



Bringing Natural Resources to Life



ANNUAL REPORT

2022



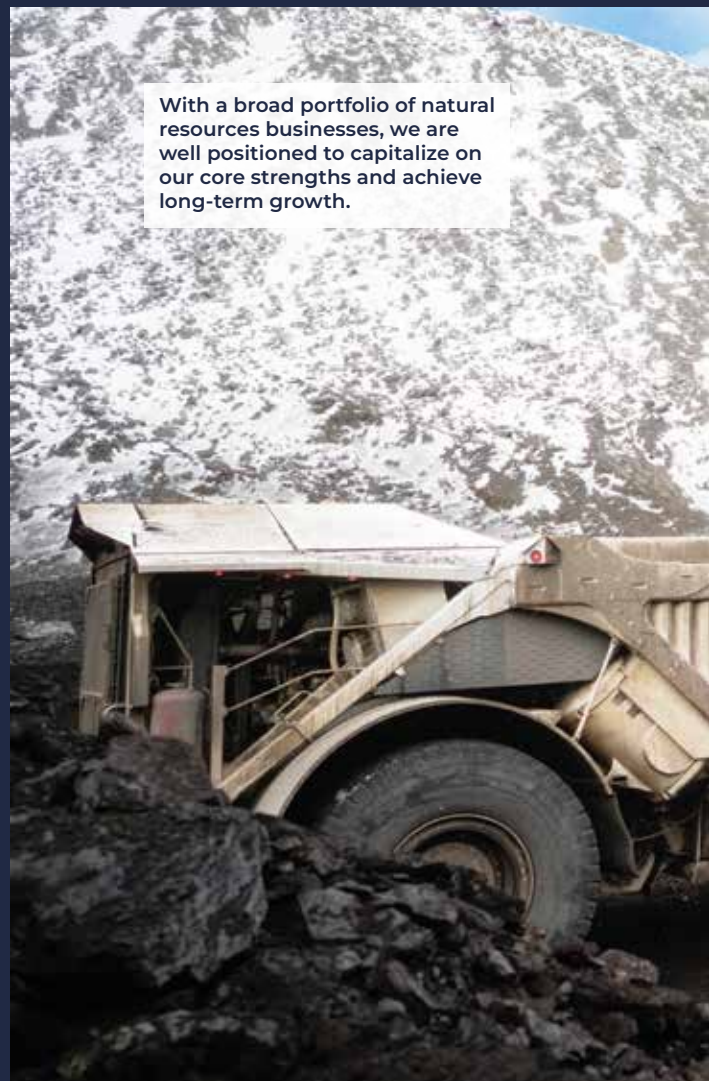
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ABOUT THE COVER

NACCO's 110 years of growth and success are founded on three foundational elements — our people, our operational excellence and our environmental stewardship.

The cover highlights these foundational elements. From left to right: The top image includes employees from North American Mining in Florida, representing our commitment to our people and their commitment to each other. The middle image represents our coal mining legacy and 100+ years of operational excellence. The lower image, of a stream mitigation site, reflects our dedication to environmental stewardship.



With a broad portfolio of natural resources businesses, we are well positioned to capitalize on our core strengths and achieve long-term growth.

OUR OPERATIONS

NACCO Industries, Inc.® 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 and Minerals Management. The Coal Mining segment operates surface coal mines for power generation companies. The North American Mining 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 business, acquires and promotes the development of mineral interests. Mitigation Resources of North America® provides stream and wetland mitigation solutions.



OPERATIONS



SELECTED FINANCIAL & OPERATING DATA

NACCO Industries, Inc. and Subsidiaries

	Year Ended December 31		
	2022 ⁽¹⁾⁽²⁾	2021 ⁽¹⁾	2020 ⁽²⁾

(In thousands, except per share data)

Operating Statement Data:

Revenues	\$ 241,719	\$ 191,846	\$ 128,432
Operating profit	\$ 69,986	\$ 55,410	\$ 13,448
Net income	\$ 74,158	\$ 48,125	\$ 14,793
Basic earnings per share	\$ 10.14	\$ 6.73	\$ 2.11
Diluted earnings per share	\$ 10.06	\$ 6.69	\$ 2.10

Per Share and Share Data:

Cash dividends	\$ 0.8200	\$ 0.7850	\$ 0.7675
Market value at December 31	\$ 38.00	\$ 36.29	\$ 26.30
Stockholders' equity at December 31	\$ 58.10	\$ 49.02	\$ 42.59
Actual shares outstanding at December 31	7,349	7,183	7,058
Basic weighted average shares outstanding	7,312	7,146	7,026
Diluted weighted average shares outstanding	7,373	7,190	7,057

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

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



Our strong 2022 results were made possible by our dedicated employees.

