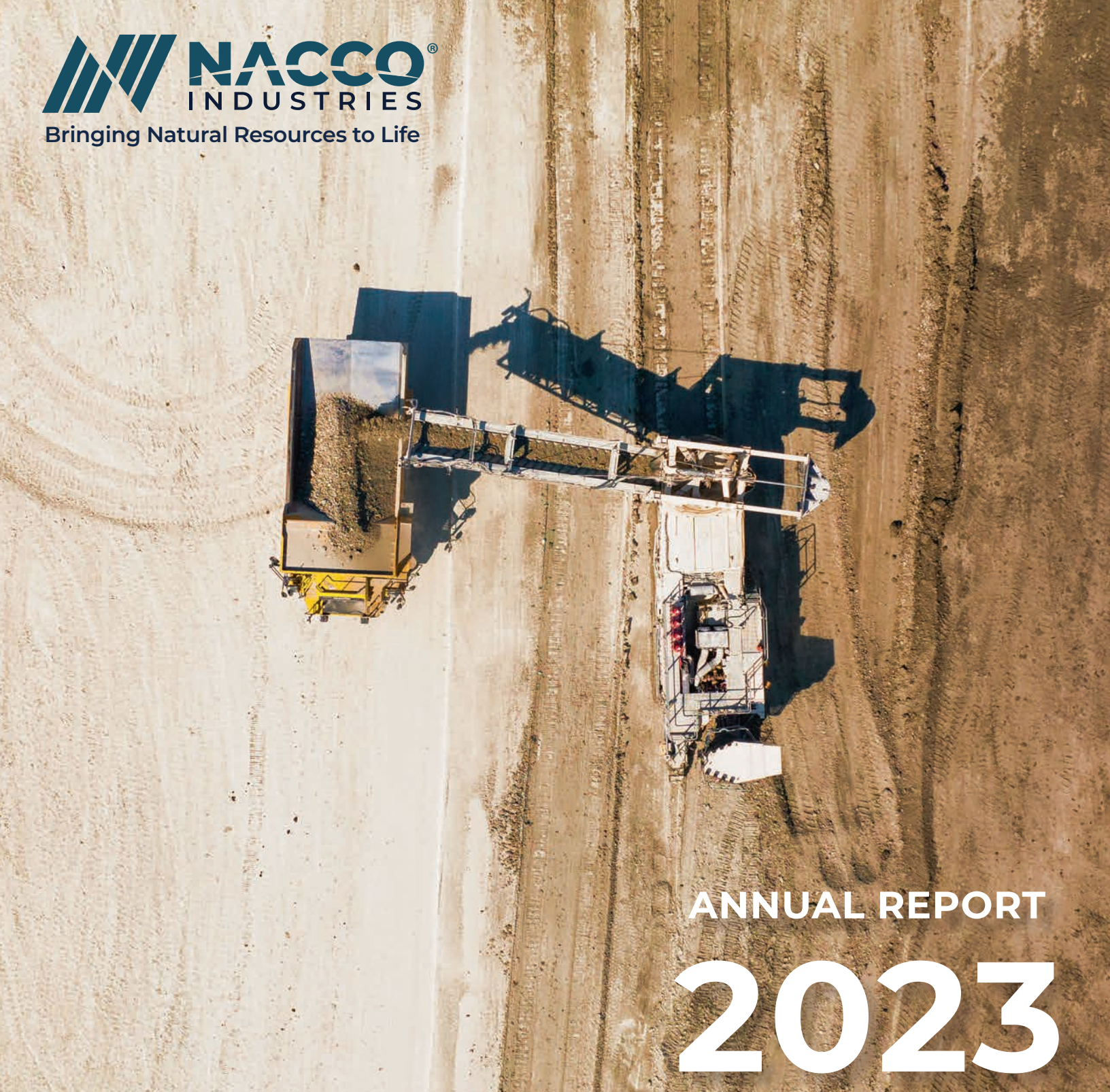




 **NACCO**[®]
INDUSTRIES
Bringing Natural Resources to Life



ANNUAL REPORT
2023

 **NACCO**[®]
NATURAL RESOURCES

North American[®]
COAL

 North American[®]
MINING

 Mitigation[®]
Resources
OF NORTH AMERICA

 **Catapult**[®]
MINERAL PARTNERS

 **ReGen**[®]
RESOURCES

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Bringing Natural Resources to Life



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, through North American Coal[®], 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. In addition, Mitigation Resources of North America[®] provides stream and wetland mitigation solutions, and ReGen Resources is pursuing opportunities to develop new power generation resources.

