

REFINITIV

DELTA REPORT

10-Q

NC - NACCO INDUSTRIES INC

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

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TOTAL DELTAS 986

█ CHANGES 127

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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 **September 30, 2023** **March 31, 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.)

5875 Landerbrook Drive

Suite 220

Cleveland, Ohio

44124-4069

(Address of principal executive offices)

(Zip code)

(440) 229-5151

(Registrant's telephone number, including area code)

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 company 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 [p](#)

Number of shares of Class A Common Stock outstanding at **October 27, 2023** **April 26, 2024:** **5,939,643** **5,884,740**
Number of shares of Class B Common Stock outstanding at **October 27, 2023** **April 26, 2024:** **1,565,819** **1,565,685**

NACCO INDUSTRIES, INC.
TABLE OF CONTENTS

		Page Number
<u>Part I.</u>	<u>FINANCIAL INFORMATION</u>	
<u>Item 1</u>	<u>Financial Statements</u>	
	<u>Unaudited Condensed Consolidated Balance Sheets</u>	2
	<u>Unaudited Condensed Consolidated Statements of Operations</u>	3
	<u>Unaudited Condensed Consolidated Statements of Comprehensive Income</u>	4
	<u>Unaudited Condensed Consolidated Statements of Cash Flows</u>	5
	<u>Unaudited Condensed Consolidated Statements of Changes in Equity</u>	6
	<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	7
<u>Item 2</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	17
<u>Item 3</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	36 30
<u>Item 4</u>	<u>Controls and Procedures</u>	36 30
<u>Part II.</u>	<u>OTHER INFORMATION</u>	
<u>Item 1</u>	<u>Legal Proceedings</u>	37 31
<u>Item 1A</u>	<u>Risk Factors</u>	37 31
<u>Item 2</u>	<u>Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities</u>	38 31
<u>Item 3</u>	<u>Defaults Upon Senior Securities</u>	38 31
<u>Item 4</u>	<u>Mine Safety Disclosures</u>	38 31
<u>Item 5</u>	<u>Other Information</u>	38 31
<u>Item 6</u>	<u>Exhibits</u>	39 32
<u>Exhibit Index</u>		39 32
<u>Signatures</u>		40 33

Part I
FINANCIAL INFORMATION
Item 1. Financial Statements

NACCO INDUSTRIES, INC. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	SEPTEMBER 30 2023		DECEMBER 31 2022		MARCH 31 2024	DECEMBER 31 2023
	ASSETS	ASSETS	ASSETS	ASSETS		
	(In thousands, except share data)					
ASSETS						
Cash and cash equivalents						
Cash and cash equivalents						
Cash and cash equivalents	Cash and cash equivalents	\$ 128,167	\$110,748			
Trade accounts receivable	Trade accounts receivable	29,738	37,940			
Accounts receivable from affiliates	Accounts receivable from affiliates	5,005	6,638			
Inventories	Inventories	69,216	71,488			
Assets held for sale	Assets held for sale	3,936	285			
Federal income tax receivable	Federal income tax receivable	5,864	15,687			
Prepaid insurance	Prepaid insurance	3,907	1,999			
Other current assets	Other current assets	12,314	15,622			
Total current assets	Total current assets	258,147	260,407			
Property, plant and equipment, net	Property, plant and equipment, net	236,836	217,952			
Intangibles, net	Intangibles, net	25,759	28,055			
Intangibles, net	Intangibles, net					
Intangibles, net	Intangibles, net					
Deferred income taxes	Deferred income taxes					
Investments in unconsolidated subsidiaries	Investments in unconsolidated subsidiaries	11,461	14,927			
Operating lease right-of-use assets	Operating lease right-of-use assets	7,422	6,419			
Other non-current assets	Other non-current assets	41,278	40,312			
Other non-current assets	Other non-current assets					
Total assets	Total assets	\$ 580,903	\$568,072			
LIABILITIES AND EQUITY	LIABILITIES AND EQUITY					
Accounts payable	Accounts payable	\$ 24,589	\$ 11,952			
Accounts payable	Accounts payable					
Accounts payable	Accounts payable					

Accounts payable to affiliates	Accounts payable to affiliates	1,268	1,362
Revolving credit agreements			
Current maturities of long-term debt	Current maturities of long-term debt	3,579	3,649
Asset retirement obligations	Asset retirement obligations	8,102	1,746
Accrued payroll	Accrued payroll	13,451	18,105
Deferred revenue	Deferred revenue	1,299	833
Deferred revenue			
Deferred revenue			
Other current liabilities			
Other current liabilities			
Other current liabilities	Other current liabilities	8,582	6,623
Total current liabilities	Total current liabilities	60,870	44,270
Long-term debt	Long-term debt	18,955	16,019
Operating lease liabilities	Operating lease liabilities	8,201	7,528
Asset retirement obligations	Asset retirement obligations	41,556	44,256
Pension and other postretirement obligations	Pension and other postretirement obligations	4,049	5,082
Deferred income taxes		4,206	6,122
Liability for uncertain tax positions			
Liability for uncertain tax positions			
Liability for uncertain tax positions	Liability for uncertain tax positions	8,552	9,329
Other long-term liabilities	Other long-term liabilities	6,069	8,500
Total liabilities	Total liabilities	152,458	141,106
Stockholders' equity	Stockholders' equity		
Common stock: Class A, par value \$1 per share, 5,939,643 shares outstanding (December 31, 2022 - 5,782,944 shares outstanding)		5,940	5,783
Common stock: Class B, par value \$1 per share, convertible into Class A on a one-for-one basis, 1,565,819 shares outstanding (December 31, 2022 - 1,566,129 shares outstanding)		1,566	1,566
Common stock:			
Common stock:			

Class A, par value \$1 per share,
5,884,740 shares outstanding
(December 31, 2023 - 5,882,845 shares
outstanding)

Class A, par value \$1 per share,
5,884,740 shares outstanding
(December 31, 2023 - 5,882,845 shares
outstanding)

Class A, par value \$1 per share,
5,884,740 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)

Capital in excess of par value	Capital in excess of par value	25,415	23,706
Retained earnings	Retained earnings	404,478	404,924
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(8,954)	(9,013)
Total stockholders' equity	Total stockholders' equity	428,445	426,966
Total liabilities and equity	Total liabilities and equity	\$ 580,903	\$568,072

See notes to Unaudited Condensed Consolidated Financial Statements.

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

		THREE MONTHS		NINE MONTHS ENDED			
		ENDED		SEPTEMBER 30			
		2023	2022	2023	2022		
(In thousands, except per share data)							
Revenues	Revenues	\$46,546	\$61,793	\$158,037	\$178,185		
Cost of sales	Cost of sales	48,720	43,965	150,447	128,867		
Gross (loss) profit		(2,174)	17,828	7,590	49,318		
Cost of sales						(In thousands, except per share data)	

Cost of sales					
Gross profit					
Gross profit					
Earnings of unconsolidated operations	Earnings of unconsolidated operations	12,754	14,588	37,662	43,802
Contract termination settlement		—	—	—	14,000
Earnings of unconsolidated operations					
Earnings of unconsolidated operations					
Operating expenses					
Operating expenses					
Operating expenses	Operating expenses				
Selling, general and administrative expenses	Selling, general and administrative expenses	16,118	17,790	45,740	48,415
Selling, general and administrative expenses					
Selling, general and administrative expenses					
Amortization of intangible assets	Amortization of intangible assets	642	867	2,296	2,772
Loss (gain) on sale of assets		87	2	(81)	(2,451)
Asset impairment charges		—	3,939	—	3,939
Amortization of intangible assets					
Amortization of intangible assets					
Gain on sale of assets					
Gain on sale of assets					
Gain on sale of assets					
		16,847	22,598	47,955	52,675
Operating (loss) profit		(6,267)	9,818	(2,703)	54,445
		15,568			
		15,568			
		15,568			
Operating profit					
Operating profit					
Operating profit					
Other (income) expense					
Other (income) expense					
Other (income) expense	Other (income) expense				
Interest expense	Interest expense	632	486	1,749	1,495
Interest expense					

Interest expense					
Interest income					
Interest income					
Interest income	Interest income	(1,679)	(352)	(4,548)	(692)
Closed mine obligations	Closed mine obligations	394	398	1,236	1,155
Loss (gain) on equity securities		551	316	(498)	1,676
Income from equity method investee		—	(2,156)	—	(2,156)
Other contract termination settlements		—	—	—	(16,882)
Closed mine obligations					
Closed mine obligations					
Gain on equity securities					
Gain on equity securities					
Gain on equity securities					
Other, net	Other, net	(315)	(354)	(2,417)	(1,648)
		(417)	(1,662)	(4,478)	(17,052)
(Loss) income before income tax (benefit) provision		(5,850)	11,480	1,775	71,497
Income tax (benefit) provision		(2,018)	866	(2,605)	11,121
Net (loss) income		\$ (3,832)	\$ 10,614	\$ 4,380	\$ 60,376
Other, net					
Other, net					
Income before income tax provision (benefit)					
Income before income tax provision (benefit)					
Income before income tax provision (benefit)					
Income tax provision (benefit)					
Income tax provision (benefit)					
Income tax provision (benefit)					
Net income					
Net income					
Net income					
Earnings per share:	Earnings per share:				
Basic (loss) earnings per share	\$ (0.51)	\$ 1.45	\$ 0.59	\$ 8.27	
Diluted (loss) earnings per share	\$ (0.51)	\$ 1.45	\$ 0.58	\$ 8.24	
Earnings per share:					
Earnings per share:					
Basic earnings per share					
Basic earnings per share					
Basic earnings per share					
Diluted earnings per share					
Diluted earnings per share					

Diluted earnings per share					
Basic weighted average shares outstanding	Basic weighted average shares outstanding	7,517	7,337	7,480	7,302
Basic weighted average shares outstanding	Basic weighted average shares outstanding				
Diluted weighted average shares outstanding	Diluted weighted average shares outstanding	7,517	7,337	7,515	7,329
Diluted 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				NINE MONTHS ENDED			
	SEPTEMBER 30		SEPTEMBER 30		2023		2022	
					(In thousands)			
Net (loss) income	\$ (3,832)	\$ 10,614	\$ 4,380	\$ 60,376				
Reclassification of pension and postretirement adjustments into earnings, net of \$6 and \$18 tax benefit in the three and nine months ended September 30, 2023, respectively, and net of \$38 and \$105 tax benefit in the three and nine months ended September 30, 2022, respectively.	20	118	59	354				
Total other comprehensive income	20	118	59	354				
Comprehensive (loss) income	\$ (3,812)	\$ 10,732	\$ 4,439	\$ 60,730				

	THREE MONTHS ENDED			
	MARCH 31			
	(In thousands)			
Net income	\$ 4,570	\$ 5,692		
Reclassification of pension and postretirement adjustments into earnings, net of \$23 and \$6 tax benefit in the three months ended March 31, 2024 and March 31, 2023, respectively.	76	21		
Total other comprehensive income	76	21		
Comprehensive income	\$ 4,646	\$ 5,713		

See notes to Unaudited Condensed Consolidated Financial Statements.

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

		NINE MONTHS ENDED SEPTEMBER 30		THREE MONTHS ENDED MARCH 31	
		2023	2022	2024	2023
		(In thousands)			
Operating	Operating			Operating activities	
activities	activities				
Net cash provided by	operating activities	\$ 63,020	\$ 54,929		
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	Investing			Investing activities	
activities	activities				
Expenditures	Expenditures				
for property,	for property,				
plant and	plant and				
equipment	equipment				
and	and				
acquisition of	acquisition of				
mineral	mineral				
interests	interests	(37,894)	(42,004)		
Proceeds	Proceeds				
from the sale	from the sale				
of property,	of property,				
plant and	plant and				
equipment	equipment	323	2,824		
Proceeds	Proceeds				
from the sale	from the sale				
of private	of private				
company	company				
equity units	equity units	1,153	—		
Other	Other	(1,137)	(58)		
Other	Other				
Net cash used	Net cash used			Net cash used	
for investing	for investing				
activities	activities	(37,555)	(39,238)		
Financing	Financing			Financing activities	
activities	activities				
Additions to	Additions to				
long-term	long-term				
debt	debt	790	1,664		

Reductions of long-term debt	Reductions of long-term debt	(3,186)	(2,118)
Net reductions to revolving credit agreements		—	(4,000)
Net additions to revolving credit agreements			
Cash dividends paid	Cash dividends paid	(4,826)	(4,488)
Purchase of treasury shares	Purchase of treasury shares	(824)	—
Net cash used for financing activities		(8,046)	(8,942)
Net cash provided by (used for) financing activities			
Net cash provided by (used for) financing activities			
Cash and cash equivalents	Cash and cash equivalents		
Total increase for the period	17,419	6,749	
Cash and cash equivalents			
Cash and cash equivalents			
Total decrease for the period			
Balance at the beginning of the period	Balance at the beginning of the period	110,748	86,005
Balance at the end of the period	Balance at the end of the period	\$128,167	\$92,754

See notes to Unaudited Condensed Consolidated Financial Statements.