	Year Ended December 31		
	2022 ⁽¹⁾⁽²⁾	2021 ⁽¹⁾	2020 ⁽²⁾
	(In thousands, except employee data)		
Balance Sheet Data at December 31:			
Cash.....	\$ 110,748	\$ 86,005	\$ 88,450
Total assets	\$ 568,072	\$ 507,220	\$ 476,179
Long-term debt	\$ 16,019	\$ 18,183	\$ 24,353
Stockholders' equity	\$ 426,966	\$ 352,116	\$ 300,624
Cash Flow Data:			
Provided by (used for) operating activities	\$ 67,735	\$ 74,875	\$ (2,486)
Used for investing activities	\$ (33,152)	\$ (44,147)	\$ (45,984)
Cash Flow before financing activities ⁽³⁾	\$ 34,583	\$ 30,728	\$ (48,470)
Provided by (used for) financing activities	\$ (9,840)	\$ (33,173)	\$ 14,028
Other Data:			
Total employees at December 31 ⁽⁴⁾	1,600	1,600	2,000

(3) Cash Flow before financing activities is equal to net cash provided by (used for) operating activities less net cash used for investing activities.

(4) Includes employees from the unconsolidated mines for all years presented.

	Year Ended December 31		
	2022 ⁽¹⁾⁽²⁾	2021 ⁽¹⁾	2020 ⁽²⁾
	(In thousands)		
Calculation of Adjusted EBITDA⁽⁵⁾			
Net income.....	\$ 74,158	\$ 48,125	\$ 14,793
Contract termination settlements ⁽¹⁾	(30,882)	(10,333)	–
Asset impairment charges ⁽²⁾	3,939	–	8,359
Income tax provision (benefit)	13,565	8,725	(535)
Interest expense	2,034	1,719	1,354
Interest income	(1,449)	(449)	(1,200)
Depreciation, depletion and amortization expense.....	26,816	23,085	18,114
Adjusted EBITDA ⁽⁵⁾	\$ 88,181	\$ 70,872	\$ 40,885

(5) Adjusted EBITDA is provided solely as a supplemental disclosure with respect to operating results. Adjusted EBITDA does not represent net income, as defined by U.S. GAAP, and should not be considered as a substitute for net income, or as an indicator of operating performance. NACCO defines Adjusted EBITDA as net income before contract termination settlements, asset impairment charges and income taxes, plus net interest expense and depreciation, depletion and amortization expense. Adjusted EBITDA is not a measurement under U.S. GAAP and is not necessarily comparable with similarly titled measures of other companies.

LETTER TO OUR STOCKHOLDERS

NACCO Industries had a strong and productive 2022. We executed on our plans to “Bring Natural Resources to Life” through our growth and diversification strategy while also continuing to protect our core coal business. Highlights from 2022 include:

- *Our Falkirk Mine gained a new customer following Rainbow Energy’s purchase of Coal Creek Station, North Dakota’s largest power plant, from Great River Energy,*
- *Catapult Mineral Partners acquired additional mineral interests and oversaw increased production in legacy interests, all contributing to a 100% increase in operating profit at our Minerals Management segment year-over-year, and*
- *Mitigation Resources of North America established two new stream mitigation banks near Dallas and Nashville and made significant progress on its goal to become a top ten provider of stream and wetland mitigation services in the southeastern United States.*

NACCO Industries reported net income of \$74.2 million for the 2022 full year, including \$30.9 million of settlement income related to the termination of the contract between Falkirk and Great River Energy. We ended the year with a strong balance sheet, highlighted by \$110.7 million of cash and only \$19.7 million of debt. Cash flow before financing

activities of \$34.6 million allowed us to make investments in our businesses and return cash to stockholders through the payment of dividends totaling \$0.82 per share in 2022.

Our strong results were made possible by our dedicated employees. Their hard work and tremendous passion for our business propel us forward. Our culture and values run deep and permeate every aspect of our day-to-day business. Our employees work tirelessly to drive success in each of our businesses and allow us to distinguish ourselves by being great partners to our existing customers.

We remain steadfastly committed to our long-term strategies to Protect the Core and Grow and Diversify. Execution

The foundation of our approach to growth begins with our strong balance sheet. We actively pursue accretive growth while maintaining financial discipline. Strategic diversification will generate cash that can be reinvested to strengthen and expand the businesses, delivering long-term value to our stockholders.

Our legacy business, North American Coal, partners with its customers to provide integrated, efficient and cost-effective contract coal mining services for mine-mouth power generators. We believe

Strategic diversification will generate cash that can be reinvested to strengthen and expand the businesses, delivering long-term value to our stockholders.

of these strategies over the last several years has dramatically changed the makeup of NACCO Industries. Today we have a broad portfolio of natural resources businesses that positions us well to capitalize on our core strengths and achieve long-term growth. We have built momentum that will carry us forward as we continue to execute on these two key strategies.

our mine-mouth operations provide cost advantages to our customers. A key component of our Protect the Core strategy is managing coal production costs to help customers with management fee contracts be more competitive, since fuel cost is a significant driver of power plant dispatch. This

STOCKHOLDERS





Our employees work to ensure that we maintain a safe work site, as shown by these employees participating in our Safe Work Area Task Force.

relentless focus on managing costs is even more important in the current inflationary environment, although our cost-plus contract structure tempers the impact. An increase in power plant dispatch results in increased demand for coal by our customers – a win for both them and us.