ABOUT THE COVER

A Wirtgen surface miner, used by North American Mining, is designed to cut, crush and load rock in a single operation, providing increased efficiency and safe extraction of limestone.

AT RIGHT

We continue to support Lithium Americas as they advance development of Thacker Pass in northern Nevada, one of the largest known lithium reserves in North America.



SELECTED FINANCIAL AND OPERATING DATA

NACCO Industries, Inc. and Subsidiaries

	Year Ended December 31		
	2023 ⁽¹⁾	2022 ⁽¹⁾⁽²⁾	2021 ⁽²⁾
	(In thousands, except per share data)		
Operating Statement Data:			
Revenues	\$ 214,794	\$ 241,719	\$ 191,846
Operating profit (loss)	\$ (70,137)	\$ 69,986	\$ 55,410
Net income (loss)	\$ (39,587)	\$ 74,158	\$ 48,125
Basic earnings (loss) per share	\$ (5.29)	\$ 10.14	\$ 6.73
Diluted earnings (loss) per share	\$ (5.29)	\$ 10.06	\$ 6.69
Per Share and Share Data:			
Cash dividends	\$ 0.8600	\$ 0.8200	\$ 0.7850
Market value at December 31	\$ 36.50	\$ 38.00	\$ 36.29
Stockholders' equity at December 31	\$ 51.33	\$ 58.10	\$ 49.02
Actual shares outstanding at December 31	7,449	7,349	7,183
Basic weighted average shares outstanding	7,478	7,312	7,146
Diluted weighted average shares outstanding	7,478	7,373	7,190

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

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



During 2023, we solidified and expanded customer relationships, while maintaining our strong balance sheet and financial flexibility.

	Year Ended December 31		
	2023 ⁽¹⁾	2022 ⁽¹⁾⁽²⁾	2021 ⁽²⁾
	(In thousands, except employee data)		
Balance Sheet Data at December 31:			
Cash	\$ 85,109	\$ 110,748	\$ 86,005
Total assets	\$ 539,708	\$ 568,072	\$ 507,220
Long-term debt	\$ 22,003	\$ 16,019	\$ 18,183
Stockholders' equity	\$ 382,340	\$ 426,966	\$ 352,116
Cash Flow Data:			
Provided by operating activities	\$ 54,490	\$ 67,735	\$ 74,875
Used for investing activities	\$ (81,597)	\$ (33,152)	\$ (44,147)
Cash Flow before financing activities ⁽³⁾	\$ (27,107)	\$ 34,583	\$ 30,728
Provided by (used for) financing activities	\$ 1,468	\$ (9,840)	\$ (33,173)
Other Data:			
Total employees at December 31 ⁽⁴⁾	1,700	1,600	1,600

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

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

	Year Ended December 31		
	2023 ⁽¹⁾	2022 ⁽¹⁾⁽²⁾	2021 ⁽²⁾
	(In thousands)		
Calculation of Adjusted EBITDA⁽⁵⁾			
Net income (loss)	\$ (39,587)	\$ 74,158	\$ 48,125
Asset impairment charges ⁽¹⁾	65,887	3,939	–
Contract termination settlement income ⁽²⁾	–	(30,882)	(10,333)
Income tax provision (benefit)	(24,571)	13,565	8,725
Interest expense	2,460	2,034	1,719
Interest income	(6,081)	(1,449)	(449)
Depreciation, depletion and amortization expense	29,387	26,816	23,085
Adjusted EBITDA ⁽⁵⁾	\$ 27,495	\$ 88,181	\$ 70,872

(5) Adjusted EBITDA is provided solely as a supplemental disclosure with respect to operating results. Adjusted EBITDA does not represent net income (loss), as defined by U.S. GAAP, and should not be considered as a substitute for net income (loss), or as an indicator of operating performance. NACCO defines Adjusted EBITDA as income (loss) before long-lived asset impairment charges, contract termination settlement income and income taxes, plus net interest expense and depreciation, depletion and amortization expense. 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

We believe our businesses have competitive advantages that provide value to our customers and create long-term value for our stockholders.

