherine Quarry	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Seven Diamonds Quarry	Seven Diamonds Quarry	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Central State Aggregates Quarry	Central State Aggregates Quarry	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Johnson County Quarry	Johnson County Quarry	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Little River Quarry	Little River Quarry	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Mid Coast Aggregates Quarry	Mid Coast Aggregates Quarry	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Newberry Quarry	Newberry Quarry	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
County Line Quarry	County Line Quarry	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		

Palm Beach Aggregates Quarry	Palm Beach Aggregates Quarry	—	—	—	—	—	Palm Beach Aggregates Quarry	—	—	—	—	—
Perry Quarry	Perry Quarry	—	—	—	—	—	Perry Quarry	—	—	—	—	—
Queenfield Mine	Queenfield Mine	—	1,358	—	—	—	Queenfield Mine	—	—	—	—	—
Rosser Quarry	Rosser Quarry	—	—	—	—	—	Rosser Quarry	—	—	—	—	—
SDI Aggregates Quarry	SDI Aggregates Quarry	—	—	—	—	—	SDI Aggregates Quarry	—	—	—	—	—
West Florida Aggregates Quarry	West Florida Aggregates Quarry	—	—	—	1	—	West Florida Aggregates Quarry	—	—	—	—	—
Titan Corkscrew Quarry	Titan Corkscrew Quarry	—	—	—	—	—	Titan Corkscrew Quarry	—	—	—	—	—
White Rock Quarry -	White Rock Quarry -	—	—	—	—	—	White Rock Quarry -	—	—	—	—	—
North ⁽³⁾	North ⁽³⁾	—	—	—	—	1	North ⁽³⁾	1	1,970	—	—	—
Ash Grove	Ash Grove	—	—	—	—	—	Ash Grove	—	—	—	—	—
Total	Total	—	\$ 1,358	—	1	1	Total	2	\$ 4,132	—	—	—

⁽¹⁾ Bellaire's, Centennial's, Liberty's and Camino Real's closed mines are not included in the table above and did not receive any of the indicated citations.

⁽²⁾ Mine Act section 104(a) significant and substantial citations are for alleged violations of a mining safety standard or regulation where there exists a reasonable likelihood that the hazard contributed to or will result in an injury or illness of a reasonably serious nature.

⁽³⁾ The pending legal action at White Rock Quarry - North is a contest of citations received.

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