We acted as a key petitioner in a big win in the fight against regulatory overreach when the U.S. Supreme Court issued its June 2022 ruling in *West Virginia v. EPA*. This ruling makes it clear that, without clear Congressional direction, the EPA does not have authority to use CO₂ regulation to regulate coal plants out of existence and thereby transform how the United States generates electricity.

While we realize the coal mining industry faces political and regulatory challenges and demand for coal is projected to decline over the longer term, we believe coal will be an essential part

of the energy mix in the United States for the foreseeable future. Carbon capture and storage (CCS) technologies can be an important component of reducing emissions during energy generation. We are supporting work in process at the Energy & Environmental Research Center at the University of North Dakota, which is focused on furthering the advancement of CCS. We are proud to support this program as they work to advance CCS technologies and develop solutions to other energy and environmental challenges.

We operate the Sabine Mine in Texas, providing all fuel for the Henry W. Pirkey Power Plant. The owner of the plant intends to retire the facility in 2023 even though electric-grid operators warn that power-generating capacity is struggling to keep up with demand during peak periods. We are proud to have delivered more than 133 million tons of coal from this mine since 1984, which allowed our

customer to provide low-cost reliable power to its customers in Arkansas, Louisiana and Texas.

The contract structure used by North American Coal eliminates our exposure to spot coal market price fluctuations. However, fluctuations in natural gas prices and the availability of renewable generation, particularly wind, can contribute to changes in power plant dispatch and demand for coal. The Russia-Ukraine war resulted in a recalibration of supply and demand that led to a sharp increase in natural gas prices during 2022. These elevated natural gas prices contributed to an increase in our customers' power plant dispatch, which resulted in increased coal deliveries and another year of strong operating results in our Coal Mining segment. Natural gas prices have moderated in the first two months of 2023 and, if this trend continues, it could lead to a reduction in dispatch at the plants we serve during 2023.



North American Coal, our legacy business, partners with its customers to provide integrated, efficient and cost-effective contract coal mining services for mine-mouth power generators.



We value our employees as individuals and know that they fuel our success.

The significant increase in natural gas benchmark prices during 2022 also helped drive strong financial performance in the Minerals Management segment. Minerals Management derives income from royalty-based leases under which lessees make payments to us based on their production and sale of natural gas, oil, natural gas liquids and coal. Catapult Mineral Partners, the Company's business unit focused on managing as well as expanding our portfolio of oil and gas mineral and royalty interests, has developed a proven business model and a strong network to source and secure new acquisitions.

During 2022, Catapult acquired mineral and royalty interests of approximately \$12 million, building on acquisitions totaling approximately \$19 million in 2021 and 2020. We feel confident in this business model and opportunity for resilient future cash flows. As a result, Catapult is targeting additional investments in mineral and royalty interests of up to \$20 million in 2023. Future investments are targeted at continuing to diversify our mineral holdings by adding quality positions in major U.S. basins with high levels of current and anticipated future activity from the top operators in the industry.

The Catapult management team uses a disciplined approach to target potential acquisitions that align with our strategy and objectives to construct a high-quality diversified portfolio of oil and gas mineral and royalty interests in the United States that deliver near-term cash flow yields and long-term projected growth. In addition, our acquisitions target an extended geographic footprint to diversify across multiple basins, with an initial focus on the more oil-rich Permian basin and a secondary focus on other basins, to increase regional exposure and avoid concentration risk.

Minerals Management's business model benefits from continued development of its mineral properties without additional capital investment, as development costs are borne entirely by third-party producers who lease the minerals. We believe this business model can 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.

In 2022, we executed on our plans to bring natural resources to life through our growth and diversification strategy while also continuing to protect our core coal business.



Future investments are expected to be accretive, but each investment's contribution to near-term earnings is dependent on the characteristics of that investment, including the size and type of interests acquired and the stage and timing of mineral development. The contribution of each investment could also vary due to commodity price changes. Future growth could also come from investments in working interests, but we expect that type of investment to be limited in the near future. As it matures, we expect this business will provide unlevered after-tax returns on invested capital in the mid-teens.

Mitigation Resources creates and sells stream and wetland mitigation credits and provides services to those engaged in permittee-responsible mitigation and environmental restoration. We believe this business offers an excellent opportunity for growth and diversification in an industry where we have substantial knowledge and expertise and a strong reputation. Mitigation Resources allows us to deploy our legacy mining skills in areas such as land acquisition, permitting, stream design and land reclamation to create profitable mitigation banks in regions of high growth and high stream and wetland credit demand.

Mitigation Resources is making strong progress toward becoming a top ten provider of stream and wetland mitigation services in the southeastern United States. Completed and current projects include the restoration of more than 420,000 feet of streams and 830 acres of wetlands. During 2022, the Mitigation Resources team continued to build on the substantial foundation established over the past several years and ended the year with eight mitigation banks and four permittee-responsible

mitigation projects located in Tennessee, Mississippi, Alabama and Texas. In 2022, Mitigation Resources was named a designated provider of abandoned mine land restoration by the state of Texas, and during 2023, it plans to provide ecological restoration services for a number of abandoned mines, as well as pursue additional environmental restoration projects.