We made meaningful progress in 2023 on our journey to transform NACCO Industries into a broad-based natural resources company. Our businesses provide critical inputs for electricity generation, construction and development, and the production of industrial minerals and chemicals. Increasing demand for electricity, on-shoring and current federal policies are creating favorable macroeconomic trends within these industries. We believe our businesses have competitive advantages that provide value to our customers and create long-term value for our stockholders.

While we delivered on our strategies to grow and diversify in 2023, our financial results fell short of our expectations. We knew 2023 was going to be a challenging year, but unexpected issues further tempered our results. We started the year knowing deliveries from our Sabine Mine could cease on April 1, 2023, as a result of the early retirement of the power plant served by that mine. We also knew that Mississippi Lignite Mining Company (MLMC) would experience elevated costs in 2023 due to a transition to a new mine area, and that our Falkirk Mine would experience a full year of price concessions to support Rainbow Energy's 2022 purchase of the Coal Creek Station Power Plant. We didn't expect that both Coteau and Falkirk would experience reduced demand because of temporary mechanical issues at their respective customers' plants, or that MLMC's customer would issue a force majeure

notice for an event at the Red Hills Power Plant late in the year that contributed to the recognition of a significant non-cash impairment charge. The combination of these items resulted in a significant net loss for the year.

Our MLMC business was the most challenged in 2023, starting with the transition to a new mine area.

Temporary operational inefficiencies related to this transition were compounded by adverse mining conditions caused by greater than normal rainfall. These factors led to disappointing financial results at MLMC. We had anticipated improved 2024 financial results at MLMC until we received notice of force majeure for an event at the power plant in December 2023.

As part of commissioning the new mine area at MLMC, the Marion 8200 dragline, known as "Steel Magnolia," had to be moved over four miles, including across a state highway. This move took extensive planning, including collaboration with numerous state and local agencies to accommodate the dragline's journey. This project was completed safely, and the dragline is now operating at the new mine area.



The Marion 8200 dragline known as "Steel Magnolia" at MLMC.

This is expected to reduce customer demand significantly for at least a portion of 2024. Over the longer term, we expect the Red Hills Power Plant to return to normal operation once repairs are complete.

While managing through these challenges in our legacy coal business, we continued to execute on our long-term strategy of pursuing organic growth and diversification. With an eye on our long-term goals, we focused on gaining new customers, extending and expanding current contracts and increasing our investment in oil and gas assets. Our North American Mining team succeeded in winning a bid for a six-year contract extension with its largest customer and secured a new 15-year contract to mine phosphate, building on its goal to diversify into additional

In 2023, we continued to execute on our long-term strategy of pursuing organic growth and diversification.

minerals. Also, our Catapult Mineral Partners team, which oversees our Minerals Management segment, successfully negotiated and closed on a major acquisition in the Midland section of the Permian Basin. This acquisition of oil and gas mineral interests is Catapult's largest acquisition to date.

Overall, we solidified and expanded customer relationships, while maintaining our strong balance sheet and financial



In 2023, the Coteau Properties Company celebrated 40 years of coal deliveries to Basin Electric. Coteau delivers coal to its customer's two power plants and the only coal gasification facility in the United States. Pictured are some of the employees who served on the 40th anniversary celebration planning committee.

flexibility. We believe these actions solidly position us for future growth, and we are optimistic about the future of our businesses.