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

	Capital						(In thousands, except per share data)	
	in		Accumulated					
	Class A	Class B	Excess	Other	Retained	Comprehensive		
	Stock	Stock	Value	of Par	Earnings	Income (Loss)	Stockholders' Equity	
Balance, January 1, 2022	\$ 5,616	\$ 1,567	\$ 16,331	\$ 336,778	\$ (8,176)	\$ 352,116		
Stock-based compensation	145	—	978	—	—	—	1,123	
Conversion of Class B to Class A shares	1	(1)	—	—	—	—	—	
Net income	—	—	—	12,582	—	12,582		

Cash dividends on Class A and Class B common stock: \$0.1975 per share	—	—	—	(1,445)	—	(1,445)
Reclassification adjustment to net income, net of tax	—	—	—	—	118	118
Balance, March 31, 2022	\$ 5,762	\$ 1,566	\$ 17,309	\$ 347,915	\$ (8,058)	\$ 364,494
Stock-based compensation	7	—	2,325	—	—	2,332
Net income	—	—	—	37,180	—	37,180
Cash dividends on Class A and Class B common stock: \$0.2075 per share	—	—	—	(1,521)	—	(1,521)
Reclassification adjustment to net income, net of tax	—	—	—	—	118	118
Balance, June 30, 2022	\$ 5,769	\$ 1,566	\$ 19,634	\$ 383,574	\$ (7,940)	\$ 402,603
Stock-based compensation	7	—	3,601	—	—	3,608
Net income	—	—	—	10,614	—	10,614
Cash dividends on Class A and Class B common stock: \$0.2075 per share	—	—	—	(1,522)	—	(1,522)
Reclassification adjustment to net income, net of tax	—	—	—	—	118	118
Balance, September 30, 2022	\$ 5,776	\$ 1,566	\$ 23,235	\$ 392,666	\$ (7,822)	\$ 415,421

	Capital in Class A Stock	Class B Stock	Excess of Common Stock	Accumulated Other Retained Earnings	Comprehensive Income (Loss)	Total Stockholders' Equity
--	-----------------------------------	------------------	------------------------------	--	--------------------------------	----------------------------------

(In
thousands,
except per
share
data)

Balance, January 1, 2023	Balance, January 1, 2023	\$ 5,783	\$ 1,566	\$ 23,706	\$ 404,924	\$ (9,013)	\$ 426,966
Stock-based compensation	Stock-based compensation	161	—	403	—	—	564
Net income	Net income	—	—	—	—	—	—
Net income	Net income	—	—	—	—	—	—
Cash dividends on Class A and Class B common stock: \$0.2075 per share	Cash dividends on Class A and Class B common stock: \$0.2075 per share	—	—	—	5,692	—	5,692
Reclassification adjustment to net income, net of tax	Reclassification adjustment to net income, net of tax	—	—	—	(1,557)	—	(1,557)
Balance, March 31, 2023	Balance, March 31, 2023	\$ 5,944	\$ 1,566	\$ 24,109	\$ 409,059	\$ (8,992)	\$ 431,686
Balance, January 1, 2024	Balance, January 1, 2024	—	—	—	—	—	—
Stock-based compensation	Stock-based compensation	10	—	797	—	—	807

Purchase of treasury shares						
Net income						
Net income						
Net income	Net income	—	—	—	2,520	—
Cash dividends on Class A and Class B common stock: \$0.2175 per share	Cash dividends on Class A and Class B common stock: \$0.2175 per share	—	—	—	(1,633)	—
Reclassification adjustment to net income, net of tax	Reclassification adjustment to net income, net of tax	—	—	—	—	18
Balance, June 30, 2023		\$ 5,954	\$ 1,566	\$ 24,906	\$ 409,946	\$ (8,974) \$ 433,398
Stock-based compensation		10	—	1,309	—	—
Purchase of treasury shares		(24)	—	(800)	—	—
Balance, March 31, 2024		\$ 5,940	\$ 1,566	\$ 25,415	\$ 404,478	\$ (8,954) \$ 428,445

See notes to Unaudited Condensed Consolidated Financial Statements.

NACCO INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 MARCH 31, 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 subsidiaries (collectively, the "Company"). NACCO brings natural resources to life by delivering aggregates, minerals, reliable fuels and environmental solutions through its robust portfolio of NACCO Natural Resources® businesses. 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.

The Company also 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 operating as North American Coal, LLC ("NACoal"), 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 nine months ended **September 30, 2023** **March 31, 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 issue that began on December 15, 2023 as a result of an issue that impacted one of two boilers at the Red Hills Power Plant. This issue has resulted in a reduction in customer demand which will have a significant impact on the Company's 2024 results of operations. Repairs to the boiler are expected to be completed during the second half of 2024.

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 **in the first quarter of 2023** and 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. **During the third quarter of 2023, Sabine and SWEPCO entered into an agreement under which Sabine will provide mine reclamation services through September 30, 2026. On October 1, 2026, SWEPCO will take over and complete the remaining mine reclamation services by acquiring** **is scheduled to acquire** all of the capital stock of Sabine.

Falkirk is Sabine and complete the sole supplier of lignite coal to the Coal Creek Station power plant. The North Dakota Department of Environmental Quality approved **Falkirk's customer's plan for an alternate disposal liner to store coal ash at the Coal Creek Station power plant. In the first quarter of 2023, the United States Environmental Protection Agency proposed to deny the application. If denied, a new liner or new waste management unit(s) may need to be installed which could result in the temporary suspension of operations at Coal Creek Station. To minimize any impact to operations, Coal Creek Station is moving forward with plans to dry coal combustion residual materials produced by the plant, reducing the need to utilize the lined area in question. See the Government Regulation Update on page 19 of this Quarterly Report on Form 10-Q for further information.**

MLMC is the exclusive supplier of lignite to the Red Hills Power Plant in Ackerman, Mississippi. Choctaw Generation Limited Partnership ("CGLP") leases the Red Hills Power Plant from a Southern Company subsidiary. CGLP's ability to make required payments to the Southern Company subsidiary is dependent on the operational performance of the Red Hills Power Plant. During 2022, Southern Company disclosed that it provided notice to CGLP to terminate the related operating and maintenance agreement. On July 14, 2023, the Southern Company subsidiary agreed to continue operating the plant for CGLP until the associated power off-take agreement ends in 2032, subject to certain terms and conditions. This restructuring had no material impact on the Company's financial statements. **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 **provide** **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 (benefit) provision 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.

The MLMC contract is the only operating coal 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 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. During the first nine months of 2023, MLMC completed mining in the original mine area and moved to a new mine area, which has resulted in increased costs and a reduction in earnings. MLMC does not anticipate opening additional mine areas through the remaining contract term.

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 **September 30, 2023** **March 31, 2024**, NAMining operates in Florida, Texas, Arkansas, Indiana, Virginia and Nebraska. In addition, Sawtooth Mining, LLC ("Sawtooth") provides comprehensive **has exclusive responsibility for mining and mine closure services as the exclusive contract miner for the Thacker Pass lithium project in northern Nevada**. 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 **has****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, NPRIs 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 May 2, 2022, Great River Energy ("GRE") completed the sale of Coal Creek Station and the adjacent high-voltage direct current transmission line to Rainbow Energy Center, LLC ("Rainbow Energy") and its affiliates. The Coal Sales Agreement ("CSA") between Falkirk and Rainbow Energy became effective upon the closing of the transaction. Falkirk continues to supply all coal requirements of Coal Creek Station and is paid a management fee per ton of coal delivered. To support the transfer to new ownership, Falkirk agreed to a reduction in the current per ton management fee from the effective date of the CSA through May 31, 2024. After May 31, 2024 December 1, 2022, the per ton management fee increases to a higher base in line with 2021 fee levels, and thereafter adjusts annually according to an index which tracks broad measures of U.S. inflation. Rainbow Energy is responsible for funding all mine operating costs, including mine reclamation, and directly or indirectly providing all of the capital required to operate the mine. The initial production period is expected to run through May 1, 2032, but the CSA may be extended or terminated early under certain circumstances.

The Company recognized a gain of \$30.9 million within the accompanying Unaudited Condensed Consolidated Statements of Operations during the first nine months of 2022 as GRE paid \$14.0 million in cash, as well as transferred its ownership of an office building with an estimated fair value of \$4.1 million, and conveyed membership units interest in Midwest AgEnergy Group, LLC ("MAG"), a North Dakota-based ethanol business with an estimated fair value at the transfer date of \$12.8 million.

Prior to receiving the membership units from GRE, the Company held a \$5.0 million investment in MAG carried at cost, less impairment. Subsequent to the receipt of the additional membership units, the Company began to account for the investment under the equity method of accounting. During the third quarter of 2022, the Company recorded \$2.2 million, which represented its share of MAG's earnings on the "Income from equity method investee" line within the accompanying Unaudited Condensed Consolidated Statements of Operations.

On December 1, 2022, the Company transferred its ownership interest in MAG to HLCP Ethanol Holdco, LLC ("HLCP") and received a cash payment of \$18.6 million during the fourth quarter of 2022. 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 HLCP acquisition agreement includes two contingent earn-out arrangements under which additional payments are possible. The first earn-out is based on the achievement of EBITDA targets through December 31, 2024. The second earn-out is based on the development of a carbon dioxide pipeline that will support a carbon dioxide sequestration project over a four-year period commencing on the transaction closing date. Additional payments to NACCO could range from \$0 to approximately \$12.9 million based on achievement of the two earn-outs as well as payment of amounts held in escrow to address potential indemnity claims during the 12-month period following the transaction date. Any future payments associated with the earn-outs or amounts held in escrow will be recognized when realized, consistent with the accounting for gain contingencies.

During the first quarter of 2023, the Company's wholly-owned subsidiary, Caddo Creek Resources Company ("Caddo Creek"), acquired 100% of the membership interests in the Marshall Mine located outside of Marshall, Texas from Advanced Emissions Solutions ("ADES"). Prior to the acquisition, Caddo Creek was performing mine reclamation under a fixed price contract with ADES. The Company received \$2.2 million of cash, assumed the asset retirement obligation estimated to be approximately \$1.9 million and recognized a gain of approximately \$0.3 million in the first quarter of 2023.

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 September 30, 2023 March 31, 2024, the results of its operations, comprehensive income, cash flows and changes in equity for the nine three months ended September 30, 2023 March 31, 2024 and 2022 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, 2022 December 31, 2023.

The balance sheet at **December 31, 2022** **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 **is primarily** 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 third-party lessees 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 **agreements 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 contain different types of variable consideration including, but not limited to, management fees that adjust based on volumes or MMBtu 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.

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 capital expenditures. The amount is variable until the equipment is acquired. At the time the equipment is acquired, the variability is resolved as the compensation is fixed. 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 acquired \$23.1 million of equipment and \$0.1 million in revenue for this project reimbursable costs during the first nine months of 2023. Revenue recognized by ended March 31, 2024 and 2023, respectively. In accordance with the Thacker Pass mining agreement, the customer received a \$3.5 million advance from Sawtooth, in connection with its capital assets was immaterial which is included in the three and nine months ended September 30, 2023, long-term contract asset. The customer will 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

The Company records royalty income in the month production is delivered to the purchaser. As a non-operator, mineral owner, the Company has limited visibility into when new wells start producing, and production statements may not be received for 30 to 90 days or more after the date production is delivered. As a result, the Company is required to estimate the amount of production delivered to the purchaser of the product and the price that will be received for the sale of the product. 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 months ended September 30, 2023 March 31, 2024 and

2022, 2023, royalty income recognized in the reporting period related to performance obligations satisfied in prior reporting periods was immaterial. For the nine months ended September 30, 2023, royalty income recognized in the reporting period related to performance obligations satisfied in prior reporting periods was \$1.4 million. For the nine months ended September 30, 2022, royalty income of \$2.1 million was recognized for a settlement related to the Company's ownership interest in certain mineral rights.

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.

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30		SEPTEMBER 30	
	2023	2022	2023	2022
<u>Timing of Revenue Recognition</u>				
Goods transferred at a point in time	\$ 17,966	\$ 22,043	\$ 63,841	\$ 68,402
Services transferred over time	28,580	39,750	94,196	109,783
Total revenues	\$ 46,546	\$ 61,793	\$ 158,037	\$ 178,185

The following table disaggregates revenue by major sources as of March 31:

	THREE MONTHS ENDED	
	MARCH 31	
	2024	2023
<u>Timing of Revenue Recognition</u>		
Goods transferred at a point in time	\$ 15,108	\$ 20,146
Services transferred over time	38,181	29,995
Total revenues	\$ 53,289	\$ 50,141

Contract Balances

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

	Contract balances				
	Trade accounts receivable	Contract asset (current)	Contract asset (long-term)	Contract liability (current)	Contract liability (long-term)
Balance, January 1, 2023	\$ 37,940	\$ 409	\$ 5,985	\$ 833	\$ 1,709
Balance, September 30, 2023	29,738	—	3,625	1,299	1,604
Increase (decrease)	<u><u>\$ (8,202)</u></u>	<u><u>\$ (409)</u></u>	<u><u>\$ (2,360)</u></u>	<u><u>\$ 466</u></u>	<u><u>\$ (105)</u></u>

	Contract balances				
	Trade accounts receivable	Contract asset (long-term)	Contract liability (current)	Contract liability (long-term)	
Balance, January 1, 2024	\$ 37,429	\$ 3,712	\$ 878	\$ 1,470	
Balance, March 31, 2024	27,958	3,500	930	2,117	
Increase (decrease)	<u><u>\$ (9,471)</u></u>	<u><u>\$ (212)</u></u>	<u><u>\$ 52</u></u>	<u><u>\$ 647</u></u>	

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 September 30, 2023 March 31, 2024 and 2022 2023 included in the opening contract liability was \$0.3 million and \$0.2 million, respectively. The amount of royalty revenue recognized in both of the nine months ended September 30, 2023 and 2022 included in the opening contract liability was \$0.7 million. 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 \$0.9 million in the remainder of 2023, \$0.7 million in 2024, \$1.3 million \$1.2 million in 2025, and \$0.1 million in both 2026, less than \$0.1 million in 2027 and \$0.8 million in the years after 2027 related to the contract liability remaining at September 30, 2023 March 31, 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:

		SEPTEMBER		DECEMBER		MARCH 31	DECEMBER 31
		30	31	2023	2022		
		2024	2024	2023	2023		
Coal	Coal	\$ 17,765	\$ 27,927				
Mining supplies	Mining supplies	51,451	43,561				
Total inventories	Total inventories	\$ 69,216	\$ 71,488				

During the three and nine months ended September 30, 2023, March 31, 2024 and 2023, the Company recorded a \$2.4 \$2.5 million and \$6.6 a \$2.4 million inventory impairment charge, respectively, in the line "Cost of sales" in the accompanying Unaudited Condensed Consolidated Statements of Operations as mining costs exceeded net realizable value at MLMC.

NOTE 4—Stockholders' Equity

Stock Repurchase Program: On November 10, 2021 November 7, 2023, the Company's Board of Directors approved a stock repurchase program ("2021 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, 2023 December 31, 2025. NACCO's previous repurchase program would have expired on December 31, 2023 but was terminated and replaced by the 2023 Stock Repurchase Program. During both the three and nine months ended September 30, 2023 March 31, 2024, the Company repurchased 24,762 127,687 shares of Class A Common Stock under the 2021 2023 Stock Repurchase Program for an aggregate purchase price of \$0.8 million \$4.3 million.

The timing and amount of any repurchases under the **2021-2023** 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 **2021-2023** 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 **2021-2023** 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:

Description	Reporting Date Using	Fair Value Measurements at Reporting Date Using			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 Inputs	Significant Unobservable Inputs	(Level 1)	(Level 2)	(Level 3)
Assets:	March 31, 2024							
Assets:								
Assets:								
Equity securities								
Equity securities								
Equity securities								
	\$							
	\$							
	\$							
Fair Value Measurements at Reporting Date Using								
Quoted Prices in Active Markets for Identical Assets								
Significant Other Inputs								
Significant Unobservable Inputs								
Description	Date	(Level 1)	(Level 2)	(Level 3)				
Assets:	September 30, 2023							
Equity securities	\$ 15,702	\$ 15,702	\$ —	\$ —				
	December 31, 2023							
	\$ 15,702	\$ 15,702	\$ —	\$ —				

	December 31, 2023	
	December 31, 2022	
	December 31, 2023	
Assets:		
Assets:		
Assets:	Assets:	
Equity securities	Equity securities	\$ 15,534 \$ 15,534 \$ — \$ —
Equity securities		
Equity securities		
	\$	
	\$ 15,534	\$ 15,534 \$ — \$ —

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 **2022, 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 \$11.9 million and \$11.2 million at March 31, 2024 and December 31, 2023, respectively, and is included in Other non-current assets in the accompanying Unaudited Consolidated Balance Sheets. The Company recognized a loss of \$0.4 million and a gain of \$0.7 million and \$0.6 million during the three and nine months ended September 30, 2023, respectively, March 31, 2024 and a loss of \$0.5 million and \$2.7 million during the three and nine months ended September 30, 2022, 2023, respectively, related to the Mine Water Treatment Trust.