Early in 2023, Mitigation Resources started working on its first project in Pennsylvania, the Brandywine Battlefield mitigation bank. This project will help restore the streams and wetlands of the Brinton Run Preserve, part of the historic Brandywine Battlefield that was the site

Although North American Mining's 2022 financial results did not meet our expectations, we are working on initiatives designed to support a return to profitability. In the spirit of continuous improvement, we conducted a thorough review of each North American Mining quarry operation in 2022, with a particular focus on addressing issues at quarries that are not meeting expectations. We implemented changes that should drive improvements in financial results. North American Mining is investing in innovation as well, with the deployment of a new type of dragline at a quarry in Florida and a Wirtgen surface miner at a quarry in Nebraska. If these

Mitigation Resources is advancing its business plan and achieving scale faster than we anticipated when we started this business in 2017.

of an important Revolutionary War battle. Once restored, this land is expected to become a public recreation area featuring educational information on the historic battle that signified a turning point in the American Revolution.

Mitigation Resources is advancing its business plan and achieving scale faster than we anticipated when we started this business in 2017. We are confident about the outlook for this business and optimistic about the potential for further growth. We believe Mitigation Resources can provide solid rates of return as this business matures.

Our North American Mining segment provides value-added contract mining and other services for producers of industrial minerals and continues to be the primary platform for growth and diversification of our mining activities.

new mining tools continue to operate as anticipated, we expect them to provide operational efficiencies and competitive advantages that should contribute to improved financial results.

North American Mining continues to work with Lithium Americas to develop the Thacker Pass Project in northern Nevada, one of the largest lithium projects in the United States. North American Mining is providing mine design and consulting services as Lithium Americas moves closer to development of this project. Recent announcements that General Motors entered into a binding supply agreement and will invest \$650 million in this project, and that Lithium Americas' application for a Department of Energy loan is advancing through the approval process, indicate the strength and national importance of this project.

As the Thacker Pass Project moves into construction and begins operations, North American Mining will provide comprehensive mining services, with responsibility for all operational aspects of the lithium mine under a long-term management fee contract.

As trusted mining partners for producers of aggregates, lithium and other minerals, we remain committed to expanding our North American Mining business while improving operating efficiencies and scalability. We remain resolutely focused on addressing the challenges at North American Mining and making improvements for the future by building on our solid foundation of over 110 years in the mining industry. Our strategy at North American Mining continues to focus on growing this

those of our stockholders and foster an “ownership” mentality that incentivizes them to make decisions that enhance stockholder value over the long term.

We also continue to seek ways to create additional value by utilizing our core mining competencies, which include reclamation and permitting. One way we may be able to utilize these skills is through development of utility-scale solar projects on reclaimed mining properties, which offer large tracts of land that could be well suited for solar and other energy-related projects. These projects could be developed on our own or through joint ventures that include partners with expertise in energy development projects.

In all of our business endeavors, our employees maintain the highest levels of customer service and operational

owned industry-leading lift truck and housewares companies, as well as the legacy North American Coal business. During Dick’s tenure on the Board, we spun off Hyster-Yale Materials Handling (NYSE: HY) in 2012 and Hamilton Beach Brands (NYSE: HBB) in 2017, creating substantial stockholder value. Also, during the last 25 years, the coal business grew significantly, and we have leveraged our core skills and strengths to create three new businesses – North American Mining, Catapult Mineral Partners and Mitigation Resources. We benefited greatly during this period from Dick’s insights and contributions as a trusted advisor and his many years of service as chair of our Audit Review Committee and a member of our Nominating and Corporate Governance Committee. Dick’s previous experience as the Chairman and CEO of ASARCO Incorporated, a leading producer of non-ferrous metals, provided us with a comprehensive perspective for developing corporate strategies and managing the risks of a publicly traded corporation. I would like to thank Dick for his contributions and 25 years of dedicated service through a period of tremendous growth and diversification that has transformed the Company.

As we reflect on the 110th anniversary of our Company’s founding, we observe a long history of protecting our core coal mining business, while pursuing strategically appropriate opportunities to grow and diversify. We have a great track record and strong momentum to propel us forward. As always, we will face challenges, but we are confident in our long-term prospects. We look forward to bringing America’s natural resources to life in 2023 and for many decades to come.



J.C. Butler, Jr.
President and Chief Executive Officer

As we reflect on our 110th anniversary, we note a long history of protecting our core coal mining business, while pursuing strategic opportunities to grow and diversify.

business to be a substantial contributor to operating profit over time. The pace of achieving that objective will depend on the mix and scale of new projects and the successful implementation of our projects to return North American Mining to profitability.

We remain focused on long-term stockholder value rather than on quarterly earnings or short-term stock price movements. We encourage our employees to think like stockholders, and reinforce this by providing our senior leaders the benefit of equity ownership in the Company through incentive compensation partly paid in fully vested restricted stock. We believe the restrictions, which limit the ability to sell the stock for up to a ten-year period, align the senior leaders’ interests with

excellence, with an unwavering focus on safety, environmental stewardship and the communities where they live and work. Our rich history spans more than a century, and we have hundreds of dedicated employees who devote countless hours to serving our customers.