The transition to a new customer at Falkirk has gone extremely well. Helping facilitate the 2022 transfer of the Coal Creek Station power plant to a new owner was one of the Company's biggest wins to date. Because of that win, Falkirk was able to continue its proud and successful history, and, in 2023, celebrate its 45th anniversary of continuous coal deliveries.

Also in 2023, Coteau celebrated 40 years of coal deliveries to Basin Electric. Coteau delivers coal to its customer's two power plants and the only commercial scale coal gasification facility in the United States. The duration of these exclusive contractual relationships speaks volumes about our long-term approach to serving our customers.

Over the past several years, the United States has seen a transition away from the use of coal for power generation, including the premature closure of the Pirkey Power Plant in 2023, which was served by our Sabine Mine. The reduction in the use of coal

is happening at the same time the demand for electricity is increasing. We believe that coal-fired power generation must remain an essential part of an affordable and reliable energy mix in the United States for the foreseeable future. While renewables such as solar can be an important part of the total energy solution, moving away from long-established, dispatchable energy sources such as coal and natural gas presents challenges to grid reliability and energy security. The United States needs affordable and reliable energy to meet the needs of an increasingly electrified world.



To defend against possible future restrictions on carbon emissions, we are evaluating carbon capture and storage opportunities at MLMC and supporting our customers' efforts in developing similar capabilities at other facilities. These initiatives may provide additional future growth and diversification opportunities.

NACCO also has accumulated very substantial oil and gas mineral interests during its 110-year history. Catapult is now focused on managing and expanding this portfolio. Mineral interests are leased to third-party operators who bear the cost of well development and other expenses. We are entitled to a percentage of revenue from wells in which we maintain an interest.

Prior to 2020, income in the Minerals Management segment was primarily driven by our natural gas-rich Appalachian basin assets. Catapult has grown and diversified this business significantly over the last several years. Since 2020, we have diversified via acquisitions in the Permian basin, and to a lesser extent, the Eagle Ford, Haynesville and Powder River basins. Our current portfolio includes mineral and royalty interests in premier oil and gas producing regions of the United States.

Our highly skilled Catapult team continues to drive this business forward, selectively investing in additional assets to grow and diversify our mineral asset base and drive profitable long-term growth. Catapult's experienced team evaluates hundreds of deals annually to identify the few that meet their highly technical and financially disciplined acquisition criteria.

In December, Catapult completed a \$37 million transformative acquisition that includes 2,500 net royalty acres in the core of the Midland section of the Permian Basin. Our strategy is focused on growing our portfolio of reserves, while diversifying with acquisitions in multiple basins, as we target accretive acquisitions of assets in premier basins in the United States. We are also considering investments

in non-operating working interests and joint ventures.

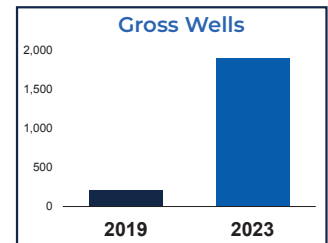
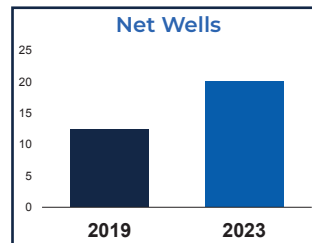
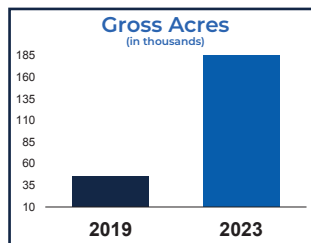
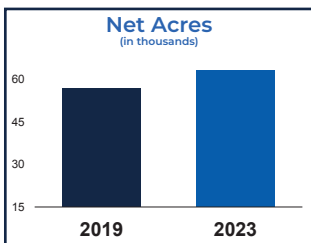
North American Mining spent much of 2022 and the first half of 2023 concentrating on profit improvement initiatives before refocusing on new business development. As a result, North American Mining has identified ways to enhance operational excellence and drive profitable growth. With a renewed focus on business development, North American Mining executed a 15-year contract to mine phosphate at a quarry in central Florida. Production is expected to commence in the first half of 2024 once relocation of a dragline is complete. North American Mining also amended and extended existing limestone contracts with two customers that contain mutually advantageous contract terms and expanded the scope of work with another customer.