Prior to **2022, 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 \$6.4 million and \$6.0 million at March 31, 2024 and December 31, 2023, respectively, and is included in Other non-current assets in the accompanying Unaudited Consolidated Balance Sheets. The Company recognized a loss of \$0.2 million during both, the three and nine months ended September 30, 2023, and a gain of \$0.2 million \$0.4 million and \$1.0 million \$0.1 million during the three and nine months ended September 30, 2022, March 31, 2024 and 2023, respectively, related to the investment in these equity securities.

The change in fair value of equity securities is reported on the line **Loss (gain) Gain** on equity securities in the Other (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 **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022, 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 **\$11.5 million** **\$13.8 million** and **\$14.9 million** **\$12.4 million** at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively. The Company's maximum risk of loss relating to these entities is limited to its invested capital, which was **\$4.7 million** **\$4.8 million** and **\$7.1 million** **\$5.0 million** at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively. Earnings of unconsolidated operations were **\$12.8 million** **\$13.3 million** and **\$37.7 million** **\$13.8 million** during the three and nine months ended **September 30, 2023**, respectively, **March 31, 2024** and **\$14.6 million** and **\$43.8 million** during the three and nine months ended **September 30, 2022, 2023**, respectively.

NACoal 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"), **NACoal 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 on or after January 1, 2024 by Coyote Creek's customers, **NACoal 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 **NACoal NACCO Natural Resources** since the inception of these guarantees. The Company believes that the likelihood **NACoal 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 stream and wetland mitigation credits (known as mitigation banking) and provides services to those engaged in permittee-responsible stream and wetland mitigation. 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) provision** for income taxes and net income) are presented and discussed within this Form 10-Q on a consolidated basis.

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

	THREE MONTHS ENDED				NINE MONTHS ENDED			
	SEPTEMBER 30		SEPTEMBER 30		SEPTEMBER 30		SEPTEMBER 30	
	2023	2022	2023	2022	2023	2022	2023	2022
Revenues								
Coal Mining	\$ 18,665	\$ 22,599	\$ 65,661	\$ 70,163				
NAMining	21,722	22,962	64,071	67,180				
Minerals Management	5,747	16,172	23,203	40,888				
Unallocated Items	966	1,092	6,785	1,901				
Eliminations	(554)	(1,032)	(1,683)	(1,947)				
Total	\$ 46,546	\$ 61,793	\$ 158,037	\$ 178,185				
Operating (loss) profit								
Coal Mining	\$ (4,697)	\$ 6,089	\$ (9,059)	\$ 34,616				
NAMining	866	(210)	3,910	2,318				

Minerals Management		3,610	10,616	16,943	35,317
Unallocated Items		(6,027)	(6,780)	(14,445)	(18,171)
Eliminations		(19)	103	(52)	365
Total		<u><u>\$ (6,267)</u></u>	<u><u>\$ 9,818</u></u>	<u><u>\$ (2,703)</u></u>	<u><u>\$ 54,445</u></u>
Expenditures for property, plant and equipment and acquisition of mineral interests					
Revenues					
Revenues					
Revenues					
Coal Mining					
Coal Mining					
Coal Mining	Coal Mining	\$ 1,469	\$ 3,141	\$ 5,187	\$ 11,141
NAMining	NAMining	21,450	604	30,380	8,985
NAMining					
NAMining					
Minerals Management					
Minerals Management					
Minerals Management	Minerals Management	776	11,397	1,758	12,346
Unallocated Items	Unallocated Items	64	1,944	569	9,532
Unallocated Items					
Unallocated Items					
Eliminations					
Eliminations					
Eliminations					
Total					
Total	Total	\$ 23,759	\$ 17,086	\$ 37,894	\$ 42,004
Depreciation, depletion and amortization					
Cost of sales					
Cost of sales					
Cost of sales					
Coal Mining					
Coal Mining					
Coal Mining	Coal Mining	\$ 4,336	\$ 4,257	\$ 12,924	\$ 12,683
NAMining	NAMining	2,058	1,585	5,799	4,545
NAMining					
NAMining					
Minerals Management					
Minerals Management					
Minerals Management	Minerals Management	768	660	2,328	1,781
Unallocated Items	Unallocated Items	158	67	378	175
Unallocated Items					
Unallocated Items					
Eliminations					
Eliminations					
Eliminations					

Total	Total	\$ 7,320	\$ 6,569	\$ 21,429	\$ 19,184
Total					
Total					
Earnings of unconsolidated operations					
Earnings of unconsolidated operations					
Earnings of unconsolidated operations					
Coal Mining					
Coal Mining					
Coal Mining					
NAMining					
NAMining					
NAMining					
Minerals Management					
Minerals Management					
Minerals Management					
Total					
Total					
Total					
Operating expenses*					
Operating expenses*					
Operating expenses*					
Coal Mining					
Coal Mining					
Coal Mining					
NAMining					
NAMining					
NAMining					
Minerals Management					
Minerals Management					
Minerals Management					
Unallocated Items					
Unallocated Items					
Unallocated Items					
Total					
Total					
Total					
Operating profit (loss)					
Operating profit (loss)					
Operating profit (loss)					
Coal Mining					
Coal Mining					
Coal Mining					
NAMining					
NAMining					
NAMining					
Minerals Management					
Minerals Management					
Minerals Management					

Unallocated Items
Unallocated Items
Unallocated Items
Eliminations
Eliminations
Eliminations
Total
Total
Total

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

	THREE MONTHS ENDED	
	MARCH 31	
	2024	2023
Expenditures for property, plant and equipment and acquisition of mineral interests		
Coal Mining	\$ 1,794	\$ 2,686
NAMining	5,818	4,423
Minerals Management	136	344
Unallocated Items	6,735	426
Total	<u>\$ 14,483</u>	<u>\$ 7,879</u>
Depreciation, depletion and amortization		
Coal Mining	\$ 2,214	\$ 4,240
NAMining	2,256	1,886
Minerals Management	993	811
Unallocated Items	229	82
Total	<u>\$ 5,692</u>	<u>\$ 7,019</u>

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 subsidiaries (collectively, the "Company"). NACCO brings natural resources to life by delivering aggregates, minerals, reliable fuels and environmental solutions through its robust portfolio of NACCO Natural Resources® businesses. 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.

The Company has items not directly attributable to a reportable segment that are not included as part in the reported financial results of the measurement of segment operating profit. These items primarily include administrative costs related to public company reporting requirements, at the parent company including management

and board compensation, and the financial results of Mitigation Resources and 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) provision 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 operating as North American Coal, LLC ("NACoal"), 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 nine months ended September 30, 2023 March 31, 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 issue that began on December 15, 2023 as a result of an issue that impacted one of two boilers at the Red Hills Power Plant. This issue has resulted in a reduction in

customer demand which will have a significant impact on the Company's 2024 results of operations. Repairs to the boiler are expected to be completed during the second half of 2024.

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 in the first quarter of 2023 and 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. During the third quarter of 2023, Sabine and SWEPCO entered into an agreement under which Sabine will provide mine reclamation services through September 30, 2026. On October 1, 2026, SWEPCO will take over and complete the remaining mine reclamation services by acquiring is scheduled to acquire all of the capital stock of Sabine.

MLMC is Sabine and complete the exclusive supplier of lignite to the Red Hills Power Plant in Ackerman, Mississippi. Choctaw Generation Limited Partnership ("CGLP") leases the Red Hills Power Plant from a Southern Company subsidiary. CGLP's ability to make required payments to the Southern Company subsidiary is dependent on the operational performance of the Red Hills Power Plant. During 2022, Southern Company disclosed that it provided notice to CGLP to terminate the related operating and maintenance agreement. On July 14, 2023, the Southern Company subsidiary agreed to continue operating the plant for CGLP until the associated power off-take agreement ends in 2032, subject to certain terms and conditions. This restructuring had no material impact on the Company's financial statements. 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 provide 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) provision 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.

The MLMC contract is the only operating coal 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 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. During the first nine months of 2023, MLMC completed mining in the original mine area and moved to a new mine area, which has resulted in increased costs and a reduction in earnings. MLMC does not anticipate opening additional mine areas through the remaining contract term.

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 **September 30, 2023** **March 31, 2024**, NAMining operates in Florida, Texas, Arkansas, Indiana, Virginia and Nebraska. In addition, Sawtooth Mining, LLC ("Sawtooth") provides comprehensive has exclusive responsibility for mining and mine closure services as the exclusive contract miner for the Thacker Pass lithium project in northern Nevada. 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 has 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, NPRIs 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

Other than as described in On April 25, 2024, the following section, there were no significant changes to Environmental Protection Agency ("EPA") issued a pre-publication version of the Company's government regulation matters subsequent to December 31, 2022. Information regarding the Company's government regulation matters is outlined in Part I, Item 1. "Business" in its Annual Report on Form 10-K final rules for the year ended December 31, 2022.

Greenhouse Gas ("GHG") Emissions

In July 2019, emissions and Mercury Air Toxics Standards ("MATS"). The final MATS and GHG rules will require compliance as early as 2027 and 2030, respectively. The Company is in the U.S. Environmental Protection Agency (the "EPA") finalized process of determining the implications of these rules. Previous efforts by the EPA were met with extensive litigation and the Company anticipates a rule that repealed the Clean Power Plan ("CPP") that had been finalized in 2015 and established new regulations addressing GHG emissions from existing coal-fueled electric generation units, referred to as the Affordable Clean Energy ("ACE") rule. The ACE rule developed emission guidelines that states must use when developing plans to regulate GHG emissions from existing coal-fueled electric generating units ("EGUs"). In similar response to challenges brought by environmental groups the new GHG and certain states, the U.S. Court of Appeals for the District of Columbia Circuit (the "D.C. Circuit Court") vacated the ACE rule, including its repeal MATS rules.

Preliminary review of the CPP, in January 2021 and remanded the rule to the EPA for further action. On June 30, 2022, the U.S. Supreme Court issued an opinion reversing the D.C. Circuit Court's decision, and finding GHG rules indicate that the EPA exceeded its statutory authority when the EPA set emission requirements in the CPP based on generation shifting. On May 11, 2023, the EPA proposed a new rule imposing limits on GHG emissions from existing coal and new natural-gas electric generating units, which could compel such facilities compliance deadline for coal-fired plants planning to install additional pollution controls or shut down ("CPP2").

The proposed CPP2 includes guidelines for carbon dioxide ("CO₂") emissions from existing EGUs with a proposed compliance date of January 1, 2030. For coal-fired steam EGUs that plan to operate past January 1, 2040, the EPA is proposing a best system of emissions reduction ("BSER") of carbon capture and sequestration/storage ("CCS") technology has been extended to January 1, 2032. 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 90 percent capture natural gas by January 1, 2030.

Preliminary review of CO₂ at the stack. For coal-fired steam EGUs final MATS rules indicate that will permanently cease operations after December 31, 2031, but before January 1, 2040, the EPA is proposing a BSER significantly reduced the fine particulate matter emission standard for all existing coal-fired electric generating units 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 electric generating units to meet the same standard as other types of 40 percent natural gas co-firing on a heat input basis. Coal-fired steam EGUs that will coal.

permanently cease operations between December 31, 2031 and January 1, 2035, will be subject to an annual capacity factor limit, and for units that will permanently cease operations before January 1, 2032, the EPA is proposing a BSER of routine methods of operation and maintenance that maintain current emission rates. Each Substantially all of the EGUs supplied by the Company would be subject to these proposed requirements.

Additionally, the proposed CPP2 contains other actions, including revised new source performance standards for GHG emissions Coal Mining segment's profits are derived from new and reconstructed fossil fuel-fired steam EGUs that undertake a large modification. 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 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 closure of the Company's mines could have a material adverse effect on the Company's business, financial condition and results of operations.

Clean Air Act ("CAA")

The process of burning coal can cause many compounds and impurities in the coal to be released into the air, including sulfur dioxide, nitrogen oxides ("NOx"), mercury, particulates and other matter. The CAA and the corresponding state laws that extensively regulate the emissions of materials into the air affect coal mining operations both directly and indirectly. Direct impacts on coal mining operations occur through CAA permitting requirements and/or emission control requirements relating to air contaminants, especially particulate matter. Indirect impacts on coal mining operations occur through regulation of the air emissions of sulfur dioxide, nitrogen oxides, mercury, particulate matter and other compounds emitted by coal-fired power plants. The EPA has promulgated or proposed regulations that impose tighter emission restrictions in a number of areas, some of which are currently subject to litigation. The general effect of tighter restrictions is to reduce demand for coal. Ongoing reduction in coal's share of the capacity for power generation could have a material adverse effect on the Company's business, financial condition and results of operations.

The CAA requires the EPA to review national ambient air quality standards ("NAAQS") every five years to determine whether revisions to current standards is appropriate. In addition, states are required to submit to the EPA revisions to their state implementation plans ("SIPs") that demonstrate the manner in which the states will attain NAAQS every time a NAAQS is issued or revised by the EPA. The EPA has adopted NAAQS for several pollutants, which continue to be reviewed periodically for revisions. When the EPA adopts new, more stringent NAAQS for a pollutant, some states have to change their existing SIPs. If a state fails to revise its SIP and obtain EPA approval, the EPA may adopt regulations to affect the revision. Coal mining operations and coal-fired power plants that emit particulate matter or other specified material are, therefore, affected by changes in the SIPs. Through this process over the last few years, the EPA has reduced the NAAQS for particulate matter, ozone and nitrogen oxides. The Company's coal mining operations and power generation customers may be directly affected when the revisions to the SIPs are made and incorporate new NAAQS for sulfur dioxide, nitrogen oxides, ozone and particulate matter. In March 2019, the EPA published a final rule that retains the current primary (health-based) NAAQS for sulfur oxides ("SOx") without revision. The current primary standard is set at a level of 75 parts per billion, as the 99th percentile of daily maximum 1-hour sulfur dioxide concentrations, averaged over 3 years. On January 6, 2023, the EPA proposed to lower the level of the particulate matter. If enacted as proposed, this rule would require fossil fuel generating units to install additional emission reducing technologies, which will ultimately increase the cost of fossil fuel generated energy or cause potential EGU retirements.