I want to thank our employees for their many contributions throughout the past year, as well as their commitment to our future. I would also like to thank our customers and vendors, as well as NACCO’s Board of Directors and long-term stockholders, for their continuing support.

I also want to acknowledge Richard (“Dick”) de J. Osborne, who will be retiring from the Board of Directors at the 2023 Annual Meeting. When Dick joined the Board in 1998, NACCO Industries

Our Falkirk Mine gained a new customer following Rainbow Energy’s purchase of Coal Creek Station, North Dakota’s largest power plant, from Great River Energy.



CARING FOR OUR PEOPLE, LAND & COMMUNITY

Our team is committed to maintaining sound environmental, social and governance practices. We are also intensely focused on safe operations, responsible environmental stewardship, employee well-being and engaged community relations. Everything we do to advance our two key strategies – Protect the Core and Grow and Diversify – incorporates these fundamental principles. To us, Corporate Responsibility reflects our value system, which guides everything that we do.

We believe good corporate governance underpins our value system. It promotes well-informed decision making, drives continuous improvement and fosters a culture of partnership and trust. We operate with honesty, accountability and transparency, building and nurturing relationships with our employees, customers, suppliers and communities.

Doing the right thing is in our corporate DNA.

Our employees maintain the highest levels of customer service and operational excellence, with an unwavering focus on safety, environmental stewardship and the communities where they live and work.



CORPORATE RESPONSIBILITY

Doing the right thing is in our corporate DNA.



OUR PEOPLE FUEL OUR SUCCESS.

PEOPLE

We value our employees as individuals and know that they fuel our success. We believe that everyone should be treated fairly, with dignity and respect, and we include this commitment in our Code of Corporate Conduct, onboarding materials, employee meetings and training.

We are committed to providing a fair and living wage to all employees and compensation that is competitive and consistent with employee positions, skill levels, experience, knowledge and geographic location. We provide a comprehensive and competitive benefits package that supports the physical and mental health and financial wellness of our employees. As a result, we enjoy high employee retention. In 2022, 14 employees celebrated 40 years or more with the Company, and we have 220 employees, or 14%, who have at least 20 years of service. Our average tenure is 11 years of service.

We invest in our employees because we believe training is a critical component of employee well-being and growth. Training ranges from equipment-specific task training and enhanced safety procedures to leadership and management training, ethics training and role-specific training. Employees are encouraged to pursue continued professional development, skills training and other educational opportunities. In addition, qualified employees are eligible to participate in a tuition reimbursement program to advance their formal education.

We offer competitive medical plan options with competitive premiums. For

employees who participate in two of our high-deductible health plans, we help fund their health savings accounts. We offer a comprehensive wellness program, aided by the use of a mobile app in both English and Spanish, and supported with wellness incentives employees can earn based on preventive health screenings, monthly activity challenges and completion of health-related training modules. Wellness incentives are paid in cash or contributed to health savings accounts at the employees' option. In addition, monthly wellness topics are promoted through Company communication channels.

We offer a highly competitive 401(k) plan, with 97% of all employees participating and an average deferral rate of 9.9%. We offer a 100% matching contribution up to 5% of compensation and a 6% profit-sharing contribution for all of our full-time and part-time employees. We work to educate our employees on the benefits of using a 401(k) plan to invest for retirement, and we are proud that our participation and savings rates exceed average rates published by Vanguard.

We believe that healthy, safe and financially secure employees are likely to be happy employees as well. Our long average tenure tells us we are on the right track.

1,600

Total Employees

14% or 220 Employees

with 20 Years or More of Service

14 of 220 Employees

have 40+ Years of Service

We provide a comprehensive and competitive benefits package that supports the physical and mental health and financial wellness of our employees. As a result, we enjoy high employee retention.



SAFETY FIRST. SAFETY ALWAYS.

A 16-year Company veteran participates in an environmental and safety evaluation.



SAFETY

At NACCO, we hold each other to the highest safety standards. We maintain a culture committed to safety excellence – our employees work safely and look out for each other. We commit to our employees that we will provide a safe working environment, and in return we ask every employee to commit to working in a manner that ensures everyone goes home safely at the end of each day.

Our goal is to have zero incidents and injuries. Our operations have onsite safety personnel who train employees in safe work practices, review safety-related incidents and recommend improvements when appropriate. We prioritize investigations of near-miss events to identify opportunities to improve employee awareness and incorporate policy or procedural changes or training as appropriate. We believe that workplace incidents and injuries can be prevented through a focus on continuous improvement and personal responsibility.

We are proud that the National Mining Association ranks us as an industry leader in safety, and our incident rate is consistently below the national average for comparable mines, based on Mine Safety and Health Administration data.