North American Mining operates a specialized piece of equipment for an industry-leading cement producer in Nebraska. This business leveraged the Company's expertise in operating Wirtgen surface miners in coal operations to develop this niche application in limestone production. The Wirtgen surface

Our Minerals Management portfolio has grown since 2019 and includes mineral and royalty interests in premier oil and gas producing regions of the United States.

Catapult Growth

As of December 31





North American Mining leveraged the Company's expertise in operating Wirtgen surface miners in coal operations to develop a niche application in limestone production. North American Mining is operating this specialized piece of equipment for an industry-leading cement producer in Nebraska.

miner is designed to cut, crush and load rock in a single operation, providing increased efficiency and safe extraction of limestone for this customer. The project has been so successful that North American Mining has ordered a second Wirtgen surface miner to increase production for this customer. The new machine is expected to start operating in 2024. North American Mining plans to pursue additional opportunities to utilize this type of equipment.

New contracts and contract extensions such as these are central to North American Mining's organic growth strategy. These developments were particularly important after a pause on new business development. Once again, the North American Mining team is focused on evaluating new business opportunities and driving profitable growth in line with refined strategic objectives.

We continue to support Lithium Americas as they advance development of Thacker Pass in northern Nevada, one of the largest known lithium reserves in North America. The Thacker Pass project will produce battery-quality lithium carbonate. Our subsidiary, Sawtooth

Mining, is the exclusive contract miner for this project, providing mine design, construction and mining operations. Lithium will be mined utilizing a shallow open-pit mine, using techniques similar to our other comprehensive mining operations.

Mitigation Resources of North America marked another year of meaningful progress toward becoming a significant player in this industry. Drawing on our service-based business model, this team partners with customers

and landowners to find solutions to mitigation challenges through development of mitigation banks or custom mitigation solutions. During 2023, Mitigation Resources invested in people and the power of data analytics to make more informed decisions about markets to target.

Mitigation Resources is also focused on securing projects to restore abandoned mine lands, not associated with our current or prior coal mining operations, utilizing funds available under the Bipartisan



Employees of North American Mining collaborate on how to enhance operational excellence.



During 2023, Mitigation Resources invested in people and training. Shown here is the permitting team during a field training event.

Mitigation Resources was selected to be a preferred contractor to restore abandoned mine land within the State of Texas.

Infrastructure Law. As a result of our strength in this area, Mitigation Resources was selected to be a preferred contractor to restore abandoned mine land within the State of Texas. This development represents a substantial opportunity for this business, and provides significant potential to expand into other states.

As energy consumption continues to rise and electricity generating capacity becomes more constrained, there is a growing need to develop new power generation sources. During 2023, we formed ReGen Resources to pursue opportunities to develop such power generation sources, including solar, wind and natural gas fueled “peaker” units. The Inflation Reduction Act provides enhanced incentives for renewable energy projects developed on reclaimed mine land equal to 10% of a project’s capital costs. Significant opportunities exist to develop new projects in these reclaimed mine land areas. We have a substantial amount of reclaimed mine land that is in close proximity to existing grid infrastructure, and are particularly focused on developing projects that capitalize on these opportunities.

In December 2023, we entered into a power purchase agreement with the Tennessee Valley Authority for the energy generated from a proposed 67.5 MW solar farm to be built on reclaimed land at MLMC. The development of this project is subject to the favorable completion of an environmental impact study and approval of an interconnection agreement. We are also pursuing an additional opportunity to develop a solar or other energy project in Texas. Other utility-scale solar projects are under consideration for development internally, or through joint ventures that include partners with expertise in energy development projects, including projects that utilize our legacy mining properties.