In 2011, the EPA finalized the Cross-State Air Pollution Rule ("CSAPR") to address interstate transport of pollutants. This affects states in the eastern half of the U.S. and Texas. CSAPR does not affect EGUs in North Dakota. This rule imposes additional emission restrictions on coal-fired power plants to attain ozone and fine particulate NAAQS. The EPA began implementation of the rule in 2015, when Phase I emission reductions in sulfur dioxide and nitrogen dioxide became effective. In 2019, certain states submitted SIPs to the EPA in response to the 2015 ozone standard reduction. The SIPs were rejected by the EPA on February 13, 2023. On March 15, 2023, the EPA signed the Federal Good Neighbor Plan for the 2015 Ozone NAAQS ("Final FIP"), which provides federal implementation plan ("FIP") requirements for 23 states, including Mississippi where MLMC operates, and requires significant reductions of NOx from power plants and industrial sources in these states. The rule includes emission limits for NOx for fossil fuel-fired EGUs and a "backstop daily emissions rate" for large coal-fired EGUs if they exceed specified limits.

The EPA's action to deny the SIPs was challenged in various courts, including the 5th Circuit Court of Appeals (the "Fifth Circuit"). The Fifth Circuit issued a stay of the SIP rejection in Texas, Louisiana, and Mississippi which prevents the Final FIP from going into effect pending the outcome of the litigation challenges to the SIP rejection and Final FIP. On June 5, 2023, the EPA published the Final FIP in the Federal Register. The Final FIP decreases, over time, the ozone-season NOx allowances allocated to generators in the states not affected by the judicial stay beginning in 2024 by assuming that participants in this cap-and-trade program had or would optimize existing NOx controls and later install additional NOx controls. The Company cannot

predict the outcome of the legal challenges to the: (i) various state disapprovals; (ii) the Final FIP promulgated on June 5, 2023; and (iii) the interim final rule promulgated on July 31, 2023 that seeks to address the judicial orders.

On July 31, 2023, the EPA promulgated an interim final rule ("interim FIP") that addresses the various judicial orders where the SIP rejection has been stayed. The interim FIP requires these states to return to the previously approved NOx trading program and emission caps. The interim FIP maintains the state emissions budgets, unit level allowance allocation provisions, and banked allowance holdings reflecting the status quo for the power plants in these states under the Group 2 trading program.

Should the Final FIP be fully implemented in states where a stay has been issued, the rule could influence the closure of some coal-fired EGUs that have not installed selective catalytic reduction technologies, potentially including the EGU supplied by MLMC. Should the interim FIP be implemented, it could result in an increase in the cost to comply with emission limits as the pool of available NOx emission credits will be reduced.

Under the CAA, the EPA also adopts national emission standards for hazardous air pollutants. In December 2011, the EPA adopted a final rule called the Mercury and Air Toxics Standard ("MATS"), which applies to new and existing coal-fired EGUs. This rule requires mercury emission reductions in mercury-containing particulate matter.

In 2020, the EPA issued a final rule reversing a prior finding and determined that it is not "appropriate and necessary" under the CAA to regulate hazardous air pollutant emissions from coal-fired power plants. On February 9, 2022 the EPA proposed a rule to revoke the EPA's 2020 finding and to reaffirm the agency's 2016 finding that it remained "appropriate and necessary" to regulate mercury-containing particulate matter. The EPA finalized the 2022 proposed rule on March 6, 2023, revoking the 2020 finding and concluding that it is appropriate and necessary to regulate mercury-containing particulate matter. In April 2023, the EPA proposed corresponding revisions to MATS. These revisions would remove the mercury emission limit for lignite-fired EGUs and require particulate emission reductions for all coal-fired EGUs. If enacted as proposed, this rule could influence the closure of additional coal-fired EGUs, potentially including all of the EGUs supplied by the Company.

The Company's power generation customers must incur substantial costs to control emissions to meet all of the CAA requirements, including the requirements under MATS and the EPA's regional haze program. These costs raise the price of coal-generated electricity, making coal-fired power less competitive with other sources of electricity.

thereby reducing demand for coal. If the Company's customers cannot offset the cost to control certain regulated pollutant emissions by lowering costs or if the Company's customers elect to close coal-fired units, the Company's business, financial condition and results of operations could be materially adversely affected.

Clean Water Act ("CWA")

CWA affects coal mining operations by establishing in-stream water quality standards and treatment standards for wastewater discharge, including from coal mines. These federal and state requirements could require more costly water treatment and could materially adversely affect the Company's business, financial condition and results of operations.

The Company believes it has obtained all permits required under the CWA and corresponding state laws and is in compliance with such permits. In many instances, mining operations require securing CWA authorization or a permit from the U.S. Army Corps of Engineers for operations in waters of the United States ("WOTUS.") The Supreme Court of the United States heard the Sackett vs. EPA case in October 2022, which considered whether certain wetlands constitute WOTUS. Prior to the Supreme Court issuing a decision, in January 2023, the EPA published a new rule that redefines WOTUS that relied on an expansive significant nexus test. The new definition expanded the scope of federal jurisdiction over land and water features which could cause some of the Company's operations to incur additional costs to mitigate streams and wetlands. The new WOTUS definition was ultimately stayed in 24 states, including Mississippi, North Dakota and Texas, and on May 25, 2023, the Supreme Court issued its Sackett vs. EPA ruling that defines WOTUS as "a relatively permanent body of water connected to traditional interstate navigable waters" with a "continuous surface connection with that water, making it difficult to determine where the 'water' ends and the 'wetland' begins." The Supreme Court decision rejected the "significant nexus" test relied upon by the EPA in its new 2023 WOTUS rule.

As a result, the EPA and the Army Corps of Engineers authored a revised definition of WOTUS, bypassed the rule proposal stage, and promulgated a final rule that removed references to "significant nexus". The new rule does not go into effect in states where a stay had been issued for the previous rule, including North Dakota, Texas, Louisiana, and Mississippi. In these states, the legal challenge to the rule will resume. In the meantime, securing CWA permits may be more challenging since the agencies in states where a stay has been issued have less guidance to rely on to determine whether certain features are considered WOTUS.

Bellaire is treating mine water drainage from coal refuse piles associated with former underground coal mines in Ohio and Pennsylvania. Bellaire anticipates that it will need to continue these activities indefinitely. Bellaire was notified by the Pennsylvania Department of Environmental Protection during 2004 that in order to obtain renewal of a permit, Bellaire would be required to establish a mine water treatment trust. See Note 7 and Note 9 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 filed on March 15, 2023 for further information on Bellaire.

Resource Conservation and Recovery Act ("RCRA")

RCRA affects coal mining operations by establishing requirements for the treatment, storage and disposal of wastes, including hazardous wastes. Coal mine wastes, such as overburden and coal cleaning wastes, currently are exempted from hazardous waste management. In 2020, the EPA finalized changes to the coal combustion residual ("CCR") rule that classified all clay-lined surface impoundments that receive CCR as unlined, which triggered a pond closure date of April 2021 for impoundments that failed the aquifer location restriction. The EPA also established alternative deadlines to cease receipt of waste to include new site-specific alternatives due to lack of capacity with a deadline to initiate closure no later than October 15, 2023 and a new site-specific alternative due to permanent cessation of coal-fired boilers with two deadlines to complete closure: (a) no later than October 17, 2023 for surface impoundments 40 acres or smaller; and (b) October 17, 2028 for surface impoundments larger than 40 acres. These rules may raise the cost for CCR disposal at coal-fired power plants, making them less competitive, and/or result in early closure 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 mines. Any such closure of the Company's mines could have a material adverse effect on the Company's business, financial condition and results of operations.

In compliance with the regulations, the owner of the Coal Creek Station power plant, Falkirk's customer, submitted a Part B application to the EPA in 2020 asserting a unit complied with the CCR rules. In the first quarter of 2023, the EPA proposed to deny the owner's application. The owner and other parties have submitted additional information and comments supporting the owner's position. If the EPA ultimately denies the owner's application, a new liner may need to be installed or new waste management processes and/or units may need to be constructed. Accordingly, it is possible that a denial by the EPA could require a temporary unit shut down. Any temporary unit shut down could result in a temporary suspension of operations at Coal Creek Station. To minimize any impact to operations, Coal Creek Station is moving forward with plans to dry CCR materials produced by the plant, reducing the need to utilize the lined area in question. Falkirk is the sole supplier of lignite coal to Coal Creek Station. Any suspension of operations at Coal Creek Station would eliminate the need for lignite coal during the suspension period. Any such suspension of operations at Coal Creek Station or any of the power plants supplied by the Company's mines could have a material adverse effect on the Company's business, financial condition and results of operations.

In May 2023, the EPA published proposed regulations that would impose federal regulatory requirements for previously exempt inactive CCR surface impoundments at inactive facilities (legacy CCR surface impoundments). If finalized as proposed, it could increase the regulatory cost of compliance for the Company's customers thereby increasing the cost of power which could materially adversely affect the Company's business, financial condition and results of operations.

The EPA rule exempts CCRs beneficially used at mine sites and reserves any regulation thereof to the Office of Surface Mining Reclamation and Enforcement ("OSMRE"). The OSMRE suspended all rulemaking actions on CCRs, but could re-initiate them in the future. The outcome of these rulemakings, and any subsequent actions by the EPA and OSMRE, could impact those Company operations that beneficially use CCRs. If the Company were unable to beneficially use CCRs, its revenues for handling CCRs from its customers may decrease and its costs may increase due to the purchase of alternative materials for beneficial uses.

National Environmental Policy Act ("NEPA")

NEPA requires federal agencies to review the environmental impacts of their decisions and issue either an environmental assessment or an environmental impact statement. There are certain actions associated with surface coal mining that may trigger these types of assessments by federal agencies. When a NEPA action is required, the Company provides the required information to the appropriate federal agency to enable it to complete the required study. Historically, this process has been lengthy and may take several years to complete. In January 2023, the White House Council on Environmental Quality ("CEQ") issued interim guidance that instructs federal agencies to quantify GHG emissions for each alternative and use the social cost of greenhouse gasses to calculate a monetary metric associated with the proposed actions' climate effects. The NEPA and interim guidance could adversely affect the Company's ability to secure necessary permits.

On April 21, 2023, President Biden signed a new executive order focused on incorporating environmental justice considerations into federal decision-making. The executive order created a new White House Office of Environmental Justice, and directed all

federal agencies to make environmental justice a central part of each agency's mission by publishing an environmental justice strategic plan for the agency. Additionally, the order requires agencies conducting NEPA reviews to assess direct, indirect and cumulative impacts on environmental justice communities in their analyses, to consider best available science and information on disparate health impacts related to exposure to environmental hazards and provide opportunities for meaningful engagement with environmental justice communities during the environmental review process. It remains to be seen how federal agencies will undertake to comply with these new requirements addressing environmental justice considerations, but the development and application of the new requirements may result in permit uncertainty and delays for activities that require federal approvals.

On June 3, 2023, President Biden signed the Fiscal Responsibility Act of 2023 into law, which included certain provisions collectively known as the Builder Act. The Builder Act includes amendments to NEPA which codify past regulatory reforms, including narrowing what qualifies as a "major federal action," limiting the scope of NEPA review to "reasonably foreseeable environmental effects," narrowing consideration of cumulative effects, directing agencies to only consider technically and economically feasible reasonable alternatives and providing page limits and timelines for environmental impact statements and environmental assessments. It remains to be seen how the changes enacted by Congress will impact site level NEPA analysis.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Refer to the discussion of the Company's Critical Accounting Policies and Estimates as disclosed on pages 52 through 54 in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. The Company's Critical Accounting Policies and Estimates have not materially changed since December 31, 2022 December 31, 2023.

CONSOLIDATED FINANCIAL SUMMARY

The results of operations for NACCO were as follows for the three and nine months ended September 30: March 31:

		THREE MONTHS			NINE MONTHS		
		2023		2022	2023		2022
Revenues:	Revenues:						
Revenues:							
Revenues:							
Coal Mining	Coal Mining	\$ 18,665		\$ 22,599		\$ 65,661	\$ 70,163
NAMining	NAMining	21,722		22,962		64,071	67,180
NAMining	NAMining						
Minerals Management	Minerals Management						
Minerals Management	Minerals Management						
Minerals	Minerals						
Management	Management	5,747		16,172		23,203	40,888
Unallocated Items	Unallocated Items	966		1,092		6,785	1,901
Unallocated Items							

Unallocated Items						
Eliminations						
Eliminations	Eliminations	(554)		(1,032)		(1,683)
Total revenue	Total revenue	\$ 46,546		\$ 61,793		\$ 158,037
		\$ 178,185				
Operating (loss) profit:						
Total revenue						
Total revenue						
Operating profit (loss):						
Operating profit (loss):						
Operating profit (loss):						
Coal Mining						
Coal Mining						
Coal Mining	Coal Mining	\$ (4,697)		\$ 6,089		\$ (9,059)
NAMining	NAMining	866		(210)		3,910
		\$ 2,318				
NAMining						
NAMining						
Minerals Management						
Minerals Management						
Minerals	Minerals					
Management	Management	3,610		10,616		16,943
Unallocated Items	Unallocated Items	(6,027)		(6,780)		(14,445)
		(18,171)				
Unallocated Items						
Unallocated Items						
Eliminations	Eliminations	(19)		103		(52)
Total operating (loss) profit		(6,267)		9,818		(2,703)
		\$ 54,445				
Eliminations						
Eliminations						
Total operating profit						
Total operating profit						
Total operating profit						
Interest expense						
Interest expense						
Interest expense	Interest expense	632		486		1,749
Interest income	Interest income	(1,679)		(352)		(4,548)
		(692)				
Interest income						
Interest income						
Closed mine obligations	Closed mine obligations	394		398		1,236
Loss (gain) on equity securities		551		316		(498)
Income from equity method investee		—		(2,156)		—
Other contract termination settlements		—		—		(16,882)
Closed mine obligations						
Closed mine obligations						
Gain on equity securities						
Gain on equity securities						
Gain on equity securities						
Other, net						
Other, net						
Other, net	Other, net	(315)		(354)		(2,417)
		(1,648)				

Other income, net	Other income, net	(417)	(1,662)	(4,478)	(17,052)
(Loss) income before income tax (benefit) provision		(5,850)	11,480	1,775	71,497
Income tax (benefit) provision		(2,018)	866	(2,605)	11,121
Net (loss) income	\$	(3,832)	\$ 10,614	\$ 4,380	\$ 60,376
Other income, net					
Other income, net					
Income before income tax provision (benefit)					
Income before income tax provision (benefit)					
Income before income tax provision (benefit)					
Income tax provision (benefit)					
Income tax provision (benefit)					
Income tax provision (benefit)					
Net income					
Net income					
Net income					
Effective income tax rate	Effective income tax rate	34.5	%	7.5	%
Effective income tax rate					
Effective income tax rate					

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

Third First Quarter of 2023 Compared with Third Quarter of 2022, and First Nine Months of 2023 2024 Compared with First Nine Months Quarter of 2022 2023

Other (income) expense, net

Interest income expense increased in the third first quarter of 2023 and the first nine months of 2023 2024 compared with the respective 2022 periods primarily 2023 period due to a higher average invested cash balance borrowings as well as an increase in interest rates.