Our Health and Safety Principles, which can be found on our website, provide examples of how we promote a safety-first culture:

- We provide ongoing safety training, education and communication to ensure employees understand and comply with all applicable safety laws and regulations, and everyone is committed to keeping themselves and their co-workers safe.
- We provide technical training to employees on the use, maintenance and repair of equipment to ensure all employees can perform their jobs in a safe and healthy manner, and we provide personal protective equipment to protect employees from risks and injuries.
- Key personnel participate in company-wide safety summits to discuss safety successes and opportunities for improvement, including best practices and the latest developments with respect to safety rules, laws and regulations.
- We established a company-wide, cross-functional Safe Work Area Task Force that participates in industry-wide efforts to share best practices.

We are proud that we have earned more than 100 safety awards at the state and national levels. In 2022, the Coteau Properties Company received the Lignite Energy Council’s Safety Excellence Award for its work at the Freedom Mine. The honor recognized the achievement of the lowest overall accident incident rate in the North Dakota lignite industry in 2021. Additionally, the Coyote Creek and Falkirk mines were recognized with Distinguished Safety awards for achieving incident rates lower than the national average. Finally, Demery Resources celebrated 10 years with zero lost-time accidents at the Five Forks Mine.

100+
Safety Awards

ENVIRONMENTAL EXCELLENCE

We insist that all aspects of our work be accomplished in an environmentally responsible manner, and our environmental professionals monitor environmental trends to address stakeholder priorities and identify best practices.



ENVIRONMENT

We demonstrate our commitment to the environment through excellence in reclamation, biodiversity, historic preservation, waste management and compliance. Our approach reflects our commitment to protect and nurture the environment.

At our core, we are conservationists. We insist that all aspects of our work be accomplished in an environmentally responsible manner, and our environmental professionals monitor environmental trends to address stakeholder priorities and identify best practices. We have received many awards for our environmental excellence, as well as innovations in this area. Our Environmental Policy, which can be found

contemporaneous reclamation at our coal mining operations. Reclamation is designed to return the land to productive use and promote biodiversity. The Coteau Properties Company received the Excellence in Surface Coal Mining and Reclamation Award from the North Dakota Public Service Commission in 2022, and the Caddo Creek Resources Company earned the 2022 Texas Coal Mining Reclamation Award from the Surface Mining and Reclamation Division of the Texas Railroad Commission for its reclamation activities at the Marshall Mine.

Prior to initiating mining activities, we conduct exhaustive biological studies to assess local ecosystems. These studies

of acres of native grasses have been successfully planted, resulting in healthy native bird and animal populations in reclaimed areas, including bald eagles, deer, turkeys and moose. At the Sabine Mine in Texas, many acres of native grass were planted, which successfully facilitated the return of bobwhite quail to the area. In North Dakota, our reclamation work has re-established habitats for sharp-tailed grouse at two of our operations. At the Red Hills Mine in Mississippi, the quail population benefited from planting more than 220 acres of native grasses and leaving hedgerows and other habitat features in place to provide natural cover. Notably, the Arbor Day Grove at Red Hills is on reclaimed land, hosting a variety of trees planted by local elementary students as part of Arbor Day celebrations over the past ten years. Since 1978, we have planted more than 10 million trees as part of our reclamation efforts.

We work to preserve cultural sites that are important to local areas. Pre-mining studies result in mine

We are committed to protecting and nurturing the environment. At our core, we are conservationists.

on our website, emphasizes our strong legacy of environmental stewardship as part of our long-held commitment to being a good corporate citizen. Our work is designed to promote biodiversity, as demonstrated through our habitat preservation and reclamation practices.

We strive to minimize the impacts of surface disturbance, and we practice

provide an important base so our reclamation experts can achieve our goal of returning the mined areas to an equal or better state than before they were mined. Our native grass programs at our North Dakota, Texas and Mississippi operations exemplify our commitment to going above and beyond technical requirements for reclamation. Hundreds

plans that protect cultural areas, and employees receive training on what to do if an incidental find is made. Our work has led to discoveries that provided valuable, irreplaceable information about historic and prehistoric activities. This documented information is made available to researchers, archaeological professionals, students, historians and archaeology hobbyists. Over the last several years, we adjusted our mine plan to preserve a Turtle Effigy at the Coteau Mine, and worked to ensure that indigenous people had access to the Turtle Effigy before, during and after mining.

Our operations employ waste management practices that minimize overall waste products and maximize recycling and reuse opportunities before proper disposal. For example, we conduct research and studies that

allow our operations to enhance fuel efficiency and extend the life of various oil products used in our equipment. By rebuilding equipment components onsite, our operations prevented the shipping, disposal and replacement of many tons

of parts. We monitor materials, packaging and waste to identify hazardous materials and conduct periodic audits of the vendors involved in removing waste from our mine sites. Each of our mining operations is classified by regulators as a very small quantity generator of hazardous waste, an important designation that demonstrates our good work.

As a result of our commitment, we have received more than 97 awards for successful and innovative reclamation projects since 1978.

Complying with environmental regulations is our minimum standard, and we maintain a commitment to meet or exceed all applicable environmental laws and regulations. Going beyond the minimum is embedded in our

culture and allows us to build trust with our stakeholders. As a result of our commitment, we have received more than 97 awards for successful and innovative reclamation projects since 1978. Our Environmental Policy articulates our commitment to be thoughtful stewards of the land.