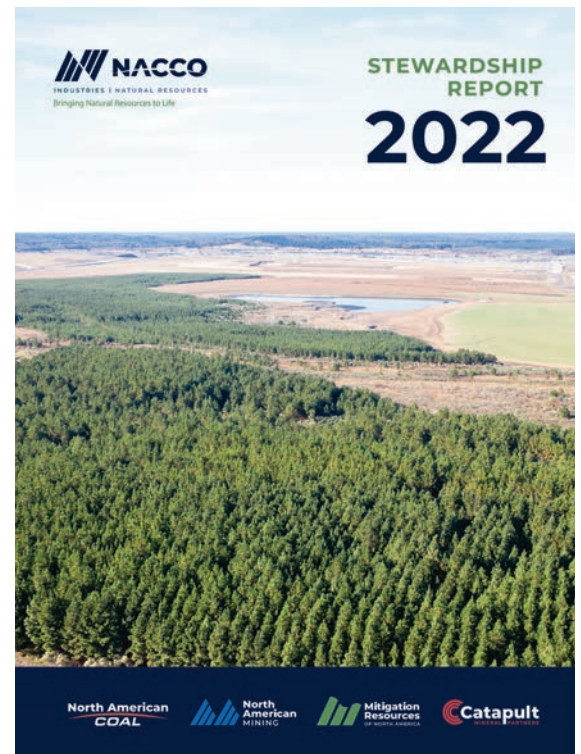


Drawing on our service-based business model, Mitigation Resources of North America partners with customers and landowners to find solutions to mitigation challenges through development of mitigation banks or custom mitigation solutions. Shown here is the Buffalo Valley Mitigation Bank property in Tennessee.



While we maintain a disciplined approach to investing capital for growth and diversification, we also continue to return cash to stockholders through dividends and share repurchases. NACCO's discretionary stock repurchase program underscores our confidence in NACCO's long-term outlook and our belief that our share price is undervalued. While we have no direct competitors with a similar business profile, we believe our strategically competitive businesses, strong balance sheet and demonstrated capacity for growth support a much higher stock price, and provide a compelling reason for our share repurchase program. We repurchased \$3.1 million of NACCO stock during 2023 and paid dividends totaling \$0.86 per share in 2023.

We published the first edition of our aptly titled Stewardship Report in 2023. We believe this report helps all of our stakeholders – customers, employees, stockholders and others – gain a better understanding of who we are as a company, what we believe in, and the values and principles that guide us. In this report, we describe our commitment to safety, people, community and the environment and highlight our approach to the issues that matter most to our company and our stakeholders. We also describe our long-term perspective and our principles of governance that guide everything we do. This report is available on NACCO's website on our Stewardship page.



We believe the Stewardship Report helps all of our stakeholders, customers, employees, stockholders and others, gain a better understanding of who we are as a company, what we believe in and the values and principles that guide us.

Our Stewardship Report describes our commitment to safety, people, community and the environment and highlights our approach to the issues that matter most to our company and our stakeholders.



We remain committed to supporting the health, safety and well-being of our employees. We have a strong safety culture that reinforces high standards. Our unwavering commitment to safety remains a core value.

NACCO has a collaborative culture, where people feel they are a valued part of the team and their opinions matter. We remain committed to supporting the health, safety and well-being of our employees. We have a strong safety culture that reinforces

We are proud of our commitment to leave mine sites or mitigation projects better than we found them and to leave a lasting legacy of positive economic benefits in the communities in which we operate.

high standards. Our unwavering commitment to safety remains a core value. While we are proud of our record, safety requires ongoing vigilance. We are always working to find ways to do better. We are also proud of our commitment to leave mine or mitigation project sites better than we found them

and to leave a lasting legacy of positive economic benefits in the communities in which we operate. We remain committed to complying with both regulatory requirements and our own high standards for employee safety and environmental stewardship.

We are committed to upholding strong corporate governance practices, beginning with NACCO's Board of Directors. A majority of our directors are independent, and they bring diverse backgrounds, experiences and perspectives to their role overseeing the control and direction of the Company. The board views good corporate governance as the foundation of the long-term success of the Company.