Loss (gain) Gain on equity securities represents changes in the market price of invested assets reported at fair value. The change in the third first quarter of 2023 and the first nine months of 2023 2024 compared with the respective 2022 periods 2023 period 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.

During the first nine months of 2022, GRE transferred ownership of an office building with an estimated fair value of \$4.1 million and conveyed membership units in Midwest AgEnergy, LLC ("MAG") with an estimated fair value of \$12.8 million. The Company recognized a gain of \$16.9 million on the "Other contract termination settlements" line within the accompanying

Unaudited Condensed Consolidated Statements of Operations during the first nine months of 2022 as a result of the transactions with GRE.

Prior to receiving the membership units from GRE, the Company held a \$5.0 million investment in MAG. Subsequent to the receipt of the additional membership units, the Company began to account for the investment under the equity method of accounting. During the third quarter of 2022, the Company recorded \$2.2 million, which represented its share of MAG's earnings on the "Income from equity method investee" line within the accompanying Unaudited Condensed Consolidated Statements of Operations.

On December 1, 2022, the Company transferred its ownership interest in MAG Midwest AgEnergy Group, LLC ("MAG"), a North Dakota-based ethanol business to HLCP Ethanol Holdco, LLC. LLC ("HLCP"). The Company received a payment of \$1.2 million in the first nine months 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. See Note 1 to the Unaudited Condensed Consolidated Financial Statements for further discussion of MAG.

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, as a result of the significant reduction in 2023 forecasted periods where income before income tax compared with 2022, 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 the forecasted loss before income tax rate results as of March 31, 2023, the effect of the benefit from percentage depletion resulted in a negative forecasted effective tax rate for 2023. Each quarter, the Company updates its estimate of the annual effective tax rate and makes a cumulative adjustment if impact of the change in the estimated annual tax rate has changed, 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 nine months ended September 30: March 31:

	2023	2022	Change	2024	2023	Change
Operating activities:				Operating activities:		
Net cash provided by operating activities	\$63,020	\$54,929	\$8,091			
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	(37,894)	(42,004)	4,110			
Other	339	2,766	(2,427)			
Net cash used for investing activities	(37,555)	(39,238)	1,683			
Cash flow before financing activities	\$25,465	\$15,691	\$9,774			

The \$8.1 million \$16.0 million change in net cash (used for) provided by operating activities during the first nine months of 2023 was primarily due to a favorable an unfavorable change in working capital, partially offset by a decrease in net income adjusted for non-cash items, primarily the \$16.9 million related to the termination and release of claims agreement between Falkirk and GRE. The favorable change in working capital which was mainly the result of a reduction increases in the Federal income tax Other current assets and Accounts receivable from affiliates during the first nine months quarter of 2023 2024 compared with an increase significant decreases in the first nine months quarter of 2022. In addition, an increase in Accounts Payable during the first nine months of 2023 compared with a decrease in the first nine months of 2022 also contributed to the favorable 2023. The change in working capital. The increase in 2023 accounts payable is Other current assets was primarily due to \$9.9 million related changes in accrued royalties. The change in Accounts receivable from affiliates is primarily attributable to equipment acquired the amount and timing of payments from unconsolidated subsidiaries.

In addition, the Company entered into an Accounts Receivable Financing Program with a third party banking institution on March 14, 2024 for the **Thacker Pass lithium project** sale of certain accounts receivables. Accounts receivable sold under the Accounts Receivable Financing Program for the quarter ended March 31, 2024 were \$6.1 million. The net proceeds received were included in Net cash (used for) provided by operating activities in the Unaudited Consolidated Statement of Cash Flows.

	2023	2022	Change		2024	2023	Change
Financing activities:				Financing activities:			
Net reductions to long-term debt and revolving credit agreement	\$ (2,396)	\$(4,454)	\$ 2,058				
Net additions to long-term debt and revolving credit agreement							
Cash dividends paid	Cash dividends paid	(4,826)	(4,488)	(338)			
Purchase of treasury shares	Purchase of treasury shares	(824)	—	(824)			
Net cash used for financing activities	<u>\$ (8,046)</u>	<u>\$ (8,942)</u>	<u>\$ 896</u>				
Net cash provided by (used for) financing activities							
Net cash provided by (used for) financing activities							
Net cash provided by (used for) financing activities							

The change in net cash used for financing activities was primarily due to fewer an increase in debt repayments borrowings during the first nine months of 2023 compared with the first nine months of 2022, partially offset by share repurchases during the purchase first quarter of treasury shares during 2023.

Financing Activities

Financing arrangements are obtained and maintained at the NACCO Natural Resources level. Corporation ("NACCO Natural Resources is the parent company for NACoal, NAMining, Catapult and Mitigation Resources. NACCO Natural Resources has Resources"), maintains a secured revolving line of credit of up to \$150.0 million (the "Facility") that expires in November 2025. There were no borrowings Borrowings outstanding under the Facility were \$17.0 million at September 30, 2023.

March 31, 2024. At September 30, 2023 March 31, 2024, the excess availability under the Facility was \$122.0 million \$100.4 million, which reflects a reduction for outstanding letters of credit of \$28.0 million \$32.6 million.

NACCO has not guaranteed any borrowings of NACCO Natural Resources. The borrowing agreements at NACCO Natural Resources allow 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 **September 30, 2023**, **March 31, 2024**, for base rate and **LIBOR SOFR** loans were 1.23% and 2.23%, 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% on the unused commitment at **September 30, 2023** **March 31, 2024**.

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. At **September 30, 2023** **March 31, 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 Resource's 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.

Expenditures for property, plant and equipment and mineral interests

Expenditures for property, plant and equipment and mineral interests were **\$37.9 million** **\$14.5 million** during the first **nine** **three** months of **2023**, **2024**, primarily for the acquisition of land at Mitigation Resources and equipment to support the Thacker Pass lithium project at NAMining. Planned expenditures for the remainder of **2023** are expected to be approximately \$5 million in the Coal Mining segment, \$4 million in the NAMining segment, \$37 million in the Minerals Management segment and less than \$1 million in Unallocated Items. In the Minerals Management segment, planned expenditures for the remainder of 2023 are primarily related to the acquisition of mineral and royalty interests in the oil-rich Permian basin. Planned expenditures for **2024** are expected to be approximately **\$10 million** **\$11 million** in the Coal Mining segment, **\$8 million** **\$27 million** in the NAMining segment, \$20 million in the Minerals Management segment and **\$1 million** **\$3 million** in Unallocated Items.

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

Capital Structure

NACCO's consolidated capital structure is presented below:

		SEPTEMBER			DECEMBER								
		30	31	Change	MARCH 31	DECEMBER 31	Change						
		2023	2022										
Cash and cash equivalents	Cash and cash equivalents	\$ 128,167	\$110,748	\$17,419									
Other net tangible assets	Other net tangible assets	318,154	329,045	(10,891)									
Intangible assets, net	Intangible assets, net	25,759	28,055	(2,296)									
Net assets	Net assets	472,080	467,848	4,232									
Total debt	Total debt	(22,534)	(19,668)	(2,866)									
Bellaire closed mine obligations	Bellaire closed mine obligations	(21,101)	(21,214)	113									
Total equity	Total equity	\$ 428,445	\$426,966	\$ 1,479									
Debt to total capitalization	Debt to total capitalization	5%	4%	1%	Debt to total capitalization			12%	9%	3%			

The **decrease** **increase** in other net tangible assets at **September 30, 2023** **March 31, 2024** compared with **December 31, 2022** **December 31, 2023** was mainly the result of an increase in Accounts payable and a reduction in the Federal income tax receivable. Accounts payable at September 30, 2023 includes \$9.9 million related to equipment acquired for the Thacker Pass lithium project. A decrease in Trade accounts receivable due to lower sales at the Coal Mining and Minerals Management segments during the third quarter of 2023 compared with the fourth quarter of 2022 also contributed to the decrease in other net tangible assets. These items were partially offset by an **increase** **increases** in Property, plant and equipment and Prepaid insurance during the first **nine** **months** quarter of **2023**, **2024**.

Contractual Obligations, Contingent Liabilities and Commitments

Since December 31, 2022 December 31, 2023, 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, 2022 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 nine months ended September 30; March 31:

		THREE MONTHS		NINE MONTHS	
		THREE MONTHS		NINE MONTHS	
		2023	2022	2023	2022
Unconsolidated operations	Unconsolidated operations	5,105	7,210	15,899	19,061
Unconsolidated operations					
Unconsolidated operations					
Consolidated operations					
Consolidated operations					
Consolidated operations	Consolidated operations	628	750	2,245	2,397
Total tons delivered	Total tons delivered	5,733	7,960	18,144	21,458
Total tons delivered					
Total tons delivered					

The results of operations for the Coal Mining segment were as follows for the three and nine months ended September 30; March 31:

		THREE MONTHS		NINE MONTHS	
		THREE MONTHS		NINE MONTHS	
		2023	2022	2023	2022
Revenues	Revenues	\$ 18,665	\$ 22,599	\$ 65,661	\$ 70,163
Revenues					
Revenues					
Cost of sales	Cost of sales	26,819	20,933	85,966	64,421
Gross (loss) profit		(8,154)	1,666	(20,305)	5,742
Cost of sales					
Cost of sales					
Gross loss					
Gross loss					

Gross loss					
Earnings of unconsolidated operations ^(a)	Earnings of unconsolidated operations ^(a)	11,259	13,300	33,687	40,086
Contract termination settlement	—	—	—	—	14,000
Earnings of unconsolidated operations ^(a)					
Earnings of unconsolidated operations ^(a)					
Selling, general and administrative expenses					
Selling, general and administrative expenses					
Selling, general and administrative expenses	Selling, general and administrative expenses	7,160	8,008	20,313	22,439
Amortization of intangible assets	Amortization of intangible assets	642	867	2,296	2,772
(Gain) loss on sale of assets	—	2	(168)	—	1
Amortization of intangible assets					
Amortization of intangible assets					
Gain on sale of assets					
Gain on sale of assets					
Gain on sale of assets					
Operating (loss) profit	Operating (loss) profit	\$ (4,697)	\$ 6,089	\$ (9,059)	\$ 34,616
Operating (loss) profit					
Operating (loss) profit					

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

Third Quarter of 2023 Compared with Third Quarter of 2022

Revenues decreased **17.4%** **24.7%** in the **third** first quarter of 2024 compared with the **first** quarter of 2023 **compared with the third quarter of 2022** primarily due to a reduction in customer requirements at **MLMC**. **MLMC** as a result of an ongoing issue that impacts one of two boilers at the Red Hills Power Plant. Repairs to the boiler are expected to be completed during the second half of 2024.

The following table identifies the components of change in **Operating** **Operating (loss)** profit for the **third** first quarter of **2023** **2024** compared with the **third** first quarter of **2022**: **2023**:

	Operating (Loss) Profit	Operating (Loss) Profit
2022	\$ 6,089	
2023		
Increase (decrease) from:	Increase (decrease) from:	
Gross profit, excluding inventory impairment charge	(7,399)	
Inventory impairment charge	(2,421)	
Selling, general and administrative expenses		
Selling, general and administrative expenses		
Selling, general and administrative expenses		

Earnings of unconsolidated operations	Earnings of unconsolidated operations	(2,041)
Selling, general and administrative expenses		848
Gain on sale of assets		
Gross loss		
Amortization of intangibles	Amortization of intangibles	225
Loss on sale of assets		2
2023		<u><u>\$(4,697)</u></u>
2024		

Operating (loss) profit decreased **\$10.8 million** **\$0.7 million** in the **third** **first** quarter of 2024 compared with the first quarter of 2023 compared with the third quarter of 2022 primarily due to **decreases** **an increase** in **gross profit** **selling, general and administrative expenses** and a **decrease** in the **earnings of unconsolidated operations**, partially offset by **lower operations**.

The increase in selling, general and administrative expenses.

The decrease in gross profit expenses was primarily the result of an increase in the cost per ton delivered at MLMC. The increase in cost per ton delivered at MLMC is due to costs associated with establishing operations in a new mine area and a reduction in the number of tons severed. The reduction in severed tons was due to adverse mining conditions caused by the amount of rain during the third quarter of 2023, as well as operational inefficiencies related to final mining activities at the existing mine area. Fewer tons severed caused a decrease in tons held in inventory since more tons were delivered than produced during the third quarter of 2023. This resulted in an increase in the cost per ton and a \$2.4 million inventory impairment charge to write down coal inventory to its net realizable value, higher employee-related costs.

The decrease in the earnings of unconsolidated operations was primarily due to a reduction in customer requirements at Coteau.

The **decrease** **reduction** in **selling, general** revenues at MLMC was offset by a reduction in cost of goods sold, resulting in a comparable gross loss in both the first quarter of 2024 and **administrative expenses** was primarily due to lower employee-related costs.

First Nine Months of 2023 Compared with First Nine Months of 2022

Revenues decreased 6.4% 2023. Gross loss in the first nine months quarter of 2024 and the first quarter of 2023 compared with the first nine months of 2022 primarily due to included a reduction in customer requirements at MLMC.

The following table identifies the components of change in operating (loss) profit for the first nine months of 2023 compared with the first nine months of 2022:

		Operating (Loss) Profit
2022		\$ 34,616
Increase (decrease) from:		
Gross profit, excluding inventory impairment charges		(19,406)
Contract termination settlement in 2022		(14,000)
Inventory impairment charges		(6,641)
Earnings of unconsolidated operations		(6,399)
Selling, general and administrative expenses		2,126
Amortization of intangibles		476
Gain on sale of assets		169
2023		<u><u>\$(9,059)</u></u>

Operating (loss) profit decreased \$43.7 million in the first nine months of 2023 compared with the first nine months of 2022 due to a decrease in gross profit, the non-recurrence of \$14.0 million recognized in the first nine months of 2022 related to the contract termination settlement with GRE \$2.5 million and a decline in the earnings of unconsolidated operations. These decreases were partially offset by lower selling, general and administrative expenses.