Going beyond the minimum is embedded in our culture and allows us to build trust with our stakeholders. Each year, environmental professionals from across the Company meet to share best practices. In October 2022, they met at our Smoky Run Mitigation Bank in Tennessee, shown below.

CORPORATE GOVERNANCE

Good corporate governance, with a long-term perspective, is an integral part of our value system. NACCO was founded in 1913, and descendants of Frank Taplin, our founder, continue to own a substantial portion of our stock. Five generations of stock ownership demonstrate long-term dedication and commitment to NACCO's success. We believe that our ownership structure provides a strategic advantage, helping to mitigate certain short-term pressures faced by widely held companies while allowing management and the Board of Directors to focus on long-term objectives that benefit all stockholders.

An effective Board of Directors is critical to effective corporate governance. As of December 31, 2022, there were 12 directors on our Board, a majority of whom were independent directors not related to the founding family. Our Board maintains strong governance practices, providing long-term strategic guidance and oversight of management to help the Company fulfill its responsibility to stockholders. The Board sets the tone for our Company by upholding strong governance practices designed to ensure accountability, fiscal responsibility and the highest levels of ethical conduct.

Our Board members have a broad range of skills, expertise, industry knowledge,

perspectives and backgrounds. The Board maintains a balance between longer-tenured directors with in-depth knowledge of the Company and newer directors who bring a fresh perspective. To ensure NACCO benefits from a broad set of views, the Board's Nominating and Corporate Governance Committee carefully considers the importance of diverse perspectives, backgrounds and experiences when selecting future director nominees. The Board seeks to ensure that it is composed of members whose particular expertise, qualifications, attributes and skills, when taken together, allow the Board to satisfy its oversight responsibilities effectively.

purpose and responsibilities, and each committee conducts an annual evaluation of its performance based on the responsibilities set forth in its respective charter.

Cybersecurity continues to be a key governance priority for companies and is among our Board's oversight responsibilities. Our commitment to cybersecurity emphasizes cultivating a security-minded culture through education and training initiatives that reflect best practices and improve our employees' cybersecurity

We are committed to operating with honesty, accountability and transparency.

The Board has established the following standing committees: The Compensation and Human Capital Committee, the Audit Review Committee and the Nominating and Corporate Governance Committee. Independence is an important component of our Board's oversight and these committees are composed entirely of independent directors. Each committee has a written charter that describes its

awareness. We continue to focus on strengthening risk mitigation in this area through several measures, including retention of third-party cybersecurity firms for penetration testing and assessments. The Audit Review Committee and the full Board each receive regular briefings on our cybersecurity program.

GOVERNANCE

A lake at the Red Hills Mine provides a recreational area for the community.

NACCO is committed to maintaining the highest standards of professional and personal conduct. Our Code of Conduct, Insider Trading Policy and Anti-Corruption Policy require Board members and employees to comply with applicable laws and regulations, maintain high ethical standards and report situations of actual or potential noncompliance. We also maintain an ethics-related hotline, managed by a third party, so that individuals can anonymously raise concerns or ask questions about business behavior.

We believe strong corporate governance and corporate responsibility promote well-informed decision making, drive continued growth and allow NACCO to remain a trusted business partner. We are committed to operating with honesty, accountability and transparency.

We operate with integrity and build and nurture relationships with our employees, customers and suppliers, as well as with the communities where we operate. Strong corporate governance ensures NACCO continues to be a well-run Company. Our Board and management team are focused on delivering long-term value, with a particular focus on taxable stockholders. Doing the right thing is a core part of our value system.



We commit to our employees that we will provide a safe working environment, and in return we ask every employee to commit to working in a manner that ensures everyone goes home safely at the end of each day. Regular equipment inspections, such as the one in the picture, help keep our employees safe.



COMMUNITY ENGAGEMENT



Local communities are important to our employees, and to us, and we believe in making long-term investments in the areas where we operate.

2022 Donations

\$400,000+

To Support Educational, Arts & Culture and Civic Organizations

\$35,000+

To Support Literacy Programs

Local communities are important to our employees, and to us, and we believe in making long-term investments in the areas where we operate. We support numerous charitable efforts where our employees live and work, including educational, arts and community organizations. In 2022, we directed more than \$400,000 of corporate donations to organizations that serve our communities. We also support employee cash donations to qualified organizations through our matching gift program whereby NACCO will match eligible employee donations up to \$5,000 per year, per employee.

Together with our employees, in 2022, we contributed more than \$35,000 to support literacy programs. We hosted events where our employees learned about local literacy efforts, and from these events, we contributed more than \$25,000 to the East Texas Literacy Council, the Hallsville Independent School District and the Beulah, North Dakota public library. We are proud to contribute funding and time in support of these very worthwhile programs.