We are very pleased to welcome the talents and fresh perspectives of Valerie Gentile Sachs and Paul McDonald, who joined the board of directors in 2023 and early 2024,

respectively. Valerie brings a wealth of knowledge from her extensive legal career, including as general counsel of a global company focused on mining and production of specialty minerals. Paul spent his career in large scale oil and gas production, working in a wide range of leadership roles. We are privileged to have both Valerie and Paul join the board.

As we turn our focus to 2024, I believe we are strategically and financially well-positioned for the future. I am extremely proud of the way our talented, dedicated and motivated employees have worked to make our current operations successful and have found new and exciting ways to grow and diversify our company. I want to thank each of them for the hard work and contributions they put forth to make NACCO what it is today, and to push forward to secure new opportunities that strengthen our future. Our employees are NACCO's greatest asset, and their energy, passion and skill are the driving force behind all of the Company's successes. I am honored each and every day to work alongside such an amazing team.

In closing, I would like to thank our customers for their partnership, and our stockholders for their continued support. We will continue pursuing positive outcomes in 2024 and beyond.

J.C. Butler, Jr.
President and Chief Executive Officer,
NACCO Industries and NACCO
Natural Resources

DIRECTORS

J.C. Butler, Jr.

President and Chief Executive Officer,
NACCO Industries, Inc. and
NACCO Natural Resources Corporation

John S. Dalrymple, III

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

W. Paul McDonald

Retired Vice President - Engineering,
Pioneer Natural Resources Company

Michael S. Miller

Retired Managing Director, The Vanguard Group

Alfred M. Rankin, Jr.

Non-Executive Chairman, NACCO Industries, Inc.

Executive Chairman,

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

Valerie Gentile Sachs

Retired Vice President, General Counsel
and Corporate Secretary, OM Group, Inc.

Robert S. Shapard

Retired Chief Executive Officer,
Oncor Electric Delivery Company

Britton T. Taplin

Self-employed (personal investments)

LEADERSHIP

J.C. Butler, Jr.

President and Chief Executive Officer

Carroll L. Dewing

Senior Vice President and Chief Operating Officer
NACCO Natural Resources Corporation

John D. Neumann

Senior Vice President, General Counsel and Secretary

J. Patrick Sullivan, Jr.

Senior Vice President and Chief Financial Officer,
NACCO Natural Resources Corporation

Elizabeth I. Loveman

Senior Vice President and Controller,
NACCO Industries, Inc.

Thomas A. Maxwell

Senior Vice President, Finance and Treasurer,
NACCO Industries, Inc.

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

Christopher D. Friez

Vice President, Land, Associate General Counsel
and Assistant Secretary

Sarah E. Fry

Vice President, Associate General Counsel
and Assistant Secretary

Matthew J. Dilluvio

Associate General Counsel and Assistant Secretary

Stephen H. Clevett

Vice President, Corporate Development,
NACCO Natural Resources Corporation
President, ReGen Resources

Eric A. Dale

Vice President, Financial Planning and Analysis and
Treasurer, NACCO Natural Resources Corporation

Andrew B. Hart

Vice President, Controller,
NACCO Natural Resources Corporation

Eric S. Anderson

President, Mitigation Resources of North America

Philip N. Berry

President, North American Mining

Brian M. Larson

President, Catapult Mineral Partners

CORPORATE INFORMATION

Annual Meeting

The Annual Meeting of Stockholders of NACCO Industries, Inc. will be held on May 15, 2024, at 9:30 a.m. CT located at:
301 E. Main Street
Starkville, Mississippi 39759

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, RI 02940-3078

Overnight Correspondence:
Computershare Investor Services
150 Royall Street, Suite 101
Canton, MA 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
1001 Lakeside Ave., Suite 1800
Cleveland, Ohio 44147

Form 10-K

Additional copies of the Company's Form 10-K filed with the Securities and Exchange Commission are available free of charge 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



North American Mining continues to focus on safe and efficient operations at all locations.





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5875 Landerbrook Drive, Suite 220 | Cleveland, OH 44124