The decrease in gross profit was primarily due to an increase in the cost per ton delivered at MLMC. The increase in cost per ton delivered at MLMC is due to costs associated with establishing operations in a new mine area and a reduction in the number of tons severed. The reduction in severed tons was due to adverse mining conditions caused by the amount of rain during the first nine months of 2023, as well as operational inefficiencies related to final mining activities at the existing mine area. Fewer tons severed caused a decrease in tons held in inventory since more tons were delivered than produced during the first nine months of 2023. This resulted in an increase in the cost per ton and \$6.6 million of \$2.4 million inventory impairment charges charge, respectively, to write down MLMC's coal inventory to its net realizable value.

The decrease in the earnings of unconsolidated operations was primarily due to a reduction in the per ton management fee at Falkirk, effective May 2022 through May 2024, to support the transition of the Coal Creek Station Power Plant to Rainbow Energy. A reduction in customer requirements at Coteau and Falkirk also contributed to the decrease in earnings. These decreases were partly offset by improved results at Coyote Creek.

The decrease in selling, general and administrative expenses was primarily due to lower employee-related costs.

NORTH AMERICAN MINING ("NAMining") SEGMENT

FINANCIAL REVIEW

Tons delivered by the NAMining segment were as follows for the three and nine months ended September 30: March 31:

		THREE MONTHS		NINE MONTHS	
		2023	2022	2023	2022
		15,410	13,421	44,178	40,756
Total tons delivered					
Total tons delivered				THREE MONTHS	
				2024	2023
Total tons delivered				15,173	14,829

The results of operations for the NAMining segment were as follows for the three and nine months ended September 30: March 31:

		THREE MONTHS		THREE MONTHS		THREE MONTHS		NINE MONTHS	
		2023	2022	2023	2022	2023	2022	2023	2022
		Total revenues	Total revenues	\$ 21,722	\$ 22,962	\$ 64,071	\$ 67,180		
Total revenues	Total revenues								
Total revenues	Total revenues								
Reimbursable costs	Reimbursable costs	13,339		15,259		38,088		41,337	
Reimbursable costs	Reimbursable costs								
Reimbursable costs	Reimbursable costs								
Revenues excluding reimbursable costs	Revenues excluding reimbursable costs								
Revenues excluding reimbursable costs	Revenues excluding reimbursable costs								
Revenues excluding reimbursable costs	Revenues excluding reimbursable costs	\$ 8,383	\$ 7,703	\$ 25,983	\$ 25,843				
Total revenues	Total revenues	\$ 21,722	\$ 22,962	\$ 64,071	\$ 67,180				
Total revenues	Total revenues								
Cost of sales	Cost of sales								
Cost of sales	Cost of sales								

Cost of sales	Cost of sales	20,286	21,853	58,411	62,086
Gross profit	Gross profit	1,436	1,109	5,660	5,094
Gross profit					
Earnings of unconsolidated operations ^(a)					
Earnings of unconsolidated operations ^(a)					
Earnings of unconsolidated operations ^(a)	Earnings of unconsolidated operations ^(a)	1,495	1,288	3,975	3,716
Selling, general and administrative expenses	Selling, general and administrative expenses	2,065	2,607	5,725	6,417
Loss on sale of assets		—	—	—	75
Operating profit (loss)	\$ 866	\$ (210)	\$ 3,910	\$ 2,318	
Selling, general and administrative expenses					
Selling, general and administrative expenses					
Gain on sale of assets					
Gain on sale of assets					
Gain on sale of assets					
Operating profit					
Operating profit					
Operating profit					

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

Third Quarter of 2023 Compared with Third Quarter of 2022

Total revenues decreased 5.4% in the third quarter of 2023 compared with the third quarter of 2022 primarily due to a decrease in reimbursable costs, which have an offsetting amount in cost of sales and have no impact on operating profit, and a decrease in mine reclamation revenue at Caddo Creek. These decreases were partially offset by an increase in customer requirements and tons delivered at the consolidated quarries.

The following table identifies the components of change in operating profit (loss) for the third quarter of 2023 compared with the third quarter of 2022:

		Operating Profit (Loss)
2022		\$ (210)
Increase (decrease) from:		
Voluntary retirement program charge		769
Selling, general and administrative expenses		307
Earnings of unconsolidated operations		207
Gross profit		(207)
2023		\$ 866

Operating profit increased \$1.1 million in the third quarter of 2023 compared with the third quarter of 2022 primarily due to the absence of a voluntary retirement program charge and a decrease in selling, general and administrative expenses.

During the third quarter of 2022, the Company implemented a voluntary retirement program for employees who met certain age and service requirements to reduce overall headcount. As a result of this program, the third quarter 2022 operating loss includes a charge of \$0.8 million related to one-time termination benefits.

The decrease in selling, general and administrative expenses was mainly due to lower employee-related costs.

First Nine Months of 2023 Compared with First Nine Months of 2022

Total revenues decreased 4.6% in the first nine months of 2023 compared with the first nine months of 2022 primarily due to a reduction in revenue from reclamation activities at Caddo Creek. The Marshall Mine, where Caddo Creek had been performing mine reclamation work, was acquired by the Company 18.7% in the first quarter of 2023. A

decrease 2024 compared with the first quarter of 2023 primarily due to an improvement at the consolidated quarries. An increase in reimbursable costs at Sawtooth, which have an offsetting amount in cost of sales and have no impact on operating profit, also contributed to the decrease improvement in total revenues. These decreases were partially offset by an increase in customer requirements and tons delivered at the consolidated quarries.

The following table identifies the components of change in operating profit for the first nine months quarter of 2023 2024 compared with the first nine months quarter of 2022 2023:

	Operating Profit
2023	\$ 830
Increase (decrease) from:	
Gross profit	1,420
Selling, general and administrative expenses	97
Earnings of unconsolidated operations	7
Gain on sale of assets	1
2024	\$ 2,355

	Operating Profit
2022	\$ 2,318
Increase (decrease) from:	
Voluntary retirement program charge	769
Selling, general and administrative expenses	457
Earnings of unconsolidated operations	259
Loss on sale of assets	75
Gross profit	32
2023	\$ 3,910

Operating profit increased \$1.6 million \$1.5 million in the first nine months quarter of 2023 2024 compared with the first nine months quarter of 2022 2023 primarily due to the absence of a voluntary retirement program charge and a decrease in selling, general and administrative expenses.

During the third quarter of 2022, the Company implemented a voluntary retirement program for employees who met certain age and service requirements to reduce overall headcount. As a result of this program, the first nine months of 2022 operating profit includes a charge of \$0.8 million related to one-time termination benefits.

The decrease in selling, general and administrative expenses was mainly due to lower employee-related costs.

In addition, the change in gross profit was due to higher earnings at the consolidated quarries as well as an increase in dragline part sales, largely offset by gross profit. This improvement was mainly the absence result of earnings associated with Caddo Creek reclamation activities, favorable pricing and delivery mix and improved margins at the limestone quarries resulting from mutually beneficial contract amendments.

MINERALS MANAGEMENT SEGMENT

FINANCIAL REVIEW

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

	THREE MONTHS		NINE MONTHS	
	2023	2022	2023	2022
Revenues	\$ 5,747	\$ 16,172	\$ 23,203	\$ 40,888
Cost of sales	1,064	1,006	3,026	2,487
Gross profit	4,683	15,166	20,177	38,401
Selling, general and administrative expenses	986	611	3,147	1,672

Loss (gain) on sale of assets	87	—	87	(2,527)
Asset impairment charges	—	3,939	—	3,939
Operating profit	\$ 3,610	\$ 10,616	\$ 16,943	\$ 35,317

During the third quarter of 2023 and the first nine months of 2023, the Company does not have information that would be available to a company with oil and natural gas industry experienced operations because detailed information is not generally available to owners of royalty and mineral interests. Consequently, the exact number of wells producing from or drilling on the Company's mineral interests at a decline given point in commodity prices compared with time is not determinable. The following table sets forth the respective 2022 periods. Company's estimate of the number of gross and net productive wells:

	March 31, 2024		March 31, 2023	
	Gross	Net	Gross	Net
Oil	1,740	8.8	1,048	3.3
Natural Gas	261	12.9	251	10.1
Total	2,001	21.7	1,299	13.4

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 such volatility with the average price as reported by the United States Energy Information Administration for the three and nine months ended September 30: March 31:

	2024	2023
West Texas Intermediate Average Crude Oil Price	\$ 77.56	\$ 76.08
Henry Hub Average Natural Gas Price	\$ 2.13	\$ 2.65

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 months ended March 31:

	2024 (4)		2023 (4)	
	2024 (4)	2023 (4)	2024 (4)	2023 (4)
Production data:				
Oil (bbl) (1)		38,194		24,024
NGL (bbl) (1)		12,542		14,375
Residue gas (Mcf) (2)		2,143,948		1,874,900
Total BOE (3)		408,060		350,882
Average realized prices:				
Oil (bbl) (1)	\$	69.07	\$	69.82
NGL (bbl) (1)	\$	23.83	\$	23.81
Residue gas (Mcf) (2)	\$	2.84	\$	3.12
Average unit cost				
BOE (3)	\$	2.31	\$	3.80

(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 February and March 2024 data with volumes projected from prior well production and pricing based on public pricing data adjusted for expense information.

	THREE MONTHS				NINE MONTHS			
	2023		2022		2023		2022	
	\$	82.30	\$	93.18	\$	77.38	\$	98.79
West Texas Intermediate Average Crude Oil Price	\$	82.30	\$	93.18	\$	77.38	\$	98.79
Henry Hub Average Natural Gas Price	\$	2.59	\$	7.99	\$	2.47	\$	6.71

The results of operations for the Minerals Management segment were as follows for the three months ended March 31:

	2024	2023
Revenues	\$ 10,401	\$ 8,285
Cost of sales	1,364	1,052
Gross profit	9,037	7,233
Loss from unconsolidated operations	(65)	—
Selling, general and administrative expenses	1,042	1,189
Operating profit	\$ 7,930	\$ 6,044

Revenues and operating profit decreased significantly increased in the third first quarter of 2023 and the first nine months of 2023 2024 compared with the respective 2022 periods, 2023 period, primarily due to substantially lower natural gas and oil prices, as well as lower settlement

income. The first nine months of 2023 and the first nine months of 2022 included settlement income of \$1.4 million and \$2.1 million, respectively. Settlement income relates to the Company's ownership interest in certain mineral rights.

In addition, operating profit in the first nine months of 2023 decreased due to a \$2.4 million gain on the sale of land related to legacy operations recognized during the second quarter of 2022.

An increase in selling, general and administrative expenses, mainly due to higher employee-related costs, also contributed to the decrease in operating profit.

The Company regularly performs reviews of potential future development projects and identified certain legacy coal assets where future development is unlikely. The long-lived assets, which included land, prepaid royalties and capitalized leasehold costs, were written off in the third quarter of 2022 and resulted in non-cash asset impairment charges of \$3.9 million. production volumes.

UNALLOCATED ITEMS AND ELIMINATIONS

FINANCIAL REVIEW

Unallocated Items and Eliminations were as follows for the three and nine months ended September 30; March 31:

	THREE MONTHS		NINE MONTHS	
	2023	2022	2023	2022
Operating loss	\$ (6,046)	\$ (6,677)	\$ (14,497)	\$ (17,806)

	THREE MONTHS	
	2024	2023
Operating loss	\$ (5,111)	\$ (5,373)

The operating loss in the third first quarter of 2023 and the first nine months of 2023 2024 decreased compared with the respective 2022 periods 2023 period due to lower employee-related costs. The first nine months of 2023 also included higher earnings at Mitigation Resources.

NACCO Industries, Inc. Outlook

Coal Mining Outlook

The In 2024, the Company expects fourth-quarter overall coal deliveries to increase modestly from 2023 Coal Mining operating results and Segment Adjusted EBITDA to improve significantly compared with the 2023 third quarter but decline substantially from the 2022 fourth quarter.

The improvement in fourth-quarter 2023 over third-quarter 2023 results is levels primarily due to anticipated lower production costs from completion of the move higher deliveries at Coteau and Falkirk. These improvements are expected to a new mine area be partly offset by reduced deliveries at MLMC, partially offset by anticipated higher Coal Mining operating expenses due to an ongoing boiler issue, and the cessation of coal deliveries at the Company's Sabine Mine in April 2023.

Strong operating profit compared with a significant 2023 operating loss, which included a \$60.8 million impairment charge, and substantially higher professional fees Segment Adjusted EBITDA are expected in 2024. These anticipated increases are primarily due to an expected improvement in results at MLMC and outside services. higher earnings at Falkirk and Coteau in the second half of 2024.

MLMC expects to incur a loss in 2024, albeit significantly less than in 2023, mainly as a result of fewer tons delivered. While total production costs at MLMC are anticipated to decline significantly from recent 2023 levels, production costs are expected to remain above historical levels throughout 2024 when deliveries return to normal and a pit extension is completed later this year. In addition, the effect of the impairment charge taken in the new mine area is complete. All production costs are capitalized into inventory at this mine. Beginning in the 2023 fourth quarter, MLMC expects to increase the number of tons severed, which is anticipated to lead to an increase in coal inventory levels. Higher inventory levels will allow costs to be spread over more tons, which is expected to result in a lower cost per ton sold depreciation and improved profitability beginning with amortization expense and contribute to the fourth quarter and going forward. lower production costs.

The fourth-quarter 2023 results at MLMC are expected to be below fourth-quarter 2022 despite the improvement in results over the previous 2023 quarters. An anticipated increase in operating expenses is also expected to contribute to the lower fourth-quarter 2023 results.

MLMC does not anticipate opening additional mine areas through the remaining contract term. While increased depreciation from capital expenditures related to the new mine area will affect future results, the Company anticipates MLMC should contribute favorably to Segment Adjusted EBITDA in future years.

Capital expenditures are expected to be approximately \$5 million in the fourth quarter of 2023, \$10 million for the 2023 full year, and \$10 million in 2024.

Coal Mining Outlook - 2024

In 2024, the Company expects coal deliveries to increase moderately from 2023 levels. Higher Coteau and Falkirk deliveries are expected to be partly offset by the unfavorable effect of the Pirkey Plant retirement and resulting March 31, 2023 cessation of coal deliveries from the Company's Sabine Mine.

Strong operating profit and significantly higher Segment Adjusted EBITDA are expected in 2024 compared with 2023. These

increases are primarily the result of significant improvements in results at MLMC due to the anticipated reduction in cost per ton sold and an increase in earnings of unconsolidated operations. Improvements are expected to be higher in the second half of 2024 as comparisons are made to much lower second-half 2023 results.

The anticipated higher earnings at the unconsolidated coal mining operations are expected to be driven primarily by an expectation for increased customer requirements at Coteau and Falkirk, as well as a higher per ton management fee at Falkirk beginning in June 2024 when temporary price concessions end.

The Company's contract structure at each of its coal mining operations eliminates exposure to 2024 capital expenditures are expected to spot coal market price fluctuations. However, fluctuations in natural gas prices, weather and the availability of renewable power generation, particularly wind, can contribute to changes in power plant dispatch and customer demand for coal. Changes to customer power plant dispatch would affect the Company's outlook for the remainder of 2023 and 2024, as well as over the longer term. total approximately \$13 million.