We regularly host students, teachers and community groups on mine tours and other educational programs. As an example, the Sabine Mine partnered with the Texas Mining and Reclamation Association to offer a free five-day summer workshop to educators. The workshop provided science-based information to help educate participants

about the availability, importance, development and use of our natural resources while protecting our environment. Attendees toured the mine, visited reclamation areas, heard from industry experts and participated in hands-on labs. The workshop also included demonstrations of interactive exercises that teachers can use in their classrooms, such as assessing the physical properties of soil and rock, how to ensure water quality meets regulatory standards and how lignite is used to make electricity. Each year, Boy Scout troops will visit mines in Texas and North Dakota, and in 2022, the Freedom Mine hosted Air Force personnel as part of the North Dakota Energy Tour.

In addition, our operations regularly participate in local community events such as the Choctaw Christmas Parade in Mississippi, Christmas with the Larks in Bismarck, North Dakota, and a Thanksgiving food donation drive at the Falkirk Mine. At the Red Hills Mine, employees support events such as the Conservation Carnival in Ackerman, Mississippi, and the Arbor Day celebration at the mine.

COMMUNITY



In 2022, we hosted an event where our employees learned about local literacy efforts.

DIRECTORS

J.C. Butler, Jr.

President and Chief Executive Officer,
NACCO Industries, Inc. and
The North American Coal Corporation

John S. Dalrymple

Former Governor of the State of
North Dakota

John P. Jumper

Retired Chief of Staff, United States
Air Force

Dennis W. LaBarre

Retired Partner, Jones Day

Michael S. Miller

Retired Managing Director,
The Vanguard Group

Richard de J. Osborne

Retired Chairman and Chief Executive
Officer, ASARCO Incorporated

Alfred M. Rankin, Jr.

Non-Executive Chairman, NACCO
Industries, Inc.

Chairman and Chief Executive Officer,
Hyster-Yale Materials Handling, Inc.

Non-Executive Chairman,

Hamilton Beach Brands Holding Company

Matthew M. Rankin

President and Chief Executive Officer,
Carlisle Residential Properties

Roger F. Rankin

Self-employed (personal investments)

Lori J. Robinson

Retired General, United States Air Force

Robert S. Shapard

Chairman and Retired Chief Executive
Officer of Oncor Electric Delivery
Company

Britton T. Taplin

Self-employed (personal investments)

LEADERSHIP

J.C. Butler, Jr.

President and Chief Executive Officer

Carroll L. Dewing

Vice President – Operations

John D. Neumann

Vice President, General Counsel and
Secretary

J. Patrick Sullivan, Jr.

Vice President and Chief Financial Officer,
The North American Coal Corporation

Elizabeth I. Loveman

Vice President and Controller,
NACCO Industries, Inc.

Thomas A. Maxwell

Vice President – Financial Planning
and Analysis and Treasurer,
NACCO Industries, Inc.

Vice President of Finance and Treasurer,
Mitigation Resources of North America

Andrew B. Hart

Controller, The North American Coal
Corporation

Philip N. Berry

President, North American Mining

Brian M. Larson

President, Catapult Mineral Partners

Eric S. Anderson

President, Mitigation Resources of
North America

Eric A. Dale

Treasurer and Senior Director,
Financial Planning and Analysis,
The North American Coal Corporation

Sarah E. Fry

Associate General Counsel and Assistant
Secretary

Miles B. Haberer

Associate General Counsel, Assistant
Secretary and President, North American
Coal Royalty Company

Matthew J. Dilluvio

Associate Counsel and Assistant
Secretary

CORPORATE INFORMATION

Annual Meeting

The Annual Meeting of Stockholders of NACCO Industries, Inc. will be held on May 16, 2023, at 10:00 a.m. EDT located at:
5875 Landerbrook Drive
Cleveland, Ohio 44124

Stock Exchange Listing

The New York Stock Exchange Symbol: NC

Stock Transfer Agent and Registrar

Stockholder Correspondence:

Computershare Investor Services
P.O. Box 43078
Providence, Rhode Island 02940-3078

Overnight Correspondence:

Computershare Investor Services
150 Royall Street, Suite 101
Canton, Massachusetts 02021
(800) 622-6757 (U.S., Canada and Puerto Rico)
(781) 575-4735 (International)

Legal Counsel

McDermott Will & Emery LLP
444 West Lake Street
Chicago, Illinois 60606

Independent Registered Public Accounting Firm

Ernst & Young LLP
950 Main Ave., Suite 1800
Cleveland, Ohio 44113

Form 10-K

Additional copies of the Company's Form 10-K filed with the Securities and Exchange Commission are available through NACCO Industries' website (nacco.com) or by request to Investor Relations

Investor Relations Contact

Investor questions may be addressed to:
Investor Relations
NACCO Industries
5875 Landerbrook Drive, Suite 220
Cleveland, Ohio 44124
or sent through the Company's website.

Visit Our Websites



Watch Our Video



NACCO Industries: nacco.com

NACCO Natural Resources: nacco.com

North American Coal: nacoal.com

North American Mining: namining.com

Mitigation Resources of North America: mitigate.pro

Catapult Mineral Partners: catapultmp.com



A key component of our Protect the Core strategy is managing coal production costs to help customers with management fee contracts be more competitive, since fuel cost is a significant driver of power plant dispatch.





Bringing Natural Resources to Life

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