NAMining Outlook

In 2023, NAMining expects fourth-quarter 2023 tons delivered executed a 15-year contract to decrease modestly from 2022, while full-year 2023 tons delivered are mine phosphate at a quarry in central Florida. Production is expected to increase year-over-year as commence in the second quarter of 2024 once commissioning of a dragline is complete. The business also amended and extended existing limestone contracts in late 2023 that contain mutually advantageous contract terms and expanded the scope of work with another customer. As a result of the increased deliveries in the first nine months of 2023.

Operating profit these new and Segment Adjusted EBITDA are anticipated to increase significantly in both the 2023 fourth quarter and full year over the respective prior year periods. These increases are primarily due to anticipated earnings improvement under modified contracts, as well as improvements at existing contracts, including Sawtooth, partially offset by the completion of services at Caddo Creek.

In 2024, operations, NAMining expects full-year substantial quarterly growth in operating profit and Segment Adjusted EBITDA in each remaining 2024 quarter, leading to increase significantly improved full-year results over 2023 due to improved earnings under certain existing contracts, including Sawtooth, and an anticipated reduction in operating expenses. Any new contracts should be accretive to NAMining's future results. 2023.

Sawtooth has an exclusive agreement to provide comprehensive responsibility for mining and mine closure services for the at Thacker Pass, lithium project in northern Nevada, including mine design.

construction, operation and maintenance. Thacker Pass is owned by Lithium Nevada Corp., a subsidiary of Lithium Americas Corp. (TSX: LAC) (NYSE: LAC). Thacker Pass will supply all of Lithium Americas controls the lithium reserves at Thacker Pass. Americas' lithium-bearing ore requirements. In March 2023, Lithium Americas commenced construction at Thacker Pass. With construction beginning, underway, Sawtooth started acquiring acquired mining equipment totaling \$23.3 million in the 2023 second quarter. Sawtooth has acquired \$23.1 million of equipment to-date. While 2023. These capital expenditures will be reimbursed by Lithium Americas will reimburse Sawtooth for these capital expenditures over a five-year period, and Sawtooth will recognize the associated revenue over the estimated useful life of the asset. In addition, during the construction period, Sawtooth will be reimbursed for all costs of construction mining and mine closure and will recognize a contractually agreed construction upon production fee. The Company expects to continue to recognize moderate income prior to the expected commencement of Phase 1 lithium production, estimated to begin in the second half of 2026, 2027/2028.

NAMining expects full-year 2023 capital expenditures to be approximately \$34 million, with approximately \$4 million expended in the fourth quarter. In 2024, capital expenditures are expected to be approximately \$8 million, \$33 million. These expenditures are primarily for the acquisition of draglines and dragline parts, as well as other equipment to support existing contracts and other equipment, the new and modified contracts previously discussed.

Minerals Management Outlook

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. Changing prices of natural gas and oil could have a significant impact on Minerals Management's operating profit.

In the 2023 fourth quarter and full year, operating profit and Segment Adjusted EBITDA are expected to continue to decrease significantly compared with the respective prior year periods. These decreases are primarily driven by current market expectations for natural gas and oil prices.

In 2024, operating profit and Segment Adjusted EBITDA are expected to increase moderately compared with 2023 primarily driven by current market expectations for natural gas and oil prices and limited forecasted development of additional new wells by third-party lessees. Lower operating expenses are also expected to contribute to the profit growth.

The Company's forecast is based on current market assumptions for natural gas and oil market prices, as well as currently owned reserves. Commodity prices are inherently volatile. Economic uncertainty continues to drive commodity price volatility and any change in natural gas and oil prices from current expectations will result in adjustments to the Company's outlook. The Company is closely monitoring the Israel/Gaza conflict and its potential impact on OPEC countries and international oil and gas production and demand. The actions of OPEC, inventory levels of natural gas and oil and the uncertainty associated with demand, as well as other factors, have the potential to impact future oil and gas prices. Current merger and acquisition activity

within the oil and gas industry is also a focus as the Company works to understand its potential impact on development plans by third-party lessees.

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 vary positively or negatively have a significant impact on Minerals Management's operating profit.

In December 2023, Minerals Management completed a significant acquisition of mineral interests within the Midland Basin, the eastern sub-basin of the oil-rich Permian Basin, which included 43.4 thousand gross acres and 2.5 thousand net royalty acres. This acquisition is expected to continue to be accretive to 2024 earnings and provide opportunities for longer-term growth.

In 2024, operating profit and Segment Adjusted EBITDA are expected to decrease moderately compared with the prior year, excluding the 2023 impairment charge of \$5.1 million. Lower operating expenses are expected to partially offset the anticipated profit decline. The forecasted reduction in profitability is primarily driven by current market expectations for natural gas and oil market prices, as a result of adjustments made by operators, additional leasing well as development and development and/or changes to commodity prices. production assumptions on currently owned reserves.

Development of additional wells on existing interests in excess of current expectations, or acquisitions of additional interests, could be accretive to future results.

In 2023, Minerals Management expects capital expenditures of approximately \$39 million, which includes the anticipated acquisition of approximately \$37 million of mineral and royalty interests expected to close during the fourth quarter that will provide additional diversification into the oil-rich Permian basin. The anticipated fourth quarter acquisition exceeds the previously announced capital expenditure projection as management believes it offers an attractive investment profile and aligns with the Company's strategy to establish a diversified portfolio of mineral and royalty interests. In 2024, Minerals Management is targeting additional investments of up to \$20 million. 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.

Mitigation Resources Outlook

Mitigation Resources continues to build on the substantial foundation it has established over the past several years. Mitigation Resources currently has nine 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. Mitigation Resources plans to continue to expand anticipates expanding its business during the remainder of 2023 and in 2024, with a focus on generating a modest operating profit by 2025 and expects to achieve near break-even earnings in 2024 and achieving sustainable profitability in future years.

Consolidated Outlook

Overall, the Company expects that fourth-quarter 2023 improvements will produce operating profit and to generate net income in 2024 compared with consolidated third-quarter losses. However, fourth-quarter and full-year the substantial 2023 consolidated operating results and net loss, which included a \$65.9 million impairment charge. Adjusted EBITDA are is also expected to be down increase significantly from the respective prior-year periods due to substantial decreases at the Coal Mining and Minerals Management segments. These reductions are expected to be partially offset by favorable changes in income taxes leading to modest net income for the 2023 full year.

In 2024, the Company expects a significant increase in consolidated net income and EBITDA over 2023. These improvements are primarily due to anticipated increased profitability at the Coal Mining segment from improved results at MLMC, Falkirk and Coteau. Growth at NAMining The effect of NAMining's growth and Mitigation Resources is profit improvement initiatives are also expected to contribute to the higher improved 2024 net income. The Company expects an effective income tax rate between 10% and 13% in 2024. results. Additional contracts for NAMining or Mitigation Resources, or the acquisition of additional mineral interests at Minerals Management including the \$37 million investment expected to close in the 2023 fourth quarter, could be accretive to the current forecast.

The Company is taking steps to terminate its defined benefit pension plan in 2024. In connection with this action, NACCO is anticipating a non-cash settlement charge in the second half of the year, which is expected to partly offset the improved 2024 operating results.

Consolidated capital expenditures are expected to total approximately \$84 million \$76 million in 2023, which includes approximately \$39 million at Minerals Management and \$24 million related to the Thacker Pass lithium project. As a result of the forecasted capital expenditures and anticipated substantial decrease in net income, 2024. In 2024, cash flow before financing activities in 2023 is expected to be a moderate use of cash. In 2024, the Company expects capital expenditures of approximately \$39 million, including up to \$20 million of investments at Minerals Management. Cash flow before financing activities in 2024 is expected to be positive but not to the level generated in 2022.

Long-term Growth and Diversification

Management continues to view is focused on 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 NACCO positively. 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 is pursuing growth and diversification by strategically leveraging its core mining and natural resources management skills to build a strong portfolio of affiliated businesses. Management continues to be optimistic about the long-term outlook. In the Minerals Management segment, as well as in the Company's Mitigation Resources business, opportunities Opportunities for growth remain strong. Acquisitions of additional mineral interests an improvement and improvements in the outlook for the Company's largest Coal Mining segment customers, and securing as well as new contracts for at Mitigation Resources and new NAMining projects could should be accretive to 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 in the United States that delivers near-term cash flow yields and long-term projected growth. The Company believes this business will provide unlevered after-tax returns on invested capital in the mid-teens as this business model it matures. This business model can has the potential 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.

The NAMining is focused on continuing to evaluate new business opportunities and drive profitable growth in line with refined strategic objectives. After pausing on business development in early 2023, NAMining has better identified how to enhance operational excellence, where to focus and scale, and how to drive profitable growth. New contracts and contract extensions are central to the business' organic growth strategy, and the Company remains committed to expanding the expects NAMining business while working to improve profitability. NAMining intends to be a substantial contributor to operating profit over time, specifically in its Sawtooth subsidiary when production commences at Thacker Pass, which is projected to occur in 2026. Once production commences, Sawtooth will receive a management fee per metric ton of lithium delivered. At maturity, this contract is expected to deliver fee income similar to a mid-sized management fee coal mine.

The pace of achieving substantially improved results at NAMining will depend on the execution and successful implementation of profit improvement initiatives in the aggregates operations, and the mix and scale of new projects. A number of initiatives are already delivering improved financial results. time.

Mitigation Resources continues to expand its business, which creates and sells stream and wetland mitigation credits, provides services to those engaged in permittee-responsible mitigation and provides other environmental restoration services. This business offers an opportunity for growth and diversification in an industry where the Company has substantial knowledge and expertise and a strong reputation. Mitigation Resources is making strong progress toward its goal of becoming a top ten provider of stream and wetland mitigation services in the southeastern United States. The Company believes that Mitigation Resources can provide solid rates of return on capital employed as this business matures.

The Company 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. The Company is working to utilize these skills through development of utility-scale solar projects on reclaimed mining properties. Reclaimed mining properties offer large tracts of land that could be well-suited for solar and other energy-related projects. These projects could be developed by the Company itself or through joint ventures that include partners with expertise in energy development projects. In 2023, NACCO formed ReGen Resources to pursue such projects, including the development of a solar farm on reclaimed land at **MLMC**.

The Company NACCO is committed to maintaining a conservative capital structure as it continues to grow and diversify, while avoiding unnecessary risk. **Strategic** 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 Environmental Protection Agency's 2023 proposed rules 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**; **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, (7) (8) failure to obtain adequate insurance coverages at reasonable rates, (8) (9) supply chain disruptions, including price increases and shortages of parts and materials, (9) (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, (10) (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, (11) (12) impairment charges, (12) **the effects of investors' and other stakeholders' increasing attention to environmental, social and governance matters**, (13) changes in costs related to geological and geotechnical conditions, repairs and maintenance, new equipment and replacement parts, fuel or other similar items, (14) weather conditions, extended power plant outages, liquidity events or other events that would change the level of customers' coal or aggregates requirements, (15) weather or equipment problems that could affect deliveries to customers, (16) changes in the costs to reclaim mining areas, (17) costs to pursue and develop new mining, mitigation, oil and gas and solar development opportunities and other value-added service opportunities, (18) delays or reductions in coal or aggregates deliveries, (19) the ability to successfully evaluate investments and achieve intended financial results in new business and growth initiatives, (20) 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) 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 **third** **first** quarter of **2023, 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 nine months quarter ended **September 30, 2023** **March 31, 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, 2022**, except as follows: **December 31, 2023**.

The coal mining industry is subject to ongoing complex governmental regulations and legislation that could adversely impact the Company's long-term mining contracts and the Company's results of operations, liquidity, financial condition and cash flow.

The United States Environmental Protection Agency (the "EPA") has a comprehensive regulatory program to manage the disposal of coal combustion residuals ("CCR") from coal-fired power plants as non-hazardous material under the Resource Conservation and Recovery Act ("RCRA"). Individual states administer some or all of the RCRA provisions. The North Dakota Department of Environmental Quality approved Falkirk's customer's plan for an alternate disposal liner to store coal ash at the Coal Creek Station power plant. In the first quarter of 2023, the EPA proposed to deny the application. If denied, a new liner or new waste management unit(s) may need to be installed, which could result in the temporary suspension of operations at Coal Creek Station. To minimize any impact to operations, Coal Creek Station is moving forward with plans to dry CCR materials produced by the plant, reducing the need to utilize the lined area in question. Falkirk is the sole supplier of lignite coal to Coal Creek Station. Any suspension of operations at Coal Creek Station would eliminate the need for lignite coal during the suspension period. Any such suspension of operations at Coal Creek Station or any of the power plants supplied by the Company's mines could have a material adverse effect on the Company's business, financial condition and results of operations.

The EPA also has a comprehensive regulatory program to manage airborne emissions from coal-fired power plants. During the first nine months of 2023, the EPA proposed updated rules related to mercury and greenhouse gas emissions from coal-fired power plants. The first update was to the Mercury Air Toxics Standard, or MATS. In this update, the EPA proposed to eliminate a mercury emission standard for lignite-fired power plants that currently permits higher mercury emissions by lignite plants than other coal plants. In the event this rule is adopted as proposed, and not successfully legally challenged, it could result in the closure of many lignite-fired power plants, potentially including all of those supplied by the Company. The second update was the EPA's proposed new rule for greenhouse gas emissions from coal-fired power plants. In this proposed new rule, the EPA requires that power plant owners that intend to operate the plants beyond 2031 utilize controls, including reduced levels of power generation, co-firing coal and natural gas and installing carbon capture and sequestration to reduce greenhouse gas emissions. Each of these controls may impact the plant owners' profitability and could result in the closure of coal-fired power plants, potentially including all of those supplied by the Company. The closure of any of the power plants supplied by the Company could have a material adverse effect on the Company's business, financial condition and results of operation.

See the Government Regulation Update on page 19 of this Quarterly Report on Form 10-Q for further information.

Item 2 Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities

Period	Period Purchased	(c)				Issuer Purchases of Equity Securities ⁽¹⁾			
		Total Number of Shares	Average Price Paid per Share	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				
		(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(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				
Period	Period Purchased	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(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	Period	Purchased		
Month #1 (July 1 to 31, 2023)	— \$ —	—	\$20,000,000						
Month #2 (August 1 to 31, 2023)	— \$ —	—	\$20,000,000						

Month #3 (September 1 to 30, 2023)	24,762	\$ 33.24	24,762	\$19,176,911
Month #1 (January 1 to 31, 2024)				
Month #2 (February 1 to 29, 2024)				
Month #3 (March 1 to 31, 2024)				
Total	Total	24,762	\$ 33.24	24,762
				\$19,176,911

(1) During **2021, 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, 2023 December 31, 2025**. See Note 4 to the Unaudited Condensed Consolidated Financial Statements for further discussion of the Company's stock repurchase program.

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 **September 30, 2023** **March 31, 2024**.

Item 5 Other Information

None.

Item 6 Exhibits

Exhibit	Number*	Description of Exhibits
10.1		Form of Cashless Exercise Award Agreement for the NACCO Industries, Inc. Executive Long-Term Incentive Compensation Plan.**
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: November May 1, 2023 2024

/s/ Elizabeth I. Loveman

Elizabeth I. Loveman

Senior Vice President and Controller
(principal financial and accounting officer)

4033



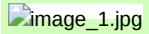
NACCO Industries Inc.
5875 Landerbrook Drive, Suite 220
Cleveland, Ohio 44124-4069
Attention: Secretary

Re: [DATE] Grant of Award Shares Executive Long-Term Incentive Compensation Plan

The undersigned is an employee of NACCO Industries, Inc. (the "Company") or one of its wholly-owned subsidiaries (together with the Company, the "Employers") to whom payment of an award (the "Award") consisting of [NET NUMBER] fully paid and nonassessable shares (the "Award Shares") of Class A Common Stock, par value \$1.00 per share, of the Company ("Class A Common") was approved on [DATE] by the Compensation Committee (the "Committee") of the Board of Directors of the Company pursuant to the NACCO Industries, Inc. Executive Long-Term Incentive Compensation Plan (the "Plan"). I hereby accept the Award and acknowledge to and agree with the Company as follows:

1. Award/Surrender of Award Shares for Cashless Exercise. I acknowledge that the Company has paid the Award to me subject to the terms of the Plan and the related Executive Long-Term Incentive Compensation Plan Guidelines for the January 1, [YEAR] through December 31, [YEAR] Performance Period (the "[YEAR] Guidelines") and the terms of this Agreement. I hereby acknowledge the initial grant of [ORIGINAL NUMBER] shares of Class A Common under the Plan. Coincident with my receipt of the Award, I immediately and irrevocably surrendered [SURRENDERED NUMBER] Award Shares to the Company to be used to satisfy a portion of my income and employment withholding tax obligations with respect to the Award. As a result, upon receipt by the Company of this signed Agreement I will receive a stock certificate for [NET NUMBER] shares of Class A Common representing my non-surrendered Award Shares.
2. Restrictions on Transfer. I represent and covenant that, other than a Transfer (as defined below) (a) by will or the laws of descent and distribution, (b) pursuant to a domestic relations order that would meet the definition of a qualified domestic relations order under Section 206(d)(3)(B) of the Employee Retirement Income Security Act of 1974, as amended, if such provisions applied to the Plan, or a similar binding judicial order (a "domestic relations order"), (c) directly or indirectly to a trust or partnership for my benefit or the benefit of my spouse, my children or my grandchildren (provided that Award Shares transferred to such a trust or partnership shall continue to remain subject to the transfer restrictions hereinafter set forth) or (d) as otherwise permitted under the Plan with the consent of the Committee (including, without limitation, a cashless surrender in order to satisfy tax withholding obligations), the Award Shares shall be non-transferable and I shall not make (or attempt to make) any sale, assignment, transfer, exchange, pledge, hypothecation or encumbrance of the Award Shares (collectively, a "Transfer").
3. Lapse of Restrictions. I acknowledge that the transfer restrictions on the non-surrendered Award Shares set forth in paragraph (2) above shall lapse for all purposes and shall be of no further force or effect upon the earliest to occur of: (a) December 31, [YEAR]; (b) the date of

my death or permanent disability (as determined under the Company's long-term



disability plan); (c) (i) for employees with a three-year restriction period, one year from the date an employee separates from service, (ii) for employees with a five-year restriction period, two years from the date an employee separates from service, and (iii) for employees with a ten-year restriction period, three years from the date the employee separates from service, (or earlier with the approval of the Committee); (d) an extraordinary release of transfer restrictions pursuant to Section 8(d) of the Plan; (e) the Transfer of Award Shares pursuant to a domestic relations order, but only as to the shares so transferred and (f) any other lapse of transfer restrictions as determined by the Committee in accordance with the Plan. As notice of such transfer restrictions, I acknowledge that there is affixed to each stock certificate representing Award Shares the following legend (or, to the extent the Award Shares are uncertified, that another appropriate notation shall apply):

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER SET FORTH IN THE NACCO INDUSTRIES, INC. EXECUTIVE LONG-TERM INCENTIVE COMPENSATION PLAN ("PLAN"). SUCH RESTRICTIONS ON TRANSFER UNDER THE PLAN SHALL LAPSE FOR ALL PURPOSES AND SHALL BE OF NO FURTHER FORCE OR EFFECT AFTER DECEMBER 31, [YEAR], OR SUCH EARLIER TIME AS PROVIDED IN THE PLAN.

4. **Obligations.** I agree that I (or any applicable trust or partnership) shall fulfill the obligations imposed with respect to Award Shares by the Plan, this Agreement and the [YEAR] Guidelines.
5. **Rights.** I understand that, subject to the transfer restrictions set forth herein, I shall have all of the rights of a holder of Class A Common with respect to the Award Shares, including the right to vote such shares and to receive any dividends paid thereon. I also understand that the Award Shares are subject to adjustment as described in clauses (b) and (c) of Section 9 of the Plan and that any securities that I receive in respect to Award Shares in connection with any such adjustment shall be deemed to be Award Shares, and shall be subject to the transfer restrictions set forth herein to the same extent and for the same period as if such securities were the original Award Shares with respect to which they were issued (unless such restrictions are modified or eliminated by the Committee).
6. **Removal of Restrictions.** I understand that: (a) in the case of a Transfer under clause (a) or (b) of paragraph 2 above, on surrender to the Company by my successor or successors in interest to the Award Shares of the appropriate certificate or certificates reflecting the Award Shares (or ownership in book entry format), or (b) on surrender to the Company (or its delegate) of the appropriate certificate or certificates reflecting Award Shares (or ownership in book entry format) with respect to which the transfer restrictions have otherwise lapsed in accordance with paragraph 3 above, the Company shall take all such action as may be necessary to remove such restrictions from the stock certificates or other applicable records with respect to uncertified shares, representing the Award Shares, such that the resulting shares shall be fully paid, nonassessable and unrestricted by the terms of the Plan and this Agreement.

7. **Withholding.** In order that the applicable Employer may satisfy its withholding obligations with respect to the compensation income resulting from the payment of any Award Shares, I agree to surrender the number of Award Shares listed in paragraph 1 above to satisfy a portion of my income and employment tax withholding obligations with respect to my Award. In the event that the surrender of such Award Shares is insufficient to satisfy such withholding obligations, I authorize and direct the applicable Employer to withhold from any amounts otherwise payable to me (to the extent permitted under Section 409A of the Internal Revenue Code) such amounts of taxes with respect to the income attributable to such shares and at such time or times as may be required to be withheld, including, without

limitation, taxes required to be withheld by reason of the compensation required to be reported for Federal income and employment tax purposes by me, all as determined in good faith in the sole judgment of the Company. If there are no such amounts otherwise payable to me, or if such amounts are insufficient, I will reimburse or indemnify the applicable Employer or make provision satisfactory to the Board of Directors or the Committee (or to any officer authorized for that purpose by the Board of Directors or the Committee) to reimburse or indemnify the applicable Employer for such amounts of taxes at such time and from time to time, as the Company may make demand for such reimbursement or indemnity. If and to the extent that in the sole judgment of the Board of Directors or the Committee (or any officer authorized for that purpose by the Board of Directors or the Committee) it appears advisable to do so, in order to enforce the Company's rights under the Plan and this Agreement, the Company shall not issue or cause to be issued to me (or to my successor in interest), any new stock certificate (or book entry) without any legend (or notation) referring to the transfer restrictions with respect to the Award Shares as to which such restrictions have lapsed, unless and until such amounts of taxes have been withheld from amounts otherwise payable to me (or any of my successors in interest), or I (or such successor in interest) reimburse or indemnify the applicable Employer for such amounts of such taxes or make other provisions for reimbursement or indemnification to the applicable Employer of such taxes, satisfactory in the sole judgment of the Board of Directors or the Committee (or such officer) exercised in good faith.

8. **No Right to Employment.** I acknowledge that the grant of Award Shares to me does not in any way entitle me to continued employment with the Employers and does not limit or restrict any right that the Employers otherwise may have to terminate my employment.

[NAME]

ACCEPTED [DATE]
NACCO INDUSTRIES, INC.

By:

[OFFICER/TITLE]

3

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: **November May 1, 2023 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: November May 1, 2023 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 September 30, 2023 March 31, 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: November May 1, 2023 2024

/s/ J.C. Butler, Jr.

J.C. Butler, Jr.

President and Chief Executive Officer
(principal executive officer)

Date: November May 1, 2023 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 The North American Coal Corporation and its affiliated coal companies (collectively, "NACoal") it is an industry leader in safety. NACoal 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 NACoal's 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 NACoal's 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 NACoal's 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 NACoal's mining operations for the quarter ended September 30, 2023 March 31, 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 September 30, 2023 March 31, 2024, neither NACoal's current mining operations nor Bellaire's 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 at NACoal's mining operations or Centennial or Bellaire's closed mines during the quarter ended **September 30, 2023** **March 31, 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 **September 30, 2023** **March 31, 2024**, and the total number of legal actions pending before the FMSHRC at **September 30, 2023** **March 31, 2024**, pursuant to the Mine Act, by individual mine at NACoal location:

Name of Mine or Name of Quarry (1)	Name of Mine or Quarry (1)	Mine Act			Number of Legal Actions Initiated before the FMSHRC for the quarter ended September 30, 2023	Number of Legal Actions Resolved before the FMSHRC for the quarter ended September 30, 2023	Number of Legal Actions Pending before the FMSHRC at September 30, 2023 (3)	Mine Act			Number of Legal Actions Initiated before the FMSHRC for the quarter ended March 31, 2024	Number of Legal Actions Resolved before the FMSHRC for the quarter ended March 31, 2024	Number of Legal Actions Pending before the FMSHRC at March 31, 2024 (3)
		Section 104		Significant & Substantial Citations (2)				Section 104		Significant & Substantial Citations (2)			
		Significant	Substantial	Citations (2)	Total Dollar Value of Proposed MSHA Assessment	Significant	Substantial	Citations (2)	Total Dollar Value of Proposed MSHA Assessment	Significant	Substantial	Citations (2)	
Coteau	Coteau												
(Freedom Mine)	(Freedom Mine)												
(3)	(3)	1	\$	—	—	—	—	(3)	—	\$	554	—	—
Falkirk (Falkirk Mine)	Falkirk (Falkirk Mine)	—	—	—	—	—	—	Falkirk (Falkirk Mine)	1	1,134	—	—	—
Sabine (South Hallsville No. 1 Mine)	Sabine (South Hallsville No. 1 Mine)	—	—	—	—	—	—	Sabine (South Hallsville No. 1 Mine)	—	—	—	—	—
Demery (Five Forks Mine)	Demery (Five Forks Mine)	—	—	—	—	—	—	Demery (Five Forks Mine)	—	—	—	—	—
Caddo Creek (Marshall Mine)	Caddo Creek (Marshall Mine)	—	—	—	—	—	—	Caddo Creek (Marshall Mine)	—	—	—	—	—
Coyote Creek (Coyote Creek Mine)	Coyote Creek (Coyote Creek Mine)	1	572	—	—	—	1	Coyote Creek (Coyote Creek Mine)	—	—	—	—	—
MLMC (Red Hills Mine)	MLMC (Red Hills Mine)	—	—	—	—	—	—	MLMC (Red Hills Mine)	—	—	—	—	—
North American Mining Operations:	North American Mining Operations:	—	—	—	—	—	—	North American Mining Operations:	—	—	—	—	—
Alico Quarry	Alico Quarry	—	—	—	—	—	—	Alico Quarry	—	—	—	—	—
Center Hill Quarry	Center Hill Quarry	—	—	—	—	—	—	Center Hill Quarry	—	—	—	—	—
FEC Quarry	FEC Quarry	1	—	—	—	—	—	FEC Quarry	—	—	—	—	—
Inglis Quarry	Inglis Quarry	—	—	—	—	—	—	Inglis Quarry	—	—	—	—	—
Krome Quarry	Krome Quarry	—	—	—	—	—	—	Krome Quarry	—	—	—	—	—
SCL Quarry	SCL Quarry	—	—	—	—	—	—	SCL Quarry	—	—	—	—	—
St. Catherine Quarry	St. Catherine Quarry	—	—	—	—	—	—	St. Catherine Quarry	—	—	—	—	—
Seven Diamonds Quarry	Seven Diamonds Quarry	—	—	—	—	—	—	Seven Diamonds Quarry	—	—	—	—	—
Central State Aggregates Quarry	Central State Aggregates Quarry	—	—	—	—	—	—	Central State Aggregates Quarry	—	—	—	—	—
Johnson County Quarry	Johnson County Quarry	—	—	—	—	—	—	Johnson County Quarry	—	—	—	—	—
Little River Quarry	Little River Quarry	—	—	—	—	—	—	Little River Quarry	—	—	—	—	—
Mid Coast Aggregates Quarry	Mid Coast Aggregates Quarry	—	—	—	—	—	—	Mid Coast Aggregates Quarry	—	—	—	—	—

Newberry Quarry	Newberry Quarry	—	—	—	—	—	Newberry Quarry	—	—	—	—	—
County Line 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	—	—	—	—	—
Queensfield Mine	Queensfield Mine	—	—	—	—	—	Queensfield Mine	—	—	—	—	—
Rosser Quarry	Rosser Quarry	—	—	—	—	—	Rosser Quarry	—	—	—	—	—
SDI Aggregates Quarry	SDI Aggregates Quarry	—	—	—	—	—	SDI Aggregates Quarry	—	—	—	—	—
West Florida Aggregates Quarry	West Florida Aggregates Quarry	—	—	—	—	—	West Florida Aggregates Quarry	—	—	—	—	—
Titan Corkscrew Quarry	Titan Corkscrew Quarry	—	—	—	—	—	Titan Corkscrew Quarry	—	—	—	—	—
White Rock Quarry - North	White Rock Quarry - North	—	—	—	—	—	White Rock Quarry - North	—	—	—	—	—
Ash Grove	Ash Grove	—	—	—	—	—	Ash Grove	—	—	—	—	—
Total	Total	<u><u>3</u></u>	<u><u>\$ 572</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>1</u></u>	Total	<u><u>1</u></u>	<u><u>\$ 1,688</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>

⁽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⁾ This citation was reduced to non-significant and substantial during the third quarter of 2023.

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